

Submission

to

Senate Employment, Workplace Relations and Education
References Committee

Inquiry into higher education funding and regulatory legislation

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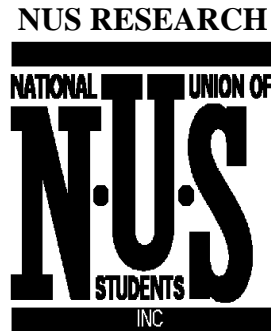
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Inquiry into higher education funding
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NUS welcomes this long overdue Inquiry into student financial assistance arrangements. We thank the Senate Employment, Workplace Relations and Education References Committee members and the other participating senators for their interest in this matter of great relevance hundreds of thousands of our members and hope that this submission will assist them with their legislative endeavours and help bring about a better student income support system for our members.

Terms of Reference:

The living costs of students enrolled in full-time and part-time courses and, in particular:

(a) current measures for student income support, including Youth Allowance, Austudy and Abstudy, with reference to:

- (i) the adequacy of these payments,
- (ii) the age of independence,
- (iii) the parental income test threshold, and
- (iv) the ineligibility of Austudy recipients for rent assistance;

(b) the effect of these income support measures on students and their families, with reference to:

- (i) the increasing costs of higher education,
- (ii) students being forced to work longer hours to support themselves, and
- (iii) the closure of the Student Financial Supplement Scheme;

(c) the importance of adequate income support measures in achieving equitable access to education, with reference to:

- (i) students from disadvantaged backgrounds, and
- (ii) improving access to education; and
- (d) alternative student income support measures.

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Executive Summary

Student income support is a core component of any general strategy of improving access to universities. Broadly the goal of student financial assistance should be to remove barriers to participation by the disadvantaged. To be progressive (socially redistributive) should primarily be allocated on a needs basis, rather than on an academic merit or labour market basis.

NUS believes that if any government wants to seriously embark on the project of significantly opening up our universities to those who have traditionally denied access that the student income support system needs a major overhaul. The current system is narrowly targeted, traps needy students in poverty by penalising them for earning more than \$6000 year, and has become part of the problem behind the failure to improve participation by working class, rural and indigenous participation in our universities over the last decade. The denial of rent assistance to Austudy recipients and the failure to find a replacement for the scrapped Student Financial Supplement Scheme are glaring income support policy failures. A full list of recommendations endorsed by NUS and CAPA is provided on page 64. We recognise that some these measures do have significant budgetary impact but we believe they should be seen as an investment in building a higher education system that meets Australia's needs as it faces the challenges of the globalised economy of the 21st century. The student income support system needs to be built around the principles of social inclusivity and lifelong learning (rather than the current one which reflects an accumulation of *ad hoc* budget-driven measures). Our key recommendations include:

- That the base rates of Youth Allowance, Austudy and ABSTUDY be raised to, and kept in line with, the relevant Henderson Poverty Line and that Rent Assistance payments be in addition to this.
- As Per CAPA (masters Austudy)
- As per CAPA (finishing scholarship)

- Following the current review into the impact of the 2000 cuts to Abstudy, that any measures that have contributed to declining Indigenous participation be removed.
- The age of independence be reduced to 18 years of age to bring it into line with most other measures of social and financial responsibility
- The income level at which the parental income test starts to reduce the benefit should be increased to at least the average family income.
- Students who are forced to move a great distance in order to access tertiary education should be granted financial independent status when applying for Youth Allowance in all circumstances.
- All beneficiaries studying at an approved further education and training provider, who are not receiving the PES, should receive an education and training allowance of at least \$20 a week to assist with the ancillary costs associated with participation in further education.
- That the Education Textbook Subsidy Scheme be restored.
- That student income support measures, in relation to both level of payments and eligibility criteria, be reviewed in light of the information regarding students and paid work.
- That the Commonwealth ensure that all international students are provided with accurate information regarding work entitlements when students are granted permission to work, including information on minimum wage requirements, tax obligations and superannuation entitlements. This would allow students to make more informed decisions on their choice of employer.

- That the scrapped Student Financial Supplement Scheme be replaced with an additional grant to students facing structural discrimination in labour market who are unable to find regular casual work. Failing this that the students be given the option of an income contingent loans scheme arrangement to supplement their income with two key differences from the SFSS: that there no trade-off of the grant, and that the debt is added to HECS-HELP/ FEE-HELP debts rather than being repaid simultaneously with HECS-HELP/ FEE-HELP debts.

- That same sex couples be included in the definition of “youth allowance couple” for the purpose of independence and that all student income support legislation be amended to give the same rights to students in same-sex relationships.

- Abolish the two year newly arrived resident’s waiting period for Special Benefit, Youth Allowance and Austudy recipients.

(a) current measures for student income support, including Youth Allowance, Austudy and Abstudy, with reference to:

(i) the adequacy of these payments

Benefit Levels and Eligibility

Higher education students studying full-time may be eligible for one of three income support payments specifically designed for students: Youth Allowance, Austudy or ABSTUDY.¹

Recipients of the Parenting Payment, the Disability Support Pension and Newstart may also be studying either full or part time. However, in this submission NUS will focus of the adequacy of student specific payments. NUS believes that the income support payments of Youth Allowance, Austudy and ABSTUDY are all drastically inadequate. While designed to facilitate access to the education system for students who are unable to provide their own financial support, these payments are currently at such low levels and have such stringent restrictions on eligibility that they effectively keep people in poverty while they are studying. It is of serious concern that current levels of income support are a long way below the Henderson poverty line. With income support levels set so low, many students struggle just to provide themselves with the basic necessities of life. In Appendix A there are tables highlighting the extent to which the benefits are below the poverty line for various payments accessed by students. We have used the 20 September – 31 December 2003 quarter for the tables as this is the most up to date poverty line data available at the time of writing,

Youth Allowance is for full-time students aged 16-24 and students aged 25 or over who were receiving Youth Allowance immediately before turning 25 and are remaining in the same course of study. It is also for unemployed people (who may be studying part-time) aged under 21. To be eligible for payment, full-time students must either prove their independence or have their parents income and assets subjected to a means test. These restrictions will be covered in more detail later in this submission.

¹ All Centrelink data is from the Centrelink website, <http://www.centrelink.gov.au>

The rates of payment of Youth Allowance vary greatly depending on a student's circumstances. Currently, students who live at home (either out of choice or because they cannot meet the strenuous independence criteria) receive a maximum of \$174.30 a fortnight if they are under 18 and \$209.70 if they are over 18 on Youth Allowance. These payments are grossly inadequate given that the parental income test is set at an extremely low level and hence recipients have proven their financial need. As a result, many low and medium income families face significant financial stress in providing for family members undertaking post-secondary education. The levels of payment for students living in the family home also ignores the fact that, as adults, many students make significant fiscal contributions to the household budget in the form of board, payment of bills and food costs.

For those students (either single or with a heterosexual partner) who do manage to fulfil the independence criteria and are living away from home, the maximum rate they can receive (ie assuming they are eligible for the full rate of Rent Assistance) is 17.5% below the poverty line.² It is worth noting that students in share housing are not eligible for the maximum rate of Rent Assistance. This means that for this significant proportion of students, their maximum possible payment is 23.9% below the poverty line and any potential savings they may make by living in share accommodation are negated by the reduction in their rent assistance.

Full-time students aged 25 and over receive **Austudy** payments, with the base rate for a single person or a person with a heterosexual partner but no dependents being the same as that for Youth Allowance. Ridiculously, Austudy recipients are not eligible for Rent Assistance, meaning that their base rate is 36.8% below the poverty line. NUS considers the ineligibility of Austudy recipients for Rent Assistance as unacceptable. This issue will be further considered later in our submission.

In order to receive **ABSTUDY** payments, Indigenous students under 25 must prove their independence or are subjected to the similar strict means testing process that applies to Youth Allowance based on parental income (there are some variations to take into account cultural factors). Policy changes introduced by the Coalition Government have worked against the provision of adequate income support for students, and have impacted severely on Indigenous students. Changes to income support for Indigenous students in 2000 mean that fewer students

² All poverty line data is from the Melbourne Institute of Applied Economic and Social Research, "Poverty Lines: December Quarter 2003", published March 2004.

now receive ABSTUDY, and many more received reduced payments. The changes to ABSTUDY are considered later in the submission.

For a single person living away from home the base rate of ABSTUDY for those aged 16-20 is the same as that for students claiming Austudy or the independent rate of Youth Allowance. For Indigenous students aged 21 and over, the fortnightly rate is marginally higher. ABSTUDY recipients are eligible for Rent Assistance but as with Youth Allowance recipients, those living in share housing are not eligible for the full rate of Rent Assistance. This means that for a student aged 16-20 years, the maximum rate they can receive with rent assistance is 17.5% below the poverty line or 23.9% if they are living in share housing. For those students aged 21 or over, their payments are 2.3% below the poverty line or 8.7% if they live in share accommodation. The inadequacy of income support undoubtedly contributes to the low participation rate of Indigenous Australians in post-secondary education and the overall decline in indigenous participation rates in higher education. NUS believes that improving access to ABSTUDY and increasing the level of payment to Indigenous students is crucial to increasing Indigenous participation in higher education.

Students on Youth Allowance, Austudy and ABSTUDY can only earn up to \$236 per fortnight before their payment is reduced. This means that it is extremely difficult for students on income support to fill the gap between their payments and the poverty line. Even when students earn the entirety of the figure that does not impact on their payment, many of their incomes are still only marginally above the poverty line and not what NUS considers a decent living wage. Any earnings over \$236 per fortnight drastically cut into their payment; fortnightly income between \$236 and \$316 reduces payment by 50 cents in the dollar, and income above \$316 by 70 cents in the dollar.

Centrelink allows those on student payments to accumulate an "Income Bank" of up to \$6000. If a student earns less than \$236 in a fortnight, their Income Bank is credited the difference, which then increases the threshold at which their payment begins to be cut. While the Income Bank may be of assistance for those who only undertake paid work between semesters, as the AVCC's *Paying Their Way* survey indicates, the vast majority of students are forced to work during semester in order to meet their basic living expenses.³ As the Income Bank is not credited from

³ Martin Hayden and Michael Long, "*Paying Their Way: A Survey of Australian Undergraduate University Finances, 2000*", Australian Vice-Chancellors' Committee, October 2001, p. 97.

the outset of payments, many students working during semester to provide for their basic needs do not get the chance to accrue any substantial credits in their Income Bank.

The unacceptably low level of payments combined with the structure of the Income Bank and the low threshold at which payments begin to be effected by income means that for students on Youth Allowance, ABSTUDY and especially those on Austudy, achieving a decent living wage is nearly all but impossible. NUS is acutely aware of the issues surrounding full time students undertaking excessive paid work and has continually lobbied the government to amend student income support payments in order to facilitate students being able to reduce their hours of paid work. However, in the current context, NUS also understands that with payments so far below the poverty line, many students are left with little choice but to work many hours in order to provide for their basic needs. NUS believes that students should be able to earn a decent living wage. Ideally, this should be achieved through an increase in the base rates of student support payments. Failing this, a review of the measures surrounding student income and their impact on payments is urgently needed.

In addition to these restrictions on their payments, students with heterosexual partners must submit their partner's income for assessment. Once their partner's income exceeds as little as \$713.86 a fortnight there is a decrease in the student's income support of 70 cents in the dollar. NUS believes that once students have been recognised as independent by Centrelink they should be treated as such and therefore provided with their own income so that they need not be dependent on their partners.

RECOMMENDATION 1: That the base rates of Youth Allowance, Austudy and ABSTUDY be raised to, and indexed in line, the relevant Henderson Poverty Line and that Rent Assistance payments be in addition to this.

Failing this, that they be aligned with Newstart payments AND that the level at which a recipients income begins to effect their payment be raised and the "Income Bank" be credited upon initial receipt of payments so that students are able to earn a decent living wage.

RECOMMENDATION 2: That the income of a recipient's partner not effect the recipients level of payment.

Newstart and other pension payments are indexed twice a year to take into account six monthly increases in the CPI⁴. Austudy, Abstudy and Youth Allowance payments are indexed only once a year – 1 January - based on the CPI for the previous 12 months to the previous June quarter. This means it that may take up to 18 months after a specific cost of living increase for the Austudy, ABSTUDY and Youth Allowance rates to be adjusted. ACOSS also supports this measure and argues that the shift away from calendar year annual entitlement calculations has removed the primary administrative barrier to bringing Austudy and Youth Allowance in line with payments.⁵

RECOMMENDATION 3: Indexation arrangements for Youth Allowance , Austudy and Abstudy should be aligned with other payments (ie twice yearly in March and September), with an initial one-off increase to bring the CPI reference quarters into sync.

There are gaps in income support for postgraduate students. Students doing Masters are not eligible for Austudy as they are not doing their initial degree (or enhancing it as the ruling for Honours or Grad Dips goes). Generally they are not eligible for university of commonwealth research scholarships so that full time masters students have no regular form of income support. NUS supports the CAPA submission and recommendation to extend Youth Allowance and Austudy to masters students. Another category of postgraduate students who miss out on income support are those whose research scholarship has completed but are still finishing off their research. NUS believes that it is a massive waste if these students can't complete because they are denied a little bit more income support. NUS supports the CAPA submission and recommendation to extend the duration of Commonwealth scholarships to these students.

RECOMMENDATION 4: That Austudy and Youth Allowance eligibility requirements be extended to include university study at all levels, including postgraduate coursework and research.

RECOMMENDATION 5: That the section 3.5.5 of the Guidelines for Commonwealth Scholarships falling under section 238-10 of the Higher Education Support Act 2003 (HESA) be amended as follows (deletion struck through, addition underlined): *The duration of a full-time APA is ~~three~~ four years for a student*

⁴ Increases occur in March (based on December quarter CPI) and September (based on June quarter CPI)

⁵ ACOSS, *Proposals for reform to student income support*, Submission to Senate Employment, Workplace Relations and Education References Committee, Inquiry into higher education funding and regulatory legislation, Senate, 2004

undertaking Research Doctorate studies, and two years for a student undertaking Research Masters studies. The duration of a part-time APA is ~~six~~ eight years for Research Doctorate studies and four years for Research Masters studies.

The Crisis in Indigenous Participation - the impact of the Abstudy cuts in 2000

There have been two raft of changes to ABSTUDY. The first announced in 1997-98 budget included stricter limits on incidentals and travel allowances, income tests for postgraduate students and a closer alignment of the ABSTUDY income test with that for AUSTUDY. Prior to the changes the ABSTUDY income test contained no abatement rate, so that the maximum allowance was payable up to the cut-off point. The second raft of changes, including the away from base allowances came into affect in 2000. The NTEU's indigenous unit identified several regressive changes to the Away from Base component of ABSTUDY:

- The number of funded return trips was reduced producing a corresponding reduction in residential schools in many courses;
- Whereas students released from their workplace on leave without pay to attend study could apply for benefits for the whole of the calendar year, they must now apply for each residence with a supporting letter from their employer , and if under 25 also their parents details;
- If applicants for benefits work in industry in which they study they are not entitled for a living allowance for block release;
- Much tighter restrictions on meal and travel allowances;

NUS is very concerned about sharp reversal in the participation rates of indigenous students since 1999. Indigenous higher education enrolments have been falling both in relative and absolute terms. The most recent available data indicated that indigenous enrolments in 1999 were 8001. In 2001 the enrolments were 7,341. This amounts to an extraordinary 8.3% fall. This reverses a decade of steadily improving enrolment numbers for indigenous students. While the numbers seem to have stabilised in the last couple of years it is hard to say whether the level is higher or lower than 1999 (for reason outline below). At various stages the official line for this decline has ranged from dismissing it as a statistical anomaly to claiming that students had shifted over to VET. When asked in 2001 on the Senate's budget estimates committee about the reasons behind the fall the Assistant Secretary of DETYA's Operations Branch replied:

There have been a large number of hypotheses put up for this fall. The fact is that in the work we have done I think we have identified about a dozen different points, including changes to HECS: changes to Abstudy; a drying up of the reservoir of mature age people who wish to enter the sector; falling numbers of year 12 leavers; a shift from higher education to vocational education; students in longer professional degrees perhaps being affected by changes to HECS; data integrity; because people have claimed that the data is incorrect: and the possibility that they are just idiosyncratic changes in a few institutions , and so on.

Even when you scrutinise each of these claims against the available data, none of them really hold up too well, except perhaps a switch from an interest in higher education towards an interest in vocational education. For example on the issue of Abstudy, although the number of university students on Abstudy declined between 1999-2000, the total number of Abstudy recipients has gone up from 22,000 to 23,600. So it appears that there have been continued increases in indigenous students in tertiary education and there has been a fall off in higher education, but the growth appears to be still pretty strong in vocational education.⁶

There is a problem with the construction of accurate time series over the period of interest (1998 – 2003). This is because DEST in 2001 radically changed the parameters of its data collection which had the effect of boosting overall student numbers in 2002 overall by around 100,000 students (15%) (and indigenous students by 20%). NUS's approach to interpreting the data is to regard the 1994 to 2001 as a reasonably consistent (although not exact) data set followed by a radical disjuncture with a new time series beginning from 2002. The information is derived from statistics that the National Indigenous Postgraduate Association Aboriginal Corporation (NIIPAC) recently requested and obtained from DEST.

⁶ Senate, Education, Workplace Relations, Small Business and Education, Legislation Committee, *Hansard*, EWRSBE 349, 7 June 2001

Higher Education Indigenous Enrolments 1993 –2003, All student enrolments

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Postrad	414	506	581	638	722	791	762	674	716	1029	1079
% change		22.8	14.8	9.8	13.2	9.6	-3.7	-11.5	6.2	43.7	4.8
Undergrad	4152	4523	4909	4919	5274	5463	5770	5596	5697	6496	6650
% change		8.9	8.5	0.2	7.2	3.6	5.6	-3.0	1.8	14.0	2.4
Enabling/ Non Award	992	1221	1303	1399	1464	1535	1469	1077	928	1346	1259
% change		23.1	6.7	7.4	4.6	4.8	-4.3	-26.7	-13.8	45.0	-6.6
Total	5558	6250	6793	6956	7460	7789	8001	7347	7341	8871	8988
% change		12.5	8.7	2.4	7.2	4.4	2.7	-8.2	-0.1	20.8	1.3
Indig Overall Pop Census	1.6			2.0					2.2		
Indig. % of total domestic students	1.03	1.15	1.22	1.20	1.25	1.30	1.32	1.22	1.21	1.25	1.25

The data confirms the general picture of a trend of increasing numbers of indigenous students participating in higher education from 1993 to 1998. There was a fall in numbers in postgraduates and enabling students in 1999 (following the 1998 ABSTUDY cuts). All three levels dropped in 2000 with enabling students suffering a massive 26.7% drop. If we ignore the statistical anomaly of 2002 the pattern for enabling students is still heading downwards. While it is too early to extrapolate much from the new DEST time series beginning from 2002 the figures provided indicates that the decline for undergraduates and postgraduates appears to have halted. NUS treats even this conclusion with some caution as the number of students on ABSTUDY continues to fall. It is also worth noting that the time series confirm the big picture that that indigenous participation has fallen in the decade 1993 –2003. In 1993 the participation rate was 0.64 (1.0 being the relevant census figure). In 2003 it has fallen to 0.56.

NUS continues to believe that the changes to ABSTUDY are a contributing factor behind this decline. Firstly because there was a fall in the total number of indigenous higher education students on ABSTUDY.

Number of higher education ABSTUDY recipients⁷

	1999	2000	2001	2002	2003
Higher Education Students	6,749	6,356	5,845	5,688	5,476

Secondly many more students were getting reduced payments. A study of ABSTUDY recipients in 2000 showed that the majority of the 6,356 higher education recipients were getting reduced payments due to the changes:

Research undertaken on behalf of ATSIC by Deakin University examined the likely effects of the changes [to Abstudy] on the 1998 cohort, and concluded that the changes would advantage significantly Indigenous higher education students who are under 21 years of age, independent and single (730 students), and those students 21 years or older and living at home (165 students). The study concluded that the changes would disadvantage significantly students who were 21 years and older, independent, single or with partner, with or without children (9950 students) and those students in receipt of either a Sole Parent Pension, or a Disability Support Pension, or who were studying as part time pensioner students (4810 students). In summary, the analysis undertaken by Deakin University on behalf of ATSIC concluded that based on the 1998 cohort, the changes to ABSTUDY would benefit 5.7% of Indigenous students, while 94.3% would be significantly disadvantaged.⁸

Thirdly the 1999 changes entailed restructuring and cutbacks of the distinctive components of ABSTUDY that distinguished it from the Youth Allowance and Austudy such as travel entitlements and the Away-from-Base Allowance. It was the measures designed to make the student financial assistance program culturally appropriate to indigenous students that were targeted in what NUS saw as a misguided concession to Hansonism.

The Education Minister has finally called a review into the impact of the 2000 ABSTUDY changes on indigenous participation .

⁷ 1999 and 2000 figures provided at Senate, Education, Workplace Relations, Small Business and Education, Legislation Committee, *Hansard*, EWRSBE 349, 7 June 2001; 2001-3 figures from Senate Legislation Committee, Questions on Notice, 2003-4, Supplementary Budget Estimates Hearing, Q No. E650_04

⁸ Analysis of the Proposed Changes to ABSTUDY on Indigenous Students, Final Report, May 1999. Deakin University

However, ABSTUDY changes may not be the sole factor at work here. In January 2000, the Commonwealth Government abolished the Merit-based Equity Scholarship scheme, an area of funding of that allowed universities to target undergraduate indigenous students. The loss of the scholarship scheme coincided with the dramatic drop in indigenous enrolments since 2000. The new Commonwealth Education Scholarships (which include regional indigenous student as a target equity group) may have a positive impact on indigenous enrolments, although there has been a frustrating delay in their implementation.

One anomaly that needs to be fixed up is that ABSTUDY recipients are not eligible for the crisis payment available to other income support recipients in need of emergency short term financial aid due to extreme circumstances.

RECOMMENDATION 6: That changes to indigenous student financial support programs arise from consultation with indigenous communities.

RECOMMENDATION 7: Following the current review into the impact of the 2000 cuts TO ABSTUDY, that any measures that have contributed to declining Indigenous participation be removed.

RECOMMENDATION 8: That ABSTUDY recipients should be eligible for the Crisis Payment in line with other income support recipients.

- current measures for student income support, including Youth Allowance, Austudy and Abstudy, with reference to:
(ii) the age of independence,

The age at which the students financial status is no longer assessed using parental income is 25, therefore all students under this age need to satisfy strict criteria to attain income support. Students over 25 are regarded financially independent and are not usually eligible to apply for Youth Allowance, but may apply for Austudy.⁹

The age of independence, 25, for applicants of Youth Allowance is the critical measure used by the government to reduce the number of eligible recipients. The first use in Australia of the age 25 for a definition of maturity or independence dates back to the Mature Age Awards which formed part of the early 1950s Commonwealth Scholarship Scheme. This age has been reviewed and changed twice in the last decade. In the mid 1990s the age was progressively reduced to 22. The most recent change was in 1997, when the current government tightened up the eligibility for student financial assistance, raising the age of independence from 22 to 25. This is not in line with any other social and economic responsibilities of the population which generally begin at 18 years of age.

Along with the high age of independence, the other measure used by the current income support system to reduce eligibility for financial assistance is to limit the criteria that students need to satisfy for gaining independence status. Currently, the criteria for independent status is extremely limited and is useful either for very poor families or students returning to study after at least 18 months of work.

Back in 1992 Bruce Chapman in a DEST Option Paper argued the high age of independence was one of the most fundamental flaws in the student income support system - a problem that remains today. Chapman argued that there was compelling empirical evidence which showed that there was a marked divergence between families in their preparedness to assist students undertaking further education, usually because a parents or spouses may not value higher education as much as the prospective student does.¹⁰

In contrast to this, Newstart Allowance, which may be accessed by part time students, is not assessed on parental income and is available from 21 years of age. NUS believes the age of independence for Youth Allowance reduced to 18 to keep in line with the age people are considered to be an adult by any other measure of society. After all they are considered old enough to sign a HECS debt agreement at 18 years of age. At the very least it would be acceptable that the age of independence be reduced to 21 years keeping in line with Newstart Allowance. A benefit of this reduction in age is that students over the age of 21 would not be forced to study part-time to ensure they receive some income support as is the present situation.

⁹ All Centrelink figures and assessment level and criteria are taken from the Centrelink Website, www.centrelink.gov.au

¹⁰ Chapman B, *Austudy: Towards A More Flexible Approach – an Options Paper*, DEST, 1992, pp. 112-3

Students over the age of 21 are increasingly enrolling in part-time studies and accessing Newstart Allowance, to ensure they receive some form of income support and are able to work part time. This in turn increases chances of gaining independent status after 18 months for Youth Allowance.

A variation on this is that some full time students are working full-time in order to qualify for the independent rate of Youth Allowance later in their degree. Students working more than 30 hours a week qualify for the independent rate in 18 months while the students working part-time (over 15 hours a week) take two years. Obviously full time work and full time study can put a student's academic performance under severe stress .¹¹

Students under 25 who leave school and work for 18 months or more, earning \$16536 in the 18 month period are regarded financially independent, this is an alternative to beginning a university education straight after leaving high school and ensures some income support. Unfortunately the criteria requiring the 18 months of paid income eliminates all students who have decided to resume study after 12 months of working. In this time it is conceivable that students would not be dependent upon parents for income and would be as financially independent as one who had been working for 18 months on a similar income level. The current measures are harsh and appear to be created to ensure that as few students as possible are regarded as financially independent.

In addition, the current restrictions do not take into consideration the independent nature of adults aged between 18 and 25, who in most instances do not remain financially dependent upon their parents, particularly if they are living away from home. With payments of Youth Allowance inaccessible for students because of the harsh age and income restrictions the impact on the students lives are drastic, forcing students to work many hours to earn a livable income and sacrifice precious study time to devote to the earning of income to survive. Attrition rates for first year students are as high as 20%. The level of poverty students are forced to remain in while studying is a contributing factor to the attrition rates although other factors need to be considered in conjunction with this.

¹¹ DEST, *Managing Study and work: The impact of full-time study and paid work on the undergraduate experience in Australian universities*, (McInnis C and Hartley R), Evaluations and Investigations Program, 2002 p. 20

Student debt remains a concern for NUS, particularly the debt that students owe to Centrelink for overpayment of Youth Allowance. The age of independence at 25 years forces students 18 to 25 to rely upon parents to provide accurate income information. It should be taken into consideration that parents are not in many cases able or willing to give accurate information. Students living away from home who are assessed on family means testing are most at risk of accumulating Centrelink debt as they are NOT financially dependant on their parents in most cases. When parents have not provided accurate income information and the student does not know of parental income changes, the debt is then incurred by the student not the parent. It seems hypocritical that a person who is deemed old enough to be responsible for Youth Allowance overpayment and the debt incurred, is at the same time not old enough to receive Youth Allowance independently.

RECOMMENDATION 8: The age of independence be reduced to 18 years of age to bring it into line with most other measures of social and financial responsibility

Failing the reduction to 18 years of age, the age of independence be reduced to 21 years of age as with the Newstart Payment. Following the reduction to 21 years of age, the age of independence be reduced annually until it reaches 18 years of age.

RECOMMENDATION 10: Any Centrelink overpayment debt incurred by financially dependent students receiving Youth Allowance be disregarded where the student is not responsible for his/her financial situation by Centrelink and therefore should not be held accountable for error in overpayment.

- (a) current measures for student income support, including Youth Allowance, Austudy and Abstudy, with reference to:
(iii) the parental income test threshold

Once the student has been deemed financially dependent on their parent/s, the parental income is means tested to determine the level of payment the student may receive. The means testing is very harsh. The parental income threshold for the maximum rate of Youth Allowance is \$28150 per annum. With such a low threshold, many students are not entitled to any Youth Allowance or income support which forces them to make other choices about their university education and their income.

The 'away from home allowance' and the 'living at home allowance' are assessed on the same parental income thresholds, rather than taking into consideration the increased costs of living away from home on both parents income and the students ability to live and study away from home. The only difference between parental income thresholds for students living at home and students living away from home is the sliding scale at which the payment is reduced as the parental income increases.

The 2001 report by the AVCC *Paying Their Way* stated that, "more than half of all students (53.3%) received no government benefits and had not applied for any government income support. The major reasons for not applying were the level of their own or their parents income or assets. ¹² In addition, 5% of those who applied for Youth Allowance in 2000 were refused because of their parents level of income." ¹³

The choice by students to not enter university at all or drop out without completing their university degree are just to name a few of the consequences faced by students who are not eligible for income support due to the parent income threshold being set at a ridiculously low level.

The strict income assessment places a huge burden on families with little ability to support students at tertiary level, living in the home. Those with dependants needing to live away from home to study, without access to income support suffer under even more financial pressure. A study by Harding and Szulkalska found that 21 per cent of households containing dependent young people are living in households with incomes below the Henderson poverty line: ¹⁴ "it is unlikely that many who come from families who cannot afford to help with living expenses or who are unwilling to do so, do not take up the opportunity of a university place." ¹⁵

The current threshold level for parental income is only marginally above the current weekly income after tax on the Henderson poverty line in the December quarter in 2003. Therefore, all students whose parents earn any more than approximately 5% higher than the HPL are only

¹² Michael Long and Martin Hayden, AVCC, *Paying Their Way*, October 2001 pg 44

¹³ Ibid pg 42

¹⁴ quoted in Judy Schneider, the increasing financial dependence of young people on their parents, SPRC discussion paper number 96, social policy and research centre, UNSW, Sydney Feb 1999.

¹⁵ Bob Birrell, Ian R Dobson, Virginia Raoson and T Fred Smith, *Higher education on the crossroads*, Centre for Population and Urban Research, Monash University, 2003 pg 3

entitled to receive the reduced rate, until the parental income reaches \$49,959 for students over 18 living at home and \$61,274 for students living away from home (subject to meeting strict criteria regarding distance). At these levels of income the payment then ceases.

The main problem with the parental income threshold cut off levels and reduced rate levels is that they have not kept in line with the wage increases and the cost of living.

RECOMMENDATION 11: The income level at which the parental income test starts to reduce the benefit should be increased to at least the average family income.

RECOMMENDATION 12: Students who are forced to move a great distance in order to access tertiary education should be granted financial independent status when applying for Youth Allowance in all circumstances.

- (a) current measures for student income support, including Youth Allowance, Austudy and Abstudy, with reference to:
(iv) the ineligibility of Austudy recipients for rent assistance

Rent assistance has been made available to some income support recipients since 1958. By the mid 1990s most categories of recipients were eligible for rent assistance except for those primarily accessing the income support system as a student. The only exception prior to the splitting of Youth Allowance and Austudy was young homeless people on Austudy. When the Youth Allowance was introduced in 1998 young students living away from home for the first time became generally eligible for rent assistance. While this was a positive step forward for younger students the students on Austudy (those over 25) remained ineligible.

NUS believes that rent assistance should be made available for students in receipt of Austudy. Youth allowance and unemployment benefits already recognise the necessity of affordable and appropriate housing through the provision of rent assistance. Austudy recipients should be no different. Lack of rent assistance is a further disincentive to enter the higher education system full time and discourages the mobility of students to undertake appropriate course in areas that may have higher rental costs or more expensive associated transport costs. Lack of rent assistance and

low levels of income support force students into inadequate housing and often makes the decision to study less desirable.

In 2001 ACOSS showed that single adult (over 25) students are more below the relevant Henderson poverty line than any other group on social security payments. NUS has calculated that in 2003 the lack of rent assistance put Austudy students 36.8% below the poverty line. It is well established that many students on Austudy are doing it tough. DEST's own *Managing Study and Work* Report says:

“Housing officers report seeing more urgent and dramatic cases. Mature age people on Austudy with no rent assistance are especially at risk of getting into financial difficulties. When they begin to study, some have a substantial drop in income and after a period, find they have to drop back to part-time enrolment. Students are often living in an unsuitable study environment that adds to their difficulties in coping with study demands. While not restricted to overseas students and students from rural areas, these groups reported to have issues of study and work exacerbated by inappropriate and/or costly housing.”

Data in the controversial ‘suppressed’ DEST report *HECS and Opportunities in Higher Education* (belatedly released after a media outcry) revealed that participation rates for mature age students dropped consistently over the 1996 – 2001 period. The report argued that the fall is attributable to the higher rate of debt aversion amongst older people following the introduction of differential HECS in 1997. It also found a weak correlation between mature age commencements and the labour market (i.e. the growth in the economy in the second half of the 1990s taking people into jobs rather than study).¹⁶ NUS speculates that the rise in rents associated with the property boom in that period may have made the situation more acute for Austudy students than was the case in the early 1990s. This may have been another factor contributing to the decline.

Swinburne University’s Institute for Social Research argues has shown that the availability of rental dwellings in the bottom end of the market was drying well before 1996.¹⁷ They use a study

¹⁶ DEST, *HECS and Opportunities in Higher Education: A paper investigating the impact of the Higher Education Contribution Scheme on the higher education system* (Aungles P, Buchanan I, Karmel T, Maclachlan M), Research, Analysis and Evaluation Group (unpublished draft, 2002)

¹⁷ Hulse K, *Rent Assistance: Time for a policy review ?*, Institute for Social Research working paper, Swinburne University, February 2001

by Yates and Wulff (2000)¹⁸ to reveal the extent of this decline over 1986-1996 using Census data. The low cost segment of the private rental market (defined as dwellings with rents of less than \$100 a week in 1996 dollars) has declined in both absolute and relative terms, while the low-moderate (\$100 - \$149) segment had declined in relative terms. The stock of rent under \$150 a week in 1996 dollars made up 65.6% of the market in 1986. This has declined to 51.8% of the market in 1996. Currently rentals are rising much faster than CPI adjustments to benefits. For example the Real Estate Institute of Australia reports that Brisbane recorded the highest annual increases with median weekly house rents rising 15.0% and median weekly rents for flats/units/townhouses rising by 22.2% in the year to December 2003.¹⁹

NUS's position on rent assistance is quite straightforward. The use of age-based criteria rather than a needs-based criteria for student eligibility for rent assistance is patently absurd. The Deputy leader of the Opposition, the Hon. Jenny Macklin summed it up well in a debate on student finances in the House of Representatives:

*"We also have the absurd situation where two students sitting next to one another on the same course with the same income and the same living expenses, receive a different level of financial support because one is 24 and the other is 25. I would like the government to explain to the 25-year old in the classroom why they need \$90 a fortnight less than the student next to them."*²⁰

When the legislative changes that created Youth Allowance occurred in 1997-98 there was very little discussion of the issues of rent assistance and Austudy. NUS is aware of only one argument apart from budget costs that were put forward the government in support of an aged-based eligibility criteria – that students over 25 are in a different stage of their life cycle. We interpret this as meaning that students over 25 have had the opportunity to be in the workforce and should have saved up much more school leaver entry students to cover much of their study costs.

As we have described above the use of the age 25 for define independence and maturity reflects historic assumptions. The first use of the age 25 dates all the way back to the Mature Age Awards which formed part of the early 1950s Commonwealth Scholarship Scheme. This age has been arbitrarily clung to by both ALP and Coalition governments apart from the Keating

¹⁸ Yates J and Wulff M, *W(h)ither Low Cost Private Rental Housing ?*, Urban Policy and Research, vol.18, no.1, 2000, pp. 45-64

¹⁹ Real Estate Institute of Australia , Market facts , December Quarter 2003

Government period in the mid 1990s when the age of independence was progressively reduced to 22. However, the youth labour market has changed massively since 1951. The virtual disappearance of the full time youth labour market means that it is quite wrong to assume that most 25 or 26 year olds in the 21st century have had seven or eight years of full time work to build up substantial savings, or some underlying moral pejorative that they have been frivolous if they haven't. The empirical evidence shows how outdated this assumption is. The *Managing Study and Work* report shows that only 1% of students were living off their savings as their only source of income, and only another 7% were living off their savings as their main source of income.²¹

The use of age-based criteria for student eligibility to rent assistance based on fifty year old labour market assumptions is patently absurd and arbitrary. The denial of rent assistance also provides another barrier to the construction of a life-long learning culture. Rent assistance should be provided to Austudy recipients.

RECOMMENDATION 13: That Rent Assistance be made immediately available to Austudy recipients.

- (b) the effect of these income support measures on students and their families, with reference to:
- (i) **the increasing costs of higher education,**

Student Fees

The Howard Government has significantly added to the cost students face in accessing higher education. Firstly the introduction of differential HECS roughly doubled the cost incurred by students, while the recent deregulation of HECS means that from 2005 many new students will be paying an extra 25% HECS. At the time of writing 16 universities had decided to raise their fees by 25% and another six had opted for partial increase. The stagnation in the number of HECS places (the number of new places created since 2001 roughly matches the places removed over

²⁰ House of Representatives, 11 September 2003

²¹ DEST, *Managing Study and work: The impact of full-time study and paid work on the undergraduate experience in Australian universities*, (McInnis C and Hartley R), Evaluations and Investigations Program, 2002 p. 15

1997-2000) means that some domestic students are being dragged into paying full cost fees to gain entry for their initial degree. The introduction of the loans schemes (PELS, and FEE-HELP from 2005) has allowed some universities to significantly increase their postgraduate coursework fees. Students are now funding over 40% of the total running costs of universities, roughly matching the Commonwealth's non-HECS contribution.

However, as the education minister would no doubt be quick to point out, that from 2005 all domestic students are eligible to defer the payment of these fees through FEE-HELP and HECS-HELP until after graduation. The lifting of the repayment threshold has helped address the problem of working part-time students paying while they studying but there are some who will still face this problem. The \$50,000 FEE-HELP cap is insufficient to meet some of the fees that are being charged for longer degree (the implications of this will be pursued in the section on the Student Financial Supplement Scheme. NUS has also written extensively on the issues of debt aversion and the impact of large study debt on graduate activity and will be happy to provide the Committee with information on this if so requested.

However, one major category of students are not able to defer their fee payments – international students. International student's fees increase each year at most universities by between 2 and 20 percent in some programs (mainly 6-17%). The following table shows a sample of fee increases at various universities since 2001 where comparative data was available.

University		\$ Fees 2001	\$ Fees 2002	\$ Fees 2003	\$ Fees 2004	\$ Fees 2005	Average increase per year
ANU (ACT)	A. Arts	11520	11880	12240	14400		7.9%
	B. Comm		12480	13760	16800		16.1%
	B. IT	13920	14320	14780	16800		6.6%
Curtin University (WA)	B. Arts			12700	13200	13600	3.2%
	B.Comm			12500	13200	14400	7.35%
	B.Comp Sc			13500	13750	14400	3.25%
UWA (WA)	B. Arts				13620	16000	17.5%
	B. Bus				15500	18000	16.1%
	B. IT				16320	19200	17.6%
Adelaide University (SA)	B. Arts				13100	13900	6.1%
	B. Comm				15500	16000	3.2%
	B. Bus/IT				16500	17500	6.1%
Monash University	B.Arts				14000	16000	14.28%
	B.Comm				19200	20400	6.25%

(VIC)	B.IT/ComSc				17000	19000	11.76%
Macquarie University (NSW)	B. Arts B. IT				15120 17640	16800 18480	11% 4.8%
UWS (NSW)	B. Bus B. IT				13000 14000	14000 15000	7.7% 7.14%
University of Sydney (NSW)							From 2005 fees will increase by approx 5% each year for new and enrolled students
UQ (QLD)	B. Arts/Law B. IT			825p/u 1100p/u	900p/u 1250p/u		9.1% 13.6%
USQ (QLD)	B.Arts B.IT				12480 11640	13400 12520	7.4% 7.6%
QUT (QLD)	B. Bus/Law B.IT/Eng			8000	8500 9000	10000	6.25% 11%

(Sources: All fee information in the above table was obtained directly from fees and tuition information on each of the respective university websites, June 2004)

The fee increases are a major concern for the NUS because despite these fee increases, the education the student receives in return for the fees is not improving. In all fairness, some institutions do not increase fees for commenced students for the normal length of their program. Many others however, regularly increase fees and the amount they are increased by is not disclosed in advance to the student either before they enrol in the university course or while they are enrolled. NUS fears that the fees increases will be higher as a result of a flow on from 25% HECS fee increases in many of the universities in 2005, this is a justified fear judging by the fee table above.

RECOMMENDATION 14: That the Commonwealth regulate of international student fee increases to ensure that fees are not subject to increases beyond inflation rates for the previous year.

Housing

One of the most pressing issues for students is the cost and quality of their housing. A decent place to live and study is one of the most basic student needs, and a major consequence of student poverty is a tenuous housing position. There are disturbing trends in relation to youth housing. They paint a picture of young people being squeezed out of accommodation options because of inadequate income support payments, and the rising costs of housing particularly in inner urban

areas. The issue of rent assistance and Austudy is discussed above. However, there are a number of other pressing issues related to students and their housing.

The number of young people living at home with their parents increased from 43 to 48 per cent over the decade to 1998²². For students under 25 who are not counted as independent and unable to get youth allowance because of their parent's income levels, there may be little choice but to stay at home. Research from the Australian Housing and Urban Research Institute found that 19.1% of students who don't receive independent rates of Youth Allowance felt their housing was too far away from their tertiary institution²³. 30% of this same group of students had concerns about family and household conflict. The researchers concluded that: "family/household conflicts are probably indicative of the strained relationships that can occur in any family as young people get to that age of potential independent living but remain at home for reasons of cost or comfort."²⁴ For those who do move out of home the nature of independent living is also changing. In 1980, 26% of young people lived alone, but by 2000 only 9.3% of young people lived on their own. By contrast, the numbers of young people living in share accommodation increased from 17.5% in 1980 to 38.8 per cent in 2000²⁵.

Given the high costs of rental accommodation, it is no surprise that young people pay a large proportion of their income in rent. Of those who live alone, two-thirds pay more than a quarter of their income on rent, while one-third pay more than half their income in rent. Even for people who live in shared arrangements more than a third of young people spend a quarter of their income in rent and 8 per cent spend more than half their income in rent²⁶.

The Australian rental market varies considerably by region with highest rents being in inner Sydney and eastern Melbourne, with Brisbane having the fastest growth rates. Low income earners who pay more than 30% of their income in housing costs are said to be in housing stress. Housing stress amongst private tenants receiving Rent Assistance increased from 64.1% in 1986

²² Kylie J Hillman and Gary N Marks, *Becoming an Adult: Leaving Home, Relationships and Home Ownership Among Australian Youth*, Australian Council for Educational Research, Research Report Number 28, September 2002, page 1.

²³ Terry Burke, Sarah Pinkney and Scott Eweing, *Rent Assistance and Young People's Decision Making*, Australian Housing and Urban Research Institute, January 2002, page 21.

²⁴ *Ibid*, page 19.

²⁵ *Ibid*, page 12.

²⁶ Bourke, Pinkney and Eweing, *Rent Assistance and Young People's Decision-Making*, page 14.

to 72.7% in 1996.²⁷ The following table highlights the areas where there is a high concentration of rent assistance recipients in stress. While NUS did not have disaggregated data for students the rent assistance recipients in many of high stress suburbs are also catchment areas associated with universities.

²⁷ ACOSS/National Shelter, *Rent assistance: does it deliver affordability ?*, September 2003

**Top Ten Areas of with highest concentration of
housing stress of single rent assistance recipients**

Area	Postcode	Housing Stess %	University Catchment
Melbourne (from Hawthorn to Moorabbin)	3181-3210	45%	Swinburne, Monash
S y d n e y (Bankstown, Campbelltown)	2160-2202	45%	Uni of Western Sydney
Brisbane (Northgate Central)	4005-4072	44%	
Melbourne (Mulgrave, Ferntree Gully, Dandenong)	3149-3180		
Melbourne (northwest to Preston)	3047-3100	43%	La Trobe
Brisbane suburbs	4073-4209	42%	
Perth (Federal electorates of Tangney to Brand)	6100-6214	41%	Murdoch
Adelaide (city suburbs)	5006-5098	40%	Uni of Adelaide, Flinders, Uni SA
Central/Northern NSW	2255-2574	39%	University of New England, Southern Cross

**Top Ten Areas of with highest concentration of
housing stress of sharer rent assistance recipients**

Area	Postcode	Housing Stess %	University Catchment
Melbourne (from Hawthorn to Moorabbin)	3181-3210	57%	Swinburne, Monash
S y d n e y (Bankstown, Campbelltown)	2160-2202	56%	Uni of Western Sydney
Melbourne (Footscray, Western Suburbs)	3011-3046	54%	Victoria University
Brisbane (Northgate Central)	4005-4072	51%	

Melbourne (Mulgrave, Ferntree Gully, Dandenong)	3149-3180	51%	
Central/Northern NSW	2255-2574	50%	University of New England, Southern Cross
Brisbane suburbs	4073-4209	48%	
Adelaide (city suburbs)	5006-5098	44%	Uni of Adelaide, Flinders, Uni SA
Perth (Federal electorates of Tangney to Brand)	6100-6214	44%	Murdoch

A recent joint ACOSS/ National Shelter paper argues that housing costs are unaffordable for many students even after taking on substantial amounts of part time work:

“For share house tenants living in areas near education institutions, nearly all were paying over 50% of their total incomes (which includes part-time earnings) in rent. For example a student on Youth Allowance attending Monash University and living in a share house in Caulfield in Melbourne would be spending 43% of their total income on rent. In a share household scenario some savings are made due to economies of scale, but because Rent Assistance is paid at a ‘sharer’s rate’, the renters lose any significant allowances accrued with economies of scale that might be achieved through sharing.”²⁸

The paper shows the impact of regional rent differences on a hypothetical share house containing an unemployed person, a Youth allowance recipient and an Austudy recipient with the two students earning \$200 a fortnight in paid work. The ACOSS/National Shelter paper argues that there is a case that Rent Assistance should take into account geographical variations in rents (so long as no recipient were made worse off by adopting a zoned rent assistance model).

²⁸ ACOSS/National Shelter, *Rent assistance: does it deliver affordability ?*, September 2003

Impact of regional rent differences on a shared household of one unemployed person, one Youth Allowance recipient and one Austudy recipient renting a three bedroom house

Rent per fortnight	Total household Income	Disposable household income (after housing costs)	Total Rent: Total Income	Net Rent: Net Income	Location
\$800	\$1517	\$717	53%	49%	Randwick NSW
\$680	\$1517	\$837	45%	40%	Brisbane City–Inner QLD
\$660	\$1517	\$857	44%	39%	Carlton North VIC
\$640	\$1517	\$877	42%	37%	Caulfield VIC
\$630	\$1517	\$887	42%	36%	Marrickville NSW
\$596	\$1517	\$921	39%	34%	Northcote VIC
\$550	\$1517	\$967	36%	31%	Parramatta NSW
\$440	\$1517	\$1077	29%	23%	Fremantle WA
\$418	\$1517	\$1099	27%	21%	Murdoch WA
\$330	\$1517	\$1187	22%	15%	Toowoomba
\$310	\$1517	\$1207	20%	13%	Como WA

In Canberra, Darwin and some regional centres there is only a very limited stock of cheaper rental options suitable for students. The University of Canberra reported that it was unable to find accommodation for 200 students last year. Not only is there a waiting period for on-campus accommodation but students are unable to find rental accommodation in the community, prompting the university to appeal to families to take a student as a boarder²⁹.

RECOMMENDATION 15: That students living in share housing be eligible for the full rate of Rent Assistance.

²⁹ “Crisis for Students”, *Canberra Times*, 9 February 2003, page 17.

RECOMMENDATION 16: FACS should review Rent Assistance to take into account geographical variations in rents (so long as no recipient were made worse off by a move to a zoned rent assistance model).

An industry that has benefited greatly from the large rise in international student intake is the housing industry. Student housing market and growth has been a main focal point in many news articles across Australia over the last 2 years. Property investors are increasingly seeing the student housing market as a low risk investment and at many locations near universities high rise, or multi level apartment complexes are being constructed to house the increasing number of students seeking housing near campuses. In particular, investors or managers of the apartment complexes target incoming international students to either rent or purchase the apartments. These apartment complexes are increasingly becoming known as student ghettos.

The body recognised by NUS as its international student department, the National Liaison Committee for International students (NLC) is concerned about this for two main reasons. The first is that because of the high demand for student accommodation, the international students are being charged high rent and are being exploited. One example of this is an apartment building in Sydney called the Meriton Tower where a balcony area, described by a journalist as a fishbowl was rented to an international student for \$180 per week. The photo in the news article showed a mattress on the floor of a balcony area with no blinds or curtains on the glass. The student lived there until he upgraded to the bedroom in the apartment.³⁰ Students are accessing this sort of accommodation to be closer to the city where the educational institution is located. One of the reasons international students need to access accommodation close to inner city and therefore extremely expensive is that they have no access to transport concession. The expensive rental prices international students are paying is offset by the overcrowding of such apartments with all rooms including the living room rented out as bedrooms, leaving poor study environments and living arrangements. The second concern NLC has is that these apartment complexes target mostly international students and therefore house mostly

³⁰ Lisa Pryor, for Rent, Those With Naked Ambition Need Not Apply, *Sydney Morning Herald*, 31/1/04, page 9

international students. This is problematic because it does not expose international students to local domestic students, or the Australian culture, limiting their experiences and understanding of life in Australia.

Ancillary Fees

Rising ancillary fees are a significant up front cost faced by students. Unlike HECS and FEE-HELP the ancillary fees are generally up front. However, at most campuses the services and amenities fee/student organisation fee can be deferred through a university or student union loan. There is a scarcity of research into ancillary fees. NUS did a major survey of ancillary fees in 1998 at 25 universities.

**Percentage of responding institutions charging students
for ancillary fees and services**

Access to Student Record	4%
e-mail access on campus	4%
Internet access on campus	4%
Remarking of a Piece of assessment	17%
Internet access from home	59%
Printing from a computer on campus	65%
Enrolment Reinstatement	79%
Compulsory Non-academic Services Fee	83%
Late Enrolments	92%
Replacement student cards	96%
Academic Transcripts	100%
Photocopying	100%

NUS estimated that the average student in 1998 was spending about \$15 a week on ancillary costs. This came to about 10% of the \$145.05 a week Youth Allowance (Away from Home) rate at the time. Some students were facing ancillary fees of over \$1000 for work placement costs and also production costs for performing arts/ film students. The anecdotal evidence received by NUS is that the public funding squeeze on unis since the 1998 survey has seen an increased drive

by faculties to push increased course-related ancillary fees onto students. For example Victoria University charges \$60 for enrolment reinstatement and \$60 for a late enrolment

The issue of course related ancillary fees is particularly pressing as such fees are only nominally 'non-compulsory' to meet the DEST guidelines on such fees. For example fees for access course-notes and photocopied core readings can be made 'non-compulsory' by placing couple of copies in the reserve section of a library despite their being hundreds of students. In practice most students have to pay a fee to access the course material for a course they are already paying thousands of dollars to enrol in.

RECOMMENDATION 17: DEST, FACS, AVCC, NUS and other bodies that conduct surveys of actual costs faced by students should include ancillary fee costs in their surveys to develop a greater pool of research literature to inform policy development.

RECOMMENDATION 18: DEST should review the actual effectiveness of its guidelines and university policies in preventing inappropriate course related ancillary fees being imposed on students.

RECOMMENDATION 19: All beneficiaries studying at an approved further education and training provider, who are not receiving the PES, should receive an education and training allowance of at least \$20 a week to assist with the ancillary costs associated with participation in further education. Also that the level of the APA be increases by 10% to take into account the impact f ancillary and fieldwork costs on postgraduate research students.

Textbooks

The closure of the education textbook subsidy scheme is a new cost that is eating into students budgets. When the Goods and Services Tax was introduced there was widespread concerns that the GST would act as a tax on knowledge putting an extra financial disincentive on reading. In order to gain Democrat support for the passage of the GST legislation through the Senate the Howard government agreed to establish an education textbook subsidy scheme. This scheme compensated bookshops for the 8% GST on books. What was not clear at the time was that this was a finite arrangement and the government sees that it has now complied with its part of the deal with the Democrats and has now ceased allocating any funds to the program from 2004-5 onwards. NUS notes Democrat Senator Natasha Stott Despoja has put up a private members bill for the restoration of the scheme. NUS supports her bill.

RECOMMENDATION 20: That the education costs should be exempted from the GST. Failing this that the Education Textbook Subsidy Scheme be restored

Scholarships As Taxable Income

Last year after lobbying from NUS, CAPA and the AVCC the Independent Senators managed to hang on to get the commonwealth learning and education scholarships, and the full-fee/HECS waivers exempted from being counted as taxable income for the purposes of social security income tests. The Administrative Appeals Tribunal has since ruled that scholarship offering partial fee/HECS waivers should also be exempted. This ruling has now been accepted by Ministers Nelson and Patterson in the federal budget papers. The new ruling is that all scholarships that pay tuition fees on a students' behalf, or waive all, or part, of a student's tuition fee, will no longer be included as income under the Social Security or Veteran Affairs' income tests. This measure will apply to any eligible secondary school, vocational education and training institution or higher education institution.

The issue of the taxation of scholarship funding is still not completely fixed as 'cost of living' scholarships will still be treated as taxable income. CAPA argues that tax on part-time postgraduate scholarships is unreasonable and discriminatory. The primary form of postgraduate scholarship, the Australian Postgraduate Award (APA) is only available at a part time rate to students with carer responsibilities or an incapacitating medical condition (section 238-10 of the *Higher Education Support Act 2003*). The taxation on part-time scholarships is an equity issue, as it only affects those with significant carer responsibilities or an incapacitating medical condition, and are thus unlikely to be engaged in substantial paid work. NUS supports CAPA's submission and recommendation that part-time APA holders should be exempt from taxation.

RECOMMENDATION 21: That the *Income Tax Assessment Act 1997* be amended to exempt part-time APAs from being counted as taxable income.

International Student Costs

Visa Fee Increases

International students applying for student visas in Australia pay the highest amount of money for a student visa application amongst our competitors for international education, more than double in all examples. See comparative table below.

Country	Visa Application Fee US dollars
Australia	\$301 including work rights < 20 hours pweek
United Kingdom	\$68 Aud (including work rights <20hour pweek)
New Zealand	\$94 - \$134 NZD
USA	\$100
Canada	\$90 (including work rights on campus only <20 hours pweek)

(Source: Figures taken from each country's immigration websites.)

The Australian student visa charge is currently \$400, an extra \$55 is charged to enable the student to work in Australia for up to 20 hours per week during semester and unlimited hours in semester breaks. In 2001, the student visa charge was \$290 and the AVCC called for the charge to be halved to bring it into line with major competitors and for the work rights fee to be abolished.³¹ This was ignored by the government. Instead the fee has only been increased further.

This visa charge increased by 27% in July 2003 from \$315 to \$400. Prior to this last increase, in 1998 international students saw the introduction of the \$50 application fee for work rights. This was previously included in the student visa fee and all students were able to work, now the student must apply separately for this permission and pay an extra \$55 (GST incl.)

In total the student visa fee has increased by \$170 or 59.6% since 1998 which is a figure well above inflation rates and so far unexplained by the government to international students or the

body recognised by NUS as its international student department, the National Liaison Committee for International students, the NLC. It is becoming an important revenue raiser, due to the international student intake in higher education rising 123% from 1997 to 2002.

<i>Increases in Student Visa Charge since 1998</i>					
	<i>Fee</i>	<i>Work Rights</i>	<i>Overseas Student Information Services Charge (\$30)</i>	<i>Cost of Student Visa with 1998 Student Visa conditions</i>	<i>Variance</i>
<i>1998</i>	<i>\$285</i>	<i>Inclusive</i>	✓	<i>\$285</i>	
<i>1999</i>	<i>\$285</i>	<i>\$50</i>	✓	<i>\$335</i>	<i>18% variance for 1998 visa conditions</i>
<i>2000</i>	<i>\$290</i>	<i>\$50</i>	<i>Existence omitted from Visa application forms. However, fees have not been reduced to reflect the omission</i>	<i>\$340</i>	<i>2% fee increase</i>
<i>2002</i>	<i>\$315</i>	<i>\$55</i>		<i>\$370</i>	<i>9% fee increase 10% increase in application for work rights</i>
<i>2003/04</i>	<i>\$400</i>	<i>\$55</i>	<i>\$111 charge paid to DEST - AEI</i>	<i>\$455</i>	<i>27% fee increase</i>
<i>With the July 2003 Student Visa Charge, the cost of a Student Visa with similar conditions in 1998 has increased by 59.6%</i>					

Of the \$400 student visa charge, international students are informed on the application form 990i that this charge includes \$111 which contributes to the Australian Governments initiatives to support international education through the activities of the Department of Education Science and Training³². NLC would like to know how much of these funds are put back into the university system to help support international student in Australia compared with the amount spent on promoting the Australian education overseas or simply put straight into government revenue. International student support is crucial in the universities to allow the students to achieve the highest results in study and to experience the best Australia has to offer in education.

³¹ AVCC Discussion Paper on International Education, September 2001, page 8

³² Form 990I, Charges March 2004, Department of Immigration, Multicultural and Indigenous Affairs. Design date 03/04, page 1.

RECOMMENDATION 22: That the student visa charge reduced by about half to bring it into line with the competing countries fees.

Overseas Student Health Cover

Health cover is compulsory for all International students while they are in Australia. The basis for this ruling is that international students are not covered by Medicare and therefore are at risk of incurring high medical costs should anything happen to them in Australia. To prevent large debts accumulating or students not seeking medical attention for financial reasons, health cover is compulsory. NUS agrees with this visa condition as it is in the students' best interest to have this cover.

Currently the regulations state that students must pay health cover for at least 12 months or the length of their visa, if it is less than 12 months. This cost to students is approximately \$300 on top of all of the other costs students have to pay when they first come to study in Australia. NUS agrees that this is a reasonable cost. However, the implementation of compulsory up front visa length cover, is an unreasonable financial burden to students. This would in most cases for undergraduate students increase their original outlay of funds to study in Australia by another \$600. It is an unnecessary burden to ask of international students for the sake of clumsy administration of renewal procedures by health care providers and universities.

RECOMMENDATION 23: That the Federal Government to review the renewal procedure by overseas student health care providers to ensure that students are offered similar renewal procedures as residents of Australia are with health insurance, for example direct debit for annual or monthly payments.

(b) the effect of these income support measures on students and their families, with reference to:

(ii) students being forced to work longer hours to support themselves

The combination of income support payments significantly below the poverty line, strict eligibility requirements for such payments, and the unrealistic expectation that adults be dependent on their parents until the age of 25 means that many students rely on paid employment to support themselves through university. According to the AVCC survey *Paying Their Way*, about 8 out of every 10 undergraduate university students were in paid employment during

2000.³³ This is an increase of about 50% from 1984.³⁴ Not only has the number of students undertaking paid work dramatically increased, so have the number of hours they work. On average, students in paid employment *during* semester work an average of 14.5 hours every week. This is a three-fold increase on the 1984 data.³⁵ These figures are similar to those released in a report by McInnes and Hartley for the Department of Education, Science and Training which found that the average full-time student is working 15 hours a week.³⁶ It also found that forty per cent of students work more than 16 hours a week, and 18% work 21 hours or more³⁷. Most students work in order to provide themselves with a living wage. Two-thirds of students surveyed for the DEST report said they needed to work just to meet their basic needs and 75% reported that their paid work was their only or main source of income.³⁸

Increasingly, students are working throughout the year, not just between semesters, with the consequence of an escalation in the impact of paid work on students study. The AVCC survey indicates that the number of students in paid employment *during* the semester has increased by nearly 50% between 1984 and 2000.³⁹ The government repeatedly argues that it is of benefit for students to gain experience in the work place whilst undertaking their degrees. However this attitude ignores the fact that, as the AVCC survey found, for many students juggling work commitments and study can be stressful and disruptive to their education:

*'Some 7 per cent of higher education students 'frequently' miss class because of their employment and more than twice this number (14.7%) believe that their hours of work adversely impacted 'a great deal' on their performance at university.'*⁴⁰

The study for DEST also found that many students are having difficulty coping with their work and study commitments:

³³ Martin Hayden and Michael Long, "Paying Their Way: A Survey of Australian Undergraduate University Finances, 2000", Australian Vice-Chancellors' Committee, October 2001, p. 94.

³⁴ Ibid, p. 98.

³⁵ Ibid.

³⁶ Craig McInnes and Robyn Hartley, *Managing Study and Work: The Impact of Full-Time Study and Paid Work on the Undergraduate Experience in Australian Universities*, DEST, Canberra, 2002, page xi.

³⁷ Ibid.

³⁸ Ibid., p. 15.

³⁹ Hayden and Long, op. Cit., p. 97.

⁴⁰ Ibid, p. 94.

‘Substantial proportions acknowledge money worries and stress from studying and working; 40 per cent agree that their paid work gets in the way of their academic studies; 34 per cent that worrying about money makes it difficult for them to concentrate on their studies; and a high 63 per cent, significantly more women than men, say they are often overwhelmed by all they have to do.’⁴¹

Students of all socioeconomic backgrounds and financial situations felt the negative impact of paid employment on study. However the AVCC survey found that students from lower socioeconomic backgrounds tend to have longer hours of employment and are more likely to miss classes due to their paid employment.⁴² Alarming, but not surprisingly, those students who had applied for but were refused income support in the form of Austudy, Youth Allowance or ABSTUDY were amongst those most likely to miss classes due to work commitments and to feel the detrimental affect of paid employment on their studies.⁴³ Students who indicated financial stress, such as having to take out a loan to continue studying, those who were unable to pay their university fees up front and whose budgets were in deficit were more likely to miss class due to work. Long and Hayden in the AVCC survey argue that ‘this pattern of relationships invites the interpretation that full-time students in financial need are obliged to seek levels of employment that interfere with their studies.’⁴⁴ Students who are supporting themselves and cannot rely on their families for financial assistance are less able to cut back their working hours when they get too onerous because they have no alternate way of meeting their basic needs.

This argument is equally as applicable to recipients of income support. The AVCC survey clearly indicated that the issues regarding paid work and its negative impact on studies were also experienced by those students eligible for income support. Students on income support payments which are significantly below the poverty line are forced to supplement their income with paid work during the semester and are just as likely as students who receive no support to ‘report the adverse effects of their work on university study.’⁴⁵ This highlights NUS’ argument that the current rates of income support are vastly insufficient. NUS believes that adequate student income support is an absolutely necessary requirement for an equitable and open education system. NUS concurs with the AVCC on this issue:

⁴¹McInnis and Hartley, op. Cit, page xi.

⁴² Hayden and Long, op. Cit., p. 104, 109.

⁴³ Ibid, p. 96.

⁴⁴ Ibid, p. 108.

⁴⁵Ibid, p. 96.

'The AVCC has argued... that the Government should restructure the student income support system so that it is effective in reducing the need for students to work excessive hours and so avert the detrimental effect on academic performance of heavy work commitments prompted by economic necessity...

*The AVCC is disappointed that the Government has not made any commitment to review the current income support systems. The Government has provided for scholarships ... but these are highly selective with limited regard to real financial need.'*⁴⁶

The fact that students have to work such long hours to survive while trying to further their education and that this often impacts negatively on their studies has implications for the whole sector, and the value that students can gain from their education. The AVCC expressed this view in their submission to the Senate Committee into Higher Education:

*'there is growing concern that students' work obligations in part time, and sometimes full time, employment prevents them from gaining optimum value from their studies. The effort of holding down a number of jobs hinders students from attending all their classes or having sufficient time for out of class study.'*⁴⁷

The tendency towards “shallow learning” as a result of students being over worked is highlighted in the DEST report which repeatedly refers to students having so little time that they cannot do in-depth or broad reading, but are forced to simply focus on assessment tasks.⁴⁸ Worse still, some students lower their expectations to the point where they are resigned to “just passing” in order to get through their degree.⁴⁹ This is despite the fact that the same report also found that the overwhelming majority of students (81%) had an extremely high level of commitment to their courses and most were enjoying their courses.⁵⁰ The significant pressures on students through increasing hours of paid work with the consequence of limited time undoubtedly compromise the quality of their education.

⁴⁶ Australian Vice-Chancellors' Committee, Excellence and Equity: Foundations for the Future of Australia's Universities, June 2003, page 3.

⁴⁷ *Universities in Crisis*, Senate Inquiry, Final Report, 2001, page 286.

⁴⁸ McInnis and Hartley, op. Cit, p. 48.

⁴⁹ Ibid., p. 49.

⁵⁰ Ibid., pp. 38-39.

This impacts not just on them as individuals, but also on the standard of education amongst the general population more broadly. In a culture that promotes a user-pays system of education and the understanding of a degree as a commodity that will enable students to find graduate employment, the broader social implications of education are often forgotten. Conceiving of students as individual consumers ignores the far wider cultural benefits of an individuals education. Any student undertaking higher education undoubtedly impacts on the thinking and opportunities for those they come into contact with: their families, friends, partners, work colleagues and so on. The current climate is one in which students are pressured to fast track their course in order to graduate as quickly as possible and vocational outcomes are posited as the primary, if not singular, measure of success. As a result, the complex and often indirect benefits of having a broadly educated population that can undertake critical and innovative thinking are often ignored and their worth undermined.

In addition to the potential benefits of an in-depth and broad education in their field of study, higher education also opens up many other avenues for students. Universities are one of the chief ways in which individuals become actively engaged with the religious, political and cultural aspects of our society. For many people their entrance into higher education broadens their knowledge of, and exposure to, these diverse aspects of society. Such engagement is undoubtedly crucial in creating and maintaining a vital and progressive society. Traditionally, involvement in these aspects of university life has been focused around on-campus activities. Increasingly, the paid work that students undertake is off campus, meaning that students are often able to come to campus only for the length of their classes.⁵¹ This limits the ability of the student body to partake in activities outside the immediate realm of the course in which they are enrolled. As a result, the flow-on benefits of such involvement are reduced, as is students' capacity to socialise and build networks on campus. The formation of networks can be very important to the success of students who disadvantaged background who generally may not have a lot of friends from their school or community also attending. Campus counsellors report that social isolation due to excessive paid work is a common problem that can lead to depression and the student ultimately dropping out of study. NUS strongly believes that a consideration of the broader implications of higher education must be taken into account when student welfare issues are debated and students should not simply be seen as a cost to be borne by government.

⁵¹ Ibid., p. 24.

For example student involvement in political, religious, sporting, and cultural aspects of campus life is often the springboard for lifetime voluntary commitments to community organisations. The civic education and civic responsibilities that universities hope to inspire in their graduates do not come from chalk and talk in a lecture theatre or swotting for exams. It is through having time to be involved in the campus life that students can get a well rounded education that is more than a meal ticket. The desire by bean counters to skimp a bit on student income support cuts back on public benefit flowing from subsidising the education of graduates. While the benefit cannot be easily quantified it is a significant negative social consequence of current income support arrangements.

It is worth interrogating the nature of the paid work undertaken by students. Despite the idea of working to help establish a career after graduation, many student jobs are low paid and not at all related to student's course of study. Alarming, 37% of respondents to the DEST survey said that they were on an hourly rate of ten dollars or less, and 10% of these respondents reported earning \$5.00 or less per hour.⁵² There are also indicators that a significant proportion of paid work undertaken by students is 'cash in hand' work. By its very nature, there is little data or information regarding the unregulated work that students undertake however the DEST report found that 15 per cent of respondents said that the work they do is 'cash in hand'.⁵³ McInnis and Hartley acknowledged that this figure is almost certainly under the actual amount because students were probably reluctant to provide information on illegal employment practices. It is unclear as to whether or not accepting 'cash in hand' work is a choice made by students or whether it accepted out of necessity due to lack of employment options.

A possible contributor to the high levels of 'cash in hand' work is the low threshold on earnings before they effect Centrelink payments, meaning that one of the few ways that students on income support can earn a decent living wage is through unregulated work. NUS in no way supports a draconian crack down on students on income support undertaking unregulated work. Rather, information relating to this aspect of student life should be seen as a symptom of the financial stress under which recipients of income support are operating. It should be used in order to amend the structures that result in students having to undertake unregulated employment, work which leaves many vulnerable to exploitation in relation to

⁵² Ibid., p. 28.

⁵³ McInnis and Hartley, op. Cit., p. 28

wages and conditions. While the hospitality and retail sectors are often associated with ‘cash in hand’ work there has been some indication of an alarming increase in the amount of sex industry work undertaken by students.⁵⁴ However it should be noted that many such jobs may well attract students not so much because they are ‘cash in hand’ but because of the perception of the sex industry as providing high wages for relatively short working hours.

Another issue is the shortage of on-campus jobs – so that students are have significant travel time eating into their university time as well as the paid hours of work. The growing number of universities who have taken cafeteria and other eating facilities (one of the major sources of casual student employment on campus) off the hands of student unions and outsourced them to private contractors are adding to the problem. The private contractors tend to use much less student labour and often do not pay award wages, forcing the few students employed to work longer or take a second job.

In conclusion, students are being forced to work unacceptably long hours to support themselves. The chief reasons for this are the strict eligibility criteria for income support, meaning that many students who cannot rely financially on their families are not able to receive any income support. For those that do manage to qualify for Centrelink payments, their income support is at such low levels that they have to work many hours in order to supplement their income. The result of the excessive hours students must work in order to provide themselves with the basic necessities of life is significant disruption to their education as well as their personal well being. As well as limiting students ability to reap the full benefit from the courses they are undertaking, students being forced to work longer hours in order to support themselves negatively impacts on the broader gains that higher education brings to our culture.

RECOMMENDATION 24: That student income support measures, in relation to both level of payments and eligibility criteria, be reviewed in light of the information regarding students and paid work.

RECOMMENDATION 25: That the broad and often indirect societal benefit of higher education be taken into account when reviewing student welfare issues rather than a simple fiscal “cost” approach.

⁵⁴ See Sarah Lantz, “Sex Work and Study”, in *Traffic-An Interdisciplinary Postgraduate Journal*, University of Melbourne Postgraduate Association, Number 3, 2003, pp. 31-53.

RECOMMENDATION 26: Failing a significant increase in the base rates of student income support payments, that measures be adopted in order to provide increased incentive for students to undertake regulated work so that are protected under their relevant award. An obvious way of addressing this would be to increase the threshold at which income begins to effect payments.

RECOMMENDATIONS 27: Given the 16 year gap in large scale surveys of student finances and work patterns that the Government and the AVCC co-operate to undertake regular three year surveys after consultation with NUS, CAPA and ACOSS on the survey format.

NUS also wishes to raise the issue of the exploitation of international students in the workplace by some unscrupulous employers. According to visa regulations, international students are not allowed to work more than 20 hours a week during semester. Therefore there is very little data on international students who work longer hours than this because they are either caught and deported by the Department of Immigration or they are not willing to come to us so we may collect data on how often this would occur. Instead, the issues that do surround international students with regard to work that NUS has concerns about are the exploitation of international student in the workplace.

The body recognised by NUS as its international student department, the National Liaison Committee for International students (NLC) is concerned that many international students are not always aware of the rules and regulations that employers should follow with regard to paying staff. These regulations include tax obligations, minimum wage requirements or Workcover/health issues in the workplace. The NLC has conducted a survey recently and one of the questions on this survey asked students who did work if they knew there were minimum wages and if they were being paid the minimum wage in their place of employment. Of those who were employed, many students, 54.6 % did not know that minimum wages existed and 7.2% said they were paid below the minimum wage, 14.3% were not sure if they were and 48.2% did not answer the question, leaving us to assume they were unsure of the answer.

Students are renown for working cash in hand jobs for very low wages. There are misconceptions within the international student community and employers that

international students should pay highest rate of tax when in fact if they are in Australia for longer than 6 months studying they are regarded as residents for taxation purposes. If international students were made aware of this, they would be less likely to work cash in hand jobs for very low wages, because even with tax deducted the award wages would allow them to receive more money each week than some cash in hand employment. International students are also often unaware that they are entitled to be paid superannuation if they earn more than \$450 in a month from an employer and that they are able to access these funds when they leave Australia permanently. This, again is information that should be made available to employers and distributed widely to universities and students to ensure that international students are aware of their entitlements.

RECOMMENDATION 28: That the Commonwealth ensure that all international students are provided with accurate information regarding work entitlements when students are granted permission to work, including information on minimum wage requirements, tax obligations and superannuation entitlements. This would allow students to make more informed decisions on their choice of employer.

- (c) the effect of these income support measures on students and their families, with reference to:
(iii) the closure of the Student Financial Supplement Scheme

The Student Financial Supplement Scheme (SFSS) which began in 1993 was widely known as the AUSTUDY/ABSTUDY Supplement. After the program was moved to the Department of Family and Community Services in 1998 it was renamed the SFSS. In the final year of operation of the scheme (2003) it provided for a Category One loans of up to \$7000 per annum to Youth Allowance, Pension Education Supplement, Austudy and Abstudy recipients who were prepared to trade in one dollar of the income entitlement for every two dollars of loan received. The maximum net gain to their income is \$3,500 (\$135 a fortnight). Other students could qualify for a Category Two loan of up to \$2000 if they were a dependent tertiary student not eligible for income support due to parental income or family actual means test.

The scheme was run through the Commonwealth Bank with repayments not having to commence for up to five years from the time the loan was taken out. Voluntary payments during this period

attracted a 15% bonus. After the five year period the Commonwealth paid the bank the outstanding amount of the loan and collected the debt through a HECS style arrangement. The Commonwealth repayment thresholds were different from HECS with the minimum threshold in 2003 being \$34, 494.

When the scheme was first raised in the 1992 Chapman report NUS, along with campus student unions, parent groups and the NTEU, was opposed to the scheme on the basis the loans scheme would be used as a wedge for further legislative change where grants-based forms of student assistance would be replaced with loans-based forms of assistance. NUS policy (democratically determined by the delegates at national conference) at the time reflected this:

NUS believes that a loans scheme to assist with repayments of tuition fees or act as a replacement or adjunct to a grants based system of student financial assistance is a key element in the push towards the entrenchment of 'user pays' and market principles in tertiary education.

According to Department of Family and Community Services data the program was accessed by between 40 – 60,000 students with its peak usage coming in 1995-99 and tapering off sharply by a third in the ensuing years. The low take-up rate in the first year of the program was partly a result of the campaign run by NUS and many campus student unions in 1993 warning that scheme was a debt trap.

FACS data on Student Usage of SFSS 1993-2002⁵⁵

YEAR	STUDENTS	YEAR	STUDENTS
1993	44,372	1998	60,602
1994	56,710	1999	60,124
1995	59,752	2000	55,437
1996	64,616	2001	42,347
1997	60,605	2002	40,909

Who used it ? According to data derived from FACS in 2002 22% were on Austudy payments, 37% were on Youth Allowance, 22% were on the Pensioner Education Supplement and 16% were on Abstudy or Abstudy PES. The majority of recipients were mature age (52.9% were 25 and over).⁵⁶ Senator Stott Despoja told the Senate that the Minister provided her with data which

⁵⁵ Senate Community Affairs Committee, Answers to Estimates Questions on Notice: Family and Community Services Portfolio, 2003-4 Budget Estimates, 4-5 June 2003, Question No. 49

⁵⁶ Senate, Answer to Question on Notice, 27 October 2003 No. 1794 (FACS: Financial Supplement Loan)

showed that 15.2% of SFSS recipients were single parents.⁵⁷ The Bill Digest prepared by the Parliamentary Library comments that:

“the proportion of students who take out loans appears to be rather higher than is the case for recipients of Youth Allowance. These students are more likely to be parents (sole or partnered), people with disabilities or indigenous people than are youth allowance students.”

The available data indicates that the major groups accessing were those who could no longer reasonably ask to be supplemented by their parents and faced time and/or discrimination constraints in casual labour market (single parents, disabled and indigenous students). NUS has not found a breakdown of how many SFSS recipients were VET students and how many were from low SES backgrounds. However, the Actuary Report figure which estimated that 56% of loans may never be repaid is indicative. The main reason for non-repayment is that the person’s income remains below the \$34,494 repayment threshold. This would seem to suggest that SFSS was being accessed by low income earners who were mainly also ending up with low income outcomes in the years following their education (well below average graduate starting salaries). SFSS despite being a regressive debt trap was being accessed by the most financially vulnerable members of the student body. A number of students contacted NUS and told us that if the scheme was discontinued that they would not be able to complete their studies.

In April 2003 the Hon. Larry Anthony (Minister for Youth Affairs) announced his intention to close the scheme on the basis that:

- The scheme is administratively cumbersome and poorly targeted;
- The mechanism where income support entitlement is traded in for a loan operates effectively as a hidden interest charge;
- The scheme is creating high levels of student debt;
- Up to 50% of loans are unlikely to be repaid according to an unpublished report from an Australian Government Actuary;
- In 1993 there were few commercial loans available to students and interest rates were high, but now commercial loans at competitive rates and campus loans are available and;
- Youth Allowance now provides flexible benefits so take up rates for the loans have declined by one third.

⁵⁷ Senate, 26 November 2003, *Hansard*, pg 17838

NUS's original political objection to the SFSS in the early 1990s was that it would be used as a wedge to drive through a more general conversion of grant-based forms of student assistance into loans systems. The fear had some basis as the New Zealand Government of the time embarked on doing that. However, a decade on there has been no move by any Australian parliamentary party to follow the New Zealand route. However, the in principle objection to using loans schemes to deliver assistance to disadvantaged students remains. The unfairness of such debt trap schemes was put very concretely in the Senate debate on the closure of SFSS. The Hon. Senator Patterson, Minister for Family and Community Services colourfully explained to the Senate why the SFSS was a debt trap for students:

“Under the Student Financial Supplement scheme some 7,800 students have accumulated over \$20,000 each in debt - \$10,000 of it was theirs, which they gave up, before they entered into this stupid scheme. A former student with a supplement scheme debt of \$28,000 who earns \$35,000 is going to have that debt for 40 years before it is fully repaid. A graduate who finishes their studies at 25 with a supplement loan of this size could be in debt to the government until they qualify for the age pension.”

NUS was somewhat mystified as to why the Howard Government was so concerned about lifelong study debt here when at the same time it was pushing a package of higher education reforms to increase study debts associate with university HECS and fee arrangements.

Nevertheless NUS concurs with Senator Patterson that the SFSS was acting as a debt trap for some of the most financially vulnerable students. The trade-in component of Category One loans was particularly harsh, pushing up the effective interest rate to around 16%. Another very harsh measure was that the SFSS debt was repaid concurrently with HECS repayments. The combined HECS and SFSS repayments meant that many graduates were losing 10% of their gross income at a time when they had just entered the full time workforce. While there has been a lot of media in the last couple of years around the issue of study debt there is unfortunately a paucity of serious research into its social impact, particularly those facing the double whammy of HECS and SFSS. Certainly the anecdotal feedback from many graduates to NUS is that they now regretted taking out the SFSS.

While the Government's position seemed heavily motivated by Treasury concerns over 'bad debt' they also argued that it was desirable that the scheme could be scrapped. They argued that unlike the early 1990s there was now a range of commercial loans available to students on offer that

offered a better deal than the effective 16% being charged under SFSS once the trade-in is taken into account. Secondly the government argued that the Student Income Bank (which allows full time students on Youth Allowance and Austudy to accumulate any unused part of their fortnightly income free are to offset high income in other fortnights) gives greater flexibility for students to spread their income more evenly over the year.

From NUS's point of view the 'bad debt' is really just a progressive function of the income repayment threshold mechanism associated with the loan. The principle behind this mechanism is that those who are receiving a substantial private benefit (financial) from their education should make a contribution towards the cost of that education. The 56% non-repayment rate (84% for indigenous students) reflects that the reality that a large proportion of SFSS recipients have not received a substantial private benefit from their education. This is not surprising as sole parents, disabled students and indigenous students often face structural barriers to accessing regular, full time, well paid work and will continue to do so even after successful completion of a degree. However, there are many benefits that flow to the community from their participation in higher education, including their part-time and casual work. NUS has no problem with the notion of extra financial support flowing to some of the most disadvantaged members of our society.

It is true that there are a number of commercial operations which are in operation that offer students personal loans at a lower rate of interest. However NUS believes the equity groups that are affected by the closure of the SFSS are likely to be adverse to taking out loans without at least the safety net of the income contingent repayment threshold. A more unsavoury possibility is that students will be left juggling credit card debts or dropping out of study all together. A second issue will also arise under the new FEE-HELP provisions that come in place in 2005 to assist full fee payers. The \$50,000 cap on the FEE-HELP loan is insufficient to cover the fees for longer degrees such as medicine and veterinary science. The government's response to this objection is that they can take out a commercial loan to cover the cost of the additional fees. There is already concern that the caps on the commercial loans (often around \$20,000) means that they are insufficient to cover the fee gap. How will these students access be able to get a loan to cover living expenses ?

Nor is the Income Bank a solution for most who were accessing the SFSS. The Income Bank measure is helpful for those with who can get substantial amounts of paid work throughout the

year to supplement their grant. However, as described above the Income Bank is no use for those facing structural discrimination in the casualised labour force.

NUS's position is that the SFSS had to go. Not only was it a debt trap but it acted as a policy bulwark against meaningful reform to assist these students. However, there needs to be something better put in its place. Also there needed to be sunset provisions so that students who had arranged their lives around access to the SFSS were not left high and dry half way through a degree. The Government's solution – commercial loans, the income bank and no sunset clause – is woefully inadequate and has sparked much anger from those left stranded.

The AVCC agreed with NUS that simply scrapping the scheme is not good enough and went on to criticise the lack of breadth in the ALP's proposed alternative reforms to student financial assistance (the ALP are in favour of retaining the SFSS):

“In this context the AVCC agrees with the National Union of Students (NUS) that the debate over the Student Financial Supplementary Scheme (SFSS) misses the point. In its current form the Scheme does not work but reform must be more than simply abolishing the Scheme.”

“Reform must also go beyond the Labor proposals for lowering the age of independence for Youth Allowance and extending rent assistance to Austudy recipients, important as both of these proposals are.”

The AVCC proposes that the SFSS should be modified so that students can borrow an extra amount to supplement their income without trading in part of their grant. This debt would be added to the HECS debt (or now also FEE-HELP debt) and repaid through the existing income contingent repayment mechanisms.

NUS is concerned that the AVCC's revamped SFSS is based on the regressive principle that much-needed student financial assistance is being provided in the form of a loan rather than a grant. However, we do acknowledge that the AVCC's proposal is superior to the former SFSS arrangements or to students taking out personal loans at commercial rates without an income contingent safety net.

RECOMMENDATION 29: That the scrapped Student Financial Supplement Scheme be replaced with an additional grant to students facing structural discrimination in labour market who are unable to find regular casual work.

Failing this that the students be given the option of an income contingent loans scheme arrangement to supplement their income with two key differences from the SFSS: that there no trade-off of the grant, and that the debt is added to HECS-HELP/ FEE-HELP debts rather than being repaid simultaneously with HECS-HELP/ FEE-HELP debts.

RECOMMENDATION 30: Students caught out by the closure of the scheme should be eligible for a one-off payment to assist with completion of their studies.

(c) the importance of adequate income support measures in achieving equitable access to education, with reference to:

(i) students from disadvantaged backgrounds

Queer students

Many queer students face homophobic attitudes and even violence at University and in the community. People who are queer have extra burdens of safety on campus, and fear of harassment and discrimination. However, we only know through *ad hoc* research that queer people leave University because of these issues, and we don't know what the exact retention rates of queer students are.

The age of independence for student income support payments being set at 25 has serious implications for non-heterosexual young people. Some students who choose to 'come out' to their families will be accepted and supported, but unfortunately others are subjected to more than just expressions of "disappointment" but physical violence, emotional abuse and manipulation. While the government insists on families providing financial support for their adult children attending university, for queer students it is often difficult, and at times unsafe, to remain within the family home. Homelessness and estrangement are not uncommon, and depression and suicide rates are well recognised as much higher for non-heterosexual young people than for their heterosexual counterparts.

Centrelink recognises that it may be unreasonable for some young people to continue living at home because of their family relationships, and these people may be eligible for independent

rates of Youth Allowance. To qualify for independent rates of Youth Allowance due to family breakdown, young queer students face an often stressful bureaucratic process. For such claims, Centrelink will generally want to contact the young person's parents or guardians, even if this is not in the student's best interests. Difficulties that young lesbians, gays and bisexuals face in the application process include:

- repeat high levels of disclosure to multiple persons;
- the presumption that young people are being dishonest or being fraudulent; or
- a reluctance of the department to consider statements from non-authority figures (friends or partners) as appropriate evidence.

In order to address some of these issues, NUS recommends that the criteria for assessing independence be relaxed in relation to family conflict and homophobia arising from a student's sexuality.

In addition to these problems, young queer students face discrimination in claiming independence as the definition of a *de facto* relationship in social security legislation applies only to relationships between people of the opposite sex. Young people who are married or have been in a heterosexual *de facto* relationship can claim independence from their parents, while those in same-sex relationships cannot, a situation which is blatantly discriminatory.

.RECOMMENDATION 31: That same sex couples be included in the definition of “youth allowance couple” for the purpose of independence and that all student income support legislation be amended to give the same rights to students in same-sex relationships.

.RECOMMENDATION 32: That the criteria for assessing independence be relaxed in relation to family conflict and homophobia arising from a student's sexuality.

Regional Students

The DEST report “Factors impacting on student aspirations and expectations in regional Australia” reported that “[i]n every focus group interview that we conducted, in every State and in the Northern Territory, students regularly declared the need for further education and training to the point where it appeared to have become a taken-for-granted ‘fact’ related to contemporary

times and the realities associated with achieving their aspirations.’⁵⁸ Yet for many students from regional areas there remain significant barriers to furthering their post secondary education. While the report found that these barriers were complex and multiple, it also identified that financial difficulties were the most frequently cited of the problems facing regional students and their families contemplating higher education.⁵⁹ Course costs (both up front and HECS), the expense associated with often unavoidable relocation and the difficulty of accessing adequate income support all act as deterrents for young people in regional Australia considering higher education.⁶⁰ Students, including those from families where post-secondary education was considered integral and was actively encouraged, were acutely aware of the financial burden that undertaking higher education would place on their families.⁶¹ Many students were reluctant to impose such onerous costs on their parents. They were also reluctant to lose much of their independence through this financial reliance just at the time when they were beginning to assume their role in the adult world.⁶²

The living costs of higher education students from regional areas often have to be met by their families because the process of applying for income support payments fails to take into account the specificities of regional students. Regional students cannot claim the independent rate of Youth Allowance based on the distance they must travel to study. For students who live more than 90 minutes away by public transport from the campus at which they are enrolled the only concession to their situation is a slightly different parental income test. As with students who do not have travel or relocate in order to continue their education, parental income starts impacting on payments as soon as it reaches \$28 150 (or slightly more for each dependent child other than the applicant). It continues on a sliding scale up to \$61 274, at which point students cease to be eligible for any payment at all. For all other students, this upper threshold is currently set at \$49 959. Given the considerable cost of either travel or relocation, this slight difference in the Youth Allowance process of application for students who travel to study is vastly insufficient.

Regional Students and the Commonwealth Learning Scholarships (CLS)

⁵⁸ Alloway et al., “Factors impacting on student aspirations and expectations in regional Australia”, Department of Education, Science and Training, January 2004, p. 120.

⁵⁹ [Ibid., p. 195.](#)

⁶⁰ [Ibid.](#)

⁶¹ [Ibid., p. 196.](#)

⁶² [Ibid.](#)

The CLS scheme was introduced this year and is composed of two separate scholarships. The Commonwealth Education Costs Scholarships (CECS) are for students from low socio-economic backgrounds and Indigenous students. It consists of a yearly payment of \$2000 for a maximum of four years. Regional students from low socio-economic backgrounds are eligible for the Commonwealth Accommodation Scholarships (CAS), aimed at assisting with relocation and ongoing accommodation costs. The CAS consists of a payment of \$4000 per year for a maximum of four years. DEST allocates the number of CLS that each Higher Education Provider (HEP) can provide and the scheme is then administered by the individual HEPs.

For regional students who can manage to be granted a CAS, the extra income will undoubtedly be helpful, but it is important to keep in mind the cost of living, and in particular the cost of housing, when discussing the CAS. As has been detailed earlier in this submission, housing issues are extremely pertinent for students, and particularly for those who face relocation expenses in order to attend post-secondary education. Students renting in the private market are spending a significant proportion of their income on rent. For regional students who have to relocate to metropolitan areas, the CAS would only partially cover their costs of rent. For regional students seeking the support of living in college, at some universities college fees can be extremely high and the CAS would only just cover a third of fees. For example, at the University of Melbourne, the college with the lowest rate is Medley Hall, however fees still exceed \$11 000 per academic year (including food but excluding numerous and substantial one-off fees).⁶³ This figure is similar to that charged by the University of Sydney's colleges.

The CLS scheme was set up in an attempt to offset the serious equity issues raised as a result of the Nelson reforms to the higher education sector, most notably the deregulation and increase of fees. The low level of payment of both the CECS and the CAS together with the limited number of scholarships on offer (combined, just 5500 in 2004) reveal that the scheme fails to adequately provide equitable access to any of its target groups. Despite these concerns, the scheme is repeatedly used as a defence against accusations that under the Howard government the higher education sector is moving further away from providing broad and equitable access.

While NUS supports extra money being made available to students, the scheme fails to significantly alleviate the debt deterrence of increased fees and can be seen as a cynical attempt to

⁶³ <http://www.colleges.unimelb.edu.au/feecomparison.html>

quieten opposition to the detrimental changes made to the higher education sector under the present government. Nor does such a tokenistic scheme compensate for the severe inadequacy of current student income support measures. NUS is strongly of the opinion that the most effective way of increasing broad access to students from regional areas and low and middle income backgrounds is to expand access to income support and decrease fees.

RECOMMENDATION 33: That student income support measures be reviewed in relation to the needs of regional students and that further consideration be given to the cost of relocation especially for low and middle income families.

NESB

Students from Non English Speaking Backgrounds continue to be disadvantaged on many levels in terms of equity in access to higher education. The importance of adequate income support can not be understated in achieving equitable access for this group of disadvantaged students for many reasons. Non English Speaking Background (NESB) students are defined in two different ways. In preparing this submission, four discussion papers were referred to in which both ways were used to define NESB. The AVCC conducted a survey and produced a paper describing the results of this survey in 2001. In this survey students were asked the main language spoken at home, English or Other. Therefore some of the statistics used here are with reference to this definition. The 2001 census also asked the same question and therefore this census can be compared with the results of the AVCC survey. The other definition, most commonly used by educational institutions and DEST to determine NESB students is that the students have one or more parent who does not speak English at home, the student was born in a country where English is not the main language and that they have resided in Australia for less than 10 years. In the discussion paper, Review of the Higher Education Equity Programme and the AVCC response to this discussion paper, Ensuring fair access; future arrangements for the Higher Education Equity Programme, the above definition of NESB is used.

1. *General Access Problems For NESB Students.*

According to the AVCC paper *Paying Their Way*, students from NESB made up 15% of domestic students at Australian universities in 2000⁶⁴. In comparison with this, the 2001 census revealed that 20% of the Australian population were from Non English Speaking Backgrounds. This would indicate using the same definition of NESB that the NESB population was under represented at the university undergraduate level in 2000.

The HEEP discussion paper suggests that there has been a decline in the population of NESB students over the past decade which can be attributed not only to the educational disadvantage of the students but also to changes in migration movements of different immigrant groups and the emphasis on different immigration programs such as skilled migration or humanitarian migration supported by the government at different times.⁶⁵ The educational disadvantage is of highest concern as many students from NESB may have limited knowledge of English and may also not have had access to primary or secondary education in Australia, therefore not only impacting on access to higher education but also the overall performance at university. Support services for students in this equity group are a necessary part of the higher education program to ensure the students receive the necessary assistance to gain satisfactory results in their program of study.

2. *Access To Higher Education And Government Income Support*

The AVCC survey revealed that NESB students are statistically from lower socioeconomic backgrounds, and were therefore more likely to be eligible for income support.

The comparative percentages for eligibility were quite significant,

Males – NESB – 54%	Females – NESB – 50.7%
ESB – 40.2%	ESB – 39.4% ⁶⁶

The importance of this income support for NESB students is often the difference between being able to access or not access university, as noted by an anecdotal comment on the survey paper

⁶⁴ Michael Long & Mark Hayden, *Paying Their Way*, A Survey of Australian Undergraduate University Student Finances, 2000, AVCC, October 2001 page

⁶⁵ Review of Higher Education Equity Programme (HEEP) Discussion Paper, 2004, DEST, page 11

⁶⁶ Long & Hayden, 2001, page

“the availability of youth allowance and Austudy encouraged many students to enrol and stay at university”⁶⁷

Although there is a high proportion of NESB students eligible for income support, the level of income support is inadequate and is harshly means tested, resulting in the likelihood of students not retaining education or changing modes of study to gain supplementary income to support themselves.

In many instances the employed people of Australia have very little recognition for the skills or qualifications of a person with limited ability in English. As a result there is a high proportion of people from Non English Speaking Backgrounds working in jobs well below their level of qualification or skill. It is likely that there are a number of students who would therefore be eligible to receive income support because their parents are in this situation. From 2001 overseas trained permanent resident professionals doing bridging courses to meet formal recognition requirements were made to pay full course costs rather than paying via the HECS system.

3. Access To Higher Education And Other Income

The majority of NESB students receive government income support. According to the AVCC survey there are significant differences between NESB students and ESB students in other income attained to support them whilst they are studying. The statistics in this survey show that 55.3% of NESB students were in paid employment during semester compared with 78.8 of ESB students.⁶⁸ This is an enormous difference which could be attributable firstly to the access NESB students have to income support and secondly to the ability they have to find employment. In some cases, where their spoken English may be limited, or affected by an accent they are not as desirable to an employer as a student with no accent.

Another form of income students receive is borrowing money to continue study. The sources of this loaned money vary from universities or financial institutions to relatives or friends. NESB students are less likely to borrow money to continue study, (8.6%) compared with ESB students (11.8%), but the average amounts that the NESB students borrow are higher than the ESB

⁶⁷ *ibid* page

⁶⁸ *ibid*, page 100

students. This difference is in some cases quite low, such as with the male full time students, but with Female part time students the difference in the average loan is \$3000 per year.⁶⁹

With debt such as this at the beginning of a student's working career and a HECS debt accumulating in the background, the future of the NESB student is already littered with repayment concerns.

4. Retention of NESB as an official equity group

Currently there is a review into the framework of the Higher Education Equity Programmes, the suggestion by DEST to remove the funding allocation for NESB students from the program as a target equity group⁷⁰ would prove to hinder the access to higher education for many NESB students. The needs of these students are predominantly affected by their financial situations being made easier through such programmes where they eligible for fee scholarships, and income assistance. Access to university is continuing to be the main focus for the equity programs and with the results of studies showing the NESB population is still under represented in higher education, the removal of this funding allocation from the program would be detrimental to many individuals' chances of gaining access to and gaining a qualification from a university in Australia.

The AVCC response to this proposal is not supportive of the removal of this group from the funding allocation for equity programs.⁷¹ It was suggested that for groups such as the NESB students, the progress and completion rates were no different to other students or in some instances it was problematic to collect data on this area, but that the main focus should be on access to education as this is clearly the area in which the HEEP are not improving.⁷² The AVCC response expressed concern that the removal of focus on retention, progress and completion would not fully reflect the accuracy of the success of such programs and would stop vital support services after enrolment.⁷³

RECOMMENDATION 34: That the Commonwealth retain NESB as a fund allocation equity group for HEEP with regard in particular to improving equitable

⁶⁹ *ibid*, page

⁷⁰ HEEP Discussion paper, DEST, 2004, page 12

⁷¹ AVCC Ensuring fair access; future arrangements for the Higher Education Equity Programme June 2004

⁷² HEEP Discussion paper, DEST, 2004, page

⁷³ AVCC Ensuring fair access; future arrangements for the Higher Education Equity Programme June 2004

access to education and improving retention rates, full time study enrolment and completion of courses.

RECOMMENDATION 35: That the Commonwealth ensure that there is sufficient support services such as English language assistance within the educational institution to help improve equity outcomes.

NUS shares ACOSS's view that newly arrived migrants, particularly holders of temporary protection visa (TPVs), are treated unfairly and in many cases are left with no access to basic income support. Since March 1997 they have been subject to a two year waiting period for most social security payments (including in most circumstances the Special Benefit that applies to people in need who do not fit into any other category). NUS believes that they should be ensured full access to the education and training opportunities to allow them to participate in and contribute to their new community.

RECOMMENDATION 36: Abolish the two year newly arrived resident's waiting period for Special Benefit, Youth Allowance and Austudy recipients.

RECOMMENDATION 37: Provide for backdating of payments on refugee/ humanitarian visas to the date of their arrival in Australia.

RECOMMENDATION 38: Extend access to the Crisis Payment to people on refugee/ humanitarian visa to assist with their immediate settlement needs.

(c) the importance of adequate income support measures in achieving equitable access to education, with reference to:
(ii) improving access to education

In Appendix B (*A Brief Outline of the Historical Relationship between Student Financial Programs and Access (1942 – 1997)*) we look at what is to be learnt from the history of student financial assistance programs in Australia in opening up access to universities. The outlines makes the following conclusions:

- Student income support is a core component of any general strategy of improving access to universities. Broadly the goal of student financial assistance should be to remove barriers to participation by the disadvantaged. Student assistance should be provided on a needs basis.

- Merit based scholarships tend to reproduce cycles of privilege. The myth of the bright working class kid who has ‘made it’ through hard work and diligent study masks the reality that merit race is rigged – the children of privileged families start a long way ahead and have to run a shorter distance. This remains basically as true today as it was in 1960s. A recent study conducted by Monash University’s Centre for Population and Urban Research that found that most students at Victorian government schools, after a decade of cutbacks and closures, were unable to compete for places at the competitive end of the higher education system because their results were not good enough.⁷⁴ The enrolments in these courses were almost completely made up of students from private schools and a few high performance government schools. Only 11% of students from government schools received ENTER (Equivalent National Tertiary Education Rank) scores of 90 or more. By contrast 51% of private schools students achieved this score or above. The report described Melbourne University, and to a lesser extent Monash University as having become ‘private school enclaves’.
- Structural education disadvantage is reinforced again and again in the education system. Improvements to equity require a comprehensive multi-faceted approach operating at all education levels. There is no simple fix. For example the abolition of tuition fees did not lead to the immediate opening up of universities to the extent hoped for. The secondary school system needed major reform and long held cultural and social expectations needed to be changed. The limited gains that were achieved by free education were quickly eroded by the massive decline in eligibility and income levels of student financial assistance.
- Unfortunately governments in this era seem to be satisfied that the latest attempt to push additional study costs on students has not led to a significant drop in participation rates. The goal of equity too often becomes hoping to maintain the *status quo* (for example the participation rates of low SES and rural students). The shift under the Nelson reforms to the US-style highly segmented higher education system will also increase inequality within the system. The reproduction of the cycle of privilege will occur via the resource rich sandstone universities rather than the formal university system (which is rapidly lapsing back into the Menzies era binary system in all but name).

⁷⁴ Birell et al, *From Place to Place; school, location and access to university education in Victoria*, Centre for Population and Urban Research, Monash University, 2002

- If a future government were to get serious about creating a level playing field of education opportunity for all it would have to look at a comprehensive overhaul of student income support and be prepared to back it up with the additional budgetary measures. Tinkering at the edges of what is essentially a mean and narrowly based system will not do much to address the overall problems of educational inequality. However, as has been stressed above comprehensive overhaul of student financial arrangements would have to be a part of a systematic and sustained multi-faceted approach.

(c) the importance of adequate income support measures in achieving equitable access to education, with reference to:
(iii) alternative student income support measures.

List of recommendations for reform endorsed by NUS and CAPA

RECOMMENDATION 1: That the base rates of Youth Allowance, Austudy and ABSTUDY be raised to, and indexed in line with, the relevant Henderson Poverty Line and that Rent Assistance payments be in addition to this.

Failing this, that they be aligned with Newstart payments AND that the level at which a recipients income begins to effect their payment be raised and the “Income Bank” be credited upon initial receipt of payments so that students are able to earn a decent living wage.

RECOMMENDATION 2: That the income of a recipient’s partner not effect the recipients level of payment.

RECOMMENDATION 3: Indexation arrangements for Youth Allowance , Austudy and Abstudy should be aligned with other payments (ie twice yearly in March and September), with an initial one-off increase to bring the CPI reference quarters into sync

RECOMMENDATION 4: That Austudy and Youth Allowance eligibility requirements be extended to include university study at all levels, including postgraduate coursework and research.

RECOMMENDATION 5: That the section 3.5.5 of the Guidelines for Commonwealth Scholarships falling under section 238-10 of the Higher Education Support Act 2003 (HESA) be amended as follows (deletion struck through, addition underlined): *The duration of a full-time APA is ~~three~~ four years for a student undertaking Research Doctorate studies, and two years for a student undertaking Research Masters studies. The duration of a part-time APA is ~~six~~ eight years for Research Doctorate studies and four years for Research Masters studies.*

RECOMMENDATION 6: That changes to indigenous student financial support programs arise from consultation with indigenous communities.

RECOMMENDATION 7: Following the current review into the impact of the 2000 cuts to Abstudy, that any measures that have contributed to declining Indigenous participation be removed.

RECOMMENDATION 8: That Abstudy recipients should be eligible for the Crisis Payment in line with other income support recipients.

RECOMMENDATION 9: The age of independence be reduced to 18 years of age to bring it into line with most other measures of social and financial responsibility

Failing the reduction to 18 years of age, the age of independence be reduced to 21 years of age as with the Newstart Payment. Following the reduction to 21 years of age, the age of independence be reduced annually until it reaches 18 years of age.

RECOMMENDATION 10: Any Centrelink overpayment debt incurred by financially dependent students receiving Youth Allowance be disregarded where the student is not responsible for his/her financial situation by Centrelink and therefore should not be held accountable for error in overpayment.

RECOMMENDATION 11: The income level at which the parental income test starts to reduce the benefit should be increased to at least the average family income.

RECOMMENDATION 12: Students who are forced to move a great distance in order to access tertiary education should be granted financial independent status when applying for Youth Allowance in all circumstances.

RECOMMENDATION 13: That Rent Assistance be made immediately available to Austudy recipients.

RECOMMENDATION 14: That the Commonwealth regulate of international student fee increases to ensure that fees are not subject to increases beyond inflation rates for the previous year.

RECOMMENDATION 15: That students living in share housing be eligible for the full rate of Rent Assistance.

RECOMMENDATION 16: FACS should review Rent Assistance to take into account geographical variations in rents (so long as no recipient were made worse off by a move to a zoned rent assistance model).

RECOMMENDATION 17: DEST, FACS, AVCC, NUS and other bodies that conduct surveys of actual costs faced by students should include ancillary fee costs in their surveys to develop a greater pool of research literature to inform policy development.

RECOMMENDATION 18: DEST should review the actual effectiveness of its guidelines and university policies in preventing inappropriate course related ancillary fees being imposed on students.

RECOMMENDATION 19: All beneficiaries studying at an approved further education and training provider, who are not receiving the PES, should receive an education and training allowance of at least \$20 a week to assist with the ancillary costs associated with participation in further education.

RECOMMENDATION 20: That the education costs should be exempted from the GST. Failing this that the Education Textbook Subsidy Scheme be restored

RECOMMENDATION 21: That the *Income Tax Assessment Act 1997* be amended to exempt part-time APAs from being counted as taxable income.

RECOMMENDATION 22: That the student visa charge reduced by about half to bring it into line with the competing countries fees.

RECOMMENDATION 23: That the Federal government to review the renewal procedure by overseas student health care providers to ensure that students are offered similar renewal procedures as residents of Australia are with health insurance, for example direct debit for annual or monthly payments.

RECOMMENDATION 24: That student income support measures, in relation to both level of payments and eligibility criteria, be reviewed in light of the information regarding students and paid work.

RECOMMENDATION 25: That the broad and often indirect societal benefit of higher education be taken into account when reviewing student welfare issues rather than a simple fiscal “cost” approach.

RECOMMENDATION 26: Failing a significant increase in the base rates of student income support payments, that measures be adopted in order to provide increased incentive for students to undertake regulated work so that are protected under their relevant award. An obvious way of addressing this would be to increase the threshold at which income begins to effect payments.

RECOMMENDATIONS 27: Given the 16 year gap in large scale surveys of student finances and work patterns that the Government and the AVCC co-operate to undertake regular three year surveys after consultation with NUS, CAPA and ACOSS on the survey format.

RECOMMENDATION 28: That the Commonwealth ensure that all international students are provided with accurate information regarding work entitlements when students are granted permission to work, including information on minimum wage requirements, tax obligations and superannuation entitlements. This would allow students to make more informed decisions on their choice of employer.

RECOMMENDATION 29: That the scrapped Student Financial Supplement Scheme be replaced with an additional grant to students facing structural discrimination in labour market who are unable to find regular casual work.

Failing this that the students be given the option of an income contingent loans scheme arrangement to supplement their income with two key differences from the SFSS: that there no trade-off of the grant, and that the debt is added to HECS-HELP/ FEE-HELP debts rather than being repaid simultaneously with HECS-HELP/ FEE-HELP debts. (This fall back position is supported by NUS only).

RECOMMENDATION 30: Students caught out by the closure of the scheme should be eligible for a one-off payment to assist with completion of their studies.

RECOMMENDATION 31: That same sex couples be included in the definition of “youth allowance couple” for the purpose of independence and that all student income support legislation be amended to give the same rights to students in same-sex relationships.

RECOMMENDATION 32: That the criteria for assessing independence be relaxed in relation to family conflict and homophobia arising from a student’s sexuality.

RECOMMENDATION 33: That student income support measures be reviewed in relation to the needs of regional students and that further consideration be given to the cost of relocation especially for low and middle income families.

RECOMMENDATION 34: That the Commonwealth retain NESB as a fund allocation equity group for HEEP with regard in particular to improving equitable access to education and improving retention rates, full time study enrolment and completion of courses.

RECOMMENDATION 35: That the Commonwealth ensure that there is sufficient support services such as English language assistance within the educational institution to help improve equity outcomes.

RECOMMENDATION 36: Abolish the two year newly arrived resident’s waiting period for Special Benefit, Youth Allowance and Austudy recipients.

RECOMMENDATION 37: Provide for backdating of payments on refugee/ humanitarian visas to the date of their arrival in Australia.

RECOMMENDATION 38: Extend access to the Crisis Payment to people on refugee/ humanitarian visa to assist with their immediate settlement needs.

Appendix A: NUS Calculations of Benefits Accessed By Students As Percentage of the Poverty Line

All Centrelink figures are those from the period of 20 September – 31 December 2003 in order to correlate with the most recent Henderson poverty line figures which are for the December 2003 quarter. Prepared by Sarah Tayton

**Table 1(a): Education Payments
Head in workforce**

Payment Type	Base Rate per fortnight	Maximum rate of Rent Assistance	Total Payment per fortnight	Henderson poverty line	Rate as a % of poverty line
Youth Allowance, single or partnered with no children, away from home	310.10	94.40 (living alone or with partner)	404.50	604.92	66.9
	310.10	62.93 (in share housing)	373.03	604.92	61.7
Austudy, single or partnered with no children	310.10	Not eligible	310.10	604.92	51.3
ABSTUDY, 16-20 years, single or partnered with no children, away from home	310.10	94.40 (living alone or with partner)	404.50	604.92	66.9
	310.10	62.93 (in share housing)	373.03	604.92	61.7
ABSTUDY, 21years and over, single or partnered with no children, away from home	385.00	94.40 (living alone or with partner)	479.40	604.92	79.3
	385.00	62.93 (in share housing)	447.93	604.92	74.0

**Table 1(b): Education Payments
Head not in workforce**

Payment Type	Base Rate per fortnight	Maximum rate of Rent Assistance	Total Payment per fortnight	Henderson poverty line	Rate as a % of poverty line
Youth Allowance, single or partnered with no children, away from home	310.10	94.40 (living alone or with partner)	404.50	490.50	82.5
	310.10	62.93 (in share housing)	373.03	490.50	76.1
Austudy, single or partnered with no children	310.10	Not eligible	310.10	490.50	63.2
ABSTUDY, 16-20 years, single or partnered with no children, away from home	310.10	94.40 (living alone or with partner)	404.50	490.50	82.5
	310.10	62.93 (in share housing)	373.03	490.50	76.1
ABSTUDY, 21years and over, single or partnered with no children, away from home	385.00	94.40 (living alone or with partner)	479.40	490.50	97.7
	385.00	62.93 (in share housing)	447.93	490.50	91.3

All Centrelink figures are those from the period of 20 September – 31 December 2003 in order to correlate with the most recent Henderson poverty line figures which are for the December 2003 quarter.

**Table 2(a): Disability Support Pension Payments
Head in workforce**

	Base Rate per fortnight	Maximum rate of Rent Assistance	Pensioner Education Supplement (PES)	Total fortnightly payment	Henderson Poverty Line	Rate as a % of poverty line
Under 21 years, away from home, single	397.80	94.40 (living alone)	62.40	554.60	604.92	91.7
	397.80	62.93 (living in share housing)	62.40	523.13	604.92	86.5
Over 21 years, away from home, single	452.80	94.40 (living alone)	62.40	609.60	604.92	100.8
	452.80	62.93 (living in share housing)	62.40	578.13	604.92	95.6

**Table 2(b): Disability Support Pension
Head not in workforce**

	Base Rate per fortnight	Maximum rate of Rent Assistance	PES	Total fortnightly payment	Henderson Poverty Line	Rate as a % of poverty line
Under 21 years, away from home, single	397.80	94.40 (living alone)	62.40	554.60	490.50	113.1
	397.80	62.93 (living in share housing)	62.40	523.13	490.50	106.7
Over 21 years, away from home, single	452.80	94.40 (living alone)	62.40	609.60	490.50	124.3
	452.80	62.93 (living in share housing)	62.40	578.13	490.50	117.9

All Centrelink figures are those from the period of 20 September – 31 December 2003 in order to correlate with the most recent Henderson poverty line figures which are for the December 2003 quarter.

Table 3(a): Income Support for students with children
All figures are rates for single parents with one child.
Head in workforce

Type of payment	Base Rate per fortnight	Max. rate of Rent Assistance	Family Tax Benefit Part A	Family Tax Benefit Part B	PES	Total payment per fortnight	Henderson Poverty Line	Rate as a % of poverty line
Youth Allowance or Austudy	406.40*	110.88	130.48	112.00	Not eligible	759.76	776.60	97.8
	406.40†	110.88	130.48	78.12	Not eligible	725.88	776.60	93.5
ABSTUDY under 21	406.40*	110.88	130.48	112.00	Not eligible	759.76	776.60	97.8
	406.40†	110.88	130.48	78.12	Not eligible	725.88	776.60	93.5
ABSTUDY over 21	416.40*	110.88	130.48	112.00	Not eligible	769.76	776.60	99.1
	416.40†	110.88	130.48	78.12	Not eligible	735.88	776.60	94.8
Parenting Payment	452.80*	110.88	130.48	112.00	62.40	868.56	776.60	111.8
	452.80†	110.88	130.48	78.12	62.40	834.68	776.60	107.5

*Figures are for a single parent with a child aged under 5 years

† Figures are for a single parent with a child aged between 5 and 13 years

Table 3(b): Income Support for students with children
All figures are rates for single parents with one child.
Head not in workforce

Type of payment	Base Rate per fortnight	Max. rate of Rent Assist-ance	Family Tax Benefit Part A	Family Tax Benefit Part B	PES	Total payment per fortnight	Hender-son Poverty Line	Rate as a % of poverty line
Youth Allow-ance or Austudy	406.40*	110.88	130.48	112.00	Not eligible	759.76	662.08	114.8
	406.40†	110.88	130.48	78.12	Not eligible	725.88	662.08	109.6
ABSTUDY under 21	406.40*	110.88	130.48	112.00	Not eligible	759.76	662.08	114.8
	406.40†	110.88	130.48	78.12	Not eligible	725.88	662.08	109.6
ABSTUDY over 21	416.40*	110.88	130.48	112.00	Not eligible	769.76	662.08	116.3
	416.40†	110.88	130.48	78.12	Not eligible	735.88	662.08	111.1
Parenting Payment	452.80*	110.88	130.48	112.00	62.40	868.56	662.08	131.2
	452.80†	110.88	130.48	78.12	62.40	834.68	662.08	126.1

*Figures are for a single parent with a child aged under 5 years

† Figures are for a single parent with a child aged between 5 and 13 years

Appendix B: A Brief Outline of the Historical Relationship between Student Financial Programs and Access (1942 – 1997)

By Graham Hastings

Introduction: The current framework for student financial support arises from the Howard Government's restructuring of student financial assistance arrangements such as the creation of the common youth allowance and an Income bank, changes to Abstudy, the age of independence, and the recent Nelson reforms which included new equity scholarships. The main body of our submission deals with this current framework. However, what are there lessons to be learnt from the history of student financial programs in opening up access to universities.

Curtin, Chifley and Menzies - Improving access through scholarships

Bruce Chapman in a 1992 options paper on the introduction of the loans scheme lamented the poor data collection of historic student financial arrangements, particularly in the period before the commonwealth government took over primary responsibility from the states or funding higher education,⁷⁵ Despite this hurdle this paper will provide a brief outlines of the major changes to post-war student income assistance with aim of gleaning what can be learnt from the different approaches adopted.

Prior to the Second World War, the disbursement of financial assistance to students was closely linked to the labour power requirements of State Governments for students who wished to train and work as teachers, engineers and technicians for the private sector. Scholarships, bonds and bursaries were available to a limited numbers. However, the vast majority relied on private means and consequently access to higher education was confined to a small, privileged section of the populace.

This situation began to change in the 1940s through the intervention of the Commonwealth government in student financial assistance. The original impetus for this intervention was a slump in student university enrolments by a quarter in the early years of WW2. The Curtin Government announced in 1942 that a grave shortage of highly trained personnel needed for post-war reconstruction could 'only be remedied by a scheme of financial assistance for students'.⁷⁶ The following year the Commonwealth Financial Assistance Scheme was introduced.

Under this scheme benefits were payable subject to a means test based on the student's and parental income. Two rates of living allowance were paid with the amount depending on whether or not the student lived with their parents. Provisions existed for parental income to be disregarded for mature students who had been maintaining themselves for a number of years without financial support.⁷⁷

⁷⁵ Chapman B, *Austudy: Towards A More Flexible Approach – an Options Paper*, DEST, 1992, pg. 44

⁷⁶ *The Age*, 4 November 1942, in Giles, G., *Federal Government Involvement in Student Financing*, UNSW Student Union, 1986

⁷⁷Giles, G., op. cit.

At the end of the war the Chifley Government extended financial assistance to students through a five year scholarship scheme and also introduced the Commonwealth Reconstruction Training Scheme to allow returned service personnel the opportunity to undertake university education. The conditions were similar to the previous Commonwealth Financial Assistance Scheme, although grants were available for a three year period with Commonwealth guaranteed loans available for the following years of study.⁷⁸

By the end of the forties there was clear bipartisan support for Commonwealth involvement in student financial assistance schemes. At the end of 1949 the Chifley Government approved a recommendation for the award each year of 3000 competitively allocated university scholarships. The Menzies Government legislated this scheme into existence as the Commonwealth Scholarship Scheme, which began operation in 1951. 7,227 students successfully qualified to be considered for one of the 3000 scholarships allocated according to merit.⁷⁹

The most important criteria for eligibility besides academic criteria ('merit') were the means test and the point at which students were judged to be independent of their parents. Students who demonstrated that they had supported themselves continuously for five years were given the maximum rate payable to dependent students living away from home. As the scholarship scheme developed the groups of students deemed eligible for the 'independent' rate included married students, orphans, wards and ex-wards of the state and students over 25. The age criterion for independent status was introduced after a decision to make available within the Commonwealth Scholarship Scheme provision a special Mature Age Award to students between 25 and 30 who had been unable to proceed immediately with their tertiary studies after school.

The other major form of student income support in 1950s came from state governments who offered bonded teaching scholarships in order to address the labour market shortage in teachers. Typically the teachers had to work for the state education department for a number of years (often in rural areas) or they had to repay scholarship. The living allowances were generous and non-means tested. Although primarily a labour market initiative rather than an equity initiative the scheme was a success in terms of bringing working class and lower middle class people into higher education. However, it did funnel them into teachers colleges and into one profession.

The 1957 Murray Committee Report which looked at the role and financial needs of Australian universities said that the scholarship scheme had 'brought to the universities many able students who would not otherwise have been able to attend and whose special abilities might have been lost to the nation'. It proposed that, because of increased retention rates at secondary school, that the number of scholarships be increased without delay. Menzies did not accept this proposal until 1961, when an additional 1000 places were allocated.

The 1964 Martin Report, the next major review of higher education, considered the progress of student financing. It found that in 1963 that most students were full time, that 39% of full time students were on cadetships of various kinds and teacher training awards, and that another 37% were receiving assistance through the Commonwealth Scholarship Scheme. 24% of the part-time students were receiving part-fee concessions. The report found that Australia stood third among 44 countries in direct government aid to students.

The Martin Report concluded that 'financial assistance for students was a sound investment and should be an integral part of planning for tertiary education' and that 'allowances paid...should

⁷⁸Ibid.

⁷⁹Ibid.

continue to be kept under review so that they bear a proper relation to price and wage levels. The report proposed a new scheme, carrying the same benefits as Commonwealth Scholarships to give assistance for full-time study to all university students who had succeeded in passing their first year at the first attempt.

Menzies replaced the Commonwealth Scholarship Scheme in 1966 with two new schemes, the Commonwealth University Scholarship Scheme and the Commonwealth Advanced Education Scholarship Scheme (the Colleges of Advanced Education had been formally included in a new 'binary divided' higher education system. These schemes incorporated existing regulations, but in the following years two significant changes occurred. In 1967 the qualifying period for independent status on grounds of self-support were reduced from five years to three years and from 1970 the Government shifted the lower age limit for Mature Age Awards from 25 to 30 years but abolished the upper age limit.⁸⁰

Whitlam and after – commitment to equity not backed up by student financial support

Despite the scholarships Australia's higher education system in the 1960s was still small and highly segmented by OECD standards. By the late sixties there was bipartisan support for opening up the universities rather than just the teachers colleges. There was also growing controversy over the class divide in the secondary school system, and that the achievement of high grades in matriculation was associated with access to elite private schools and a few high schools in the upper socio-economic areas. Later issues of gender and race were also widely recognised in education policy circles as affecting education outcomes. How much of what constituted 'academic merit' was really social privilege enjoyed by the white upper middle class males who made up the majority of the university population which was reproduced by the 'merit' based allocation of public subsidy? There was a recognition of this need for equity focussed support in 1969 when the first commonwealth targeted support for indigenous students, Abstudy, was introduced. Previously students had created their own scholarship scheme, ABSCHOL, run through the national student union to assist indigenous students.

NUS's predecessor, the Australian Union of Students rejected the view that continued expansion of competitively based scholarship schemes was the best way to open up the universities: "*by allocating scholarships on the sole basis of academic ability, it is denying assistance to many students with a real need...it ignores the needs of those qualified students who miss out on a tertiary education for the sole reason that they cannot afford it.*"⁸¹ AUS proposed that the basic aim of Commonwealth student assistance schemes should enable all persons admitted to tertiary institutions: *a) to be financially able to pursue a course at that institution until completion; and b) to be able to live a reasonable existence while enrolled, so they are not burdened by financial hardship to an extent that is injurious to their studies, well being or academic progress.*⁸²

The Whitlam Government was the only federal government that has so far embarked on a serious attempt to radically open up access to universities. Along with the abolition of tuition fees the Whitlam Government also introduced the Tertiary Allowance Scheme in 1973, which later became known as the Tertiary Education Assistance Scheme (TEAS). This was intended to replace the competitive based scholarships with a needs-based grant. The scheme was flawed age

⁸⁰Ibid.

⁸¹Tescher, T. and Bain, A., *Commonwealth Scholarship Submission 1972*, Australian Union of Students, Melbourne, 1972

⁸²Ibid.

by dragging out the old 1951 Menzies era benchmark of setting the age of independence at 25 (but it was better than the existing 30 year old benchmark) The Minister for Education, Kim Beasley, said that it was a: “major step taken by Government in its program to produce a revolution of access to education...it complements this Government's decision to abolish tuition fees in tertiary and post-secondary institutions and the effect of both of these actions will ensure that hardship or poverty do not prevent a student from taking advantage of the opportunity for further study.”⁸³

It was intended that TEAS would meet the basic requirements of students studying full time towards a first degree. The maximum benefit (over 18, no dependents) was 75.4% of the Poverty Line. The state funded teacher education scholarships, which had preceded and paralleled the development of the Commonwealth programs, were phased out as TEAS was phased in. The state teaching scholarships, with their comparatively generous living allowances, had been highly successful in attracting working class and female students to the teaching colleges.

While TEAS was an improvement on the Commonwealth Scholarships the education revolution hoped for by its original proponents. The mid seventies oil crisis saw government education policy shift from expansion to austerity, in the late seventies and early eighties student numbers stagnated. In 1986 domestic undergraduate fees were reintroduced and then replaced with HECS in 1989. These factors make it difficult to assess the effectiveness of TEAS in terms of its original goals. Whitlam retrospectively defended TEAS by claiming that the situation would have been a lot worse without it:

*from 1 January 1974 my Government assumed full financial responsibility for universities and colleges of advanced education and from the same date abolished tuition fees for students at universities, colleges of advanced education and technical colleges...these reforms made the institutions of tertiary education more accessible for lower income groups. Due to the advent of economic recession in 1974 there would have been a dramatic reduction in the number of tertiary students from less privileged families if it had not been for the abolition of fees and the introduction of TEAS. A survey of new entrants to tertiary education in 1974, 1975 and, 1976 revealed that, with fees and without TEAS, 20 percent of university students and 25 percent of college students would have been forced to defer their enrolment or not enrol at all.*⁸⁴

Yet all of the student disappointments with TEAS cannot be explained away with social factors. In 1974 the Department of Education and AUS conducted a survey on Tertiary Student Income and Expenditure. Using this survey the Minister for Education established a review committee to look at the first year of the operation of TEAS. The Committee recommended a program to free up arrangements so they would achieve the lofty goals that TEAS had first been created for. The reforms included an increase in allowances so that they would be sufficient to meet basic student needs over the full year, that allowances be indexed twice yearly, that measurement of family income tax for the purpose of the income test should not include income tax paid, greater deductions from gross income for dependent children, the inclusion of student vacation earnings, and the modification to the program to provide for the progressive financial independence of students from their parents between the ages of 19 to 25.⁸⁵

⁸³Cited in Cardwell, P., *Post-Secondary Student Financing: Some Problem Areas of the Tertiary Education Assistance Scheme*, Sydney Uni SRC, 1984

⁸⁴Whitlam G., *The Whitlam Years 1972-5*, Viking, Melbourne, p. 323

⁸⁵Commonwealth Department of Education and the Australian Union of Students, *Why Students Reject Tertiary Places*, AGPS, Canberra, 1974; Tertiary Education Assistance Scheme: *Report of the Committee for the Review of the Scheme*, AGPS, Canberra, 1975

However, hopes of positive reforms receded rapidly with the ascension to power by the Fraser Liberal Government and its successors. Since 1975 TEAS (and its successor AUSTUDY) were modified virtually each year in line with government budgetary priorities. This has mainly been in the direction of targeting a smaller and smaller group of students than was originally envisaged when TEAS was introduced. The Fraser Government adopted the rhetoric of the 1975 Williams Report that TEAS was an income supplement rather than a living allowance. The Government announced that it intended to introduce a commercial student loans scheme to supplement TEAS. Students suspected that in time the loans scheme would replace it altogether.

Even though the Government contended that TEAS was an income supplement they then embarked down the contradictory path of financially penalising students for seeking to supplement their TEAS to any significant degree. For instance the means test was originally applied to both parents and the income of the student, but excluding the long vacation. This implied that during the vacation, a student would be allowed to earn extra money for their use in the following year, without their allowance being cut. This original version of TEAS was consistent with the view of it being an income supplement. However, in 1976 the Government changed this so that the whole of a student's income was subjected to a means test.

The Government could have at least maintained a consistent approach to regarding TEAS as an income supplement rather than a living allowance by allowing the maximum rate a student could supplement the TEAS with at a level which would provide an adequate standard of living for a full time student. However, by virtually freezing this limit at a time of high inflation, the Fraser Government consistently reduced the amount a student could earn without financial penalty. TEAS was soon buried in a mountain of regulations making eligibility provisions largely incomprehensible to many of its users. This situation was widely criticised by student and welfare groups. Justice Stephen of the High Court agreed with the critics when he said in a 1981 judgement that:

the price paid for the Act's economy of language lies in the complexity of the regulations which govern the grant of benefits. Amended on more than forty occasions in their six years of existence, these regulations now represent an administrative scheme of great intricacy and much ambiguity. No applicant is likely to gain from them any clear impression of his (sic) entitlement to a benefit and this case suggests that even those who have to administer the scheme have great difficulty understanding it.⁸⁶

By 1980 the lot for students was becoming very depressing. The number of assisted first degree students fell by 33% in the first four years of the Fraser Government.⁸⁷ Average expenditure by full time undergraduate students was \$61.55 per week, yet the maximum TEAS allowance (which by now only 20% were receiving) was \$41.15 per week. If the teacher training scholarships were included the number of students receiving financial assistance had dropped by 20% in less than 5 years. Over the three terms of the Fraser Government the maximum TEAS fell from 67.5% of the poverty line to 52.4%.⁸⁸ The Report of the Committee of Inquiry into Education and Training recommended that the Government conduct a major review of student financing in 1980. The Government avoided implementing this recommendation.

⁸⁶High Court of Australia 1981, *Ex parte Emery at*, p. 392, from Giles G., *op. cit.*

⁸⁷Whitlam, G., *op. cit.*

⁸⁸Marginson, S., *Post-secondary Student Financing 1980: Weaknesses of the TEAS Scheme and the Dangers of Fees and Loans*, Australian Union of Students, Melbourne, 1980

However, the Department of Education conducted their own studies of student finances. Volume 3 prepared by Gruen, McMaster and Webb⁸⁹, analysed the data arising out of a 1979 survey by the Department. They observed that financial assistance for students had declined since the mid 1970s and that increased reliance on students own resources, and the resources of their parents had led to a relative decline in full time university and CAE students from less privileged backgrounds. Gruen argued that the survey showed that TEAS had been successful in making full time study more freely available to all income groups. Volume 4 produced by Beswick, Hayden and Schofield⁹⁰ contradicted this assertion and asserted that even if TEAS had once improved access to higher education that it was now failing. More information was coming to light on social cost of the government's policies:

*statistics show that the student financial crisis has been one factor that has forced down effective student demand for higher education from school leavers. The percentage of students in the final school year who went straight to university or college has fallen from 54.5% in 1974 to 45.6% in 1978. Professor Karmel, Chairman of the Tertiary Education Commission, has specifically attributed this to the decline in teacher awards and TEAS.*⁹¹

The Government instead, following the disappearance of the resources boom, went along another bout of cost cutting. In 1981 the Razor Gang announced that students in the 21 to 25 age group would no longer be eligible on the score of age alone for assistance at the independent rate; and participation in *de facto* relationships would no longer qualify an applicant for independent status. The Government also made another unsuccessful attempt to introduce a student loans scheme. The AVCC's 1983 *Review of Student Finances* noted that 'the deteriorating financial position of some groups of students cannot be disputed'.⁹²

What we are arguing here was that the lofty goals of the Whitlamite experiment with opening up universities was undermined by the simultaneous sharp decline in student financial assistance. This argument is backed up by oft mis-used report, *Students in Australian Higher Education: a study of their social composition since the abolition of fees*⁹³. The report is cited by pro-fee advocates to justify the mythology underlying the user pays education that free education failed to open up universities and was therefore a middle class subsidy. The study based on examining the social composition of university and CAE students in 1976, two years after the abolition of tuition fees, did conclude that there had been little change in the social composition of higher education students. However, it is a gross distortion of the report to use it to justify a return to user pays. Instead it argued that there were deep structural barriers that needed to be addressed (for instance in the schools) before universities could be opened up:

There is still much social inequality and economic hardship in society but its roots are deep in the social fabric and it would be unlikely that a simple change at one particular point, such as the abolition of fees, would have any great effects on the social composition of students in higher

⁸⁹Gruen, McMaster and Webb, *Studies of Australian Tertiary Student Finances*, Vol. 3, AGPS, Canberra, 1981

⁹⁰Beswick D., Hayden M., and Scholfield H., *Studies of Australian Tertiary Student Finances*, Vol. 4, 1983

⁹¹Marginson, S., *op. cit.*

⁹²Australian Vice Chancellors Committee, *Report of the Committee of Review of Student Finances*, 1983, Occasional Papers, No. 6

⁹³Anderson D, Boven R, Fensham PJ, Powell JP, *Students in Australian Higher Education: A study of their social composition since the abolition of fees*, Tertiary Education Research Centre, UNSW, 1978

*education. Most of the socially handicapping circumstances have had their effect well before students even get to the point of seeking a place in higher education.*⁹⁴

The report argued that a comprehensive social policy which identified strategies for different disadvantaged groups was needed to open up access to universities. This is a vastly different from the claim by pro-fee advocates that universities are (and will always be) inherently made up of the middle and upper class. The report concluded:

*Any future move to extend opportunity for higher education must, we suggest proceed from a precise statement of social policy aims and an adequate analysis of the target groups. The strategy should focus on individuals and we have shown that these are likely to come from disadvantaged groups. It will also need to be multi-faceted but with an emphasis on institutional barriers to access as well as on the needs of students.*⁹⁵

One of the authors of the original report, Don Anderson later warned about several methodological limitations with the study's conclusion about the unchanged social composition of higher education. Using a slightly different model and using a longer timespan Anderson later found that:

*(t)he participation rates show an apparent move away from equality during the 1960s; and a move towards greater equality during the 1970s.*⁹⁶

While participation rates in the seventies amongst the most affluent continued to increase there was also an increase in participation rates by the least affluent relative to middle income earners. This improvement had been lost by the end of the seventies. Both studies are quite consistent with the general analysis argued by student organisations that the abolition of tuition fees did not bring about the large redistributive effects originally hoped for because there was no general social policy framework around it to open up universities. Largely through the phasing out of the teachers scholarships the number of full time students receiving some government assistance fell from 70% in 1976 to 40% in 1982,⁹⁷ The large reductions in student eligibility to student financial assistance and the real level of grants during the second half of the seventies and the early eighties (which we shall discuss more fully below) are just a couple of examples how social policies in the 'free education' period actually worked against opening up access to higher education.

The Hawke Labor Government which came to power in 1983 promised to progressively increase TEAS to the level of the single unemployment benefit and to progressively increase the level of the means test to equate with average weekly earnings. Students hopes were again dashed. In the last Budget of the Fraser Government TEAS had been raised from 52.4% of the poverty line to 56.5%. However, in 1985 it had fallen back to 55.7%.⁹⁸ The means test cutoff also continued to decline compared to the average wage. A change of government had not changed student financial assistance being regarded as a soft target for budget cuts. Students were told in 1985

⁹⁴ Anderson et al, , p. 257

⁹⁵ Anderson, et al, p. 259

⁹⁶ Anderson D, 'Changing the social composition of higher education', in *Student Assistance for the Disadvantaged: Practice and Prospects*, Commonwealth Department of Education, AGPS, Canberra, 1986, p. 45

⁹⁷ Chapman B, *Austudy: Towards A More Flexible Approach – an Options Paper*, DEST, 1992, pg. 46

⁹⁸ Giles G., *op. cit.*, p. 22

they would have to wait until 1989 for TEAS to be raised to level of unemployment benefits (which it wasn't) and that TEAS was now taxable income.

The Fraser and the early Hawke Governments had changed the TEAS from one which (along with the teaching scholarships) supported the majority of the student population with their living costs, to a scheme that (somewhat imperfectly) targeted the financially disadvantaged, providing them with a supplementary income. It had become buried in a mountain of regulations that were difficult to understand and based on inconsistent principles of what TEAS was meant to be. Tribunal decisions were unavailable for public scrutiny.

The change of government saw some improvements but the hopes of reviving the socially redistributive hopes of Whitlam era were dismissed as outdated. In 1985 the Hawke Government announced as part of its *Priority One: Young Australia* its intention to reform the youth income structure to an age-based, rather than an activity based system. In the end a common youth allowance was put in the too hard basket. Instead TEAS was merged in 1987 with some programs assisting disadvantaged secondary school students and renamed AUSTUDY. A chance to seriously look at the inadequacies of TEAS and to reform student financial assistance was missed, and students ended up with not much more an administrative repackaging.

While the creation of AUSTUDY removed some minor disincentives to study, the major problem of the low level of benefit and declining availability continued. By the time of the next major review of student financial assistance, the Price Report (1991)⁹⁹ the maximum AUSTUDY available to young single students (over 18 no dependents) had slightly improved to be 61.2% of the Poverty Line, although it was still well below the 75.4% level that TEAS started at in 1974. The number of students receiving AUSTUDY had tumbled to 42% (compared to the 70% on TEAS and teaching scholarships in 1975).

Until the creation of the Youth Allowance in 1998 the nineties saw some tweaking around edges. The age of independence was lowered and then raised back up, a loans supplement was introduced in 1993, an 'actual means test' was introduced, jiggged and re-jiggged to try and come up with a fair way to account farmers' assets rather than disposable income, etc. The HECS-funded growth in the number of domestic students on Australian campuses in the 1990s was not met by a corresponding general growth in participation rates amongst equity groups. DETYA's 1999 *Equity in Education* report confirmed that there had been a marked deterioration in the access rates of students from low SES, rural and isolated backgrounds over the surveyed period (1991-97).¹⁰⁰ A 1997 OECD study of Australian higher education hinted at this when it mentioned that:

*Even if such enrolments (of target equity groups) were maintained, it is reasonable to ask whether they should have been increased in relation to enrolments from other groups in the course of the expansion.*¹⁰¹

The Whitlamite dream has ended up in 1997 as a mean and narrowly targeted system designed to keep needy students in poverty.

⁹⁹Parliament of the Commonwealth of Australia, *Student Financial Assistance, Report of the House of Representatives Standing Committee on Employment, Education and Training*, (chaired by Roger Price MP), AGPS, Canberra, 1991

¹⁰⁰ DETYA, *Equity in Higher Education*, Occasional Paper Series, Higher Education Division, March 1999

¹⁰¹OECD, *Thematic Review of the First Years of Tertiary Education: Australia*, Directorate of Education, Employment, Labour and Social Affairs, Paris, February 1997

So what is to be learnt from previous student financial support frameworks.

- Student income support is a core component of any general strategy of improving access to universities. Broadly the goal of student financial assistance should be to remove barriers to participation by the disadvantaged. To be progressive (socially redistributive) it should primarily be allocated on a needs basis, rather than on an academic merit or labour market basis.
- Merit based scholarships tend to reproduce cycles of privilege. The myth of the bright working class kid who has 'made it' through hard work and diligent study masks the reality that merit race is rigged – the children of privileged families start a long way ahead and have to run a shorter distance. This remains basically as true today as it was in 1960s. A recent study conducted by Monash University's Centre for Population and Urban Research that found that most students at Victorian government schools, after a decade of cutbacks and closures, were unable to compete for places at the competitive end of the higher education system because their results were not good enough. The enrolments in these courses were almost completely made up of students from private schools and a few high performance government schools. Only 11% of students from government schools received ENTER (Equivalent National Tertiary Education Rank) scores of 90 or more. By contrast 51% of private schools students achieved this score or above. The report described Melbourne University, and to a lesser extent Monash University as having become 'private school enclaves'.¹⁰²
- Structural education disadvantage is reinforced again and again in the education system. Improvements to equity require a comprehensive multi-faceted approach operating at all education levels. There is no simple fix. For example the abolition of tuition fees did not lead to the immediate opening up of universities to the extent hoped for. The secondary school system needed major reform and long held cultural and social expectations needed to be changed. The limited gains that were achieved by free education were quickly eroded by the massive decline in eligibility and income levels of student financial assistance.
- Unfortunately governments in this era are satisfied that the latest attempt to push additional study costs on students has not led to a significant drop in participation rates. The goal of equity too often becomes hoping to at least maintain the *status quo* (for example the participation rates of low SES and rural students). The shift under the Nelson reforms to the US-style highly segmented higher education system will also increase inequality within the system. The reproduction of the cycle of privilege will occur via the resource rich sandstone universities rather than the formal university system (which has regressed into the Menzies era binary system in all but name).
- If a future government were to get serious about creating a level playing field of education opportunity for all it would have to look at a comprehensive overhaul of student income support and be prepared to back it up with the additional budgetary measures. Tinkering at the edges of what is a mean and narrowly based system will not do much to address the overall educational inequality. However, as has been stressed above comprehensive overhaul

¹⁰² Birell et al, *From Place to Place; school, location and access to university education in Victoria*, Centre for Population and Urban Research, Monash University, 2002

of student financial arrangements would have be a part of a systematic and sustained multi-faceted approach.