

# Submission

to

Senate Employment, Workplace Relations and Education  
References Committee

## **Inquiry into student income support**

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**Submitter:** Mr Jon Stubbs  
Director, Student Services

**Organisation:** University of Western Australia

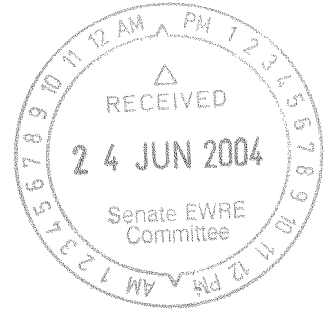
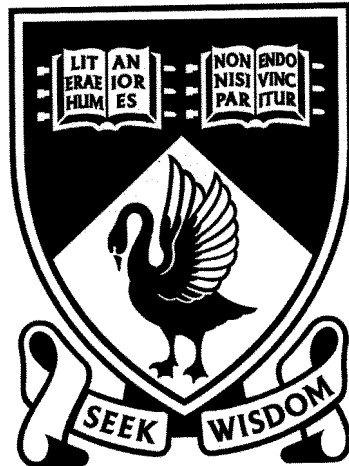
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# THE UNIVERSITY OF WESTERN AUSTRALIA

## Submission

to

Senate Employment, Workplace Relations and Education  
References Committee

## **Inquiry into student income support**

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<b>Submitter:</b>	Mr Jon Stubbs Director, Student Services
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## **Executive Summary**

The University of Western Australia (UWA) is pleased to have an opportunity to contribute to the inquiry being conducted by the Senate Employment, Workplace Relations and Education References (EWRER) Committee into student income support.

In brief, it is the view of the University that elements of the Commonwealth's student income support scheme governing eligibility for benefits deserve reform and that the base level of support available to the most needy under Youth Allowance, Austudy and Abstudy is inadequate.

The University recommends:

- A 'one-off' increase in the value of Youth Allowance, Austudy and Abstudy income support schemes so that the benefits payable to students are at least equal to the level of unemployment benefit;
- A standardisation of eligibility criteria for Youth Allowance, Austudy and Abstudy and Rent Assistance based on need and not age or other arbitrary attributes;
- A significant 'one-off' increase in the student income free area before Centrelink allowances are reduced;
- Annual indexation of the student income free area;
- A return in the age of independence to 21 years; and
- A review of the application of parental asset and income tests leading to a more flexible application of thresholds that is more appreciative of individual exceptional circumstances.

In the absence of agreement to above reforms the University also recommends:

- A substantial expansion in the number of scholarships available under the CLS
- That each CLS scholarship be made available for the minimum number of years required to complete the scholarship holder's course of study instead of the current four years maximum
- Exemption of all tertiary education scholarships, including those that provide a cash moiety, from Centrelink income testing.
- Continuation of the Education Textbook Subsidy Scheme.

The University also commends to the Senate EWRER Committee the independent submission of the UWA Student Guild. In preparing its submission, the Guild surveyed UWA students and is able to relate the personal stories of its members. These accounts provide a vivid and at times disturbing account of the difficulties faced by some students as they seek to complete their higher education.

## **Introduction**

In an environment where the University has the most competitive entry requirements in Australia as a direct result of an excess in demand for Commonwealth-supported places relative to the supply of places, a key component of The University of Western Australia's strategic plan remains its commitment to providing an environment of equal opportunity for existing and prospective students. UWA does not believe that intelligence or ability is bound by socioeconomic circumstance and to this end is particularly concerned to improve access for targeted students with good academic potential.

The University endeavours to play its part in this objective through a range of flexible entry schemes that in some measure compensate for the less competitive Tertiary Entrance Ranks achieved by students from low-SES government schools and low-fee independent schools; by providing a suite of diversity and merit scholarships that recognise students who have the drive and determination to achieve academically despite financial constraints and who have already overcome significant barriers to participation; and by providing inclusive student services (including no-interest and low-interest loans) so that participation, success and retention rates for targeted students are similar to those for the student body as a whole.

Yet the rate of access to UWA for low-SES students remains well below the national indicator for low-SES with participation for students under 25 decreasing marginally in 2004 from 8.95% to 8.89% while the rate for low SES students over 25 also decreased from 7.92% to 6.67%.

This low rate of participation can be explained in significant measure, the University believes, by:

- The high costs experienced by students from rural and regional Western Australia needing to relocate to Perth to undertake tertiary study;
- The inadequacy of base levels of support available under Youth Allowance, Austudy and Abstudy; and
- The application of overly stringent eligibility criteria for access to Commonwealth benefits and including in certain circumstances punitive income and asset testing.

## **Relocation**

The Commonwealth, through the introduction of Commonwealth Accommodation Scholarships (CAS), has recently given public recognition to the high relocation costs experienced by students who need to move away from a rural or regional area to undertake higher education at a tertiary campus. The University welcomed the introduction of these scholarships as well as the Commonwealth Education Costs Scholarships (CECS).

The costs of relocation are particularly pronounced in a state the size of Western Australia where very little tertiary education is available outside of metropolitan Perth. Yet the value of the CAS - \$4,000 per year for a maximum of 4 years – and the sixty four scholarships allocated to UWA in 2004 can provide only limited support to

a small number of needy students, many of who will enrol in degree courses that are longer than four years. Earlier this year the University received more than 190 CAS applications each of which met all the conditions prescribed to qualify for a scholarship including low socio-economic background criteria. Less than one third of these applications could be supported with the award of a scholarship.

In total, in 2004 more than 350 students commencing at UWA relocated from regional or isolated parts of Western Australia and more than 600 commencing students were from a low socio-economic status background.

### ***Base levels of support***

The University's Housing & Financial Aid Office has for several years maintained conservative data on the cost of living for a year of study at UWA. In the most recent survey it was estimated that the average cost for students living in University college accommodation for 34 weeks of the year and 18 weeks at home is approaching \$12,000 per annum, while the average cost for students sharing a rented house or flat for 52 weeks of the year exceeds \$13,000 per annum.

These average costs do not include the costs of a computer or internet access; nor do they include the cost of owning and running a small car. Most students commencing a tertiary degree would find it highly advantageous to own or have access to a personal computer with a fast modem and internet access. Many students, and in particular those living away from home and those who need to engage in regular paid work to supplement other forms of income, also find it almost essential to have a vehicle. But owning and running a small car can be a very expensive proposition. There is the rising cost of petrol, currently in excess of \$1.00 per litre, together with other 'hidden' expenses: insurance, registration, maintenance, repairs and parking. Even with moderate kilometres, UWA students are advised to budget for at least \$35 per week (\$20 petrol and \$15 for the 'hidden' expenses). This budget figure does not take into account unexpected repairs, which can potentially be hundreds or thousands of dollars.

Yet the maximum Youth Allowance payable to a student aged 18 years or older living away from home is only \$8,281 per annum (\$159.25 per week) with a maximum annual Rent Assistance where rent is more than \$212.00 per fortnight of \$2,480 (\$47.70 per week).

Persons over 25 years who are embarking on, or returning to, higher education are particularly disadvantaged. This group of students is covered by Austudy, again with a maximum annual allowance of only \$8,281, but is not eligible for Rent Assistance. The University can see no reason why the level of assistance available to this group should be any less than that available to other student groups.

But it is also the University's experience that most students in receipt of income support do not qualify for allowances at the maximum rate because of the application of the Personal Income Test and, in the case of students still deemed to be dependent upon their family, the application of parental income and assets tests which in some circumstances appear punitive.

The Personal Income Test reduces the allowance paid to students with a fortnightly income between \$236 and \$316 by 50 cents in the dollar. Where income is above \$316 per week the reduction in Youth Allowance is 70 cents in the dollar.

The application of parental income and asset tests appears particularly severe in those circumstances where parents are asset rich but income poor. In this category students from rural backgrounds, where agricultural debt is often high and annual income precarious, figure prominently.

The University can also see no good reason why the age of independence has been raised to 25 years. To assume that a single student without independent financial means should be dependent upon their parents until their mid-twenties is an unreasonable requirement.

It is clear that needy students in higher education receive significantly less support than other deserving groups in the community. The cumulative effect of the personal and parental income and asset tests is often to force students to engage in high levels of regular paid part-time work in order to achieve an income approaching the Henderson Poverty Line.<sup>1</sup>

### **The negative effects of extended regular hours in paid employment**

There is a substantial and growing body of evidence that the proportion of full-time students engaging in regular part-time paid work continues to rise. McInnis, for example, reported in 2001 that:

...the proportion (of students) who say they work between 11 and 20 hours has increased over the five years from 1994 – 1999 from 32% to 42% ... with around one in five students (needing to) work to pay for basic needs such as food and rent.<sup>2</sup>

This growing need to supplement allowance payments with paid employment causes many students to perform below their potential in their studies: lectures are frequently missed; valuable private study time is given up because of the necessity to engage in paid work, and the need to earn money interferes with study commitments. The University has noted a significant increase in the number of student requests for flexible timetable and assessment requests to cater for their paid work commitments, a reduction in on-campus time, particularly amongst commencing students, and a growing number of reports of anxiety and stress brought on by continual financial worries.

UWA Counselling Staff describe an emerging phenomenon as they see more and more students unable manage their study and work commitments. Faced with competing demands students are time poor and as a result suffer from increasing incidences of stress and mental illness. This evidence is supported by studies

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<sup>1</sup> The Henderson Poverty Line comparison with Centrelink payments. For details see the Brotherhood of St Laurence @ [http://www.bsl.org.au/pdfs/poverty\\_line\\_update\\_Jan04\\_7.pdf](http://www.bsl.org.au/pdfs/poverty_line_update_Jan04_7.pdf).

<sup>2</sup> McInnis, C; *Signs of Disengagement? The changing Undergraduate Experience in Australian Universities*. CSHE, University of Melbourne pp5-6

conducted in the United States where counsellors have noticed a significant shift in the types of counselling services sought by students. The American studies indicate that in the past students would seek support from mental health professionals for developmental needs, but are now presenting with more deep-seated problems and are appearing overwhelmed and more damaged than those of previous years. These findings appear consistent with the reports of UWA counsellors and other health professionals. It would perhaps be appropriate for an Australian-based investigation into this area to be funded.

The University recommends:

- A 'one-off' increase in the value of Youth Allowance, Austudy and Abstudy income support schemes so that the benefits payable to students are at least equal to the level of unemployment benefit;
- A standardisation of eligibility criteria for Youth Allowance, Austudy and Abstudy and Rent Assistance based on need and not age or other arbitrary attributes;
- A significant 'one-off' increase in the student income free area before Centrelink allowances are reduced;
- Annual indexation of the student income free area;
- A return in the age of independence to 21 years; and
- A review of the application of parental asset and income tests leading to a more flexible application of thresholds that is more appreciative of individual exceptional circumstances.

### **Scholarships**

The University has applauded the Commonwealth's initiative in establishing the Commonwealth Learning Scholarships (CLS) scheme. In addition to the 192 applications received for a CAS, the University received 409 applications for CECS of which only 49 could be supported. The University therefore argues that in the absence of a comprehensive and fair student income support program there remains a demonstrable need to expand the number of scholarships available under the CLS. It is also recommended that each scholarship be made available for the minimum number of years required to complete the scholarship holder's course of study instead of the current four years maximum.

The University also welcomed the 2004 Budget announcement that scholarships that waive all or part of a student's course contribution or tuition fee would be exempt from income tests applied by Centrelink when determining eligibility for income support. UWA contends that the Commonwealth should now go further and exempt all tertiary education scholarships, including those that provide a cash moiety, from Centrelink income testing. There would seem no good reason for treating a Commonwealth provided scholarship with a cash benefit differently from any other scholarship provided for education purposes.

### **Education Textbook Subsidy Scheme**

Finally, the University strongly recommends that the Government review its decision to abolish the Education Textbook Subsidy Scheme. Cancellation of the scheme will impose an eight per cent increase in the price of textbooks regrettably pushing purchase prices further beyond the means of many students.