

Submission

to

Senate Employment, Workplace Relations and Education
References Committee

Inquiry into student income support

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Introduction

The University of South Australia welcomes the opportunity to make a submission to the Senate Inquiry into Student Income Support—an extremely important issue. UniSA's Act of Establishment gives it a particular responsibility for student equity which is taken seriously at all levels of the institution. Over 41% of the University's students identify as belonging to at least one of the designated equity groups. Twenty four per cent are from low SES backgrounds and 15% from rural and isolated areas. Of the domestic undergraduate student population, 32% are over 24 years of age. The University also has a long tradition of encouragement and support of indigenous students and enrolls around 300 Indigenous students each year

Australia's economic future depends in large part on the development of a skilled and flexible workforce. Student poverty is a significant barrier to participation and retention in higher education and, thus, to the education, training, maintenance and improvement of this workforce. Adequate financial support, for a broad range of students, which enables them to study full-time and apply themselves appropriately to their studies, is in both students' best interests and in Australia's best interest, within the broad national goal that universities contribute with efficiency and effectiveness to the preparation of an educated workforce and citizenry.

(a) Current measures of student income support, including Youth Allowance, Austudy and Abstudy, with reference to

(i) Adequacy of payments

The University of South Australia commends to the Senate Committee the submission from The University of South Australia Students Association which canvasses in detail the cost of living for students and demonstrates the inadequacy of the current system and allowances, particularly in the face of continuing increases in the cost of living. The recently increased costs of housing (and thus rental accommodation), power and petrol in South Australia have had a severe impact on all segments of the community and are particularly felt by students on low incomes.

A 2000 AVCC survey¹ found that nearly 44% of UniSA students were receiving some form of government support; this is nearly 7% more than the national average. Slightly more (8.5%) than the national average (7.9%) of UniSA students had applied for but not received government support. In keeping with UniSA's high proportion of mature age students, just over half of our surveyed students were living away from parents. In addition, UniSA was one of the universities with the highest proportion of students dependent on another person who is either not employed or working part-time, and 13.2% of UniSA respondents had children. The AVCC survey also found that the level of government student income support was, in general, both inadequate and difficult to access. Significantly for UniSA, with its high proportion of mature age students, the study found childcare costs were often an impediment to study.

UniSA's statistics reveal a student population where there is considerable need for financial support. Some is provided in the form of University scholarships, but this is a less effective measure than broadly based government-funded student income support. UniSA Transition Grants, awarded to first year undergraduates from low SES backgrounds, acknowledge the considerable initial costs when starting a university study program. Of the 35 Transition Grants made in 2004 40% were awarded to students from rural backgrounds.

In general, people receiving other forms of government income support (disability support, job-seeking support, etc) receive a higher income than people receiving student income

¹ Long, M and Hayden M (2001) *Paying their way: A survey of Australian undergraduate student finances*, AVCC.

support while seeking an education. This is an anomaly which the Committee should seek to rectify, in pursuit of the nation-building goals of an educated population and workforce.

Recommendation 1: That student income support allowances be increased in line with CPI and on a par with other forms of government financial assistance.

(ii) age of independence

The requirement that students remain dependent on parents until they are 25 years of age places a burden on many families, both low SES and middle income families. The alternative, that students earn a not insignificant threshold before qualifying for independent Youth Allowance is burdensome and disruptive of study patterns for many students: it requires balancing full-time study with part, or even full-time, work, or deferring study for at least a year. Dependence on parents until age 25 runs counter to almost every other trend in today's society as young people assume many other forms of independence much earlier than in previous generations.

Recommendation 2: That the age of independence for student income support be set at level in keeping with other widely accepted measures of independence.

(iii) parental income threshold

The current parental income threshold levels are unrealistically low. The University of South Australia suggests that the Committee might consider a closer correlation between this figure and the annual income at which HECS repayment is deemed to be affordable. Current parental income tests particularly disadvantage students from families with modest (as compared with very low) incomes and are viewed as a factor in restricting the numbers of these students who undertake higher education. UniSA students from rural areas have expressed great concern about the way in which assets tests disadvantage rural families. Because rural families may have significant assets but low cash flow, they can experience great difficulty in meeting the high costs of sending students to the city for their higher education.

Recommendation 3: That the parental income test be amended to ensure that it does not disadvantage families whose income is lower than average weekly earnings and does not discriminate against rural families.

(iv) the ineligibility of Austudy recipients for rent assistance

Given that students are unable to access Austudy until age 25, at which age they are less likely to be living with parents, and may even be in long-term relationships with dependent children, exempting this group of students from rent assistance appears discriminatory. Inability to access rent assistance is a serious disincentive for rural students who must live away from home.

Recommendation 4: That all 'youth' support allowances, including those for students, be aligned in relation to eligibility for rent assistance.

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

(i) the increasing costs of higher education

Through its Student Experience Questionnaire (SEQ) and other means, the University of South Australia is aware of the difficulties that many students have in meeting the costs of what are now necessities for completing their studies. Access to computers is essential in a modern university yet many students, especially those from low SES backgrounds, do not have IT access at home. This has led UniSA during the past two years to increase significantly the number of computers available on campus. The inability of many students to purchase increasingly expensive text books (now without the 8% subsidy) has led the University Library to increase the proportion of its budget spent on text books kept in Reserve collections. The growing use of online learning materials can increase printing costs for students; while UniSA has very generous print and internet access quotas, its SEQ still receives comments from students about the need for increases in the quotas in order for them to avoid these costs.

While this institution has taken the above measures in support of students, we are aware that students would still prefer to be able to afford to access resources in their home, rather than having to spend so many out of class hours using common facilities.

Recommendation 5: That the real and considerable costs of a higher education program, in addition to HECS, be acknowledged through the provision of adequate levels of government income support for domestic students.

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

The AVCC survey² indicated a substantial increase in the proportion of students' income drawn from paid employment, with a consequent negative effect on their capacity to study. There is clear evidence from University staff, both academics and learning advisers/counsellors, that students are working increasing numbers of hours, with some full-time students known to have full-time jobs, and many in part-time employment. The University of South Australia also understands that the annual threshold for earnings without their affecting social security benefits has remained constant since 1992

A related educational, rather than economic, issue is that it is rare for undergraduates to be able to find part-time employment opportunities related to their area of study. This sets up a further disjunction between study and the rest of the students' life, and works against providing students with work-related learning experiences. The need to supplement income with part-time work also complicates students' subject (course) choices, through their need to enrol in what is compatible with their work timetable rather than what may be best for their professional outcomes.

Recommendation 6: That student income support be increased to an appropriate level and available to a greater number of students, in order to reduce their need to support their study through excessive part or full-time work.

Recommendation 7: That the level at which earned income affects government income support be increased.

(iii) the closure of the Student Financial Supplement Scheme

The University of South Australia has recently closed its 'student loans' scheme, in part because of an increasing number of unpaid loans. It believes that students should receive adequate income support during their studies so that they do not need to accumulate significant debts in addition to their HECS debt.

² Long (2001) op cit

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

(i) students from disadvantaged backgrounds

Forty one percent of the University of South Australia's students identify as belonging to at least one of the designated equity groups. In 2003, 24% were identified as from low socio-economic backgrounds, close to the national reference value/ point of 25%. Fifteen percent of students are from rural or isolated backgrounds.

In addition, 32% of this institution's undergraduate students are over 24 years of age, while 22% of the students from low SES backgrounds are over 24 years of age. Students from disadvantaged backgrounds (and their families) face additional financial challenges in affording their higher education enrolment. So, too, do the increasing numbers of mature age students who are undertaking university study, many of them with family responsibilities to fulfil, in addition to meeting the costs of their education. While the University of South Australia is pleased to be achieving its mission to provide educational opportunities for disadvantaged groups, it is very aware of the financial issues faced by many of its students.

This university continues its efforts to increase the participation, retention and success of indigenous students, but is conscious that for many, especially mature aged students, Abstudy provides insufficient financial support.

The Commonwealth Learning Scholarships introduced by the Federal Government in 2004 as part of *Backing Australia's Future*, are a significant initiative. The change to the proposed legislation that ensured that they be free from income assessment for Centrelink payments was a major political achievement. However, it remains the case that university funded equity scholarships are subject to the income test. In March 2004, the University of South Australia called for applications for the 201 Commonwealth Learning Scholarships which it was allocated; UniSA made educational disadvantage the principal criterion. The existence of the scholarships was not well known within the student body and applications were open for only two weeks. Over 600 applications were received for 201 scholarships. It is anticipated that in future years, when the scholarships are better known, this number will at least double. The extent of the demand for Commonwealth Learning Scholarships indicates a considerable need among the UniSA student population for income support.

Recommendation 8: That the Federal Government award a greatly increased number of Commonwealth Learning Scholarships.

Recommendation 9: That there be exemption of all scholarships (Commonwealth Learning, University and community) from the income test for social security benefits.

(ii) improving access to education

A 2002 DEST study³ indicated that the immediate costs of higher education, even where HECS is deferred, act as a deterrent to enrolment for students from low SES backgrounds. The 2000 AVCC study *Paying their way: A survey of Australian undergraduate university finances*⁴ found that students' financial circumstances were having a detrimental effect on their studies.

The University of South Australia has a particular mission to provide educational opportunities to students from disadvantaged backgrounds. Many of these students fall into more than one of the designated equity groups and have thus experienced multiple and compounding disadvantage. They face many barriers to participation in higher education,

³ James, Richard (2002) *Socioeconomic background and higher education participation: An analysis of school students' aspirations and expectations*, (EIP), DEST.

⁴ Long, M and Hayden M (2001) op cit

including a personal and family financial barrier. The University urges the Committee to take whatever steps it can to make it possible to increase participation in higher education by students from disadvantaged backgrounds.

(iii) alternative student income support measures

Real levels of higher education funding have fallen in each of the past six years because the increases provided by the Federal Government did not match increases in universities' costs. The lack of indexation has meant that universities have had no choice but to increase HECS. Recently, UniSA joined other institutions in reluctantly taking the decision to increase fees by 25% in order to maintain its levels of funding. While this will have no immediate effect on current students, the effect on enrolments of future cohorts, particularly disadvantaged students remains unclear.

The University of South Australia firmly believes that there must be reform to student income support and endorses the AVCC position which is designed to achieve long term support for students.

Recommendation 10: That student income support be separated from Youth Allowance.

Recommendation 11: That there be clarification and understanding that a student's higher education study period is different in almost every respect from unemployment.

Recommendation 12: That additional income support recognise the additional financial challenges faced by non-metropolitan students who move to city universities.