

# Submission

to

Senate Employment, Workplace Relations and Education  
References Committee

## **Inquiry into student income support**

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## **Background:**

The Australian Technology Network of Universities is an influential alliance of five distinctive and prominent Australian universities located in each mainland State. ATN universities enrol 19% of the nation's students, 19% of low SES students, 14% of disabled students and 17% of indigenous students. Our retention rate across the ATN of low-ses students is above the national average.

With more than 170,000 students studying at an ATN University across the nation, the ATN places a high priority on ensuring adequate income support is readily available for those students who need it.

The ATN has a particular mission to assist low-income students, as evidenced in our strategic planning and by our special programs to recruit and support such students.

It is for that reason we believe this inquiry is both timely and critical to future policy considerations surrounding student income support.

The ATN will be looking for policy outcomes which will put the interest and needs of Australian students first and lead to reforms which will act as an incentive for the deterred or discouraged students who believe they simply cannot afford to undertake tertiary studies

## **The Nature of Student Poverty:**

From various sources of evidence, it is clear that today's students are more indebted than students of previous generations, and spending longer hours in paid work. The AVCC survey 'Paying Their Way' illustrates in great detail how the cost of living as a student drives the high number of paid work hours, which in turn undermines students' capacity to attend to their studies.

This 'catch 22' is evident in ATN universities. Many of our students are time-poor as well as cash-poor and this is a particularly fragile combination. For example, having an internet-connected computer at home is a significant convenience to these students whose combination of cash-poverty and time-poverty makes them vulnerable to dropping out or failing. QUT allocates computers free to low-income students who cannot afford to buy their own, and who do not have the time to spend long hours in campus-based computer laboratories. In 2004, 440 eligible applications were received for the 350 computers available. The typical recipient was not only in a low-income

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situation, but supporting dependants, dealing with transport difficulties, and working part-time.

Further evidence of the nature of student poverty has been gleaned from the numbers and types of applications students make for support measures such as scholarships and bursaries.

At UTS, based on the numbers of students applying for emergency loans and other benefits, it is estimated that at least 1500 students could be classified as very poor. QUT has its own scholarship program for commencing students. Of the 520 applications received in 2004, nearly 50% were from students living on less than \$400 per fortnight.

The recent round of Commonwealth Learning Scholarships (CLS) confirmed that significant numbers of our students are living in circumstances of deprivation and hardship.

For example, at QUT, 667 eligible applications were received for CECS, a CLS worth \$2,000 per year. Each of these applications contained detailed information on income, expenditure and life circumstances. A rigorous scoring method allocated between zero and 5 points for financial hardship, where 5 points represented severe and long-standing deprivation as evidenced by inability to pay utilities bills, missing meals, pawning/selling items and so on.<sup>1</sup>

Similarly, between zero and 5 points were allocated for social disadvantage, where 5 points represented a chronic situation involving multiple factors such as disability, dysfunctional family circumstances, refugee, grief, domestic violence and so on.

Of the 667 applicants, 13% were scored on 4 or 5 points for financial hardship, and 14% on 4 or 5 points for social disadvantage. Scoring 3 points were 26% and 22% of applicants respectively.

The level of student need in ATN universities can be seen in more conventional measures such as the DEST low-SES indicator and rates of Centrelink benefits.

At the University of South Australia, nearly 44% of students were receiving some form of Government support. As in other universities, low-income

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<sup>1</sup> Based on ABS core hardship indicators as quoted in Dr Peter Saunders' paper "Towards a Credible Poverty Framework: from income poverty to deprivation" SPRC.

background often correlates with rurality and Indigenous status. Forty percent of UniSA's transition grants to low-income first-year undergraduates were awarded to students from rural backgrounds.

In 2004, 13.5% of students at Curtin University of Technology, were categorized according to DEST definitions as low-SES.

Regardless of what measurements are used, it is clear that many enrolled students in ATN universities and across the sector are living in unacceptably high levels of deprivation.

### **Deterred Students:**

The costs of living as a student deter some students from enrolling.

People of low socio-economic status continue to be under-represented in higher education. Nationally, participation rates have remained at around 15% since they were first monitored in 1990, compared to the estimated representation of low socio-economic status people in the Australian community of 25%.

Low socio-economic status sets actual barriers to entry to higher education – primarily financial circumstances and educational background – as well as less tangible barriers that nevertheless constitute powerful disincentives to potential students.

Studies have shown that, for candidates from lower socio-economic backgrounds, the monetary costs of higher education and the financial circumstances of their family are much more likely to prevent their attendance at university. One third of candidates from this group indicated that, if they attended university, they would have to support themselves financially. People from low socio-economic backgrounds have a greater tendency to consider the short-term opportunity costs of attending university as a major factor in their decision.

A well-structured income support system complemented with university-provided measures such as scholarships should act to increase enrolments from low-income people.

## Current Income Support Arrangements:

### **(a) adequacy of payments**

Various studies have concluded that a single student needs about \$13,000 per year to meet basic study and living costs, and this presumes either meals or accommodation are being provided by family and relatives.

For a student sharing a rented house, the cost is \$15,000 to \$16,000.

A student on full-level Youth Allowance and the maximum rent assistance receives about \$10,500 (taxable above \$6,500). If that student were living away from home, then they would receive about \$15,500, or about \$13,500 after tax.

Clearly, there is a gap between the allowances and minimum expenditure. In addition, other government supports such as job-seeking supports, disability and so on, are at a higher rate than student income support

### **(b) eligibility issues**

Only 21% of full-time students under the age of 19 received Youth Allowance, down from 33% in 1998, mainly due to the parental income test, which is unrealistically low.

The age of independence (25 years) is very high and runs counter to other trends in today's society as young people assume many other forms of independence much earlier.

Within Austudy, those students living away from home should be eligible for rent assistance. Often such students may be from rural areas and be supporting dependants.

### **(c) earning thresholds**

Students who receive non-exempt scholarships, or who are working to sustain themselves are caught by the low allowable earning thresholds of current benefits.

#### **(d) scholarships**

The ATN supports the AVCC submission which calls for a rationalisation of the current system in which CLS are allocated to some students on Centrelink payments, but not to others.

In the meantime, the scholarships are a welcome supplement to inadequate income support. The numbers of CLS need to be increased.

Most importantly, cash scholarships provided by universities and industry should be exempted from the income test of the Social Security and Veterans' Entitlements Acts. Currently CLS are exempt, as are scholarships which pay HECS or fees for students. A major anomaly now exists when universities try to assist their low-income students, only to see those students' Centrelink benefits reduced.

#### **Recommendations.**

ATN statistics reveal a student population where there is considerable need for financial support. Whilst some is provided in the form of University scholarships, this is a less effective measure than broadly based government funded student income support.

In suggesting a way forward the ATN believes there are several fundamental principles which should be considered and adopted by Government if it is serious in ensuring there is effective and fair access to universities for all potential students.

1. The Youth Allowance, Austudy and Abstudy rates must be increased in line with CPI and on a par with other forms of Government assistance, to enable students to attend university without being prohibited by the cost of living or the need to work long hours.

2: The age of independence for student income support should be reverted to 22 years in keeping with other widely accepted measures of independence.

3: The parental income test should 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.

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

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

7: The level at which earned income affects government income support must be increased.

8: The Abstudy allowance should be reviewed in light of nationally declining indigenous participation rates.

9: The Federal Government should award a greatly increased number of Commonwealth Learning Scholarships at a higher level than Youth Allowance.

10: All scholarships (Commonwealth Learning, University and community) should be exempt from the income test for social security benefits.

11: Student income support should be separated from Youth Allowance.

12: There needs to be clarification and understanding that a student's higher education study period is different in almost every respect from unemployment.

13: Additional income support should recognise the additional financial challenges faced by non-metropolitan students who move to city universities.

14: Emergency loan schemes to meet unexpected financial difficulties should be facilitated through Universities.