

# Submission

to

Senate Employment, Workplace Relations and Education  
References Committee

## **Inquiry into student income support**

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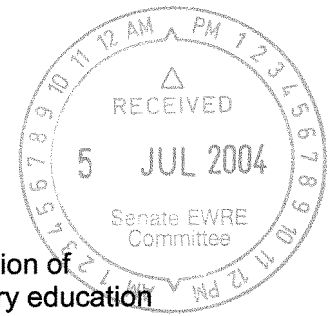
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The Australian and New Zealand Student Services Association Inc is an organization of professional staff providing support services to staff and students in post secondary education institutions. ANZSSA Inc consists of counsellors, financial advisers, medical officers, academic skills advisers, overseas student advisers, disability advisers and other welfare staff in universities and TAFE Institutes.

Their direct contact with students puts ANZSSA Inc members in a prime position to comment on student issues.

The Student Financial Advisers Network (SFAN) is a professional interest group within ANZSSA. SFAN has a very specific role in advising and assisting students with regard to their financial concerns. SFAN members work closely with Centrelink and the Department of Family & Community Services. SFAN is well placed to make informed comment on issues regarding the current student income support measures.

## INTRODUCTION

It is now over a decade since the Report of the House of Representatives Standing Committee on Employment, Education and Training into 'Student Financial Assistance'; eleven years since the Chapman Review of Austudy; and eight years since the last specific Senate Inquiry into Austudy. A Senate Inquiry in 2001, although broad in its scope ('An Inquiry into The Capacity of Public Universities to Meet Australian Higher Education Needs') did have as one of its considerations 'the adequacy of student income support measures'. However, the Inquiry's final report had little to say on the issue of student financial support.

There have been significant changes over the past years in relation to both the character of post-secondary students and the financial assistance schemes to assist students in their quest for higher educational qualifications and professional career paths. The schemes (Youth Allowance and Austudy) are costly and, although there has been considerable change (particularly in the creation of Youth Allowance in 1998), there has been no attempt until now by Government or Government Departments to assess the success or adequacy of these schemes.' It appears that both the Department of Family and Community Services (FaCS) and Centrelink, which administers the scheme, have been far more concerned with demonstrating 'efficiency' of through-put and client/customer service than investigating the overall 'effectiveness' of the student finance schemes. Consequently, we have schemes that run with relative efficiency but have diminishing relevance to changing student and institutional profiles. The eligibility criteria for Youth Allowance (YA) were tightened in 1998. Research conducted by the Centre for Population and Urban Research (CPUR) at Monash University shows that only 36 per cent of full-time undergraduate students under the age of 25 receive any Centrelink benefits.

Financial assistance is now largely administered by Centrelink through the Austudy and Youth Allowance schemes.

This submission will demonstrate that although there have been a number of changes to the financial assistance schemes, these changes have not kept pace with the fluidity of University structures and the changing profile of students over the intervening years.

Many of the regulations that govern these schemes have survived relatively unchanged (mainly with annual CPI tweaking) since the days of the Tertiary Education Assistance Scheme (TEAS) and have become increasingly irrelevant and confusing to students. This submission will

address the need to demystify the Youth Allowance and Austudy schemes in order to provide clear, reliable and unambiguous information to the student customers.

The introduction of Youth Allowance in 1998 has been presented as an example of major reform to financial assistance for students. In reality, this development has resulted in minimal change for full time students. The welcome addition of rent assistance was the only substantial improvement.

The creation in 1998 of Youth Allowance and Austudy, has resulted in parallel schemes for students. Both Youth Allowance and Austudy have the same aims in assisting students however each has slightly different rules and degrees of flexibility.

The differences that arise are confusing. This submission will show that Austudy students (mainly mature age students) are subject to regulations which are less accessible/ flexible and disadvantage them in their return to study.

The submission will address the fact that students over the age of 25 on Austudy payments are not eligible for rental assistance which is a considerable disincentive to their tertiary participation. These students are by Centrelink's definition "independent". An anomaly exists within the regulations that "independent" students receiving Youth Allowance are eligible for rental assistance but this does not flow over to Austudy recipients.

## **THE CHANGING CHARACTERISTICS OF THE TERTIARY STUDENT.**

This submission highlights the recent changes to student and institutional profiles and their implications for students' need for and access to financial assistance.

### ***Increasing Reliance by Students on Employment***

Students are relying increasingly on part-time employment in order to 'survive' whilst at University or TAFE. No longer is part-time employment seen as an added extra for students but rather as necessary to meet basic needs whilst they pursue their course of study. This is particularly true in cities where the cost of basics such as rent, food and transport are very high. This high cost of living is known to have a negative impact, particularly, on students who have to leave home to study in State capital cities.

McInnis et al in their July 2000 study "Trends in the First Year Experience", point to some significant changes in student profile from their pilot 1994 study. "The most striking difference (between the 1994 and 1999 studies)...is an increased proportion of students who are enrolled full-time and engaged in part-time work, and an increase in the average number of hours students are employed".

The students in this study are "first year" students. The "average" number of hours of part-time work being undertaken was 12.5. Similar research conducted at La Trobe University and at the Warrnambool campus of Deakin University found consistent patterns of part-time employment by first year students. The Student Survey conducted by UNSW in 1999 also supports this information. The research consistently shows that the benefits from Youth Allowance/Austudy are insufficient for students to live on without resorting to more hours of part-time employment than is recommended for adequate application to study programs. Over the past 5 years, the amounts of money a student can access from Centrelink have not kept up with the costs that a student needs to pay for rent, food expenses, text books, printing, web access etc. Universities and other educational institutions, in an increasingly tight budgetary climate, are introducing and

seeking cost recovery, putting more and more costs on to students. Costs for photocopying, network/web; parking; payment for academic records/ late fee costs etc are adding significantly to the financial responsibility required of students.

What is of even greater concern is the evidence from La Trobe University and Deakin University studies that shows that for first year students, there is a very strong connection between financial problems and health concerns and a consequent impact on academic performance.

The Australian Vice-Chancellors' Committee survey of Australian undergraduate students "Paying Their Way" (October 2001) reported further disturbing trends in students' financial difficulties and indebtedness. It reported that:

- Annual student budgets are in overall deficit by an estimated 21% --in the case of full-time students, the estimated deficit is 42%.
- Seven in every ten students are in paid employment during university semesters—an increase in about one half since 1984
- Among full-time students, the average number of hours worked by those in paid employment during semester is 14.5 hours per week —a three-fold increase since 1984.
- One in every ten students obtains a loan in order to be able to continue studying—the average amount borrowed is \$4,000, which is substantial in the context of the average income of students.

### ***The results of working too much***

As the cost of education increases, students in Australian universities are being compelled to increase hours of part time employment. Research indicates that this trend is affecting the nature of student engagement in university life - in particular, academic endeavors. One University of Melbourne study has yielded results that constitute cause for concern. The findings of this research suggest, at first glance, that increased numbers of hours of part time employment have an insignificant "impact on average grades." Only 40% of students surveyed claimed that "paid work gets in the way of their academic studies" and only 34% claimed "worrying about money makes it difficult for them to concentrate on their studies." But a more in depth reading of the data reveals some disturbing trends. The researchers interviewed students who "coped well" with academic pressure. These students indicated that they "increased or decreased paid work hours as study demands changed. They juggled commitments [and] concentrated on assessment tasks rather than wide reading". The researchers interviewed other students who indicated that they did "not cope well" with pressure by "opting to merely pass, and by scaling down their expectations, frequently missing lectures, working on only some of the subjects they are enrolled in or formally shifting between full time and part time enrollment."

The report asserts that, notwithstanding "an insignificant impact on average grades.... the pressures of time and tiredness from paid work results in students not having enough time to do in-depth work, doing limited reading or only the minimum reading required, scrambling to finish assignments on time, missing classes and focusing mainly on assessment tasks and assignments. In short the quality of the learning process suffers."<sup>9</sup> here have been major changes in the aims and outlook of young people. Their goals have changed. The proportion of students in part time employment continues to increase. The average number of hours worked by students is also increasing. McInnis recently reported that 36% of students say that worrying about money interferes with their study. A recent survey of Australian undergraduate student finances, "Paying their way" found that:

- Financial circumstances influenced the choice of course of 11.1%
- Choice of university was influenced by financial circumstances for 17.4

- Financial circumstances influenced the choice of mode of study of 23.3% of students.

McInnis has noted that there are fundamental differences within the group of students who work between those who work to live and those who work to have a lifestyle.

Many of these changes must be examined in the broader context of the changing outlook and priorities of young people.

As Craig McInnis observed in his inaugural professorial lecture, “the rather poor understanding we have of the changing forms of student engagement makes universities vulnerable to ad hoc solutions, from curriculum design to the provision of student support services.”

“Paying Their Way” reported that:

- One in every ten students in paid employment “frequently” misses classes because of work.
- Work adversely affects study “a great deal” for two in every ten students in paid employment during semester.
- Financial circumstances influence student choices regarding course undertaken (11.1%), university attended (17.4%) and mode of study (23.3%)
- One in every ten students misses classes sometimes or frequently because they cannot afford to travel to university

“Paying Their Way” concludes that there is “strong evidence to support concerns that the financial circumstances of undergraduate students at Australian public universities are having substantial impact on students’ studies such that they, and the public that funds the universities, are not gaining optimum value from their enrolment.”

It goes on to state that their research “highlights the extent to which many students are in paid employment to ensure sufficient income to continue their studies, with consequent negative impact on their studies.”

Although there has been considerable change, it is astounding that there has been no attempt by Government or Government Departments to assess the success or adequacy of student assistance schemes. As previously stated in this submission both FaCS and Centrelink appear to be far more concerned with demonstrating ‘efficiency’ of throughput and client/customer service than investigating the overall ‘effectiveness’ of the student finance schemes. Consequently, we have schemes which run with relative efficiency but which have diminishing relevance to the changing student and institutional profiles.

## **RECOMMENDATION**

**That the Government undertake an assessment of the effectiveness of student financial assistance programs in achieving their objectives.**

## **STUDENTS WHO HAVE TO LIVE AWAY FROM HOME TO STUDY**

These students are generally from regional, rural and isolated areas of Australia. However, it will also include students from urban areas whose course choice “requires” them to live away from home because of the time commitment required by their program of study or their travel times involved are detrimental to the study time available or their need for access to suitable part-time work.

Recent research indicates that there is a very clear correlation between access and participation rates of regional, rural and isolated students and their perception of or ability to survive financially in post-secondary education.

James et al in the NBEET publication (1999) entitled, "Rural and Isolated School Students and Their Higher Education Choices" highlights the financial disincentives perceived by students who would need to leave home in order to study. The study states that "At least twice the proportion of the least advantaged students believe that the cost of university fees may stop them attending university".

The research goes on to state that rural and isolated students "are more likely than urban students to perceive discouraging inhibitors and barriers such as the cost of living away from home. The cost of higher education, including fees and living expenses associated with leaving home, are serious inhibitors or barriers"

It is most interesting to note that the former Minister for Education, Training and Youth Affairs, Dr. David Kemp acknowledges that there are "huge regional disparities". In the 'so called', leaked Cabinet document, he states that the current system "has no capacity to reduce huge regional disparities in higher education. Nineteen to twenty-one year olds in the top five participating areas – affluent capital city suburbs – are five times more likely to go to university than their counterparts in the five areas at the bottom of the list".

Ian Dobson and Bob Birrell in an article entitled "Equity and University Entrance – A 1997 Update", concludes; "the poor representation of students from low SES areas is not new. The trend towards higher proportions of private school students amongst commencing undergraduates is one manifestation of this situation. Much more needs to be done if universities are to represent truly the socio-economic make up of Australian society"

The real indictment on Federal Governments over many years is that although the disparity between urban and regional students has been recognized, very little has been done to address the situation. In 1988, for example, following the Country Education Project study entitled "Three Times Less Likely" there was an acknowledgement that there needed to be a concerted effort to deal with regional disparity. In 1990, "A Fair Chance For All" indicated that Australia's post-secondary education sector should mirror the social make-up of the Australian population overall.

It is clear from all recent research that for regional/rural and isolated students, this has not occurred. The most recent available DETYA/DEST performance indicators on access by equity groups is the 1999 data. Students from low socio-economic status backgrounds and from isolated areas are participating at 40% of the rate at which they should relative to population share.

## **RECOMMENDATION**

**That the Commonwealth Government initiates a strategy with State and Local governments to respond to the disparity between regional/rural and isolated students and their metropolitan counterparts. That a regional/rural education taskforce be set up to address this disparity and advise the various governments of initiatives to develop more equitable education opportunities.**

**That consideration be given to granting rental assistance to all students who have to leave home in order to study.**

## **CHANGING NATURE OF UNIVERSITY COURSES**

Over the past decade University courses and the structure of semesters has changed significantly. FaCS and Centrelink policies and guidelines appear to be out of line with these changing course and institutional changes.

University courses and modes of delivery have changed significantly over the past decade. There is an increased reliance on electronic delivery. Some universities are considering a move to three terms/trimesters.

Summer semesters are now a common phenomenon. This new flexibility does, however, create a problem for students who rely on Government financial assistance. Both FaCS and Centrelink policy has had difficulty in coping with these changes. An example of this is the way in which Centrelink policy deals with summer semesters. Currently, part of a student's workload when undertaken in a summer semester is not considered for the measurement of a student's overall full time status.

Many students who undertake summer semester unit/s find that they are ineligible for financial assistance, due to them being deemed by Centrelink to have had a reduced workload throughout the rest of the year.

These students often undertake summer semesters to balance their academic load throughout the academic year or to help them to appropriately balance work and study during the year.

This trend towards a more condensed year, whether by the introduction of a trimester structure or the continued and increased use of the summer semester can, therefore, result in outcomes which can disadvantage students. It is arguable that students who do not have to rely on government financial assistance will have more of an opportunity to fast track their study whilst those students more reliant on Centrelink benefits could well be limited to the standard two semester time frame.

Double degree combinations are increasing in popularity at the undergraduate level. The increased workload of these courses reduces the opportunity for students to undertake paid employment.

Vocational degrees are also increasing at the expense of the generalist degrees. It is not uncommon for a vocational degree to have a period of industry placement as a component of the degree requirements. Students routinely receive no recognition from Centrelink for these undertakings. The placements often result in reduced part time work income, placing an extra financial burden on students.

## **RECOMMENDATION**

**That the definitions of full time studies be redefined to accurately reflect the new flexibility in learning. The period over which a full time workload is measured be a calendar year**

### **Masters Courses**

Enrolment in Masters by coursework degrees have significantly increased over the years. The rapid growth of these courses has occurred in the vacuum of any policy to support them.

The introduction of PELS (and FEE- HELP in 2005) has ensured that postgraduate coursework fees do not constitute a major barrier to Australian students. However, the complete lack of any assistance with living expenses is still a major barrier precluding financially disadvantaged students from participation in this type of study.

### **RECOMMENDATION**

**That there be a review of the types of courses that are approved for the payment of student allowances.**

### **PROGRESS RULES**

Within the Centrelink policy guidelines there are some quite complicated academic rules to limit/restrict the number of years that students are eligible to receive benefits to undertake their studies. There are differences in the allowable time guidelines between students receiving Youth Allowance payments and Austudy payments.

Given the introduction of Learning Entitlements to be introduced in 2005 as part of Backing Australia's Future it will be logical to tie the limit/restrictions on time allocation to complete courses to these new learning entitlements. DEST (and Centrelink) will be able to monitor time limits on students through the Commonwealth Higher Education Student Support Number (CHESSN).

### **RECOMMENDATION**

**That previous progress rules be scrapped and aligned to the Learning Entitlements.**

### **PERSONAL INCOME THRESHOLD**

The allowable personal income limits (\$236 per fortnight without affecting the YA/Austudy benefit) are insufficient to meet living costs. The University of Melbourne has produced budget sheets for students that estimates annual student costs for various categories of students. These are based on 52 weeks of the year for renting students and 31 weeks for residential college students.

#### **Annual Costs:**

	\$
Renting house/apartment - Shared	17,480
Living at home	8,330
Living in college	13,763
Living in apartment/flat – Alone	19,482

Even with the maximum dependent or independent YA/Austudy benefit plus Rental Assistance of approx. \$9,000 per annum, a student in Melbourne (the costs in Sydney would be higher)



cannot possibly survive without considerable hours of part-time employment unless they are living at home with parents with incomes that allow them to be generous.

It is difficult to appreciate the rationale of putting a restriction on student's earnings when those earnings are assisting the student to survive in his/her course and succeed academically. The House of Representatives Inquiry in 1991, recommended that the allowable personal income be raised to \$8,000 in the year and if earning above that amount, the student should only lose 25c in the \$1. In 1993, the personal income threshold for students was raised to \$6,000. Although the personal income calculations are measured a little differently in the year 2001 from 1993, the personal income threshold remains at \$6,000.

In those intervening years, the costs incurred by students have increased dramatically.

It is ANZSSAInc/SFAN's position, that there be no personal income threshold for students. This is because YA/Austudy is taxed in the same manner as other employment and students' incomes should be considered in the same way as all Australian taxpayers.

### **RECOMMENDATION**

**That the Personal Income Threshold for full -time students on Youth Allowance/Austudy be abolished.**

### **EQUITY ISSUES FOR STUDENTS WHO RETURN TO STUDY FROM THE WORKFORCE**

There are some serious anomalies and inadequacies in Youth Allowance and Austudy as they relate to students who commence studies after a period in the workforce.

Commencing students who are defined by Centrelink as 'long term unemployed' i.e. have been on unemployment benefits for at least six out of the last nine months prior to beginning studies, are entitled to a special benefit (as of 1/6/2004 this was \$386.90 per fortnight for a single student). If, however, you come from straight the workforce and commence studies, the maximum entitlement, as of 1/6/2004, is \$318.50 per fortnight.

This disparity brings with it a major disincentive to move from work to study. There is a further disincentive to those leaving employment to become full time students. If they have accrued any long service leave or recreation leave, they do not become eligible until the accrued leave is deemed to have been taken. There is even a further disincentive for those students who have put aside some money to assist them through their course of study. These funds are considered by Centrelink as liquid assets and are subject to a Liquid Assets Waiting Period (LAWP) which can leave them without any benefits for up to 13 weeks at the most critical transition phase of their first semester.

For many of these students who will be receiving Austudy (rather than Youth Allowance) an additional disincentive is their inability to access Rental Assistance, which is only available to Youth Allowance recipients.

### **RECOMMENDATION**

**That students from the workforce be granted the same benefits as those students defined as "long term unemployed". That the Liquid Assets Waiting Period rules be reviewed for**

**students commencing post-secondary education. That Rent Assistance is made available to Austudy recipients.**

## **STUDENTS WITH A SPOUSE/PARTNER**

A major disincentive for partnered students to commence study is the very restrictive spouse income test. A student loses 70c in every \$1 when his/her spouse earns over \$586 per fortnight. This restrictive income test particularly disadvantages married/partnered women with children who wish to further their education. It also disadvantages those who wish to further study in order to increase their employability.

### **RECOMMENDATION**

**That a review of the spouse income test be undertaken to allow more opportunities for a partnered student to pursue further studies without having a negative impact on their financial survival**

## **PARENTAL INCOME THRESHOLD**

In 1991, the House of Representatives Committee reviewing "Student Financial Assistance" indicated that the parental income test for dependent students was too low. In 1991, the threshold to test students' benefits commenced at \$19,300. Thirteen years later, the threshold has not changed significantly and stands at \$28,150

The difference between the 1991 figure and that for 2004 is purely as a result of indexation. There has been no attempt by any Government to review and analyse the threshold against actual family incomes and expenditures. Recent average annual incomes are in the vicinity of \$39,400.

The full allowance is, therefore, only paid to students of parents on extremely low incomes. Given the low participation of students from low socio-economic status families, as identified by "A Fair Chance for All" the income test threshold is clearly inadequate. The low parental income threshold also severely impacts on families with moderate incomes. Where their combined income is over \$28,150 the amount that the student is eligible for in benefits is reduced. For every \$1000 over that taxable income amount the student loses \$250 from their possible maximum benefit. This threshold impacts most heavily on students who are studying away from home. The lack of reliable information on the parental income test has caused considerable confusion and even a mythology about perceived eligibility for a "living away from home" stand alone (non income tested) benefit. Many students enroll in the belief that because they will be living a long distance from home they will automatically be eligible for an allowance. The reality can be devastating to the students' academic career.

### **RECOMMENDATION**

**That a review of parental income test thresholds be undertaken to reflect a level that reasonably equates to average annual family earnings.**

## **AGE OF INDEPENDENCE**

The standard legal measure and societal norm for independence is 18. Clearly most young people are fully responsible for the day-to-day management of their own lives at 18.

Following representation to the Federal Government by ANZSSA Inc and the National Union of Students in the early 1990's, there was a change made to the age of independence from the age of 25 to 22. The age of independence was reduced by one year in subsequent budgets between 1991 and 1994. By the 1995 Senate Inquiry into Austudy the age of independence was 22 years. That Senate Inquiry recommended that "a detailed analysis of the costs and benefits associated with a reduction from 22 to 21 years in the age entitlement to independent rates", be undertaken.

In 1997, the Federal Government reinstated the age of independence to 25 years of age. It is clear to ANZSSA Inc/SFAN that there is no logic or useful purpose in having a definition of independence at 25 years of age. The impact of continued financial dependence on family of origin income for those in the age group of 18-25 is frequently negative. Counsellors and Student Financial Advisers consistently report tensions between the student and the parents that can be traced back to expectations and tensions about income and competing family needs.

The current age definition of financial independence appears to be of purely "budgetary" convenience.

The rules on age of independence are inhibiting many year 12 students from proceeding directly from school to University. Many students are now deciding on a gap year. If they take time away and work they may earn the required amount (at present \$16,538) within an 18 month period since leaving secondary school. This will free them of the parental income test. Centrelink will then consider them to be independent. This will allow them to access Youth Allowance as an independent student.

Apart from the variability and lack of logic in the definition of the age of independence, there is also a major disincentive particularly to students who have completed their initial degree and wish to enhance their qualifications and marketability by doing further studies, such as honours or post-graduate degrees. The reduction in the age of independence would not only make logical "sense" but would assist students to pursue their studies and assist in the development of the Nation's knowledge base, employability and overall worth to the community.

## **RECOMMENDATION**

**That the age of independence be reduced to 21 years of age.**

## **ADMINISTRATION ISSUES**

This submission will now consider the following issues:

1. Lack of Information
2. Inconsistency of Information
3. Need for assessment of the Effectiveness of the Programs
4. Reference Group

### **Lack of Information**

For many years ANZSSA Inc/SFAN assisted DETYA in producing a plain english, reader friendly and comprehensive guide to Austudy. This guide was greatly valued by students and student advisers. In 1998, the guide was produced for the last time and was replaced by a 16 page Youth Allowance guide that gives minimal and inadequate information to students. The guide is also totally inadequate for student advisers. In 2000 and 2001, the Student Financial Advisers Network out of frustration at the inadequacy of good information and in response to requests by student advisers, the NUS and University and TAFE student groups, produced a "Money Guide" that is accessible on the internet. This guide attempts to give a comprehensive explanation of the YA/Austudy schemes and how to deal with Centrelink. The "Money Guide", however, would not be required if there was adequate, easily accessible and plain English information available to students from Centrelink.

At present the information flow from Centrelink to students is almost non-existent. As a result, students who are Centrelinks' customers are unlikely to have any idea of their eligibility for benefits or any of the other entitlements that are available to them.

YA/Austudy are complex schemes with a myriad of exemptions and concessions within the regulations. The words of Sir Ninian Stephens in a High Court Judgment, regarding the Tertiary Education Assistance Scheme, still apply today, "No applicant is likely to gain any clear impression of his entitlement to a benefit and.....even those who have to administer the scheme have great difficulty understanding it".

Centrelink has argued that much of its information is "on line". As professionals dealing on a day to day basis with students ANZSSA Inc/SFAN staff are clearly aware of the inadequacy of providing information in this format to students.

### **RECOMMENDATION**

**That there be a return to an accessible, comprehensive and reader friendly guide for students, parents and advisers.**

**That Centrelink, in conjunction with ANZSSA Inc/SFAN, review their information products for students.**

### **CONSISTENCY OF INFORMATION**

The most common problem that students, parents and student advisers are confronted with in dealing with Centrelink, is the lack of consistency in advice between one Centrelink Office and another.

ANZSSA Inc/SFAN staff have dealt with thousands of examples of students who have been given conflicting information from the most simple question to the more complex. There does not appear to be adequate training of personnel to bring about consistency of advice. Every Inquiry into Austudy, 1991, 1992 (Chapman) and 1995 has pointed to the lack of consistency and the lack of efficiency of client service. There is a clear need for more training for Centrelink staff. Post-secondary education institutions are constantly changing and new academic programs are developing. Summer semesters, combined courses, students studying at two institutions (TAFE/University) are examples. It is imperative that Centrelink reflect these changes in the provision of information and staff training programs.

ANZSSA/SFAN staff are aware of the changing institutional and student profiles and believe they are in a strong position to assist Centrelink in their training programs.

#### **RECOMMENDATION**

**That Centrelink makes consistency of advice a priority in its training programs.**

**That Centrelink include ANZSSA Inc/SFAN to assist them in it's training programs.**

#### **ASSESSMENT OF THE SCHEMES**

In 1992, following a recommendation from the House of Representatives Report <sup>(1)</sup>, Professor Bruce Chapman undertook a review of student financial schemes. Since then, there has been no comprehensive assessment of the schemes. In 2000, 17 universities financed a review/study into student financial concerns. It is notable and incomprehensible that DETYA declined to be involved in this study. It is of some concern to ANZSSA Inc/SFAN that the Commonwealth Government, which outlays an extremely large amount of taxpayer's money on student financial benefit schemes, has not actually assessed the effectiveness of these schemes in almost twelve years.

#### **RECOMMENDATION**

**That DEST undertake an assessment of the effectiveness of student financial assistance programs in achieving their objectives and review the impact of the efficiency measures on the customer (student).**

#### **NATIONAL PARTNERSHIPS GROUP**

There needs to be dialogue, information flow and good communication amongst the stakeholders in the area of student finances. Over the past ten years there have been various attempts by ANZSSA/SFAN to have a formalized National Partnerships Group established.

The most recent iteration was the Centrelink Partnerships Group. This group included representatives from FACS, Centrelink, ANZSSA Inc/SFAN, NUS and TAFE, the secondary school sector and Indigenous representatives. The group was able to communicate positively and deal with issues, problems, ideas and solutions on student finances and communication flow to Centrelink's customers. It met bi-annually to discuss changes and difficulties with student financial assistance. However, since the last Partnerships group was held in March 2003 and has not been convened since that time, it must be assumed that Centrelink has decided to discontinue the Partnership.

#### **RECOMMENDATION**

**That a representative National Partnerships Group be reconstituted and meet on a regular basis to discuss changes and difficulties associated with student financial assistance and to actively make recommendations to the relevant Ministers.**

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## **APPENDIX**

**Case Studies have been included to highlight in day to day terms the problems outlined in the body of this document. The case studies reflect student concerns as reported by ANZSSA Inc and SFAN members. These few student issues are but the tip of the iceberg.**

### **CASE STUDIES**

#### ***Employment Issues***

Jodie is a full-time nursing student at La Trobe University, Bendigo Campus. She is income tested on her parent's income and is eligible for \$105 per fortnight. There are other dependent children in the family and the parents have various loan repayments. They cannot afford to give her regular payments for her expenditures. She needs to work. The course she is undertaking, has high contact hours and three times a year she had 3-week clinical rounds away from the campus. She works stocking shelves in a supermarket at nights, when she can. Her academic performance and her health have suffered greatly.

Renee, a student at Curtin University in Western Australia, is getting \$125 per fortnight from Youth Allowance. Her parents cannot afford to give her any financial assistance. She needs to get a job but if she earns over \$236 per fortnight she begins to lose her benefit at 50C in every \$1 earned. She cannot survive without earning more. She is attempting to get cash in hand, although she knows this is not legal.

#### ***Students Who Have to Live Away From Home***

Mark is the first in his family to go to University. He is from Ouyen in Victoria. He has to move. He is to study engineering at Melbourne University. His parents, due to lack of information, assume that he will get "living away from home" allowance because his is almost 600kms away. Their combined incomes are \$44,000. This will make Mark eligible for about \$105 per fortnight. He is also eligible for \$82 per fortnight rent assistance. This is a total of \$187 per fortnight. Mark's parents have been advised that living in College in the first year is recommended. Melbourne University Student Support Services information bulletin indicates that accommodation costs for 31 weeks of the year will be in the vicinity of \$14,163. Mark has had to defer his course.

#### ***Returning to Study***

Nigel is a carpenter who was determined to get a better education. He decided to study Fisheries Management at the Warrnambool campus of Deakin University. Being practical, he knows that he will need some capital behind him since he knows he is going from a salary of about \$690 per fortnight to \$318.50 per fortnight. He saved and put money into his bank account. When he applied for Austudy, he indicated that he has \$8,000 in his bank account. Centrelink applies to Liquid Assets Waiting Period and will not grant benefits to Nigel for 13 weeks. Nigel has discontinued.

Ruth is in a similar position to Nigel but has \$9,000 in shares as a back up in case anything goes wrong in returning to study. The shares are subject to the Liquid Assets Waiting Period and she will not be granted benefits for 13 weeks at the most crucial time in her academic career.



***Student with Partner***

Greg is married with two young children. He has a milk bar business but is worried about the economic downturn. He makes a decision to return to study. He began the course at QUT in Accounting with enthusiasm and his first assignments were graded with credits. His significant drop in income and the severe income test on his wife's income (she works casual hours as a nurse) have made his continuation as a full-time student impossible. He dropped to studying one subject in the 5th week of the semester.

***Parental Income Test Anomaly***

Debbie is studying first year Arts at a university in Sydney. She is living away from home. A year and a half ago, her mother remarried. Debbie found this second marriage very difficult. Her stepfather has a family of his own and will not take any financial responsibility for Debbie. Even though he pays nothing for Debbie and she is now living away from home, her stepfather is defined within the legislation as a 'parent'. She will be income tested against both his income and her mother's if Centrelink considers that she would "normally" live with her mother and her partner. She became ineligible for Youth Allowance.

***Lack of a Comprehensive Guide to Youth Allowance/Austudy***

The numbers of students presenting to student counsellors and financial advisers, has increased dramatically over the past 3 years. It is evident to Student Services staff that there is a great degree of ignorance amongst parents and students regarding Youth Allowance.

***Rent Assistance Anomaly***

Greg commenced his course in 2001 as a mature age student. He was 24 years of age. Being under 25 at the time of commencing his studies, he is a Youth Allowance recipient and is eligible for rental assistance of \$98 per fortnight.

Tony began his course in 2004. He had just turned 25 when he applied for benefits. He is therefore an Austudy recipient and cannot access rental assistance. Greg is now older than Tony but because he remains on Youth Allowance, since he commenced studies before turning 25, he gets rent assistance and Tony misses out.