

# Submission

to

Senate Employment, Workplace Relations and Education  
References Committee

## **Inquiry into student income support**

---

**Submission no:** 117

**Received:** 5/07/2004

**Submitter:** Ms Amanda Willis  
Director  
Ethics, Equity and Social Justice

**Organisation:** Curtin University of Technology

**Address:** Kent Street  
BENTLEY WA 6102

**Phone:** 08 9266 2772

**Fax:** 08 9266 1014

**Email:** [a.willis@curtin.edu.au](mailto:a.willis@curtin.edu.au)

---



## EXECUTIVE SUMMARY AND RECOMMENDATIONS

Curtin University of Technology is Western Australia's largest university. Curtin has over 31,000 students, nearly 11,000 of those offshore and onshore international students and nearly 1000 research students. In 2004, 13.5% of students were categorised according to DEST definitions as Low SES (14.4% Undergraduate students and 10.1% Postgraduate), 2.2% of students were categorised as Indigenous (2.5% Undergraduate students and 1.2% Postgraduate), and 13.9% of students were categorised as being from Rural and Isolated Areas (14.9% Undergraduate students and 10.7% Postgraduate).

Curtin is concerned about inadequate levels of income support for students and the impact of financial hardship on individual students, their families and their education. Curtin is of the view that levels of income support are too low and access to support schemes is too restrictive. The increasing need to seek paid employment among students is of concern given evidence that the increasing levels of such employment adversely affects study. Curtin welcomes this inquiry into student income support and hopes that the recommendations made in this submission assist in the development of policy which invests in Australia's future and supports its positioning as a country in which world class education is available on an equitable basis.

### Recommendations

- Student income support payments should be increased to meet the real costs of participating in higher education and at minimum ensure that no student falls below the Henderson Poverty Line.
- Rent Assistance levels should be differentiated by region to take into consideration variations in rental markets, and increased to a level commensurate with the average rent of locations with good access (through location or public transport) to Universities.
- The annual threshold for student earnings without penalty should be maintained at the Henderson Poverty Line so that students who wish to undertake paid work to improve their standard of living may do so without penalty.
- The age of independence should be made consistent with family income and taxation legislation.
- Abstudy criteria should be amended to take account of cultural considerations with regard to the age of autonomy/independence of Indigenous young people.
- Consideration should be given as to whether the availability of work criteria has been found to have a positive or negative impact on access to higher education and the criteria retained or removed depending upon the findings provided that if the criteria are retained they should be consistent for all schemes.
- Work criteria for Abstudy should be made consistent with Youth Allowance.
- Relationship criteria should be inclusive of same sex relationships.
- The parental income test threshold at which benefits begin to be reduced should be aligned with average weekly earnings.
- The Parental Income and Assets Test should be amended to ensure that the nature of non-cash assets (businesses, farms etc) is taken into consideration in

assessing eligibility for income support so that students from particular backgrounds (eg small business, rural etc.) are not disadvantaged.

- Austudy recipients should be eligible for Rent Assistance.
- Income support eligibility should be extended to postgraduate students.
- Income support to students should be restructured to reduce barriers created by living costs and the impact on study of excessive hours of paid employment.
- Student income support should be increased to a level that the need for loans to meet daily living expenses is eliminated.
- Emergency loan schemes to meet unexpected financial difficulties should be facilitated through Universities.
- The impact of changes to Abstudy introduced in 2000 should be reviewed in light of declining participation rates and amendments made to Abstudy to reverse this trend.
- The availability of Scholarships (exempt from tax and social security assessment) and other schemes designed to support students in financial need should be increased.

## **INTRODUCTION**

Curtin University of Technology is Western Australia's largest university. Curtin offers over 850 undergraduate and postgraduate courses in business, engineering, health sciences, humanities, science, mining and agriculture. Our Centre for Aboriginal Studies offers bridging courses for indigenous students and the Vocational Training and Education Centre conducts vocational courses at Kalgoorlie and Esperance. Curtin also has an extensive Research and Development program. Curtin has over 31,000 students, nearly 11,000 of those offshore and onshore international students and nearly 1000 research students. In 2004, 13.5% of students were categorised according to DEST definitions as Low SES (14.4% Undergraduate students and 10.1% Postgraduate), 2.2% of students were categorised as Indigenous (2.5% Undergraduate students and 1.2% Postgraduate), and 13.9% of students were categorised as being from Rural and Isolated Areas (14.9% Undergraduate students and 10.7% Postgraduate).

Curtin is concerned about inadequate levels of income support for students and the impact of financial hardship on individual students, their families and their education. In 2003, in response to perceived student needs and the AVCC Survey 'Paying Their Way' (AVCC: 2001), the University established the Students in Financial Need Network to identify and address issues of concern to students in a systematic way. Curtin is of the view that levels of income support are too low and access to support schemes is too restrictive. The increasing need to seek paid employment among students is of concern given evidence that the increasing levels of such employment adversely affects study. Curtin welcomes this inquiry into student income support and hopes that the recommendations made in this submission assist in the development of policy which invests in Australia's future and supports its positioning as a country in which world class education is available on an equitable basis.

## **SUBMISSION AGAINST 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,**

Changes to income support are required to ensure that the support is adequate to meet realistic costs of student living. Research (Curtin Student Guild: 2004) indicates that many students receiving income support payments are living below the Henderson Poverty Line. In some cases the percentage below the poverty line is considerable with 16-17 year olds living at home being 40% below and all single childless students on Austudy being 38% below. Annual indexation, while in line with CPI, has failed to consider that commodities which constitute the major expenses of students (basic foods, petrol, transport and higher education) have all risen at much higher levels than the all groups CPI hence government payments have failed to keep up with the real cost of living experienced by students. Given that accommodation costs typically account for half of income payments received, any increases in costs for other items squeezes the remaining available funds. Additionally, any savings in accommodation costs due to location choice, may be offset by increased transport costs. Evidence exists that students experience serious difficulties in paying for food and shelter, transport, health services, as well as educational requirements, in some cases going without food (Wilson: 2000 in Curtin Student Guild: 2004) in order to meet other costs. Student organisations are increasingly offering free food services and charitable organisations indicate that young people are seeking emergency relief from them. At Curtin, both the Student Guild and the University provide a range of services to meet student needs including facilitating access to emergency food services. Comparisons between Youth Allowance, Austudy, and Abstudy payments and Newstart payments indicate that people seeking work currently receive a larger allowance than those seeking an education (Curtin Student Guild: 2004). The message this sends, in a country where the Government's stated position on education is that it is *'Backing Australia's Future'*, is of concern. In addition, payment levels fail to take into consideration the additional costs associated with education such as regular travel, textbooks and equipment.

### **Recommendations**

- Student income support payments should be increased to meet the real costs of participating in higher education and at minimum ensure that no student falls below the Henderson Poverty Line.
- Rent Assistance levels should be differentiated by region to take into consideration variations in rental markets, and increased to a level commensurate with the average rent of locations with good access (through location or public transport) to Universities.

- The annual threshold for student earnings without penalty should be maintained at the Henderson Poverty Line so that students who wish to undertake paid work to improve their standard of living may do so without penalty.

**(ii) the age of independence,**

Changes to income support are required to ensure that the support is not only adequate to meet real costs of student living, but that all students who require assistance are able to meet any eligibility requirements set.

The age of independence is a barrier to access to income support. The age of independence for student income support is not in line with today's societal context. Whilst age of independence is not uniform across legislation, 16 and 18 years are generally considered to be the cut off ages (i.e. the ages at which children are considered to become adults) for family income support and tax purposes. Age of independence for the purposes of providing income support for students needs to be aligned with these. The assumption that students will be financially supported by their parents has been challenged by research (Luteria & Bourne: 2000 in Curtin Student Guild: 2004). Activities undertaken as part of Curtin's Student Action Research for University Access Program indicate consistently that, among school students from Low SES backgrounds, perceived cost, and cost to parents, is one of the greatest factors preventing such students from considering a higher education.

In reviewing the age of independence criteria, the impact of cultural differences should be taken into consideration. In particular, Abstudy criteria need to take account of cultural considerations with regard to the age of autonomy/independence of Indigenous young people which is often reached years before non-Indigenous young people would be considered to be independent. Further consideration should also be given to the reality that Indigenous students may live in extended rather than nuclear familial environments and, as such, would not necessarily be an economic dependant of the primary care giver or parent. This cultural barrier results in students who have attained independent status within their own communities, and who are attempting to engage with the mainstream through study, finding themselves deemed to be not of independent status (and therefore ineligible for income support) by the very community which they are trying to enter. This creates the potential for motivated students to become disengaged in the early stages of their courses, through either significant financial impediments and/or a perception that their independent standing within their own community is not acknowledged within the higher education environment. The current criteria act as a barrier to those seeking further education, in that they have the potential to discourage Indigenous young people from applying.

Other criteria for 'independence' are also problematic. Inclusion of 'working' criteria for independence has been found to have the effect of encouraging students to delay entry to university in order to take up full time work to satisfy this criteria (Birrell, Dobson, Rapson & Smith: 2003 in Curtin Student Guild: 2004), increasing pressure on the pool of unskilled jobs which might otherwise go to those who do not wish to

pursue higher education. Uniformity with other schemes and legislative requirements is also an issue which should be addressed to ensure a consistent policy approach. Currently there is an anomaly between the work criteria for Abstudy and Youth Allowance, with the criteria for Abstudy being twice the duration. Recent foreshadowed changes to legislation (eg superannuation) regarding the recognition of same sex relationships should be carried over into the relationship criteria for student income support to ensure a consistent policy approach

### **Recommendations**

- The age of independence should be made consistent with family income and taxation legislation.
- Abstudy criteria should be amended to take account of cultural considerations with regard to the age of autonomy/independence of Indigenous young people.
- Consideration should be given as to whether the availability of work criteria has been found to have a positive or negative impact on access to higher education and the criteria retained or removed depending upon the findings, provided that if the criteria are retained they should be consistent for all schemes.
- Work criteria for Abstudy should be made consistent with Youth Allowance.
- Relationship criteria should be inclusive of same sex relationships.

### **(iii) the parental income test threshold, and**

Means test benefit reductions and cut off limits should be reassessed to improve access to higher education for working and lower middle class families. While students from very low earning families are eligible for support, students from families with low to moderate incomes would appear to be being squeezed out of higher education. From 1998 there has been a steady decline in the overall percentage of students eligible for Youth Allowance despite full-time enrolments remaining steady or increasing over this period. The stricter requirements introduced for Youth Allowance in 1998 resulted in 15% of those previously eligible for the Allowance becoming ineligible, with 9% then dropping out of tertiary study (Long: 2002 in Curtin Student Guild: 2004). Thresholds need reassessment given that parental cut offs for a family with one or two dependent children fall below the average weekly earning figure. Similarly, the requirement that assessment is on gross rather than net earnings should be reviewed as it is creating situations where families with gross earnings which fall just above the poverty line but whose net earnings fall below the poverty line have their benefits reduced (Birrell & Dobson: 1997 in Curtin Student Guild: 2004). Finally, the role of non-cash assets in creating a distorted picture of the true income situation for families needs to be addressed. It is Curtin's experience that this creates difficulties for some students whose families may be non-cash asset rich but income poor, in particular rural students who fail to meet eligibility requirements owing to the asset value of farms.

### **Recommendations**

- The parental income test threshold at which benefits begin to be reduced should be aligned with average weekly earnings.

- The Parental Income and Assets Test should be amended to ensure that the nature of non-cash assets (businesses, farms etc) is taken into consideration in assessing eligibility for income support so that students from particular backgrounds (eg small business, rural etc.) are not disadvantaged.

**(iv) the ineligibility of Austudy recipients for rent assistance;**

Currently inconsistencies exist between eligibility for Rent Assistance across different forms of income support with Youth Allowance, Abstudy and Newstart recipients all being eligible for Rent Assistance while Austudy recipients are not. Research has identified the importance of Rent Assistance in facilitating access to higher education, particularly for students from rural and regional areas (Burke, Pinkney & Ewing: 2002 in Curtin Student Guild: 2004). Given that accommodation costs typically account for half of income payments received, those not receiving assistance are greatly disadvantaged.

**Recommendations**

- Austudy recipients should be eligible for Rent Assistance.

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

**(i) the increasing costs of higher education,**

The availability of income support is crucial in facilitating access to education for many students. This is demonstrated by demand for scholarships and student loans. Domestic postgraduate students who do not have scholarships are particularly disadvantaged as there are no forms of income support available.

**Recommendations**

- Income support eligibility should be extended to postgraduate students.

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

Research (AVCC: 2001) indicates that since 1984 there has been a three-fold increase in the rate of students seeking paid employment and that those who are in paid employment to support their study are working longer hours in those jobs. The evidence that undertaking paid employment is proving increasingly necessary for students is of concern for two reasons. The first is that research indicates that the requirement to work can adversely affect study, with two in ten students in paid employment indicated that work affected their study 'a great deal' (AVCC: 2001). The second is that due to different course requirements, some students are less able to accommodate study and work commitments than others. Students undertaking courses with high levels of contact hours due to laboratory requirements and work placements/practicums are likely to be more constrained in terms of undertaking paid work. Curtin supports the AVCC's position *that income support to students should be restructured to reduce barriers created by living costs and the impact on study of excessive hours of paid employment* (AVCC:2002).

## **Recommendations**

- Income support to students should be restructured to reduce barriers created by living costs and the impact on study of excessive hours of paid employment.

### **(i) the closure of the Student Financial Supplement Scheme;**

Demand for student loans is a symptom of inadequate income support. Ideally the provision of adequate support would negate the need for loans. It should be recognised, however, that situations do arise where there may be a need for emergency support and some form of emergency fund should be available for such purposes.

## **Recommendations**

- Student income support should be increased to a level that the need for loans to meet daily living expenses is eliminated.
- Emergency loan schemes to meet unexpected financial difficulties should be facilitated through Universities.

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

#### **(i) students from disadvantaged backgrounds, and**

Adequate income support measures are essential to support the participation of students from groups which are under-represented in higher education participation.

In 2004, 13.5% of students at Curtin were categorised according to DEST definitions as Low SES (14.4% Undergraduate students and 10.1% Postgraduate). At Curtin and Australia-wide, participation by students from Low SES Backgrounds is considerably below the 25% reference value used by DEST. Since 2001, the retention rate for these students has fallen compared with an increase in retention rates for students from medium to high SES Backgrounds over the same period (DEST: 2004 in Curtin Student Guild: 2004). As stated previously, while students from very low earning families are eligible for support, students from families with low to moderate incomes would appear to be experiencing difficulties.

In 2004, 2.2% of students at Curtin were categorised as Indigenous (2.5% Undergraduate students and 1.2% Postgraduate). Retention of Indigenous students is lower than that for non-Indigenous students (54.9% compared with 77%). While commencing enrolments of indigenous students increased Australia-wide from 1993 to 1999, since 2000 they have dropped by 15% (DEST: 2004 in Curtin Student Guild: 2004). It is interesting to note that the reversal corresponds with the introduction of changes to Abstudy which resulted in decreased eligibility and benefits and reduced Indigenous student income support by \$18.8 million (ATSIC: 1999 in Curtin Student Guild: 2004).

In 2004, 13.9% of students at Curtin were categorised as being from Rural and Isolated Areas (14.9% Undergraduate students and 10.7% Postgraduate). Many of



these students have no choice other than to relocate if they wish to undertake higher education, experiencing both social and financial hardship as a consequence. As stated previously, the role of non-cash assets in creating a distorted picture of the true income situation for families needs to be addressed. The current test creates disadvantage for rural students whose families are often asset rich but income poor and who fail to meet eligibility requirements owing to the asset value of farms.

### **Recommendations**

- The Parental Income and Assets Test should be amended to ensure that the test does not disadvantage students from rural backgrounds.
- The impact of changes to Abstudy introduced in 2000 should be reviewed in light of declining participation rates and amendments made to Abstudy to reverse this trend.

#### **(i) improving access to education; and**

Students from groups which are under-represented in higher education participation experience multiple barriers to participation of which the cost of participating in higher education is only one. Any action which reduces these barriers, such as the provision of income support which meets the real costs of participating in higher education, is of value to such groups.

### **Recommendations**

- See all recommendations contained in this Submission.

#### **(a) alternative student income support measures.**

The preferred model is that student income support be sufficient to meet the real cost of participating in education negating the need for alternative measures. Alternative measures include:

Scholarships exempt from tax and social security assessment;

Non-cash scholarship schemes which provide support to students such as loan of computers, bookshop grants for textbooks etc;

Student loans to meet unexpected financial demands that are not charged real rates of interest.

At Curtin, we received 304 applications for the recently introduced Commonwealth Learning Scholarships with only 199 Scholarships being available. The University provides a Students Loans system to meet emergency requests for funds. The University and the Student Guild also provide other forms of support to alleviate financial need (food aid etc). Curtin is currently exploring the possibility of providing computers on a loan basis as a scholarship arrangement.

### **Recommendations**

- The availability of Scholarships (exempt from tax and social security assessment) and other schemes designed to support students in financial need should be increased.

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

## REFERENCES

Curtin University of Technology gratefully acknowledges the assistance of the Curtin Student Guild in making available their Submission to this Inquiry.

- 1 AVCC, 2001, *Paying Their Way-A Survey of Australian Undergraduate University Student Finances, 2000*.
- 2 Curtin Student Guild, 2004, *Submission to Senate Employment, Workplace Relations and Education References Committee Inquiry into Student Income Support*.
- 3 Wilson, 2000, *Report on the student experience of poverty at La Trobe University, September 2000*, Academic Development Unit, La Trobe University, Victoria.
- 4 Birrell, B., Dobson, I., Rapson, V. & Smith, F., 2003, *Higher Education at the Crossroads*, Centre for Population and Urban Research.
- 5 Long, M., 2002, *Government Assistance for Australian University Students*, Journal of Higher Education Policy and Management, Vol.24, No. 2, p136.
- 6 Birrell, B. & Dobson, I., 1997, *Equity and University Attendance: the Monash Experience*, People and Place, Vol.5, No.2, pp.56-57.
- 7 Burke, T., Pinkney, S. & Ewing, S., 2002, *Rent Assistance and Young People's Decision Making*, Australian Housing and Research Institute.
- 8 AVCC, 2002, *Positioning Australia's Universities for 2020: An AVCC policy statement*.
- 9 Department of Education, Science and Training, 2004, *Higher Education Report for the 2004-2006 Triennium (Draft)*, Australian Government, Canberra.
- 10 Aboriginal and Torres Strait Islander Commission, 1999, *Analysis of the proposed changes to Abstudy on Indigenous students*, [http://www.atsic.gov.au/issues/Disadvantage/Education/ABSTUDY\\_Changes\\_1999/default.asp](http://www.atsic.gov.au/issues/Disadvantage/Education/ABSTUDY_Changes_1999/default.asp), [Accessed 21 May 2004].