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## SENATE

EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION  
REFERENCES COMMITTEE

**Reference: Student income support**

TUESDAY, 26 APRIL 2005

MELBOURNE

BY AUTHORITY OF THE SENATE



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**SENATE**  
**EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION**  
**REFERENCES COMMITTEE**

**Tuesday, 26 April 2005**

**Members:** Senator Crossin (*Chair*), Senator Barnett (*Deputy Chair*), Senators Collins, Kirk, Stott Despoja and Troeth

**Senators in attendance:** Senators Crossin, Stott Despoja and Troeth

**Terms of reference for the inquiry:**

To inquire into and report on:

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,
  - (ii) the age of independence,
  - (iii) the parental income test threshold, and
  - (iv) the ineligibility of Austudy recipients for rent assistance;
- (b) the effect of these income support measures on students and their families, with reference to:
  - (i) the increasing costs of higher education,
  - (ii) students being forced to work longer hours to support themselves, and
  - (iii) the closure of the Student Financial Supplement Scheme;
- (c) the importance of adequate income support measures in achieving equitable access to education, with reference to:
  - (i) students from disadvantaged backgrounds, and
  - (ii) improving access to education; and
- (d) alternative student income support measures.

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**Subcommittee met at 9.02 a.m.****CALLAGHAN, Mr Vincent, Spokesperson on Student Finances, Student Financial Advisers Network****DEUTSCHER, Mr Roger, Chair, Student Financial Advisers Network**

**CHAIR**—On 11 March 2004, the Senate referred to this committee an inquiry into current measures for student income support, with particular reference to the living costs of students enrolled in full-time and part-time courses. The committee is particularly interested in the adequacy of the Youth Allowance, Austudy and Abstudy payments and the effect of these payments on students and their families. The committee will also be examining the issue of rent assistance, the effects of a student's part-time employment on academic progress, the plight of disadvantaged students and alternative income support measures. I remind all witnesses that in giving evidence they are protected by parliamentary privilege. This gives special rights and immunities to people who appear before committees. People must be able to give evidence to committees without prejudice to themselves. Any act which disadvantages a witness as a result of evidence given before the Senate or any of its committees is treated as a breach of privilege.

I welcome witnesses from the Student Financial Advisers Network. The committee prefers all evidence to be taken in public but if you wish to give any evidence in camera you can request that of the committee and we will try to facilitate that. The committee has your submission before it. It has been numbered 116. Do you wish to make any amendments or alterations to your submission?

**Mr Callaghan**—Yes. In the second recommendation on page 8 we want to delete everything after the word 'scrapped'. On page 9 there was a mistake in the paragraph beginning 'It is difficult to'. In the second last line it should read '2004', not '2001'. Regarding the next two changes that we want, the amounts and thresholds were correct at the time of writing. I do not know if it is necessary to amend them. They have changed in the interim with the CPI index and so on.

**CHAIR**—Perhaps if you could just point those out to us.

**Mr Callaghan**—On page 10, under 'Parental income threshold' in the third paragraph, instead of '\$28,150', it should read 'In 2005, \$28,850'. On page 11, under 'Age of independence', paragraph 5, beginning 'The rules on age of independence', should read, instead of '\$16,538', '\$17,300'. I have just one last amendment. On page 16, in the case studies, in 'Returning to study', in the third-last line, '\$8,000' is actually '\$9,000'.

**CHAIR**—Thank you very much for that. I invite you to make an opening statement and then we will go to questions.

**Mr Callaghan**—The Student Financial Advisers Network is a national body. It is also considered a significant interest group of the Australian and New Zealand Student Services Association. The points in the submission that I would like to highlight—and Roger will highlight some more—are major issues that over many years House of Representatives inquiries and Senate inquiries have indicated are constants, and these are still at issue. One is the low

participation rates of rural and regional Australians in tertiary education and the second is the lack of adequate and consistent information to students and parents from Centrelink. In many ways the two of these are linked. The recent On Track destination study of 2003 Victorian school leavers identifies rural and regional and low socioeconomic students as low participators and concludes that the low participation rates come from the perception of the cost of education against its value.

I have been running workshops for Deakin University on the Warrnambool campus entitled ‘Can my wallet afford it?’ and over recent months have run sessions in Swan Hill, Mount Gambier, Portland, Warrnambool, Terang and Horsham. It is quite clear that the perception is that education is a significant cost. But there is a lot of confusion out in regional Victoria, particularly, just from my day-to-day working with this. In regional Victoria there is a clear perception that going on to tertiary education is a very costly exercise. The number of students in regional Australia deferring their courses has increased substantially this year. The link that I want to form is that the information flow from Centrelink to students once they get into university or TAFE is voluminous—and mostly to do with debt—but that the information to prospective students and parents, particularly in rural and regional Australia, is a trickle. There has been no guide in plain English since 1998. The application form is 36 pages. Even the tax office can put out a simplified application form. Ian Dobson, who is presenting after us, has also indicated that there is a huge lack of statistical data coming from Centrelink.

In 2001 Centrelink, in consultation with the Student Financial Advisers Network, set up a partnerships group to assist them in identifying where they might better assist students. This group included Family and Community Services, Indigenous representatives, the National Union of Students, parents and schools associations and the National Youth Roundtable, as well as the Student Financial Advisers Network. This partnership group worked very well indeed but, without any communication to the participants, the last meeting held was in March 2003. So we presume that it will not be reconvening. There needs to be far more communication between Family and Community Services, Centrelink and their customer organisations to build a better scheme.

**Mr Deutscher**—I want to highlight a few more details about perceptions of the schemes as they stand at the moment. The lack of rent assistance available to Austudy payment students—that is, students who commence their studies after the age of 25—is still a major flaw in the raft of support measures for students. Universities have changed considerably over the last few years. Courses and modes of delivery have changed but the rules that govern these schemes have not kept up to date. The summer semester has a very common time period when students study these days and yet any study they do in the summer semester is not counted as part of their workload for the assessment of full-time or part-time status for these payments. It might as well not exist as far as Centrelink is concerned. Masters by coursework has become very common over the last few years and yet this is one of the courses that has no living allowance available whatsoever.

The income tests are still incredibly harsh. The parental income test is still set at the level it was in about 1991. It has been indexed since then but it still proves a major disadvantage. The assumption is, of course, that parents will be making up the difference as their income rises over the threshold. But our experience shows that that threshold is so low that parents are unable to



make up the difference. So these students are missing out on payment because the family income is over that threshold.

The personal income test that applies to students was set at \$6,000 in 1993. It has not even been indexed. So in effect the amount that students can earn before it affects their payments has decreased in real terms over the last 12 years. This is a major problem and has led to more and more students being forced into part-time work. We believe that the student assistance payments are a very effective tool but they suffer very much from lack of maintenance and they have not kept up to date with changes. It is now time for some major changes to take place.

**CHAIR**—Thank you. Mr Callaghan, I will start my questions by referring to some comments you made in your submission. You allege that perhaps Centrelink is motivated by efficiency more than effectiveness. Is it your view that they are more concerned about, say, outputs and numbers rather than anything else that might benefit students?

**Mr Callaghan**—One of the things that Roger has just alluded to is very relevant here. There is an amount of correspondence that Centrelink send out to students who are on benefits to alert them to any possible debt, to tell them that they are in debt and so on. They have actually become more efficient as an organisation in sending out material. They have also streamlined—at least they are suggesting they are streamlining—things. I think Hamilton is now looking at the pensioner education supplement. That is what they do. They take that away from one area and put it into another. So as an organisation they are attempting to be very organised but they have not looked at the student profiles over the last decade.

I remember going to one of the partnership groups and being asked to present a paper on student profiles and how they have changed, particularly in the light of what Roger was saying before—and that is that we are now dealing with first-year students who are on average working 14.5 hours per week. This is a very different profile from when I went to university, when Noah was building his ark. On the other hand, I lived at the university. That was what I did and that was my job, and that is not the case anymore. So, in answer to your question, I think that what Centrelink has not done—maybe it is not Centrelink's issue; I think it is probably a Family and Community Services issue—is to look at the profiles and at the changes that are required rather than just maintain the status quo by increasing with the CPI, except for the personal income test.

**CHAIR**—I will just pick up on what you said there. Universities have changed and Bond University, for example, has three semesters.

**Mr Callaghan**—That is right.

**CHAIR**—There are summer semesters happening and probably quite a percentage of classes are offered at night—probably exclusively at night for some subjects. So you would put it to us that the way in which students are supported through the government, through Centrelink and assistance, is now out of date with the expectations of study and study requirements?

**Mr Callaghan**—Maybe Roger would be better able to answer this than me, but I would have liked them to look at the changing student profile and at the number of students who are mature age, for example, and who have families. They are finding it extraordinarily difficult to make the

decision to go on to tertiary education or to maintain their education because of the inadequacy of the system. It has not changed for them. It has not recognised that they are students.

**CHAIR**—With regard to mature age students, I am wondering whether, if you are over the age of 25, even over the age 35, you have to be in a situation where you have perhaps accumulated study leave in your work. Are people using long service leave or are they saving up for a number of years to be able to support themselves while they study? Is that what you are finding?

**Mr Callaghan**—It certainly would not be helpful to them if they had accumulated long service leave, because Centrelink has an embargo on giving students any income until they have used up their long service leave or their normal recreation leave.

**CHAIR**—But is that what people are doing? Are they using long service leave or recreation leave to supplement their ability to live and to cope while they take up study in later life?

**Mr Deutscher**—We are not actually seeing mature age students taking up an option to study later in life. The only mature age students we see are those forced into study. It is not an option for the average student. The partner income test is so severe that it is just not feasible. At the moment, if a partner earns in excess of \$586 a fortnight, any dollar over that ends in a 70c in the dollar reduction in the rate of pay. The partner income test is unusually severe, so the only mature age students we see at my institution, for example, are those who have lost their jobs and who feel the need to retrain. They have no choice. In fact, they suffer through their course of study. It is not something that any sane person would willingly accept.

**CHAIR**—What about rent assistance? You have to be under the age of 25 and prove you are detached from your parents to be eligible for rent assistance. What if you are studying beyond the age of 25? Does it suddenly cut out?

**Mr Deutscher**—No. Students who commence their course before the age of 25 retain the right to rent assistance until they finish that particular course. So we often do see students who are 25, 26 or even 27 who might have access to rent assistance. But if you commence your course after the age of 25 then Youth Allowance is not available to you. You are forced to go onto the Austudy payment, and the Austudy payment has no rent assistance component whatsoever.

**Mr Callaghan**—You could have a situation—and I think we used this in one of our case studies—where a student started at the age of 24 and is on rent assistance at the age of, say, 27 but then somebody who started maybe a year later is just not eligible. So we have someone getting rental assistance who is older than the other person, just because they started their course when they were 24 when they were eligible. It is an anomaly.

**CHAIR**—Do you think there is a need to have just one system—a one-stop shop proviso for all students, no matter what their age?

**Mr Callaghan**—In 1998 when they split Austudy and Youth Allowance it seemed simpler to just keep the same rules for Austudy and change and tweak them for Youth Allowance. There were not very many changes to Youth Allowance but one was bringing in rental assistance, and

we certainly do not have any cause to want rent assistance disturbed in any way. It is very valuable. I think it would be a very valuable thing if it was not linked to Youth Allowance—that it was there for all students who had to live away from home to study. It seems sensible that even by doing that for the first year you give some sort of respite and some sort of ability for students from rural and regional Australia to go on to tertiary education.

**Mr Deutscher**—It is true that we have different rules for different age groups at the moment. Those students who commenced their studies at a time when they could receive youth allowance are on a scheme that has far more flexibility, and Centrelink officers have a lot more discretion. If they commence after they are 25 and they are on the Austudy payment, then they are operating under a very rigid system, and there is by no means the amount of flexibility available to younger students. So we do have a different set of rules. I am quite sure they are intended to be similar, but the reality is that they are quite different. For example, with the progress rules—the number of courses a student can enrol in and still receive assistance—if they are under 25 there is no restriction. But if you are over 25, then every course you might have studied previously in the last 10 years could well impact on your eligibility for current assistance.

**Mr Callaghan**—Another anomaly within Austudy and Youth Allowance is that, if you have a substantial psychological or health problem, with Austudy you can be studying one subject and still be eligible for Austudy benefits as a full-time student, but that is not the case under Youth Allowance. They forgot to change that legislation, although it has been pointed out to them on many occasions. Sir William Deane signed off on that, saying that students on Youth Allowance who had a substantial medical or psychological problem could not become eligible on the basis of not having to go through the Commonwealth Rehabilitation Service, but obviously it did not have anywhere to go because there was no legislation to allow it to happen. So there are some anomalies, and they really need to be looked at. Going back to where we were before, we have not really profiled, and Centrelink have never profiled, the students. Again, Centrelink is not the body involved. I think Family and Community Services is the department.

**CHAIR**—You make a recommendation that you believe government should undertake an assessment of the effectiveness. Would you see that as being an independent assessment, one that is at arm's length from the government so that it has the capacity to be critical and analytical?

**Mr Callaghan**—I think that would be valuable. Although the partnerships group was convened by Centrelink, the people who were involved in that had so much expertise and knowledge of their customer groups that it had a great potential to be able to have both FaCS and Centrelink look at the changing nature of the universities and the student profile. In answer to your question, probably an independent group would be the way to go.

**Senator STOTT DESPOJA**—Good morning, gentlemen. Thank you for appearing, yet again, before this committee. It does seem like we have heard a lot of those recommendations from you before. It must be endlessly frustrating that they are not necessarily acted upon.

**Mr Callaghan**—I can go back a little bit as well to the House of Representatives inquiries in the early 1980s.

**Senator STOTT DESPOJA**—The Price report was the first report I read on this and it seems like some of the perennial issues are here today. One of those, of course, is one of the

recommendations you have made in your submission today, and that is that the age of independence be reduced to 21. Do you have any idea of the cost of that particular recommendation? You have certainly put in your submission reasons as to why this should happen, including parental-student tensions, the changing demographic and a range of other things. Do you have any other supporting evidence that shows this is having a deleterious effect on those students who are unable to access the independent rate of income support?

**Mr Deutscher**—We do not have any figures on the cost of reducing the age of independence. However, I assume these things have been costed in the past when the age of independence was reduced. I believe that if we costed it today it would probably be less because many of these students have been able to gain independent status through other means. One of the few welcome changes over the years to the youth allowance payments is a widening of the categories of independence. One category in particular is where a student can indicate that they have been self-supporting by earning a certain amount of income within a set time—at the moment it is around \$17,500 over an 18-month period. This has enabled a lot of students to gain independent status by simply taking time off from study and working and presenting proof of their earnings to Centrelink. Many of those students who we believe are independent are being forced to defer their studies for a year in order to gain a similar status. The cost of lowering the age of independence would not be as great as it was but there would certainly be some savings in terms of the fact that many of these students would be able to commence their studies a year earlier rather than go through the process of proving things to Centrelink yet again.

**Mr Callaghan**—Trying to work out how much it would cost is something that Ian Dobson might be interested in, too. Getting information from Centrelink—even about numbers of students who are on benefits and the scales from maximum to minimum—is extraordinarily difficult. I have been involved with the Student Financial Advisers Network and the Australian and New Zealand Student Services Association for a long time. In fact it was with Julia Gillard, when she was the president of AUS, that she and I finally convinced the government of the day—I cannot remember which government it was—that they should lower the age of independence from 25 in yearly—

**Senator STOTT DESPOJA**—Was it Peter Baldwin?

**Mr Callaghan**—Yes, it probably was—or Ross somebody. I have forgotten his name. The age was lowered on a yearly basis so that the amount of money involved was absorbed year by year down to the age of 22. We were not able to go any further than 22.

**Senator STOTT DESPOJA**—Ross Free.

**Mr Callaghan**—Ross Free, yes.

**Senator STOTT DESPOJA**—I would like to go back to your comments about the On Track report and the Victorian survey, particularly the issue of regional and rural, and presumably remote, students. You talk about perception, and I am the last person to underestimate the arguably psychological disincentive that fees and charges can have. I want to get to the heart of this, just to make sure that nobody is vulnerable. When you talk about the perception that these aspiring students have is that in your mind based on a reality?

**Mr Callaghan**—Yes.

**Senator STOTT DESPOJA**—You talk about the perception of costs increasing or being large, but at the heart of it is it simply the case that they are very aware of the reality of debt, fees and charges?

**Mr Callaghan**—I think there is a bit of both. There certainly is a reality—particularly for students who have to live away from home to study—of enormous cost, particularly in that first year until the students maybe make different choices. I can speak personally because I have two boys, and one wanted to go to St. Mary's at the University of Melbourne. That was four years ago and there was no change out of about \$14½ thousand. That is a major cost, even though my wife and I are working. We now have two children at university, one at La Trobe and one at Melbourne.

The cost, particularly for rural and regional people, is enormous—that is the reality. But there is a lot of confusion about what is reality and what is not. Particularly last year with the Backing Australia's Future information going around, there was an enormous amount of confusion about what were full fee paying places versus, again, the 25 per cent increase in HECS. Even though the HECS may not have made a lot of difference in the end, particularly for traditional students in that they come in and say, 'I'll pay it back if I defer it,' it was the perception of the cost that was quite significant for these people. At Terang, only three weeks ago, I asked parents, 'What do you think a full fee paying place is?' They said, 'That's when you pay your HECS up front,' and everyone nodded. When I said, 'No, that is not what it is,' they said, 'No, you don't know.' I did know, but it was certainly a real problem that they perceived a major cost as well as the reality of the cost.

**Senator STOTT DESPOJA**—Speaking of costs and figures, I noticed in your submission that you talk about the abolition or lowering of thresholds as opposed to an increase in payments per se. Could you elaborate for the committee why that is the recommendation. Mr Deutscher, are you saying that overall you would like to see a payment increase, or are you talking about priorities and what would be the most effective, obvious and immediate change?

**Mr Deutscher**—We would like to see payments increase but we thought there was little chance of that occurring, so we concentrated on the other measures. But we do believe that the size of the payment is inadequate, particularly when you look at the cost of living for students. By conservative estimates, leaving out a one-off annual cost, we would estimate that a student needs a minimum of \$250 a week, or \$500 a fortnight. A full Centrelink payment at either the independent rate or the living away from home rate, with the amount of rent assistance available in a share house, would only give them \$390 a fortnight. So there still is a need for additional earnings.

The problem we have with the earnings threshold is that a lot of students are forced to earn up to that threshold and, in fact, going beyond that threshold really effectively diminishes the extra money that they are receiving. For the first \$80 above that threshold, they are losing 50c in the dollar and when they go beyond that \$80 they start to lose 70c in the dollar.

**Mr Callaghan**—Can I give you a very practical example. My eldest son is finishing his last year of civil engineering. During the summer break he was able to get a job with the fast rail project which was really going to assist him in his final year and also in his future. But, because he actually worked on the fast rail project and earned, that precluded him for X number of weeks

from getting any money from Centrelink. I remember one of the Senate inquiries over the last few years did recognise that there was value, particularly during the long break, in students going out and working in an area that would assist them with their career. Here we are talking about trying to get people into skilled areas but my son cannot work on the fast rail project at the moment because he will lose a significant proportion of his Centrelink payments.

**Senator STOTT DESPOJA**—I have a final question that leads on from a question that the chair asked you about your recommendation relating to an overall review of the Austudy and CYA schemes. You talk about them being confusing and being in a parallel relationship. My understanding from your answer to Senator Crossin was that you did not necessarily want to dismantle bits and pieces. I am not sure what your exact recommendation is regarding those two schemes—whether we are talking about a merger or whether you were talking about leaving rent assistance alone in some areas but not in others. Can you give us a more specific outline of what you would like to see done with the CYA and Austudy schemes. Are we talking about one scheme, as Senator Crossin was asking about, or about a higher standard for both—for example, rent assistance being available for Austudy recipients over 25 et cetera? I am not entirely sure what you would like to see done with the two schemes.

**Mr Deutscher**—There are a couple of options. One of them would be just to use the same rules that are available for Youth Allowance and to apply them to the over 25s as well. There could be some problems with that. The Youth Allowance, by virtue of its name alone, is not really appropriate to someone who might be 45. Another option—and I understand this one has been discussed—is to use the Newstart allowance. At the moment Newstart allowance is being used quite extensively for people who are undertaking a course of 12 months duration or less. The study that they are doing is being counted as their approved activity, and it allows them access to the higher rate of pay that you get from Newstart allowance and it also gives them access to rent assistance. So we see a lot of older students returning to study who are not on any of the student payment whatsoever, and this is an artificial construct. There is no real recognition within Newstart of some of the special circumstances that relate to students. Students have a different pattern of earning and different needs, and these are not necessarily recognised within the Newstart legislation. However, as I said, the Newstart payment has been quite effective in providing a level of support for students in short courses.

If the Newstart legislation were amended so that there was more flexibility in what sorts of activities could be undertaken, we could change the Newstart payment into a similar scheme to what is available for Youth Allowance. Youth Allowance is available for people who are studying, looking for work or doing a combination of activities. It is possible to change the Newstart allowance into a similar type of scheme that could also encompass people who are, in effect, doing something to prepare themselves for work but that might take more than 12 months. We could have a flexible scheme for the under 25s and a similar flexible scheme for the over 25s. I understand this one has been examined, but nothing seems to have happened at this stage.

**Mr Callaghan**—If there were a change to the age of independence then things might change dramatically as well.

**Senator TROETH**—I notice that you have quite a large number of recommendations. I was wondering how, if you had to prioritise those recommendations, you would do that. Which would you see as the most important?

**Mr Callaghan**—I am a bit biased on the basis that I tend to think that we need to encourage the participation of rural and regional Australians in tertiary education, whether that be in TAFEs or universities. I believe that we need to be doing something which has been recommended by Senate and House of Representatives inquiries for the last 25 years. My recommendation would be that there be a really substantial piece of work done to work out ways in which we could attract rural and regional Australians into tertiary education.

**Senator TROETH**—Do you agree with that, Mr Deutscher?

**Mr Callaghan**—Roger is more metropolitan based.

**Mr Deutscher**—I am.

**Senator TROETH**—In that case, I am looking for a different answer.

**Mr Deutscher**—My answer would be the introduction of rent assistance for students on Austudy payments. I see this as a very simple and very glaring omission in payments to support students.

**CHAIR**—I wanted a comment from you about the way in which students approach their study at university now. You make a comment in your submission, and it is in a number of submissions we have today, that the increased pressure on students to undertake work in order to survive has an effect on their studies at university. Have you noticed that through your association, and in what way is it affecting their studies?

**Mr Callaghan**—We have certainly noticed it through our association. Regarding the day-to-day situation, I am a student counsellor and I see the effect on students who are coming in with special consideration requests. One young man that I saw a month ago was spending every night at the abattoir in Warrnambool doing an eight-hour shift, I think from eight o'clock at night until six o'clock in the morning. That makes a huge difference and impacts very heavily on him. There are some students who wish to be independent from their parents and not put pressure on their parents but there are also those who just need to survive financially in order to get by. Most of our students have left home, so there is significant pressure on them.

**Mr Deutscher**—We also see a very significant change in the way students approach their studies. They are now putting in the minimum required. We see a lot of students skipping classes. Any lecturer will tell you that attendance at lectures is down. Students are now relying on downloading lecture notes from the internet and reading them at home. Students are targeting those areas they think will give them the most benefit. They are only studying those areas that are likely to appear on the exams and they are concentrating on assessment tasks.

I know from my own personal experience that we are seeing some significant changes with students in their final year of study. They perceive the final year as being the most important year, the one that employers are most likely to look at, so it is in this year that they stop working

or dramatically reduce their work. They appreciate that the work is interfering with their grades. We often see students attempting to borrow money, particularly in their final year. They are going into debt, they are reducing some of their basic costs and some of them are really suffering in an attempt to try and reach their potential. But they are only able to afford this in one year, their final year of study. I think you will find that every university that operates a loan fund, for example, will have seen an increase in final year students asking for support just so that they are able to get some real value out of their education.

**CHAIR**—So are students opting to study longer and only do what is required as a minimum—that is, to pass, not to get higher grades? Is there a significant shift as far as you can see in the attitude of students towards their study?

**Mr Callaghan**—I would have thought so, yet Craig McInnis's work really is not showing that. The grades are not necessarily any worse these days. If Ian Dobson is behind me, I will probably get a dagger in my back, because it was probably his research rather than Craig's.

**CHAIR**—Thank you very much for your time this morning and making yourselves available to appear before the committee. It is much appreciated.



[9.47 a.m.]

**BIRRELL, Dr Robert James, Director, Centre for Population and Urban Research, Monash University**

**DOBSON, Dr Ian Richard, Honorary Research Fellow, Centre for Population and Urban Research, Monash University**

**CHAIR**—Welcome. Do you have any comments to make on the capacity in which you appear?

**Dr Birrell**—I am here as an independent academic.

**Dr Dobson**—I am also speaking independently.

**CHAIR**—The committee prefers all evidence to be given in public but will consider any request for part or all of your evidence to be given in camera. The committee has your submission before it. It has been numbered 137. Do you wish to make any amendments or alterations to your submission?

**Dr Birrell**—No.

**CHAIR**—I invite you to make an opening statement and then we will go to questions.

**Dr Birrell**—We have read other submissions to the committee, and I think it is quite clear that most agree that the existing youth allowance for students is means tested much too harshly and that the age of independence, which is set at 25, is too high. Most of the submissions we read agreed that the circumstance creates a disincentive to potential bright young students, particularly those coming from moderate income households, where they are likely to be means tested out of access to the youth allowance but their parents are not affluent by conventional terms and would struggle to provide the living allowance needed to keep the student studying full time these days. We will make a few comments about the current context of access to higher education, which might be useful in your thinking about recommendations.

I think most people are aware that access to university is already unequal, in the sense that persons coming from low socioeconomic backgrounds have much less chance of gaining a scarce HECS place. I do not think that very many people are aware of how sharply the competition for these places has increased in recent times and how that has favoured students from more affluent backgrounds. The context is this: there is increasing competition for scarce HECS places. The reason is that there has been no increase in the number of these places for domestic undergraduate education in Australian universities since 1996, but during that period there has been an expansion in the age cohort of 15 years to 19 years, partly because of increased retention levels to year 12. That means that there is growing competition for those scarce places. There have been two responses to this situation that we can identify on the part of parents. One is that more people are sending their secondary school age children to private schools, and the

other response is that, within the government sector, where schools are high-performing there is increased competition to get into those schools.

The outcome, as we analyse it—and I am now referring to our studies of what is happening in Victoria, where we have the details to be able to make the following statements—is that students from the private school sector and the higher performing government school sector are dominating access to HECS places, particularly in the more sought after universities and courses. In the rest of the system—and this includes a vast number of government schools in outer suburbia, in the growing areas such as south-eastern Melbourne—government school performance, in terms of the percentage of year 12 students who get a university offer and make it to university, was actually declining over the decade. For example, of those who finish at, say, Cranbourne State Secondary College or Hampton Park Secondary College, which are big schools in the south-east of Melbourne, in the growth corridor, only about 30 per cent would get an offer. In many cases they would not take it up because the offer would be for a place right across the city, in Victoria University.

Just to give you an idea of the situation, the median entry score for year 12 students at the schools I have mentioned is between 50 and 60—usually closer to 50 than 60—but just to get into Monash University, which is the main servicer for students at Berwick, Clayton and Caulfield, you have to have a minimum score of 70 just to get started. So you can see how difficult it is for young people from those areas. One of the consequences is that, from the point of view of the schools and the kids, they have to be asking themselves the question: ‘Why strive? It is hard in a school to achieve a competitive score, and then if we do get an offer we are probably coming from a blue-collar background, with maybe a moderate household income of \$50,000, \$60,000 or \$70,000, but without a tradition of providing financial assistance for a young person while they are in university.’ So in Victoria we are seeing an embarrassing situation, where vast chunks of the government school sector are if not disenfranchised then close to being disenfranchised from access.

I mention that as background for you in thinking about this. It certainly prompted our thinking, anyway, about what can be done about this situation. One obvious response is to improve access to the youth allowance. As I said at the beginning, most people seem to agree with that. However, I think there is scope for thinking about another policy response: to provide scholarships which link to merit and which give young people in these outer suburban areas a reason to strive. These should be means tested. Commonwealth type scholarships would reward persons who get above a certain entry score.

If we had that kind of arrangement, it would, as I said, be quite a potent incentive for young people who would be dubious about going on anyway, even if bright, because of the financial problems that they are aware they will be facing. To a degree there is a response emerging already, something like that which I have described: both Melbourne and Monash universities have decided to allocate some of the money going from the increased HECS fees to scholarships. I have been involved peripherally in the Monash case, and I have to say that they are floundering around for a principle by which to allocate this additional money. They are embarrassed by the outcomes I described at the beginning—the dominance of private schools and high-performing government schools. If there were a centrally articulated set of principles about how we might allocate merit scholarships on top of a more generous youth allowance, this would help give some guidance to what appears to be happening anyway.

**CHAIR**—Dr Dobson, do you have any opening comments?

**Dr Dobson**—My comments are less broadly based than Bob's. Looking at youth allowance in particular, it would be nice if it were possible to get the data so a full analysis could be done. The body that has all the data seems either unwilling or disinclined in some way, or unable for whatever reason, to do it. We have only ever been able to get what you might call partial data. That is very useful, of course, but nonetheless the paper that I published in September, which I believe has been submitted to this inquiry, just describes the sorts of things that we need to know, and do not already know, to do a full analysis. Obviously Centrelink could do that or, if Centrelink do not have the resources to do it, I can think of a reasonable, mid-level profile institution at Monash that could do it.

Unless that sort of information can come out in full, we really do not know how well targeting and what have you is going. We all have the perception—and many of the people that made submissions to this inquiry have the perception—that there is not really enough money and it is not fair for people to be dependent on their parents until they are 25. It would be nice to know, for instance, what proportion of people on youth allowance are actually getting the full whack and how many are getting just a partial amount. We also need to ask: why hasn't the amount a young person can earn before they start to have their youth allowance taken away been indexed since 1993? That is an awfully long time ago. Everything else is indexed; why isn't that? It is sort of bizarre, but obvious as well—it saves somebody money. A full analysis of all the available data back to 1998, which Centrelink must hold somewhere, ought to be a first step. It seems to me that that step has not been taken yet, because all the information is available. It just has to be tabulated, really. After that, of course, people can put various sorts of spin or interpretation on it, but, nonetheless, if everything were out, everything would be out.

**CHAIR**—On the second page of your submission you say there is an absence of analysis on 'school, TAFE and university recipients, disaggregated'. You have three dot points there. Is that the key information that you believe is missing in order to do a full analysis of the situation?

**Dr Dobson**—That is part of it. Centrelink obviously have that information, but in the stuff they have published and submitted they did not split it in that way, so there is still this grey area. Naturally my focus and specific interest is on universities and it is not possible to split out those three groupings from the Centrelink submission.

**CHAIR**—Would they keep it in that way? We will ask them when they appear before us.

**Dr Dobson**—It is just an extra field in a database, that's all. They have everything. They have unit records on everybody and then they compress it in certain ways. Sometimes the intent is to maintain some sort of privacy.

**CHAIR**—Not impossible to get.

**Dr Birrell**—When we did this paper, *Higher education at the crossroads*—I think it might also be a submission—it followed a meeting that I had had with Senator Stott Despoja, where we determined we would make an effort to work out these ratios of dependants. I did make a serious effort with the government custodians of the data. We needed a numerator, which was recipient numbers, and a denominator, which was the number of full-time undergraduates. The

government personnel did make an effort to provide the information for us. They did not reject the request. But they couldn't come up with some of the key answers, the differentiation we needed to work out proportions of who were recipient by age and who were independent. So although the data is there, it is not readily available. It needs an effort, judging from the response the last time we tried to get it.

**CHAIR**—In your submission you say that the common Youth Allowance is very limited in its capacity to change the inequity in access to university. You have given a full explanation about that in your opening submission. Is there also evidence to suggest that the current way in which schools are funded and resourced is having an effect on some students' inability to access university?

**Dr Birrell**—Undoubtedly. This is a major issue, which I suppose is outside the terms of reference of this committee. We will be publishing results of our work on Victoria in the next few weeks. One generalisation from this is that the schools in outer suburbia that I was talking about—schools in the moderate to low area—are funded in much the same way as the higher performing schools are and well below the level of the private sector. Because they are also comprehensive it is their task to provide academic training, VET training, keeping young people in school. They are not equipped to compete with the higher performing government schools and the private schools.

**CHAIR**—But then you have the addition of students who come from that background not being able to access income support while they study.

**Dr Birrell**—That is an additional disincentive, we believe. For instance, a person's family background may be such that their parents have never been to university. They may be moderately affluent, with a \$60,000 or \$70,000 household income. Especially if there are a couple of other children in the family, providing financial assistance to young people is probably new in their family tradition. We think it is a disincentive. Although I have to acknowledge that when we compared entry rates to university by score level by school, we did not find that much difference. In other words, if a kid from, say, Cranbourne state secondary college got 90 and a kid from Scotch College got 90, they did enter university at about the same rate. That is why I said at the beginning that I think part of the problem is more that there is not much incentive for kids in those outer areas to aspire, because they already anticipate, 'It is going to be difficult for me to make it,' partly because the school does not encourage aspiration and partly because they can see the financial problems looming ahead should they make a big effort to do well at school.

**Senator TROETH**—I was interested in your notion of a form of Commonwealth scholarship, Dr Birrell. I am harking back to the much earlier form of Commonwealth scholarship which paid tuition fees, as they were at the time, I seem to remember, and a basic book allowance but of course no living subsistence. You were saying that Monash in particular is finding it difficult to formulate the principles on which this could be assessed. Would you like to go into some more detail on that? I would be interested to know your thoughts on it.

**Dr Birrell**—My understanding is that the Commonwealth did have a means tested living allowance. The sort of scholarship I have in mind would involve a living allowance. I am not quite sure how Monash has finished up in its decisions about allocation of these scholarships, but one of the issues they were struggling with was, first of all, on what criteria these scholarships

should be allocated. Is it on the basis of ethnicity or some other equity variable? Is it going to be based on location—in other words, do we favour young people in our hinterlands? The people who were looking at it did not have a clear set of guidelines as to what might be appropriate. I imagine that different universities will come to different decisions to the extent that they may use some of their HECS money for these scholarships. So we are going to get a bit of a hodgepodge. I think it would be very useful if they had some guidelines from this committee or the government as to how to allocate these.

**Senator TROETH**—Because different guidelines from different universities may further increase the disparity between the different universities you have referred to.

**Dr Birrell**—Yes. A good question to ask around the country might be what criteria the universities making this effort are using. It would probably tell us a lot about the uncertainty of the principles on which these are based. I think merit is important, and it is not present in the current system. Certainly, you have to have merit in order to get a place. Every kid that gets an offer and takes it up has performed reasonably well, given the competition. But within that band of those who succeed there is no differentiation by merit in terms of who gets these awards.

**Senator TROETH**—Suppose, for argument's sake, that the student from Cranbourne you referred to earlier got the score of 90. On that merit based factor, they would then be able to access Monash University, which would be the closest university to them.

**Dr Birrell**—Yes. If they got a score of 90, they could access all of Monash's campuses. They would be reasonably competitive in some of the high-demand courses.

**Senator TROETH**—I would also like to raise an issue which we have not referred to yet. Dr Dobson, in your submission you have raised the issue of student workers being forced into the black economy to raise more cash. What is your opinion of the extent of this problem? What is the evidence you have to back it up?

**Dr Dobson**—It is hard to enumerate something like that because people will not tell you. But if you work on a large, bustling campus and walk around asking students, they will tell you. Most hospitality jobs seem to be cash jobs. This is black economy stuff, so you are not going to ever be able to enumerate it properly because people will not tell you. That is the nature of the black economy. But it is certainly a factor and part of the reason for that is the unreasonableness of not indexing something going back to 1993. The \$6,000 or thereabouts that a student can earn before they start to be penalised should, by this time, 2005, probably be \$8½ thousand or even \$9,000. Somebody could easily run the CPI over that just to see. And that is not very generous to begin with. It is not a lot of money. It is only natural that somebody is going to want to preserve their hard-won youth allowance, especially those students who have gained it because they have become independent. I have an independent university student, but I was able to advise them to go out and earn \$16,000 and become an independent. That is just what you should do.

If you look at the age pattern of youth allowance recipients, remembering again that we do not know how many of these are actually on the full allowance, the proportion of younger people aged 19 and under who are able to get youth allowance has dropped, and the proportion of people a bit older has gone up. That is why people get their act together and go out and earn enough to be recognised as independent. Some students either start their university life part-time

or take a year off just so that they can earn, so they can at least get the \$159—it might be slightly higher than that now; that was in 2004—for living away from home or \$105 for living at home. Some students do vary what they would do. That just delays us getting professionals into our work force. Although the focus has been on carpenters and plumbers, employers keep insisting that we have a shortage of young professionals coming out. Policy is actually delaying some people getting out there with their tertiary skills.

**Senator STOTT DESPOJA**—Dr Dobson, I might pick up that point regarding indexation. A number of submissions talk about the need for indexation. For example, the National Union of Students submission calls for, as many of us have done, payments to be above the Henderson poverty line. As you would be aware, there are difficulties with that sort of fluid barometer as well, including that it is dependent on a number of dependents et cetera. Do you have a specific recommendation for an indexation provision? Should it be linked to something like male total average weekly earnings or should it be indexed twice a year, like pensions, for example? Should it be a proportion of male earnings or should it be CPI? Do you have a specific outline that the committee could work with as a proposal?

**Dr Dobson**—I suppose it is one of those things I would pretty well have to sit on the fence on. I just expect the government to know roughly what is fair. I know the ACOSS submission to this inquiry points out that the gap between the maximum \$159 and \$238—I think it was at the time—was one version of the poverty line. With all the resources of government we should be able to come up with something which is sufficiently flexible so that it appears to everybody to be fair, equitable and reasonable. The gap at the moment, it would seem to me, is not. As for indexation, most of it is indexed. The CPI is always the index which is used. Occasionally the CPI is not an appropriate index. But for all intents and purposes for this sort of thing it is.

It would also have been good if the government had put the money in to do a big study. A big study of how students support themselves was done by the universities themselves under the auspices of the Australian Vice-Chancellors Committee. At least the Flinders University submission refers to this, because Professor Anne Edwards chaired that group. I was on its advisory board. That would have been an appropriate time for government in the broad sense to have found out just what is happening and in the main how it has changed—how the student experience has changed, what students do now compared to what they used to do. Unfortunately, two of Australia's more wealthy universities developed deep pockets and short arms and did not contribute to that AVCC study. Nonetheless, we ended up with a good mix across our diverse sector, very good coverage and statistically significant results. Among the things that were shown by that study was that students these days have to work a lot more, whether it is in the black or the white economy—if that is what the opposite is. Nonetheless, all students are working rather more than they used to have to.

**Senator STOTT DESPOJA**—By the way, in relation to those two universities, feel free to name and shame. We are quite happy to use this forum. You are right to mention the *Paying their way* report, because it is comprehensive and the results are startling. Why is it, then—and this is a general question to you both—that the government not only specifically ignores a report of that value, let alone the research that you have conducted over the years? Why is it that we have the current circumstance where, as you describe in your submission, income support for students, CYA in particular, is paltry? Why is it that we have this circumstance where students are suffering? Students are deferring, delaying their entry into university, not taking their places, not

coping when they are there and getting into the black economy, increasingly. Why do we have a series of policy changes over the years that have led to this point? Is it intentional? Is it incidental? Why hasn't this been addressed? I do not know if you both have an opinion on that.

**Dr Birrell**—You probably know better than we do, since you are in the thick of the political class that looks at these issues. I have pondered this, of course. I think that there is a sense now within those circles that students in universities are in effect the beneficiaries of government subsidies, they gain very substantially in later careers from this investment and we should not be subsidising them. I suppose that, plus the fact that the user-pays mentality prevails in a lot of these settings, would explain the mindset in this situation.

The only other comment I would make is that when Ian and I first engaged in these issues and looked at who was getting assistance, our first orientation was to look at what we thought was corruption within the system—that people who were quite wealthy were able to drive a truck through these arrangements by creative accounting. We were also aware that the children of a number of migrants, let us say business migrants, coming in were getting not only immediate access to free education but also the allowance at the time.

The government did respond quite strongly to those reports and did clean up the system, and by and large we approved of what they did. It is just that they made it more niggardly, particularly with pushing up the age of interdependence very early on. There has been a reluctance ever since to revisit that. I think it is partly because the information has never been out there to show its deficiencies in a convincing way. Every time we have put out statistics on this they have been grabbed and pushed into the front line of debate but that has never been sustained. Maybe the universities are partly at fault here. They have not been prepared to campaign as hard as they should have. That is the best I can do.

**Dr Dobson**—You may or may not be aware of a report which came out fairly recently, in the last week or 10 days, by the Educational Policy Institute, of which I will shortly be the Australasian end. It is an American and Canadian outfit at the moment. A study of the relative affordability and accessibility of university education in 15 or 16 OECD economies was done and, although in relative terms Australia is in a block of fairly accessible higher education, we are right near the bottom in affordability. Only Japan and New Zealand are under us and we are very close to the US, Canada and Britain.

The countries that are doing very well by that measure are the ones that are also doing very well on the technology boost—Finland, Sweden, the Netherlands and countries like that. Although Finland is at long last coming around to the idea that it is going to have to start to charge foreign students for education, nonetheless there are no fees at university in any of those Scandinavian economies and there are quite good levels of support—handouts as well as loans. They have been institutionalised for 30 or 40 years so students perceive them as being fair and they do not mind paying back the loans. There is a set of rules about how they have to repay and how much they are allowed to have, but it includes things like rent assistance. A Finnish student can get a proportion of their rent back, for instance, so they cannot go and rent a penthouse and get it paid for but they can live okay, and they do. They go and work over the long vacation. That is the standard pattern.

But we are not doing that here. There are fingers of other debates coming in about the lack of professionals and what happens at school. A paper written by Dobson and Skuja looked at what sorts of schools students went to, what their entry level was and how well they did after first year. I thought that was startling, because I was not expecting that result at all, but it is there. Perhaps we have to say that the states or the Commonwealth are not funding schools properly, because any student from a non-selective school who gets a high entry level of, say, 90 will outperform a student from an independent school or from a selective government school who also got 90. The curve moves across to the right in a quite startling and uniform way. A parallel study is being done in Britain about A level points and what sorts of schools students went to. There is a mini push over there now to get people who went to government schools and just add seven A level points to what they got before they started university to see who they will admit because, statistically, there is no difference in performance. At the minute level, entry level is not a good measure but broadly speaking it is. So all these different policy areas end up being enmeshed. Your examination is about youth allowance. I go back to what I said when I first spoke: we do not have enough information and we all should have enough information. It is there somewhere, but it has just got to be dug out.

**Senator STOTT DESPOJA**—On the issue of the interrelated nature of these issues, don't think for a moment that the committee or I underestimate that. I very much thought it was time that we had a forensic inquiry, if you like, of student income support on its own, because it is something we have not done for a dozen years—I do not think ever, through a Senate inquiry. I have one more question to ask Professor Birrell on the issue of the scholarships. At this stage, I support anything that provides incentives, particularly for students from a lower socioeconomic background or who are from traditionally under- or unrepresented backgrounds, to get into university. The fact that your proposal is merit based does not worry me at all, but aren't we at risk of perpetuating a notion that we are trying to get rid of here—anything that is means tested on parental income? I am just wondering whether we are perpetuating this notion of dependence on parents when, throughout the submissions, including the one before us, one of the problems that has been identified is the notion that students are still dependent on their parents until they are 25 and that that is a problem with government policy. Is that not something we risk perpetuating through your scholarship idea, albeit a good one? That is my concern in terms of policy.

**Dr Birrell**—I see your point. Again, we have wrestled with this, but the reality that we are documenting is a deteriorating situation in the bulk of the non-selective government schools. We were able to document it in Victoria, but we do not have information from other states, because other states do not release it. But it is a serious situation, and it is getting worse, so we are sensitive as to how we can change the situation to give these bright young people, of whom there are many in the outer suburban areas, a better chance. If we established a merit based Commonwealth scholarship system and did not means test it, one thing is absolutely certain from our studies, that is, these scholarships would be monopolised by people who are already favoured by virtue of their parent's capacity to put them in private schools and to move into zones where there are high-performing government schools.

That is the reason why we say there must be a means test attached to this. That would not exclude the child of struggling parents who are prepared to save to put their kid into a private school—if that person did well, they would get a merit based scholarship as well—but at least it would not compound the problem. We are in a difficult situation here: there is more than one



principle involved. While I share your concern, we are struggling to find a way into this. What we are going to recommend in our Victorian study is not so much scholarships of the sort that we have just been talking about but, rather, that there is going to have to be differential funding for schools out in those areas in order to give them the resources to compete. So there are alternative ways of going about it, and we probably need a blend of policies just to stop the rot getting worse.

**Senator STOTT DESPOJA**—And presumably changes to student income support underpinning all of those changes?

**Dr Birrell**—Yes. As I said at the beginning, I think there is a very strong case to improve the general funding for students. From my own perspective as a teacher dealing with Monash University students at Clayton, who predominantly come from private schools or from selective government schools and therefore from relatively wealthy backgrounds, by the time they are 22 or 23 many of them cannot rely on their parents, it is just not acceptable and they want some degree of independence. I am sure you have heard this a thousand times, but they are out working and their attendance and participation is poor. This parlous income support situation really is a serious problem from the point of view of academic achievement.

**CHAIR**—Thank you, Professor Birrell and Dr Dobson, for giving us your time today and for the effort you have put in in appearing before this committee. It is much appreciated.

**Proceedings suspended from 10.27 a.m. to 10.47 a.m.**

[10.47 a.m.]

**ELDRIDGE, Mr Felix Thomas, President, National Union of Students**

**HASTINGS, Mr Graham Nicholas, Research Coordinator, National Union of Students**

**SMITH, Ms Katana Lynne, National Welfare, Small and/or Regional Officer, National Union of Students**

**CHAIR**—Welcome. The committee prefers all evidence to be given in public but if you wish to give any evidence in camera you can request that of the committee and we will try to facilitate that. The committee has your submission before it. It has been numbered 89. Do you wish to make any amendments or alterations to your submission?

**Mr Hastings**—Obviously, there have been a lot of changes but we have not put in anything in particular. Felix might flag one or two issues in his opening comments.

**CHAIR**—If that is the case, I invite you to make your opening comments and then we will go to questions.

**Mr Eldridge**—We would like to thank you for the opportunity to talk about this issue. We see this as probably the most important issue affecting educational opportunities in Australia at the moment. Student income support and student welfare are issues that need attention. We made our submission in 2004 and since then the situation of many students has continued to worsen. A recent report into the cost of living done by the Educational Policy Institute based in Canada and the US has indicated that Australia came 12th in a 15-country survey on affordability and that on the cost of living for students scale we were the third most expensive.

In any deferred payment scheme the most important issue for ensuring opportunity for education is student income support. That is something that the architect of HECS, Bruce Chapman, has continually said should have always been part of the HECS system as he saw it. Student income support is a core component of any general strategy to improve access to tertiary education. In our opening statement we would like to highlight some issues that students see as priority areas for reform.

Youth Allowance is available for full-time students aged 16 to 24; however, they must first prove their independence or have their parents' income and assets subjected to a means test. We believe that both the parental income test and the age of independence need to be reviewed. The current age of independence for Youth Allowance sits at 25 but NUS believe that the age of independence should be reduced to 18 years to bring it in line with most other measures of social and financial responsibility. Likewise, the parental income test needs to be reviewed. We believe that the income level at which the parental income test starts to reduce the benefit should be increased to at least the average family income.

While Youth Allowance, Abstudy and Austudy are all well below the Henderson poverty line—and NUS believes that these payments should be raised and indexed in line with the

Henderson poverty line—NUS is particularly concerned about the welfare of Austudy recipients. Austudy recipients are not eligible for rent assistance, meaning that their base rate of payment is a shocking 36.8 per cent below the poverty line as it stands.

With voluntary student unionism legislation currently before the House of Representatives, the National Union of Students feels that it is important to highlight that many loan schemes and emergency finance schemes are likely to be abolished on campus as well as a number of welfare, counselling and financial assistance services. As such, we feel it is vital that the scrapped and flawed student financial scheme be replaced with a new loan scheme whereby students do not have to trade in part of their grant to access a loan scheme. Perhaps allowing the loan to be added to a HECS help or a fee help loan would be the answer in that case.

In summation, I think it is fair to say that no-one in this room believes in the myth of the full-time student. That has not existed for a long time in Australia. Even if it does exist in government and university material and forms, it is a reality that students in Australia at the moment work. But we can at least try to ensure that they do not live below the poverty line even if there is no such thing as a full-time student any more. Thank you.

**CHAIR**—Mr Hastings or Ms Smith, do you have anything to say to start with?

**Ms Smith**—I would like to reiterate Felix's point that under VSU a lot of the emergency schemes which students currently rely on due to the inadequacy of student income support would be lost. This is an issue that really does need to be taken seriously by the federal government because it is going to get worse.

**Senator STOTT DESPOJA**—Thank you for your submission. I note that there are no changes to the submission but do you have an update to appendix A?

**Mr Hastings**—No, we have not updated it yet.

**Senator STOTT DESPOJA**—I figure you have a few other things you are working on.

**Mr Hastings**—When we have finished with VSU we can provide the committee with an updated version.

**Senator STOTT DESPOJA**—I appreciate the time constraints. It is valuable information that you have provided to the committee. I will start with you, Mr Hastings. Given that these are the issues we were debating about 15 years ago when we were on campus, why is it taking so long? Why have we gone through so many reports? Do you as a representative of NUS today believe that this is intentional or is it incidental? Given the work that you and your colleagues have done to draw it to the attention of the government in recent times—Mr Eldridge has said it is the No. 1 issue—why is government not taking it seriously?

**Mr Hastings**—I have seen ministers like Peter Duncan, going all the way back to the late 1980s. A lot of it comes down to Treasury, economic theories, running small budgets, no budget surpluses and those sorts of things. When it comes to the competing interests that come to Treasury and the limited sources of money, I suppose there has been an increasing emphasis on what we do about the ageing population and those sorts of things. What has been traded off is the

opportunities for young people in terms of the cost of education. When Natasha and I studied it was free. It has turned into a very expensive option.

We have not seen much of a change or improvement in terms of living costs being taken into account for those opportunities. Even if you go back to the early to mid-1970s, 70 per cent of students were getting some sort of grant, whether it was a teacher scholarship or a Commonwealth scholarship. Now 40 per cent are getting something. I think the previous witnesses had figures indicating that only 21 per cent of 19-year-olds were getting access to the full rate of income support. NUS and some of the people in this room have probably tried a lot to raise the importance of affordable and accessible education for young people, but we keep on getting pushed down by other competing interests. A lot of people will say, 'Yes, this is important.' But then, when it comes to actually going to Treasury and getting the money to fund the programs that are needed, they get knocked back.

**Senator STOTT DESPOJA**—I have an overall question to the NUS: when you make an assessment of student income support and the changes in policy terms, whether it is over a long period of time or in recent times, has anything got better, is it neutral or is it getting worse?

**Mr Eldridge**—The student supplementary loan scheme has been abolished, and that was a bit of an issue at the time for students who were getting into a bit of trouble with the debt. Most students who were taking it up were not going to be in a position to pay it back for a very long time. It has been abolished, but there has been nothing to replace it. That has probably been more of a cost than a benefit, really. Was there anything in more recent years?

**Mr Hastings**—One of the big changes was to the age of independence. One of the gains that NUS did make was that in 1992 we got the age of independence lowered from 25 to 22. Of course in 1997 it got whacked back up to 25. So that has been one of the major setbacks. There were the changes to Abstudy, which were fairly complicated. It was seen that there was some aggression in that field as well. As has been flagged, there was the loss of the Student Financial Support Scheme. That was a very flawed program and NUS supported it being abolished, but we wanted something to replace it. We found that nearly 55 per cent of the people accessing that were not repaying. But that actually meant that those people were basically poor people who were accessing it and not receiving high private returns out of the education system. There was fairly high-level working-class access to that scheme, and there has been nothing to replace that.

**Senator STOTT DESPOJA**—Maybe a question on notice would be whether you have any information on that scheme specifically. As you know, it was abolished, but we never dealt with the legislation. That did not give us an opportunity to do what some of us wanted, which was have some kind of grandfather clause, a sunset clause. I would be interested in anything that you could provide to the committee about the individual cases and any anecdotal evidence you have about how people are coping as a consequence.

**Mr Hastings**—When NUS put out a media statement saying we supported the abolition of that scheme we received very angry emails from a whole lot of people who said: 'I cannot survive. This is what I am surviving on.' Obviously we were hoping there would be some kind of grandfather clause that would at least make sure that those students were not going to get clobbered. When they found out there was not, they were even more angry about that. Certainly we received many emails and phone calls about that.

**Senator STOTT DESPOJA**—But nothing since then that you are aware of?

**Mr Hastings**—Some people might have tried to find out how they got by.

**Ms Smith**—Campuses might have some more information on that that we can get for you, as well.

**Senator STOTT DESPOJA**—You might try to chase that up. Mr Eldridge, in your submission it says that you want to see above poverty line level payments, and you specifically refer to the Henderson poverty line. In my question to the previous witnesses I was pointing out that, as you would know, the Henderson poverty line as a measurement is quite fluid. It is dependent on a number of issues, including the number of dependents you have. I am just wondering if you see, perhaps, an alternative arrangement—for example, the idea of using CPI or male total average weekly earnings as a level. You could, say, use 25 per cent of male total average weekly earnings as a way of increasing the payments, maybe twice a year, in the same way that pensions are increased. Do you have a preferred model apart from the Henderson poverty line figure? I think that might be a difficult one to organise a scheme around.

**Mr Eldridge**—Did we suggest something about indexing to the Newstart allowance?

**Mr Hastings**—I think that was more of a fallback. We probably suggested linking it to the Newstart adjustments, which are made quarterly.

**Mr Eldridge**—It might be a bit of a strange situation if we end up with the government saying, ‘Look how great we are. We’ve got student income support index at 25 per cent of average male weekly earnings for our full-time students,’ or at a percentage of the Newstart allowance. But, obviously, even if it was indexed to the poverty line or 50 per cent of the poverty line, that would obviously be preferable to us than having no change or just an arbitrary change. I think indexing to the Newstart allowance was our fallback position.

**Senator STOTT DESPOJA**—So that is the goal, even if we are doing it on a graduated basis. We have to have goals for this inquiry. In the previous submission we heard about a so-called increase of students relying on the black economy as a consequence of the strict criteria for accessing income support. Does NUS have any anecdotal or more specific evidence to support the claim that students are increasingly turning to the black economy in order to survive?

**Mr Hastings**—Not directly, but I do know that there have been various attempts by student organisations to work with things like the liquor union and the other unions that cover the hospitality industry. A large percentage of students are working in hospitality. Some of the data I found was that 90 per cent of those places are doing cash in hand, black market payments. So it would seem to be very large number. Coming up with a very precise figure is really difficult because of people not wanting to report it.

**Senator STOTT DESPOJA**—But this is not news to you as an organisation.

**Mr Hastings**—No. For international students it is also a massive issue.

**Ms Smith**—It is also probably an issue that the campuses have more information on because the welfare counselling services that are available on campuses often find out about these things when students come to them with either problems that they have faced in the work force or the fact that that supplementary income is still not enough for them to get by.

**Senator STOTT DESPOJA**—I appreciate the references to campus based figures. Obviously we will not be visiting all universities or campuses, as much as we would like. Again, I realise the constraints on your time but, if there is anything you could say in your circulars, that would be of interest to the committee, we would appreciate it. Even anecdotal evidence is important and legitimate. Another question related to that also came up through the previous witnesses. You heard, I think, Dr Dobson commenting on the difficulty in getting access to figures such as how many people are on full Austudy or are deferring and trying to work out how many students are, firstly, not getting access in the first place; secondly, withdrawing from university because of issues with student income support; or, thirdly, deferring their access as a consequence of concerns about lack of funding and resources. Again, if you have any information through your networks about deferrals on the rise and the reasons for those, that would be of interest to the committee in our deliberations.

**Mr Hastings**—We would find it very hard to follow up, because I suppose the student income stuff is dealt with by a very small subsection of FaCS so it stopped producing reports. We are reliant on parliamentary questions or Senate inquiries to find out what is happening internally. Hopefully with all these programs returning to DEST, we might get more annual reporting about these sorts of things, which would be very useful for us. People are trying to work out what is actually going on and draw some big picture things rather than relying on anecdotal material.

**Senator STOTT DESPOJA**—We are happy to ask questions of FaCS and DEST directly if that is something you would like us to do in the coming weeks.

**Mr Eldridge**—Something specific which is not included in the submission but which has been in the press a bit lately is the issue of students on FEE-HELP loans and, where a degree costs more than the maximum amount that a student can get for a FEE-HELP loan, where DEST or FaCS thinks that students are going to get the rest of the money. I guess only time will tell, but I think it would be valuable for the government to investigate, when the students start trying to get that money, where they are getting it from. Unless they are going to get a bank loan or they have exceedingly rich parents, one would think the black market is also a possibility there, in a much more worrying way.

**Senator STOTT DESPOJA**—Have you met recently with Dr Brendan Nelson and discussed with him directly this myriad of issues such as the FEE-HELP issue, which is important; VSU, which is probably another one worth raising; and, more generally, the issue of student income support?

**Mr Eldridge**—I met Dr Nelson in March. Obviously there was one issue, VSU—as you mentioned—which was the pre-eminent issue in our discussions. There was not really any time to discuss anything else, as you can imagine I am sure.

**Senator STOTT DESPOJA**—Do feel that he has an open door policy for NUS?

**Mr Eldridge**—I suppose the meetings get put off and it is difficult to get a meeting, but he did seem genuinely interested in talking to us about issues other than VSU.

**Senator TROETH**—I note your list of recommendations, which is comprehensive to say the least. I would be interested to hear if in that list of 38 recommendations you have any top priority issues which you would like to describe and whether some are more important than others to you.

**Mr Eldridge**—I think our priorities are those that I went over in my opening statement. Recommendation 1 on the level of Youth Allowance, Austudy and Abstudy is important. Rent assistance for Austudy is obviously a huge issue. Austudy recipients are not eligible to receive rent assistance. If you look at the actual figure for the amount of income that a student receives from rent assistance and Youth Allowance combined, you see that it is not enough to cover living expenses let alone rent in Sydney or Melbourne. For Austudy recipients not to receive Youth Allowance as well cuts their overall benefit. The age of independence is a big issue. Recommendation 9 is that the age of independence be reduced to 18 years. I guess if you were going to introduce initial reforms to the system at the moment, one of the best things to do would probably be to go through and make sure it all makes sense. One thing that clearly does not make sense is that students who are between the ages of 18 and 25 are not considered independent but students who are over 25 are when citizens are considered independent at the age of 18 in all other spheres. Recommendation 13 was the Austudy recommendation.

The parental income test level should be increased to at least the average family income. That is recommendation 11 on page 65. That is obviously a fairly basic priority as well. I would say that recommendation 24 is a priority as well—that is, that student income support measures in relation to both the level of payments and eligibility criteria be reviewed in light of information regarding students in paid work. It is a reality that students work. With the current levels of support and the amount of study that students are expected to undertake they are working and it is affecting their studies in a huge way. It needs to be considered and it needs to be part of policy.

**Senator TROETH**—In your executive or in the representations that you have from the students has there been a vocal lobby regarding the needs of rural and regional students and the difficulty that they have living and working usually in metropolitan cities?

**Ms Smith**—I might answer that. I am the small and regional officer as well as the welfare officer for NUS. Last year a student from Western Australia who sat on the National Youth Round Table produced a fabulous report which was her own personal study into this area, but there has also been a lot of other anecdotal evidence about the parental means test not being adequate for students from regional areas because it does not take into account that a family may be asset rich but income poor. That of course then puts pressure on a family to try to support a student if, due to a test, they are ineligible for youth allowance or other income support. Also, the whole transition to university is a big challenge in any person's life. Obviously they lose a lot of their support networks and when they go out into a new city they find work is difficult to get as well. The attrition rate for first-year students is something like 20 per cent. The reasons for this are many but they include things like the inadequacy of student income support and the inability of people to find adequate work to support themselves while they are studying.

**Senator TROETH**—I encourage you to continue your conversations with Dr Nelson on this topic. I recognise that VSU is the pre-eminent topic of the moment, but I think that you should continue to talk with him on a broad range of fronts. I am sure you will find that his door is open, and I encourage you to do that.

**Ms Smith**—Thank you.

**CHAIR**—Mr Eldridge, what impact is the VSU legislation going to have on student poverty?

**Mr Eldridge**—To follow on from the question from Senator Troeth, rural and regional students coming to the metropolitan cities to access university education is obviously a widespread phenomenon. Those students, like international students and a variety of other groups, are more prone to feeling alienated, to dropping out of university and to not having the already established social networks that make sure that students are retained. Student organisations are an absolutely vital part of running rural and regional orientation services, providing sporting and social clubs for students to get involved with so that they are oriented, know their way around the university and feel connected to it as part of the community. Student organisations also run employment services to help those students get access to work in the city where they would not have the connections or the necessary knowledge of where and how to find work in a different environment.

As well—and this obviously applies to all students—student organisations provide a huge range of welfare services, as I am sure senators know. These can be everything from financial assistance and interest-free loans to employment services to help students find work and counselling. This can be welfare counselling but also financial counselling to help students manage money and learn to do that sort of thing. We give tenancy advice so that students can get help when they are trying to find somewhere to live or negotiate their way through a lease or bad situations with flatmates in share housing. We give advice on how to negotiate the complex web of bureaucracy that is Centrelink—on getting access to benefits, which is quite difficult in itself, and also on making sure that they are not being overpaid or getting into debt.

There is a whole other range of services as well. In Canberra there are three bulk-billing doctors in the area, and two of those bulk-billing doctors are housed on university campuses in buildings owned by student organisations. That is what I am told. That is a phenomenon that you will see repeated across the country. Student organisations are not run for profit. They are run by students to provide services for the students who are members. Because they are organisations that are prepared to not make a huge profit, they will have a bulk-billing medical centre on their premises because it helps the welfare of students. That is something that I certainly think we will not see in a VSU environment. The same thing goes for affordable dental care and other medical and health services.

For international students and other specific groups of students, there are a broad range of welfare services available, from the orientation services I mentioned earlier through to help for students who are experiencing discrimination on any level, be it about gender, race, sexuality, religion or culture. Students who are members of student organisations—which is all students in Australia at the moment, except those who opt to not be a member; most students in Australia currently have that option—have access to counselling and help if they feel that they have been discriminated against by their lecturer, that an unfair result has been given to them or that they



have been treated unfairly in a class or marking situation. They are able to go to the student organisation and have it immediately reported and taken up with the university by an advocate from a student organisation.

At the same time, student organisations also fulfil a valuable welfare role in being a direct reporting mechanism. I think you will find that one of the reasons that the vice chancellors and all the other representative groups in the higher education sector, in fact every single one, support the maintenance of universal student unionism and student organisations is that they provide a direct reporting mechanism for any welfare or occupational health and safety issue that occurs—even quality control or regularity issues that go on throughout the university. Student organisations provide a direct reporting mechanism so that students can come into a student organisation, give anonymous evidence to advocates or student representatives and have an issue reported to the university promptly and through official channels. That is the way it should be, that is the way we would like it to stay and that is part of the way that Australian universities maintain quality of teaching and learning.

There are other services, of course, but the ones I have mentioned are the primary welfare services offered by student organisations at the moment, and they will be seriously affected, if not lost, at most campuses under the introduction of voluntary student unionism. Voluntary student unionism certainly is a big issue for student welfare in Australia at the moment.

**CHAIR**—For the impact it will have on the poverty level of students?

**Mr Eldridge**—There is no direct, tangible way to show that the introduction of voluntary student unionism will lead to a change in poverty. It will mean that students do not have access to the interest-free loans that are offered by student organisations, which I would say have probably gone some way to compensate for the abolition of the Student Financial Supplement Scheme. In all the ways I outlined earlier, students will not have the access to make sure that they are in quality standard employment, have help in finding employment so that they can work, and are getting the benefits that they are eligible for. Those are all really big issues that the lack of student organisations will have an effect on. As well as that, subsidised food, subsidised health care and all the other services I was talking about before, obviously make a big difference to the ability of students to survive from day to day.

Subsidised or free food services on campus are a big part of campus life and have been for quite a long time. A lot of students really appreciate being able to come onto campus and have a free lunch one day a week or subsidised food at different times, as well as the sorts of schemes that student organisations run with local businesses in the area around universities for student discounts and those sorts of things.

**Ms Smith**—I would like to add a couple of things. Some of the areas that dramatically impact on student poverty would include the loss of subsidised child care or; in the case of Flinders University, a child-care parent centre that is run on the premise that students will pay a small fee per semester and then donate time back to the centre. That means that they are able to access really good child care for their children while they are studying at university and have a complete circle. In Lismore, services include an emergency food store, which means that students who are suffering extreme poverty are able to go to their student association and get food so that they can actually make it through the week and be able to stay at university.

**CHAIR**—We have received a number of submissions that have called on the government to conduct a review of student support. There are three avenues available. I asked witnesses this morning whether they believed that if the government conducted a review it should be independent and at arm's length from the government. Could you give me some thoughts about that? What do you think the government needs to be actually reviewing?

**Mr Eldridge**—Not to cause offence, but due to some of the statements that have been made by members of the government over the years about student organisations, statements that mislead the public about what student organisations do and completely gloss over the fact that it is a tiny percentage of student organisations' funds that are spent on representative—

**CHAIR**—Sorry, I am talking about a review of the assistance for students, such as Youth Allowance or Abstudy and Austudy.

**Mr Eldridge**—Sorry, I thought you were talking about broader student support on campus.

**Mr Hastings**—I suppose we would like to see it somewhere, at arm's length, if given a body of experts to look at it. You can't go off and have one big grand review and think it will fix up a lot of these things. We need to have a regular cycle. We have regular cycles for measuring quality and other things in the university. There was a 16-year gap between really big surveys, the AVCC in 1984 and in 2000. We are still using that data largely—I know the department did a similar one at the time. But we should be trying, maybe every three years, to have a cycle where we look at whether the programs are working and all that data is made available and brought to public scrutiny. We can try to look at each three years and work out are these programs going the best and how can we treat them, rather than having some grand review once every 20 years. The actual conditions of students have been changing quite rapidly, the amount they work and those sorts of things. It is very dynamic and fluid. Certainly government policies and those sorts of things are impacting on students, so we should have a regular routine of a three-year cycle and an expert body.

**CHAIR**—Should that regular review be built into Centrelink's day-to-day operations or should it be done at arm's length from the government?

**Mr Hastings**—It has to be at arm's length. Centrelink probably do review their programs internally, but we need something that is public and maybe has some fresh approaches, which are not just departmental or governmental, but have some other voices on that review—obviously those wanting to be on there—to give some independence and open up the whole process to some public scrutiny.

**CHAIR**—It has been put to us that the world of universities is changing now—three semesters, summer semesters, predominantly online learning or classes only offered specifically at night. Do you feel that the student income support mechanisms reflect the different ways in which universities now operate? It was put to us this morning, for example, that if students choose to do a summer semester that disadvantages their overall yearly assessment.

**Mr Hastings**—It would affect their capacity to do summer work, for example—this idea that people generate a lot of their income during the summer break. That is one concern which I have about that. Also, if you are speeding up your course it means that you would have a greater

amount of text book costs, course material fees and those sorts of costs. If you are speeding up the educational process then you will have these greater educational costs. So you might have some adjustment in that.

**Mr Eldridge**—In some cases as well the summer school and extra courses are not included under HECS at universities. Students must pay higher up-front amounts for them as well, which is obviously also an issue.

**CHAIR**—Is it also your experience that students are taking longer to complete their studies because it is harder to make ends meet within a certain period of time? Are students doing as little as possible in order to pass because of the pressure to do additional work in order to survive? Have you had any evidence that points to a change in the way in which students approach their study?

**Mr Hastings**—There is a tendency amongst academics who have been around the system for 20 years to harp on about the golden age, but I hear from academics that there is a consistent pattern in that a lot more students want to do shallow learning, just to get their credential, rather than get engaged in a deeper understanding of a whole discipline. Obviously, there is concern that students are less involved in all the extracurricular parts of university life which help them to get broader general attributes as graduates. I think that student income support is one of the absolutely critical things that underpin that trend. People have been pressured to do a lot more. They are doing three times more work than they were doing back in 1984. It has gone from five to 15 hours. Fifteen is the average number of hours. If you are working 15 or 20 hours a week then that is going to impact on your studies. If you do five hours, that does not have much impact. But if you are doing 15 to 20 hours and spending time running off to jobs, you are spending less and less time on campus. That is going to have a serious impact on the quality of education and the quality of the graduates that we are churning out. That is why this is a very important question.

**CHAIR**—You have a recommendation in your submission that relates to same-sex couples being included in the youth allowance definition of a couple. Has that been presented to your association as being an issue for students? Can you tell us a bit about that?

**Mr Eldridge**—It is a simple issue of discrimination under the law, where same-sex couples are not included in the definition. We know that there are sufficient numbers of same-sex couples out there who are studying and receiving benefits that it should be changed.

**Ms Smith**—To continue what Felix is saying, there is also evidence of some students being unable to live at home due to their parents not accepting their sexuality. Therefore, it is unacceptable for them to live at home, but Centrelink staff do not understand that. Because same-sex couples are not recognised at the moment, there is a problem for some students in gaining access to student income support.

**Senator STOTT DESPOJA**—Ms Smith, as you would be aware, the question that you have just had put to you has been voted on in the Senate. Unfortunately, many of your recommendations have not been supported, but they have been put to the Senate. One that has been relates to your recommendation 12—that is, the great distance that students have to travel. You made a comment earlier about some regional families, presumably often farming families,

being asset rich and income poor. It took us 13 years to finally get the amendment passed about relaxing some of the assets tests specifically for farming families. I am wondering, when you mentioned that change was needed, what you were referring to. I think the regional, remote and rural issue is going to be a theme in this inquiry. In your recommendation you talk about those who have to travel great distances being able to get financially independent status when applying for youth allowance. Is your preferred position that it is an independent status or are you looking for more changes to the income testing or threshold arrangements? I just want to clarify that.

**Ms Smith**—If students who had to travel a large distance were made independent it would mean that there was no means test for their parents. Given the distance travelled by a lot of regional students who move to the city to undertake their tertiary education, they are not that reliant on their parents anyway because they do not see them a great deal and they do not have everyday support. In a lot of cases, if they are asset rich and income poor they cannot actually provide a lot of financial assistance anyway. We believe that this motion enables those people to stay at university and not be part of that 20 per cent attrition of first-year students. Perhaps other aspects of that need to be examined in terms of further support that can be provided to those students. But if they are granted independent status it obviously means that financially they are more likely to be able to stay at university.

**CHAIR**—Thank you very much for your time today and for the effort that you have put into the submission. It is much appreciated.

[11.31 a.m.]

**JENNER, Ms Megan Ann, Board Member, Australasian Campus Union Managers Association**

**WHITE, Mr Trevor John, President, Australasian Campus Union Managers Association**

**CHAIR**—Welcome. The committee prefers all evidence to be given in public, but we will consider a request at any time if you want to give all or part of your evidence in camera or in confidence—you just need to let us know and we will try and accommodate that. Your submission, No. 95, is before the committee. Do want to make any changes or alterations to that?

**Mr White**—No, we are happy with our submission. We would like to make a supplementary submission, which we are working on at the moment, based on the effect that the VSU will have on the services that are provided to support students. That survey is being done at the moment nationally and we have not got the information ready for this meeting today.

**CHAIR**—We will welcome that when it comes. It will be most useful. I now invite you to make an opening statement and then we will go to questions.

**Mr White**—This is a timely Senate inquiry. I know you started it last year but it is even more timely now given the current situations that are going on on campuses. The inquiry provides an opportunity to look at what is actually going on in universities in relation to the needs of students. Australia should be investing in the future, not just investing in the credit and debt associated with being a student. Our submission outlines quite a few issues, and I do not intend to go through those now. We will go through those in the questions. Income support is a major issue for students and deserves to be widely debated and independently researched—I take your comment made just a minute ago that it should be independently researched to see what the impact is on students, their financial position, their costs, their health and their learning experience.

An interesting side comment is that Sir Robert Gordon Menzies was president of the Melbourne University Student Union in the early 1900s. I think he would turn in his grave if he knew what was going on on campuses at the moment. Being the founder of the Liberal Party, he was very much into supporting students and supporting people from different income areas, and we think that it is good that when he had the opportunity to be president of the Melbourne University Student Union he was doing that on campus at that time.

**CHAIR**—That is a good point. Ms Jenner, do you want to say something to begin with?

**Ms Jenner**—No, I am happy with Trevor's statement.

**Senator STOTT DESPOJA**—I understand that you have a supplementary submission coming, but would you care to provide some comments to the committee today about the perceived impact of VSU on students specifically? The chair asked the previous witnesses about the potential impact on student poverty. I know that you have done a lot of work on this issue as

well as doing the survey that is forthcoming, but for the guidance of the committee today it might be worth while to get a sense of how you feel VSU will impact on students who are currently receiving or failing to receive student income support.

**Mr White**—When we put our submission together last year it was on the basis that we thought that student organisations would be able to be funded for a certain list of services. That was the current thinking at the time. We thought that we would be able to fund a lot of our services that support students: subsidies to child-care centres, dental services and legal aid services, assistance with accommodation and all those sorts of welfare services. Given the change of thinking that happened in the government in January this year, when a list of services that was being discussed was then changed to a completely voluntary mechanism, we have been reassessing the impact that this would have on our services. We are doing a national survey now that we have more understanding of what Brendan Nelson has in mind. That information is currently being put together through all the different campuses in Australia.

**Senator STOTT DESPOJA**—On the specific issue of support schemes, I note that in your submission you have talked a bit about the Student Financial Supplement Scheme and ETSS. I am wondering if you have any specific stories or information about the impact on students of the closure of the SFSS, for example. I note that you referred to a speech given by Brendan Nelson, and that one student had a debt of up to \$60,000. I think the average was \$20,000. We would be interested in any information you have on that. Secondly, you have mentioned you would not support a loans scheme to replace SFSS. Why is that? Is there a scheme that you would support?

**Ms Jenner**—In our submission we touch on the holistic issue of the cycle of debt. There are many things that have chipped away over time that have meant that students are in the situation they are in at the moment in terms of income support. At this stage we have not recommended an alternative other than to say that there could be other areas that could be amended such as, in relation to the Centrelink payments, the parental income test threshold. We have a sense that if those sorts of issues were addressed they would go a long way to assisting with the current debt cycle. In our recommendations we also talk about things like the textbook subsidy. There is a range in terms of what subsidy a student would have been eligible to receive. All those things add up, given the increased costs of textbooks. The increased cost of education seems to have gone forward while these other things have gone backwards—the two have not moved forward at the same time.

**Senator STOTT DESPOJA**—I would be interested in any evidence you have about the textbook subsidy scheme's abolition. Obviously you are very concerned about it. One thing we do not have is anecdotal or specific evidence about the impact of that scheme. I recognise it may be too early, given that it has only been an issue since 1 July. I am not sure if there is anything you can elaborate on here for the committee.

**Ms Jenner**—We are aware that some associations offer a limited grants scheme for students to purchase one textbook per annum, and that those grants have been taken up very quickly—much more quickly than in previous years—possibly as a consequence. We will be able to provide that information, I imagine, in the additional paper.

**Senator STOTT DESPOJA**—That would be great.

**Mr White**—Maybe with the free trade agreement between Australia and America the prices of textbooks will come down.

**CHAIR**—Is that a statement or a wish?

**Mr White**—That is a wish, given that most of them come from America.

**Senator STOTT DESPOJA**—We still have the GST component.

**CHAIR**—Mr White, what do you perceive as the major weaknesses in the current student financial support arrangements?

**Mr White**—There is a combination of issues, which are outlined in some of our recommendations. They include the age that a student is deemed to be independent. There is the issue of assets and income support—looking at a student's parents' income compared to the income of the student to determine income support. There is the cost of housing—it has gone absolutely crazy in Melbourne. If you are from a rural or regional area and you want to come to Melbourne to study, that is a major disincentive and a major cost. Housing support is a major issue that everyone needs to have a look at.

The other areas are the items that were discussed before. There is the definition of same-sex couples and whether people can get financial support in that sort of relationship. There is the general cost associated with being a university student, given the amount of time students have and the hours students are working. There is a lot of evidence from the Centre for the Study of Higher Education at Melbourne University looking at how many hours students are now studying compared with how many hours they are having to work so that they can get enough income to support themselves.

**CHAIR**—In Darwin in the Northern Territory, where I come from, quite a number of courses are not offered at CDU—pharmacy and veterinary science, for example. Yet the income test is applied and many students are not eligible for any assistance whatsoever. Is that an issue that your association has looked at? I often get parents making representation to me that the system does not accommodate the situation where courses are not run. If you live in Darwin and you want to do pharmacy you might have to go to Perth. If your parents are earning an income you do not get any assistance. Parents often make representation to me that they are paying for rent and they are fully keeping their child while the study is happening. It is not something I have seen in the submissions, that is, the inadequacy of the support when courses are not offered at particular universities, particularly in the Territory where there is only one university. Is that something you have had representations about?

**Ms Jenner**—It is a good point. Perhaps it has not been brought out so clearly in the submission, but yes we do. As a consequence of the parental income test threshold they have to bear the whole cost—the added cost of somebody studying away from home.

**Mr White**—There is a case I have just been made aware of which is similar. If you are a medical student and you have to go out to the country and study as part of your placement, you get support from the government to do that medical stint while you are there for, say, four weeks. But if you are a nurse you do not get that assistance.

**Ms Jenner**—Yes, it is the same in social work.

**Mr White**—You can be in Geelong and you can be doing a medical placement as a nurse in Ararat and the student has to pay for the cost of getting to Ararat and their accommodation while they are there. If you are a doctor you do not have to pay those costs.

**Ms Jenner**—Also, if a person has a job during that period of time they cannot work because of the commitment they need to undertake to successfully complete their course. So for that period of time they have no income as well.

**CHAIR**—Some of the first witnesses we talked to today, from the Student Financial Advisers Network, talked about the regular meetings of interested parties that Centrelink held being stopped back in 2003. Were you ever part of those discussions or those meetings?

**Mr White**—No.

**CHAIR**—Campus managers are not considered stakeholders in this?

**Mr White**—Some individual campus managers might be but ACUMA not involved in that sort of exercise.

**CHAIR**—Do you think there is a need to have a total review of the current situation, an ongoing review, or both?

**Mr White**—This is an important issue, and I guess that is the reason the committee is looking at it. It is time now to have a look at what is going on. Are we trying to look at how to manage the debt that students are having? At the moment that is the way we are going. Or are we looking at how we are going to support students through their years at university? That is the challenge, so a fresh look at it with new eyes would be a good idea.

**CHAIR**—It has been put to us that the way the system operates at the moment might be efficient, but it is not effective.

**Mr White**—I could not judge that, but I would say that if you are on the ground talking to students you will find that students are definitely feeling some of the costs associated with being a university student and they are becoming concerned about the debt that they are ringing up. Even with the FEE-HELP, the \$50,000 loans, you cannot actually do a four-year degree. If you do the mathematics, you are paying \$16,000 a year and that is more than \$50,000. So with a \$50,000 loan you have to find the other \$16,000 in cash. I think all those sorts of issues are going to be big. A student will come out of university with a debt. They will delay taking out any other loans. They will delay having families, which will upset Peter Costello because we are supposed to be having three children to keep the economy going. This is social engineering that needs to be adjusted.

**CHAIR**—You put to us in your submission that the age of independence for student income support is inequitable and inconsistent. Why is that?



**Ms Jenner**—Because of the eligibility of students at various ages for different types of benefits.

**CHAIR**—So you would put to us that it varies at 18 and at 25—

**Ms Jenner**—That is right. The 25-year-old threshold is an oddity, I guess. It would seem far more appropriate for that to be consistent and be set at 18. There was an example given earlier in relation to same-sex couples. For a variety of reasons—it may not be because of a same-sex relationship—someone may not be able to live at home. In circumstances where there has been a dysfunction, the student does not have access to income support until they reach 25 and they are declared independent.

**CHAIR**—To what extent do students actually rely on your members through your organisations to support them? Only yesterday I was talking to a student who is studying at Melbourne university. The quality of the subjects is quite intensive. He works in two part-time jobs, bringing in only about \$90 a week. He was saying: ‘I can’t even afford to go out on a Friday or Saturday night. It is just too expensive. I rely on campus life for some sort of social interaction,’ and a feed, I suppose. Pizza nights were a big hit, by the sound of things. Do you find that that is increasingly the case?

**Mr White**—Yes, we do. That is the whole reason why we are so vehemently opposed to this Western Australian version of VSU. I think the minister has completely missed the issue in relation to the intangible and tangible support mechanisms that university student organisations provide students whilst they are on campus. To have that funding taken away will have a major impact on the whole life of the campus and the support mechanisms that students have been used to. Even if you are in France the government gives you subsidised meals at university. The whole nature of trying to support a student whilst they are going through university should be seen as an investment, not a cost.

**Senator TROETH**—I was interested in your suggestion to extend the Australian postgraduate awards scholarships. Have you estimated how much this would cost? I am assuming that the liveable income would be above the postgraduate award level and above the Henderson poverty line, of course. Do you have any details about how it would work in addition to what you have provided us in the recommendations?

**Ms Jenner**—I think it is fair to say that this was an initial suggestion in terms of a way forward. We did not undertake that broad budgeting. In terms of its application, I think there are some principles in relation to the postgraduate scheme that could be applied. I think they have fairly well been outlined, but I am happy to provide more information.

**CHAIR**—I think those are all the questions we have got, unless there is anything that you particularly want to highlight to us.

**Ms Jenner**—One of the observations we have made in terms of the higher education experience has been an increase in the often hidden costs for students, such as an increase in online learning. It is not as simple as just turning on your computer; you have your broadband costs as a consequence of that. There is often a requirement to have a pretty heavy-duty broadband because of the downloads that are required, and that is an additional cost. These days,

when students are undertaking online study, universities very rarely send out the paper based version of the text, and students need to download their coursework material, which is considerable. We have found that a lot of people do not learn very well via computer so they still download the paperwork, which is an additional expense. Universities themselves have fairly good IT infrastructure, which means that, as a university moves forward with its IT, the student also needs to move forward, otherwise they find they cannot download the information. So there is also an infrastructure cost to them for the computer hardware that they may require. A whole range of things like that are associated with education and they are increasing the costs of education—it is not just the straightforward fees. Those things are hidden but cause us great concern in terms of how students can afford to continue to study.

**Mr White**—In summary, I cannot overlook the opportunity to talk about VSU. I think there are a lot of unintended consequences of the current bill, and the senators may be interested in looking at the behind-the-scenes impact of what seems to be a very appealing bill on universities, their students and the services provided to help students through university. Whether you are a rural or regional student moving to a rural or regional university or coming in to the city, or whether you are a metro city student with additional costs associated with living, all the support mechanisms that student based organisations provide are part of the hidden glue that keeps universities working. That aspect of it gets lost in the rhetoric that has been going on now for 20 years.

A lot of the people we have been talking to—and we have been talking to a lot of MPs and senators—have not been aware of the unintended consequences. A lot of them have come out and said—and it has been in the media—‘We didn’t think this would have an effect on sport,’ or ‘We didn’t think this would have an effect on the welfare services; we thought all we were doing was X.’ So there is a message that is being given out and there is the reality. There is \$170 million collected from students for services on campus, and many of those services are provided by the university, not by the student organisation. The issue that the government has with a small proportion of that money needs to be handled in a way that is consistent with the issues that the government has. There is no argument that the government has the majority. However, the unintended consequences of this legislation are going to have a fairly major impact on the services that we can provide students.

A lot of the services we provide on campus are absolutely designed to assist students on low incomes and to reduce their costs. We make no apology for that. It is part of the reason our organisations have existed for so many years, and they will continue to exist. I think the Senate might want to have a look at what the unintended consequences of the proposed bill will be. The more we talk to people, the more they are starting to think: ‘We didn’t realise this was happening.’

**CHAIR**—You said you are currently doing some work in that area.

**Mr White**—We are currently doing additional work at the moment—we have been doing it for the last few months—to look at what the unintended consequences of the bill will be and its effect on students.

**CHAIR**—Can you forward that to this committee?

**Mr White**—Yes, we will forward it to the committee.

**CHAIR**—Thank you, Mr White and Ms Jenner, for your time today. We appreciate you giving up your time to appear before the committee. We look forward to that work, when it is done, being sent to us.

**Proceedings suspended from 11.54 a.m. to 1.22 p.m.**

**HORTON, Mr Stephen, President, Council of Australian Postgraduate Associations**

**SKINNER, Ms Sally, Research Officer, Council of Australian Postgraduate Associations**

**SPEECHLEY-GOLDEN, Ms Vicki-Ann Marie, President, National Indigenous Postgraduate Association Aboriginal Corporation**

**TOZER, Ms Meryan Elizabeth, Research Officer, National Indigenous Postgraduate Association Aboriginal Corporation**

**BELLEGGHEM, Mr Matthew, President, University of Melbourne Postgraduate Association**

**CHAIR**—I welcome our next witnesses. The committee prefers all evidence to be given in public but will consider any request for all or part of your evidence to be given in camera. You may request that of the committee and we will try to facilitate that. The committee has your submissions, Nos 74, 43 and 98, before it. There being no changes, corrections or additions to any of your submissions, would anybody like to make an opening statement?

**Mr Horton**—The Council of Australian Postgraduate Associations welcome this opportunity to present our evidence at this hearing. Our submission was compiled from a list of 75 responses from postgraduate students from over 13 universities. Within those responses a series of concerns emerged. One of those is that there is inadequate income support for postgraduate students, and that is for postgraduate research students and course work postgraduates.

In our list of recommendations we include one that Austudy be available at all levels of university study, including both postgraduate course work and research. Currently, there are no income support measures for postgraduate course work students or for research students who either do not get a scholarship or exceed the length of their scholarship. They are also not eligible for any other form of government income support.

Our second list includes a raft of recommendations dealing with the requirements of Austudy and Abstudy. Our third list of recommendations deals with the duration of the Australian Postgraduate Award scholarship, which is recognised as the benchmark for all postgraduate research scholarships in Australia. Currently, the Australian Postgraduate Award goes for a duration of three years, yet government funding to universities for their postgraduate doctoral researchers goes for four years. This leaves a gap of between six and 12 months where a student is ineligible to pick up income support.

Appendix C is a letter to postgraduates at James Cook University which demonstrates that, under some changes implemented by the Department of Education, Science and Training to the manner in which funding is allocated for postgraduate researchers, what had been assumed to be a pretty standard six-month extension of the APA had been reduced to a three-month extension because of funding cuts. At some universities, extensions have actually been withdrawn. Considering that the average length of time for a PhD is 4.2 years, that leaves a period of around 12 months without income support in the most crucial time of the candidature—that is, the write-

up stage. Coupled with that, of course, is the growing pressure on postgraduates to complete their courses in a timely fashion—a timely fashion where they are not receiving any income support and are being forced to seek employment elsewhere, which again slows up the process of completion.

Our fourth point deals with the inequity of taxation being imposed on part-time APA scholarships, which are only granted under exceptional circumstances based on health concerns or carer responsibilities. The full-time Australian Postgraduate Award scholarship is tax-exempt but the part-time scholarship is not, and we feel that this is a serious inequity within the system.

**CHAIR**—Thank you. Mr Belleghem, do you have an opening statement you want to give us?

**Mr Belleghem**—First of all, thank you very much for giving us the opportunity to appear here. Our view has not changed much since our submission was put in. But there is one notable change, and I am not entirely certain whether it might have been better to point this out at the time that we were to make changes. Our original recommendation was that the eight per cent textbook subsidy be maintained. As you know, that has been revoked, and our position now is that we would certainly like to see that reintroduced. We have no additional recommendations beyond those in our submission. However, I would also indicate that our independent research was done alongside the research that CAPA did, and we certainly support their recommendations regarding part-time scholarship taxation and, most importantly, the extension to four years for APA full time and eight years for part time. Every time we get a research report back from our university or from other universities, the average time to completion and the point in the candidature at which those students who do not complete decide to discontinue indicate that the gap between the average completion time and the duration of the APA is a very significant hindrance to students finishing their studies in a timely manner. If we could draw your attention to one glaring weakness in the current financial support for postgraduate students, that would be the one that we would like to at least put some focus on.

**CHAIR**—Ms Speechley-Golden, did you have an opening statement?

**Ms Speechley-Golden**—First of all, I would like to acknowledge that we are on Kullin nation land and thank them for permission to speak here. I am a Wandandian woman with the Yuin nation from Jervis Bay. I am also a postgraduate student. I would like to thank you for allowing NIPAAAC the privilege of being able to answer your questions and talk here. We made 37 recommendations, and we have come up with one more. We will primarily talk for Indigenous postgraduate students, as that is our focus. We do look at some undergraduate issues.

Basically, most Indigenous students are on Abstudy; they are not on APAs. I know of only two Indigenous people who have ever won an APA or been granted an APA, which is an atrocious situation. Indigenous students are primarily on Abstudy. You cannot get Abstudy as a part-time postgraduate student; you can get it only if you engage in full-time study. That means that, if you have family situations or health situations or basically any other situation which prevents you from studying full time, you cannot get any form of support to study.

We have a fairly small cohort—about 1,000 students—which, once again, shows the terrible inadequacy when you consider that we are roughly 0.6 per cent of the postgraduate population. The number of Indigenous people who are at higher education age is much higher—it is about

2.5 per cent of the population. We are a young nation, whereas most of mainstream Australia is considered to be an older nation. If you look at that, the ability of Indigenous students to actually access higher education is hindered. The main reason it is hindered is the lack of financial support. Abstudy does not give you a good living wage. It does not even give you a good survival wage. Postgraduates are not entitled to health care cover, they are not entitled to rental assistance and nor are they entitled to travel assistance in most states. All of that has to come out of their wages.

We have lots of ideas. Abstudy changes have resulted in a change in numbers. There is a bit of an increase, but if you look at the overall situation you will find that numbers have declined terribly. About seven per cent, according to the NTEU stats, is the general decline. There is a huge disparity between the number of students enrolled and the proportion of Indigenous people in the overall Australian population. Indigenous Australians have been getting further from the relative equal participation rate since 1998. It was significantly different in 2000. There is an argument that Indigenous Australians tend to move towards VET. It is flawed. There are many reasons that it is flawed. You can see that the VET rates actually went down at the same time as the Abstudy enrolments went down, which was in 2000, so we obviously have not done too well there.

The growth decline in VET enrolments coincided with the decline in higher education enrolments, and the numbers of students accessing Abstudy for VET and higher education have also declined. It is also possible that students were favouring VET for a range of economic reasons which correlate with decreases in funding support—that is, lower course funds; fewer education related, accessibility and travel costs; and articulation between work and study—and only recently the government have issued a press release saying that they are going to push Indigenous Australians into doing TAFE courses in place of the CDEPs.

Closure of the student financial support scheme had another drastic effect on Indigenous students. About 15.6 per cent of Indigenous students accessed that. I agree that it was a dreadful scheme but, at the same time, if you do not put something in place of that, you have to make that money up. We lost a number of students at the institution I am at because they could not find a way of making that money up. I personally am very detrimentally affected by this. I now have to work two extra jobs to try and make the same amount of money, which impacts on my study time and my ability to study.

Commonwealth learning and accommodation scholarships are not available to those who are doing enabling courses, where there is a high concentration of Indigenous Australian students. The scholarships are classified as being for those at a bachelor level; enabling courses are classified as secondary or postsecondary level. Enabling courses need to be reclassified. If you are being enabled to do a higher education course, that is the level they should be classified at.

There are a small number of staff scholarships. We have had preliminary discussions with the NTEU, and we agree with their idea of upgrading those and making quite a number more. Our discussions have been about, where possible, backfilling those positions with possibly two Indigenous postgraduate students, which in effect would give a win-win situation. Indigenous postgraduate students would be getting a scholarship and part-time work, and the staff member would also be getting the scholarship to go and do further education. That would mean Indigenous postgraduate students would be learning the skills they need and getting the job

experience they need, which would allow them to go ahead and do whatever it was that they were studying to do.

We have key demands. One of them is the real living wage. We submitted a living wage breakdown, which was done on 2003 figures. It was for a single person on a house share, with good public transport, here in Melbourne. If those are the costs we come up with for Melbourne, I do not know what they would be for Sydney, Darwin or remote areas. I should imagine they would be considerably higher. The amount we came up with was in the \$450 per week range. You do not get that amount of money per week on Abstudy—or on an APA, for that matter.

Career path moves for Indigenous students who want to go into academia are very poor, because we are actually quite a low proportion of the number of employees within higher education. We are supporting the NTEU's move to have more places offered. We are supporting their move to have more of the CLSs and CASs so that our students can actually get into the field. We would also like to see dedicated scholarships from each university—and APAs—at 2.5 per cent for Indigenous postgraduate students, simply so that our students have a chance.

We have other demands, such as lifting the income threshold. It is quite low. You need to lift the income threshold so that more students are eligible for Abstudy or some sort of income assistance. I have to say that it is really difficult to live on the amount of money that they allow you to live on. If the threshold for the income that you could earn was higher you could probably go for a job that was slightly better paid, that took less time, and therefore you would have better time for study.

We need rental assistance for Abstudy students who are doing masters degrees or doctorates. They are not allowed that right now. Means-testing requirements for Abstudy need to be reformed to make them more understanding of cultural and economic factors associated with Indigenous Australian family incomes and households. We have more demands on our small income than your mainstream students do. An average Indigenous household can support up to nine people on basically one wage. That is a huge number. You have extended families, you have families that drop in, and you have people in the community you must help. Our culture does not allow us to say no.

Extend the ITAS, which used to be known as the ATAS, to Indigenous postgraduate students. Currently that is up to the universities, and it is often on an 'if we have got some funds left, we'll let the postgraduates have it' basis. They are assuming every postgraduate has all the skills they need to do their postgraduate study. That is not so if you have not done archival research and you need it; it is not so if you have been given prior learning skills accreditation and you do not know how to write academic papers. It may be that you have spent your whole undergraduate degree catching up because you got a special entry. You are there, but you still need that extra help to make sure you actually produce a really good paper.

We are also concerned about the learning centres. The government is going to strengthen the infrastructure for TAFE. In relation to this, we need to look at establishing learning centres that can interface with other levels of the university, have computer access and enable students to study at home or within the communities. A number of Indigenous postgraduates like to study within their community. They do block release, but the funding does not cover a whole block release. There is no reason why Indigenous postgraduates should have to leave their community,

which is culturally inappropriate, to have to come to study in an institution that is not culturally appropriate. We would like to see that addressed as well. They are basically our main concerns.

**CHAIR**—I might start by questioning CAPA. Mr Horton, in your submission, you particularly make mention of students undertaking studies to gain professional qualifications and the difficulties that they face when it comes to income support. Can you elaborate on that for us? You mentioned students undertaking psychology courses, for example, and courses that lead to qualifications in particular medical professions.

**Mr Horton**—Yes. With a lot of the postgraduate degrees that lead into a profession there are certain requirements. These often include at least four years of study and often include aspects such as placements. The placement aspect means that the student is unable to hold down standard employment because for certain periods of the year and certain block periods of the year they are required to go out on those placements. The fact that there are coursework components thrown in with these qualifications often takes the length of the qualification to four years. This means that, if it is funded through an APA, in three years that APA has run its course and the student runs out of their income support. This is not a case of the student taking four years to write a thesis; these are actual requirements within these degrees as set out by the professional bodies—particularly in medicine and psychology.

**CHAIR**—So you are saying the current system does not allow for a three- or four-year degree at university, plus an additional year in the field as an intern or in a practice or in a placement at all?

**Mr Horton**—The degrees often vary, but the placements can occur within the second or third year with many of the degrees. Sometimes they are put in as small blocks within the course, so if someone has a part-time or a full-time job then that will disrupt their employment. If you are in that situation as a student, you have to hope that your employer is prepared to give you leave from your employment and hold your job for you. But even if that does occur you are receiving no income for that period.

**CHAIR**—What are some of the problems or inequities in the scholarship system that operates at the moment?

**Mr Horton**—I think a lot of the problems stem from more than just the level of income support. They stem from the entire culture that has built up over the last few years. That is a culture of timely, or rapid, completions—the fact that the research training scheme provides funding through completions, so the pressure is to get postgraduate researchers in and out of the system rapidly. That has implications for women, or even men in this case, who wish to have children. The issue of maternity leave is often a concern when universities are giving out their scholarships. We have had anecdotal evidence of women who have been overlooked for scholarships because it was deemed that there was a threat that they would end up taking time off for maternity leave.

Also, postgraduates are primarily mature age students. I believe the largest cohort is in the 35- to 40-year-old age bracket. People in that cohort have other responsibilities, including family responsibilities and possibly mortgages, so there are concerns about giving out scholarships to people who are deemed as possibly being unable to complete in a timely manner. I think that is



one of the major inequities that now exists. There is also the fact that people have to find other employment as well. The APA is still under \$20,000 and, to be quite frank, that simply is not enough for someone to survive on, so people have to go out and find additional employment. There seems to be more of a push now to giving out scholarships to those who are younger, who may still reside with their parents and who do not necessarily have the same expenses as someone who is living independently and may have family commitments. The research culture in Australia has developed over the last few years in such a way that it is becoming more detrimental towards women and the mature age cohort.

**CHAIR**—Do you think there is a view that we will provide whatever assistance we can—or maximum assistance—to those getting an undergraduate qualification and then pretty much after that say, ‘You are on your own. We have given you the first leg up, but for the rest of the way you have to cope for yourself’? Do you find there is a bit of that sort of mentality?

**Mr Horton**—I definitely feel that that sort of mentality exists. I find that ironic since giving so-called assistance during someone’s undergraduate degree leads to them actually leaving university with a debt. If they go on to postgraduate study they then leave university with an even larger debt. People trying to increase their qualifications and improve their employability and what they can offer society are being placed in a financially difficult situation. If the current situation continues we will end up with an underclass of highly qualified people. This is a situation that exists in the United States, where there have been reports about the difficulties postgraduates with massive debts face in finding marriage partners who will form a union with someone who already has a significant debt. It places being able to borrow for home-ownership schemes out of people’s range. The assumption that they have been helped through their undergraduate degree exists, but it is erroneous.

**CHAIR**—Mr Belleghem, you have a table in your submission that shows that Newstart pays more than either Austudy or the common youth allowance. Are you putting to us that you get more assistance from this government if you are in the unemployment queue rather than trying to study?

**Mr Belleghem**—It is a very good question. Based on the levels of support offered to postgraduate students in comparison to undergraduate students and students in general, compared to those that are seeking employment, there seems to be an incentive for students to discontinue their studies when they get into financial difficulties. We have seen many instances, when we look at where the numbers come from and go to, where it seems that many of the support mechanisms are almost designed—I do not mean to be crass—to be disincentives at some level, because there are so many better ways to generate income. Specifically, as well, when we look at the transport concession issue for postgraduate students, all undergraduate students are given transport concessions—it is a state thing, I realise—whereas postgraduates are not. It is one of the many things we have seen and listed here where it seems as if the support systems are prejudiced against postgraduate students. I am not sure if that answers your question, but it certainly is the underlying message behind our information.

**CHAIR**—Postgraduate students doing coursework are not able to access any financial assistance, is that right? Do you have to be doing research to get that assistance, rather than being a postgraduate student doing coursework?

**Mr Belleghem**—My understanding is that the support is more for research students, but Steve would probably have some more information on that.

**Mr Horton**—With research students there is availability of scholarships. In saying that, not every research student gets a scholarship. Currently I think there are only 1,550 APAs awarded annually. From information that we received during our election survey, the current government is only likely to increase that number by seven additional places by 2008, to keep in line with population growth. With coursework there are very few scholarships and there are very few postgraduate coursework degrees that can apply for Austudy.

**Ms Skinner**—There is very little public income support for coursework students. Of course, on top of that they are all paying full fees as well. Some time ago most unis had a few equity type scholarships for coursework students, mainly fee waivers and some income support, but with the advent of PELS and now FEE-HELP a lot of unis thought, ‘Oh well, they can take on an extra debt, they’ll be able to come here. We don’t need these equity scholarships.’ There have been quite a few universities that have scrapped their equity scholarships or, having been looking at introducing equity scholarships, have decided that they will not go ahead with them.

**CHAIR**—Ms Speechley-Golden, could I ask you about Abstudy, which I am particularly interested in. We know that there were major changes in 1998 and a review of Abstudy is currently occurring. Have you been involved in that review or consulted in any way?

**Ms Speechley-Golden**—Yes, we wrote a submission to that review and we hope to be invited to the public forums that they have for it. We have attended one.

**CHAIR**—Tell me about the one you attended. Did you get a PowerPoint presentation?

**Ms Speechley-Golden**—Yes, we did.

**CHAIR**—And a question and answer session for half an hour, and then that was it?

**Ms Speechley-Golden**—That was basically it.

**CHAIR**—How did I guess that?

**Ms Speechley-Golden**—We considered it a hard sell: ‘These are the changes that are going to happen and this is the outcome we’ve decided on.’

**CHAIR**—That is the same thing they did with the CDEP discussion paper.

**Ms Speechley-Golden**—Yes. We were very displeased with it. I personally felt it was a case of: ‘This is the outcome we’re going to come up with and, no matter what you say, this is the outcome we’re going to come up with.’ We do not agree with their outcome and, unfortunately for them, most people around the table did not agree with it.

**CHAIR**—Why was that? What was your point of difference?

**Ms Speechley-Golden**—The statistics that they had were dodgy, basically because they were putting together two different sets.

**Ms Tozer**—As people would know, there were changes in the way that the data was collected after 2001, so they had to somehow—I cannot think of the exact word—aggregate the statistics to get a new model so that they could see a trend in the time series up until 2003. For us that posed some problems with the process. More generally, it was a question of the statistics not actually showing us anything to prove or disprove conclusively that the changes had not had an impact on Indigenous Australian students. The statistics said nothing very much to us at all, other than that we know that there has been a downturn.

**CHAIR**—In the estimates process I highlighted the point that the statistics they used in the discussion paper were not sourced, so it is hard to track where they got their statistics from.

**Ms Speechley-Golden**—That is correct. With the NTEU and a number of other people, we worked out our own graphs. We worked off DEST statistics, and they actually varied greatly from the statistics we were given in the presentation. We asked why and they could not answer. They just said it was outsourced and that they did not have an answer for that. They were going to try and find out, but we have not heard anything back.

**CHAIR**—The changes in 1998 affected the away-from-base entitlement. On the ground, have you noticed a significant change in the number of enrolments or the number of completions since then?

**Ms Speechley-Golden**—We have had a lot of complaints from postgraduates who have away-from-base allowance or block release, complaining that the amount of money that is now allocated does not cover their entire away-from-base allotment. There might be four block releases a year and they are financed for only two, so they do not know how they are going to finish their courses. In one particular course, 15 people were enrolled initially and now that is down to two because people simply cannot afford to continue. We have had lots of complaints about that, especially from undergraduates.

Overall, all the changes to Abstudy in 1998 had disastrous effects on Indigenous enrolments. The general thing we got from the presentation was that you could not see any changes in 1998. You would not. You would see them the year after, which is when we saw them, in 1999 and 2000, because people then realised that the changes came into effect. It came in for new enrolments, not for continuing students. So that did not affect continuing students terribly, but the 2000 changes actually did affect continuing students. You did not have the good continuation that you would have had if they had not changed it.

**CHAIR**—What is your recommendation to this committee about the current way in which Abstudy is applied and about what should happen in the future? If we are going to actually lift and encourage more Indigenous people to take up higher education—and particularly postgraduate work—what needs to happen?

**Ms Speechley-Golden**—We need to move away from mainstreaming Abstudy. What has happened is that we have moved towards mainstreaming, which means moving us all to Austudy—or whatever they want to call the great conglomerate. Indigenous people have unique

circumstances in education. Indigenous people, even if they have been raised in a city, as I was—I was raised in Wollongong—do not necessarily have the same education. You have a lot more influences on your education that prevent you from attending school or learning.

So there are unique circumstances relating to Indigenous people's education. Cultural circumstances and disadvantage in educational situations are not taken into account. Remoteness and the fact that a lot of Indigenous people do not like to leave their community for cultural and family reasons are not taken into account. The big cities scare the hell out of a lot of Indigenous people; they scare the hell out of me. These things are not all taken into account. We seem to be continually told that we should be grateful for the assistance that we have been given and for any assistance that may be around. We generally say that help should not be seen as a benefit for or gift to Indigenous Australians, who are dispossessed, disadvantaged and basically disempowered. We are trying to empower our students and get more people into education and into universities—into higher education—so that we can make changes, become empowered and become leaders. Hopefully we will have more senators—more politicians. By playing with Abstudy and making it a disincentive to study, you are not going to see that. It makes me wonder whether the government's aim is to stop Indigenous people from becoming a threat in any way.

**Senator STOTT DESPOJA**—Thank you for your three excellent submissions. I will begin by asking whether you are prepared to take questions on notice because I think we may run out of time.

**Ms Speechley-Golden**—Yes.

**Senator STOTT DESPOJA**—I might begin with the Educational Textbook Subsidy Scheme, which was referred to in both the CAPA and UMPA submissions. Do you have any anecdotal or other evidence of the abolition of the scheme being deleterious for postgrads? Do you have any specific examples of the average amount by which certain postgraduate textbooks are going to increase? That could be a question for the entire panel but, given that CAPA and UMPA have both referred to the ETSS, do you have anything on that?

**Mr Horton**—I would have to take that on notice. We would have some data back in the office, but I do not have that on hand at the moment.

**Mr Belleghem**—If you are asking for specific names and specific instances, that would certainly be something we could take on notice and provide to you. But, in a general sense, if the question is, 'Is there something on the ground, which we have witnessed and dealt with as students?' the answer is, 'Absolutely.' It is an eight per cent additional cost burden on one of the key aspects of postgraduate education and, indeed, on education across the board. It is not something for which students have just paid eight per cent more at the cash register and have not noticed or blinked. Look at the issue that was made of the GST and the introduction of an additional percentage on everything the general public buys. The money spent on textbooks by students who wander into our bookshop, especially coursework students, is a very significant proportion of what they are spending on an ongoing basis. There are further anecdotes regarding the price of textbooks to begin with and how textbooks are selected by lecturers and whatnot. There is not necessarily a process by which textbooks are purchased at a competitive price. So just arbitrarily adding eight per cent to that—or, rather, removing the eight per cent reduction—is something we deal with on an ongoing basis and it is certainly not a pretty story. If you want

specifics, we can give them too, but I would not imagine you would need them to prove the point that this has been a serious punch in the face for postgraduate students.

**Senator STOTT DESPOJA**—I do not know what I need in order to get that private member's bill passed, so I will take what I can get!

**Ms Speechley-Golden**—From IHEAC's point of view, a lot of the textbooks—especially for law and medicine, in which we tend to have a lot of students enrolling—are prohibitively expensive. One of the ways around the increase is that a number of Indigenous support units tend to be buying the expensive textbooks and having them there for student use because the students simply cannot afford them. They will not have the books and then they get in trouble for not having them and not being able to get to the library to read them. They will not go to the lecturer and say, 'I'm too poor to buy them.' They will ask the units and, if they can, the units will buy these books. As you know, if you are doing law you really need the books all the time, so if you are sharing a book it really inhibits your ability to study. So, Senator, if we can help you get that bill passed, you have got our support.

**Mr Belleghem**—I might just point out that I also work on the academic staff at Melbourne university and I regularly lend textbooks to my undergraduate students that simply cannot afford the book. I have a copy for teaching and I will say, 'Yes, you are welcome to borrow it.' I have students that come and say to me, 'I simply cannot afford the book,' and we make other arrangements. I have negotiated that with students before.

**Senator STOTT DESPOJA**—That ties into the broader issue of ancillary fees. I note that in the CAPA submission, particularly, there is reference to that as well. Mr Horton, I am curious about some of the costs you have listed—fieldwork costs, equipment costs, travel costs. Should any of those be covered by the university? I am referring to page 17 of your submission.

**Mr Horton**—We feel that the costs of equipment or fieldwork for postgraduates definitely should be covered by the university. In the past they generally have been. There has been a slow decline in that occurring. We hear of many instances of postgraduates who have to fork out money from their own personal funds to conduct their research or travel to conferences. We hear a lot of talk at the moment about making Australian universities internationally competitive. Part of why Australian universities are currently internationally competitive is that we have research students who attend international conferences. We are hearing about more and more cases of where students are not receiving money from universities for travel to conferences. Given that conferences are the perfect places for the sharing of ideas and the building of networks into the future for those researchers, we feel that those costs should be covered by the university. Of course, the universities have also been starved of funds and this is where the underlying problem is. On child-care costs, we would say that either the university or student organisations should provide that. Child-care costs are likely to increase too should the VSU bill that has been tabled be passed in its current form.

**Senator STOTT DESPOJA**—I do not suppose anybody is in a position to give us an estimate—or a guesstimate, more likely—of the average increase in those costs in ancillary fees for postgraduate students. You might want to take that on notice. It is a hard one, I know. I am just curious to see how those additional costs are burdening students.

**Ms Speechley-Golden**—I think that would depend on whether the government actually get its VSU bill through or not. If it does, I can see them going through the roof. If it does not, they will still be very high, but student organisations can help with some of the costs that you would naturally incur if they were not there.

**Senator STOTT DESPOJA**—I think there is also an ongoing assumption that the ancillary fees are perfectly legal and appropriate. There has been a court case to test it, but—

**Ms Speechley-Golden**—If you cannot afford to pay your rent, you cannot afford to go and pay for your own conference or research. Once again using myself as an example: I fund my own research because every time I apply to the university I am told that there are very limited funds. It is very competitive. It is always the really A-grade students who get it. I am profoundly dyslexic so I struggle quite a lot with my studies. I am damned good at them, but I struggle a lot. So I am not an A-grade student. That does not mean to say I need the money any less, but there has not been enough to go around the universities since I have been studying. It has decreased at least 60 per cent, which is really bad if you need to study.

**Senator STOTT DESPOJA**—It might be interesting to get more of those stats. I have one more question for CAPA before continuing. Mr Horton, here is another pet subject of mine—part-time scholarships being taxed. Can you give any reason why we continue to subject part-time postgraduate scholarships to income tax assessment? What difference would it make if we did not subject them to that tax assessment?

**Mr Horton**—I can see no rationale for having a tax on part-time postgraduate scholarships. As I outlined before, to get a part-time APA you need to have either a health condition that prevents you from full-time study or carer responsibilities. To impose taxation on half the APA, which is what a part-time scholarship works out to, is to place an added burden on someone who already has a burden either through their health condition or the added costs of their carer responsibilities. We have attempted to get data from DEST on how many part-time APA scholarships exist. Thus far we have been unsuccessful in getting that. From my observations, part-time scholarships are the minority of the APA scholarships. It would not have a huge financial impact on the federal budget to implement this, and it would have a massive benefit for those students who are required to go on part-time scholarships. I can see absolutely no rationale for the situation existing either financially—that is, its effects on the federal budget—or morally, given that they have to study part time.

**Senator STOTT DESPOJA**—We may chase that up with DEST. I have a private member's bill on that too, so we will work through it. I find it extraordinary. It would make a difference to postgraduate lives. I have many questions. Ms Speechley-Golden, you have talked about the formation of a stakeholder group to look at some of the issues surrounding Abstudy. Can you elaborate on that for the committee? Would you describe previous consultation or involvement of government as inadequate previously? Why are you calling for this new stakeholder group?

**Ms Speechley-Golden**—The stakeholder group we are calling for should be for those who are directly involved or participate in Indigenous higher education, which would obviously mean NIPAAAC. The NTEU also employ Indigenous higher education staff. Indigenous people do not see themselves as segregated into different boxes. To us we are all part of the one group. We would like the other student bodies to be represented. It would be a lengthy process. I am on the

IHEAC council and members of that would also be another group to have. You need to have people who actually work and deal with the outcomes. My favourite saying is that everybody can make changes but unless you have to live with them you do not know the impact. We need people who know the impact to be able to look at what these changes actually do to make sure that we do not negatively impact on Indigenous higher education participants. I do not have names or groups to be in it; I just have a general concept of that idea.

**Senator STOTT DESPOJA**—Has the council met yet?

**Ms Speechley-Golden**—Yes, we have had our first meeting. It was very productive and we learnt what we are supposed to be doing. We had the minister come in and talk to us. We have decided on a number of subcommittees et cetera and we have had our preliminary discussions and determined our objectives et cetera. We are meeting again very shortly to get down to the nitty-gritty of everything.

It is going ahead but I am disappointed with the level of student participation in it. There are two seats: one for an undergraduate and one for a postgraduate. Once again, it will be the students who have to live with the changes that are going to be made to Indigenous higher education. I have always stated—and I will continue to state this—that the best people to assess how those changes are going to affect anybody are the people who will have to live with them. We are kind of top-heavy with academics.

**Senator STOTT DESPOJA**—I am curious to know, based on your answers to Senator Crossin in relation to the 1998 and 2000 changes, particularly the impact of the decline in enrolments from 2000, whether you have had an opportunity to put to the minister or to the government the notion that the decline in those enrolments may be related to financial reasons generally or a lack of student income support specifically. To what does the government attribute the decline in enrolments in 2000?

**Ms Speechley-Golden**—The government tend to attribute the decline in enrolments in 2000 to the fact that Indigenous people are preferring VET. That is their standard answer. I have not had a personal interview with the minister but we have informed his office. In the IEC council I did raise the issue quite pointedly but I received no response. When we raised it with the Abstudy review, the general consensus was that they did not see that the changes in 2000, which were the only ones we were allowed to look at, actually had any detrimental effect. To me it seems to be a bit of a whitewash—that these changes have not actually affected Indigenous students. I have been at university through all those changes and I have personally seen how those changes worked. The decline in numbers is astounding to me.

**Senator STOTT DESPOJA**—You have given us quite a comprehensive set of recommendations as to how we can change that. That is helpful advice. I am wondering if you have a comment on the provision of five postgraduate scholarships for Indigenous staff. Is that an adequate number?

**Ms Speechley-Golden**—No, that is not an adequate number. I realise that Indigenous staff are a low proportion of the overall staff—they have not yet reached their 2.5 per cent either—but one of the things I as an Indigenous postgraduate look up to is our Indigenous staff. You want your Indigenous staff to be educated and continue to educate and encourage you. If they are not

given these study grants it is very difficult for them to be able to undertake their study. I believe the NTEU is recommending 25 scholarships, which is an increase of 20. We fully support that. As I have stated, one of the ways that that can benefit Indigenous postgraduates is by backfilling those positions—at an adequate entry level of course; we are not expecting to backfill directors' positions. You could have other staff do that and we could go in on a lower level.

As an Indigenous postgraduate one of my biggest complaints is that I cannot get an Indigenous supervisor. Why? Because there are not enough of them to go around. We need Indigenous professors, associate lecturers and lecturers so that we have someone to mentor us as we go through. To increase the number would increase the overall number of people we had to look up to and to interact with. I was going to mention that Abstudy is taxed. So, unlike the APA, we do not get the tax-free threshold. That makes a big difference to our income as well.

**Senator TROETH**—In relation to Mr Horton's comments on the Income Tax Assessment Act with regard to students and scholarships, do you have any idea how many postgraduate students suffer this imposition at the moment?

**Mr Horton**—No. As I have stated previously, we attempted to get that data from DEST. DEST said they were unable to provide that data as they have no way of monitoring the difference between part-time and full-time APAs. I do not know if that situation has changed. We would certainly welcome any information that DEST would care to release on that. Annually there are 1,550 APAs awarded. That is all APAs. Because of the restrictions on receiving a part-time APA, we would say that figure would be low.

**Senator TROETH**—That would be part of that 1,550?

**Mr Horton**—Yes, that is correct.

**Senator TROETH**—But from your own figures you do not have any idea of what the number would be?

**Mr Horton**—No. We have been unable to obtain that information.

**Senator TROETH**—You say in your recommendation that a change such as the one you advocate would be inexpensive. Have you got any idea of what the cost impact of that change would be?

**Mr Horton**—No, because we do not have the figures. But we would say that the figure would be very low; you are looking at a part-time APA so you are looking at under \$10,000 per year to put you under the tax-free threshold. If all APAs—part-time and full-time—were included, that would be 1,550 per year. Given that the APA goes for three years, I think that works out at over 4,500 APAs in the system receiving the tax-free threshold of under \$10,000 annually or under \$20,000 annually. Those figures could be calculated. You would have to look at which brackets it would move people from as well but, given that it would be very unlikely for postgraduate students to fall into the higher income tax brackets, the figure would be negligible.



**CHAIR**—The committee has no further questions. I would like to thank the three associations for appearing before the committee today and for the immense time and work you have no doubt put into your submissions, which have been both very good and useful. Thank you very much.

[2.25 p.m.]

**CULL, Ms Emma, National Policy and Research Officer, National Tertiary Education Union**

**KNIEST, Mr Paul, Policy and Research Officer, National Tertiary Education Union**

**WRIGHT, Mr Joel, Indigenous Officer, National Office, National Tertiary Education Union**

**CHAIR**—Welcome. Do you have any comments to make on the capacity in which you appear?

**Mr Wright**—I am standing in on behalf of Dr Carolyn Allport, the National President of the National Tertiary Education Union.

**CHAIR**—It is quite a privilege to have the three of you here. The committee prefers that all evidence be given in public but if at any time you have evidence that you want to give in confidence or in camera you need to make a request to the committee and we will endeavour to facilitate that request. Your submission is before us and it is numbered 129. Do you want to make any changes or additions to your submission before we start?

**Mr Wright**—I would certainly like to bring to the inquiry's attention that we have some substantial additional information that we would like to table at this hearing. It is basically the NTEU's submission in relation to the Department of Education, Science and Training's review into the impact of Abstudy policy changes that came into effect in 2000. The data represented in this particular submission is more current than some of the indices represented in our initial submission.

**CHAIR**—We will be most pleased to have that. Would you like to make opening statement before we go to questioning?

**Mr Wright**—Yes, thank you. The National Tertiary Education Union represents approximately 28,000 staff employed in higher education institutions across Australia. The union welcomes this opportunity to contribute to this inquiry into student income support. In relation to the inquiry's terms of reference, the NTEU strongly believes that the government has a responsibility to ensure equitable access to university education based on merit, not on ability to pay. The failure to establish such a principle is a major weakness in the Backing Australia's Future package, particularly in the face of the substantial increases to fees and charges. There is also a significant anomaly in that Commonwealth learning scholarships last for only four years, while the student learning entitlement lasts for seven years.

In terms of these broader issues, the NTEU supports the recommendations made by the National Union of Students, the NUS, and the Council of Australian Postgraduate Associations, CAPA. However, the union's submission on this occasion is made in association with the NTEU National Indigenous Tertiary Education Policy Committee and focuses on the issues as they

relate to Indigenous students in our universities, who face particularly serious difficulties in accessing universities. As a consequence, the NTEU has put forward a number of recommendations within its submission to recognise the increased cultural and socioeconomic impacts on Indigenous students brought about by the litany of policy and administrative reforms to the Indigenous student support scheme, Abstudy, introduced by the Howard government.

In response to these reforms, the NTEU's submission includes the following key recommendations: the conducting of the inaugural meeting of the recently established National Indigenous Higher Education Advisory Council; the introduction of a replacement scheme for the supplementary student financial support scheme, more commonly known as the Abstudy loan scheme, which was abolished in 2003; and a review of the Commonwealth learning scholarship guidelines to more specifically target Indigenous students. I am pleased to report to the inquiry that the National Indigenous Higher Education Advisory Council has since met on 16 March 2005 at Parliament House and foreshadowed strategies responding to the recent reforms to Abstudy.

In closing, and in addition to our submission, the union has made a substantive submission to the review by the Department of Education, Science and Training of the impact of Abstudy policy changes that came into effect in 2000. In that submission we argue that those changes have recently caused significant declines in annual Indigenous higher education commencement rates—declines of up to 15 per cent—as well as a severe reduction in the growth rate of Indigenous participation compared with the rate over the previous decade. Therein we provide a detailed analysis of the trends affecting Indigenous tertiary education participation within higher education and the VET sector and propose the following broad recommendations: the retention of an Indigenous-specific student support income scheme that recognises the higher density of youth in the Indigenous population; and travel requirements to meet family, community and cultural obligations. Independent Indigenous students are younger and Indigenous urban students originate from remote and rural regional communities. We formally table this document as additional information for the inquiry's consideration. Thank you very much.

**Senator STOTT DESPOJA**—Thank you for your submission and the additional information. I thought I would begin with your almost final comments: your recommendation of the retention of an Indigenous-specific student income support scheme. Do you fear the so-called mainstreaming of the changes that might be on the agenda—that is, the abolition or merging of Abstudy into a more generic income support scheme? Have you reason to fear that that may be a possibility?

**Mr Wright**—Yes. Certainly in relation to our participation in the community consultations that have been conducted by the department relative to the Abstudy review, the question was put to the department that this represents a clear policy direction towards the mainstreaming of the Abstudy program, to which the departmental officials responded, 'That's a good thing, is it not?' That did confirm our concerns that the current policy reforms suggest that the federal government is attempting to significantly rationalise the amount of service delivery available through Abstudy.

**Senator STOTT DESPOJA**—In regard to the last submission we talked about the relationship, if any, between the decline in enrolments among Indigenous students in 2000 and the changes to Abstudy. How strong do you think the connection is between changes to Abstudy

and student income support and changes in or a decline in Aboriginal enrolments or Indigenous enrolments?

**Mr Wright**—I am sure that there are many who are aware that we have consistently argued that the decline is directly related to the changes. The introduction of the changes to the guidelines governing the away-from-base benefits under the Abstudy scheme significantly impacted on the majority of urban students enrolled in higher education, simply as a consequence of not recognising that those students had moved from remote areas and rural areas into an urban environment, in a number of cases as independent students. As a consequence of the changes to the away-from-base guidelines the majority of those students were made ineligible for further support under the scheme. On an initial analysis, they represented 70 to 80 per cent of the total Indigenous cohort who were negatively affected by those changes.

**Senator STOTT DESPOJA**—That is a considerable figure.

**Mr Wright**—It certainly is.

**Senator STOTT DESPOJA**—One of the recommendations is—and this is specific to Abstudy:

That the base rate of ABSTUDY be raised to and kept in line with the relevant Henderson poverty line and that rent assistance be made additional to this.

I am sure that recommendation about the poverty line is similar to other recommendations you have made about Austudy or CYA in your endorsement of the NUS policy proposal. A question I have for the NTEU—I have also asked the NUS and others this question—is: how wedded are you to the notion of linking that to the Henderson poverty line? I ask that because the Henderson poverty line can be fluid. Its calculation depends on factors such as the number of dependants you have. I am wondering if we should be looking at linking to a stronger barometer, if you like, such as a percentage of male total average weekly earnings or CPI. Would that be agreeable to you, as opposed to using the Henderson poverty line as the barometer, for lack of a better word?

**Mr Wright**—I will make an initial response and ask a colleague, Mr Paul Kniest, to provide some additional information. In response to the proposal, we are looking at the evident policy trend which in our view is based on pretty severe economic rationalism being implemented in Indigenous programs. In the context of that environment we have looked at the standards that all Australians should enjoy as a minimum. We certainly recognise, with regard to the extra socioeconomic issues or factors that affect Indigenous students—cultural issues et cetera—that there is a case for providing resources above that level. But the rationale for using that as a benchmark in our submission was to clearly define that we should at least be receiving the equivalent of what the mainstream society regards as the minimum level of income support.

**Mr Kniest**—The use of the Henderson poverty line basically highlights how inadequate the current funding is. That is probably why we and a number of other organisations choose that as a benchmark. Most people in the broader community would probably understand that, as Joel was saying. At the end of the day, what the payments are tied to—whether you index them or make them a proportion of average weekly earnings or whatever—does not matter. As long as it is maintained at a level that is at the poverty line, to ensure that students are not living in poverty

and do not have to do a lot of extra work, I do not think we will be overly concerned about what the base rate is tied to. I hope that answers your question.

**Senator STOTT DESPOJA**—It does, believe me. I tend to use the Henderson poverty line as the example too, simply because—you are right—it provides quite a stark expose of how bad the benefits are. But through this inquiry we are looking to find a way to solve the indexation issue, so I would like to get feedback from you as to whether you are looking at using either CPI as a provision and reviewing it a couple of times a year, as they do with pensions, or 25 per cent of MTAW or something like that—whichever is higher, presumably. We need something like that just to give us some solid proposals for reform.

**Mr Wright**—In equating what would be required resources above the Henderson level, the NTEU has conducted significant research into the socioeconomic factors that may not be prevalent with the mainstream student cohort. Certainly we have been able to identify a number of these in the submission that we have since submitted to the inquiry here today.

**Senator STOTT DESPOJA**—I look forward to reading that. Every time I talk about ‘25 per cent of male total average weekly earnings’ you have got to look more optimistic, guys, because if I am dreaming I am dreaming! But we have got to do something about this. The recommendation to increase the value of Commonwealth learning scholarships to make them more meaningful—what exactly do you mean by that? What are we talking about in terms of increases?

**Mr Wright**—Certainly with regards to the Commonwealth learning scholarships, there are a number of issues that present themselves in relation to Indigenous students. For example, I am sure the inquiry would appreciate that a significant percentage of the Indigenous cohort commencing are actually enrolled in enabling courses at universities, which are bridging courses from a secondary type educational experience into a fully-fledged university degree. As a consequence of the Abstudy policy guidelines’ interpretation of the educational status of these enabling programs, which are wholly delivered by tertiary education institutions, the guidelines classify them as postsecondary courses. Basically it disqualifies students within those courses from eligibility for the Commonwealth learning scholarships. The majority of the Indigenous cohorts that are commencing from one year to the next are disenfranchised significantly from accessing that particular scheme to offset any of the shortfalls that have since occurred in terms of income levels that are provided under Abstudy due to those reforms introduced by the current government.

**Senator STOTT DESPOJA**—So that goes to the issue of eligibility in terms of value?

**Mr Wright**—In terms of value, they fall well short of what general consensus is amongst higher education stakeholders’ analysis of what would be required to have a certain, appropriate level of income to provide for your educational resources under the Commonwealth learning scholarships. The shortfalls would be clearly evident as a consequence of the amounts provided under the Commonwealth accommodation scholarships. Most of the institutions are based in major cities, if not predominantly in the capital cities within Australia, and we are all aware that the fluctuations in the cost of renting in these cities can be quite significant. I can certainly give the current rental rates here in Victoria, particularly in Melbourne, as a clear example of that being a situation that makes accommodation a critical issue for Indigenous participation in

universities. Commonwealth accommodation scholarships do not take into account those fluctuations within the capital cities on rental markets.

**Senator TROETH**—You have already outlined some of them, but I would like you to tell us about the particular problems or issues that face Indigenous students and their families that arise from the strict eligibility criteria such as the age of independence and the parental income threshold.

**Mr Wright**—A lot of Indigenous students undertake an independent status at a much younger age. Basically that is what it is about. As I stated in my opening remarks, most Indigenous students move to an urban location. They come from a remote or rural regional background and, as a consequence, they have some additional needs with regards to their community, family and maybe the cultural obligations that may arise during the course of their study. The changes to the away-from-base component have impacted directly on the amount of travel afforded to each student each year, and this also significantly impacts on them. Indigenous students from these rural and remote areas are moving to the cities for increased educational opportunities and for increased employment opportunities. This indicates the absence of an employment market within their local communities—within their local areas of origin—and the absence of an educational infrastructure for them to access.

As a consequence of those dynamics being inherent where the student's family is located there are already existing significant financial pressures on the family before the student leaves to go to the city to undertake study. As a consequence, students' families are extremely limited in their ability to provide any additional financial support to the students who are undertaking their studies in the major cities. That dynamic really indicates, I suppose, the whole spectrum of pressures that impact on students while they are going through study, in the event they do not have any of these community, cultural or other related issues that may require them to return home for periods of time. Certainly, the changes to the Abstudy guidelines relative to travel and away-from-base study have had the most significant impact on the ability of those students to access tertiary education.

**Senator TROETH**—Do you have any idea of the number of scholarships provided by major tertiary institutions specifically for Indigenous students?

**Mr Wright**—Are you referring to the Commonwealth learning scholarships?

**Senator TROETH**—Any scholarships.

**Mr Wright**—In terms of information provided to DEST, this is not easily obtainable. In terms of where this information may be available, it would be available with the application for Abstudy and within the records relative to the means testing. Under the application for Abstudy, that is certainly confidential information and is not made available to the NTEU. In relation to the Commonwealth learning scholarships, the minister himself, Brendan Nelson, has also expressed some frustration at the lack of available data in relation to the allocation of Commonwealth learning scholarships, particularly in relation to Indigenous students. So there is no requirement for a reporting mechanism and, as a consequence, the data is currently not available—hence the NTEU's recommendation that there be some significant review of the

guidelines to the allocation of those particular scholarships to include a targeted rationale for Indigenous students and a reporting mechanism back to DEST.

**Senator TROETH**—Do the universities or the institutions themselves provide any information to you, to DEST or to any other reporting body?

**Mr Wright**—Not that we are aware of. With regard to this issue we have engaged in discussion with the minister to the end of providing some recommendations, in time for the next budget submission, to, firstly, canvass some of those guideline amendments that might provide some indication of the number of those scholarships being awarded specifically to Indigenous students, and, secondly, to propose some amendments that may provide Indigenous enabling-course participants to access those particular scholarships as well.

**Senator TROETH**—Are there any corporate scholarships that you know of provided by big business or other corporate entities?

**Mr Wright**—They are minimal in number. There are a few organisations, large corporations, that do provide scholarships for specific disciplinary areas. For example, several mining companies have provided targeted scholarships for Indigenous people to undertake engineering studies. These are very few in number and do not represent something that might be able to provide some, you might say, backfilling of the shortcomings in income support afforded as a consequence of the reforms to Abstudy.

**Senator TROETH**—This may be beyond the capability of your research data, but could you give me some idea of the numbers of Indigenous students who leave school at the end of year 12 and of the numbers who go on to tertiary education?

**Mr Kniest**—I do not think we have that specific data with us. I am sure it is available, but it is just one of those things we have not reported. If you look at all the other data on Indigenous participation in higher education, I think it is pretty telling.

**Senator TROETH**—I am sure the statistics tell their own story, but I just wondered whether you had the information.

**Mr Kniest**—We do not have that with us.

**Senator TROETH**—That is okay.

**Mr Wright**—In relation to our study of that particular issue, certainly it has become evident in several discussion papers that have emerged identifying the retention issues in secondary school that they extend further down the grading scale than year 12 and that the Indigenous drop-out rate starts around year 9 and progressively gets worse towards year 12. But, in terms of the key years the incidence of Indigenous secondary drop-out is occurring significantly, it is starting around the year 9, year 10, year 11, year 12 area. Our rationale is starting to incorporate that particular approach to that issue.

**Senator TROETH**—You also identified in your submission various problems with the delivery of income support payments. Could you perhaps elaborate on that?

**Mr Wright**—In relation to those socioeconomic cultural factors that I briefly alluded to in my previous answers, the Abstudy program was designed to recognise those particular issues in relation to a student's ability to access the program and, hence, education. As a consequence, there were Indigenous-specific discrete units established within Abstudy to provide for community cultural sensitivities relative to Indigenous students' access to the scheme and relative to their ultimate participation in education. That was facilitated through the employment of Indigenous staff, to act as liaison in the filling in of applications by Indigenous student clients and to provide family background and context to the department in their assessment of the applicants' eligibility. The restructuring of the Abstudy administration that occurred in late 2003 and early 2004 resulted in a rationalisation of Abstudy officers from 15 in total, nationally, down to a national total of only four. That has significantly diminished the capability of the administration of Abstudy to take into consideration the specific cultural and socioeconomic sensitivities relative to Indigenous students' applications.

**CHAIR**—Can I take you to your first recommendation? The Indigenous Higher Education Advisory Council has met. You are suggesting, though, that that council be provided with a brief to monitor student support and assistance and the impact of that support. Is that right?

**Mr Wright**—That is correct.

**CHAIR**—What benefit would you see in the council having that brief?

**Mr Wright**—In relation to the council's deliberations on this particular issue, one of their strategic responses to investigating the particular trends affecting Indigenous student participation was approached in a way such that the whole concept of Indigenous participation has been established as the broader issue. It has done so intentionally, to recognise how an increase in the number of Indigenous staff acts as a catalyst to increase Indigenous student participation—the relationship between those. Basically, the council has decided to establish a subcommittee to focus specifically on Indigenous participation holistically in higher education—but obviously it will look at the various relationships between student and staffing levels at universities.

With regard to their ability to clearly identify particular trends that promote greater student enrolment, completion and retention, it will be a more holistic approach relative to staffing ratios as well. They would need to have a clear and accurate reflection of all of these figures to get an indication of where particular policies or institutions are impacting negatively on the objective of increasing Indigenous student participation. The council also reflected the need for an enhanced range of data to be provided by DEST, and that was certainly taken up by the departmental secretariat, which is supporting the work of the council.

**CHAIR**—I have looked through your submission to DEST on their review of Abstudy. On page 14 of the supplementary submission you gave us today you use the figures used by DEST for Abstudy recipients by region—isolated, rural and urban. You have put it to us that DEST would say that the changes to the away-from-base component have not had a significant impact, but in fact one would not say it has been a huge success either, because I do not see the numbers going through the roof. If you look at the isolated students, there has really only been an increase of 29 in the last five years, but the number of urban students is significantly reduced. Is it your view that students who might have come from a rural or isolated area are now in an urban



settlement and therefore use that address when applying for Abstudy? In other words, is it hard to tell who is really urban and who is urban by way of relocation?

**Mr Wright**—I appreciate your question, because it does raise a grey area of interpretation under Abstudy policy in terms of what the actual origin of these students is. Simply because they move to an urban location as a consequence of a lack of educational infrastructure or an employment or labour market within the regions where they live, they automatically become urban Indigenous students, yet they still have responsibilities to those regional communities, families and areas. However, that is not recognised within the way the Abstudy policy determines their geographical status. On those figures alone one can certainly see a substantiation of our claim that the away-from-base component changes to Abstudy most significantly disenfranchised those urban students on the very issue I have just described and did, to a larger degree, create much more benefit for isolated students, even though it has resulted in only 29 or so extra students coming in to the system.

**CHAIR**—But, if we look at these numbers, there is a reduction by almost 650 Indigenous students across the board. Something is obviously not working.

**Mr Wright**—Precisely, and it is clearly the away-from-base component that has most significantly impacted on these students' ability to move to where the educational infrastructure is. The fact that the policy guidelines of Abstudy do not take this into consideration in terms of the changes made to the away-from-base component is clearly identified by the NTEU as a significant cause of the decline in Indigenous commencements, retentions and completions in the 2000-01 period.

**CHAIR**—It has been put to us a number of times this morning that the changing nature of universities and the way in which courses are now offered—three semesters, summer semesters, online or at night only—is not keeping pace with the way in which student income support is being provided. Is that the feedback that you get from people working in the system or is it evidence that you do not think is correct?

**Mr Wright**—Certainly from the perspective of an Indigenous Australian who has been subjected to a range of incredible policy formulation by all parties in government, this is just more of the same. That is a broad statement, I know, and it smacks of some cynicism, but I do not believe that there is a sincere commitment by the current government to adequately provide appropriate levels of resources for Indigenous participation. I certainly have a number of reasons for saying that which I would not want to discuss openly at this point. I just do not believe that there is a sincere commitment to improve Indigenous participation in education at all levels, given the cuts to the funding that supports Indigenous participation, particularly through Abstudy and various other programs at different levels of education. For example there was the abolition of the VEGAS program, which was clearly designed to support activities at primary and secondary school levels to increase Indigenous student participation and retention at those levels.

It is a clear message that the policies put forward in relation to Indigenous students are piecemeal, once again tokenistic, and superficial. I would like it to be noted that, in response to some criticisms to the Indigenous initiatives that were announced within the Higher Education at the Crossroads review, the minister also confirmed that those Indigenous initiatives were rather superficial in nature. That certainly represents a broader perspective of our view of those

particular policy initiatives that were introduced—reinforced by the significant changes to the Abstudy program that diminished the benefit available to Indigenous students and significantly diminished the number of Indigenous students in higher education who are accessing the income support scheme, Abstudy, as well.

**CHAIR**—One of your recommendations is that the means-testing requirements of Abstudy be reformed to provide for a better understanding of the cultural and economic factors associated with Indigenous families. What sorts of reforms are you talking about there?

**Mr Wright**—Specifically, one of the key ones is that independent Indigenous students are much younger than non-Indigenous students. That was not recognised in the way the threshold of independence was aligned to Austudy.

**CHAIR**—You mentioned that before.

**Mr Wright**—Most significantly it impacts on students aged 21, 19 or 18 who already are parents.

**CHAIR**—So you would put it to us that 25 is much too old for Indigenous students?

**Mr Wright**—It is much too old. A further demonstration of the issue is reflected in the submission re the DEST review and the impact of Abstudy policy changes. It demonstrates the Indigenous youth density. I will cite some statistics. For example, the median age for Indigenous Australians in 2004 was 20.6 years compared with 36.1 years for non-Indigenous Australians. In addition, in 2001, 65.5 per cent of the Indigenous population, compared with only 41 per cent of non-Indigenous Australians, were under 29 years of age. That clearly demonstrates that the alignment of the independence age threshold to the Austudy level is totally inconsistent with the actual demographics of the Indigenous youth population density and it certainly shows why a lot of those independent students are now finding themselves in a lot of financial trouble.

**CHAIR**—Thank you for your time today and the efforts you have made in giving us the submission. We appreciate you coming.

**Mr Wright**—Thank you for the opportunity to participate.

[3.07 p.m.]

**HUNT, Mr Philip John, General Manager, Deakin University Student Association**

**MORAN, Ms Louise, Representative Support Officer, Deakin University Student Association**

**OKULICZ, Miss Monica Jane, Vice-President Undergraduate, Deakin University Student Association**

**MANNING, Mr Jack Franklin, Welfare and Education Officer, RMIT Student Union**

**MARTIN, Mr Stuart, Queer Officer, RMIT Student Union**

**PENDLETON, Mr Mark, Research and Information Officer (City Higher Education Campus), RMIT Student Union**

**CHAIR**—Welcome. Do you have any comments to make on the capacity in which you appear?

**Mr Martin**—I was a student member of the RMIT University Council in 2004.

**CHAIR**—The committee prefers all evidence to be given in public but if you wish to give any evidence in camera you can request that of the committee and we will try to facilitate that. The committee has your submissions before it. They have been numbered 78 and 46 for our records, and we have copies of them. Before we go to any opening statements, do you wish to make any amendments or alterations to your submission? If not, I now invite you to make a brief opening statement.

**Miss Okulicz**—I would like to say a couple of things. Current Austudy rates are not conducive to students returning to study. It is an issue of equity. Centrelink regards Austudy as an income supplement and willingly admits that the current rates are not enough to live on. You are allowed to earn only \$237 per fortnight, which is the same amount as students receiving youth allowance can earn, yet youth allowance is considerably more and rent assistance is available. On a journey to becoming the clever country we are throwing at times unassailable obstacles in the way of our university students. How can we expect students to live on this money? When I say live, I mean pay our bills, utilise transport, eat nutritiously and utilise doctors and dentists? Students currently can barely do this, let alone buy textbooks and pay for bus and train tickets, permits and photocopying.

Law students can expect to pay \$600 per semester on textbooks. Most books are renewed every year, which means new editions, which means students are unable to resell their books or buy them second-hand. Also, since the texts are often new editions, they are often not available to be borrowed from the library until well into the semester, if at all. DUSA as an organisation offers a textbook grants scheme, which means we buy a book for a student at the beginning of

the semester, then the student gives the book back and DUSA is able to sell it on or what have you.

Picking up a topic raised in an earlier submission about Newstart being more than youth allowance and Austudy, I have a bit of anecdotal evidence. Last year I was in a dire financial situation and Centrelink told me that I should reduce my course load and go on Newstart. That was their way of helping me. I think it is very alarming that Centrelink offered this as an option instead of helping me—that they would regard unemployment as my best-case scenario.

**Mr Martin**—I would like to make some short opening remarks and then Mark Pendleton can continue the opening remarks for the RMIT Student Union. I need to preface my remarks by saying that I am employed by Centrelink. I am a youth and student subject matter expert. I need to inform the committee that any comments that I make here are solely attributed to the student union and not to Centrelink. I have informed my employer of the fact that I am here. They are not happy, but that is the reality. They are aware of the privileges of appearing in front of the Senate.

We want to focus on some issues around the anomalies between youth allowance and Austudy; why youth allowance is not indexed quarterly instead of annually; the effects of the parental income test; relaxation of work requirements for independents; the extremely high effective marginal tax rate that students have to pay when they earn income; health care cards; scholarships; Centrelink's inability to look after and process pension education supplement statements; and how Centrelink communicates with students about their rights and obligations.

**Mr Pendleton**—In the development of our submission we ran a series of focus groups in which we talked to approximately 80 students from a wide variety of sections across the university. One thing that came out of those focus groups was the real trouble that students are in financially. In our submission we report one student who reported living entirely on figs and rice for three weeks because of his inability to access student income support measures. We also focused in our submission on a slightly broader interpretation of the terms of reference than some of the other submissions did. RMIT has a very high international student cohort and also has a large number of students who are on temporary protection visas and access the special benefit. Those students brought up a whole range of issues that, while not technically related to Centrelink benefits, have a severe impact on their student income and their ability to support themselves.

The final comment that I would like to make is that student unions provide a whole range of services that do supplement and add to the student income support provisions that the government provides. But those things of course are all under threat from the proposed changes before parliament at the moment to introduce voluntary student unionism. So a lot of those student income support measures that we, DUSA and many other student organisations provide may not exist in 2006, which will only exacerbate the problems that we have identified in our submissions.

**CHAIR**—I want to pick up on your comment, Miss Okulicz, that Centrelink suggested you go on Newstart. It has been put to us in submissions this morning that if you are on Newstart you may well be better off than if you are on the common youth allowance. That does not seem to be the right way to go if we want to produce a clever country. Do you agree?

**Miss Okulicz**—I would agree. I find it very frustrating to be told something like that. I think unemployment is the worst-case scenario. I did not want to go on unemployment benefits. I was told that by the Centrelink office. They did not want to deal with my problem. They referred me on to countless other people, including the Salvation Army and my local member—anyone else, basically. They did not want to deal with me.

My situation progressed over four months. Another witness talked about an RMIT student subsisting on rice for three weeks. I was pretty much living below the poverty line for four months and I lived on toast for four months. Centrelink did not want to help me and did not offer me anything. I did not qualify for an advance payment because I had not been on the benefit for three months. The situation was that I returned to full-time study after a period in the work force. The part-time work that I had for quite a considerable number of years fell through—my boss had a nervous breakdown. So the work that I had been relying on and had always had did not exist anymore. I had earned about \$1,500 worth of super. I was not able to roll that over. Basically, my bills piled up and piled up. Centrelink would not help me. They would not give me the letter I needed, even though the superannuation fund told me that they would give me the money.

I am concerned that as students we are inheriting an obscene amount of debt—not just HECS debt but other debt that we cannot possibly ever pay off. Our legacy is that we have all this debt—a lot of money that we cannot afford to deal with right now. Because of my situation last year for four months, I now owe \$4,000 to debt collectors. Every fortnight when I get paid, half of it goes to the debt collectors, so I cannot ever really get ahead. I think that is a problem that is going to happen to a lot of students who take out personal loans or use credit cards to pay for textbooks and other things. Every single year we cannot ever get ahead.

**CHAIR**—We have also heard some evidence this morning—it is conflicting evidence—that students in that sort of situation might actually aim to just pass rather than aim for higher grades, although there is no clear research that shows that is the case. Students might opt to take fewer subjects, to study part time, because the assistance from the government in student support when they are studying is so inadequate these days that they have no choice but to look to part-time work. Is that your experience?

**Miss Okulicz**—Yes. You cannot live on the amount of money that is offered to you. Especially if you are over 25, Austudy is not enough to live on. Like I said, they stipulated to me that it is an income supplement. They expect you to go out and earn your way, but, even if you only earn the barest amount that does not affect your payment, it is not enough to live on if you have to pay for rent and textbooks. You are not even eking out an existence. It is not quality of life—if we are expected to exist and have a quality of life. We are spoiled living in a country like Australia. We expect the best and, when we do not get it, it is really frustrating and dissatisfying.

**CHAIR**—Your submission also says that alternative income support measures should be looked at, such as free health care, travel concessions and a textbook subsidy scheme. I am assuming that is in addition to improving the student income support that is currently available. Is that right?

**Ms Moran**—Yes. We included the alternative income support measures as an addition to a realistic living income, which we think might bring back the opportunity for students to study

full time rather than being up to three-quarter-time workers trying to fit an education around their working hours.

**CHAIR**—I think you made some comments, Mr Pendleton, about the VSU legislation. It is all linked, isn't it? If the current student support income is inadequate, then things are not going to get much easier if additional services provided by student unions will increase in cost because they will no longer be supplemented by student fees.

**Mr Pendleton**—That is right. The services that student unions provide range from everything from second-hand bookshops that provide cheaper textbooks for students so they can afford to study through to the provision of food services. We have in our submission examples from Monash, RMIT and La Trobe where students are directly being fed by their student unions because they cannot afford to eat properly. Those are the services that will be directly affected, and next year we are going to find that not only will there be fewer services on campus but students are going to be in much more serious financial difficulty and, potentially, health difficulty. The flow-on effect from that is obviously more problems in terms of their academic success at university.

**CHAIR**—Your submission is also one of the few that makes some comment about the gender differences. What are you finding is happening there?

**Mr Martin**—We are finding that, in the subject bands from 1 to 3, women are being siphoned down to the lower bands because of the fear of debt. We are finding that fewer and fewer women are applying for band 3 and band 2—particularly band 2. Women see the significant difference between the debt that they are going to carry for band 1 subjects, which are the traditional arts and social science areas—nursing and education—and for band 2 subjects like engineering and computer sciences. The reality is that they see how much it is going to cost them to pay it off. They know full well that they want to have a family at some stage in their life and, once they have stopped working, they will still have that debt, which will continue to grow exponentially.

We do not know what, in 10 years time, the legislation will look like for paying back your HECS debt. It could change quite dramatically. Currently it is tied to CPI, but there is no reason why the government of the day could not change that. Women in the formative stage of education are very worried about how much debt they are going to carry and when they will be able to pay it off. A male who is going to work for the bulk of his life will pay it off reasonably quickly, whereas a woman may have a break out for a couple of years, raise a child and come back to the work force part time and she may never reach the cut-off point. She will still have that debt sitting there all the time. It is not a good feeling to have. I think that is a real reason why a lot of women are drifting towards the lower bands.

**CHAIR**—Do you find that the changing nature of universities and the way in which they operate impacts significantly on the way in which students take up work versus their modes of study?

**Mr Martin**—Yes. There has been a reasonable amount of study about how many hours students are studying and working now. We are seeing a dramatic growth. The reality is that income support provisions do not meet their requirements. If we look carefully at which payment type is the best in terms of trade-off for income, it is still youth allowance. They get a

potential \$6,000 buffer. The only problem with that is that it does not start at \$6,000; it starts at \$0. You may come from a low socioeconomic family and have a part-time job already—you have worked hard to get the grades, you are the first one in your family to go to university and you think, ‘Mum and dad can’t support me; I need a part-time job.’ If you apply for youth allowance, you do not get \$6,000 of the income bank. It is at \$0. It has to slowly grow if you earn less than \$236 a fortnight. For a lot of students, that just does not happen. So there is a myth about having a \$6,000 income bank. It just is not there. They struggle.

You made that sharp comparison with a middle-class family who may have one or two children. The capacity of the middle-class family to support their child is going to be far greater than the capacity of a family from a lower socioeconomic background—just in the financial aspects. I am not talking about cultural aspects. I am not talking about the ethos and understanding of what it is like to go to university and the difficulties that it throws up. Just with that alone, you need to look at how it affects students.

Universities are slowly coming to the realisation that the vast majority of their students work and do not spend time on campus because they cannot afford to. It affects not only their interaction on campus but their ability to do quality research. The reality is that the difference between a high distinction mark and a credit/pass is, in essence, how much research you do, how widely you are read and how much time you have to prepare an essay or study for a test. You may have to work three or four days a week, and there are gender biases in work for males and females. The types of casual employment that females and males get are greatly different and so is the income they earn. It puts a double load on females.

Universities are realising very quickly that students have less time. I need to say that universities have known about this because they have dealt with mature age students for many years, but they have never really addressed the issue. It is becoming a greater concern now. Students are burning out. Students are not getting the same sorts of marks they used to get. They are not getting the same opportunities and they are not being challenged. They are not learning as well as we would expect they would learn because they do not have the time. It is as simple as that.

**CHAIR**—There has been a massive change in the university sector since 1996 and even since the legislation was passed in December 12 months ago. But there is a repeated theme in most of the submissions we have before us today that the income support mechanisms have not changed at all. The kind of assistance the government should be giving individual students through Centrelink, for example, or through the number or the nature of scholarships has not kept pace with that change. Is that what you would be saying?

**Mr Hunt**—I think that is very clear.

**Mr Martin**—I can give you a few examples of change in rates of payments. Youth allowance is only indexed yearly, not quarterly. I am mystified as to why that occurs. If we look at the rate of change in the last quarter of Newstart payments—so we are talking about the quarter from 20 March to June this year—Newstart went up by \$10.10 for a single 21-year-old with no children. For a 21-year-old and under with children it went up \$11. For a 21-year-old and over with children it went up \$11 also. For a single of 16 and over, after nine months of payment it went up by \$9.20. For youth allowance the equivalent rise was a paltry \$4.40. It went from \$174.30 to

\$178.70 for an under-18 at home. For an under-18 away from home, it went up \$6. For an 18-plus at home it went up \$5.20, from \$209.70 to \$214.90. If we look at the rise in CPI across the whole year, students are not even keeping up with that. We know that welfare recipients do not keep up with the standard of living, even those on age pensions. Theirs is pegged to the adult basic wage for a male. So, when we look at these other groups, it is not meeting that at all. If you look at Austudy payments in comparison to youth allowance, Austudy recipients are not entitled to rent assistance. They have finished high school and thought, 'I need to do some work,' or they have had a realisation that work is not going to get them what they want out of life and they have come back to study—

**CHAIR**—Or they are being forced back to work under the current welfare reform agenda.

**Mr Martin**—Yes. They are not going to get any income support in relation to rent assistance. We know what the government of the day tends to do very clearly, say, in relation to income support and the SAP funding. The federal government spends its money under SAP but it does not use it to buy low-cost housing anymore like it did in the past. It uses its muscle in rent assistance. We have one clear group of students who we think would have been away from home for a long period of their life—a lot longer than youth allowance recipients—but they cannot get rent assistance. Also, why is it that every other welfare recipient is entitled to pharmaceutical benefits if they are sick whilst on payments but Austudy recipients are not? It does not sound like much, but if you are a person who requires medical care and needs prescriptions, when you are on youth allowance, Newstart, an age pension or DSP you get an additional top-up payment on your normal payment. Austudy recipients do not get that. Why are they classed as third-class citizens in that case? There is a litany of examples of people in this situation. The government says, 'We want you to study,' and I think it is a very important thing to say, but it then does not support them to do it. It is a bit hypocritical, really.

**Senator STOTT DESPOJA**—Thank you for your opening remarks. I did hear them from afar. Forgive me if I double up on anything. I have just a couple of specific questions. First of all, with regard to RMIT, your recommendations are incredibly comprehensive and provide us with a very specific guideline, as do Deakin's recommendations, on what you would like to see addressed. In fact, just to digress for a moment, many of these changes have been brought in in the last decade in some cases and we were not able to stop them and others we have been fighting for for a long time, so please do not think that we are not conscious of many of the good points in here. One of the ones I was interested in, though, was your recommendation about raising the income threshold to \$10,000 per annum and then repaying 25c in the dollar. I was wondering whether you have had any feedback on that. It seems a really reasonable idea. Is that something you have put forward to government or other circles? What kind of response have you had, if any?

**Mr Pendleton**—This submission was one of our major opportunities to have this addressed, hopefully, by the government. This recommendation came out of our focus groups talking to students about the unrealistic expectations of the current income threshold. It has not been changed since 1993. When students start earning any money at all they are being taxed at up to 75c in the dollar—50c for the first little bit and 75c after that. It is an incredibly punitive system of effective taxation. It takes away students' incentive to work. It also takes away any benefit they get from working—students have to work excessive numbers of hours to get any financial benefit at all.



**Senator STOTT DESPOJA**—This has arisen out of focus groups, you say, but I am wondering how far it has got. This is your first opportunity to air this particular idea.

**Mr Pendleton**—That is right.

**Senator STOTT DESPOJA**—Are you planning on taking the suggestion further? I think it is going to end up in our final recommendations, or at least in our final report, but has anyone else had an opportunity to comment on it?

**Mr Martin**—Let me put on my other hat, as a federal employee of Centrelink.

**Senator STOTT DESPOJA**—I thought I heard you say that earlier and I just thought maybe I had missed something.

**Mr Martin**—It is something I have thought long and hard about, and in this subsequent period of time we have seen the reduction of the income working credits for unemployed people. Look at how low they are: \$1,000. When someone who may have been unemployed for a long period of time re-enters the work force they have the capacity to earn \$1,000 before it affects their Newstart allowance. For an adult, that is not going to take long—maybe 1½ pays, especially if they get paid fortnightly. I got the direct impression that the government were not serious about working credits. If they were serious about working credits they would have tagged it to at least the \$6,000 figure that is the potential that students have. There is a huge difference between the two.

The rationale behind the idea is excellent. The reality is that there is a huge cost input for someone to start a job and to work, given that often you lose your health care card straight away and all the ancillary benefits that go with that. But \$1,000? I thought, ‘What hope have we got if we say, “By the way, students really should be capped at \$10,000 per annum,” and it starts at \$10,000—it does not start at zero.’ That cuts out a large group of students who are already working—and more and more of them do that. Unfortunately, given that there is not a huge budget surplus, I do not think it is even on the government’s radar. That is how I read the lay of the land.

**Senator STOTT DESPOJA**—Hopefully, the role of this committee and its report will be to put these issues on the radar. I do not know what happens next.

**Mr Martin**—We can always knock on the door, Senator. That is all we can do—keep on knocking.

**Senator STOTT DESPOJA**—Absolutely, and we know that we can make changes that will be for the better, even if it is just chipping away at some of these ideas. Just more generally, in terms of your submission, you have talked about key parts of the university experience being sacrificed, whether cultural, academic or whatever. I wonder if you can give the committee a general comment about that. Does it really matter if those things are being chipped away at if they are getting their degrees on time, getting through the system and getting qualifications? Does it matter if that holistic experience is not the same?

**Mr Martin**—It does; it has a dramatic effect. I refer back to Minister Nelson's comments about the student nurse who does not use her university's gym and facilities and therefore does not think she should have to pay any money. The reality is that, as with any service provision, what gets done behind the doors is unseen. Take the situation of students being able to provide an advocacy role with the university. The ability of students to sit on university committees, to advocate for and to cast an eye over university policy and regulations which directly affect students, to take part in academic boards and to take part in and sit in on university councils—which I have had the opportunity to do—allows oversight by students of what is going to happen to the whole student body.

It allows us to make sure that the university is meeting its obligations under its own regulations, and in many cases that does not occur. I had a case today in front of an appeals committee where a program coordinator, quite a senior person in charge of a program, admitted to us that they were not following university policy and had not been following university policy for the last eight years in one area. The sheer fact of not following policy allows students who are aware of it to sue the university. The policies are tight—'the university will do this, and nothing else'—and here is a case of a senior person saying, 'We haven't bothered to do that.' That is just so blase.

If you take away that aspect of advocacy, of students being able to relate to their educators and the bureaucrats in their universities and being seen as equals, it is going to have a huge impact on what happens to students on university campuses—and that is more than just being able to go to the gym. It is what I think is the essence of students having the ability to say clearly: 'I pay a large amount of money nowadays to study and I expect some reciprocity from the university and from government.' The government might say, 'We pay the other 75 per cent of your costs.' Nonetheless, we pay, and we now pay a lot more, and we expect to get a better standard of degree, to have better lecturers and better facilities. And we also expect to have the ability to say to the university: 'We think you are wrong in this. Have you discussed this with students first?' If VSU comes in, the ability for students to do that is going to be reduced to zero.

**Mr Hunt**—I think there are two other aspects to this as well. One is that there are direct economic impacts. For example, at Deakin the bookshops are run by the student association. In addition to the book grants scheme that Monica mentioned, we also provide discounts to students. That is under threat, because that discount is provided out of the general service fee that is presently charged compulsorily to all students. Potentially, the cost of books could go up by eight per cent because of the abolition of that discount and then by a further 10 per cent—or some measure of that—next year. So there could be a very significant rise in the cost of textbooks at Deakin. I am not saying that will happen, but that is potentially what could happen.

Then there is the other aspect of the work of associations and unions. RMIT and Melbourne University, I recall, have surveyed the relationship between the networking that students do at university and retention rates. In other words, there is a correlation between how effectively you maintain your social networks at university and how well you finish your course. So activities like the orientation weeks and the clubs and societies that are provided by unions, guilds and associations are a very significant part of keeping students at universities. If they are not paid for in some way or if they are undermined in some way then that will have a direct effect on the ability of students to complete their courses.

**Senator STOTT DESPOJA**—On the issue specifically of the ETSS and the abolition of that textbook subsidy scheme, I note your comments, Miss Okulicz, in relation to the scheme that you provide. Have you found in recent months that more people are taking up the scheme that you are providing as a consequence of their not being able to afford textbooks because of the eight per cent increase? It is really more than that in real terms. Have you found that to be a consequence of the abolition of the ETSS?

**Ms Moran**—We do not have any staff present today who administer the book loan scheme.

**Mr Hunt**—We do, actually; we got a nod from behind.

**Senator STOTT DESPOJA**—Is that why I can see nodding in the background? I thought it was a cheer squad for the question and I was thinking: ‘This is great!’

**Mr Hunt**—I think the cheer squad is telling us that there has been an increase in the take-up of that scheme.

**Senator STOTT DESPOJA**—If there are specific figures that you could provide, it would be helpful.

**Mr Hunt**—We can give you the data.

**Senator STOTT DESPOJA**—It is interesting that we are finding this out now—not that we did not anticipate it—and it would be very helpful for the committee for its final report to have specific data. If RMIT have figures that you would like to give us, or take it on notice to provide, that would be of assistance too. Deakin, I am particularly interested in 1.2 in relation to Centrelink on campus, the service that Deakin University Student Association provides—that is, the availability of Centrelink staff to be on campus at certain times. Whose responsibility is it to provide access to Centrelink for students? Is that the university’s responsibility or is that something that student associations and organisations should be doing?

**Ms Moran**—At Deakin it is something that DUSA has arranged. I do not believe that this system operates on other university campuses.

**Senator STOTT DESPOJA**—It is the first I have heard of it. It sounds particularly beneficial. But is that something that universities should provide or that student associations should provide? Is it something that student associations do by default or is it something that you think should be part of your purview?

**Ms Moran**—It would be a good system for universities to provide, but I think that student associations can also have a role in bringing those sorts of services onto their campuses.

**Senator STOTT DESPOJA**—And have you found it has been beneficial?

**Ms Moran**—It is a very beneficial service. The queues outside the Centrelink doors every Wednesday are enormous.

**Senator STOTT DESPOJA**—I was going to ask RMIT for their thoughts. Mr Martin, are you the de facto Centrelink service for students?

**Mr Martin**—I try not to be but that often happens.

**Senator STOTT DESPOJA**—I bet it does!

**Mr Martin**—Once a student finds out that I work for Centrelink, I get a lot of questions—and a bit of animosity, unfortunately: ‘You work for Centrelink? How dare you!’ Unfortunately, that is part and parcel. Centrelink does visit other university campuses. At RMIT it visits our main campus and it has a much shorter visiting service at the Bundoora campus. I can give the committee some insight into how that process works.

**Senator STOTT DESPOJA**—I would be interested.

**Mr Martin**—As you know, Centrelink is broken up by areas and Victoria has three areas. Area north country looks after the vast majority of universities because they seem to fit in their area. Area western Victoria, which is my home area, has a different model and has a very small, low-key visiting service. For example, at VUT at Footscray, their main campus, they may be there for half a day a week, even in the busy time. At RMIT, where we come under north central, during O week and for about a month they provide at least two and sometimes three staff members per day. But then after a month it drops down to one and to one day a week.

What has happened, what has caused that effect, is that Centrelink in its wisdom has decided to move the experts and the people who do a lot of youth work together into youth cells. Their primary role is to process Austudy, youth allowance and PES claims, although PES has now gone to an even smaller structure and has fallen down totally in Australia. There is one of those cells in each area. The area west cell is based out at Airport West and they are underresourced in terms of staffing, so they do not have the capacity to do the visits to TAFEs and university campuses that area north central does. But Centrelink has stripped the knowledge and expertise of people who know about youth and student issues out of the local CSCs and moved them into cells. The cells do not see customers. They do not have interview processes. They exchange things by mail and they do claims by mail. If a student comes in and ask a question of someone they may be facing someone who does not know the full information, because they have never been trained. That is the reality of the system, unfortunately.

I am not one of those people in the cells, as I have a slightly different role in my office. But I am one of the two youth and student experts left in my office. So I can understand what happened to the poor person from Deakin. There is no way we should ever be saying to a student, ‘Go on Newstart,’ because once you go on Newstart you have to agree that you are a job seeker first. Then you are required to do all the mutual obligation aspects at six months, which will clash with studies. Once they clash you have to give up your studies. You lose access to the income support—the \$6,000, if you can build that up—and you lose access to the threshold cut-off for income at \$236. It goes down to \$62. You have to hand in fortnightly forms. It is far more arduous and it is very poor advice, if not bordering on total incompetence, to say to a student, ‘Go onto Newstart.’ It happens, particularly in third year when the student has one subject left. They make them go onto Newstart. It should not happen but it does, partly because the people who had the understanding and knowledge of Youth Allowance are not in the office anymore.

**Senator STOTT DESPOJA**—I remember when I was at uni the sly advice was: ‘Get married.’

**Mr Pendleton**—It is still one of the major ways people access independence, because the independence criteria are so strict. There are students who do get married because it is the only way they can access student income support and survive.

**Senator STOTT DESPOJA**—Absolutely. My final question, related to that and how people are forced to get around the criteria in order to get money to survive, is on the black economy. That was also brought up in earlier submissions today. We have had some general comments but no specific evidence or figures on that. Is that something you find within your student organisations—that students are taking cash-in-hand jobs, particularly in hospitality, in order to make ends meet?

**Mr Hunt**—Very much so.

**Mr Manning**—I find that often it is one of the only equitable ways that a student can actually live comfortably on Youth Allowance and still have time to study because they are still earning a reasonable amount to live on and getting their full Youth Allowance because they are not claiming to the full extent because it is not above the table. Because they are not having to work those extra hours to get the money, they are actually still able to study.

**Senator STOTT DESPOJA**—In terms of their being able to study, obviously the AVCC’s research, the *Paying their way* report, tells us that increasingly students are working and that is interrupting their study time or even their attendance at tutorials and lectures. Is that something that is becoming a bit more of a phenomenon on campus for all of you?

**Mr Pendleton**—RMIT is now even proposing considering all students part-time students in terms of the way that their policies interact. We mentioned this briefly in our submission. There is one school that has recommended that students who are having to work more than 20 hours a week should consider their enrolment. So there are those kinds of issues that are coming up now in terms of the way that universities interact with their students because of the impact of inadequate student income support measures.

**Mr Martin**—Students have come to me and asked, ‘What is the benefit of being on Youth Allowance?’ I have gone through it with them and the end result is that they say, ‘No, it is not worth it.’ There is all the additional hassle, work and reporting that you have to do, and the chance of them satisfying the independence criteria based on the income they have earned is very slim. I spoke to a student last week who earned \$15,475 in an 18-month period and may still not satisfy the independence criteria. The other thing about the independence test and working is that you have to work at least 30 hours per week every week for 18 months without a break. I do not know anyone who does that normally. If you work part time, you have to work 15 hours per week every week without a break for 18 months. So the first criteria is the income you have earned at 75 per cent of the Commonwealth award rate for a traineeship—that is the \$15,000 or so. It is very hard to achieve. The second criteria, the amount of hours you are required to work without a break for 18 months, is impossible to reach. Students just do not have that consistency of work.

Students are then reliant on the parental income test, and I note that the parental income test starts reducing at \$28,800 or so a year. That has not risen to reflect the changes in income over the many years since it came in in 1996, when the government first introduced parental means testing. We know the base wage has gone up. We know the effects of bracket creep. The reality is that if you earn \$28,800 or so a year, to have your children's Youth Allowance start reducing at that point has severe effects on a family that is already struggling—\$28,800 is nothing. That is below what most university students earn in their first year out of study once they have graduated—the average graduate salary is about \$35,000. So that affect alone is serious. You see why students say, 'What is the point of getting income support from Centrelink?' There are so many hassles, so much control and they get little or nothing for it in the end. So they just say, 'I'm not interested,' and they struggle, hit the black economy and take the risks.

**Ms Moran**—Another major issue we raised in our submission is the effect on parents. Most parents, when their children get to university age, expect to begin to save for their own retirements and to put some money into superannuation. If they are expected to support their adult children through university with no income support, that is far less likely to happen, and that has the worst effect on the poorest families.

**CHAIR**—Thank you for your efforts in preparing your submissions and for giving up your time to appear before the committee today. It is much appreciated.

**Proceedings suspended from 3.50 p.m. to 4.02 p.m.**

[4.02 p.m.]

**WATTS, Professor Robert William, Private capacity**

**CHAIR**—I welcome our next witness from the School of Social Science and Planning at RMIT. Do you have any comments to make on the capacity in which you appear?

**Prof. Watts**—I am appearing as a private citizen and an academic researcher, with no capacity to speak on behalf of RMIT.

**CHAIR**—The committee prefers all evidence to be given in public but if you wish to give any evidence in camera you can request that of the committee and we will try to facilitate that. The committee has a submission before it numbered 136, which is actually under the name of Professor Judith Bessant. I understand you are appearing on her behalf. Do you know whether there are any changes or additions to that submission?

**Prof. Watts**—No.

**CHAIR**—Would you like to make an opening statement and then we will go to questions.

**Prof. Watts**—Thank you for the invitation to appear before the committee. The first thing I would say is that how we frame the question matters very deeply for the kinds of answers you are going to get, and I think how you represent the problems, in this case in a policy framework, also helps to determine the kinds of solutions you are going to be looking for. It does seem to me that in the way the committee has framed its terms of reference it seems to be heading off in two slightly different directions. One is to explore the question of whether there is adequacy of income support and related support for current students. I am assuming at this point a postsecondary focus, predominantly, as your point of concern. The other much larger question is the question you have posed of whether this impacts on access in general to postsecondary education in this country, and whether current mechanisms of income support either inhibit or encourage increased access.

I would begin by framing the problem this way. We have moved already to a mass postsecondary education system. We have 900,000-plus students in university education. We have 1.1 million students in TAFE. We have two million Australians currently in postsecondary education. The question is whether we are prepared to proceed through to the most radical end of this trajectory, which is to a fully democratised higher or postsecondary education system and what as a community we are prepared to do to sustain that trajectory, which has now been in place for two decades or more.

Clearly, universities have lagged behind that trajectory. Many of the current staff inhabit a mental universe from the 1960s. Indeed, it seems to me that many of the policy-making community inhabit a mental universe which is still somewhat behind the times. The critical question becomes: what are the government and the community prepared to do to sustain that trajectory to make it possible for all Australians to access postsecondary education? At this point,

it seems to me that we are still struggling to work out how to address that question—or even to frame that question—as the right way to begin.

For me, the massification of postsecondary education is the beginning point. The question of income inadequacy in that context is then posed even more sharply by the larger trajectory of our society. Our society is now one in which, it would seem, postwar welfare state successes which were accomplished, particularly by the 1970s, have been radically undone. We now again have a circumstance where 60 per cent of our income-earning units in aggregate do not earn what the top 20 per cent of income earners earn. For that, you could say that what we loosely call ‘restructuring’ and taxation policy, in combination, are the two primary perpetrators of what we now have in place. The question, in a macro policy setting, is really quite a large one. At this point, it is quite clear that the current policy settings, which have been in place since the late 1980s, have largely been antipathetic to both adequate funding of this shift to mass higher education and to a preoccupation with and capacity to deliver equitable access—in this case, to higher education.

It seems to me that how you frame the question—and I have framed it in a very particular way—would then begin to pose the kinds of solutions that you might want to look to perhaps somewhat differently. I would say that, in a conventional sense, the kinds of submissions you have had from the NUS, for example, catch many of the things needed if one wanted to stick within the conventional framework. There is no doubt that the current provisions of income support are inadequate and that there are many things you could do to tinker around the edges to improve access to it and improve the sustainability of the postgraduate education commitment by students who are currently in the system. Whether that will actually encourage greater access by the larger number of people is another question altogether.

If you are looking for cost-effective solutions—because I suspect the current government is not going to want to spend another couple of billion dollars to fix some of the problems that you are identifying—there are some things that we should be doing right now. You could, for example, give advice to universities to do a better job. Some universities have now accepted that there is a huge problem of engagement. Because of the diversion of students into paid employment, some universities have worked out that, whatever their formal status, university students are still students. Whether they are full-time or part-time, we should now start to structure the education experience as if all students were part-time. You can start to revisit timetabling, modes of teaching, modes of delivery of curriculum materials and so on, on the premise that all students are part-time. Indeed, 50 per cent plus of my students at RMIT are now working for income, if not full-time then certainly over 25 hours a week. So we cannot have the kind of engagement that was normative in the 1960s and 1970s.

It would seem to me that if we want to improve access then we should look to overcoming what I would call, simply and cheerfully, a ‘snotty-nosed’ attitude, on the part of too many universities, about linking up with TAFE and VET. It seems to me that income inadequacy may be one factor. Lack of confidence and lack of competence, on the part of many students, particularly in, say, Melbourne’s western suburbs, means they do not see themselves as university students. But they will go into TAFE colleges. Of course, what they then encounter is that some universities will simply not look at their candidature—their applications. The University of Melbourne simply will not take mature age students; it will not even think about that as a possibility.



So another low-cost and, I think, quite effective way of improving access—if that is your point of concern—is to build better pathways, with guaranteed agreements, between universities and TAFE colleges, particularly to ensure that non-English-speaking background people, women and so on are given a more assured pathway into universities. We know which universities in Victoria run decent equity and access programs and which ones do not. I think that those which do not have them should be leaned on by federal government, again because it is a low-cost technique. It will also improve the quality of their own student profile, because these students are frequently among the better ones we can get access to, particularly the mature age students and so on from diverse backgrounds.

Finally, I would say that far from fiddling with the income security system as it is now, I would commend a radical cost-saving, simplified approach, such as is currently on the agenda in much of the European policy community. It is familiarly known as the basic income model. It replaces the plethora of means tested, targeted income support schemes with a single payment tied to a somewhat rethought and reworked taxation system to ensure that all the issues of transition, from school through to work, family and university—which we now understand in the 21st century will become much more diverse and consistent—can be supported by a single payment that all citizens receive as a matter of right, which underwrites their capacity to make these transitions in and out of family, school and work and combines these elements of activity in the way that we now understand is actually the case, and does so on a cost-effective and administratively far cheaper basis.

I commend to the senators an idea which has been sitting on the table since Henderson first proposed a guaranteed minimum income model way back in the 1960s. He did so for reasons which I do not think are sustainable these days, but would certainly take us into a new way of thinking about the role of government in providing income support to all citizens, with a view to also improving access and equity across many dimensions of the modern lifestyle.

**Senator STOTT DESPOJA**—Thank you, Professor Watts. It is really interesting that you began by talking about realistic, cost-effective proposals, because like all of us we do not want the government to balk at these recommendations, and you end up with arguably one of the more radical solutions that you could offer, a GMI—not that I have any problem with that. You said in your final comments that you are talking for all its citizens. If we break it down are you realistically proposing, to begin with, a kind of guaranteed minimum income for student income support, and what would that involve? Is it a mainstreaming—for lack of a better word—for income support payments for students attending all kinds of education or are you talking further? As an idea it is great, I am just wondering in terms of its application what we are talking about.

**Prof. Watts**—The essential problem with the current income support scheme in all of its manifestations is that it encourages the kinds of things that you see perpetuated in public discourse—what you can call negative stereotyping of this or that recipient group. Students are just one of a number of groups that—to use the vernacular—get it in the neck because they are defined as deviant, problematic, troublemakers or outside the mainstream.

The shift towards a citizens' income model—which is what the Basic Income European Network, for example, has been proposing for some 20 years—is in part designed to reinstate an ethic both of citizenship and equity of respect for all citizens. If you maintain what we have constructed over the last century, the kind of categorical and often quite mean and means tested

approach to income support, you are very likely—and politicians find it almost irresistible—to create the opportunity for endless stereotyping and negative categorising of various recipient groups and to play politics, where you play this group off against that group, undermining the fundamental idea that we are all human, we are all citizens and we are all entitled to equity of respect and support. So whether you took the basic income model seriously in its entirety, or took a version of it and applied it to this category, would not matter too much.

The question we really have to address at this point is that students, as Judith has argued in her research paper, are frequently negatively stereotyped and/or rendered invisible, like many other category groups in the social security system. That is unfortunate. The important thing to say is that students in their generality cannot be generalised about. If you take a cohort of my students it is impossible to generalise about them readily. What they do share are certain moral and civic statuses, and that includes a requirement that they be dealt with respectfully and be understood as citizens. Underneath that we have mature age people, people from Indigenous backgrounds, the gender divide, class and status division, and so it goes on. It becomes very difficult to speak meaningfully about that group.

I think one of the strong points of Judith's research work was to insist on what we would call an ethnographic approach—that is, rather than the abstract 'drawing a poverty line' model and seeing who fits in it, over it and underneath it, we would go to diverse community groups to check out how people actually experience the level of income they enjoy at that point and what that means for them in their lives, in their choices, in their experience as students and in the other dimensions of their lives.

**Senator STOTT DESPOJA**—I am very conscious of the fact that that is a key recommendation, if you like, in the paper before us—the need for that kind of ethnographic information and study. I do not doubt for a moment the heterogeneous nature of students, but there are some pretty clear indicators, for example, if you look over the past decade, about where students have not been coming from in large numbers, and the 'same old, same old' applies. We are talking about the failure to see increases—minimal, if any—in Indigenous participation and in regional and remote rural student participation, as the two starkest examples just off the top of my head. What part does income support play in that? We can talk about the diverse nature of the student population, but in reality we know that there are some groups that are continually missing out. How big an impact do you think something like a GMI or better forms of income support would have? What difference would it make to those key groups?

**Prof. Watts**—I think it would underpin their capacity to think about accessing higher education. By and large, they do not access higher education at the moment, as you say rightly. At RMIT, which is an old working man's college, 60 or 70 per cent of our intake still comes from the private school sector. That is telling you something. That is not necessarily the elite private school sector, but we have 60 per cent coming from one-third of the current secondary school intake. So it is clearly not working. We are not achieving equity there.

It would seem to me, particularly for people in what we may say are generally the sites of social disadvantage and low income, that the provision of some kind of guaranteed access to a decent income would free them from some of the kinds of worries and preoccupations they have currently. It is quite clear when you talk to non-English-speaking-background people, particularly those who have come in the most recent immigrant waves of the nineties, that at this

point—either for themselves, if they are older adults, or for their children—universities and TAFE are still way outside their possibility, their horizon of hope. It would seem to me that the provision of some basic income support would at least provide some platform for that.

But, as I said in my opening presentation, that is only one part of it. I think we have to address cultural and aspirational ideas which at this point are not helpful. As Bob Connell pointed out 30 years ago, one of the obstacles to working-class people staying on at school and going to university was the simple idea that they did not have the brains to do it, even though they did. But they came to believe they did not. So it is how you address the kind of cultural and imaginary space they live in. And TAFE is well placed to do that. It is certainly better placed to do it at this point than the higher education sector.

**Senator STOTT DESPOJA**—I am interested in your comments about TAFE vis-a-vis universities—and the snotty universities. On the one hand, I am very conscious of the fact that there are many universities that are not doing their bit in relation to access and equity. But there is also a part of me that thinks, ‘Well, I recognise that there are different roles for TAFE and universities.’ In much the same way, I am probably still thinking about the unified national system. It is not that I want to see people concentrated by virtue of their status, socioeconomic or anything else, in a particular institution, but TAFEs and universities do have different roles. Surely a big part of that is increasing the bridging courses, as you say. But you almost sound as if you are sliding into a sort of ‘merger-speak’, if you like.

**Prof. Watts**—No.

**Senator STOTT DESPOJA**—You are saying that it is more about the pathways?

**Prof. Watts**—I think it would be a long shot to imagine universities in the next few decades actually being filled up with really great teachers who are deeply committed to working with non-English-speaking-background people in an outreach kind of capacity. I think that is going to continue to be the kind of role that many TAFE bridging program coordinators, for example, continue to play and do well. They do it really well. No, I am not talking about merger. I am not talking about a kind of homogenisation of that effect. But it is about building in strong, guaranteed pathways and trying to overcome some of this attitudinal problem that some universities continue to have.

**Senator STOTT DESPOJA**—I have no doubt about that. Going back to the GMI proposal—I am quite excited about getting this into a Senate committee report—have you any more specific ideas to give to the committee about what we are talking about? Are we talking average weekly earnings, or more likely the minimum wage level? Is that what you envisage? Are there any criteria surrounding access to that GMI, or is it basically as a right of everyone?

**Prof. Watts**—I confess to a kind of political background. I was involved in setting up the Greens here in Victoria in the early 1990s, and I developed then a kind of working model based on the early nineties data—taxation rates and so on. The critical thing is to so construct a scheme that it achieves the effects you want, which are: to provide for guaranteed income for people caught in between and/or making transitions between various activities on the one hand, and a roughly equitable outcome at the other, and an effectiveness of delivery and not blowing the budget out of the water. You have to hold those three elements together. It seems to me that what

you would be looking at is a move to install an adequate household income, because you would probably have two kinds of rates—one for adults, one for children—and you would have to rework the taxation rate system, not least of all with the view to getting rid of the poverty trap problem which has been endemic in our social security income tax interface for 30 or 40 years now. Then it is a question of having a discussion with the community about what it would see as the kind of desirable minimum. We are not going to assure anyone a maximum, because that is not on, but a minimum that would begin to address our idea of what a common, decent lifestyle would look like.

Australians, 100 years ago, managed through the old arbitration court to come up with an idea of fair average quality through the old institution of the basic wage. It is not beyond our capacity or wit now to have a similar exercise and come up with an equivalent idea now embedded in this idea of basic income. The critical thing is that we understand that it is not going to fix all the problems; we are not going to solve issues for particular groups in our community—people with disabilities will still need special support and special assistance, and likewise for people with special needs—but it does take us another stage down what I see as a 250-year democratic revolutionary path, which is to spread the resources of our community out in ways that ensure all human beings have a right to flourish. This is an idea that Martha Nussbaum has eloquently put on the agenda in the last decade in her developmental ethics work.

**CHAIR**—Do you believe the debate about student poverty is missing from the national agenda, and why that might be the case?

**Prof. Watts**—It is not there, so it must be. There is not one, apart from the work of your committee. As Judith has observed in her paper, students at best occupy a kind of discursive space in media reports only when they do a protest or do something that is typical. We can only begin to guess at the scale of the problem, but I can tell you that, as a teacher, when I see students who appear to my eyes to be suffering from scurvy, and it is proven to be the case, then you have got yourself a problem. It is not a huge problem, it is not a problem numbering in the hundreds of students, but there are small numbers of students whose dietary deficiencies are great. They are trying to get by on \$30 a week after they have paid the rent, and it is not going to work. Their skin will start to erupt, they start to look sick and they start to get sick, and there are cases now in Melbourne of scurvy amongst students. It is simply unacceptable, in a society that is the 17th or 18th most wealthy society on the face of the earth, to have people coming from suburban Melbourne presenting with symptoms of scurvy. It is unacceptable. It seems to me that we have got ourselves some problems, but there is not a big public media or even politically aroused sensibility around this issue at this point. Maybe your committee will sponsor that in some small way.

**CHAIR**—You put to us then that student poverty is not only there, but it is getting worse?

**Prof. Watts**—I would say that, as the general maldistribution of income proceeds apace in the broader community, yes, it cannot help but simply be reflected in the experience of students. Particularly in the current context, as rental and housing accommodation costs go through the ceiling. I checked the other day and in the inner urban area of Melbourne rental now starts at \$170 a week for a room. For two rooms you are looking at \$220 a week, and at that point you start to think, ‘Hang on, this ain’t working.’ The half share of a house is probably more

cumbersome; you might be looking at \$220, \$250 or \$270 for a rat's nest of a house. Clearly, this is a problem.

Housing affordability is not just an issue for those who want to buy into the housing market; it is an issue for people who just want to live in a suburban space and go to university. I think that you would expect, with a *ceteris paribus* clause built in, that if our society is going through a trajectory of greater income inequality then that will be reflected automatically in the cohort of people now in our higher education sector. It is because we have massified—that is the point. We have moved to a mass higher education system. It is no longer an old, elite middle class pursuit.

**CHAIR**—I want to ask you about that. There have been enormous changes to the higher education system since 1996—including, of course, the changes that are being put in place this year, which were muted 18 months ago. I think there has been a radical shift in the way in which higher education is expected to be offered by this government, let alone by universities. However, it seems to me that students are just being dragged along with these changes.

**Prof. Watts**—They have never been consulted. It would be fair to say that that has been a consistent pattern going back to the Dawkins revolution as well. One of the things I think the NUS submission drew attention to was the fact that, in the pre free-university days, industry frequently helped out by providing what I went through university on—a studentship. Governments routinely supplied studentships, which provided a very decent level of income support. One allowed me to go to university at a point when I could not otherwise have done so, coming from a working class background. Another interesting question for our time is whether industry, in the broad sense of the word, might not again begin to play a similar role in providing that kind of support. It is interesting that in the full-fee market, for a degree like the doctor of jurisprudence at Melbourne University, with a \$100,000 fee, most of the provision of that fee is coming from employers. They are sending employees into the jurisprudence degree in order to get the benefit of it. So it seems to me to be another low-cost alternative that might be explored, given the skills shortage debate that has now resurfaced. Industry might again come to the aid of the party with some targeted and nicely shaped studentships, scholarships or whatever that provide a reasonably decent level of income.

**CHAIR**—On behalf of the committee, thank you for appearing before us today and giving your evidence.

**Senator STOTT DESPOJA**—Before we conclude, I will just make a personal clarification. Today one of the witnesses, Mr Graham Hastings, suggested that I went through university at a time when university was free. I am old but not that old. I had both a HEAC and a HECS debt.

**Committee adjourned at 4.28 p.m.**