

# Financial considerations

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Getting into uni should not be about whether or not you can afford to live. It should be about what you have achieved throughout year 12 and whether you have qualified for the course you have selected.<sup>831</sup>

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Over a working lifetime, the earnings of a university graduate have been estimated to exceed those of other year 12 graduates by more than \$1.5 million.<sup>832</sup> While the long-term financial rewards may be considerable, the costs of participation in higher education are also high. The challenge of meeting these costs was an overriding concern of many participants in the inquiry.

A major task for the Committee was to understand how financial considerations impact on participation in higher education. Research suggests that financial considerations can impact on every stage of the higher education participation process, from the initial application to the completion of a university course. The Canada Millennium Scholarships Foundation, which has undertaken extensive research in this area, reports that financial considerations influence both access to university for potential students and their persistence once they enrol.<sup>833</sup> In the course of the inquiry, the Committee heard many accounts of students who had found access to higher education limited by its costs, or who had failed to complete a university course due to financial difficulties.

The Committee also found evidence of significant geographical differences in the impact of costs on participation in higher education. First, people in disadvantaged socioeconomic circumstances are less likely to be able to meet these costs, and participation may therefore be affected in geographic areas with high levels of socioeconomic disadvantage. In addition, travel and relocation impose additional costs on students who live away from home to study. The Committee heard that this is a particular concern for people in rural and regional Victoria. There is a widespread view that reducing the financial barriers would therefore be a significant step towards addressing geographical differences in the rate in which Victorian students participate in higher education.

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<sup>831</sup> Ms C. Johns, Year 12 Student, Ouyen Secondary College, Transcript of Evidence, Public Hearing, Ouyen 3 June 2008, 16.

<sup>832</sup> Alicia Payne and Richard Percival, *What price the clever country? The costs of tertiary education in Australia*, AMP.NATSEM Income and Wealth Report 21 (Sydney: AMP Limited, 2008), 1.

<sup>833</sup> Joseph Berger, *The Price of Knowledge: Access and Student Finance in Canada*, 3rd ed. (Montreal: Canada Millennium Scholarship Foundation, 2007), 33.

## The costs of participation

The Committee heard evidence about three types of cost associated with participation in higher education: the direct costs of study; the costs of living as a student; and the opportunity cost of foregone income while studying. The level of these costs, and their impact, will differ depending on a students' individual background and circumstances. While some participants discussed the impact of study materials and tuition fees, difficulty meeting the cost of living was a theme that recurred most strongly in contributions to the inquiry, especially for students who relocate for study.

### Study costs

Undertaking university study imposes direct costs for students in the form of both tuition fees and the purchase of course materials. Relative to comparable countries, Australian students pay a high proportion of the costs of university education. The Australian Education Union (Victorian Branch) noted that tuition fees in Australian public universities are the third-highest among OECD countries, after the United States and Japan.<sup>834</sup> Tuition fees are generally deferred and repaid as an income contingent loan.

The majority of Australian undergraduate students are in a Commonwealth supported place. This means that they pay only part of the costs of their course, referred to as a 'student contribution'. Student contributions range from \$4,162 to \$8,677 for the equivalent of one year of full-time study (refer Table 7.1), although those who pay all or part of this amount up front receive a 20 per cent discount. The average total student contribution for someone graduating with a bachelor pass degree in 2007 was \$20,579.<sup>835</sup>

Table 7.1: Maximum student contribution to tuition fees in a Commonwealth supported place (2009)

Student contribution band	Maximum student contribution for one year of full-time study
<b>Band 3</b> Law, dentistry, medicine, veterinary science, accounting, administration, economics, commerce	\$8,677
<b>Band 2</b> Computing, built environment, health, engineering, surveying, agriculture	\$7,412
<b>Band 1</b> Humanities, behavioural science, social studies, foreign languages, visual and performing arts	\$5,201
<b>National priorities</b> Education, nursing, mathematics, statistics and science	\$4,162

Source: Australian Government Department of Education, Employment and Workplace Relations, *Information for Commonwealth Supported Students 2009* (Canberra: Commonwealth of Australia, 2008), 28.

A small number of domestic undergraduate students pay the full costs of tuition. Fees for these students are set by individual institutions and are generally substantially higher than student contribution amounts. From 2009, these full fee paying places are being phased out in undergraduate courses at public universities, but will remain for postgraduate courses and for full fee undergraduates who commenced or deferred their studies before 2009.

<sup>834</sup> Australian Education Union (Victorian Branch), Written Submission, May 2008, 7.

<sup>835</sup> Alicia Payne and Richard Percival, *What price the clever country? The costs of tertiary education in Australia*, AMP.NATSEM Income and Wealth Report 21 (Sydney: AMP Limited, 2008), 19.

## Living costs

Although the direct costs of study are substantial, living expenses generally comprise an equal or greater proportion of the cost of completing a higher education course. One estimate of the combined cost of tuition and living expenses, referred to by several participants, is provided by the Australian Scholarship Group's University Costs Calculator. This online tool produces estimates of the costs of higher education based on area of study, state of residence, living situation and commencing year.<sup>836</sup> Table 7.2 shows three of these estimates, varying by living situation, for a Victorian student over the duration of a standard three-year bachelor degree.

Table 7.2: Estimated costs for a Victorian journalism student commencing study in 2009, by living situation

Costs		At home	Shared rental	On campus
Study costs	Tuition	\$16,309	\$16,309	\$16,309
	Course materials	\$3,154	\$3,154	\$3,154
	Computer & internet	\$2,292	\$2,292	\$0
Living costs	Establishment costs	\$0	\$3,544	\$3,097
	Accommodation	\$0	\$17,297	\$57,214
	Groceries & food	\$5,638	\$16,398	\$5,638
	Utilities	\$0	\$4,029	\$0
	Public transport	\$5,960	\$5,960	\$3,221
	Entertainment/other	\$5,638	\$5,638	\$5,638
	Ancillary	\$7,248	\$7,248	\$7,248
<b>Total (three years)</b>		<b>\$46,239</b>	<b>\$82,382</b>	<b>\$101,519</b>

Source: Australian Scholarships Group, 'ASG University Costs Calculator,' ASG, [http://www.asg.com.au/uni\\_calc.asp](http://www.asg.com.au/uni_calc.asp) (accessed 28 April 2009) (adapted).

The amounts in Table 7.2 are estimates only. The actual costs of participation will vary considerably between students according to the length of degree, course-specific costs, location and lifestyle. Nevertheless, Table 7.2 offers a reasonably accurate representation of the living and study expenses of Victorian students.

Table 7.2 also makes clear that the cost of participation in higher education is dramatically higher for students who live away from the family home. Based on Australian Bureau of Statistics (ABS) survey data, one recent study estimated the average expenditure of full-time tertiary students living away from home in shared accommodation to be \$542 per week.<sup>837</sup> Numerous inquiry participants estimated that each year, the cost of living away from home to study is approximately \$15,000 to \$20,000,<sup>838</sup> although some participants

<sup>836</sup> Australian Scholarships Group, 'ASG University Costs Calculator,' ASG, [http://www.asg.com.au/uni\\_calc.asp](http://www.asg.com.au/uni_calc.asp) (accessed 24 November 2008).

<sup>837</sup> Alicia Payne and Richard Percival, *What price the clever country? The costs of tertiary education in Australia*, AMP.NATSEM Income and Wealth Report 21 (Sydney: AMP Limited, 2008), 15.

<sup>838</sup> For example, Girton Grammar School, Written Submission, March 2008, 1; Gippsland Local Government Network, Written Submission, April 2008, 3; Ms M. Kirsopp, Parent, Written Submission, May 2008, 2; National Rural Health Alliance, Written Submission, February 2008, 3; Mr B. Simons, Principal, The Hamilton and Alexandra College, Written Submission, February 2008, 1; Ms D. Howcroft, Parent, Transcript of Evidence, Public Hearing, Hamilton, 28 April 2008, 62; Mr D. McLean, Parent, Written Submission, April 2008, 1; Ms J. Devereaux, Executive Officer, Wimmera Southern Mallee LLEN, Transcript of Evidence, Public Hearing, Hamilton, 28 April 2008, 5.

cited figures even higher.<sup>839</sup> Some recent studies and university publications have presented similar estimates.<sup>840</sup>

The Committee notes that unlike the deferred cost of tuition fees, living expenses are immediate, ongoing costs that can wear away at a student's persistence over the course of their studies. Many schools, students, student unions, local governments and parents spoke about young people from their communities who had enrolled in university but subsequently left, largely due to financial pressures. Similarly, the 2006 Universities Australia Student Finances Survey found that 4 per cent of full-time undergraduate students said that financial circumstances would probably lead them to discontinue their studies, while an additional 14.1 per cent reported plans to defer or take a leave of absence.<sup>841</sup>

The additional expense for students who must leave home and relocate for study was the subject of a great deal of evidence to the inquiry. The Southern Grampians Youth Network argued that while discussion about the costs of higher education is 'too often focused on HECS', the cost of living away from home is far more problematic for regional students and families.<sup>842</sup>

### ***Accommodation***

Accommodation in university halls of residence or colleges is often the preferred option for students who relocate to study. As well as a convenient location, halls of residence offer a bridge between home and independent living, providing meals and other amenities. They also offer opportunities for social interaction to support the transition to university life.

However, on-campus accommodation is also usually the most expensive choice. Within Melbourne, most on-campus accommodation costs between \$8,000 to \$10,000 for the academic year, although charges can be as high as almost \$19,000.<sup>843</sup> At campuses on Melbourne's fringe, university accommodation is slightly less expensive, and in regional areas, residential colleges are often cheaper again. Nevertheless, university accommodation generally remains more expensive than shared rental accommodation, especially when added fees, levies and charges are considered.

The manager of on-campus accommodation at the Monash University Gippsland campus told the Committee that universities struggle to provide a high level of service and pastoral care at a price that is competitive with the private rental market, even where the university subsidises costs.<sup>844</sup> This may mean living in halls of residence is out of reach for many of the students who would benefit most from the additional support available through on-campus residential services.

Shared rental accommodation is generally a less costly option, but was still considered prohibitively expensive by many inquiry participants. In its submission, the University of Melbourne commented that the 'crisis' in Melbourne's private rental market has serious

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<sup>839</sup> Ms S. Cole, State President, Victorian Branch, National Union of Students, Transcript of Evidence, Public Hearing, Melbourne, 14 April 2008, 18; Ms D. Howcroft, Parent, Transcript of Evidence, Public Hearing, Hamilton, 28 April 2008, 62.

<sup>840</sup> For example, Naomi Godden, *Regional Young People and Youth Allowance: Access to Tertiary Education* (Wagga Wagga: Centre for Rural Social Research, 2007), 10; Deakin University, *Can my wallet afford it? A guide to the cost of studying at university 2007* (Geelong: Deakin University, 2007), 14.

<sup>841</sup> Richard James and others, *Australian University Student Finances 2006: Final report of a national survey of students in public universities* (Canberra: Universities Australia, 2007), 52.

<sup>842</sup> Southern Grampians Youth Network, Written Submission, April 2008, 3.

<sup>843</sup> Based on analysis of rates for 2009 on Victorian university websites, 16 June 2009.

<sup>844</sup> Mr W. Awan, Manager, On-Campus Accommodation, Monash Residential Services, Gippsland, Monash University, Transcript of Evidence, Public Hearing, Churchill, 19 May 2008, 61.

implications for students, particularly those from rural areas.<sup>845</sup> As vacancy rates have dropped dramatically in inner Melbourne, competition for housing has led to an increase in rental prices. The Committee heard that vacancy rates are also low in less central areas with a university presence, including around the Clayton campus of Monash University.<sup>846</sup>

High demand also means that simply securing rental accommodation can be time consuming and costly. Students may be required to inspect several properties before finding a suitable home, involving frequent travel to Melbourne for rural and regional students.<sup>847</sup> Once secured, rental accommodation entails high set-up costs, including bond, advance rent, utility connection fees, and the purchase of furniture and household items. There may be additional costs associated with private rental as a student may move several times over a three to four year period.

Furthermore, students living in private rental accommodation must cover the costs of day-to-day living expenses, such as grocery items and utilities, which are typically included in the total cost of accommodation in halls of residence. Table 7.2 demonstrates the substantial differences in food and utilities costs between private accommodation, and living at home or in halls of residence. While the total costs of living in private accommodation are still lower than living on campus, they may nevertheless be prohibitive for many students.

### *Transport*

The Committee heard that the costs of transport, both public and private, are also significant. As may be expected, the effects of transport costs vary according to geographic location. Students living in interface areas who commute to university may face high transport costs, as well as logistical challenges. Similarly, the Committee heard that universities and other education and training institutions in regional areas often have large student catchment areas, with a substantial proportion of students commuting long distances to attend classes.<sup>848</sup> The Bendigo Regional Institute of TAFE reported that 15 per cent of students travelled 100km or more to class.<sup>849</sup> Since public transport in and around regional centres can be irregular or unavailable, private transport may be a student's only option. Combined with high petrol costs outside of metropolitan areas, this can make participation prohibitively costly, creating a barrier to participation.<sup>850</sup>

Students who are living away from home also face high travel costs to visit home, especially if they have relocated from a remote area.<sup>851</sup> The Committee heard that even where public transport is available to students, it is costly,<sup>852</sup> especially for interstate students who are not

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<sup>845</sup> The University of Melbourne, Written Submission, March 2008, 3.

<sup>846</sup> Ethnic Communities' Council of Victoria, Written Submission, March 2008, 2.

<sup>847</sup> Mr D. Rose, Chairperson, Heywood Local Aboriginal Education Consultative Group, Transcript of Evidence, Public Hearing, Hamilton, 28 April 2008, 42; Ms K. Leadbeater, Second Year Student, RMIT University, Written Submission, April 2008, 2.

<sup>848</sup> Victorian Automobile Chamber of Commerce, Written Submission, March 2008, 8; Monash Residential Services, Written Submission, May 2008, 5; South West Institute of TAFE, Written Submission, April 2008, 3; Gordon Institute of TAFE, Written Submission, April 2008, 8; WORKCO Limited, Written Submission, May 2008, 1; Mr B. Corbett, Year 11 Student, Ouyen Secondary College, Written Submission, April 2008, 1.

<sup>849</sup> Bendigo Regional Institute of TAFE, Written Submission, March 2008, 2.

<sup>850</sup> Victorian Automobile Chamber of Commerce, Written Submission, March 2008, 8; Ms T. Wilson-Brown, Parent, Transcript of Evidence, Public Hearing, Bairnsdale, 20 May 2008, 25; Mrs H. Thiele, Principal, Murrayville Community College, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 49.

<sup>851</sup> Ms W. Slorach, Teacher and Parent, Written Submission, April 2008, 1; Mr N. and Mrs W. O'Brien, Parents, Wodonga, Written Submission, April 2008, 4; Southern Grampians Youth Network, Written Submission, April 2008, 2.

<sup>852</sup> Mr A. Paton, Grants/Business Development Officer, City Growth Directorate, Warrnambool City Council, Transcript of Evidence, Public Hearing, Colac, 29 April 2008, 8; Professor K. Lipson, Dean, Faculty of Higher Education, Lilydale Campus, Swinburne University of Technology, Transcript of Evidence, Public Hearing, Lilydale, 17 July 2008, 19; Ms K. Steckyj, Year 12 Student, Copperfield College, Transcript of Evidence, Public Hearing, Sunshine, 12 August 2008, 19.

eligible for concession fares within Victoria.<sup>853</sup> A number of participants suggested that the Victorian Government should therefore take measures to reduce the costs of transport for outer metropolitan, regional and relocated students, by reducing or waiving public transport fares, or providing passes or petrol vouchers.<sup>854</sup>

## Opportunity costs

A less obvious expense associated with undertaking higher education is the opportunity cost of forgone income.<sup>855</sup> Several participants pointed out that for many young people, university is not considered in isolation, but compared with other education, training and work opportunities. Often, the uncertain and delayed economic benefits, combined with the high upfront costs of higher education, compare unfavourably with work and apprenticeship opportunities.<sup>856</sup>

Participants presented mixed views regarding young people's choices to start earning immediately rather than undertake further study. Mr Mark Wilson, Chair, Ouyen Inc, suggested that the appeal of immediate income can be strong for some young people:

It seems that, when considering their future, young adults have many choices to consider—'Do I get a traineeship or an apprenticeship? How can I start earning money? Do I go to university and then wait four years or more to start earning money? Look at so-and-so. He started an apprenticeship 18 months ago, and he has now got a cool car. He has his mates, his cool house and a plasma TV', which is very important.<sup>857</sup>

Another participant suggested that the decision to start earning may be a 'reasonable choice supported by economic good sense', especially in areas with strong employment opportunities and effective apprenticeship programs.<sup>858</sup>

The Committee heard that young people from low socioeconomic status backgrounds are more likely to have a preference for direct entry to the workforce.<sup>859</sup> Ms Helen Worladge, Executive Director, Western Chances, told the Committee that when parents are struggling financially, young people often look to 'short-term economic gain', even where this means leaving school early for relatively low-paid employment.<sup>860</sup> In such situations, earning an income can also be an opportunity to help out the family.<sup>861</sup> Some young people told the Committee that there are often many opportunities to find employment or to begin an

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<sup>853</sup> Ms K. Ottrey, Representative, Australian National University Students' Association, Transcript of Evidence, Public Hearing, Canberra, 2 June 2008, 29; Ms M. Firth, Vice-President, Australian National University Students' Association, Transcript of Evidence, Public Hearing, Canberra, 2 June 2008, 29; Ms S. Sly, Parent, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 57; Ms D. Monaghan, Parent, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 62.

<sup>854</sup> Victorian Council of Social Service, Written Submission, April 2008, 9–10; Melbourne's North and West Area Consultative Committee and Western Youth Futures, Written Submission, April 2008, 14; Mrs H. Thiele, Principal, Murrayville Community College, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 49; Ms D. Monaghan, Parent, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 62.

<sup>855</sup> Professor R. Teese, Director, Centre for Post-compulsory Education and Lifelong Learning, The University of Melbourne, Transcript of Evidence, Public Hearing, Melbourne, 25 February 2008, 14.

<sup>856</sup> Ms M. Pendergast, Principal, Warrnambool College, Transcript of Evidence, Public Hearing, Colac, 29 April 2008, 29; Mr M. Goldsworthy, Acting Principal, Ouyen Secondary College, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 2; Australian Catholic University, Written Submission, March 2008, 2; Mr M. Hill, Principal, Upper Yarra Secondary College, Transcript of Evidence, Public Hearing, Lilydale, 17 July 2008, 43; Mr K. Lee, Principal, Robinvale Secondary College, Transcript of Evidence, Public Hearing, Robinvale, 2 June 2008, 39.

<sup>857</sup> Mr M. Wilson, Chair, Ouyen Inc, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 58.

<sup>858</sup> Ms M. Kirsopp, Parent, Written Submission, May 2008, 1–2.

<sup>859</sup> For example, Mr M. Horn, Senior Manager, Research and Policy Centre, Brotherhood of St Laurence, Transcript of Evidence, Public Hearing, Lilydale, 17 July 2008, 53; Dr G. Withers, Chief Executive Officer, Universities Australia, Transcript of Evidence, Public Hearing, Canberra, 17 June 2008, 13.

<sup>860</sup> Ms H. Worladge, Executive Director, Western Chances, Transcript of Evidence, Public Hearing, Sunshine, 12 August 2008, 53.

<sup>861</sup> Mr M. Hill, Principal, Upper Yarra Secondary College, Transcript of Evidence, Public Hearing, Lilydale, 17 July 2008, 43.

apprenticeship with family or other contacts, making it easier to begin work rather than face the expense of studying.<sup>862</sup>

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## Sources of income

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The Committee received a great deal of evidence about the sources of income that university students draw on in order to meet the costs of participating in higher education. These include government income support, scholarships, earnings from paid employment and support from family. The Committee heard that a substantial proportion of students struggle to gather sufficient income to meet the costs of participation. This is not surprising given OECD estimates that Australia ranks 23<sup>rd</sup> among 31 OECD countries in terms of students' ability to finance their education costs, as measured by the ratio of tuition and living costs to available individual funding.<sup>863</sup> Various improvements to financial support mechanisms were suggested throughout the inquiry, particularly in the context of supporting participation in higher education for under-represented groups.

### Government income support

Government income support payments are a major source of income for many higher education students. The Australian Government Department of Education, Employment and Workplace Relations develops policy on student income support programs, which are then delivered by Centrelink. The three student income support programs are Youth Allowance, Austudy (for students aged over 25) and ABSTUDY (for Indigenous students). Additional benefits such as Rent Assistance are also available to some recipients.

Of the three student income support programs, Youth Allowance was of most relevance to the majority of inquiry participants. Youth Allowance is payable to various categories of young people aged 16 to 24, including those studying full-time in an approved education or training course. According to the Universities Australia Student Finances Survey, in 2006, 30.4 per cent of full-time Australian undergraduate students were in receipt of Youth Allowance, while an additional 4.8 per cent received Austudy.<sup>864</sup> The total percentage of full-time undergraduates receiving either of these payments had declined from 42.4 per cent in 2000 to 35.2 per cent in 2006, attributable to a drop in the proportion of students receiving Austudy.<sup>865</sup>

#### *Eligibility for Youth Allowance*

At the time of the Committee's inquiry, young people aged under 25 participating in full-time study or training were eligible for Youth Allowance payments if they were classified as 'independent' from their parents. Students could demonstrate independence in several ways. Of most relevance to the inquiry, a young person was considered independent where they had been out of school for at least 18 months and, since leaving school, had earned at least 75 per cent of the maximum Wage Level A of the Australian Pay and Classification Scale (equivalent to \$19,532 in 2009). A young person was also classified as independent if they had worked at least 30 hours per week for at least 18 months of the previous two

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<sup>862</sup> Mr M. Bertolacci, Senior Leader, Kealba College, Written Submission, 2; Ms S. Holcombe, Year 12 Student, Kurnai College, Transcript of Evidence, Public Hearing, Churchill, 19 May 2008, 47.

<sup>863</sup> Australian Government Department of Education, Employment and Workplace Relations, *Review of Australian Higher Education: Final Report* (Canberra: DEEWR, 2008), 57.

<sup>864</sup> Richard James and others, *Australian University Student Finances 2006: Final report of a national survey of students in public universities* (Canberra: Universities Australia, 2007), 12.

<sup>865</sup> *ibid.*

years, or at least 15 hours per week for at least two years since leaving school. Young people who could not live at home due to extreme family breakdown or threats to their health or wellbeing were also considered independent.<sup>866</sup>

For young people not classified as 'independent', Youth Allowance is subject to an annual Parental Means Test, consisting of a Family Assets Test and a Parental Income Test.<sup>867</sup> In order to qualify for Youth Allowance as a dependent in 2009, family assets (excluding the family home and 75 per cent of the value of a farm or business) could not exceed \$547,000. A young person could receive the full rate of Youth Allowance where parents' combined taxable income did not exceed \$32,800 per annum. This threshold was increased somewhat for families with additional dependent children. Above the threshold, payments were reduced by \$1 for every \$4 of parental income over the threshold, ceasing altogether where parental income reached approximately \$68,460.<sup>868</sup>

The Committee found that there is much angst in the community about the eligibility criteria for Youth Allowance. Many participants from across stakeholder groups considered that the age of independence is too high and should be lowered. This view was supported by the Review of Australian Higher Education, which reported that at 25, the age of independence is very high by international standards.<sup>869</sup> However, the review recognised that the cost of lowering the age of independence to 18 would be prohibitive (refer Table 7.3) and recommended that the age be lowered from 25 years to 22 years.<sup>870</sup>

Table 7.3: Estimated cost of reducing the age of independence

New age of independence	New Youth Allowance recipients (No.)	Cost per year (\$m)
24 years	3,000	16.3
23 years	8,000	37.5
22 years	19,000	87.5
21 years	54,000	262.5
18 years	404,000	1,850.0

Source: Australian Government Department of Education, Employment and Workplace Relations, *Review of Australian Higher Education: Final Report* (Canberra: DEEWR, 2008), 62.

Several submissions and witnesses raised concerns that Youth Allowance was too easily available to students from relatively wealthy families where students had qualified through the workforce participation criteria for independence. However, many more argued that Youth Allowance was not available to those most in need. In particular, the Committee heard significant concerns about the ability of those in rural, regional and interface areas to access sufficient income support, especially if they are required to relocate in order to undertake their studies. The Committee also heard the view that eligibility for Youth

<sup>866</sup> Centrelink, 'Independence test for Youth Allowance,' Centrelink, [http://www.centrelink.gov.au/internet/internet.nsf/payments/ya\\_independent.htm](http://www.centrelink.gov.au/internet/internet.nsf/payments/ya_independent.htm) (accessed 8 July 2009).

<sup>867</sup> In addition to the means tests that are applied to all Youth Allowance recipients not classified as independent, a Family Actual Means Test is also applied to selected families. This test measures what is spent and saved over a period of time.

<sup>868</sup> Centrelink, 'Income and assets tests for Youth Allowance,' Centrelink, [http://www.centrelink.gov.au/internet/internet.nsf/payments/ya\\_iat.htm#assets](http://www.centrelink.gov.au/internet/internet.nsf/payments/ya_iat.htm#assets) (accessed 16 July 2009); Centrelink, 'Parental income test,' Centrelink, [http://www.centrelink.gov.au/internet/internet.nsf/payments/parent\\_income\\_iat.htm](http://www.centrelink.gov.au/internet/internet.nsf/payments/parent_income_iat.htm) (accessed 16 July 2009).

<sup>869</sup> Australian Government Department of Education, Employment and Workplace Relations, *Review of Australian Higher Education: Final Report* (Canberra: DEEWR, 2008), 62.

<sup>870</sup> *ibid.*

Allowance is inequitable for farmers and business owners because their assets (including land) provide an income and cannot be liquidated.<sup>871</sup>

Participants in the inquiry made a range of recommendations relating to eligibility for the Youth Allowance. Some participants argued that the Parental Income Test and/or Family Assets Test thresholds should be raised.<sup>872</sup> Many more suggested that young people who must relocate for study should be automatically eligible to receive Youth Allowance.<sup>873</sup> Less ambitiously, some participants argued that young people qualifying as independent by earning \$19,532 should become eligible for income support after 12 months, rather than 18 months, after finishing school.<sup>874</sup> At the time of the inquiry, students who chose this route to independence were not eligible for Youth Allowance until late in their first semester of study. This was seen as particularly problematic for students who are relocating and facing establishment costs.<sup>875</sup>

The recent Review of Australian Higher Education considered similar evidence about eligibility for Youth Allowance. It found that 49 per cent of students receiving Youth Allowance lived at home in households with incomes above \$80,000 and 36 per cent above \$100,000.<sup>876</sup> The review therefore argued for reform to the current system of student income support, which it described as 'ineffective and not sufficiently targeted'.<sup>877</sup> In addition to lowering the age of independence to 22, the review suggested further changes to student income support, including increasing the Parental Income Test to align with the Family Tax Benefit A income test. More controversially, it recommended removal of two of the workforce participation criteria for independence, leaving the option of working for at least 30 hours per week for a minimum of 18 months during a two-year period.<sup>878</sup>

In May 2009, the Australian Government announced a package of changes to student income support in response to the Review of Australian Higher Education. Subject to the passage of legislation, from 2010, there will be an increase to the parental income test threshold for access to the maximum rate of Youth Allowance or ABSTUDY (currently \$32,800) to align with the Family Tax Benefit A income test (currently \$42,559). Indexation and taper rate arrangements will also be aligned with those applying under the Family Tax Benefit. These changes will enable additional students to access Youth Allowance without the need to demonstrate independent status. The Australian Government has indicated that

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<sup>871</sup> University of Ballarat, Written Submission, March 2008, 5; Bendigo Senior Secondary College, Written Submission, March 2008, 5; Mr M. Goldsworthy, Acting Principal, Ouyen Secondary College, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 3; East Gippsland Institute of TAFE, Written Submission, March 2008, 1.

<sup>872</sup> Mr T. Barton, Careers Coordinator, Orbost Secondary College, Transcript of Evidence, Public Hearing, Bairnsdale, 20 May 2008, 41; East Gippsland Institute of TAFE, Written Submission, March 2008, 1; Mr I. Lewis, TAFE Student, RMIT University, Transcript of Evidence, Public Hearing, Sunshine, 12 August 2008, 38.

<sup>873</sup> For example, National Rural Health Alliance, Written Submission, February 2008, 7; Warrnambool City Council, Written Submission, March 2008, 8; Australian Catholic University, Written Submission, March 2008, 3; Ms H. Rawlings, Bairnsdale, Written Submission, March 2008, 2; Central Goldfields Shire Council, Written Submission, March 2008, 3; Mr B. Baker, Convener and Member, South West Regional Youth Affairs Network, Transcript of Evidence, Public Hearing, Hamilton, 28 April 2008, 11; Ms A. Walpole, Grandparent, Whorouly South, Written Submission, March 2008, 2; Bendigo Senior Secondary College, Written Submission, March 2008, 5.

<sup>874</sup> For example, Warrnambool City Council, Written Submission, March 2008, 8; Mr G. Fryatt, Chairman, Education Committee, Victorian Farmers Federation, Transcript of Evidence, Public Hearing, Melbourne, 14 April 2008, 33; Mr B. Baker, Convener and Member, South West Regional Youth Affairs Network, Transcript of Evidence, Public Hearing, Hamilton, 28 April 2008, 10.

<sup>875</sup> Mr G. Fryatt, Chairman, Education Committee, Victorian Farmers Federation, Transcript of Evidence, Public Hearing, Melbourne, 14 April 2008, 33; Mr B. Baker, Convener and Member, South West Regional Youth Affairs Network, Transcript of Evidence, Public Hearing, Hamilton, 28 April 2008, 10; Ms H. Barry, School Captain and Year 12 Student, Bairnsdale Secondary College, Transcript of Evidence, Public Hearing, Bairnsdale, 20 May 2008, 48.

<sup>876</sup> Australian Government Department of Education, Employment and Workplace Relations, *Review of Australian Higher Education: Final Report* (Canberra: DEEWR, 2008), 53.

<sup>877</sup> *ibid.*, 66.

<sup>878</sup> *ibid.*, 61–62.

this change is likely to benefit around 102,000 students.<sup>879</sup> Additionally, the age of independence will be lowered to 22 years, with the reduction phased in over the period 2010 to 2012.

The Committee welcomes the above announcements as basic measures to improve the level of financial support available to many higher education students. However, the Committee does not believe that these changes will significantly improve access to higher education for those who must live away from home to study.

Furthermore, the Committee views with concern the Australian Government's announcement that from 2010 it is tightening the workforce participation criteria so that only those young people who have worked for a minimum of 30 hours per week for 18 months will be eligible for Youth Allowance under the criteria for independence. While acknowledging that some students from relatively wealthy families have been accessing Youth Allowance via the existing workforce participation routes, the Committee believes that the removal of the main workforce participation route will have a disastrous effect on young people in rural and regional areas.

The Committee believes that due to the nature of employment markets in regional Victoria, many young people will find it extremely difficult to qualify for Youth Allowance under the remaining workforce participation criteria. The Committee is also concerned that even if students can obtain suitable employment, the new arrangements provide additional disincentives to participation in higher education. These include the potential loss of scholarships if deferring studies, and the potential loss of study motivation due to the extended disruption to study plans. These issues are discussed later in this chapter.

The Committee also notes that the removal of the main workforce participation route to independence will have a detrimental impact on many students who deferred their studies during 2009 in order to work and earn sufficient money to be eligible for Youth Allowance. While some of these students may qualify for Youth Allowance under the revised parental income thresholds, the Australian Government has estimated that around 30,700 prospective claimants will no longer qualify for Youth Allowance in 2010, and that 3,600 existing recipients will not qualify for a higher payment as independent recipients.<sup>880</sup>

The Committee notes that the Australian Government states that 'the reforms are roughly cost neutral over the forward estimates'.<sup>881</sup> Therefore it would appear that the Australian Government is not, through these changes, adding any additional funding for student income support. The Committee acknowledges that means testing of income support is an appropriate mechanism for ensuring that limited government resources are allocated to those who most require assistance. At the same time, the Committee holds a strong view that a fair system of student income support must give consideration to the substantially different circumstances of those who have little or no option but to relocate in order to participate in higher education.

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<sup>879</sup> Australian Government, 'Student Income Support—Age of Independence,' *Transforming Australia's Higher Education System* Fact Sheet 16 (Canberra: Commonwealth of Australia, 2009), 1.

<sup>880</sup> Australian Government, 'Student Income Support—Workforce Participation Criterion,' *Transforming Australia's Higher Education System* Fact Sheet 22 (Canberra: Commonwealth of Australia, 2009), 1.

<sup>881</sup> Australian Government, 'Changes to Student Income Support in Response to the Bradley Review of Australian Higher Education,' *Transforming Australia's Higher Education System* Fact Sheet 14 (Canberra: Commonwealth of Australia, 2009), 1.

The Committee believes that the inequities are greatest between metropolitan and non-metropolitan young people, with rural students who move away from home often paying double the costs of metropolitan students over the duration of their course.<sup>882</sup> However, the Committee also notes that some young people in metropolitan and interface areas face a similar requirement to relocate to participate in higher education, particularly if they wish to complete a specialist degree only offered at certain campuses, or if their preferred offer is for study at a rural or regional campus. The Committee therefore recommends that the Victorian Government advocate to the Australian Government that all young people who are required to relocate for their studies be eligible to receive Youth Allowance. The Committee acknowledges that this policy may see some relatively wealthy students eligible to receive income support, however, believes that the overall benefits of the policy far outweigh any potential disadvantages.

### *Adequacy of Youth Allowance payments*

For students in receipt of Youth Allowance, the adequacy of payments was an issue raised throughout the inquiry. Table 7.4 summarises the maximum fortnightly payment amounts, Rent Assistance and additional benefits for a single young person aged over 18 receiving Youth Allowance in 2008. Payment rates under Austudy and ABSTUDY are similar. Note that while these figures describe maximum payment rates, fortnightly payment amounts vary according to several criteria, including personal income, the number of dependants, and whether the eligible young person lives with their parents or away from the family home.

Table 7.4: Maximum fortnightly Youth Allowance payments for single recipients with no dependants, by living situation (2009)

Living situation	Basic rate	Rent Assistance	Additional benefits
At home	Up to \$244.40	Not eligible	Low Income Health Care Card
Away from home	Up to \$371.40	Up to \$111.20	Fares Allowance for two return trips to the family home per year

Source: Centrelink, *Youth Payment Rates 20 March–30 June 2009* (Canberra: Australian Government, 2009).

One way of assessing the adequacy of student income support payments is against the Henderson Poverty Line, a relative measure of poverty based on an index of per capita household income. For the March 2009 quarter, the maximum weekly payment (including Rent Assistance) for a single student living away from home was \$241.30, a substantial \$150.55 (38%) below the relevant Henderson Poverty Line of \$391.85.<sup>883</sup> While this measure is not universally accepted, it is commonly referred to in discussions of Youth Allowance and other income support payments,<sup>884</sup> including by some participants in this inquiry.<sup>885</sup> In comparison to the Youth Allowance, the Newstart Allowance pays a single

<sup>882</sup> Mr P. Dryden, Written Submission, May 2008, 4.

<sup>883</sup> Melbourne Institute of Applied Economic and Social Research, *Poverty Lines: Australia: March Quarter 2009* (Melbourne: MIAESR, 2009), 3.

<sup>884</sup> For example, the Senate Employment, Workplace Relations and Education References Committee, *Student Income Support* (Canberra: Commonwealth of Australia, 2005), 29–30; Naomi Godden, *Regional Young People and Youth Allowance: Access to Tertiary Education* (Wagga Wagga: Centre for Rural Social Research, 2007), 20.

<sup>885</sup> For example, Australian Education Union (Victorian Branch), Written Submission, May 2008, 7; Department of Innovation, Industry and Regional Development (Victoria), Written Submission, May 2008, 14; National Rural Health Alliance, Written Submission, February 2008, 3; University of Ballarat, Written Submission, March 2008, 5; Ms M. Firth, Vice-President, Australian National University Students' Association, Transcript of Evidence, Public Hearing, Canberra, 17 June 2008, 28.

person without dependants up to \$453.30 per fortnight,<sup>886</sup> while the single Age Pension pays \$569.80 per fortnight.<sup>887</sup>

Another method of evaluating the adequacy of Youth Allowance payments is to compare it to students' actual living costs. There was widespread agreement among participants that Youth Allowance payments have not kept pace with rising expenses, and are too low to meet the costs of living, particularly in capital cities. Some participants commented that Youth Allowance covers accommodation costs, but leaves little or no money for other living and study expenses.<sup>888</sup>

The Committee heard that inadequate income can be detrimental to a student's wellbeing and academic success, with some participants noting that the potential consequences of a low income include missing meals, delaying or avoiding health care and possible student homelessness.<sup>889</sup> Many stakeholders commented that these difficulties may be exacerbated for students from non-metropolitan areas.

The Committee notes that the real value of government income support has been decreasing over recent years. The Review of Australian Higher Education found that the average Youth Allowance benefit paid to full-time undergraduate students has declined by more than five per cent in real terms over the last five years. Expressed in 2000 dollar values, the average Youth Allowance benefit in 2006 bought just below 73 per cent of what the corresponding benefit purchased in 2000.<sup>890</sup> Interestingly, the review also reported that the decrease in purchasing power was not as marked for other income support benefits.<sup>891</sup>

The Review of Australian Higher Education also noted that there has been an adverse effect on the purchasing power of income support, attributable in large part to rent increases, perhaps by as much as 10 per cent over the period 1998 to 2008.<sup>892</sup> The review cited research which suggests that the impact of rental increases on purchasing power has been greatest in geographical areas that have seen relatively rapid rent increases.

Inquiry participants made a range of recommendations for reform to student income support. There was consensus among many inquiry participants that Youth Allowance payments should be increased to meet the costs of living, or at least to match the level of the Henderson Poverty Line, particularly for students who must live away from home. The Review of Australian Higher Education similarly noted the need to at least restore the real value of income support payments to their 2001 levels. However, given that two other reviews were considering social security benefits, the Review of Australian Higher Education did not make specific recommendations regarding a suitable level for future income support payments.<sup>893</sup>

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<sup>886</sup> Centrelink, 'Newstart Allowance: Payment rates,' Centrelink, [http://www.centrelink.gov.au/internet/internet.nsf/payments/newstart\\_rates.htm](http://www.centrelink.gov.au/internet/internet.nsf/payments/newstart_rates.htm) (accessed 23 June 2009).

<sup>887</sup> Centrelink, 'Payment rates for Age Pension,' Centrelink, [http://www.centrelink.gov.au/internet/internet.nsf/payments/age\\_rates.htm](http://www.centrelink.gov.au/internet/internet.nsf/payments/age_rates.htm) (accessed 23 June 2009).

<sup>888</sup> Mr J. Ireland, Coordinator, School Focused Youth Service, Gippsland Lakes Community Health, Transcript of Evidence, Public Hearing, Bairnsdale, 20 May 2008, 18; Mr S. Robertson, Former Student, Warrnambool College, Transcript of Evidence, Public Hearing, Colac, 29 April 2008, 30; Ms J. McGinness-Whyte, Parent, Portarlington, Written Submission, May 2008, 1.

<sup>889</sup> Ms S. Cole, State President, Victorian Branch, National Union of Students, Transcript of Evidence, Public Hearing, Melbourne, 14 April 2008, 18; Ms H. Webster, Parent, Barnawartha, Written Submission, April 2008, 1; Mr S. Reid, Principal, Mooroolbark College, Transcript of Evidence, Public Hearing, Lilydale, 17 July 2008, 43; South West LLEN, Written Submission, April 2008, 6.

<sup>890</sup> Australian Government Department of Education, Employment and Workplace Relations, *Review of Australian Higher Education: Final Report* (Canberra: DEEWR, 2008), 54–55.

<sup>891</sup> *ibid.*, 55.

<sup>892</sup> *ibid.*, 56.

<sup>893</sup> *ibid.*, 60.

The Committee agrees that an adequate student income support system is fundamental to ensuring that interested and capable individuals have the opportunity to benefit from higher education. It therefore believes that increasing the level of support should be a priority consideration in any further reform of Australian student income support arrangements.

### *Commonwealth Scholarships*

The Australian Government has announced that subject to the passage of legislation, all university students receiving income support will be entitled to an annual Student Start-up Scholarship of \$2,254 from January 2010 (indexed thereafter). The Student Start-up Scholarship is aimed at helping university students to meet upfront study costs such as textbooks and study materials. Significantly, the scholarship will be paid at the full value to student income support recipients, regardless of whether they receive full or part income support payments.<sup>894</sup> The Student Start-up Scholarship will replace the current Commonwealth Education Costs Scholarships (valued at \$2,207 in 2009). According to the Australian Government, the scholarship will benefit an estimated 146,600 students in 2010 and 172,600 students by 2013.<sup>895</sup>

Additionally, university students receiving Youth Allowance or ABSTUDY who have to live away from the family home for study may be eligible to receive a Relocation Scholarship. The Relocation Scholarship will provide \$4,000 for students in their first year at university and \$1,000 (indexed) in each year thereafter. The Australian Government estimates that 14,200 students will benefit from this measure in 2010, increasing to 28,700 students by 2013.<sup>896</sup>

The Committee welcomes the expansion of Commonwealth Scholarships to cover a greater number of students. It is concerned, however, that the amount available under the Relocation Scholarship is substantially less than the amount available under the existing Commonwealth Accommodation Scholarship. The Committee believes that the amount of \$4,324 available annually under the existing scheme is a far more realistic response to the additional costs faced by students who are required to relocate in order to participate in higher education. The Committee therefore urges the Victorian Government to advocate to the Australian Government for an increased amount to be paid under the Relocation Scholarship.

### **Paid employment**

Paid employment is an increasingly important source of income for Australian higher education students. Dr Glen Withers, Chief Executive Officer, Universities Australia, told the Committee that Australian students have the highest workforce participation rates of any comparable country.<sup>897</sup> The organisation's Student Finances survey found that in 2006, 85.1 per cent of full-time undergraduate students were undertaking paid work at some point during the year, an increase from 78.1 per cent in 2000.<sup>898</sup> While these students worked an average of 14.8 hours per week, one in six was working more than 20 hours per week

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<sup>894</sup> Australian Government, 'Student Income Support—The Student Start-up Scholarship,' *Transforming Australia's Higher Education System* Fact Sheet 17 (Canberra: Commonwealth of Australia, 2009), 1.

<sup>895</sup> *ibid.*

<sup>896</sup> Australian Government, 'Student Income Support—Relocation Scholarship,' *Transforming Australia's Higher Education System* Fact Sheet 18 (Canberra: Commonwealth of Australia, 2009), 1.

<sup>897</sup> Dr G. Withers, Chief Executive Officer, Universities Australia, Transcript of Evidence, Public Hearing, Canberra, 17 June 2009, 13.

<sup>898</sup> Richard James and others, *Australian University Student Finances 2006: Final report of a national survey of students in public universities* (Canberra: Universities Australia, 2007), 38.

during semester.<sup>899</sup> The majority of employed undergraduate students are in casual employment, but evidence to the inquiry also suggested high levels of seasonal employment. While most undergraduate students have only one employer, a significant minority work in more than one job.<sup>900</sup>

### ***Finding and maintaining employment***

The Committee heard that paid work is regarded as essential for most students who are living away from home. However, it can be difficult to obtain and maintain.<sup>901</sup> For students attending a regional university, there are often fewer casual and part-time work opportunities, while limited public transport can also make work less accessible.

Regional students relocating to Melbourne face another set of challenges finding paid employment. The Committee notes that they are less likely, initially at least, to have local contacts who can assist with finding casual work. Several participants described the initial struggles of regional students to find employment in the city. One student commented on the differences between the rural and metropolitan work environment:

Looking for work has also appeared to be quite difficult ... In comparison to the country, too, the workforce here seems to be a lot more competitive. I have applied for maybe around fifteen jobs, and only heard back from four, to be told that they didn't have a place for me.<sup>902</sup>

In research in north-west Victoria, La Trobe University found that non-metropolitan students are often concerned that their rural work skills would not be transferable to the metropolitan setting, and that their inability to apply for jobs before the commencement of the academic year would disadvantage them.<sup>903</sup> Further, students from very small communities with few part-time positions available may have difficulty obtaining work due to lack of experience.<sup>904</sup>

Once students find a job, maintaining employment can be difficult. For example, students may be required to negotiate hours of work that will not impact on Youth Allowance payments, or course requirements. This may be especially difficult for regional students who already require time off to visit home, or who must vacate university on-campus accommodation outside of semester. Students who commute long distances to university may also struggle to meet employers' requirements for hours of work.

### ***Earnings and the interaction with income support***

Many working students also receive government income support. For these students, income support payments are subject to an ongoing Personal Income Test. Under the Personal Income Test, gross fortnightly earnings of up to \$236 constitute an 'income-free area' and do not affect income support payments. Several participants noted that this 'cap' on earnings has not been indexed since 1993, despite significant increases in the cost of living over the past 15 years.<sup>905</sup> Earnings above \$236 per fortnight cause income support payments to be reduced by between 50 and 60 cents in the dollar, stopping altogether

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<sup>899</sup> *ibid.*

<sup>900</sup> *ibid.*

<sup>901</sup> Professor E. Smith, Dean of Graduate Studies and Professor of Education, University of Ballarat, Written Submission, April 2008, 1; Mr B. Baker, Convener and Member, South West Regional Youth Affairs Network, Transcript of Evidence, Public Hearing, Hamilton, 28 April 2008, 12.

<sup>902</sup> Quoted in South West Regional Youth Affairs Network, Written Submission, April 2008, 3–4.

<sup>903</sup> Equity and Access Unit, La Trobe University, Written Submission, April 2008, 7.

<sup>904</sup> Ms P. Nunan, Principal, Werrimull P–12 School, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 49.

<sup>905</sup> For example, South Grampians Youth Network, Written Submission, April 2008, 1; Ms J. Edwards, Manager, Equity and Disability Support Services, Swinburne University of Technology, Written Submission, March 2008, 6; Ms D. Howcroft, Parent, Transcript of Evidence, Public Hearing, Hamilton, 28 April 2009, 63; South West LLEN, Written Submission, April 2008, 7.

where fortnightly earnings reach \$573.50.<sup>906</sup> For each fortnight in which earnings are below the threshold, the remaining 'income free area' is accumulated in a Student Income Bank, up to a limit of \$6,000. The accumulated amount in the Student Income Bank can be used at a later time to offset any earnings which exceed the fortnightly threshold. This means that students are able to work in short, intensive blocks without affecting payments provided they have previously accumulated a sufficient amount in the Student Income Bank.<sup>907</sup>

A number of participants argued that the Personal Income Test earning threshold is too low, thereby 'punishing' students for working, and making it difficult to avoid poverty.<sup>908</sup> Ms Sarah Cole, State President, Victorian Branch, National Union of Students, told the Committee that many students accept that the Youth Allowance will not meet all their expenses, but feel that their situations would be improved were they permitted to earn more supplementary income.<sup>909</sup> Some inquiry participants also argued that students from rural areas who frequently work in short, intensive blocks are disadvantaged by the Personal Income Test, often losing the Low Income Health Care Card after vacation work.<sup>910</sup>

In May 2009, the Australian Government announced that subject to the passage of legislation, the Personal Income Test threshold will increase from 2011, so that students receiving Youth Allowance, Austudy or ABSTUDY payments will be able to earn up to \$400 per fortnight from part-time employment before their payments are reduced. The personal income threshold will also be indexed according to the Consumer Price Index (CPI).<sup>911</sup> The Australian Government estimates that this measure will benefit around 61,500 students receiving income support who have personal earnings from part-time work in excess of \$236 per fortnight.<sup>912</sup>

### *The impact of employment on study*

Many inquiry participants suggested that part-time work has the potential to negatively affect academic achievement. Research suggests that excessive hours of work are detrimental to students' progress at university. Long working hours reduce the time available for study and may even cause some students to miss classes, ultimately impacting on academic performance.<sup>913</sup> The Universities Australia Student Finances survey found that from the perspective of students, work could be detrimental to study. Approximately 40 per cent of full-time undergraduates in paid employment reported that their work was adversely

<sup>906</sup> Centrelink, 'Personal income test,' Centrelink, <http://www.centrelink.gov.au/internet/internet.nsf/payments/chartda.htm> (accessed 25 November 2008).

<sup>907</sup> Centrelink, 'Income and assets tests for Youth Allowance,' Centrelink, [http://www.centrelink.gov.au/internet/internet.nsf/payments/ya\\_iat.htm#assets](http://www.centrelink.gov.au/internet/internet.nsf/payments/ya_iat.htm#assets) (accessed 16 July 2009).

<sup>908</sup> For example, Ms K. Leadbeater, Second Year Student, RMIT University, Written Submission, April 2008, 4; South West LLEN, Written Submission, April 2008, 7; Dr J. Russell, Director, Mildura Regional Clinical School, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 44.

<sup>909</sup> Ms S. Cole, State President, Victorian Branch, National Union of Students, Transcript of Evidence, Public Hearing, Melbourne, 14 April 2008, 19–20.

<sup>910</sup> For example, Ms S. Sly, Parent, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 56; University of Ballarat, Written Submission, March 2008, 5.

<sup>911</sup> Australian Government, 'Student Income Support—Personal Income Test Threshold,' *Transforming Australia's Higher Education System* Fact Sheet 19 (Canberra: Commonwealth of Australia, 2009), 1.

<sup>912</sup> *ibid.*

<sup>913</sup> For example, Monash Residential Services, Written Submission, May 2008, 6; Ms K. Boorn, Second Year Student, Bachelor of Nutrition and Dietetics, Monash University, Written Submission, April 2008, 1; Department of Innovation, Industry and Regional Development (Victoria), Written Submission, May 2008, 14; University of Ballarat, Written Submission, March 2008, 5; Ms S. Cole, State President, Victorian Branch, National Union of Students, Transcript of Evidence, Public Hearing, Melbourne, 14 April 2008, 18; Mr G. and Mrs L. Code, Parents, Aberfeldy, Written Submission, May 2008, 2; Mr N. and Mrs W. O'Brien, Parents, Wodonga, Written Submission, April 2008, 3; Ms J. Edwards, Manager, Equity and Disability Support Services, Swinburne University of Technology, Written Submission, March 2008, 6; Ms M. Pearson, University Student, Hallam, Written Submission, March 2008, 1.

affecting their performance at university, while 22.7 per cent said that they regularly missed classes or study commitments due to work.<sup>914</sup>

The Committee heard that where work hours are excessive, combined academic, social and emotional effects increase the risk that a student will discontinue university without completing their studies.<sup>915</sup> A 2003 study based on Longitudinal Surveys of Australian Youth (LSAY) data found that moderate amounts of work did not increase the likelihood of dropping out, but that university students undertaking more than 20 hours of paid employment per week were up to twice as likely to drop out as those not working.<sup>916</sup> An additional study also found that while working up to ten hours per week did not increase the likelihood of dropping out, increased hours of paid work over this threshold were associated with higher attrition.<sup>917</sup> Another large survey of first year Australian students found that long work hours were associated with higher attrition, and that more than one-third of discontinuing students cited difficulties balancing work and study as a major or moderate influence on the decision to drop out.<sup>918</sup>

In addition to the possible impact of part-time work on academic achievement, participants highlighted its potentially negative consequences for health and wellbeing. For students who have relocated, excessive work might reduce the time and energy available for forming new friendships and maintaining connections with family, friends and sporting clubs at home.<sup>919</sup> Universities, students and student associations described decreasing levels of engagement and participation in broader 'university life', and attributed this in part to student work commitments.<sup>920</sup> The Committee heard that disengagement from university life contributes to social isolation and diminishes the support networks available to a student encountering academic or other difficulties.<sup>921</sup>

On the other hand, the Committee heard evidence that there are positive outcomes to part-time work undertaken by students, besides the obvious financial benefits. Professor Erica Smith, Dean of Graduate Studies, University of Ballarat, pointed to findings from her own research showing that students gain enjoyment and new knowledge from working. Conversely, students who do not work tend to experience lower self-esteem and a greater

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<sup>914</sup> Richard James and others, *Australian University Student Finances 2006: Final report of a national survey of students in public universities* (Canberra: Universities Australia, 2007), 41.

<sup>915</sup> For example, Ms B. Flatt, Vice-President, Waurin Ponds Campus, Deakin University Student Association, Transcript of Evidence, Public Hearing, Colac, 29 April 2008, 66; Ms C. Edwards, President, Deakin University Student Association, Transcript of Evidence, Public Hearing, Colac, 29 April 2008, 67; Ms T. Burgoyne, Principal, Portland Secondary College, Transcript of Evidence, Public Hearing, Hamilton, 28 April 2008, 18; Ms H. Rawlings, Bairnsdale, Written Submission, March 2008, 2.

<sup>916</sup> Margaret Vickers, Stephen Lamb and John Hinkley, *Student workers in high school and beyond: The effects of part-time employment on participation in education, training and work*, Longitudinal Surveys of Australian Youth Research Report 30 (Camberwell: Australian Council for Educational Research, 2003), 28.

<sup>917</sup> Julie McMillan, *Course Change and Attrition from Higher Education*, Longitudinal Surveys of Australian Youth Research Report 39 (Camberwell: Australian Council for Educational Research, 2005), 30–31.

<sup>918</sup> Michael Long, Fran Ferrier and Margaret Heagney, *Stay, play or give it away? Students continuing, changing or leaving university study in first year* (Melbourne: Centre for the Economics of Education and Training, 2006), 36, 47.

<sup>919</sup> Ms D. Vandenberg, Teacher and Welfare Coordinator, Robinvale Secondary College, Transcript of Evidence, Public Hearing, Robinvale, 2 June 2008, 38; Ms D. Howcroft, Parent, Transcript of Evidence, Public Hearing, Hamilton, 28 April 2008, 62; Ms L. Bartlett, Regional Youth Affairs Consultant, Barwon Adolescent Task Force, Transcript of Evidence, Public Hearing, Colac, 29 April 2008, 39; Mr N. and Mrs W. O'Brien, Parents, Wodonga, Written Submission, April 2008, 3–4; University of Ballarat, Written Submission, March 2008, 5; Rural City of Wangaratta, Written Submission, May 2008, 3.

<sup>920</sup> For example, Ms C. Edwards, President, Deakin University Student Association, Transcript of Evidence, Public Hearing, Colac, 29 April 2008, 66; Bendigo Student Association, Bendigo Campus, La Trobe University, Written Submission, April 2008, 2; The University of Melbourne, Written Submission, March 2008, 7.

<sup>921</sup> Rural City of Wangaratta, Written Submission, May 2008, 3; Mr N. and Mrs W. O'Brien, Parents, Wodonga, Written Submission, April 2008, 3–4; Ms B. Flatt, Vice-President, Waurin Ponds Campus, Deakin University Student Association, Transcript of Evidence, Public Hearing, Colac, 29 April 2008, 66.

risk of unemployment after graduation, as well as financial difficulty.<sup>922</sup> The Committee notes that not all students are able to work while studying, but agrees that paid employment is likely to offer beneficial contacts and experiences, as well as financial rewards.

Professor Smith went on to argue that the higher education sector has the capacity to improve the working lives of students through greater collaboration with employers, provided it 'ceases to regard student-working as a problem and accepts it as a long-term reality with many positive aspects'.<sup>923</sup> In fact, the Committee was pleased to learn that some universities are taking steps to help students access the benefits of work while reducing its impact on their studies. One example is the co-op program at Monash University's Gippsland campus. This program gives students the opportunity to earn \$17,000 participating in industry placements over three years. The program offers pre-placement training and as placements are in an area relevant to the student's studies, they are often an avenue for permanent employment after graduation.<sup>924</sup> The Committee agrees that such initiatives on the part of universities and other organisations have the potential to reduce the pressure on students to work excessive hours during semester, while offering them paid work and industry experience.

Some participants suggested that the Victorian Government could play a role in coordinating and supporting the wider implementation of an industry placement program for higher education students.<sup>925</sup> The Committee supports this view, and encourages the Victorian Government to develop a program that represents best practice in this area.

## Scholarships

For some students, scholarships are another important form of financial support. The Committee heard that students who have been awarded scholarships are able to work fewer hours in paid employment, and experience reduced financial and emotional stress.<sup>926</sup> Students have the opportunity to devote more time and attention to their studies and are better able to afford course and study materials.<sup>927</sup> Ms Catherine Timpano, a pharmacy student at La Trobe University in Bendigo and recipient of a Chances for Children scholarship, told the Committee that without a scholarship she would have been required to work 'from day one', making her dream of higher education 'quite a struggle'.<sup>928</sup>

The Committee found that scholarships can be useful in promoting access, retention and success in higher education for under-represented groups. The director of the Institute for Koorie Education at Deakin University told the Committee that substantial scholarships and fee reductions help the Institute to attract Indigenous students.<sup>929</sup> Similarly, the Committee heard that at regional universities, scholarships play an important part in attracting students to particular courses and encouraging them to study full-time rather than deferring or

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<sup>922</sup> Professor E. Smith, Dean of Graduate Studies and Professor of Education, University of Ballarat, Written Submission, April 2008, 1–2.

<sup>923</sup> *ibid.*, 2.

<sup>924</sup> Associate Professor H. Ballis, Acting Pro Vice-Chancellor, Gippsland Campus, Monash University, Transcript of Evidence, Public Hearing, Churchill, 19 May 2008, 28.

<sup>925</sup> Monash University Gippsland Student Union, Written Submission, March 2008, 9; Warrnambool City Council, Written Submission, March 2008, 8.

<sup>926</sup> North Central LLEN, Written Submission, May 2008, 6; Ms J. Edwards, Manager, Equity and Disability Support Services, Swinburne University of Technology, Written Submission, March 2008, 4.

<sup>927</sup> Mornington Peninsula Shire, Written Submission, May 2008, 5; Ms J. Edwards, Manager, Equity and Disability Support Services, Swinburne University of Technology, Written Submission, March 2008, 4.

<sup>928</sup> Ms C. Timpano, Student, Bendigo Campus, La Trobe University, Transcript of Evidence, Public Hearing, Robinvale, 2 June 2008, 27, 29.

<sup>929</sup> Professor W. Brabham, Director, Institute of Koorie Education, Deakin University, Transcript of Evidence, Public Hearing, Colac, 29 April 2008, 58.

reducing their study load.<sup>930</sup> The Committee also heard that receipt of a scholarship can be a decisive factor in a student's decision to accept a university place.<sup>931</sup>

As well as improving access to higher education, scholarships can improve students' chances of succeeding in their studies. Representatives of organisations delivering scholarship programs remarked that scholarship recipients experience higher success rates than students without scholarships,<sup>932</sup> while another participant described research findings showing lower drop-out rates for scholarship recipients at particular universities.<sup>933</sup> A 2006 study of first year attrition in Australian universities also found that scholarship holders had lower rates of drop-out, but acknowledged that it was unknown whether this was due to the financial impact of scholarships or the academic characteristics of scholarship holders.<sup>934</sup> At the same time, the Canada Millennium Scholarship Foundation advised the Committee that its research has found that students who receive non-repayable grants in addition to student loans are substantially more likely to complete their studies than students with similar characteristics who were reliant on loans only.<sup>935</sup>

### *Availability of scholarships*

A major source of scholarships for Victorian students is the Commonwealth Scholarships Program. Introduced in 2004, Commonwealth Scholarships assist low socioeconomic status background students, particularly Indigenous students and those from rural areas, with the costs of higher education. In 2007–08, approximately 7,200 Commonwealth Scholarships were available to commencing students in Victoria, in the three categories:

1. Commonwealth Education Costs Scholarships provided \$2,162 per year to assist with general education costs.
2. Commonwealth Accommodation Scholarships assisted students relocating from regional areas with \$4,324 annually towards accommodation costs.
3. Indigenous Access Scholarships provided \$4,080 for one year to Indigenous students undertaking enabling courses.

Commonwealth Scholarships were allocated to individual institutions, which administered the program and application process. As outlined earlier in this chapter, in May 2009, the Australian Government announced major changes to the Commonwealth Scholarship Program. As well as changes to the number and value of scholarships, administration of Commonwealth Scholarships will be transferred to Centrelink from 2010.<sup>936</sup>

In addition to Commonwealth Scholarships, universities offer their own institutional scholarships, including equity scholarships. Each university has different eligibility requirements for equity scholarships, but generally include the following applicant

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<sup>930</sup> Associate Professor H. Ballis, Acting Pro Vice-Chancellor, Gippsland Campus, Monash University, Transcript of Evidence, Public Hearing, Churchill, 19 May 2008, 27.

<sup>931</sup> Orbost Secondary College, Written Submission, May 2008, 2.

<sup>932</sup> Ms F. Harley, Manager, Chances for Children, Transcript of Evidence, Public Hearing, Robinvale, 2 June 2008, 28; Ms H. Worlidge, Executive Director, Western Chances, Transcript of Evidence, Public Hearing, Sunshine, 12 August 2008, 54.

<sup>933</sup> Mr D. Conley, Youth Services Coordinator, Mornington Peninsula Shire Council, Transcript of Evidence, Public Hearing, Rosebud, 11 July 2008, 4; Mornington Peninsula Shire, Written Submission, May 2008, 5; Queensland University of Technology, *QUT Equity Scholarship Impact Survey and Attrition Report 2007* (Brisbane: QUT, 2007), 1.

<sup>934</sup> Michael Long, Fran Ferrier and Margaret Heagney, *Stay, Play or give it away? Students continuing, changing or leaving university study in first year* (Melbourne: Centre for the Economics of Education and Training, 2006), 39.

<sup>935</sup> Meeting with representatives of the Canada Millennium Scholarship Foundation, Montreal, 2 September 2008.

<sup>936</sup> Australian Government, 'Student Income Support—The Student Start-up Scholarship,' *Transforming Australia's Higher Education System* Fact Sheet 17 (Canberra: Commonwealth of Australia, 2009), 1.

categories: low socioeconomic status; rural or isolated; Indigenous Australian; and non-English speaking background. While some universities have a consolidated equity scholarship scheme, others offer a wide variety of scholarships. The value of institutional equity scholarships varies markedly, from around \$1,000 through to \$8,000 per year. While most universities offer discretionary funds, Deakin University and RMIT University also offer equity scholarships that pay the student contribution amounts.

Further scholarships are available from philanthropic and community organisations, and from some local governments, businesses, industry bodies, political parties and other individuals and groups. The Committee also notes that some Victorian Government departments, including the Department of Human Services and the Department of Education and Early Childhood Development, currently offer a variety of scholarships to higher education students. These scholarships are offered in areas of particular skill needs, and are largely at the postgraduate level, although some are targeted at Indigenous students or students from regional areas.<sup>937</sup>

Throughout the inquiry, various organisations argued that changes to Australian Government legislation were likely to increase both the supply and effectiveness of equity scholarships outside of the Commonwealth Scholarships Program.<sup>938</sup> Under the *Social Security Act 1991*, scholarships that provide discretionary funds, excepting Commonwealth Scholarships, are currently considered as income for social security purposes.<sup>939</sup> Hence, scholarships from sources other than the Commonwealth Scholarships Program are assessed as income and can therefore diminish income support payments. The Committee heard that this may reduce the value of scholarships for recipients, and create a disincentive for universities, philanthropic bodies and others to offer them.<sup>940</sup> Mr Tim Payne, Deputy Executive Director, Group of Eight, told the Committee that the organisation has recently discontinued a scholarship scheme that targeted high-achieving students from low socioeconomic backgrounds for this reason.<sup>941</sup>

The Committee was therefore pleased to note the Australian Government's recent announcement that from January 2010, equity and merit-based scholarships awarded by universities and other organisations will be exempted from being treated as assessable income for means testing under the *Social Security Act*, up to the equivalent combined value of Commonwealth Scholarships. The Australian Government estimates that this measure will benefit around 3,500 students who currently lose some portion of their income support payment as a result of receiving an equity or merit-based scholarship.<sup>942</sup> The Committee notes this policy change may encourage universities and other organisations to increase the number of scholarships offered, meaning that the number of eventual beneficiaries may be greater.

<sup>937</sup> Based on analysis of Victorian Government websites and annual reports, 15 June 2009.

<sup>938</sup> Mr M. Gallagher, Executive Director, Group of Eight, Transcript of Evidence, Public Hearing, Canberra, 17 June 2008, 2; Dr G. Withers, Chief Executive Officer, Universities Australia, Transcript of Evidence, Public Hearing, Canberra, 17 June 2008, 15; Dr K. Ferguson, Pro Vice-Chancellor, Equity and Student Services, La Trobe University, Transcript of Evidence, Public Hearing, Melbourne, 30 March 2009, 22; Ms J. Edwards, Manager, Equity and Disability Support Services, Swinburne University of Technology, Written Submission, March 2008, 3, 5.

<sup>939</sup> *Social Security Act 1991* (Cwlth), s. 8(8).

<sup>940</sup> Mr M. Gallagher, Executive Director, Group of Eight, Transcript of Evidence, Public Hearing, Canberra, 17 June 2008, 2; Ms J. Edwards, Manager, Equity and Disability Support Services, Swinburne University of Technology, Written Submission, March 2008, 3, 5; Cr V. Knight, Deputy Mayor, Mildura Rural City Council, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 30.

<sup>941</sup> Mr T. Payne, Deputy Executive Director, Group of Eight, Transcript of Evidence, Public Hearing, Canberra, 17 June 2008, 4.

<sup>942</sup> Australian Government, 'Student Income Support—Exempt Equity and Merit-Based Scholarships,' *Transforming Australia's Higher Education System* Fact Sheet 21 (Canberra: Commonwealth of Australia, 2009), 1.

### *Value of scholarships*

One limitation of scholarships as a strategy for raising participation is that they may be of too little value relative to the costs of university study to constitute an incentive. In particular, some participants noted that while equity scholarships are helpful, most represent only a small proportion of the total costs of studying away from home.<sup>943</sup> Therefore, they may not be sufficient to 'tip the balance in favour of going at that point in time'.<sup>944</sup> Furthermore, since many scholarships cannot be deferred, recipients who need to defer their studies may have little choice but to forfeit their scholarships.

A number of participants argued that in order to be effective, scholarships aimed at students from regional and remote areas should make a substantial contribution to accommodation and other living costs.<sup>945</sup> Professor Sally Walker, Vice-Chancellor, Deakin University, stated that 'it is the scholarships for \$7,000 a year that make the difference in whether a student can go to university or not'. Deakin University has therefore elected to offer fewer but more generous scholarships through its equity program.<sup>946</sup>

The Committee is aware of the difficulty in determining the balance between the number of scholarships an organisation can offer, and their value. While some institutions may choose to offer a small number of larger scholarships, others prefer to reduce the value of the scholarship to reach a wider recipient pool. The Committee believes that further research is required to determine the value of scholarships most likely to increase participation in higher education among students from under-represented groups.

### *Access to scholarships*

Almost by definition, scholarships are selective awards that are not available to all students who require or seek assistance. The selectivity and scarcity of scholarships was therefore a common concern of inquiry participants.<sup>947</sup> The Committee heard personal accounts of students who were unsuccessful in their attempts to obtain a scholarship, while universities reported high levels of unmet demand for equity scholarships.<sup>948</sup>

Evidence received by the Committee suggests that although Commonwealth Scholarships are particularly well known and sought after in regional areas, few applicants are successful. Ms Cheryl Torpey, Careers Coordinator, Ouyen Secondary College, said that the College assists every student to apply for the Commonwealth Scholarships for which they are eligible, but 'very few' receive assistance through the program and 'statistically it is just not washing up'.<sup>949</sup> Similarly, Mr Kevin Lee, Principal, Robinvale Secondary College, told the

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<sup>943</sup> For example, Mr S. Kozlowski, Chief Executive Officer, East Gippsland Shire Council, Transcript of Evidence, Public Hearing, Bairnsdale, 20 May 2008, 7; Mrs R. Sutton, Parent, Written Submission, March 2008, 1; Dr K. Ferguson, Pro Vice-Chancellor, Equity and Student Services, La Trobe University, Transcript of Evidence, Public Hearing, Melbourne, 30 March 2009, 23.

<sup>944</sup> Dr L. Wilkinson, Executive Officer, Gippsland East LLEN, Transcript of Evidence, Public Hearing, Bairnsdale, 20 May 2008, 11.

<sup>945</sup> Mornington Peninsula Shire, Written Submission, May 2008, 6; Ms J. Edwards, Manager, Equity and Disability Support Services, Swinburne University of Technology, Written Submission, March 2008, 6; Wellington Shire Council, Appendix to Written Submission, March 2008, 3; Gannawarra Shire Council, Written Submission, March 2008, 10; Gippsland East LLEN, Written Submission, March 2008, 7.

<sup>946</sup> Professor S. Walker, Vice-Chancellor, Deakin University, Transcript of Evidence, Public Hearing, Melbourne, 30 March 2009, 17.

<sup>947</sup> Mr M. Goldsworthy, Acting Principal, Ouyen Secondary College, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 3; Ms C. Torpey, Careers Coordinator, Ouyen Secondary College, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 6; Ms S. Sly, Parent, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 56.

<sup>948</sup> Supplementary information provided by Victorian universities, March 2009.

<sup>949</sup> Ms C. Torpey, Careers Coordinator, Ouyen Secondary College, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 6.

Committee that he could not recall any student from his school having been awarded a Commonwealth Accommodation Scholarship.<sup>950</sup>

The Committee also heard that access to scholarships is limited for a key group—students from middle-income families who must leave home to study.<sup>951</sup> All institutional equity scholarships require applicants to demonstrate disadvantage or need in order to be eligible for consideration. In many cases, being in receipt of Youth Allowance is the primary or only criteria. Thus, current scholarship programs leave a significant proportion of students without access to income support or scholarships:

Scholarships, sadly from my perspective, are for either the very bright or the very poor. There are none, or very few, for the wage earner in the middle.<sup>952</sup>

While acknowledging the needs of those on very low incomes, several participants felt that the lack of support available to regional students from middle income families is unfair.<sup>953</sup>

Some participants suggested that as well as being scarce, scholarships are often not accessible to those with the greatest need. Selection of successful applicants for institutional equity scholarships is often based on achievement. At Monash University, for example, an Equivalent National Tertiary Entrance Rank (ENTER) of at least 95.00 is required before a student is even considered for an Excellence and Equity scholarship.<sup>954</sup> Similarly, some universities select Commonwealth Scholarship recipients on an academic merit basis,<sup>955</sup> sometimes setting high benchmarks for eligibility. The Committee heard from parents that this can mean even high-achieving students in need cannot be sure of receiving a scholarship.<sup>956</sup>

Some participants argued that merit-based selection processes can put equity scholarships beyond the reach of those who would most benefit from them, and that scholarships should be awarded on the basis of need rather than prior achievement.<sup>957</sup> In particular, the Committee heard that merit-based selection further disadvantages students whose level of academic achievement at school may have been adversely affected by a range of school-based or personal factors.<sup>958</sup>

Participants offered a number of suggestions to improve access to equity scholarships for students who must relocate to study. Some suggested that such scholarships should give greater consideration to home location, the number of children in the family undertaking study, or academic achievement.<sup>959</sup> Others argued that the eligibility criteria for scholarships, including Commonwealth Scholarships, should be broadened to include

<sup>950</sup> Mr K. Lee, Principal, Robinvale Secondary College, Transcript of Evidence, Public Hearing, Robinvale, 2 June 2008, 34.

<sup>951</sup> Ms M. Hein, Parent, Portland, Written Submission, April 2008, 1; Ms C. Barker, Year 11 Student, Ouyen Secondary College, Written Submission, April 2008, 1; Ms S. Sly, Parent, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 56; Mr J. and Mrs T. Wilson–Brown, Parents, Wulgulmerang, Written Submission, March 2008, 2.

<sup>952</sup> Ms S. Sly, Parent, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 51.

<sup>953</sup> For example, Ms C. Barker, Year 11 Student, Ouyen Secondary College, Written Submission, April 2008, 1; Ms F. Haldane, Senior Campus Principal, Bairnsdale Secondary College, Transcript of Evidence, Public Hearing, Bairnsdale, 20 May 2008, 38; Mr B. Perry, Student, Victoria University, Transcript of Evidence, Public Hearing, Sunshine, 12 August 2008, 41.

<sup>954</sup> Monash University, 'Monash University Scholarships for Excellence and Equity,' Monash University, <http://www.adm.monash.edu/scholarships/opportunities/excellence-equity.html> (accessed 24 November 2008).

<sup>955</sup> Based on analysis of scholarship selection criteria on Victorian university websites, 24 November 2008.

<sup>956</sup> Mrs T. Baker, Parent, Bunyip, Written Submission, May 2008, 1; Ms H. Webster, Parent, Barnawartha, Written Submission, April 2008, 1.

<sup>957</sup> Monash University Gippsland Student Union, Written Submission, March 2008, 6; Professor R. James, Director, Centre for the Study of Higher Education, The University of Melbourne, Transcript of Evidence, Public Hearing, Melbourne, 3 March 2008, 12; Orbost Secondary College, Written Submission, May 2008, 2.

<sup>958</sup> Orbost Secondary College, Written Submission, May 2008, 2.

<sup>959</sup> Woodall Family, Walpeup, Written Submission, June 2008, 1; Ms M. Hein, Parent, Portland, Written Submission, April 2008, 1.

regional students who are not eligible for Youth Allowance, but whose families cannot meet the costs of supporting them to live away from home.<sup>960</sup>

The Committee notes that, subject to the passage of legislation, administrative arrangements for Commonwealth Scholarships will change from 2010, when the existing Commonwealth Scholarships will be replaced by the Student Start-up Scholarship and the Relocation Scholarship. Both scholarships will now be more widely available. Additionally, the Australian Government believes that by transferring these payments to Centrelink, and applying a rigorous income support assessment process, students who are most in need will receive Commonwealth Scholarships as part of their student income support entitlement.<sup>961</sup> A benefit of the administrative change is that students will be guaranteed to retain their Commonwealth Scholarship if they transfer from one university to another.<sup>962</sup>

The Committee acknowledges that the above administrative changes may be beneficial for many students. However, as stated earlier in this chapter, the Committee is concerned that the value of the Relocation Scholarship will be less than the existing Accommodation Scholarship. Further, given the main criteria for access to Commonwealth Scholarships is eligibility for Youth Allowance or another government income support payment, the Committee believes there will remain significant gaps in the government income support system, which are likely to disproportionately affect young people from rural and regional Victoria. The Committee therefore encourages universities and other organisations to take account of such gaps when setting eligibility and selection criteria for scholarship programs.

### *Timing of scholarships*

The timing of scholarships may also decrease their value as a strategy for improving participation in higher education. Scholarships are typically targeted at students at the end of year 12, well after the point at which a young person's orientation towards university is shaped. Professor Sally Walker, Vice-Chancellor, Deakin University, therefore suggested an early award approach to scholarships, in which low socioeconomic status students in early secondary school are promised a scholarship should they go on to higher education.<sup>963</sup>

The Committee was interested to learn about an early intervention approach to scholarships being piloted by the Canada Millennium Scholarships Foundation in the province of New Brunswick. Beginning with students in year 9 and continuing over three years, the Future to Discover Project engages young people in a series of workshops designed to develop an understanding of the range of post-secondary education and employment options. At the same time, the program supports low-income students with Learning Accounts, through which instalments totalling CA\$8,000 are deposited in an individual trust account over three years from year 9.<sup>964</sup> These funds are to be made available to students upon successful completion of high school and enrolment in a tertiary course. The purpose of Learning Accounts is to remove any perceived financial barrier to study early in a student's decision making process.

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<sup>960</sup> National Rural Health Alliance, Written Submission, February 2008, 9; Ms M. Hein, Parent, Portland, Written Submission, April 2008, 1.

<sup>961</sup> Australian Government, 'Student Income Support—The Student Start-up Scholarship,' *Transforming Australia's Higher Education System* Fact Sheet 17 (Canberra: Commonwealth of Australia, 2009), 1.

<sup>962</sup> *Ibid.*

<sup>963</sup> Professor S. Walker, Vice-Chancellor, Deakin University, Transcript of Evidence, Public Hearing, Melbourne, 30 March 2009, 33.

<sup>964</sup> Social Research and Demonstration Corporation, *Future to Discover: Pilot Project; Early Implementation Report* (Montreal: Canada Millennium Scholarship Foundation, 2007), 106–109.

Future to Discover has been inspired by similar early intervention programs in the United States, such as 21<sup>st</sup> Century Scholars in the state of Indiana. Future to Discover is being subject to a rigorous evaluation, which will include outcome comparisons with a control group of students who do not receive a learning account. The Committee believes that the program's innovative approach combining career education and the pre-award of scholarships has the potential to increase the participation of low-income students in post-secondary education. The Committee therefore encourages the Victorian Government to consider piloting an early intervention scholarship program for students from under-represented groups.

### *Scholarship application processes*

The fragmentation of scholarship programs, together with the complexity of individual application processes, has the potential to limit the effectiveness of scholarships in raising participation in higher education among under-represented groups. As described, an array of scholarships is available to Victorian students from a range of sources, and most have different eligibility requirements, deadlines and application processes. Often students do not know which institution or course they will gain a place in. Therefore, they may need to make multiple scholarship applications. This situation is exacerbated for students who live near Victoria's borders, who commonly apply to both Victorian and interstate universities.<sup>965</sup>

In order to apply for and receive a scholarship, students must first be aware of what is on offer. There is some evidence to suggest that many students and families who might benefit from scholarships are not aware of the support available. Many scholarships are not widely advertised, and schools and career educators therefore can play a critical role in promoting awareness of scholarship opportunities amongst students and parents.<sup>966</sup>

Furthermore, completing scholarship applications can be complex and time consuming. Applications for equity scholarships often require detailed information about the family's financial situation and/or personal statements describing the student's experiences of educational disadvantage.<sup>967</sup> Ms Fiona Harley, Manager, Chances for Children scholarship program, outlined the detailed application process:

... an application has to be made by a referring professional. It is quite a detailed process, but we are investing often significant community dollars in that young person, so we feel we have to know a lot about them. We certainly ask for a lot of detailed information in respect of their family background, and particularly the financial aspects of their family background ...<sup>968</sup>

Ms Harley noted that career teachers willing to act as referring professionals may work with up to fifteen students at a time on applications.<sup>969</sup> The Committee also heard from schools and career teachers who devote significant time to supporting students and their parents with a variety of scholarship applications.<sup>970</sup>

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<sup>965</sup> Mr G. Stone, Interim Executive Officer, Northern Mallee LLEN, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 35.

<sup>966</sup> For example, Equity and Access Unit, La Trobe University, Written Submission, April 2008, 5; Mr G. Stone, Interim Executive Officer, Northern Mallee LLEN, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 35, 38; Mr R. Johnson, Careers Pathways Manager, Swan Hill College, Transcript of Evidence, Public Hearing, Robinvale, 20.

<sup>967</sup> Ms T. Wilson-Brown, Parent, Transcript of Evidence, Public Hearing, Bairnsdale, 20 May 2008, 24.

<sup>968</sup> Ms F. Harley, Manager, Chances for Children, Transcript of Evidence, Public Hearing, Robinvale, 2 June 2008, 30.

<sup>969</sup> *ibid.*

<sup>970</sup> For example, Orbost Secondary College, Written Submission, May 2008, 2; Ms C. Torpey, Careers Coordinator, Ouyen Secondary College, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 6; Ms L. Healey, Managed Individual Pathways Coordinator, Maffra Secondary College, Transcript of Evidence, Public Hearing, Bairnsdale, 20 May 2008, 42; Ms L. Steele, Principal, North Campus, Sunshine College, Transcript of Evidence, Public Hearing, Sunshine, 12 August 2008, 6; Ms P. Ericson, Deferred Student, Transcript of Evidence, Public Hearing, Bairnsdale, 20 May 2008, 49.

The Committee understands that detailed application processes may be necessary to ensure that equity scholarships are awarded to those students with genuine need. At the same time, the Committee acknowledges concerns that complex application processes may advantage particularly proactive students<sup>971</sup> and those who are 'best supported to go through the application process'.<sup>972</sup> The Committee is especially concerned that Victorian students may need to master several different application processes in order to apply for all the scholarships for which they may be eligible.

Participants in Ouyen argued for a more coordinated approach to scholarships, pointing to New South Wales, the Australian Capital Territory and South Australia as examples of best practice in this area.<sup>973</sup> Universities in New South Wales and the Australian Capital Territory have combined all Commonwealth Scholarships and institutional equity scholarships into one online application process that is centrally administered by the Universities Admissions Centre. The South Australian Tertiary Admissions Centre also enables students to apply for Commonwealth Scholarships and institutional equity scholarships with a single application.

While the Victorian Tertiary Admissions Centre has an equivalent in the Special Entry Access Scheme, only some Victorian universities use the scheme to administer Commonwealth Scholarships and/or institutional equity scholarships. The Committee encourages higher education institutions in Victoria to continue to progress towards a more coordinated approach to equity scholarships through the Victorian Tertiary Admissions Centre, to improve accessibility for students most in need.

## Financial support from family

Most Australian undergraduate students receive some financial support from their family or partner. The Universities Australia Student Finances survey found that in 2006, more than half of all full-time undergraduate students (55.5%) were financially supported by a parent or other relative. A further 7.7 per cent were supported by a partner or spouse, while 37.7 per cent were financially independent.<sup>974</sup> A 2008 study based on ABS data found that one-third of university students live with, and are financially dependent on, their parents.<sup>975</sup>

In addition, many parents continue to support their children after they have left the family home. Throughout the inquiry, the Committee heard from a number of parents from rural and regional areas who were paying the costs of one child or more living away from home for study. This was considered to be a significant and unfair burden on parents, especially when considering the generally lower average household incomes in regional Victoria,<sup>976</sup> and the effects of drought.<sup>977</sup> Supporting one or more children to live away from home for

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<sup>971</sup> Equity and Access Unit, La Trobe University, Written Submission, April 2008, 6.

<sup>972</sup> Mr M. Goldsworthy, Acting Principal, Ouyen Secondary College, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 3.

<sup>973</sup> Ms C. Torpey, Careers Coordinator, Ouyen Secondary College, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 6; Mr G. Stone, Interim Executive Officer and Mr G. Simpson, Chair, Northern Mallee LLEN, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 35, 38.

<sup>974</sup> Richard James and others, *Australian University Student Finances 2006: Final report of a national survey of students in public universities* (Canberra: Universities Australia, 2007), 17–18.

<sup>975</sup> Alicia Payne and Richard Percival, *What price the clever country? The costs of tertiary education in Australia*, AMP.NATSEM Income and Wealth Report 21 (Sydney: AMP Limited, 2008), 1.

<sup>976</sup> Mr S. Kozłowski, Chief Executive Officer, East Gippsland Shire Council, Transcript of Evidence, Public Hearing, Bairnsdale, 20 May 2008, 2; Ms R. Kava, Chief Executive Officer, Gannawarra Shire Council, Transcript of Evidence, Public Hearing, Robinvale, 2 June 2008, 2; Mr J. Hicks, Chief Executive Officer, Hindmarsh Shire Council, Written Submission, March 2008.

<sup>977</sup> For example, Australian Catholic University, Written Submission, March 2008, 3; Ms H. Rawlings, Bairnsdale, Written Submission, March 2008, 1; Bendigo Regional Institute of TAFE, Written Submission, March 2008, 4–5; Victorian Council of Social Service, Written Submission, April 2008, 4; Equity and Access Unit, La Trobe University, Written Submission, April 2008, 13; South West Association of Post Primary Principals, Written Submission, April 2008, 7; South Gippsland Bass Coast LLEN, Written Submission, May 2008, 7; North Central LLEN, Written Submission, May 2008, 6.

study causes great financial stress for many families. A number of participants described parents in this situation taking out loans, pooling resources with extended family, or re-mortgaging their homes to cover expenses.<sup>978</sup>

The Committee also received a great deal of evidence on how awareness of parents' financial stress can impact on a young person's decision about attending university. The Committee heard that young people in rural areas are often 'acutely aware' of their parents' financial situation, and are reluctant to exacerbate difficulties by moving away to study.<sup>979</sup>

Some students are also concerned that should they move away from the family farm, their labour will not be replaced and additional stress will be placed on their parents. Ms Patricia Nunan, Principal, Werrimull P-12 School, offered an evocative description of this awareness among students at her small, remote school:

As I drove in at 6:30 this morning those tractors were already out in the paddock under huge lights. They know the hours their parents put in. They know how tough it is for them at the moment, and they feel that they contribute a lot to handling the responsibilities on a farm. If they go away, that means their parents do not have their help either.<sup>980</sup>

Younger siblings in particular are sometimes deterred from study after seeing how supporting a brother or sister at university impacted upon the family.<sup>981</sup> Ms Kerry Conabere, a parent from Traralgon, described how her youngest daughter rejected her offer of an university place for this reason, instead taking up a local traineeship.<sup>982</sup>

An understanding of parents' financial situation can also affect the decisions of students in metropolitan areas. Ms Phuong Le, Year 12 Student, Sunshine College, told the Committee:

I think the only thing that is keeping me away from my goal is money, because I really do not want my parents to spend so much just on me to go to university. I know they have other things to worry about as well.<sup>983</sup>

Research into the higher education participation of people from low socioeconomic status backgrounds has found that although the perception is stronger for those who would need to relocate, low socioeconomic status young people from both metropolitan and regional areas are more likely to believe that their parents cannot afford to financially support them during their studies.<sup>984</sup> The Committee commends young people's consideration of their family's financial circumstances, but is concerned that this causes some of them to forgo participation in higher education.

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<sup>978</sup> For example, National Rural Health Alliance, Written Submission, February 2008, 9; Ms M. Pendergast, Principal, Warrnambool College, Transcript of Evidence, Public Hearing, Colac, 29 April 2008, 29; Ms K. Conabere, Parent, Traralgon, Written Submission, February 2008, 1; Ms D. Howcroft, Parent, Transcript of Evidence, Public Hearing, Colac, 28 April 2008, 63.

<sup>979</sup> For example, Cr C. Smith, Mayor, Colac Otway Shire Council, Transcript of Evidence, Public Hearing, Colac, 29 April 2008, 10; Ms D. Howcroft, Parent, Transcript of Evidence, Public Hearing, Colac, 29 April 2008, 63; Ms R. Kava, Chief Executive Officer, Gannawarra Shire Council, Transcript of Evidence, Public Hearing, Robinvale, 2 June 2008, 3; Cr D. Atkinson, Mayor, Warrnambool City Council, Transcript of Evidence, Public Hearing, Colac, 29 April 2008, 9.

<sup>980</sup> Ms P. Nunan, Principal, Werrimull P-12 School, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 50.

<sup>981</sup> South West Association of Post Primary Principals, Written Submission, April 2008, 2-3; Woodall Family, Walpeup, Written Submission, June 2008, 1; Ms M. Pendergast, Principal, Warrnambool College, Transcript of Evidence, Public Hearing, Colac, 29 April 2008, 29.

<sup>982</sup> Ms K. Conabere, Parent, Traralgon, Written Submission, February 2008, 1.

<sup>983</sup> Ms P. Le, Scholarship Recipient and Year 11 Student, Transcript of Evidence, Public Hearing, Sunshine, 12 August 2008, 55.

<sup>984</sup> Richard James, *Socioeconomic Background and Higher Education Participation: An analysis of school students' aspirations and expectations* (Canberra: Commonwealth of Australia, 2000), 34.

## Deferring costs

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The Committee found that a common strategy for dealing with the costs of undertaking higher education is to defer the costs to a later time. The Higher Education Loan Program (HELP) offers students the opportunity to delay paying tuition fees until their income meets the repayment threshold. Some participants argued that a similar scheme should be established to allow students to take out an income contingent loan to cover living costs whilst studying. Alternatively, many students choose to defer the costs of studying by deferring the study itself, in order to save money and put themselves in a better position to cover costs when they take on their studies. The Committee is concerned about the number of students, particularly those in rural and regional Victoria, who are deferring their studies purely for financial reasons.

### Higher Education Loan Program

HELP, which replaced the Higher Education Contribution Scheme (HECS) in 2005, provides loans to assist both Commonwealth supported and fee-paying higher education students with the costs of study. There are two components to the program. HECS-HELP enables students in Commonwealth supported places to defer all or part of their student contribution. FEE-HELP enables full fee paying students to defer tuition fees with a FEE-HELP loan, which is subject to an administration charge of 20 per cent. Both HECS-HELP and FEE-HELP loans are indexed to reflect changes in the CPI, and are interest free. Loans are repaid through the tax system once income reaches a minimum threshold.

The Committee notes that income deferred loans through HELP comprise a major component of public support for participation in higher education. The recent Review of Australian Higher Education made some useful international comparisons of public support for tertiary students, noting Australia's ranking with and without income contingent loans. It reported that when income contingent loans, income support and scholarships are all considered, Australia ranks 5<sup>th</sup> among OECD countries in terms of total public support for tertiary education students.<sup>985</sup> However, when income contingent loans are not taken into account, the picture changes. Based on income support and scholarships alone, Australia's position in the OECD falls to 14<sup>th</sup>, just above the OECD average.<sup>986</sup>

The Committee heard that the option to defer tuition fees can reduce the influence of costs on decisions about higher education participation. Large scale studies assessing the impacts of HECS have suggested that the re-introduction of tuition fees in Australia, and subsequent increases in charges, have not impacted upon higher education participation rates.<sup>987</sup> Several inquiry participants agreed that the costs of tuition are not a major concern for potential students.<sup>988</sup> La Trobe University's Access and Equity Unit described the findings of a 2006 study which found that because tuition costs could be deferred, most students did not perceive them to be a barrier.<sup>989</sup>

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<sup>985</sup> Australian Government Department of Education, Employment and Workplace Relations, *Review of Australian Higher Education: Final Report* (Canberra: DEEWR, 2008), 57.

<sup>986</sup> *ibid.*

<sup>987</sup> See, for example, Buly Cardak and Chris Ryan, *Why are high ability individuals from poor backgrounds under-represented at university?*, Discussion Paper A06.04 (Melbourne: School of Business, La Trobe University, 2007); Francis Robertson, Judith Sloan and Neil Bardsley, *The Impact of the Higher Education Contribution Scheme (HECS)*, Evaluation and Investigations Program (Canberra: Australian Government Publishing Service, 1990).

<sup>988</sup> Mr M. Murphy, Executive Officer, Baw Baw Latrobe LLEN, Transcript of Evidence, Public Hearing, Churchill, 19 May 2008, 11; Ms J. Devereaux, Executive Officer, Wimmera Southern Mallee LLEN, Transcript of Evidence, Public Hearing, Hamilton, 28 April 2008, 5; Southern Grampians Youth Network, Written Submission, April 2008, 3.

<sup>989</sup> Equity and Access Unit, La Trobe University, Written Submission, April 2008, 6.

On the other hand, a number of participants told the Committee that university fees can be a deterrent to participation in higher education for some groups. Many young people, including current and prospective university students, told the Committee that the costs of tuition were of concern to them.<sup>990</sup> Some participants commented that students may be discouraged if they have inaccurate perceptions of tuition costs, or are unaware of the opportunity to defer payments through HELP.<sup>991</sup> Deakin University reported that in its experience, students considering progressing from TAFE to higher education are usually aware that fees can be deferred, but are often concerned that debt will impact on their capacity for future spending in important areas such as housing.<sup>992</sup> Other participants commented that people from low socioeconomic status backgrounds tend to be debt-averse,<sup>993</sup> and may be deterred by the cost of university tuition.<sup>994</sup>

It is the Committee's view that the available evidence is insufficient to form definitive conclusions about the impact of tuition fees and study debt on higher education participation rates. While research suggests that fees have not affected overall participation rates, the Committee found evidence to indicate that fees, in combination with other factors, may be a deterrent for some groups in the community. The Committee notes that research in other countries has found that student debt and tuition costs influence decisions about participation in education and training.<sup>995</sup> The Committee therefore believes that the impact of tuition fees should not be disregarded when considering the factors that may affect participation in higher education. It also believes that specific attention should be given to the potential effects of any increases to tuition fees on participation in higher education among under-represented groups.

### Loans to cover living costs

The Committee notes that university students have access to a range of loans to assist them with study and living costs, including commercial loans through the major banks and small supplementary loans offered by universities.

All Victorian universities offer student loans, however, the amount available, the term of the loan and other conditions vary.<sup>996</sup> Typically, loans are provided to cover costs that would affect the ability of a student to continue their studies if funds are not available. Generally, universities will provide a student loan for study materials and practicum placements, housing costs, bills, medical costs and emergency situations. Loan terms typically range from 6 months (for a small loan of around \$500) to 12 months or longer for loans of \$1,000 to \$3000.<sup>997</sup> La Trobe University offers student loans of up to \$4,000 for those in special

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<sup>990</sup> For example, Mr S. Robertson, Former Student, Warrnambool College, Transcript of Evidence, Public Hearing, Colac, 29 April 2008, 30; Mr T. Ballard, Transcript of Evidence, Public Hearing, Melbourne, 14 April 2008, 11; Ms L. Toddun, Facilitator, Glenelg Local Community Partnership, Transcript of Evidence, Public Hearing, Hamilton, 28 April 2008, 33; Ms T. Johnson, Year 12 Student, Kurnai College, Transcript of Evidence, Public Hearing, Churchill, 19 May 2008, 47; Ms C. Alphey, Deputy President, MONSU Peninsula, Transcript of Evidence, Public Hearing, Rosebud, 12 May 2008, 31.

<sup>991</sup> Equity and Access Unit, La Trobe University, Written Submission, April 2008, 6; Smart Geelong Region LLEN, Written Submission, May 2008, 13.

<sup>992</sup> Deakin University, Written Submission, March 2008, 12.

<sup>993</sup> *ibid.*

<sup>994</sup> Gippsland Local Government Network, Written Submission, April 2008, 4; Dr D. Morris, Lake Boga, Written Submission, March 2008, 11; Bendigo Student Association, La Trobe University, Bendigo Campus, Written Submission, April 2008, 3; City of Whittlesea, Written Submission, April 2008, 34; Mr N. and Mrs W. O'Brien, Parents, Wodonga, Written Submission, April 2008, 2.

<sup>995</sup> Meeting with representatives of the Education and Lifelong Learning Directorate, Edinburgh, 29 August 2008; Meeting with representatives of the Canada Millennium Scholarship Foundation, Montreal, 2 September 2008.

<sup>996</sup> Based on analysis of university websites, July 2009.

<sup>997</sup> *ibid.*

need.<sup>998</sup> Most student loans are interest free, although the University of Ballarat charges 10 per cent interest (discounted to 5% if the loan conditions are met and payments are made on or before the due date).<sup>999</sup> The Australian Catholic University gives particular attention to the requirements of students from rural and isolated areas, and other disadvantaged groups when assessing loan applications.<sup>1000</sup>

The Victorian Government Office of Housing's Bond Loan Scheme is also a useful source of funds for students who need to move away from home to study. The scheme allows those who cannot afford to pay a bond to borrow up to \$1,200 to cover a bond, with the full (interest-free) amount to be paid back at the end of the tenancy agreement.<sup>1001</sup>

Students may also be able to access funds to assist with study or living costs through various financial institutions. For example, one major bank offers student loans of between \$500 and \$2,000, with payments deferred until course completion. The Committee notes, however, that despite preferential interest rates for students, a commercial loan may be an expensive and risky option for many young people.

Some participants, predominantly from the higher education sector, suggested that students should also be given the opportunity to defer living or accommodation costs as a part of, or along the same lines as, the Higher Education Loan Program.<sup>1002</sup> Such systems operate in other countries. In the United Kingdom, for example, students can access a maintenance support loan, in addition to the income contingent maintenance grant.<sup>1003</sup> The maximum entitlement is affected by place of residence (parental home, away from parental home or away from parental home in London), year of course and eligibility for other financial support. All students undertaking an eligible course qualify for 75 per cent of the maximum loan, regardless of income, with the remaining 25 per cent being income-assessed.<sup>1004</sup> Repayments are income contingent, with interest accruing at the rate of inflation. For people due to commence repaying their maintenance loan from April 2012, there will be the option of repayment breaks of up to five years, to assist during major life stages, such as purchasing a home or starting a family.<sup>1005</sup> Similarly, students in Canada can access a mix of loans and grants to assist them with living costs during their studies.<sup>1006</sup>

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<sup>998</sup> La Trobe University, 'Student loans,' La Trobe University, <http://www.latrobe.edu.au/study/fees-scholarships/student-loans> (accessed 16 July 2009).

<sup>999</sup> University of Ballarat, 'Financial Assistance and Student Loans,' University of Ballarat, [http://www.ballarat.edu.au/fdp/operations/student\\_loans.shtml](http://www.ballarat.edu.au/fdp/operations/student_loans.shtml) (accessed 16 July 2009).

<sup>1000</sup> Australian Catholic University, 'Student Loan Scheme,' Australian Catholic University National, [http://www.acu.edu.au/apply\\_and\\_enrol/fees\\_and\\_charges/australian\\_students/student\\_loan\\_scheme/](http://www.acu.edu.au/apply_and_enrol/fees_and_charges/australian_students/student_loan_scheme/) (accessed 16 July 2009).

<sup>1001</sup> Office of Housing, Department of Human Services (Victoria), *Bond Loan Scheme Policy & Procedure Manual: Version 7.0 October 2008*, section 1 (Melbourne: DHS, 2008), 16, 25.

<sup>1002</sup> For example, Australian Catholic University, Written Submission, March 2008, 3; Mr T. Payne, Deputy Executive Director, Group of Eight, Transcript of Evidence, Public Hearing, Canberra, 17 June 2008, 5; Ms Pam McDonald, Parent, Written Submission, April 2008, 1.

<sup>1003</sup> Student Finance England, 'Student Loans,' Directgov, [http://www.direct.gov.uk/en/EducationAndLearning/UniversityAndHigherEducation/StudentFinance/Applyingfortheirstime/DG\\_171539](http://www.direct.gov.uk/en/EducationAndLearning/UniversityAndHigherEducation/StudentFinance/Applyingfortheirstime/DG_171539) (accessed 16 July 2009).

<sup>1004</sup> Student Finance England, 'Student Loan Rates 2008/09,' Directgov, [http://www.direct.gov.uk/en/EducationAndLearning/UniversityAndHigherEducation/StudentFinance/Applyingfortheirstime/DG\\_171551](http://www.direct.gov.uk/en/EducationAndLearning/UniversityAndHigherEducation/StudentFinance/Applyingfortheirstime/DG_171551) (accessed 16 July 2009).

<sup>1005</sup> UK Government, 'Money for university: a parent's guide,' Directgov, [http://www.direct.gov.uk/en/Parents/Schoolslearninganddevelopment/Optionsafterschool/DG\\_071144](http://www.direct.gov.uk/en/Parents/Schoolslearninganddevelopment/Optionsafterschool/DG_071144) (accessed 16 July 2009).

<sup>1006</sup> Meeting with representatives of the Canada Millennium Scholarship Foundation, Montreal, 2 September 2008.

The Review of Australian Higher Education also considered various models for income contingent loans to cover study and living costs. The review concluded:

On balance, while the advantages of extending income support with the use of income contingent loans is conceptually attractive there are currently important questions associated with how this might best, and most equitably, be adopted.

The panel is not drawn to making recommendations on the introduction of a loans-supplement scheme or using FEE-HELP as an instrument for income support on the basis of the information available to it at this stage. However, these are matters which would benefit from further consideration and more detailed analysis of their impact on students.<sup>1007</sup>

The Committee supports the review's findings and is also wary of recommending the introduction of income contingent loans to cover study and living costs on the basis of information currently available. While recognising their potential to expand the financing options available to students, the Committee is conscious that Australian students already pay a relatively high price for undertaking a higher education degree. Further, the Committee heard during its investigations in Canada, that income contingent living cost loans have not been found to be effective in widening access to higher education.<sup>1008</sup> The Committee would therefore like to see further enhancements to the system of government income support, along with detailed analysis of the benefits and disadvantages of income contingent living cost loans, before this system is considered for implementation in Australia.

### Deferred enrolment

Most applicants who receive the offer of a place in a university course have the option of deferring their place and enrolling in study at a later date, generally after one year. The Committee heard that deferment can have benefits for prospective students, particularly school leavers. According to On Track data, just under two-thirds of 2007 year 12 completers who deferred said that a lack of readiness for further study was one reason for their decision.<sup>1009</sup> Many students wish to take some time off from study, and a 'gap year' offers these young people the opportunity to unwind after the rigours of year 12. Further, some defer because they are uncertain about their chosen course. Taking time off and gaining work experience can therefore provide a useful opportunity to reconsider and clarify education and career aspirations.

While some students defer for positive reasons, the Committee was concerned to hear that many young Victorians wish to begin university, but defer their study for financial reasons. Throughout the inquiry, the Committee heard from young people who had deferred their place at university, or planned to do so, because they could not otherwise afford to relocate for study.<sup>1010</sup> Often, these young people emphasised that deferment had not been a choice, but something they were required to do despite preferring to go directly to university.<sup>1011</sup> One

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<sup>1007</sup> Australian Government Department of Education, Employment and Workplace Relations, *Review of Australian Higher Education: Final Report* (Canberra: DEEWR, 2008), 65.

<sup>1008</sup> Meeting with representatives of the Canada Millennium Scholarship Foundation, Montreal, 2 September 2008.

<sup>1009</sup> Sheldon Rothman and others, *The On Track Survey 2008: The Destinations of School Leavers in Victoria; Statewide Report* (Melbourne: Department of Education and Early Childhood Development, 2009), 59.

<sup>1010</sup> Ms J. Molley, Student, Victoria University, Transcript of Evidence, Public Hearing, Sunshine, 12 August 2008, 36; Mr H. Barton, School Captain and Year 12 Student, Bairnsdale Secondary College, Transcript of Evidence, Public Hearing, Bairnsdale, 20 May 2008, 48; Ms T. Johnson, Year 12 Student, Kurnai College, Transcript of Evidence, Churchill, 19 May 2008, 42; Ms S. Holcombe, Year 12 Student, Kurnai College, Transcript of Evidence, Churchill, 19 May 2008, 44.

<sup>1011</sup> For example, Mr P. Dempsey, Deferred Student, Transcript of Evidence, Public Hearing, Churchill, 19 May 2008, 53; Ms M. Freckleton, School Captain, St Brigid's College, Written Submission, March 2008, 1; Ms S. Powell, Student, Victoria University, Transcript of Evidence, Public Hearing, Sunshine, 12 August 2008, 38; Ms M. Collins, First Year Student, Bachelor of Arts/Science, Monash University, Written Submission, April 2008, 2.

student told the Committee that she had 'never considered deferring' until the end of year 12 when she was confronted with the challenge of financing relocation.<sup>1012</sup>

The Committee heard that two key motivators underpin deferment for financial reasons. The first is that a year in the workforce can enable students to save money towards the costs of higher education. The other is the need to qualify for Youth Allowance, through the workforce participation route to independence. As noted, Australian Government policy changes will greatly restrict opportunities to qualify for Youth Allowance through this route from 2010.

On Track data confirms the importance of financial concerns for many young people who defer their studies. Of school leavers who deferred in 2007, the costs of study and financial pressure on family were both cited as a reason for deferral by approximately one-third of deferrers, and around four in ten said they were waiting to access the Youth Allowance.<sup>1013</sup> Concerns about the costs of travel were also reported by large numbers of students who deferred.<sup>1014</sup> A recent Deakin University study also found that 'to earn income to study later' was the most common reason for deferment cited by students who had applied to study at the University's Warrnambool campus under the Special Entry Access Scheme.<sup>1015</sup>

The decision to defer university studies for financial reasons was particularly common in rural and regional Victoria, where participation in higher education for young people usually involves the additional costs of leaving home. Findings from On Track show that deferrers from rural and regional areas are more likely than their metropolitan counterparts to cite financial reasons as influencing their decision to defer.<sup>1016</sup> Likewise, a number of schools in regional Victoria linked particularly high levels of deferment to financial concerns.<sup>1017</sup> As discussed in Chapter 2, the disproportionately high and increasing rate of deferment for students from regional and rural Victoria is perhaps the most notable trend in higher education participation in recent years.

The Committee heard that deferring and qualifying for income support as independent under the workforce participation criteria can bring its own challenges. In some rural and isolated areas, young people who have deferred face significant difficulties in obtaining suitable employment and earning enough income to satisfy independence criteria. In particular, participants highlighted the lack of employment for young people in many small and remote regional communities, especially where drought has reduced the opportunities available in agriculture. The Committee also heard that the traineeships available to young people often pay low wages which alone do not meet the minimum income threshold. Mr Tony Barton, Careers Coordinator, Orbost Secondary College, commented that for young people in the Gippsland region, qualifying as independent becomes more difficult further east where wages are sometimes below award and paid as cash-in-hand.<sup>1018</sup>

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<sup>1012</sup> Ms K. Leadbeater, Second Year Student, RMIT University, Written Submission, April 2008, 2.

<sup>1013</sup> Sheldon Rothman and others, *The On Track Survey 2008: The Destinations of School Leavers in Victoria: Statewide Report* (Melbourne: Department of Education and Early Childhood Development, 2009), 59.

<sup>1014</sup> *ibid.*

<sup>1015</sup> Deakin University, Written Submission, March 2008, 11.

<sup>1016</sup> Sheldon Rothman and others, *The On Track Survey 2008: The Destinations of School Leavers in Victoria: Statewide Report* (Melbourne: Department of Education and Early Childhood Development, 2009), 59.

<sup>1017</sup> For example, Mr B. Ridgeway, Acting Principal, Rosebud Secondary College, Transcript of Evidence, Public Hearing, Rosebud, 12 May 2008, 50; Mr M. Goldsworthy, Acting Principal, Ouyen Secondary College, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 2; Mr B. Simons, Principal, The Hamilton and Alexandra College, Written Submission, February 2008, 1; Ms M. Pendergast, Principal, Warrnambool College, Transcript of Evidence, Public Hearing, Colac, 29 April 2008, 29.

<sup>1018</sup> Mr T. Barton, Careers Coordinator, Orbost Secondary College, Transcript of Evidence, Public Hearing, Baringsdale, 20 May 2008, 40.

It appears to be common for young people to juggle multiple jobs in an effort to earn the required amount, while others relocate to a metropolitan area for employment.<sup>1019</sup> One parent expressed disappointment that even where regional young people overcome these challenges through hard work, they may consequently have no ‘down time’ in which to ‘relax and recharge’ before returning to study.<sup>1020</sup> The Committee heard that employment difficulties may also cause some students to put off study for a second year.<sup>1021</sup>

Perhaps of greatest concern in relation to higher education participation is that a proportion of students who defer do not subsequently take up their place in higher education. Schools, parents, universities, student associations, local governments, Local Learning and Employment Networks (LLENs) and others expressed strong concern that a number of young people in regional areas do not return to study after deferring.

Reasons for non-participation after deferment vary. The Committee heard that students who have deferred often become accustomed to a working lifestyle and income, and are reluctant to return to being a ‘poor’ student.<sup>1022</sup> Other participants argued that deferment forces young people to disengage from education, diminishing the confidence and motivation to study and distracting them from their original ambitions.<sup>1023</sup> The Committee also heard that during their time away from study, many young people form significant relationships in the local community, which creates an additional motivation to remain at home rather than relocating for study.<sup>1024</sup> There was speculation that those from low socioeconomic status backgrounds,<sup>1025</sup> those with lower ENTERs<sup>1026</sup> and those who were offered a place in a less preferred course<sup>1027</sup> were least likely to take up their place after deferring.

<sup>1019</sup> Ms J. Molley, Student, Victoria University, Transcript of Evidence, Public Hearing, Sunshine, 12 August 2008, 37; Ms P. Ericson, Deferred Student, Transcript of Evidence, Public Hearing, Bairnsdale, 20 May 2008, 50; Mr T. Barton, Careers Coordinator, Orbost Secondary College, Transcript of Evidence, Public Hearing, Bairnsdale, 20 May 2008, 41; Ms L. Healey, Managed Individual Pathways Coordinator, Maffra Secondary College, Transcript of Evidence, Public Hearing, Bairnsdale, 20 May 2008, 42; Ms H. Rawlings, Bairnsdale, Written Submission, March 2008, 1; Mr N. and Mrs W. O’Brien, Parents, Wodonga, Written Submission, April 2008, 3; Southern Grampians Youth Network, Written Submission, April 2008, 1; Ms K. Leadbeater, Second Year Student, RMIT University, Written Submission, April 2008, 2.

<sup>1020</sup> Ms D. Howcroft, Parent, Transcript of Evidence, Public Hearing, Hamilton, 28 April 2008, 62.

<sup>1021</sup> Mr M. Murphy, Executive Officer, Baw Baw Latrobe LLEN, Transcript of Evidence, Public Hearing, Churchill, 19 May 2008, 55.

<sup>1022</sup> For example, Ms L. Davis, Student, Victoria University, Transcript of Evidence, Public Hearing, Sunshine, 12 August 2008, 36–37; Ms T. Linsen, Parent, Transcript of Evidence, Public Hearing, Bairnsdale, 20 May 2008, 25; Ms G. Ferrari, Executive Officer, Youth Affairs Council of Victoria, Transcript of Evidence, Public Hearing, Melbourne, 14 April 2008, 8–9; University of Ballarat, Written Submission, March 2008, 5; Mr R. Juratowitch, Campus Principal, Kurnai College, Gippsland Education Precinct, Transcript of Evidence, Public Hearing, Churchill, 19 May 2008, 3; Mr T. McMahon, Student Representative, South West Regional Youth Affairs Network, Transcript of Evidence, Public Hearing, Hamilton, 28 April 2008, 12; Mr D. Visser, Parent, Wodonga, Written Submission, April 2008, 1; Bendigo Student Association, Bendigo Campus, La Trobe University, Written Submission, April 2008, 2; Southern Grampians Youth Network, Written Submission, April 2008, 2; Department of Innovation, Industry and Regional Development (Victoria), Written Submission, May 2008, 17; Gippsland Education Precinct, Written Submission, May 2008, 3.

<sup>1023</sup> Mallee Family Care, Written Submission, March 2008, 10; Professor R. Teese, Director, Centre for Post-compulsory Education and Lifelong Learning, The University of Melbourne, Transcript of Evidence, Public Hearing, Melbourne, 25 February 2008, 15, 21; Mr R. Butler, Chair, Frankston Mornington Peninsula LLEN, Transcript of Evidence, Public Hearing, Rosebud, 12 May 2008, 27; Mr R. Vecchiet, Principal, Baimbridge College, Transcript of Evidence, Public Hearing, Hamilton, 28 April 2008, 16; Ms P. McDonald, Parent, Chiltern, Written Submission, April 2008, 1; Mr S. Collins, Parent, Written Submission, April 2008, 1; Department of Innovation, Industry and Regional Development (Victoria), Written Submission, May 2008, 17; Ms J. Edwards, Manager, Equity and Disability Support Services, Swinburne University of Technology, Written Submission, March 2008, 3.

<sup>1024</sup> Mrs H. Thiele, Principal, Murrayville Community College, Transcript of Evidence, Public Hearing, Ouyen, 3 June 2008, 49; Dr D. Morris, Lake Boga, Written Submission, March 2008, 9.

<sup>1025</sup> Dr J. Oriel, Head, Student Equity Unit, Deakin University, Transcript of Evidence, Public Hearing, Colac, 29 April 2008, 54.

<sup>1026</sup> Ms T. Burgoyne, Principal, Portland Secondary College, Transcript of Evidence, Public Hearing, Hamilton, 28 April 2008, 17.

<sup>1027</sup> Mr R. Vecchiet, Principal, Baimbridge College, Transcript of Evidence, Public Hearing, Hamilton, 28 April 2008, 18.

The impressions of inquiry participants are supported by recent research that examined the destinations of 806 year 12 completers from regional Victoria who had deferred a university place in 2007.<sup>1028</sup> These young people, originally surveyed as part of On Track, were contacted again in 2008. The survey found that 69.9 per cent had taken up their place at university, while an additional 9.4 per cent were engaged in Vocational Education and Training (VET) courses, and 3.1 per cent had begun apprenticeships or traineeships.<sup>1029</sup> The majority of the remaining young people were working.<sup>1030</sup> The researchers also examined the backgrounds of respondents, and found that those from lower socioeconomic status backgrounds, or with a lower achievement profile, were less likely to have taken up their university place.<sup>1031</sup>

The Committee believes that deferment is undoubtedly beneficial for some young people, and should remain an option for students who receive the offer of a place in higher education. Nevertheless, the Committee agrees with participants who argued that students who are eager to continue their studies directly from school should not need to defer for financial reasons.<sup>1032</sup> The Committee was concerned to find such strong evidence suggesting that disproportionately high deferment in rural and regional areas arises primarily due to financial concerns. Given that fewer young people in rural and regional areas complete secondary school, apply to university and accept offers, the Committee is concerned about the additional 'leakage' resulting from deferment, particularly for low socioeconomic status students.

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## Conclusion and recommendations

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Meeting the costs of higher education was one of the most important themes in the inquiry for many students and families. While the Committee's investigations found that the range of factors discussed throughout this report explain geographical differences in the rate in which Victorian students participate in higher education, it is clear that the costs of study are an important contributor. The costs of study appear to influence participation for low socioeconomic status young people in both metropolitan and non-metropolitan areas. However, due to the substantially higher cost of living away from home, costs constitute a greater concern for young people from non-metropolitan and interface areas. Many participants from rural Victoria argued that the high cost of study, combined with inadequate financial support, were the most important causes of geographical differences in higher education participation rates.

The Committee believes that a fair and accessible system of student income support is of fundamental importance. While acknowledging recent Australian Government reforms to the income support system, the Committee believes further changes are required. The Committee believes that income support payments should be increased to take account of the costs of living and relevant poverty indicators. It is also the Committee's view that all students who are required to relocate to undertake tertiary studies should be eligible to

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<sup>1028</sup> John Polesel, *Deferring a University Offer in Regional Victoria (interim report)* (Melbourne: Youth Affairs Council of Victoria, 2008).

<sup>1029</sup> *ibid.*, 10.

<sup>1030</sup> *ibid.*

<sup>1031</sup> *ibid.*, 13.

<sup>1032</sup> For example, Professor R. Teese, Director, Centre for Post-compulsory Education and Lifelong Learning, The University of Melbourne, Transcript of Evidence, Public Hearing, Melbourne, 25 February 2008, 21; Ms P. O'Connell, Executive Officer, Frankston Mornington Peninsula LLEN, Transcript of Evidence, Public Hearing, Rosebud, 12 May 2008, 27; Mr J. Ireland, Coordinator, School Focused Youth Service, Gippsland Lakes Community Health, Transcript of Evidence, Public Hearing, Bairnsdale, 20 May 2008, 18.

receive Youth Allowance. The Committee believes that the Victorian Government should advocate to the Australian Government for these changes. The Committee further believes that the Victorian Government should take additional measures to financially support Victorian students undertaking higher education. These include piloting an early intervention scholarship program for students from under-represented areas, providing affordable public transport for higher education students, and strengthening university and industry partnerships to help students earn while they study.

### Recommendations

- 7.1 That the Victorian Government advocate to the Australian Government for an increase to student income support payments, taking into account costs of living.
- 7.2 That the Victorian Government advocate to the Australian Government that young people who are required to relocate to undertake tertiary studies be eligible to receive Youth Allowance.
- 7.3 That the Victorian Government, in collaboration with universities, pilot an early intervention scholarship program for students from under-represented groups and areas.
- 7.4 That the Victorian Government coordinate an industry placement program to assist higher education students from regional areas and low socioeconomic status backgrounds.

