



**Submission To Department of Education, Employment and
Workplace Relations Review of Australian Higher
Education**

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Introduction

NUS welcomes the opportunity to present a written submission to the Bradley Review.

The National Union of Students is the peak representative body of undergraduate students in Australia, representing approximately 600 000 students.

Already as part of the Review process NUS has participated in various face-to-face consultations with the Review Panel including presence at the DEEWR organised student forums, an NUS exclusive consultation session and Review Panel guest speakers at two NUS conferences.

Unfortunately due to the impact of Voluntary Student Unionism on the income and resources of NUS, our submission is limited to only responding to questions from the Review discussion paper that directly relate to student issues (financing, fees, welfare and engagement).

Attached to the submission is also a recently compiled history of student income support in Australia from Curtin to Rudd, as well as our previous Government submissions on the impact of Voluntary Student Unionism and options for restoring the work of student organisations (at the time of submitting this response the Government has yet to announce any solution to the VSU situation).

List of Recommendations

Recommendation 1: That universities extend their outreach programs to the junior and middle levels of schools in disadvantaged communities. Where possible these programs should be undertaken collaboratively. The NUS, DEEWR, Universities Australia (and its sub-groupings) and any new national regulatory buffer body should collaborate to identify best practices.

Recommendation 2: That universities extend their special admission programs targeting disadvantaged students. The NUS, DEEWR, Universities Australia (and its sub-groupings) and any new national regulatory buffer body should collaborate to identify best practices.

Recommendation 3: The NUS, DEEWR, Universities Australia (and its sub-groupings) and any new national regulatory buffer body should collaborate to identify the best range of practices for delivering on campus support to low SES students.

Recommendation 4: That DEEWR, in consultation with NUS and Universities Australia, develop a system for providing low-SES students with financial support during any work-placement component of their university course.

Recommendation 5: That the Educational Textbook Subsidy Scheme be reinstated, and that DEEWR investigate schemes to increase the affordability of other essential course materials.

Recommendation 6: That DEEWR take a stronger role in enforcing the ancillary fee guidelines on universities and their faculties.

Recommendation 7: That the Commonwealth and universities ensure that there are appropriate arrangements in place to fund a vibrant and inclusive student campus culture.

Recommendation 8: That the Commonwealth fund the creation of sufficient half-HECS equity scholarships to meet a targeted increase in low SES enrolments of 75,000 by 2012.

Recommendation 9: That the age of independence for students be progressively lowered to 18. This should begin with a lowering of the age to 21 which would align it with that for unemployed people.

Recommendation 10: That until the age of independence reaches 18, the base income threshold for the family means test as part of qualification for Youth Allowance be restored to the Average Weekly Earnings. Students under the age of 21 will remain eligible for the Youth Allowance and subject to the family means test.

Recommendation 11: That DEEWR investigate the efficacy of Actual Means Test exemptions in assisting drought affected farming families.

Recommendation 12: That living away from home rates for Youth Allowance and Austudy be progressively increased to reasonably equate to the poverty line.

Recommendation 13: That DEEWR and Centrelink investigate options for making it easier for students to qualify for independent status due to family conflict.

Recommendation 14: That the income bank be increased from \$6,000 to \$12,000.

Recommendation 15: That all full-time domestic postgraduate students not in receipt of an APA grant or full time university or industry scholarship be eligible to apply for Austudy.

Recommendation 16: That all university equity scholarships not be treated as taxable income by Centrelink.

Recommendation 17: That loans schemes not be introduced to replace grant-based living allowances.

Recommendation 18: That students be given the option of adding up front study-related costs to their HECS liabilities, capped to a level of \$1000 per annum so as not to blow out student debt.

Recommendation 19: That student engagement with university learning processes and extra-curricular activities be monitored regularly, for example conducting national surveys on a three year cycle. Quality audits of campuses should also examine individual university processes for enhancing and monitoring student engagement.

Recommendation 20: That the Review urge the Government to release its policy solution to the disastrous Voluntary Student Unionism by the end of the year so work can begin to restore the important work of student organisations.

Recommendation 21: That the current National Protocols for Higher Education Approval Processes that preclude teaching only institutions from operating under the title 'university' remain in place. We see a strong link between quality teaching, scholarship and research.

Recommendation 22: That the Commonwealth should not introduce demand-driven voucher systems of funding. Such systems undermine national planning for labour market and equity goals and increase vertical diversity within an already stratified system (perpetuating inter-generational cycles of privilege).

Recommendation 23: That plenty of caution needs to be exercised when constructing pathways between VET and higher education. The different pedagogy employed in the sectors can create considerable transition problems.

Recommendation 24: That all Australian universities should be encouraged to engage in international education and collaboration with overseas institutions. However, NUS believes that international engagement should be driven by educational, research and/or capacity building, and simply not seen as a strategy to increase student contributions. NUS does supports initiatives such as the diploma supplement to increase the portability of Australian degrees to overseas job markets.

Recommendation 25: NUS supports the creation of an independent buffer body to monitor higher education processes and to provide expert advice to the Commonwealth Education Minister and state education departments. The buffer body should have an advisory committee made up of a broad cross-section of sectoral representation, including student representation.

Review Questions

Meeting Labour Market and Industry Needs

How adequate are the mechanisms for aligning supply and demand of graduates? How do pricing and labour market signals impact on student choices ?

Does Price Matter ?

For at least a decade there has been a long running debate in higher education policy circles over the issue of whether the fee level of courses impacts on student choices. Since 2005 virtually all domestic students have been able to defer payment of their fees through HECS-HELP or FEE-HELP arrangements.

Governments and Vice-Chancellors seeking to justify increases in student fees have traditionally argued that fee levels do not impact on participation so long as they are underpinned with an income contingent loans schemes. On the other hand groups like NUS, CAPA and the NTEU have argued that certain social groups (such as regional and mature age students) tend to be more debt adverse and either opt of higher education or go for the cheaper options.

Paradoxically both the Howard and Rudd Governments have introduced legislation to influence student choices by offering HECS discounts for studying in national priority areas such as teaching, nursing, maths and science. So what role does price play in determining choice in a system with universal income contingent loans schemes? Is price a minor factor compared to labour market signals or perceived status of a course or university?

HECS was introduced by the Hawke Government in 1989 to replace the up front \$250 administration charge that had ended Australia's brief experiment with free education in 1987. The original flat HECS rate was replaced in 1997 by a four tiered system of HECS differentiated according to discipline of study. Apart from the cheapest "national priority" band the new rates were much higher. In 2005 HECS rates were 'deregulated' so that universities could charge between 0-125% of the previous HECS rates. Most universities opted for the extra 25% straight away, with the handful of dissenting universities creeping their fees up to the maximum student contribution rate in ensuing years. The University of Tasmania, the last university to hold out, recently announced that it was increasing its fees.

Some in the sector such as University of Melbourne Vice-Chancellor, Glynn Davis argue that due to income contingent loans schemes, that price has no impact on equity and that the caps on tuition fee levels (maximum student contribution rates) should be removed:

"The available data make clear that tuition price has been no impediment to participation. The price caps that have kept costs down to all students cannot be easily defended on equity

grounds. For many students, it is likely that these controls inflict costs of a non-financial kind—all the problems of over-crowded classes and run-down facilities that have been the subject of many a complaint over the years. The price caps restrict student choices, leaving little difference between the 37 public universities all offering variations on a standard university service.”¹

Davis sets out to refute the claims made by the “*National Union of Students (which) links tuition fees to concerns about access and equity.*” He points to the basically static level of low SES participation since 1991 and cites the research of Cardak and Ryan² to justify his dissociation of tuition fee price from equity.

Cardak and Ryan, both of whom have co-authored articles with the architect of HECS, Bruce Chapman, used longitudinal data from a large sample of students from a randomly selected cross-section of government, catholic and independent schools. They were able to match with measures of student performance (ENTER – Year 12) scores, SES status according to father’s occupation and whether or not they went to university. The key finding from the study was that the SES distribution of high performing students in Year 12 was similar to the SES distribution of school leaver university admissions. They concluded from this that HECS does not appear to be a ‘credit constraint’ on high performing low SES students making the transition to Year 12 to university. They do not deny that low SES students are under-represented in university admissions compared to middle and high SES students. Instead they are making the argument that the selection processes occur well before Year 12. Another controversial implication from this paper is that the current range of university equity scholarships for low SES students are a waste of time:

“Policies such as targeted university scholarships are unlikely on their own to bring low SES students into the university system in greater numbers.”

Cardak and Ryan’s study is impressive in its access to data that has not been cross-matched on this scale before. However, the findings themselves are hardly unexpected. A number of previous studies of the original HECS have had similar findings, albeit with a less rigorous methodology.

In 1989 the Department of Employment, Education and Training's Evaluations and Investigations Unit compared the responses of control groups of students who did apply and those who did not to determine whether HECS had been a factor in choosing not to do so. The report found that HECS did not appear to be a very important factor in limiting access, with the possible exception of postgraduates intending to re-enrol. 10% of postgraduates surveyed had cited HECS as the 'most important' or a 'very important' reason for not re-enrolling³ (at the time there were still HECS-liable places for postgraduates).

¹ Prof. Glynn Davis, *Fairness, Fees and Equity in Higher Education*, AFR Higher Education Summit, April 2007

² Buly Cardak and Chris Ryan, ‘Why are high ability individuals from poor backgrounds under-represented at university?’ Discussion paper A06.04, La Trobe University School of Business, 2006

³Robertson F, Sloan J & Bardsley N, *The Impact of the Higher Education Contribution Scheme (HECS)*, DEET Evaluations and Investigations Program, AGPS, Canberra, 1990

In 1991 a consulting firm was commissioned by the Higher Education Council to look at the impact of HECS on traditionally disadvantaged subgroups. The report based on sample subgroups (low SES, NESB, Rural and Indigenous) concluded that HECS did not seem to be an issue of great concern in determining whether or not to participate in universities. The more highly ranked factors included the desire to make money, the need to get a TAFE qualification, failure to qualify for a student grant, and living away costs. However, the report did note that around 20% of the sample who were single parents (or from single parent families) or from low SES rural areas thought that HECS was 'likely to frustrate their intention to participate'.⁴

NUS has long conceded that despite our opposition to tuition fee increases the empirical evidence shows a long term pattern, although not always consistent, that the bulk of high performing young school leavers are not deterred by the pre-2005 HECS rates. This concession is qualified by the observation that the 1997 and 2005 HECS increases did provide shocks that seem to have had at least a short-term impact on participation.

Another qualification is that the Cardak and Ryan study was based on students who would have been mainly entering the university system in 1998 and 2001 – well before the last round of HECS increases from the Nelson Review. Comprehensive research on the impact of the post-Nelson HECS rates simply isn't there yet.

NUS's core critique of the impact of HECS on equity has focussed on the concept of study debt aversion. The study debt aversion hypothesis is that different social groups may tend to respond differently to the idea of taking on large amounts of debt – even if it is supported by a progressive income contingent repayment option. While an upper-middle class school leaver may not be put off by a large study debt, a low income mature-age rural students might well be. If it is true, then fees (even backed by a loans scheme) will have an impact on the social composition of the student cohort. Studies like Cardak and Ryan are limited by the fact they only look at school leaver entry, now a minority point of entry into higher education as opposed to mature age entry. Nor did they look at rural disadvantage. Vice-Chancellor Davis's claim about price having no impact on access is at best only half the story.

Les Andrews in the 1999 Department of Education report *Does HECS deter?*⁵ sought to dismiss our view that debt aversion may also have an impact on the choices of people from lower socio-economic backgrounds. The core of Andrew's paper in relation to debt aversion is to look at the willingness of lower SES groups to take out mortgages. To this end Andrews engaged in a rather abstract analysis of mortgage and personal loan rates on 25 SES groups by using postcode information. Andrews concluded in his report that no clear or consistent pattern emerges from investigating either mortgages or personal loans. This, however, is not the case in the main body of the report, where Andrews argues that he found slightly lower application rates for mortgages from people from low SES groups.

More importantly though is what can we actually reasonably conclude from the study. Does it actually mean anything to produce a study of mortgages and personal loans, when the question is about debt related to a less tangible good such as higher education? Are decisions to invest

⁴NBEET, *Assessment of the Impact of the Higher Education Contribution Scheme on the Potentially Disadvantaged*, Commissioned Report No. 15, AGPS, Canberra, May 1992

⁵ Andrews L, *Does HECS Deter? Factors Affecting University Participation by Low SES Groups*, DETYA Occasional paper Series, 2000

in human capital really the same as owning a car or a house. We need to analyse the differing motivating factors for different types of debt. For example is the fact that people in low SES areas are prepared to take out a car loan - given that they are more likely live in outlying suburbs with limited public transport - really the same as the debts incurred through a decision to participate in higher education? Is it unreasonable to speculate that people will balance the immediate benefits of car ownership with the loan, while it is more difficult to balance the potential longer term financial benefits with a \$20-40,000 HECS or FEE-HELP debt?

Given the fact that HECS has been around since 1989 one would have thought that it should be a straightforward empirical exercise to see if the data on participation shows which of the 'no effect' or the 'study debt aversion' hypotheses is correct. Unfortunately, as DEST admitted to a Senate Inquiry, due to several changes to their data collection definitions DEST did not have accurate long time series for equity groups. Using the department's now withdrawn data from reports such as *Equity In Education*⁶ there was a small but consistent trend of decline in the participation rates for working class, regional and mature age students during the 1990s - these groups are all much more likely to have had a direct experience of debt than upper, middle class metropolitan school leavers. A Higher Education Council report in the late 1990s also suggested that the opportunity cost (income foregone while studying) may be an important factor for rural low SES families.⁷ The revised 1989-2006 time series of low SES students participation rate prepared for this review now show only minor fluctuations around the 14.8% mark.

Nevertheless Department of Education data does show that the participation of rural and isolated students was still clearly falling in 2005. The total number of students from rural and isolated areas decreased slightly from 129,825 in 2001, to 126,541 in 2005. In 2001, rural students comprised 17.7% of domestic students and isolated students 1.5%. In 2005, the proportion of domestic students from rural areas declined slightly to 16.7% and isolated students to 1.2%.⁸

Another possible test was to look at the impact of the 1996-97 introduction of differential HECS which broke up the flat HECS into different rates depending on the discipline studied (and increased the HECS rates significantly across the board). Such studies were commissioned into this by DEST at the start of the Nelson Review. One week prior to the deadlines for submissions to Senate Inquiry into *Backing Australia's Future*, the DEST released two reports on access to university in Australia. These reports are *Expansion in higher education in the 1990s: effects on access and student quality* and *HECS and Opportunities in Higher Education: A paper investigating the impact of the Higher Education Contribution Scheme (HECS) on the higher education system*. While both papers are dated 2002, they were released a year later only after significant public pressure, in particular from the *Sydney Morning Herald*.⁹

⁶ DETYA, Equity in Higher Education, Occasional Paper Series, Higher Education Division, March 1999

⁷ James R, Wyn J, Baldwin G, Hepworth G, McInnis C and Stephanou A, *Rural and Isolated Students and their Higher Education Choices: a re-examination of student location, socio-economic background, and educational advantage and disadvantage*, Higher Education Council, 1999

⁸ DEST Higher Education Report, 2005, AGPS, pg. 21

⁹ Aban Contractor, "Claims that Nelson hid uni fee risks", *Sydney Morning Herald*, August 11 2003.

Since the release of the latter report, there were calls from the Department for the research to be used with caution. This would seem to be driven by the fact that the report directly contradicted the ideology of the Howard Government's reforms, that increasing fees somehow does not inhibit equitable access to university. A DEST media release stated that there were methodological issues with the report, including the "relatively small impact of some of the findings."¹⁰

A number of the findings in the maligned Aungles et al report did indicate a significant impact, with falls in the number of mature-aged students by 17,000 following the introduction of differential HECS. Some other falls in enrolments seemed to only impact on smaller numbers of people, for example, the drop of 200-300 males from a low income background enrolling in Band 3 courses, until it was noted that this is a 38 per cent fall.

The large percentage impact of such a small number of people shows the serious under-representation of some groups of students within university in general, but especially within 'elite' courses such as medicine, veterinary science or law. This in itself is a matter for concern.

The increased HECS rates that were introduced in 2005 also provided more evidence that price does have an impact. Figure 9 of the review discussion paper shows that the level of unmet demand fell by half in 2005, reversing a trend of increased unmet demand. This drop reflected both a drop in university applications and an increase in university places.¹¹

A study of rural disadvantage in Victoria by Golding et al commented:

There is copious evidence that the perceived and actual cost to individuals of higher education has increased as HECS fees have increased and as the higher education system has moved towards user-pays in ways that have impacted differentially on students from poorer backgrounds in government schools. The result in Victoria is that 'fewer Victorian students from disadvantaged backgrounds are making university' (The Age, 8 October 2005, p.5). The Victoria University Vice Chancellor identified a downturn in university demand in October 2006 from communities that were 'loan averse' and 'sensitive to price'¹²

There is also evidence from New Zealand that tuition fees have some impact on choice, even if there is an income contingent loans scheme for domestic students. Our sister organisation, New Zealand University Students Association has been conducting triennial surveys of student income and expenditure since 1994. The 2007

¹⁰ DEST media release, "Release of Reports on Effects of Higher Education Contribution Scheme on Access to Higher Education", 8 August 2003.

¹¹ AVCC, Unmet Demand Report 2005.

¹² Golding B et al, 'Everything Is Harder' - Participation in Tertiary Education of Young People from Rural and Regional Victoria, School of Education, March 2007, submission to Victorian Parliamentary Inquiry into Geographical Differences in the Rate in which Victorian Students Participate in Higher Education, pp20-21

survey¹³ was based on 3793 responses for 19 universities and polytechnics with the data weighted to reflect the diversity of the student population.

Over three quarters (77%) of tertiary students reported that fees had had a slight influence on their course decision. Around one in five (17%) said it had no influence and six percent said it had a strong influence. Students who felt tuition fees had no influence on their choice of course were significantly more likely to be studying at University of Auckland, in their fifth year or above, from a high socio-economic background, with parental income over \$100,000, New Zealand European/Pakeha and a domestic student. Students who felt tuition fees had a slight influence on their course decision were significantly more likely to have parental income under \$20,000, Asian or an international student. Students who felt tuition fees had a strong influence on their course decision were significantly more likely to be studying at Whitireia Polytechnic or Northland Polytechnic, studying part time, with parental income under \$20,000, Asian, international students and aged between 23 and 30 years.

The study then analysed the influence of the tuition fee on the 83% who reported that tuition fee levels had an impact:

What Tuition Fee Influence Was¹⁴

Tend to take cheaper course (too expensive/cost)	35%
Had To Decide If Course was Really Worth Doing (value for money/whether to work and study)	11%
Stress of Paying Back Student Loan (ability to pay back student loans/mounting interest on student loan/ length of time to pay back)	10%
Had To Look At Whether Could Afford The Course	8%
Fees Determined Choice of Tertiary Institution To Attend	5%
Prevention of Taking Desired Course	5%
The Number of Classes/Papers Enrolled For	4%

The issue of study debt aversion is widely accepted in many English studies of their own income contingent loans scheme that was adapted from Australian HECS but also includes an additional component for living expenses. Universities UK (the equivalent of Universities Australia) commissioned a study of 2002 school leavers and found that debt aversion was a class issue. Interestingly the study included those who decided not to go to university. The study found that the strongest anti-debt attitudes were from either the lowest social classes, single parents or those over 21.¹⁵

¹³ New Zealand University Students' Association, 2007 Student Income and Expenditure Survey, November 2007

¹⁴ New Zealand University Students' Association, 2007 Student Income and Expenditure Survey, November 2007, Table 20, pg 59

¹⁵ Callender C, *Attitudes to Debt, School leavers and further education students' attitudes to debt and their impact on participation in higher education*, Universities UK and Higher Education Funding Council for England, 2003

A pro-loans Canadian study¹⁶ has broken down study debt aversion into three useful categories: ‘risk based debt aversion,’ based on uncertainty and scepticism whether the returns from future income and status will justify the costs and income foregone; ‘value debt aversion,’ based on people who have religious or cultural objections to borrowing; and ‘sticker price debt aversion’ based on those who are scared off by the size of the total debt borrowed (the \$50,000 FEE-HELP debts would be an Australian example).

A methodological problem with many Australian studies into the impact of HECS is that they look at who is there (or at best the transition of high performing Year 12 students into university) rather than who isn’t there. This is quite significant as Year 12 completion rates have improved considerably since 1980 from about 35% to 80% that has significantly increased the percentage of low SES Year 12 school completers. Surely the real issue is why hasn’t the percentage of low SES students at university improved given the massive expansion in university numbers:

*The major trend across the 14 years from 1980 to 1994 was the greater increase, both relatively and absolutely, of the Year 12 completion rates of students from blue-collar backgrounds. School completion rates of students with parents in blue-collar occupations nearly tripled during the 1980s to the mid 1990s.*¹⁷

An analogy is the dramatic improvement in female university participation rates over this time that flowed on from the improvements in female school completion rates. Why hasn’t this occurred for low SES students? A 1997 OECD study of Australian higher education hinted at this when it mentioned that:

*Even if such enrolments (of target equity groups) were maintained, it is reasonable to ask whether they should have been increased in relation to enrolments from other groups in the course of the expansion.*¹⁸

Tim Curtin, a former World Bank economic adviser and an Emeritus Economics Professor at ANU, puts it well: “In short it is not enough to point to increasing numbers of low SES students if one has not asked the counterfactual question, how many of the larger numbers of Y12 completers since 1990 are not going to universities. And of these, how many may well have been deterred by HECS fees despite their income contingency ? There is evidence collected by ABS that appears to have been overlooked at DEST and elsewhere showing that as many as 78,000 persons not studying at ages 20-24 in 2001 had been deterred from doing so for financial reasons.”¹⁹

¹⁶ Finnie, R, *The case for students Loans: why, when and how*, Canada: Queens’ University, 2004

¹⁷ Long M, Carpenter P and Hayden M, *Participation In Education and Training 1980-1994*, ACER, 1999, p.59

¹⁸ OECD, *Thematic Review of the First Years of Tertiary Education: Australia*, Directorate of Education, Employment, Labour and Social Affairs, Paris, February 1997

¹⁹ Curtin, Tim, *Equitable financing of higher education – taxes versus fees*, 2003, www.anu.edu.au/emeritus

Long and others²⁰ using the longitudinal data collected by ACER provide evidence that once the increased number of working class year 12 completers is taken into account that the picture is one of a significant declining university participation rate by the children of manual workers from the period 1989 to 1994 (the end of the ACER time series used in this study). The study used longitudinal data from four age cohorts – those who turned 19 in 1980, 1984, 1989 and 1994 respectively. A key finding that provides evidence supporting the study debt aversion thesis (even under the original lower, flat HECS):

The results in Panel B in Table 9 show that it has become progressively less likely that Year 12 graduates from the poorest wealth quartile will enter higher education by age 19. Entry rates for the highest quartile systematically increased during the 1980s to the mid 1990s -- 55%, 57%, 59% and 62% for each of the four cohorts respectively -- while entry rates for the middle 50% were more or less constant -- 47%, 46%, 51% and 47%. Year 12 graduates from the lowest quartile, however, experienced an absolute decline in entry rates across the four cohorts -- 48% in the early 1980s, 41% in the mid 1980s, 40% in the late 1980s and 38% in the mid 1990s. These absolute changes in entry rates mean that Year 12 graduates from the poorest wealth quartile are both relatively and absolutely less likely to enter higher education in the mid 1990s than at any other time covered by the data in this report.²¹

Tim Curtis provides a chart in his paper that the percentage of manual parents' children entering higher education as a percentage of Year 12 completers fell from 42% in 1989 to 32% in 1999.²² This had been preceded in 1984 to 1989 by a period of slightly improved participation. Curtin attributes this decline to HECS while Long et al are more cautious about making this extrapolation as the impact of HECS was beyond the scope of their terms of reference.

Nevertheless the data from Long et al and Curtis support our general thesis that the accessibility of university to low SES students has faced a double whammy. One has been the sharp decline in eligibility and real levels of income support, with the most severe decline occurring during the Fraser Government years (1975-83). Income support will be discussed more later in this submission and in our attached history of income support. The second whammy has been a smaller decline (at least until 1999, which is then end of the relevant time series) under the impact of HECS and other fees.

This thesis is not in contradiction with the core Cardak and Ryan's finding that HECS is not a credit constraint on high performing Year 12 completers regardless of their SES status. Instead we are arguing that HECS (and study debts in general) act as a factor that is an aspirational constraint in middle high school which is the time when most students are at the final stages of deciding if they are going to pursue a pathway to higher education or to go on other pathways. Unlike academic economists, we are not surprised that working class 15 year olds are disproportionately scared-off by large study debts (regardless of the economic rationalism of their models of income contingent loans and

²⁰ Long M, Carpenter P and Hayden M, Participation In Education and Training 1980-1994, ACER, 1999

²¹ Ibid, pg. 71

²² Curtin, Tim, Equitable financing of higher education – taxes versus fees, 2003, www.anu.edu.au/emeritus, Figure 1

private rates of return) and opt for other pathways that lead to quicker employment and financial independence.

A University of Ballarat study²³ of Victorian rural Year 10 students provides insights into the negative impact of HECS and other study costs on the aspirations of disadvantaged middle high school students:

“After the ENTER score achieved, Year 10 students who aspire to university and their parents regard financial factors, specifically the cost of HECS and living away from home, as being the biggest impediments to going to university.”

In particular the study found that many students who left school without pursuing further education had been influenced by peer reports of high study debts not necessarily leading to high paid professional work (risk based debt aversion):

Many had stories about peers still at university, who three years on had lost their way, accrued huge HECS debts and had limited prospects of relevant professional work post course.

Our data show that it takes courage for many Year 10 students to step into the unknown and take a definite choice for higher education. Hesitancy about the prospects of university success is likely to occur at precisely the point at which some young people need support and reinforcement... The data leave us with no doubt that rural, regional and peri-urban students along with their parents find the cost of HECS extremely daunting.

NUS contends that a similar effect may be occurring with low SES disadvantage. The scarcity of positive peer reports in low SES areas of successful university participation and graduate financial outcomes (low SES students are even more under-represented in prestigious courses and universities) is having an impact on middle high school aspirations. The Universities Australia 2006 Survey of Australian Student Finances found that a significant percentage of students were critical of the “levels of debt associated with schemes (and)...questioned whether studying for their degree was worth it, given the debt they will have upon completion.”²⁴

In short NUS disputes the widespread and often self-serving claims that tuition fees that are underpinned with an income contingent loans schemes have no impact on access.

²³ Golding B et al, ‘Everything Is Harder’ - Participation in Tertiary Education of Young People from Rural and Regional Victoria, School of Education, March 2007, submission to Victorian Parliamentary Inquiry into Geographical Differences in the Rate in which Victorian Students Participate in Higher Education

²⁴ James R, Bexley E, Devlin M and Marginson S, *Australian Student Finances 2006: Final Report of a National Survey of Students in Public Universities*, Universities Australia, 2007

Concluding remarks on fees:

NUS contends that a more critical reading of the available literature leads to the conclusion that price does matter:

- Tuition fees prices do seem to have a significant but negative impact on access by debt adverse mature age, rural and isolated students (although much more research needs to be done to quantify the extent of this);
- Tuition fee prices have a significant impact on low SES participation. While the availability of HECS loans seems to remove credit constraints on high performing Year 12 school leavers regardless of SES the large study debts act as an aspirational constraint in middle high school in disadvantaged areas (risk debt aversion);
- These negative effects are magnified during periods of heightened public debate about study debt such as when HECS rates are significantly increased (sticker price debt aversion)

This should not be terribly surprising. Economists are quite happy to admit the demand is quite elastic to price when it comes to mortgages and interest rates but many want us to believe that study debts are completely inelastic. The income contingency has created a more complex situation than mortgages but the relationship is there.

The good news arising from this conclusion is that targeted HECS discounts (for equity or labour market goals) and Commonwealth and university scholarships are not a waste of time. However, as we shall discuss later in this submission they are not a magic bullet as a stand alone equity initiative. To succeed they need to occur as part of a comprehensive package of reforms from both the Commonwealth and universities. The heightened impact following public debate around study debt can also be a positive factor. In the recent past this has been a negative but in the context of progressive reforms we believe that perceptions in many disadvantaged communities could start to be changed fairly quickly.

Review Questions

Opportunities to participate in higher education

Should there be a national approach to improving Indigenous and low SES participation and success in higher education?

If you support a national approach to improving Indigenous and low SES participation and success how do you see it being structured, resourced, monitored and evaluated?

What institutional initiatives have proved successful in increasing low SES or Indigenous participation and success? (Please provide information about outcomes as well as activities.)

What evidence is available from institutions about the impact on individuals or groups of either failure to gain income support or the inadequacy of income support?

What Needs To be Done To Improve Low SES Access and Participation?

Despite several decades of well intentioned reforms, the participation rate of students from severely economically disadvantaged communities remains woeful at Australian universities. For example, in Adelaide students from affluent suburbs are seven times more likely to go to university than students from the disadvantaged outer northern suburbs (the author of this submission grew up in those outer northern suburbs).²⁵ Low SES students are even more disadvantaged in terms of access to the prestigious Group of Eight (Go8) universities. Participation rates at Go8 universities are around 11% compared to the national figure for universities that is around 14.8%.²⁶

NUS shares the views of most contemporary education policy analysts that improvement in low SES access and participation in Australia will require a

²⁵ M P Anne Stewart, 'Outreach for social inclusion- outreach for social cohesion' (national co-convenor for Equal Opportunity Practitioners in Higher Education), Go8/ DEEWR, Higher Education and Social Inclusion Forum, Melbourne University, July 2008

²⁶ James R, *Participation and Equity: A Review of the Participation in Higher Education of people from Low Socio-Economic Backgrounds and Indigenous people*, Universities Australia, 2008, pp 24-5

sustained, multi-faceted and consistent approach. For example the initial gains of the Whitlam free education experiment were limited by the low school completion rates of the time and reversed by the sharp decline in the level and availability of student income support in the second half of the 1970s. Success in reforming low SES access and participation requires that the Commonwealth, State Governments, universities and their student organisations are pushing in the same direction to achieve real social inclusion improvements.

What should be the key elements of a national equity strategy to actually deliver change? We will not discuss the issues of how state government education departments can increase completion rates in low SES schools or increase aspirations in disadvantaged communities to go to university as they are beyond the scope of this review. What can the Commonwealth and higher education sector do?

Extending Outreach Programs

All universities have some form of outreach program to disadvantaged schools in their catchment areas. The programs include such measures as partnerships with designated schools, student mentoring or ambassador programs, career evenings, role model visits to schools and on-site visits to university campuses.

Yvette Devlin, a former head of equity programs at DETYA, commented on the limited scope of many outreach programs that are focussed on recruiting Year 12 students to a particular university:²⁷

‘While providing the ‘right kind’ of information for students at that level (such as enrolment process, special access schemes, costs of university, support programs available, course information), this outreach work is more of a self-interested kind of operation – it’s designed to recruit students for the forthcoming academic year rather than constitute a long-term and disinterested investment in students, particularly those from under-represented schools.’

Outreach work needs to reach to earlier stages of schooling to influence aspirations about whether going to university is considered as a viable option. Otherwise it just becomes a mechanism for universities to compete against each other over the pool of school leavers who were always planning to go to university anyway. This is consistent with the literature on the impact of study debt aversion in middle high school considered in the last section. Anne Stewart comments that:

“more recently and supported by a growing belief that year 12 is too late to have a real impact on school leavers’ post-school choices, a number of universities have more recently expanded their outreach programs aiming to raise aspiration by targeting students and their parents in earlier years of high school. For example, new look, funky, ‘myth-busting’ materials have been produced to give a more accurate picture of university life addressing issues such as costs of study,

²⁷ Devlin Y, A Review of the Participation of Students from Low Socio-Economic Background at the University of New South Wales, Equity and Diversity Unit, Sydney University, 2004

relationship between a degree and future employment options, and the range of program choices available.”²⁸

Devlin comments favourably on three universities (University of Newcastle, QUT and Australian Catholic University) that had extended their outreach to early as Year 7 to broaden their horizons and address misconceptions about the option of university study. She also comments favourably on the three South Australian universities for engaging in collaborative, rather than competitive, outreach in the junior-middle levels of disadvantaged secondary schools.

Universities have often been rather coy about revealing the specific outcomes of outreach activities because of the competitive nature of the student recruitment. DEEWR, NUS, Universities Australia and the sub-sector university bodies can play a vital role in identifying best outreach practices for improving low SES participation (such as the recent Go8/DEEWR Social Inclusion forum). The Commonwealth could then include obligations for effective junior and middle high school outreach programs in their compact negotiations so that best practices become the norm across the sector. Universities will still be able to ‘slog-it-out’ against each other for an increased share of Year 12 school leavers through their competitive recruitment programs, but hopefully the total pool of low SES university aspirants will be larger.

Recommendation 1: That universities extend their outreach programs to the junior and middle levels of schools in disadvantaged communities. Where possible these programs should be undertaken collaboratively. The NUS, DEEWR, Universities Australia (and its sub-groupings) and any new national regulatory buffer body should collaborate to identify best practices.

Special Admission Schemes

Competitive entry, based on school TER or UAI scores, can act as a major barrier for students from disadvantaged communities. Most universities offer bonus points (typically up to 5) to adjust the scores to compensate for SES disadvantage in the schooling system. Some of the Go8 universities such as University of Melbourne, University of Sydney and UNSW have also set explicit quotas for low SES students as part of their undergraduate domestic HECS load. Explicit quotas and targets should become something that is required of all universities with low SES enrolments below the state average. The good news is that the available literature shows that low SES students admitted through these programs perform as well, if not better than student admitted for the normal processes.

Preparatory or bridging courses can be important, particularly for low SES mature age students. Flinders University has been running the most extensive program in the country over the last twenty years. The Foundation Course attracts 200-300 mature age students each year who aspire to higher education but lack the confidence and insights to succeed in the course. The course runs in the evenings for a year and is

²⁸ M P Anne Stewart, ‘Outreach for social inclusion- outreach for social cohesion’ (national co-convenor for Equal Opportunity Practitioners in Higher Education), Go8/DEEWR, Higher Education and Social Inclusion Forum, Melbourne University, July 2008

aimed broadly at mature age students, not just low SES students, but attracts many low SES students from Adelaide's disadvantaged outer southern suburbs. Successful graduates from the course are automatically eligible for admission to undergraduate programs at Flinders University. Bridging courses done on this scale are currently rare in Australian higher education but will need to become more common, particularly for universities with catchments in low SES areas, as part of the broader strategy for lifting mature age low SES access.

A small number of universities such as University of Melbourne also offer a number of low SES places with HECS fees waivers.

Recommendation 2: That universities extend their special admission programs targeting disadvantaged students. The NUS, DEEWR, Universities Australia (and its sub-groupings) and any new national regulatory buffer body should collaborate to identify best practices.

Campus Support

A low SES equity strategy needs to be more than access. There needs to be specific measures to ensure participation and success rates in the context of larger numbers of low SES students, many of whom may be more vulnerable to dropping out than the current low SES enrolments. Most universities already provide voluntary academic skills development training. Often students who are identified by their academic performance, as being at risk of exclusion, are steered by the initial exclusion stages to take part in study skills courses. Student organisations need to be well funded to provide professional academic rights support to minimise drop out rates as part of this process.

Financial pressures remain important for low SES students. Apart from the existing Commonwealth scholarships many universities offer some of their own equity scholarships or bursaries with the value of scholarships ranging from \$500 to \$50,000. Most are at the small end of the scale with only the prestigious Go8 universities offering the more substantial scholarships. Availability is usually quite limited compared to demand. A review by one university found that only 18% of applicants were successful even though most students had demonstrated financial disadvantage.²⁹ By themselves scholarships are not a panacea for improving overall low SES access and participation but can play a significant role in plugging the gaps caused by an inadequate student income regime. Progressive reforms to Commonwealth student income support, targeted HECS discounts and improvements to outreach and special access programs will be more important drivers but university scholarships will continue to have a support role.

Low SES students face significant up front campus costs apart from living expenses:

The analysis suggests low SES students experience more financial pressures than high SES students once they reach university. For example, 54.8 per cent of low SES full-

²⁹ James R, Participation and Equity: A Review of the Participation in Higher Education of people from Low Socio-Economic Backgrounds and Indigenous people, Universities Australia, 2008, p. 62

*time undergraduates reported difficulty affording textbooks compared with 43.4 per cent of high SES students.*³⁰

Support measures provided by universities and student organisations include emergency loans, textbook vouchers, computer give-aways (ie as universities replace their own computers), and child-care funding or provision. Most universities offer some of these services but very few offer all of the above. Best practices need be generalised through the system.

Recommendation 3: The NUS, DEEWR, Universities Australia (and its sub-groupings) and any new national regulatory buffer body should collaborate to identify the best range of practices for delivering on campus support to low SES students.

Off-campus work placements in disciplines such as nursing, medicine and teaching can also attract considerable costs to students where the student's placement is in a different city or town. Not only do the students have to pay for their own travel and accommodation they also often forgo their casual work income for the weeks while they are away.

Recommendation 4: That DEEWR, in consultation with NUS and Universities Australia, develop a system for providing low-SES students with financial support during any work-placement component of their university course.

Ancillary and incidental fees for equipment and materials related to study have risen significantly over the last five years. This includes costs such as textbooks, course readers, excursions and personal professional equipment. In practice this equates to an up-front cost of several hundred dollars each semester. Students who are unable to shoulder this cost are significantly disadvantaged in their studies. There is significant anecdotal evidence of students dropping out of university due to an inability to continue paying for these materials, or not succeeding in making satisfactory academic progress in their courses due to being unable to access vital course materials and information.

Recommendation 5: That the Educational Textbook Subsidy Scheme be reinstated, and that DEEWR investigate schemes to increase the affordability of other essential course materials.

The Higher Education Support Act 2003 and associated ministerial guidelines identify many materials and services as 'essential' and prohibit university faculties for charging fees for them. This includes course outlines, readings, sufficient download caps and internet facilities to access online materials, and costs related to laboratory exercises and assessment.

However, cash-strapped universities and faculties have continued to charge students fees for these things. Over the last 16 months, the NUS has been monitoring this and has noted a marked increase in the occurrence of illegal upfront fees for essential materials. Fees of this kind present an added and particularly unfair burden on

³⁰ Ibid., pg 40

students from low SES backgrounds.

Recommendation 6: That DEEWR take a stronger role in enforcing the ancillary fee guidelines on universities and their faculties.

A culture of social inclusiveness is also important otherwise many low SES students “feel like a fish out of water”.³¹ A student who is the only student from their disadvantaged school will often feel excluded by the undergraduate day-time culture dominated by students from a handful of exclusive independent schools who have known each other for many years. It reinforces pre-existing notions that 'maybe university isn't for people like us'. Mature age students also often complain about this exclusion, particularly those who come onto campus in the evening when many services and opportunities for social interaction are not available.

Some universities offer peer networks but the only real solution is that the university fosters a robust, diverse and inclusive campus culture in partnership with student organisations. This means more than simply funding some O-week and core day time activities. Student-directed culture has come under attack from the pressures on students to increase off-campus paid work and the introduction of voluntary student unionism.

Recommendation 7: That the Commonwealth and universities ensure that there are appropriate arrangements in place to fund a vibrant and inclusive student campus culture.

Targeted HECS Discounts

Following our earlier argument that price does matter and can form part of an overall package of equity reform, NUS believes that targeted HECS discounts could have an important role in addressing aspirational constraints as they would signal to disadvantaged communities that the government is serious about opening up higher education to them. Three practical questions flow from this: How big a discount? How many places? When?

NUS believes that the discounts should be substantial and something that is easily understood by a fourteen or fifteen year old high school student. Our proposal is that HECS equity scholarships should be offered at half the maximum student contribution rate for that discipline. The Commonwealth would set target minimum low SES enrolments for under-performing universities and also make up the funding shortfall to universities. Universities should be allowed to determine the appropriate mix of school leaver and mature age entrants from their region in line with their balance of outreach, special admission and bridging course activity. University control over their low SES mix would also minimise the problem of unfilled scholarships.

³¹ Devlin Y, A Review of the Participation of Students from Low Socio-Economic Background at the University of New South Wales, Equity and Diversity Unit, Sydney University, 2004, p. 16

In 2006 low SES students were under-represented by just over 75,000 enrolments as a share of total domestic enrolments. Complex pipeline modelling is required to determine the level of enrolments needed in a particular year to progressively increase and then maintain enrolments near the 25% level. Nevertheless the numbers are not too high that funding HECS discounts would be fiscally irresponsible, particularly given the extra tax revenue generated from higher incomes earned by the additional graduates overtime.

One issue is whether the HECS discounts should be made generally available to all low SES students (if low SES students made up 25% of the 2006 enrolments this would amount to 183,000 students) or whether it should be targeted by universities at low SES students who universities believe would not have been already going to university. Just as a rough ball park estimate, an average HECS discount of \$3,000 would increase Commonwealth outlays by about \$225 million a year for the extra 75,000 students.

The government would have plenty of time to plan for this. If the Commonwealth is trying to influence fifteen year olds in disadvantaged communities with a big announcement in 2009 they won't be enrolling at university until 2012. Places will need to be made available for mature age entrants from 2010.

Recommendation 8: That the Commonwealth fund the creation of sufficient half-HECS equity scholarships to meet a targeted increase in low SES enrolments of 75,000 by 2012.

Income Support Reform

Income support is a core equity strategy. The necessary reforms will be outlined below.

NUS believes that there is now a substantial case for a major overhaul of student income support arrangements to restore the progressive social redistributive aims of the initial means tested allowances in Australia and to re-engage students in the learning and extra-curricular activities of their campuses.

We will raise the issues of campus engagement and the on-campus consequences of excessive reliance by many students on paid work in the next section.

Here we will outline what we see as the major inadequacies of current student income support arrangements and outline what should be done.

Age of Independence and the Parental Means Tests

The age at which a student's eligibility for financial assistance is automatically no longer assessed using parental income is 25 (which makes them eligible for Austudy). Therefore all students under this age need to satisfy strict criteria to attain income support. In contrast, the Newstart Allowance (accessed by the unemployed and some part-time students) is not assessed on parental income and is available from 21 years

of age. Long term unemployed people who return to study on Newstart are entitled to a maximum living away from home benefit of \$431.70

NUS believes that adult students should be assessed for means tested financial assistance according to their personal income rather than their parents. The difficulty involved in gaining independent status on Youth Allowance is the single biggest mechanism restricting eligibility for student financial assistance. Failure to gain independent status means that student benefits begin to be reduced if the combined parental income is \$31,400 (for a single child family). Students who may actually be living away from but do not meet Centrelink's criteria for the living away from home rate also have their maximum fortnightly benefit reduced from \$355.40 to \$233.90.

The harsh combined parental income test is justified on the basis that the children of the wealthy should not be entitled to financial assistance. However the parental income threshold is set so low that it impacts even on low-middle SES blue collar families with a sole person in stable employment. Virtually the only non-independent students eligible for the full rate of youth allowance are the children of parents on benefits or those who work part-time or intermittently. According to Birrell *et al* in 2001 only 21% of students aged less than 19 who were studying full-time at university received Youth Allowance.³² The most important reform to increase access for younger students is lowering the age when students are automatically regarded to be independent of regular parental financial support and hence no longer subject to the parental income test.

Currently full time students achieve this at the age of 25. The first use of the age 25 for a definition of maturity or independence dates back to the Mature Age Awards that formed part of the early 1950s Commonwealth Scholarship Scheme. In 1992 Bruce Chapman in a DEST Options Paper argued that the high age of independence was one of the most fundamental flaws in the student income support system. Chapman argued that there was compelling empirical evidence which showed that there was a marked divergence between families in their preparedness to assist students undertaking further education, usually because parents or spouses may not value higher education as much as the prospective student does.³³ In the mid 1990s the age was progressively reduced to 22 by the Keating Government. The most recent change was in 1997, when the Howard Government lifted the age of independence back to 25.

The use of the age 25 seems quite arbitrary when compared to any other determinant of adulthood and independence. The virtual disappearance of the full time youth labour market means that it is quite wrong to assume that most 25 or 26 year olds in the 21st century have had seven or eight years of full time work to build up substantial savings, or should be subject to some underlying moral pejorative that they have been frivolous if they haven't. The empirical evidence shows how outdated this assumption is. The *Managing Study and Work* report shows that only 1% of students

³² Bob Birrell, Ian R. Dobson, Virginia Rapson and T. Fred Smith, *Higher Education at the Crossroads*, Centre for Population and Urban Research, Monash University, 2003, p.5

³³ Chapman B, *Austudy: Towards A More Flexible Approach – an Options Paper*, DEST, 1992, pp. 112-3

were living off their savings as their only source of income, and only another 7% were living off their savings as their main source of income.³⁴

The 2005 Senate Report into Student Finances recommended that DEST undertake an analysis of the costs and benefits associated with reducing the age of independence from 25 to each of 24, 23, 22, 21 and 18 years.³⁵ New Zealand lowered the age of independence to 24 last year.

NUS has advocated for some time that the age of independence should be progressively lowered to age 18. The reality is that some families cannot or will not support their children through tertiary education. The age of independence and subsequent parental income test does not effectively reflect the capacity of low-income families (often stressed with high levels of debt) to support adult children, nor does it reflect many family expectations and relationships. The age of 18 is the socially accepted age of adulthood. At 18 people can legally marry, drive, vote and serve in the armed forces and on juries. It is unreasonable that they meet these civic responsibilities and duties but are excluded from equal treatment under Social Security law.

Lowering the age of independence to 18 would recognise and support the autonomy of young adults. This is an important objective for social security with many students wanting or needing to live independently of their families for a variety of, often pressing, reasons.

NUS believes that a coherent first step in progressively lowering the age of independence to 18 would be to align the age of independence for students with the age used for unemployed persons (21 years). This would still leave the parental means tests in place for the school leaver cohort doing the standard bachelor degree which is consistent with government views about minimising grant-based subsidies to high SES families.

The second step would be to increase the parent means test threshold so that it reflects the original policy intention of means tested grants, ie to target grants to families with household incomes below the average weekly earnings.

When the old merit-based Commonwealth Scholarship Scheme was replaced with the means tested Tertiary Education Allowance Scheme in 1974 the grant began to be reduced when family income reached the Average Weekly Earnings (AWE). The real level of this income threshold rapidly eroded due to inadequate indexation during the high inflation era of the Fraser Government and has been stuck at this low level of just over half the average weekly earnings ever since despite the restoration of annual indexation adjustments since 1991.

³⁴ DEST, *Managing Study and work: The impact of full-time study and paid work on the undergraduate experience in Australian universities*, (McInnis C and Hartley R), Evaluations and Investigations Program, 2002 p. 15

³⁵ Senate Employment, Workplace Relations and Education References Committee, Student Income Support, June 2005, p.35

For 2007-8 the combined parental income needed to be \$31,400 or less for a sole child to be able receive the full benefit. The income threshold is adjusted for extra children and the grant is reduced by \$1 for every \$4 the combined parental income exceeds the threshold. By way of comparison according to the ABS the annualised AWE in May 2008 was \$58,608.³⁶ Three decades of policy neglect have reduced the real value of the combined parental income threshold by over 46%.

The National Welfare Rights Network pointed out in its submission to the 2004/5 Student Finances Senate Inquiry that the threshold level is almost \$4000 lower than the threshold for the Family Tax Benefit. This means that many working families are surviving on incomes only marginally above the Henderson poverty line are ineligible for the full Youth Allowance, unless a young person can prove independence (mainly through taking a gap year).

The income test threshold is so low that it actually undermines a coherent means tested policy for student allowances. As most of the children of working families are excluded by the parental income test regardless of whether they are battlers or high flying professionals, they are instead taking the gap year and qualifying though the non-means tested 'independence' criteria. Restoration of the real value of the income test would remove the need for the gap year for low-middle income families and thus restoring the policy coherence of a means tested allowance system.

The Student Finance Senate Inquiry³⁷ recommendations that were supported by the ALP, Greens and Democrat Senators included increasing the parental income test threshold to a level that reasonably equates with annual average earnings. NUS wholeheartedly concurs.

A third area of possible reform is the issue of the Family Actual Means Test used to assess self-employed persons such as farming families. The economic hardship caused the prolonged drought on many farming families was recognised by the previous government and measures were introduced to exempt farming families receiving the Exceptional Circumstances Relief Payment from the Actual Means Test. NUS recommends that the review committee should be looking at the efficacy of these arrangements in catching all drought afflicted farming families, particularly given the forecasts that drought will become a more regular feature of the Australian climate.

Recommendation 9: That the age of independence for students be progressively lowered to 18. This should begin with a lowering of the age to 21 which would align it with that for unemployed people.

Recommendation 10: That until the age of independence reaches 18, the base income threshold for the family means test as part of qualification for Youth Allowance be restored to the Average Weekly Earnings. Students under the age of 21 will remain eligible for the Youth Allowance and subject to the family means test.

³⁶ Australian Bureau of Statistics, media release, May 14 2008

³⁷ Senate Employment, Workplace Relations and Education References Committee, Student Income Support, June 2005, p.35

Recommendation 11: That DEEWR investigate the efficacy of Actual Means Test exemptions in assisting drought affected farming families.

Real Value of Allowances

The following table sets out typical maximum income support levels for single students with no children compared to the latest Henderson Poverty Line.

Table 1: Single person rate per fortnight, head in workforce (i.e, includes allowance recipients as they are subject to work/study activity tests) for non-research students

Payment Type	Base Rate per fortnight	Maximum rate of Rent Assistance	Maximum Combined Total Payment per fortnight	Henderson poverty line for Dec 2007 quarter	Maximum Combined Payment As % of Poverty Line
Youth Allowance, single living at home rate	233.90	Not Eligible (living alone or with partner)	233.90	748.22	31.3%
	233.90	Not Eligible (share house)	233.90	748.22	31.3%
Youth Allowance, single living away from home rate	355.40	107.20 (living alone or with partner)	462.60	748.22	61.8%
	355.40	71.47 (share house)	426.87	748.22	57.1%
Austudy, over 25, single	355.40	107.20 (living alone or with partner)	462.60	748.22	61.8%
	355.40	71.47 (share house)	426.87	748.22	57.1%
Newstart over 21, long tern unemployed returned to study	431.70	107.20 (living alone or with partner)	538.90	748.22	72.0%
	431.70	71.47 (in share housing)	503.17	748.22	67.2%

Research students are eligible for non-means tested Australian Postgraduate Award Scholarships of \$20,007 a year (full time) and \$10,710 for part-time students.

Curtin University recommends to arriving AusAid students that living expenses in Perth will be around \$280 a week (\$110 rent, \$20 for gas, water and electricity, \$90 for food, \$15 for public transport and \$45 for clothing, toiletries and entertainment.³⁸

³⁸ <http://ausaid.curtin.edu.au/start/living.cfm>

This is a fairly typical budget for students living rather modestly in a share house in a metropolitan city although rooms in ordinary student share houses in Brisbane and Sydney are more commonly getting up to the \$150 a week rate. There is a significant gap between income from allowances and the costs of a very frugal student life.

NUS believes that the base rates for Youth Allowance and Austudy are too low. When the first means tested allowance (TEAS) was introduced in 1974 the maximum allowance was set at 75.4% of the Henderson Poverty Line. The high inflation and inadequate indexation during the Fraser Government years meant that the real value of the maximum TEAS allowance fell to 52.4% of the poverty line in 1983. The erosion was legitimated by re-defining the student grant from a 'living allowance' to 'income supplement'. This made little policy coherence because as soon as a students began earning more than a small amount of money they had their grant cut.

In the quarter of a century since then, the real value of the base allowance has varied slightly up and down by a few percentage points. The current maximum Youth Allowance and Austudy rate is at 47.5% of the poverty line. Since 1998 Youth Allowance students (and 2008 for Austudy students) have been eligible for rent assistance. The additional rent assistance on top of the allowance gets some students in share housing up to 57.1% of the poverty line, and students living alone up to 61.8%. The only non-research students receiving an allowance close to the level of the 1970s era TEAS are students who have been long term unemployed and are receiving the maximum Newstart and rent assistance.

NUS is concerned that unless student allowances are significantly increased in real terms, students are on the brink of another financial support melt-down such as that which occurred under the Fraser Government. Even in the three years since the release of the 2005 Senate Inquiry Report into Student Finances the financial position of students has deteriorated sharply. Our urban affiliates from most metropolitan cities are reporting that in the last two years massive rent increases of 30-55% are the norm in areas where students have traditionally lived. These rent increases are bigger by a degree of magnitude than any CPI adjustments to allowances.

Our UTS affiliate cites a disturbing case where a student was hit by a 66% rent increase. When the student complained to the NSW Tenancy Tribunal about the excessive increase they were then faced with a retaliatory termination of lease and the threat of forcible eviction by police. The Tenancy Tribunal found that the 66% increase was excessive but ruled that a 55% increase was acceptably with the bounds of market increases. Our UTS affiliate says that such cases are widespread in Sydney and that students are being put on short periodic leases which allows tenants to increase rents up to four times a year.

The rapid rise in petrol prices has also become a student issue. Petrol prices impact on everyone, but our regional affiliates report that it is a huge issue for their members as a large number of their non-residential students have to drive large distances as there is little or no public transport alternatives. This isn't just to drive between campus and home. Due to the scarcity of casual work in regional areas students are driving into the metropolitan cities to work on weekends, staying with a friend, and driving back to study during the week. Our Monash-Gippsland affiliate confirms that the common

pattern for Churchill students is for them to drive to Melbourne to work over the weekends.

The Universities Australia Survey of Student Finances found that 13% of students were struggling to even cover food costs. One Gippsland student was recently trying to live off tea until she fainted. Dan Wighton, a QUT journalism and law student, told the *Courier Mail* that when he first moved to Brisbane from Cairns two years ago he lived off Youth Allowance. After paying rent, he was left with \$60 a week, which had to cover food, transport and text books. It meant bread and rice were his only options: "It's not great for morale, because you can't afford something a bit healthy so you feel horrible and are not in the mood for study."³⁹ Student organisations have tried to help with free food services but VSU has decimated many of these services.

The most severe financial stress is faced by students who have suddenly left home during their course to escape a family conflict (one common example is queer students who 'come out' to their family) but haven't met the Centrelink requirements to establish that they should be regarded as independent due to it being unreasonable for the student to reside with their family. At best the students receive the living away from home rate and are ineligible for rent assistance which puts them at 67% below the poverty line. More typically these students have no income apart from crisis payments from government and universities.

These students form the bulk of the population of homeless students. Some are illegally sleeping in laboratories, libraries and anything else open at night and then showering in campus sport centres before going to classes. Others are couch surfing. The University of Melbourne has surveyed its own students and found that 440 were effectively homeless or crashing on the couches of friends or relatives who lived in the city.⁴⁰ Anecdotally student union welfare caseworkers around the country report that homelessness is widespread everywhere. Our Gippsland affiliate reports that some students cannot even find a couch and are sleeping in their cars.

One of the problems with getting the issue of student poverty taken seriously is that many of the baby boomer generation involved in policy decision making who look on their days in the 1970s in a run down student dig as a brief but lively rite of passage. For many students it is a lot tougher than the 1970s. Sarah Lantz in her ground breaking research into Australian university student sex workers gives a contemporary account of the desperate measures students are taking to financially survive:

"To ease this burden, some students, both domestic and international, are utilizing the informal and illegal economy, as well as the formal economy, to obtain an education and make their way in the world. This includes donating blood in return for lunch and donating bone marrow for cash, working in medical experiments, cash-in-hand work, and illegal sources of income such as drug-dealing, shoplifting, and organized stealing rings. Some students in Australia are also utilizing the sex industry

³⁹ Students on street as costs rise and help stagnates, *Courier Mail*, 30 July 2008

⁴⁰ Let students take out living cost loans, unis urge, *The Age*, 12 July 2008

to support themselves, their children and their own post-secondary studies. ⁴¹

NUS believes that the issue of student poverty must be taken seriously by policy makers. Living away from home rates should be progressively increased to around the Poverty Line.

Recommendation 12: That living away from home rates for Youth Allowance and Austudy be progressively increased to reasonably equate to the poverty line.

Recommendation 13: That DEEWR and Centrelink investigate options for making it easier for students to qualify for independent status due to family conflict.

Paid Student Work and the Income Bank

As has been mentioned above there has been a long standing tension in Australian student financial policy circles about whether grants to students should be treated as allowances or income supplements. When student lobbyists have raised the issue of the student poverty trap in government forums over the last twenty years we have been told that students' benefits are not meant to be a liveable income – the benefit is only meant to be an income supplement to personal or family wealth or wage earnings. However, as soon as students start to make any significant earnings – above \$6000 a year – their benefit is cut by 50c, and then 60c for each \$1 earned. The stringent income bank arrangements mean that it is not really an income supplement at all.

When TEAS was introduced in 1974 the student earnings during the vacations (the main pattern on student work at the time) was not counted as assessable income for the personal income test. In the United Kingdom student earnings from casual and part-time work are not counted for the personal income test. Unfortunately in Australia since the mid seventies governments have been interested in monitoring and regulating the small amounts of casual and part-time income that full time students earn. It is unclear what the policy intent for this is.

The introduction of the annual income bank in the early 1990s was an improvement on the previously existing fortnightly assessments where students had their benefits cut if they made significant additional vacation earnings that they planned to supplement their allowance with over the year. However, the current arrangements put obstacles in the way of working full time students. For some unfathomable reason the income bank of the personal income test (the additional amount one can earn before payments are reduced) has stayed frozen at \$6,000. This amount has not been indexed since 1993. Under normal CPI indexation this amount would now be over \$8,000. The current framework seem designed to guarantee students stay in poverty whatever they do.

⁴¹ Lantz S, “Students Working in the Melbourne Sex Industry: Education, Human Capital and the Changing Patterns of the Youth labour Market”, *Journal of Youth Issues*, Vol. 8, No. 4, Dec 2005

In policy terms the Commonwealth needs to decide whether it is meant to be a liveable income or an income supplement. If the former then the benefits should be raised to the poverty line and that like the United Kingdom that casual and part-time earnings of full time students should not be counted as assessable income.

If it is just an income supplement then the income bank should be considerably increased (say to \$12,000) so that students can work out an appropriate personal trade-off between work, study and a lifestyle that is not mired in a bureaucratically imposed poverty trap.

Recommendation 14: That the income bank be increased from \$6,000 to \$12,000.

Austudy For Postgraduate Coursework

Most students doing postgraduate by coursework (ie Masters) are not eligible to apply for income support. This policy seems to be based on the premise that all postgraduate by coursework students are professionals seeking to upgrade their qualifications for promotions and hence unworthy of public subsidy beyond the small subsidy implicit in the FEE-HELP loans for full cost tuition fees. The logic of this view is that little social benefit flows from postgraduate coursework study, it is almost entirely a private benefit.

The first chink in this barrier came in the 2007-08 Budget which extended the eligibility for student income support (Youth Allowance and Austudy) to students undertaking certain course-work masters degrees that are required for professional entry, are the only professional-entry courses offered by a university following restructure, or provide the fastest pathway to professional entry.

NUS believes that in light of the current imperatives to increase lifelong learning opportunities and mature age participation, Austudy eligibility should be extended to all postgraduate coursework students. Most will continue to be excluded by their personal income levels and tendency to be in part-time study. However, a minority of financially needy students will be able to benefit. An economic benefit that would flow from this is that these students will then be able to study full-time which would speed the re-skilling of the professional work-force.

Recommendation 15: That all full-time domestic postgraduate students not in receipt of an APA grant or full time university or industry scholarship be eligible to apply for Austudy.

Taxation of Scholarships

Commonwealth equity-based scholarships are now exempted from the student means test, scholarships provided by universities and the private sector are counted as income. The Commonwealth has realized the folly of clawing back the value of its own scholarships through reducing other Commonwealth Allowances due to income tests including scholarships. NUS recommends that the Commonwealth should extend

this principle so that all higher education scholarships are exempt from being counted as income.

Recommendation 16: That all university equity scholarships not be treated as taxable income by Centrelink.

Loans Instead of Grants

Some Victorian Vice-Chancellors have recently suggested that the government should look at extending the HECS system so that students can take out income contingent loans to cover living expenses. Income contingent loans are also attractive to Treasury bean counters as the under the Commonwealth's negative accrual accounting the accumulated student debts count as an asset rather than liability for purposes of the Commonwealth budget. For them it is income reform without financial costs. However, NUS warns against going down this path.

Australia has already had experience with an income contingent loans scheme for living allowance – the Austudy Loans Supplement (later re-named the Student Financial Supplement Scheme (SFSS)) that operated from 1993 to 2003. In 2003 NUS decided to support the Howard government's decision to shut down the program. This was controversial, and some students on the SFSS argued that NUS was wrong on this. Here we will outline the evolution of our policy behind this position.

The program was introduced by the Keating Government on the recommendation of Bruce Chapman, the architect of HECS. After the program was moved to the Department of Family and Community Services in 1998 it was renamed the SFSS. In the final year of operation of the scheme (2003) it provided for Category One loans of up to \$7000 per annum to Youth Allowance, Pension Education Supplement, Austudy and Abstudy recipients who were prepared to trade in one dollar of their grant every two dollars of loan received. The maximum net gain to their income was \$3,500 (\$135 a fortnight). Other students could qualify for a Category Two loan of up to \$2000 if they were a dependent tertiary student not eligible for income support due to parental income or family actual means test.

The scheme was run through the Commonwealth Bank with repayments not having to commence for up to five years from the time the loan was taken out. Voluntary payments during this period attracted a 15% bonus. After the five year period the Commonwealth paid the bank the outstanding amount of the loan and collected the debt through a HECS style arrangement. Although the program was shut down graduates are still repaying their outstanding loans. The Commonwealth repayment thresholds were different from HECS with the minimum threshold - in 2005-6 repayment thresholds are \$39,218 (SFSS) and \$36,185 (HECS). The Commonwealth has recently made a small change to align the threshold repayments for the outstanding SFSS debts with the HECS-HELP repayments (both cut in at the \$39,324 for the 2007-8 financial year).

When the scheme was first raised in the 1992 Chapman report NUS, along with campus student unions, parent groups and the NTEU, was opposed to the scheme on the basis the loans scheme would be used as a wedge for further legislative change

where grants-based forms of student assistance would be replaced with loans-based forms of assistance such as occurred in New Zealand in the early 1990s. NUS policy (democratically determined by the delegates at national conference) at the time reflected this:

NUS believes that a loans scheme to assist with repayments of tuition fees or act as a replacement or adjunct to a grants based system of student financial assistance is a key element in the push towards the entrenchment of ‘user pays’ and market principles in tertiary education.

According to the Department of Family and Community Services (FACS) data the program was accessed by between 40 – 60,000 students with its peak usage coming in 1995-99 and tapering off sharply by a third in the ensuing years. The low take-up rate in the first year of the program may have partly a result of the campaign run by NUS and many campus student unions in 1993 warning that scheme was a debt trap.

FACS data on Student Usage of SFSS 1993-2002⁴²

YEAR	STUDENTS	YEAR	STUDENTS
1993	44,372	1998	60,602
1994	56,710	1999	60,124
1995	59,752	2000	55,437
1996	64,616	2001	42,347
1997	60,605	2002	40,909

Who used it ? According to data derived from FACS in 2002 22% were on Austudy payments, 37% were on Youth Allowance, 22% were on the Pensioner Education Supplement and 16% were on Abstudy or Abstudy PES. The majority of recipients were mature age (52.9% were 25 and over).⁴³ Senator Stott Despoja told the Senate in 2003 that the Minister provided her with data which showed that 15.2% of SFSS recipients were single parents.⁴⁴ The Bill Digest prepared by the Parliamentary Library comments that:

“the proportion of students who take out loans appears to be rather higher than is the case for recipients of Youth Allowance. These students are more likely to be parents (sole or partnered), people with disabilities or indigenous people than are youth allowance students.”

The available data indicates that the major groups accessing SFSS were those who could no longer reasonably ask to be supplemented by their parents and faced time and/or discrimination constraints in casual labour market (single parents, disabled and indigenous students). NUS has not found a breakdown of how many SFSS recipients were VET students and how many were from low SES backgrounds. However, the Actuary Report figure which estimated that 56% of loans may never be repaid is

⁴² Senate Community Affairs Committee, Answers to Estimates Questions on Notice: Family and Community Services Portfolio, 2003-4 Budget Estimates, 4-5 June 2003, Question No. 49

⁴³ Senate, Answer to Question on Notice, 27 October 2003 No. 1794 (FACS: Financial Supplement Loan)

⁴⁴ Senate, 26 November 2003, *Hansard*, pg 17838

indicative. The main reason for non-repayment is that the person's income remains below the \$34,494 repayment threshold (at the time). This would seem to suggest that SFSS was being accessed by low income earners who were mainly also ending up with low income outcomes in the years following their education (well below average graduate starting salaries). SFSS despite being a regressive debt trap was being accessed by the most financially vulnerable members of the student body. When the scheme was administratively shut down a number of students contacted NUS and told us that if the scheme was discontinued that they would not be able to complete their studies.

In April 2003 the Hon. Larry Anthony (Minister for Youth Affairs) announced his intention to close the scheme on the basis that:

- The scheme is administratively cumbersome and poorly targeted;
- The mechanism where income support entitlement is traded in for a loan operates effectively as a hidden interest charge;
- The scheme is creating high levels of student debt;
- Up to 50% of loans are unlikely to be repaid according to an unpublished report from an Australian Government Actuary;
- In 1993 there were few commercial loans available to students and interest rates were high, but now commercial loans at competitive rates and campus loans are available and;
- Youth Allowance now provides flexible benefits so take up rates for the loans have declined by one third.

The unfairness of such debt trap schemes was put very concretely in the Senate debate on the closure of SFSS. The Hon. Senator Patterson, Minister for Family and Community Services colourfully explained to the Senate why the SFSS was a debt trap for students:

“Under the Student Financial Supplement scheme some 7,800 students have accumulated over \$20,000 each in debt - \$10,000 of it was theirs, which they gave up, before they entered into this stupid scheme. A former student with a supplement scheme debt of \$28,000 who earns \$35,000 is going to have that debt for 40 years before it is fully repaid. A graduate who finishes their studies at 25 with a supplement loan of this size could be in debt to the government until they qualify for the age pension.”

NUS was somewhat mystified at the time as to why the Howard Government was so concerned about lifelong study debt arising from living expenses here when at the same time it was pushing a package of higher education reforms to increase study debts associated with higher HECS and full fee arrangements. Nevertheless NUS concurred with Senator Patterson that the SFSS was acting as a debt trap for some of the most financially vulnerable students. The trade-in component of Category One loans was particularly harsh, pushing up the effective interest rate to around 16%. Another very harsh measure was that the SFSS debt was repaid concurrently with HECS repayments. The combined HECS and SFSS repayments meant that many graduates were losing 10% of their gross income (on top of tax) at a time when shortly after they had entered the full time workforce. While there has been a lot of media in recent years around the issue of study debt there is unfortunately still a paucity of serious research into its actual social and economic impact on graduates, particularly those who have faced the double whammy of HECS and SFSS (as

opposed to idealised econometric modelling). Certainly the anecdotal feedback from many graduates to NUS is that they now regretted taking out the SFSS.

While the Howard Government's position seemed heavily motivated by Treasury concerns over 'bad debt' they also argued that it was desirable that the scheme could be scrapped. They argued that unlike the early 1990s there was now a range of commercial loans available to students on offer that offered a better deal than the effective 16% being charged under SFSS once the trade-in is taken into account. Secondly the government argued that the Student Income Bank (which allows full time students on Youth Allowance and Austudy to accumulate any unused part of their fortnightly income free are to offset high income in other fortnights) gives greater flexibility for students to spread their income more evenly over the year.

From NUS's point of view the 'bad debt' is really just a progressive function of the income repayment threshold mechanism associated with the loan. The principle behind this mechanism is that those who are receiving a substantial private benefit (financial) from their education should make a contribution towards the cost of that education. The 56% non-repayment rate (84% for indigenous students) reflects the reality that a large proportion of SFSS recipients have not received a substantial private benefit from their education. This is not surprising as sole parents, disabled students and indigenous students often face structural barriers to accessing regular, full time, well paid work and will continue to do so even after successful completion of a degree. However, there are many benefits that flow to the community from their participation in higher education, including their part-time and casual work. NUS has no problem with the notion of extra financial support flowing to some of the most disadvantaged members of our society.

It is true that there are a number of commercial operations that offer students personal loans at a lower rate of interest. However NUS believes the equity groups that are affected by the closure of the SFSS are likely to be averse to taking out loans without at least the safety net of the income contingent repayment threshold. A more unsavoury possibility is that students will be left juggling credit card debts or dropping out of study all together. Nor was the Income Bank a solution for most who were accessing the SFSS. The Income Bank measure is helpful for those who can get substantial amounts of paid work during the year to supplement their grant. However, as described above the Income Bank is of no use for those facing structural discrimination in the casualised part-time labour force.

Other countries either have or are considering reducing their reliance on loans-based forms of financial assistance to students. New Zealand and the United Kingdom are the two most comparable countries that have been running HECS-style income contingent repayment loans for both tuition fees and living allowances. The United Kingdom has recently restored the means tested grant system for students whose household income is below 39,305 pounds with those with a household income below 18,360 pounds receiving the full grant.⁴⁵ As this submission was being written the New Zealand Labour Government confirmed to the media that it had recently

⁴⁵ Department for Innovation, Universities and Skills, studentfinancedirect, *Higher Education Student Finance – How You Are Assessed and Paid*, United Kingdom, 2008

sought costings for the introduction of a universal allowance for full time domestic students.⁴⁶

NUS remains opposed the re-introduction of a loans-based scheme for covering student living allowances, even one shorn of the more regressive aspects of the SFSS (the trade-in and co-repayment on top of HECS). It makes little sense to run a program that is so poorly targeted for needs and aspirations of low SES students. Doubling the study debt will only deepen the aspirational constraints in disadvantaged communities.

While 40 000 students were using the SFSS program when it was shut down we believe that they were doing so because of gaps in income support. The program of reforms to income support we have outlined above should fix most of the gaps.

NUS is, however, open to considering whether students could be given the option that study-related costs such as the purchase of an up to date computer, textbooks and compulsory equipment could be added onto their HECS liabilities. This would be a progressive move that would remove significant remaining up front barriers for financially disadvantaged students.

Recommendation 17: That loans schemes not be introduced to replace grant-based living allowances.

Recommendation 18: That students be given the option of adding up front study-related costs to their HECS liabilities, capped to a level of \$1000 per annum so as not to blow out student debt.

⁴⁶ New Zealand Herald, July 18, 2008

Bradley Review Questions

The Student Experience of Higher Education

How can the quality of the student experience within Australia's higher education institutions be monitored nationally? Is there evidence that declining student: staff ratios have impacted on the quality of the student experience?

How can the quality of learning outcomes in Australian higher education be measured more effectively?

Many education commentators have noticed that over the last decade there seems to be a growing lack of engagement by students with the on-campus aspects of a university enrolment. This is evidenced by the growing number of students who frequently skip lectures and tutorials and the apparent decline in students participating in campus extra-curricular activities. The trend is that the pattern of student engagement is heading towards having the minimum level of campus engagement required to pass assessment tasks at the expense of other parts of campus life. In short, students no longer have the time to be students engaged in preparation for a scholarly life as opposed to getting a meal ticket.

Australian universities have been offering mainly strongly vocational degrees arguably for the last century, and certainly since the early stages of World War 2. Participation in extra-curricular campus life has long been seen as an important component of broadening the undergraduate student experience beyond the narrow vocationalism of many academic programs. Extra-curricular activities can be both informal collaborations by students with other students or university staff, or more formal structured programs, activities, clubs, etc run by the university or student organisations.

One of the key reports during the Liberal-National-Country Party Menzies Government's modernisation of Australian universities in the 1950s and 1960s was the Murray Report. It noted:

"In universities of the Australian type, the importance cannot be overstressed of the provision of some adequate meeting ground for students from all faculties. The Students' Union should be the focus for extra-curricular activities, both social and intellectual, of the student body. It could prove one of the most potent influences in developing that corporate life which is urgently needed if the modern tendency for the average student to be exposed throughout his university course to nothing but purely vocational interests is to be corrected."

When the Commonwealth took over most of the funding and coordination of the state governments in 1974 there was a debate regarding whether or not the Commonwealth should directly fund student organisations so that there would be no fees for study at higher education institutions. However, the Universities Commission took the position that Commonwealth funding had the potential to compromise the important independent advocacy and representative role of student organisations:

‘Student bodies provide basic facilities such as food services, meeting rooms, amenities, commercial services and sporting and recreational facilities which are essential parts of the functioning of the university; and they provide a framework for the social and cultural development of the students...The unions and other student bodies rightfully prize their freedom and independence from political intervention. Moreover by relying on fees as the main source of their income, student bodies retain the power to determine the direction, pattern and extent of their own development and have regard to their own priorities.

When the Howard government tried unsuccessfully to introduce voluntary student unionism in 1999 the Vice Chancellor of ANU at the time, Professor Terrell commented on the importance of extra-curricular life to his university’s educational functions:

“A university does more in offering education than offer course modules off the shelf. It offers a nurturing and supportive environment in which students can get the maximum benefit from the courses on offer and also from the experience of attending university. The university experience is essentially a community one and students gain life skills as well as academic education. If students at ANU were to get no more from their time than their course-work materials and a graduation certificate at the end, then the university would not have done its job properly...ANU’s view is that the full range of services, including those to encourage a healthy lifestyle, should be available, from which students can choose according to their changing needs. The ANU model encourages a wide range of extra-curricular activities to ensure that students are able to access them when and as their interests direct. The choice of which activities they do access is entirely theirs.”

Hard nosed vocationally focused economists and policy analysts tend to be dismissive of this extra-curricular enhancement to what happens in the classroom as it is hard to quantify and measure outcomes. However, it is clear that there are many social benefits from having graduates with a more rounded education and also from a more active citizenship. In this era when the social fibre of the community is being atomised universities provide a valuable vehicle for the development of active citizenship. One only has to look at the number of leading members of the arts and comedic communities, politicians, journalists, community leaders, and sports people who gained their initial experience in university extra-curricular life. Many employers have also commented that they value graduates with broader life-skills who are flexible and can adapt to change.

Campuses act as a social equaliser by allowing people outside of the established circles to get their foot in the door – whether it is putting on a comedy revue, learning

layout skills with the student paper, addressing student meetings to argue a point, or becoming treasurer of the cricket club. The lectures are the theory, the participation in campus culture is part of the practice – the start of undergraduate training for how the future graduate should make a contribution to their society as an active citizen. No university can compel that its students to become active citizens as a condition of enrolment anymore than it can compel its students to attend every lecture and tutorial. But it is an integral part of the education mission of our public universities. This extra-curricular experience is also widely seen as a feature of a good university education in North American and English universities.

However, this important aspect of the undergraduate campus experience for domestic students is becoming increasingly difficult to access, apart from a number of full-time students at generally Go8 universities with generous family financial support. Professor Simon Marginson, from the Centre for the Study of Higher Education at the University of Melbourne, recently said local students tended to work off-campus and were not active in student life: “So you've got this odd situation with the local students half-disengaged in a way I've never really seen before.”⁴⁷ The recent ACER report on student engagement found that Australian and New Zealand students have lower levels of contact with teaching staff and are less likely to have participated in activities described as ‘enriching educational experiences’ than their US counterparts.

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There are a number of factors at work that are creating this profound disengagement. The first is the long standing one that shapes the Australian student experience compared to many comparable systems. Most Australian universities are what Americans would call ‘suburban commuter transit campuses’. The norm in US above the community college level is for students to be residential on the campus or a nearby college. In Europe the norm is either for residential colleges or for students to live in small-medium sized towns that have built up around historic universities. The towns are dominated by student culture and orientated around realistic living, eating and entertainment options within the student budget. In New Zealand the city of Dunedin is heavily orientated around the University of Otago students. In these cases it is quite easy for students to identify themselves primarily as students and to be immersed in the campus life.

In Australia there are much fewer students living in campus colleges, and with a few exceptions such as the link between University of New England and Armidale, there are hardly any student dominated cities. This has made it much more difficult for Australian universities to build strong levels of campus engagement and student self-identification as being part of a scholarly community.

The second long standing structural factor is the short duration of the typical Australian undergraduate degree. An international comparison by Simon Marginson has shown that the average Australian degree/diploma duration is one of the shortest

⁴⁷ Welcome to Nation of University Ghettos, Sydney Morning Herald, 23/07/08

⁴⁸ ACER, New Conversations About Learning – Australasian Survey of Student Engagement, 2008

in the OECD (2.87 years compared to the OECD average of 4.5 and Germany's 6.6).⁴⁹ The longer duration of European degrees (where a five or six year masters degree has been the normal professional entry level degree) means that students spend a larger part of their life as students. To make campus engagement work requires policy settings that encourage student engagement with their campuses and student life rather than discourage it.

As we have described above the decline in the level and eligibility to student income support is a major factor behind the decline in campus engagement over the last decade or so. Students have been trying to bridge the gap between declining levels of benefit and the rapid price rises in accommodation, petrol and other costs by taking up unprecedented amounts of off-campus paid work.

NUS is not contending that a degree of part-time is bad for students. Firstly it can prepare them for life in the work-force after graduation. Also, in small doses, it seems to have a slight positive impact on academic results, possibly through improved time-management skills. But at certain levels it has a significant negative impact on academic performance, campus engagement and the opportunities to participate in the broader campus experience outside of the classroom.

A study by University of Canberra's Centre For Labour Market Research found a small positive academic impact of part-time work for students working up to 11 hours.⁵⁰ However, it found that students working more than this suffered a negative impact on their academic performance, and that for those working more than 20 hours a week, the negative impact was substantial. The 2006 AVCC survey found that 58.6% of full time students were working over the recommended 11 hours a week, and that 17.3% were working over 20 hours a week. A disturbing inference from the University of Canberra study is that in areas of high rental stress (such as Canberra) the majority of students, rather than a disadvantaged minority of students, now fall into the category of those whose academic studies are being substantially disrupted by excessive work commitments (the University of Canberra average was 20.9 hours a week).

McInnis and Hartley in a study commissioned by DEST concluded that if the university plays only a small part of students' lives and that students only spend the minimum hours they have to on campus, their education and on-campus experience will suffer as a result:

'Many [students] have little sense of the richness that a campus-based experience can offer. The rational decision they make to get through a course while working

⁴⁹ Marginson S, Trends and Issues in Australian Higher Education Participation, Go8/DEEWR, Higher Education and Social Inclusion Forum, Melbourne University, July 2008

⁵⁰ Applegate C, and Daly A, The Impact of Paid Work on the Academic Performance of Students: a Case Study from the University of Canberra, Discussion Paper, Centre for Labour Market Research, University of Canberra, 2005

*sometimes excessive hours means losing opportunities for close engagement with the learning process*⁵¹.

Voluntary student unionism legislation has also had a significant dampening effect on the vibrancy of campus life. This has occurred to both formal student controlled culture and activities and also opportunities for informal collaborations. NUS has a comprehensive report on the impact of the VSU legislation (First National Report Into The Impact of VSU) available on our website⁵² and attached to this submission. While the Rudd Government is considering a solution for the VSU situation separately from this review, as an announcement has not yet been made we will further submit to this review our VSU options paper (also attached).

The third factor behind the decline in campus engagement is sharp increase in student: staff ratio since the early 1990s and the casualisation of the newer and lower tiers of the academic workforce. The pressures and workloads of the contemporary academic workforce mean that lecturers are much less available for one on one discussions with their students, let alone to have time to participate with students in collaborative extra-curricular activities. The scarcity of small group tutorials are another problem contributing to students not bothering to turn up after the first few weeks.

A fourth factor is related to the new technologies that aid teaching. Some Australian universities have been pioneers of quality on-line or distance teaching although the literature shows that to do it properly requires costs that are higher than on-campus teaching and increased interactivity between the student and teaching staff. On-line learning does not give a campus life experience beyond a tutorial chat room, diary and some access to campus support and advocacy services via the phone or internet. However, it can produce quality learning outcomes in terms of the formal curriculum.

The main problem is not with on-line or distance education, but rather with an increasing number of students who are getting neither the traditional 'chalk and talk' and small group education, nor quality distance education provision. One example is internal mode students who decide to stop going to campus as they can download their lectures as a podcast from the internet. Unfortunately they find that after missing the lectures that the technology does not work or it is not updated often enough. Another example is internal mode students at satellite rural campuses whose lectures are broadcast from a lecture held on the main campus. In many cases there is no direct interactivity between the students in the lecture theatre at satellite campus and the lecturer; nor is there another senior academic staff member at the satellite campus. NUS is concerned about both the learning and campus engagement outcomes for these students.

The issue of student engagement with both the formal and informal parts of the university experience is finally beginning to be taken seriously. The Universities Australia Student Finance Surveys and the ACER Survey of Student Engagement have been important benchmarking exercises (the ACER Survey may need some

⁵¹ Craig McInnes and Robyn Hartley, *Managing Study and Work: The Impact of Full-Time Study and Paid Work on the Undergraduate Experience in Australian Universities*, DEST, Canberra, 2002

⁵² www.unistudent.com.au

tweaking to pick up the most interesting trends). There needs to be a regular cycle monitoring of student engagement to inform policy directions for student finance, teaching pedagogy and staffing levels.

Recommendation 19: Student engagement with university learning processes and extra-curricular activities should be monitored regularly, for example conducting national surveys on a three year cycle. Quality audits of campuses should also examine individual university processes for enhancing and monitoring student engagement.

Recommendation 20: That the Review urge the Government to release its policy solution to the disastrous Voluntary Student Unionism by the end of the year so work can begin to restore the important work of student organisations.

Other Matters

NUS wishes to briefly outline our position on some other significant issues that have been raised in the process of the review without repeating background arguments well understood by the review committee:

Recommendation 21: NUS supports the protection of the current National Protocols for Higher Education Approval Processes that preclude teaching only institutions from operating under the title ‘university’. We see a strong link between quality teaching, scholarship and research.

Recommendation 22: NUS is opposed to demand-driven voucher systems of funding. Such systems undermine national planning for labour market and equity goals and increase vertical diversity within an already stratified system (perpetuating inter-generational cycles of privilege).

Recommendation 23: NUS believes that plenty of caution needs to be applied when constructing pathways between VET and higher education. The different pedagogy employed in the sectors can create considerable transition problems.

Recommendation 24: NUS believes that all Australian universities should be encouraged to engage in international education and collaboration with overseas institutions. However, NUS believes that international engagement should be driven by educational, research and/or capacity building, and simply not seen as a strategy to increase student contributions. NUS does support initiatives such as the diploma supplement to increase the portability of Australian degrees to overseas job markets.

Recommendation 25: NUS supports the creation of an independent buffer body to monitor higher education processes and to provide expert advice to the Commonwealth Education Minister and state education departments. The buffer body should have an advisory committee made up of a broad cross-section of sectoral representation, including student representation.