

Australian university students face unprecedented financial pressures

Martin Scott**24 September 2018**

The 2017 Student Finances Survey, released last month by Universities Australia, revealed that 15 percent of Australian students regularly go without food or other basic necessities.

The report, based on data from 18,584 students enrolled at 38 universities, paints a picture of the unprecedented financial hardship faced by students in higher education resulting from decades of cutbacks by successive governments, Labor and Liberal-National alike.

More than half of the students surveyed said that their financial situation was often a source of worry. A quarter of undergraduates had been forced to reduce their course load or defer their studies because they could not afford to continue.

The situation is most dire for indigenous students and working class students classified as being from low socio-economic status (SES) backgrounds.

Some 71 percent of indigenous, and 63 percent of low SES, students were concerned about their finances. Around 27 percent of indigenous students regularly go without food or other basic necessities because they cannot afford them. Indigenous and low SES students are also less likely to have savings or financial support from family.

The report found that four in five domestic students are engaged in paid employment. Approximately 30 percent of full-time domestic undergraduates reported working more than 20 hours a week in addition to their studies, up from just 16 percent in 2006.

The pressure to work increased hours has a detrimental effect on studies, with 27 percent of full-time domestic students regularly missing class to attend work, and 40 percent stating that their work commitments adversely affect their performance at university. About 36 percent of part-time students are

regularly forced to skip classes for work, and more than half report that employment has a negative impact on their studies.

The median annual income from paid employment in 2017 was \$15,600 for full-time domestic undergraduates, and \$33,900 for part-time domestic undergraduates. Taking into account other sources, including poverty-level government allowances, the median total income for full-time domestic undergraduates was \$18,300, and for part-time domestic undergraduates, \$33,900.

More than half of full-time domestic undergraduates, and at least 20 percent of part-time domestic undergraduates reported total annual income below the poverty line of \$26,494, defined as 50 percent of median income.

In fact, the present situation is likely worse than the survey suggests, as the data, collected in 2017, does not reflect the full impact of federal cuts to Sunday and late-night penalty rates introduced in July last year, and extended in July 2018.

The second most common source of student income after paid employment was government support. One third of domestic undergraduates, and 18 percent of domestic postgraduate students received Youth Allowance, AUSTUDY, or ABSTUDY payments averaging about \$10,000 annually.

Legislation proposed as part of the 2017 Federal Budget would increase the maximum liquid assets test waiting period for these payments from 13 to 26 weeks. The waiting period before receiving these payments would be increased for anyone with more than \$11,500 in savings, and the maximum 26-week wait would apply to the estimated 25 percent of students with liquid assets of \$18,000 or more.

Domestic undergraduates estimated they would

complete their studies having incurred an average HELP student loan debt to the government of \$32,000. Average estimated HELP debt for domestic postgraduate students was \$40,000, and for higher-degree research students, \$30,000. New legislation passed in August lowers the minimum repayment threshold for these loans from an annual income of \$55,874 to \$45,000.

For many domestic students earning \$40,000 and over, this will mean beginning to pay back student loans while still at university.

Median annual expenditure for domestic students was \$16,300 for undergraduates, \$32,500 for postgraduate coursework students, and \$31,500 for higher degree research students. The primary expense reported by students was housing.

Economic modelling in a recent Urbis report found that a student earning average income could afford to pay \$114 per week for accommodation. The average weekly cost of one bedroom in a shared three bedroom house was \$112. For the more than half of full-time students who earn less than the average income, the cost of housing is prohibitive.

The majority of students at Australian universities live in private rental housing rather than purpose-built student accommodation, and are therefore subject to the same housing crisis facing workers across the country. Most Australian universities are located in the major cities, Sydney, Melbourne, Brisbane, Perth, and Adelaide, which were all considered “severely unaffordable” housing markets by a 2017 Demographia survey. Sydney was the second least affordable city in the world, and Melbourne the fifth least affordable.

In recent years there has been a significant increase in the amount of purpose-built student accommodation, primarily to cater to full-fee-paying international students, who are a crucial source of revenue for universities looking to compensate for cuts in government funding.

Most of these new developments are commercially owned and managed, and according to real-estate analyst Savills, “record numbers of investors are looking to access the Australian student accommodation market.” This growth can hardly be seen as a move to provide affordable housing for all students. According to Urbis, the average weekly cost of such accommodation was \$222, or 24 percent more

than a student earning average income could afford to pay.

The effect of rising tuition and housing costs, reduced access to government support, and growing inability to earn sufficient income while studying will be to exclude from higher education all but the wealthiest of students.

This is the outcome of decades of funding cuts to higher education, imposed by successive Labor and Liberal-National governments. Recent funding reductions imposed by Liberal-National governments are a continuation of sweeping cuts imposed by the Greens-backed Labor government of Julia Gillard, which in 2013 introduced a \$2.3 billion cut to university funding, the largest in history.

The increasingly dire plight of students makes clear that the fundamental social right to education is incompatible with a society subordinated to the profit dictates of a tiny corporate and financial elite.



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