SUBMISSION TO THE SENATE EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS COMMITTEE

INQUIRY INTO THE PROVISIONS OF THE HIGHER EDUCATION LEGISLATION AMENDMENT (STUDENT SERVICES AND AMENITIES, AND OTHER MEASURES) BILL 2009

AUSTRALIAN LIBERAL STUDENTS' FEDERATION

20 FEBRUARY 2009

Friday 20 February, 2009

Senate Employment, Workplace Relations and Education Committee
Parliament House
Canberra

Dear Senators

RE: HIGHER EDUCATION LEGISLATION AMENDMENT (STUDENT SERVICES AND AMENITIES, AND OTHER MEASURES) BILL 2009

The Australian Liberal Students' Federation is made up of more than thirty constituent Liberal clubs across Australian university campuses. It is a standalone organisation that is independent from the Liberal Party.

Unlike the National Union of Students, its state divisions and student unions around the country, the ALSF is entirely void of any financial interest in the outcome of this legislation.

Students were relieved of a huge financial burden in 2005 with the passage of the *Higher Education Support Amendment (Abolition of Up-Front Compulsory Student Union Fees) Act 2005.* Savings under a voluntary system have been as much as $590 per annum.

The introduction of a $250 fee will act as a poll tax on students. It will be levied in spite of a student's income, their wish to use the services the fee will fund, or even their ability to obtain value for money.

This bill is very similar to the legislation introduced by the Victorian Government in 1994. It is essentially a system of voluntary student representation (VSR) – where voluntary membership of student unions exists, yet students are still compelled to pay a fee. As this submission shows, such a system is unworkable, impractical and will fail to prevent money being used for political purposes.

Furthermore, a guaranteed revenue stream poses problems of unresponsive supply to student demand, and raises the prospect of corruption similar to that of the Melbourne University Student Union (MUSU) that was liquidated in 2003.

The ALSF urges outright rejection of the bill on the basis that student services have not collapsed as student unions claim they have; that the bill will coerce the poorest members of society to subsidise a small minority; and because the bill will result in student money again being spent on political activity.

I would be pleased to receive an opportunity to further outline the ALSF's position at any public hearing that may take place.

BYRON HODKINSON
President
Australian Liberal Students' Federation

INTRODUCTION

1. The Australian Liberal Students' Federation (ALSF) welcomes the opportunity to give evidence to this very important Senate inquiry.

2. This issue is one that needs to be considered with the best interests of students at heart.

3. The ALSF believes that many student organisations are out of touch with the broader student population. This was perhaps typified by comments attributed to the president of the National Union of Students (NUS), David Barrow:

> Universities, get the fee, students get the services but student unions get screwed.[1]

4. Mr Barrow's comments show just how out of touch the NUS really is. If students obtaining services is not the aim of a national student body, serious questions need to be asked about what their agenda really is. What the NUS ought to remember is that this debate is about students – not student unions.

5. The ALSF does not oppose a vibrant student representative entity at tertiary institutions.

6. Voluntary membership is essential to ensure that students actively engage with fellow students to encourage them into joining a student representative body.

7. The alternative is to have an unresponsive, unrepresentative clique of students falsely claiming to speak on behalf of students.

8. The ALSF were the principal advocates of the *Higher Education Support Amendment (Abolition of Compulsory Up-Front Student Union Fees) Act 2005* and oppose any change which would compromise the principles of that legislation.

VOLUNTARY STUDENT UNIONISM IS WORKING

STUDENTS SAVING MONEY

9. Since the introduction of voluntary student unionism, members of students unions have saved an average of $246.20 per annum. Those who have chosen not to be members of student unions have saved an even great amount - $318.60 a year.[2]

10. These savings have enabled students to divert financial resources to goods and services that individuals consider to be in their best interests – such as textbooks, social activities and transport.

---

[1] Harrison, D., 'Students angry over fee proposal', *The Age,* 20 February 2009, http://www.theage.com.au/national/students-angry-over-fee-proposal-20090220-8cqe.html

[2] See Appendix 1

FALSE CLAIMS ABOUT STUDENT SERVICES

11. Small, unrepresentative student groups and the government have consistently made out that student services have collapsed since the introduction of voluntary student unionism. The ALSF rejects this assertion as being misleading and in many cases, false.

PURPOSELY RUNNING UP BUDGET DEFICITS TO CRY POOR

12. Since the introduction of VSU, student unions have sought to deliberately run budget deficits to cry poor over the impact of the legislation.

13. This is an abhorrent practice that may ultimately lead to the unnecessary introduction of this bill.

14. Whilst documents to support these statements are not readily available given budget meetings of student unions are typically held *in camera,* serious allegations of this sort of misconduct were made in *Honi Soit,* the newspaper of the University of Sydney Union in 2008.

15. The Student Representative Council (SRC) were said to have voted to increase the presidential allowance by $5,000 after the then SRC general secretary, Noah White, allegedly told a meeting that the SRC would be forcing the budget into deficit in order to draw more money from the University.[3]

WARPED PRIORITIES

16. The RMIT Student Union asserts on its website that voluntary student unionism has led to its advocacy service being scaled back – yet it still finds the money to produce an expensive radio program on 3CR every Saturday morning called *Blazing Textbooks* – a show that is promoted as promoting an 'anti-capitalist perspective on current issues in education from around Australia and the world.'[4]

17. This shows that if student unions were actually focused on providing services that were relevant to students, membership would be much higher and their finances would be in better shape.

18. Furthermore, the University of Melbourne Student Union recently stripped its clubs and societies budget by $18,000 (24 per cent) in order to fund a $15,000 increase in its donation to the extreme National Union of Students.

19. Despite their rhetoric, it is student unions themselves that are doing more damage to campus life than any voluntary system could.

---

[3] *Honi Soit,* edn 16, 20 August 2008, http://www.src.usyd.edu.au/Honisoit/pdfs/817.pdf
[4] http://www.su.rmit.edu.au/media/index.html

STUDENT SERVICES STILL GOING STRONG

20. Much of the justification for this bill has been the inability of student organisations to provide commercially viable services to their members and the wider university population, largely through an unwillingness or incapacity to respond to student demand.

21. The void left by services that have 'collapsed', if they have done so, have in many cases been filled by services provided by the private sector, the university or government.

22. Medical and counselling services are available in some form at nearly every university – provided by universities themselves or private providers. Nearly all medical services offer bulk billing, whilst counselling is typically free at universities.

23. One of the dangers in reintroducing a compulsory fee is that the eventual supply of services could outstrip demand.

24. With child care services at the University of New South Wales currently utilised mainly by staff members, rather than students, it could be that students end up subsidising the child care places taken out by those on a full time wage (i.e. university staff).

STUDENT UNIONS ARE NOW ACCOUNTABLE TO STUDENT DEMAND

25. Membership of student unions has naturally decreased from pre-VSU levels, given that it used to be universal. Since then, subscriptions to student unions have varied depending on the benefits offered to members.

26. At some universities, membership has fallen to around five per cent (at the University of Canberra) because of the poor quality of services offered.

27. However, the University of Western Australia has membership rates at about 60 per cent.

28. This high figure is most likely due to the fact that student unions in Western Australia have learnt to become relatively more efficient than their counterparts in other areas of the country, given VSU operated for many years in Western Australia.

COMPULSORY FEES BREED MISMANAGEMENT AND INEFFICIENCY

29. Compulsory fees guarantee revenue streams to service providers regardless of their quality of their product.

30. There is no fiscal incentive to provide students with services that are attractive, because ultimately, wages will be paid regardless of how good or bad the services may be.

31. In 2004, before voluntary student unionism was introduced, Monash University students were compelled to pay an amenities fee worth $428 amenities per annum. This amount was used to fund various items as follows:[5]

[5] Monash University Annual Report 2004

- $238 worth of 'administrative costs'
- $30 worth of 'building services'
- $13.28 for clubs and societies
- $22 for sport
- $5.40 worth of child care subsidies
- $5.40 for childcare
- 59c for unspecified student services
- 49c for student theatre
- 28c for food services and subsidies

32. These figures undoubtedly show the way in which students fail to obtain value for money under a compulsory fee system.

WHY THE BILL INCREASES INEQUITY THROUGH A REGRESSIVE TAX

33. The bill will impose a regressive tax on each university student of up to $250 annually, indexed to inflation. The bill also states that it in using such monies to provide certain services, the will be charged *regardless of whether the person chooses to use any of those amenities and services.*[6]

34. Given Australia's full time equivalent student enrolment stands at one million, this fee will rip up to $250 million annually from the pockets of students – after more than the $170 million students are said to have paid during the last year compulsory fees were levied, 2005.[7]

35. The fact that students will be coerced into paying for services they do not use compromises the user pays principle that is most effective at allocating resources.

A POLL TAX ON UNIVERSITY STUDENTS

36. This regressive tax will see those students with low incomes stripped of their power to choose what their scarce money is spent on. It removes the choice for students to allocate $250 to areas they place higher priority on, such as text books or sporting equipment.

37. Of most concern however, is that students will be charged a fee regardless of their capacity to pay. This effectively renders the bill as a legislative instrument to introduce a poll tax on university students. It is analogous to taxing every member of society a flat, across the board rate without taking into consideration one's income.

38. Enabling students to defer their amenities tax onto their HELP loans does not change the fact that such charges are inequitable.

39. No matter how the fees are collected, students from low socioeconomic backgrounds are less likely to utilise amenities and services subsidised by the fee. It is well documented that some students are often work multiple jobs to cover spiralling rents and other cost of living pressures.

---

[6] *Higher Education Legislation Amendment (Student Services and Amenities, and Other Measures) Bill 2009,* s. 19-37 (5) (a)

[7] Harrison, D. 'Unis poised for fee bonanza' *The Age,* 3 Nov 08, http://www.theage.com.au/national/unis-poised-for-fee-bonanza-20081102-5gaj.html?page=-1

40. As a result, these students are less likely to have time to enjoy subsidised membership of ski clubs, cheap drinks at the union bar, or the rowing club than students who are living at home, having their parents pay for their textbooks, or naturally wealthy. Ironically, these are students who can typically afford such items at the market rate.

NO CAPACITY TO USE – BUT STILL FORCED TO PAY

41. The bill precludes students from having a choice whether or not to pay the fee on the basis of their *ability* to utilise the services it provides.

42. Students that attend university only to attend classes are unlikely to ever obtain any value out of such fees. Mature age students who work full time and attend night classes will be forced to subsidise the activities of a few.

43. Even more outrageous is the idea that students studying by correspondence, that may never set foot on a particular university campus, will be charged a compulsory fee for services provided.

44. As such, the government's plan does not allow any exceptions to paying the fee – it is 'no ticket, no start' for university students. There is no legitimate case as to why students should be forced to pay for services they may not be able to afford or make use of.

STUDENT UNIONS ARE NOT LOCAL COUNCILS

45. Student organisations and other proponents of a compulsory fee typically argue that such a fee is the equivalent of a local government charging rates to property owners for the provision of services such as garbage collection, public libraries and other community projects.

46. Student organisations are in fact more like a sporting club, where members pay a voluntary fee in order to participate in recreational activity.

47. This argument is disingenuous as local council rates are charged based on the *value of property,* thus taxing those with inferior assets at a lower rate to those who own expensive properties.

48. Local governments are also responsible to a Minister for Local Government under the Westminster doctrine of ministerial responsibility.[8]

49. Student organisations (who will inevitably obtain compulsorily acquired student funds as detailed later in this submission) have no such accountability to the Parliament, and many student unions lack the most basic forms of transparency such as the disclosure of annual reports.

[8] ALSF Submission to Senate Committee on Employment, Workplace Relations and Education inquiry into the provisions of the *Higher Education Support Amendment (Abolition of Compulsory Up-Front Student Union Fees) Bill 2005*

50. It is encouraging that any potential fee will be capped at $250, given that under the former system, students were charged up to $590 per annum for compulsory membership of student unions. However, it is the view of the ALSF that it is $250 too much.

51. Whilst it may not appear *prima facie* to be a significant sum of money, it represents greater than the amount of income tax payable by a student earning $15,000 per annum.

INDEXATION

52. The compulsory levy will be indexed each year to CPI increases, ensuring that the fee will become higher every year it is charged to students.

53. Whilst the government has not indicated whether or not SA-HELP (the loan scheme to cover the cost of the fee) will be able to be added to FEE-HELP (the loan scheme that covers academic fees), it is expected that the SA-HELP amount will be added to the amount already borrowed under FEE-HELP.

54. Given that students often spend a decade or more paying off a HELP debt, the money owed from an amenities fee will be indexed each and every year until their debt is repaid, meaning that the amount repaid by students in the name of an amenities fee is likely to accumulate to an amount significantly more than what they were charged.

UNIVERSITY SPORT

55. Much of the controversy surrounding the 2005 legislation and VSU in general is its impact on university sport. Proponents of compulsory fees suggest that they are essential to ensure the success of Australia's Olympic team, amongst other things.

56. The reality is that consumers of services provided by sporting facilities at universities are largely made up of outsiders – that is, those that aren't students at the university. It is an outrage that student unions, the Labor government and the Australian Olympic Committee suggest that struggling students should be subsidising elite athletes, many of whom are already recipients of Commonwealth scholarships and corporate sponsorship deals.

57. In addition, most of Australia's top sporting athletes do not come from university campuses, but rather from elite government funded institutions such as the Australian Institute of Sport and state-based subsidiaries such as the New South Wales Institute of Sport. These handpicked athletes already benefit from taxpayer largess, and do not require subsidies levied compulsorily from their fellow struggling students.

HERE WE GO AGAIN: STUDENTS FUNDING POLITICAL ACTIVITY

58. The legislation before the Parliament will inevitably see compulsorily acquired student money being spent on political campaigns by notoriously wasteful student unions.

59. Whilst the ALSF is totally supportive of the right for student organisations from across the political spectrum to have their say on education and community related issues, such activity

must be conducted on a *voluntary* basis. That is, it should not be funded by students regardless of their willingness to associate to a particular body.

60. This is entirely consistent with the universal right to freedom of political communication, and freedom of association.

NARROW PROVISIONS WON'T STOP POLITICAL EXPENDITURE

61. However, the legislation fails to ensure that student money will not be spent on political campaigns or mediums that carry political agendas. Notwithstanding the *Student Services and Amenities Fee Guidelines,* Section 19-38, paragraph (1) of the Bill prevents a higher education provider from spending monies collected as a student services and amenities fee to support:

    - a political party
    - the election of a person as an elected representative in a federal, state or local government

62. Despite higher education providers being required to comply with the *Student Services and Amenities Fee Guidelines* that are alluded to in paragraph 3*,* significant questions remain over the ability or inclination of the Commonwealth to monitor and enforce these provisions as detailed in paragraph 75.

63. Section 19-38, paragraph (2) has identical provisions to paragraph (1), relating to the expenditure of money passed onto student organisations. Outside of funding political *parties and candidates,* there is no legislative mechanism to control what such groups choose to do with that money as there is for higher education providers.

64. The legal implication of section 19-38, paragraphs (1) and in particular, (2), is that it there are scores of political organisations that are not covered by these definitions.

65. To be registered as a political party, the Australian Electoral Commission requires the organisation to have at least five hundred members who are on the electoral roll, or be represented by an elected official in a federal, state or terroritory legislature.[9]

66. There are numerous student organisations that are political in nature that will be eligible to receive monies compulsorily acquired from students, as the majority of political groups on campus would not meet these requirements.

HOW LIBERAL STUDENTS COULD OBTAIN FUNDING FROM COMPULSORY STUDENT FEES

67. In fact, the Australian Liberal Students' Federation will not be prevented from obtaining money from a student organisation, as it is not a political party *per se.* Nor would a raft of socialist groups on campus with a history of anti-Semitism and appetite for wasting student money on protests and other inappropriate items or events be prevented from being funded by the entire student population.

[9] Australian Electoral Commission, *Party Registration Overview,* http://www.aec.gov.au/Parties_and_Representatives/Party_Registration/overview.htm

68. Trade unions are another type of organisation that would escape the narrow definition in the legislation.

WHY MONEY WILL INEVITABLY END UP IN THE HANDS OF STUDENT UNIONS

69. Section 19-67 of the Bill (Special requirements for student services, amenities, representation and advocacy in 2010 and later years) enables the Minister to set minimum guidelines higher education providers must meet in order to obtain Commonwealth funding.

70. These guidelines were released on 19 February 2009 and Part 2 of these guidelines is of particular concern to the ALSF.

71. The *National Student Representation and Advocacy Protocols* detail requirements for higher education providers to meet the costs of student union elections, as well as "independent advocacy services in relation to matters arising under the academic and procedural rules and regulations of the higher education provider".[10]

72. The practical effect of such protocols is that money will inevitably be transferred from higher education providers to student organisations, paving the way for inappropriate profligate spending on political activity.

73. The legitimacy of the student organisations that will be consulted is extremely questionable. At even the most politically active campuses prior to the introduction of VSU, turnout in student elections almost never exceeded 10 per cent.

74. At Melbourne and Sydney Universities – historically the most political campuses, participation in student elections can be 5 per cent or less. The idea that an organisation with such a tiny mandate has the broad support of the student body is patently false.

NO PREVENTION OF STUDENT UNION WASTE

75. There appears to be no legislative mechanism for the government to control the spending of student money by student unions. Section 19-38 (3) requires money spent by higher education *providers* to comply with the *Student Services and Amenities Fees* guidelines, yet this does not apply to money spent by student unions.

76. The absence of control over the spending of student unions reveals Labor's true intentions with this bill: to return to the bad old days of compulsory student unionism. The ability and inclination of the Federal government body to monitor each and every item of student organization or university expenditure to ensure it complies with the *Student Services and Amenities Fee Guidelines* is extremely low, particularly under a Labor administration.

77. The *Student Services and Amenities Fee Guidelines* also carry significant flaws. Allowable items to be funded by compulsory fees will lead to the duplication of services already provided by universities, governments, or the private sector, such as health care, child care, academic support, and services to assist in securing housing for university students.

[10] *National Student Representation and Advocacy Protocols,* clause 4.

CROSS SUBSIDISATION/MONEY LAUNDERING

78. The Victorian legislation was also ineffective in preventing student organisations from spending money on political campaigns. It saw student unions manipulate revenue sources to use profit margins from allowed services on political activity.

79. Taking the profits obtained through subsidised or 'allowed' activities, student unions would then use these (unregulated) profits to fund activities that were not permitted by the Ministerial guidelines.

80. This cross subsidisation meant that students were forced to fund political campaigns, despite the legislation deeming them to be a 'disallowed' activity – yet this was entirely within the law.

81. Cross subsidisation thus renders a system drawing a compulsory fee that will inevitably be passed onto student unions, as incapable of preventing money being spent on political activity.

CORRUPTION

82. Student unions have a history of financial impropriety, corruption and typically lack popular support of students. In February of this year, Darren Ray, a former president of the Melbourne University Student Union, was jailed for 20 months in relation for defrauding the Commonwealth of $180,000 through refunds from false GST claims. Ray also presided over a $46 million property deal that sent the union bankrupt.

MINISTERIAL DISCRETION: UNDEMOCRATIC AND UNACCOUNTABLE

83. The fact that the Minister can add to the *Student Services and Amenities Fee Guidelines* at the stroke of a pen is particularly concerning. Similar arrangements existed in Victoria between 1994 and 2000.

84. This saw the list of 'allowable' items under the equivalent guidelines grow significantly over that period. These included the addition of student newspapers and union elections as items that were permitted to be funded by student fees. This means that student money can be spent on a whim – without being examined by Parliament or debated out in the open.

85. The reality is that many services are hard to categorise as either political or non-political in nature. For example, student newspapers may be considered to be an 'allowed' service to be funded through compulsory student fees, yet the content of these newspapers is likely to result in them being propaganda tools of leftist student bodies.

UNION WASTE: RECENT HISTORY

86. Most recently, the University of Melbourne Student Union spent student money to help fund the legal defence of a man charged with assaulting police and damaging a police station in the Palm Island riots.

87. In 2006, the Monash Student Association funded the legal defence of G20 rioter Akin Sari, who was later convicted and imprisoned.

88. In 2004, the National Union of Students spent a quarter of a million dollars campaigning against the Howard government at the Federal election. Fortunately, this episode was not repeated under voluntary unionism arrangements in 2007.

89. In 2001, student money funded the purchase of an axe to break into the Vice Chancellor's office, gaining significant media attention.

CONCLUSION

90. The ALSF points out that passage of the bill would be a clear cut breach of Labor's election commitments not to reintroduce a compulsory fee for university students. Any suggestions to the contrary are false.

91. Voluntary student unionism should be retained in its current form. Any compulsory fee will act as a harsh, regressive tax on students.

92. A compulsory fee of any type will ensure that student unions again have the ability to spend student money on extreme political agendas.

93. The ALSF does not and will not support any legislation that

    - compels students to join a student organisation
    - enables universities or student organisations to levy a fee for non-academic purposes

94. **The ALSF urges the Senate Employment, Workplace Relations and Education Committee to recommend to the Senate that the *Higher Education Legislation Amendment (Student Services and Amenities, and Other Measures) Bill 2009* be rejected in its entirety.**

APPENDIX 1

University	Fees 2005	Fees 2008	Minimum saving
Macquarie University	$356.00	Nil	$356.00
University of Sydney	$590.00	$99.00	$491.00
University of New South Wales	$502.00	$149.00	$353.00
University of Technology, Sydney	$420.00	$89.00	$331.00
University of Wollongong	$351.00	$1.00	$350.00
University of Melbourne	$392.00	$198.00	$194.00
RMIT University	$500.00	$80.00	$420.00
Deakin University	$261.00	$150.00	$111.00
La Trobe University	$360.00	$100.00	$260.00
Swinburne University	$304.00	$60.00	$244.00
Monash University	$441.20	$55.00	$386.20
Victoria University	$295.00	$15.00	$280.00
James Cook University	$275.00	$40.00	$235.00
University of the Sunshine Coast	$210.00	$50.00	$160.00
Curtin University of Technology	$110.00	$120.00	-$10.00
Edith Cowan University	$100.00	$50.00	$50.00
Murdoch University	$140.00	$100.00	$40.00
University of Western Australia	$120.00	$120.00	Nil
Flinders University	$362.80	Nil	$362.80
University of Adelaide	$326.70	$20.00	$306.70
University of South Australia	$273.50	$20.00	$253.20

Table 1: Union membership fees 2005, 2008