

## DEAKIN UNIVERSITY

### Submission to the Senate Select Committee on Scrutiny of New Taxes

### Government Proposal to Allow Universities to Introduce a Services Fee

Deakin University welcomes the opportunity to provide this submission to the Senate Select Committee on the Scrutiny of New Taxes.

The University's submission makes the following key points:

- There has been a significant negative financial impact on the University and the Student Association of the VSU legislation and the removal of the capacity for the University to charge students a compulsory general services fee to support and sustain student services.
- There has been a reduction in the range and quality of student support services available to students as a result of the legislation.
- The long term viability of the student association at Deakin is in doubt because of the financial impact of the legislation and the difficulty in collecting sufficient funds through voluntary membership fees for it to continue to run the current range of services it provides without direct support from the University.
- This is a very important issue for a university like Deakin with its rural and regional campuses at Warrnambool and Geelong. Students in these locations, many of whom are new to these areas and are living away from home, are heavy users of sporting and recreational facilities on-campus and rely on the viability of the various sporting clubs and societies for social interaction.
- The impact on our reputation with international students is also of concern. Consistently, through surveys and other forms of feedback, international students report high levels of dissatisfaction with lack of opportunities to mix and engage with domestic students. This is obviously also a lost opportunity for domestic students, and is considered to be a direct result of the lack of resources that have been available to drive student engagement and social programs.
- The University regards student advocacy and representation and direct student involvement in University decision making as essential elements of healthy academic processes and a collegial community and has, therefore, subsidised the Deakin University Student Association to continue to provide these services. In spite of this, student representation is less strong than in the past.
- The University favours the charging of a compulsory services fee, but having this divorced from student association membership.
- The fees should be collected by the University.
- Decisions on the use of the revenue collected should be transparent and reflect the joint priorities of the University and its student body
- In response to potential arguments that the imposition of an additional fee may contribute to student financial hardship we make the following points:
  - The Government proposals to assist students through SA-HELP mitigate this impact.
  - Constraining the University's ability to raise revenue to support the provision of student services and amenities increases the prospect of the introduction of fee for service for access to services. Fee for service represents a significant barrier and disincentive to access services, particularly those likely to be most in need of support.

- The University has existing schemes to provide students in need with financial and material support. A proportion of the revenue raised can be directed to enhance existing University schemes, and the revenue from a services and amenities fee will provide the University with the capacity to provide individual students with financial and material support well above a nominal \$250/year.
- International and Australian research demonstrates the value of a well rounded vibrant student experience and the importance of student engagement to academic and graduate employment success. The AUSSE survey indicates Australian students' experiences are less than optimal, putting Australian students at a disadvantage in a global employment market. Implementation of strategies to improve student engagement and their overall experience requires resources; resources Universities cannot afford to divert from teaching and research.

## **SUBMISSION**

### **1. Financial impacts of the VSU legislation**

#### *Previous arrangements*

Prior to the implementation of the Higher Education Support Amendment (Abolition of Compulsory Up-front Student Union Fees) Act (2005), Deakin University collected revenue of \$5.8 million relating to a compulsory General Services Fee (GSF) which was used to provide a range of student services and facilities, either directly or through the Deakin University Student Association (DUSA). DUSA was, and remains, an independent incorporated association operating with its own governance and management arrangements.

While payment of the GSF was compulsory it was not linked in any way to membership of the student association. Membership of DUSA was automatically conferred on all enrolled students by virtue of the DUSA constitution, which also provided for students to opt out of membership. The opportunity for each student to indicate that they wished to opt out of membership was provided at the time of enrolment each year.

In 2005, before the VSU legislation was fully implemented, the University allocated \$4.8m of the GSF revenue to DUSA and retained \$1 million to assist in the provision of some core student support services. The allocation of GSF funds to DUSA was governed by a formal agreement which required DUSA to use the revenue in accordance with the requirements of the Victorian Tertiary Education Act (1993). This formal agreement also required DUSA to submit an annual plan for University approval for the expenditure of the funds and audited reports to verify compliance with the approved plan.

#### *Financial implications*

The financial impact on the University in 2006 and each year thereafter is the loss of access to revenue of in excess of \$5m, taking into account growth in student numbers, which was available to support student services.

The University and DUSA have adopted a dual approach to providing revenue to support these student services previously funded from the revenue generated through the GSF. The University and the management of DUSA undertook a detailed examination of all services funded by the GSF and reached a joint agreement on those services which both parties agreed were essential to be continued. The University then made an allowance of significant funds in its annual budget to support the continuation of these essential activities, as well as taking over some of the other services previously funded by DUSA. \$2.025

million was allocated in 2006, and a further \$1.5 million in each of 2007 and 2008. These figures were based on an agreement with DUSA that the Association would also charge a voluntary fee to students which would generate revenue for them to assist in the continuation of some other services. DUSA also indicated that it would reshape some of its commercial enterprises, such as food services and work on increasing revenue from this source.

Under the current arrangement, students who do not elect to pay the voluntary fee are either charged by DUSA a significant contribution to the cost of the particular service or at a higher rate for the use of the service than for members. This generates some additional revenue. Hence at Deakin University the following approaches have all been used to some degree to offset the loss of income from compulsory student union and amenities fees:

- voluntary contributions from students;
- financial and in-kind support from the University; and
- the implementation of user-pays approaches in some areas.

Despite the implementation of these strategies, DUSA has experienced a dramatic drop in membership and financial contribution compared with the allocations under the GSF.

## **2. Changes in service provision since the introduction of VSU**

Revenue generated by the GSF was used to support the provision of the following student services and facilities:

- Maintenance and development of sporting, recreation and leisure facilities
- Service Development Fund – allocated through competitive bidding for new and innovative student service initiatives
- Direct funding, administration and governance of sporting and other recreation clubs
- Participation in Inter-University Games
- Student Leadership programs
- Student Accident Insurance Scheme
- Welfare Services (food, book grants, financial assistance, problem solving and referral)
- Off Campus Housing services including tenancy advice
- Specific educational and recreational programs tailored for international, postgraduate and mature age students
- Social programs
- After Hours Distance Education Student Help-Line
- Academic advocacy services for students
- Orientation programs
- Communication – Magazine, Newsletters, e-newsletter, Student Diary, Student radio
- Child Care subsidy
- General representation.

The impact of the loss of revenue has been negative, resulting in the diminution and reduction of services to students and the physical decline of facilities, particularly sporting and recreation facilities. This is a very important issue for a university like Deakin with its rural and regional campuses at Warrnambool and Geelong. Students in these locations, many of whom are new to these areas and are living away from home, are heavy users of sporting and recreational facilities on-campus and rely on the viability of the various sporting clubs and societies for social interaction.

The impact on our reputation with International students is also of concern. Consistently, through surveys and other forms of feedback International students report high levels of dissatisfaction with lack of opportunities to mix with and engage with domestic students. This is obviously also a lost opportunity for domestic student students and is considered to be a direct result of the lack of resources that have been available to drive student engagement and social programs.

The services which the University and DUSA jointly agreed were essential to be funded were the following:

- Maintenance and development of sporting, recreation and leisure facilities
- Off-campus library and key learning services
- Child-care subsidy
- Indirect advocacy and targeted programs for international and distance education students
- Orientation
- Student Accident Insurance Scheme
- Direct advocacy for students
- Communications – contribution to the student diary.

The University fully took over additional responsibilities in respect of the first six of the above services. The University allocation to DUSA has been limited to funding (tied to a service agreement) for the provision of academic advocacy services.

Hence, in general terms, the loss of GSF revenue has resulted in the following negative impacts.

- Funds have been allocated for basic maintenance of sporting and recreation facilities, but no major maintenance, upgrades or expansion have been possible since 2005, other than through grants won as part of the VSU Transition Fund.
- Services and activities such as cultural events, legal advice, book subsidies, emergency loans, printing/binding services, tenancy advice, international student family network program, student leadership program, free or subsidised sporting equipment, elite athlete funding and distance student support have been discontinued.
- Other services have been reduced, including student social and networking events, student magazine and newsletters, financial and administrative support to clubs and societies.
- The University is aware that DUSA has substantially reduced staffing levels, resulting in loss of employment for the individuals and also a significant reduction in the professional support available to DUSA and its volunteer student representatives. Opportunities for students to obtain casual employment on campus with DUSA have also diminished.

In 2005/06 DUSA was in a strong financial position. The University is now concerned that DUSA may not be financially viable in the short to medium term. In the event DUSA ceases to operate, the University will either need to accept the elimination of some services and activities or take over and run services that are currently resourced through DUSA's extensive volunteer labour force. This will require allocation of additional resources from the University's general revenue, thereby diverting funds away from core teaching and research.

### **3. Changes in student representation and advocacy since VSU**

To date the Advocacy Service has been heavily subsidised through the provision of University resources but is managed and operated by DUSA. Hence the University is of the view that Advocacy Services have not been diminished since the introduction of VSU and there is no evidence to date of lower levels of support being provided at student appeals or disciplinary hearings. The University strongly believes that it cannot take over the operation of the Advocacy Services for students (i.e. it cannot advocate on students' behalf against itself) but, if it should prove necessary for financial reasons, the funding of a separately run service through a professional third party agency would need to be considered. Delivery of the service in this way would be more expensive (thus requiring more funds to be directed away from teaching, learning and research) and would be a retrograde step as the traditional support of students by their peers is a less adversarial system and one with which most students are comfortable.

The University is strongly committed to student representation on all of its major committees such as Council, Academic Board and its Planning and Resources Committee and any subcommittees which relate specifically to student matters, such as admission, selection, teaching and learning and the student experience. The University considers that student representation on some of these committees is not as effective as it has been in the past. The capacity of the Student Association to actively support student representation on University decision making bodies has been severely constrained, thereby impacting on the capacity of the student body to contribute meaningfully and in an informed way to debate and University decision making.

### **4. Funding amenities and services**

Deakin University is of the view that core student support services should be provided through the University budget and that these services represent the programs necessary to ensure student success and retention in university study. However there are a range of other services, such as advocacy, the accommodation services, legal and financial advice, some other health services, such as dental services and the existence of strongly supported sport and recreational facilities and clubs which enhance the quality of student life and make their time at university enjoyable and memorable. In our view it is reasonable that there should be some contribution to the provision of these additional services through user funding. The University favours the charging of a compulsory services fee, but having this divorced from student association membership much as it was at Deakin before the introduction of the VSU legislation. This removes the concerns about political affiliation and the use of funds generated for political purposes. At present the system resulting from the VSU legislation is anomalous, in that international students can still be charged a general services fee (it may be rolled into the tuition fee) but universities are not allowed to charge a similar fee for other students.

Universities, not student bodies, should be the recipient of any funding (whether derived from Government operating funds or from compulsory user pays arrangements) for student services and, subject to reasonable conditions, be free to determine how those funds will be used, based on their own missions, circumstances and priorities. The Government might reasonably prescribe in broad terms that the services may only be used to provide services and facilities that directly benefit students or the institution and be required to acquit for the use of the funds as has been the case in Victoria for some time.

The method that applied in Victoria some years ago, when the Kennett Government introduced a system of transparency about use of funds collected from students and required through legislation that such funds should not be used for political activism, appeared to work well. It required student associations and universities to demonstrate that any expenditure on student political magazines or other activities such as running elections and campaigns were funded from commercial sources or voluntary donations.

The payment of the fees should be managed and collected by the university. Decisions on the use of the revenue collected in this way should be transparent and reflect the priorities of the university and its student body as evidenced by student feedback about the range and quality of available services. The provisions of the current Bill relating to strengthening the input of the student body in determining the use of the revenue is supported.

One of the concerns about the previous requirement to collect compulsory general services fees was the requirement to pay such additional fees upfront. Even though the fees were generally much less than either the HECS student contribution or tuition fees, there was considerable defaulting on payment of the fees, which sometimes impacted on students' continued access to courses and services. A suggestion has been made that, should compulsory services fees be reintroduced, students should be able to defer the cost of them through the HECS-HELP system. Given that about 85% of Commonwealth supported students defer their HECS debt in this way, this would seem to be an effective solution to the upfront payment concerns of the past. However it would not assist the remainder of students who are enrolled as domestic postgraduate fee or international students. Maintenance of the FEE-HELP system and use of this in a similar way to that proposed for HECS-HELP would cover the domestic student populations, and such a proposal would be supported by Deakin University.