

# SUBMISSION TO THE SENATE SELECT COMMITTEE ON THE SCRUTINY OF NEW TAXES

INQUIRY INTO THE PROVISIONS OF THE HIGHER EDUCATION  
LEGISLATION AMENDMENT (STUDENT SERVICES AND  
AMENITIES) BILL 2010

**29 OCTOBER 2010**

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Education (Public Affairs) Officer  
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**Senate Select Committee on the Scrutiny of New Taxes  
Parliament House  
Canberra**

Dear Senators,

**RE: HIGHER EDUCATION LEGISLATION AMENDMENT (STUDENT SERVICES AND AMENITIES) BILL 2010**

The introduction of *Higher Education Support Amendment (Abolition of Up-Front Compulsory Student Union Fees) Act 2005* extended voluntary association to students and relieved them of a financial burden amounting to up to \$590 per annum.

The proposed \$250 compulsory amenities fee acts as a regressive poll tax on students, being levied regardless of a student's income or ability to afford the fee. The bill appears to be the same as the 2009 version that was rejected by the Senate, and should be rejected again.

While I support universities being able to provide the services that students desire at the prices that they determine, the current arrangement ameliorates, at least in part, distortions arising from price restrictions placed on academic services. Reform of the sector designed to improve students' academic and non-academic experience must be more fundamental, encompassing a broader review of universities ability to access private funding and the delivery system of public funding.

The proposed system will be unworkable in design and practice. The bill will not achieve the delivery of more services and amenities that students want or prevent the abuse of student money for political purpose. The quarantined and guaranteed revenue stream would likely ensure that non-academic services are unresponsive to student demand. More perniciously, the legislation thus renews the possibility of corruption similar to that of the Melbourne University Student Union (MUSU) that was liquidated in 2003. The voluntary system has since held Melbourne University's student union to account.

In addition, the complexity contained within the legislation about what can be funded from university money and what can be funded from student money not only denies universities the ability to make decisions about the services they offer, but creates an irreconcilable incompatibility between safeguards on the use of student money and the improvement to services that the bill is intended to provide.

The new obligations on the universities are, moreover, unfunded. Funding per student to universities has fallen dramatically in real terms every year since 2007 and the supply of international student and full fee funding has been restricted without any corresponding changes to the price caps on domestic CSP students. The proposal would therefore accelerate the deleterious impact on universities.

I know first-hand that student services have not collapsed as many have claimed; that the bill will coerce the poorest members of society to subsidise a small minority; that the safeguards on student money being spent on political activity are inherently insufficient and that the proposed arrangement may restore corruption and severe ineptitude. Thus, I am compelled to urge the complete rejection of the bill.

**Yoni Cukierman  
Education (Public Affairs) Officer  
University of Melbourne Student Union**

## VOLUNTARY STUDENT UNIONISM

- The introduction of voluntary student unionism in 2005 has led to members of students unions saving an average of approximately \$250 per annum. Those who have chosen not to be members of student unions have saved approximately \$320 a year.
- Under this arrangement, students can spend money on goods and services they desire, such as textbooks, social activities and overseas holidays, rather than paying a compulsory fee regardless of their wish to use the services the fee funds or their ability to obtain value for money.

## STUDENT SERVICES

- I completely reject claims that student services have collapsed since the introduction of voluntary student unionism as misleading at best.
- Having been elected to office at the University of Melbourne Student Union, there is a widespread awareness that student unions have sought to deliberately run budget deficits in order to garner public attention over claims about voluntary student unionism. The University of Melbourne Student Union is itself prevented from doing so since its restructure resulting from liquidation in 2003.
- For example, in 2008, serious allegations of this type surfaced in *Honi Soit*, the newspaper of the University of Sydney Union<sup>1</sup>. However, most budget meetings of student unions are held privately, hindering the availability of information.
- Services no longer provided by student unions are now, in many cases, provided by the private sector, the university or government. While student unions have very frequently been unresponsive to student demand, services widely desired by their members and the broader university population have been made available through other avenues.
- For example, private and university providers offer medical and counselling services at nearly all universities at no or low cost.
- The University of Western Australia has membership rates in the relatively high order of 60 per cent since its student association has operated in a voluntary environment for some time in Western Australia, ensuring that its services are responsive to student demand.
- The removal of a guaranteed source of funds has removed incentives for corruption as student unions are compelled to tailor their services to diverse student wishes in order to succeed. This has ensured better value for money and provided greater accountability, which was indeed mandated by new reporting requirements contained in the 2005 legislation.

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<sup>1</sup> *Honi Soit*, edn 16, 20 August 2008, <http://www.src.usyd.edu.au/Honisoit/pdfs/817.pdf>

## POLITICAL EXPENDITURE

- The bill will fail to prevent compulsorily acquired student money being spent on political causes.
- Student associations should be able to draw public attention to education and community issues, where support for such activity is voluntarily provided. This bill, however, would inevitably force students to fund causes they are otherwise unwilling to support with financial or other resources.
- As in all other areas of liberal democracy, students should enjoy freedom of association and freedom of political communication.
- While the bill prohibits expenditure on political parties and the election of representatives to federal, state or local government, a number of political organizations are not covered by the restrictions. These organizations include those not registered as a political party, which requires at least five hundred members on the electoral roll or parliamentary representation according to the AEC.
- Student money can thus readily be spent by radical professional student politicians on pet political causes, well outside the mainstream political opinions of the silent majority.
- In practice, student unions will receive funding from universities acquired by the compulsory fee, given requirements that certain student union services be funded by universities and public statements by the universities themselves. This enables student unions to spend compulsorily acquired student money on radical political activism.
- At the University of Melbourne, turnout in student elections is approximately 5% of all students. Turnout has not been much greater even prior to the introduction of a voluntary system and one of 10% would be very high indeed. This severe lack of representation suggests that the legitimacy of any expenditure on political activity is highly questionable, if not completely non-existent under a compulsory arrangement.
- Mainstream students are often too apathetic to vote, but can express their views by withholding their money from membership fees. Student unions can plausibly claim to represent some students in a voluntary system rather than falsely claim to represent all students in a compulsory one.
- In addition, profits made from subsidised activities permitted by the legislation can then be deployed to activities not permitted by the Ministerial guidelines, resulting in cross subsidization. In other words, since certain areas are subsidized by the compulsory fee, other areas can benefit from the reallocation of freed up funds.
- Cross subsidization thus ensures that any compulsory arrangement is inherently incapable of preventing political expenditure.

## POLL TAX

- The proposed tax denies low income students the opportunity to choose which services \$250 of their money is best spent on, which would likely deny many of these

students the ability to buy important academic materials such as text books or membership to a sporting association.

- The fee is charged regardless of a student's ability or capacity to pay. The fee is thus a regressive poll tax in form and substance.
- The amount of the cap on the fee of \$250 appears to have been chosen arbitrarily, lacking any kind of coherent rationale or justification for its magnitude.
- Poor students, who often work multiple jobs to pay for the costs of living, are less likely to be able to make use of the subsidised amenities and services. Others, such as mature age students working full time and only attending night classes or students studying by correspondence, will obtain no value whatsoever from the fees, being forced to subsidise the activities of others.
- Therefore, those who do enjoy subsidised membership of sports clubs or subsidised alcoholic beverages, for example, are in many cases best positioned to afford such items at the market rate.
- The proposed deferability of the fee does not absolve its inequity. In addition, the new student loan scheme, SA-HELP will create enormous complexity and administrative costs, as the scheme will operate in tandem with HECS-HELP and FEE-HELP. (Students borrowing \$250 will almost certainly be borrowing under either of these schemes as well).
- Many proponents of the proposal advocate that the compulsory fee is similar to local council rates. However, the fee is not comparable in structure as rates are charged on the value of property. Moreover, student unions should not act as pseudo-local governments, lacking ministerial accountability to the Parliament unlike local government.

## CONCLUSION

- To preserve the legitimacy and accountability of student unions, promote the quality and diversity of student services, prevent the regressive and inequitable taxation of students and uphold the liberal democratic principles of freedom of association and freedom of political communication, I urge the full and complete rejection of the *Higher Education Legislation Amendment (Student Services and Amenities) Bill 2010*.