

Committee Secretary
Select Committee on the Scrutiny of New Taxes
By email: newtaxes@aph.gov.au

29 October 2010

Committee Secretary,

SUBMISSION TO SENATE INQUIRY INTO PROPOSED STUDENT FEES

1. The fee is a tax

The proposed compulsory student amenities and services fee is a tax in every practical sense.

In his speech on the *Higher Education Legislation Amendment (Student Services and Amenities, and Other Measures) Bill 2009*, Senator Steve Fielding called the fee “a tax on the poor”¹. The Senator’s statement is significant because it uncovers the regressive nature of the fee, and the relevance of the fee to any debate around new taxes.

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. The National Union of Students’ President, Carla Drakeford, has acknowledged the tax-like nature of the fee, arguing the need for student representation because there can be “no taxation without representation”².

2. The tax is regressive

As far as taxes are concerned, there is no tax in Australia more regressive than this one. 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 fee will be charged *regardless of whether the person chooses to use any of those amenities and services*³. 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.

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, 2005⁴.

Enabling students to defer the fee via HECS will not change the regressive nature of this tax.

¹ Senator Steve Fielding, Parliament House, Canberra, August 17 2009.

² Carla Drakeford, ‘Fees will restore vital student services’, *The Age*, 30 September 2010.

³ *Higher Education Legislation Amendment (Student Services and Amenities, and Other Measures) Bill 2009*, s. 19-37 (5) (a)

⁴ Harrison, D. ‘Unis poised for fee bonanza’ *The Age*, 3 November 2008,

3. The revenue raised will be used for Left wing political purposes

Student organisations, such as the National Union of Students (NUS), are out of touch with the broader student population. This is exemplified by the former NUS President, David Barrow:

“Universities, get the fee, students get the services but student unions get screwed.”⁵

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.

The legislation does not prevent student money from being spent on political campaigns. The legislation bans the fee from being use to support a political party or candidate, but does not prevent money being directed to issue based campaign bodies. The legislation does not prevent money being allocated to trade unions or political clubs. Money will inevitably be directed to the National Union of Students, which is dominated by Labor Party factions, and regularly campaigns in favour of Labor Party policies and positions.

The proposed compulsory fee is a tax in every practical sense, and should be treated as such. The proponents of the fee argue that it is the same as local council taxes, yet retreat from that argument when it is convenient to do so. The fee should be treated as a new tax, and its regressive nature should be uncovered and acknowledged.

Thank you for the opportunity to make this submission.

Kind regards,

Alex Butterworth

⁵ Harrison, D., ‘Students angry over fee proposal’, *The Age*, 20 February 2009.