

SUBMISSION TO THE SELECT COMMITTEE ON THE SCRUTINY OF NEW TAXES

Inquiry into proposed Student Fees

The Melbourne University Liberal Club welcomes the opportunity to give evidence to this Senate inquiry on an issue very important to students.

Compulsory fees act as a regressive tax on students

We oppose this compulsory fee on university students, on the grounds that it is in effect a regressive tax on students as it will be levied regardless of a student's income.

Students are one of the poorest sections of society and compelling them to pay a fee for services they may not want, need or more importantly may not use is simply unjust.

Many students work part-time around their classes in order to meet essential life expenses.

Forcing students to pay this fee prevents them from being able to allocate all their income to whatever they consider most necessary, whether this be food, textbooks, rent or some other essential expense.

Therefore, the fee will only make many students' already difficult financial situations even more difficult.

Union services are not as accessible to poor and working students

Student unions are simply incapable of catering to some students.

Students who attend university simply for academic reasons are likely to see no benefit from their \$250.

Similarly, mature age students working full time who attend night classes will see no benefit from their \$250.

Students studying by correspondence, who do not ever set foot on university campus,

may be forced to pay for services they will have no opportunity to use.

In fact, students living at home with their parents whose parents pay for their course fees and other expenses related to study, students living on campus in college accommodation and those who are already wealthy would be best placed to take advantage of subsidised student union services, despite being able to afford such services if offered by private sector providers.

Therefore, under the proposed new system, poor students and working students will inevitably be forced to subsidise the leisure activities of students in a more comfortable financial position.

VSU places downward pressure on student union fees and streamlines services

The strictures that voluntary student unionism has placed on student unions has improved the overall position of both unions and students.

Because membership is voluntary, student unions must offer relevant services in order to attract members and their fees. The current voluntary system ensures that service providers must work hard to provide a service that students want and use, as students have the autonomy to spend their money only on services that benefit them and offer them value for money.

Compulsory fees encourage inefficient allocation and mismanagement of resources. If service providers receive money regardless of their performance or relevance, there is no incentive for them to make their service attractive to students.

The guaranteed revenue flows to student unions implied in the proposed legislation would allow student unions to return to unrepresentative and deplorable behaviours by student unions such as storming the Vice Chancellor's office as happened at the University of Melbourne in 2004 or donating money to international terrorist organisations as occurred in the 1970s.

There has been no remarkable decline in services offered by the University of Melbourne Student Union. For the most part savings have been made by limiting political expenditure, on political campaigns and union quangos, not by limiting useful services.

VSU has also encouraged student unions to generate revenue via other means, such as sponsorships and shop rents.

Most importantly, VSU has placed downward pressure on union fees.

Prior to the introduction of Voluntary Student Unionism, the University of Melbourne Student Union charged students \$392 in 2005. By 2008 student union membership had decreased to \$198 and in 2010 it is just \$99.

Under voluntary student unionism, students at the University of Melbourne have saved at least \$293 on their student union fees.

If the proposed legislation is enacted, students who chose to join their student union at the University of Melbourne will have to pay up to \$150 more than they currently do with no guarantee that student union services will improve or that services will not decline.

Freedom of association and political expenditure

The Melbourne University Liberal Club supports the principle of freedom of association and the principle that students should not be forced to finance political expenditure they do not agree with.

Under the Higher Education Legislation Amendment (Student Services and Amenities) Bill 2010, student fees could be paid to support organisations and causes that a student may not support.

Section 19-38, paragraph (1) of the Bill prevents bodies in receipt of compulsory fees from spending monies collected as a student services and amenities fee to support:

a political party; or
the election of a person as a member of:
the legislature of the Commonwealth, a State or a Territory; or
a local government body.

However there are many political organisations that do not fall under the definitions above leaving the opportunity very open for student fees to be used to fund political groups.

Higher education bodies can pass on any proportion of the fees collected, as they see fit, to the campus's student union. This means that students could be forced to contribute to an organisation that they may have chosen not to join.

It may come as a surprise that the Melbourne University Liberal Club would not be ineligible from receiving money collected from the fee as we are not a political party per se.

Nor would groups like Socialist Alternative, who have a history of wasting student money on protests and other events that are not supported by the vast majority of students, be ineligible.

While the Melbourne University Liberal Club supports the right of student organisations to have their say on student issues, we believe that this must be done solely on a voluntary basis. We do not believe that such activity should be in any way funded by

students who have chosen not to associate with the organisation.

Corruption, waste and mismanagement in student unions

The Melbourne University Student Union has a history of corruption and mismanagement.

In 2004, the student union was liquidated after its president entered it into a \$46 million property deal which sent the union into bankruptcy.

In 2008, the union funded the legal costs of a man accused of assaulting police officers and damaging a police station during a riot on Palm Island in Queensland.

Additionally in 2008, money was taken out of a department that provides student activities and enhances student life in order to give even more money to the National Union of Students. The UMSU clubs and societies budget was slashed by \$18,000 (24%) in order to fund a \$15,000 increase in funding to the National Union of students.

Even under the strictures of VSU, unions have been tempted to give even more money to a highly political organisation that spent a quarter of a million dollars campaigning against the Howard Government at the 2004 election.

Recommendation

The Melbourne University Liberal Club recommends that voluntary student unionism be retained in its current form. We do not and will not support any piece of legislation that compels students to join any student organisation or levies a compulsory fee on students for non-academic purposes.