

# Submission

to

Senate Employment, Workplace Relations and Education  
Legislation Committee

## **Inquiry into the provisions of the Higher Education Support Amendment (Abolition of Compulsory Up-front Union Fees) Bill 2005**

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## **Introduction**

The interim Student Representative Committee (ISRC) is responsible for providing representation and services for students at the University of Melbourne. It does this in conjunction with a number of other bodies, including the University of Melbourne Postgraduate Association (UMPA), MU Student Union Ltd (MUSUL), Melbourne University Sport (MUS), University of Melbourne Children's Services and student organisations at campuses other than the University's main campus in Parkville, Melbourne. The ISRC will be succeeded by a permanent, incorporated body later in 2005.

The ISRC is of the view that the proposed legislation will be detrimental to the experience of every student at the University of Melbourne. The first section of this submission outlines what the ISRC does and how it benefits students, the University of Melbourne and the nation. The second section explains why, should the proposed *Higher Education Support Amendment (Abolition of Compulsory Up-front Union Fees) Bill 2005* be passed, these benefits provided by the ISRC will be greatly stripped back or lost entirely.

## **Section 1: Benefits Provided by the Interim Student Representative Committee**

### **Background: Funding, Membership and Areas of Responsibility**

The ISRC is responsible for direct provision of the following for students at the University of Melbourne:

- Student representation;
- Student clubs and societies;
- A student newspaper, entitled Farrago;
- An academic advisory service, known as the Student Union Advisory Service;
- Student activities and entertainment.

The ISRC is also responsible for providing student input into the wide range of student and commercial services operated by MU Student Union Ltd, a subsidiary of the University of Melbourne.

The ISRC's primary source of funds is a portion of the Amenities and Services Fee collected from students (at a rate of \$49 per subject) by the University. Students are not compelled to become members; at present, approximately 90% of students at the University of Melbourne are members. Governance is provided by student representatives elected from the student population at the University.

Student organisations at the University of Melbourne are formed by the University exercising public power pursuant to statute. With respect to those people who voluntarily elect to become students at the University, the student organisations are public associations, serving the public good according to the legislation and regulations creating it. All students have a right to participate in the affairs of the student organisation. Claims that students who have voluntarily enrolled at the University have a right to dissociate from the student organisation or contribute on a voluntary basis to its activities are as specious as claims that members of the wider community have a right to dissociate from the nation or to pay taxes voluntarily. Universal access to membership unconditionally guarantees the democratic right of all

students to participate in the affairs of the student organisation by attending meetings, speaking, voting in elections, standing for office and participating in working groups and collectives. That right is at present unconditional; under the system of voluntary voting in place, those that choose not to participate are still exercising their democratic right. Likewise, contributions to the cost of student amenities and services, like the rates collected by local government to ensure adequate services to the whole community, are a contribution to the collective welfare of all students on campus.

There are over 42,000 students at the University of Melbourne – the community at the University is larger than many local governments, and over half the size of the Northern Territory. Students – as members of this University community – should have input into matters of common interest, such as the provision, cost and quality of their education, and other issues which affect students at a federal, state, local and community level. Likewise, students should have access to basic services which allow them to continue to function as members of the University community they have chosen to join and as members of the society in which they live.

An overview of the ISRC's direct responsibilities, and the benefits they provide to students at the University of Melbourne, follows.

### *Representation*

Representation involves office-bearers elected from the student population:

- Representing students' interests with respect to policy matters on University committees, to the University more generally, in the community and to government;
- Providing advocacy, support and referral for individual students and groups of students.
- Directly providing, and providing a forum for, student social, cultural, political and recreational activities.
- Supporting student social, cultural, recreational and educational initiatives by providing financial and administrative support, and expert guidance.
- Publishing a range of student publications, including the student newspaper, Farrago.

Student representation ensures students' interests are taken into account in universities and across society. Given the size and complexity of the student body and of the University of Melbourne, this is not something which can be done on a voluntary basis. Universities will not be able to realise necessary improvements in teaching and learning outcomes, nor be able to move toward a more student-driven learning model, without meaningful input from student representatives. Likewise, input from student organisations assists government departments and instrumentalities responsible for policy areas such as education, training, income support and youth affairs improve policies and practices.

For instance, in 2005 at the University of Melbourne, input from student representatives has led to improvements in areas such as the following:

- Administrative and enrolment services for students;
- Student computing facilities;
- Support for students facing unsatisfactory progress hearings;
- Library and information technology services;

- Budgetary incentives to faculties of the University making improvements in teaching and learning.

Representation ensures students receive support when in difficulty. For instance, earlier in 2005 the actions of a student office-bearer ensured students commencing honours years were not overcharged for their tuition at the University, while the ISRC Welfare Department regularly provides free meals to the many students living well below the poverty line.

Representation provides opportunities for personal development, promotes civic engagement, and fosters leadership skills. People involved in student representation who have gone on to make significant national contributions include Sir Robert Menzies and Gareth Evans. This development is not confined to representative activity; for instance, the support of their student organisation at the University of Melbourne was central to the development of talented performers such as Cate Blanchett and Barry Humphries.

Student representation allows students to have a variety of social, cultural and recreational experiences during their time at the University. For instance, the ISRC supports a student Environment Collective, which provides an opportunity for students to establish a network of like-minded peers while acting to promote positive change and engagement with important social issues both on and off campus.

Student representation also serves an important function in promoting equity and access within the University, and in supporting students who are underprivileged or face discrimination or oppression both within the University and in their lives. For instance, the ISRC's Womens Department recognises that women have special needs and rights that must be acknowledged and respected, and works to combat the hostility and discrimination which women often face within the University.

Student representation is an important form of quality assurance for the University. It ensures input from the group which is the sole focus of teaching and learning and from which the University derives much of its revenue. This is particularly important in light of the greater focus the Commonwealth government is placing on quality assurance in universities, such as through the formation (and possible expansion) of the Australian Universities Quality Agency. Input from student representatives, as with other stakeholders in the University's activities, is fed back into the University's decision-making processes to ensure continuous improvement.

Support staff provide assistance to elected student office-bearers. This support is critical to office-bearer's work given the size and diversity of the student population they are responsible for representing, and the size and complexity of the University with which they interact. Implementation of the proposed legislation would lead to both the loss of these support services and to significant job losses.

### *Farrago*

*Farrago* is the University of Melbourne's student newspaper. It contains student comics, artwork and photography as well as articles on music, politics, philosophy, economics, cultural criticism and human interest stories. *Farrago* gives students an opportunity to develop a range of vocational skills including writing, editing, design, organisation and all

other skills necessary for the production of a newspaper. *Farrago* also operates as an epicentre for student life: by providing a forum where students can express their thoughts and views it validates the student experience, combats student isolation and provides the student body with a sense of community. *Farrago* has a print run of 10 000 copies but we estimate that the readership is much larger than this as a result of students sharing copies. Without *Farrago* as a conduit for creative expression there is no doubt that the university experience would become a more sterile and isolated one for many students.

### *Student Union Advisory Service (SUAS)*

SUAS provides advocacy, support and counselling, primarily in relation to issues of academic progress, grievances and other interactions with the University. This support is critical for students who, in disputes and grievances, are not on an equal footing with a large and powerful institution such as the University of Melbourne. To ensure students are accorded procedural fairness in these processes, it is important it is provided independent of University involvement. Advice on policy issues relating to these activities is also provided to elected student office-bearers. Recent reports into complaint handling at universities produced by both the New South Wales and Victorian Ombudsman praised the positive contribution to students' interests and to the complaint-handling process made by student rights officers such as those employed by SUAS.

In conjunction with student representatives, the Student Union Advisory Service ensures students are supported in the event of academic and personal difficulty. Research demonstrates student support services, advocacy and representation all improve the proportion of students going on to finish their degree. Without SUAS support, many students would be unfairly required to discontinue their studies or would leave the University. Subsidisation of services such as this through student organisations ensures a greater range of people are able to attend university. Moreover, SUAS is understandably used by those students most in need, so absence of this service would lead to vastly inferior access and equity outcomes.

The loss of these services under VSU will make it harder for many students to continue studying. Future employers need high-quality graduates, not drop-outs, but the implementation of VSU will lead to a drop in retention rates. In many cases, the cost of subsidising these services, previously borne by students, will also be passed onto taxpayers, for instance through increased welfare payments.

International students are also over-represented among the students SUAS supports. These support services, and the rich campus life offered at Australian universities, are central to international student recruitment. In addition to many benefits such as opportunities for cross-cultural interaction, international students contribute approximately \$2billion to the Victorian economy annually, including over \$550,000,000 in tuition fees. Australia's status as an international student destination of choice will be seriously, and justifiably, weakened by the negative impact the proposed legislation will have on student support services and campus life at Australian universities.

### *Clubs and Societies, Entertainment*

The ISRC provides support for over 100 faculty, departmental and general interest student clubs and societies. These serve students social needs by offering opportunities to meet like-minded people. They play a very important role in combating the isolation many students face at university.

The ISRC Entertainment Unit puts on a range of events for students including film nights, bands, barbecues, cultural events and night markets. These are subsidised or free of charge and provide students with a wide array of activities to make their time at university more enjoyable and encourage social and cultural interaction.

These kinds of extracurricular activities contribute to a vibrant campus life. They aid students' personal development, offering students a broader educational experience than what is learned in lecture theatres. Yet if the legislation were implemented many universities will be able to offer less extracurricular activities than the secondary schools from which their students came. It has also been demonstrated that there is a positive correlation between participation in extracurricular activities and student retention and progression rates. Between support services and extracurricular activities, the ISRC makes a major contribution to University of Melbourne students having some of the best retention and progression rates in the country.

## **Section 2: Flaws Inherent in the Proposed Legislation**

It is disappointing to note the failure to consult students and student representatives prior to the development of this legislation. In itself, such an approach is illustrative of the need for representation of students' interests to government and the broader community. This is particularly problematic given the proposed legislation amounts to a representative institution undermining other, smaller representative institutions and denying a sector of society the right to representation on issues that affect them.

Moreover, no assessment of the likely impact of the proposed legislation has been completed. Claims as to its likely positive impact are made in the dark, without any modelling or empirical data to support them. Indeed, it is clear the only prior implementation of legislation such as that proposed was in Western Australia, which had a marked negative impact on student experiences, employment and international competitiveness in universities in that State. Ideology needs to be put aside, and greater attention needs to be paid to the facts associated with this issue and the substantive effects the proposal legislation will have.

Proponents of the proposed legislation have argued that student organisations will continue to be able to function effectively, subject to the market discipline inherent in an environment where payment for non-academic services is voluntary. This argument fails to acknowledge a range of practical impediments which will inevitably curtail student organisations' capacity to operate, irrespective of their efficiency or of the quality of service they may provide. Thus the consequence of the proposed legislation would be that many of the benefits described in the previous section would be needlessly lost.

### *The Free Rider Problem*

The first is the problem of free riders. Many of the benefits created by the ISRC, particularly in the area of representation, are, in economic terms, public goods. The benefits are not divisible or capable of being isolated. Students will benefit whether they are members of the student representative body or not – improvements in examination procedures secured by student representatives will flow on to all students, not just those who have paid a fee for non-academic services. There is little incentive to become a member of a body from which one could derive the benefits of membership without incurring the costs.

The inequities created by this free rider problem are also intergenerational. Students benefit from services and representative activity built up over many years by student organisations at the University of Melbourne. For instance, student representation has occurred at the University for longer than the Commonwealth of Australia has been in existence, while *Farrago* is celebrating its 80th anniversary this year. Students will receive the benefits of this accumulated activity whether they pay a fee for non-academic services or not, thereby obtaining these benefits without contributing to the ongoing costs of continuing to provide these benefits. Free riding students are able to obtain these benefits irrespective of the quality of representation or the efficiency of the organisation – they are not making a meaningful market choice based on the organisation's performance. This is why student organisations operate democratically, giving students real choice in how they operate. The proposed legislation would undermine this choice, and have the ultimate effect of silencing students, whether active participants in, or passive beneficiaries of, student organisations.

### *Economies of Scale in Providing Representation and Services to All Students*

Universal contribution to amenities and services fees, and universal access to representation and services provided by student organisations, ensures students' resources are combined for maximum benefit as student organisations take advantage of economies of scale on behalf of all students. Obviously it is inevitable that some students (who have all voluntarily joined the university community) benefit more or less than others, just as some students will benefit more than others from payment of tuition fees, and some taxpayers benefit more than others from payment of taxes. It would be neither appropriate nor feasible to suggest that universities should be required to charge voluntary differential tuition fees based on how many lectures a student attends, yet this is what the proposed legislation is doing in the area of student representation and services.

Leaving aside the fact that many of these benefits would be accessible without payment of a fee for non-academic services, the tangible and intangible benefits students derive from payment of this fee will almost inevitably outweigh the costs involved. These benefits would also be reduced should the proposed legislation be passed, since a substantial proportion of a student's voluntary payment to a student organisation would have to contribute to the costs of membership generation and retention. This does not directly benefit students, and such transaction costs do not presently exist.

### *Imperfect Information*

If a market is to function effectively, buyers and sellers in that market must have a satisfactory level of information. However, this is not the case in the context of student representation and non-academic services. For instance, it is natural for students to believe at enrolment that they will not need a service such as academic advocacy and support. Yet many do end up needing these services. It is difficult to predict in advance the need for such a service, so many students would take the short-term view and save some money at enrolment, while holding a view that it is good the service is there. More broadly, it is almost impossible for a student to make an informed assessment of the costs and benefits of payment for the large package of services and representation available from a student organisation when they are enrolling. This is particularly so for first-year students, who make up approximately 40% of students at the University of Melbourne in any one year.

### *Degradation of Services Will Render Market Choice Meaningless*

The Australian Vice-Chancellors Committee rightly notes that most students, given the opportunity, will look to save on the expense of fees for non-academic services, not understanding the impact it will have on the range and level of services available to them. However, this lack of initial contribution means support services will not have the stable income necessary to employ staff and offer meaningful service. Thus students who wish to pay a non-academic service fee and access such a service, either at enrolment or when they face difficulty, will not be able to. The "choice" they are given by the legislation is devoid of meaning – it amounts to a choice between paying for a service which will not exist and not paying for a service which will not exist. The need for a universal non-academic services fee



to combat this market failure is the same as the need for a compulsory fee for third party accident insurance for those who choose to drive.

### *Equity Implications*

Additionally, even where those services continue to exist, allowing access to support services on an optional basis means those that need those services most will be unable to access them. There needs to be room for democratic judgement to find a balance between blind market forces and fair and reasonable equity measures – it is appropriate and just for student organisations to help disadvantaged people successfully complete their university studies even where these cross-subsidies distort pure market forces.

### *Unnecessary Intervention in University Activities*

The decision to attend university is a voluntary one. Students are not compelled to attend university. However, if a person decides to attend a university, they must do so according to the terms set by that university, just as if a person decides to purchase any good or service, they must do so on the terms set by the vendor. Many universities choose to charge fees for student representation and non-academic services as a condition of enrolment. (It is worth noting there is no empirical evidence demonstrating this fee has had any impact on people's decisions to enrol at universities). Universities, like many other organisations and aspects of society, have functioned most effectively when subjected to minimal unnecessary government intervention in their affairs. The proposed legislation represents such an unnecessary intervention. While ostensibly promoting free market activity, the proposed legislation in fact obstructs the capacity of universities to tailor their educational offerings to students.

Most universities are transformative institutions engaged in a broad process of education. They have educational missions which aim to foster attributes such as teamwork, leadership and the capacity to contribute to the community as well as the direct transfer of knowledge. Student organisations work in partnership with universities to sustain a campus culture in which these attributes can develop. The idea of a rich campus experience supplementing the education students receive in the classroom is something which characterises leading universities worldwide, such as Harvard, Yale, Oxford and Cambridge. (It is worth noting the only other OECD nation which has imposed such legislation is New Zealand). The campus experiences at these leading universities are all supported by fees for non-academic services collected from all students at those universities. The proposed legislation would deny Australian universities the capacity to offer this kind of rich campus experience and effectively develop these graduate attributes. Moreover, currently these opportunities are offered to all students. The experience in Western Australia of legislation similar to that proposed was that the bulk of students taking out membership of student organisations were from wealthy backgrounds. Treating the non-classroom aspects of a university education as an “optional extra” leads to serious inequity, allowing only wealthy students to have a genuinely first-rate university education.