

AUSTRALIAN LIBERAL STUDENTS'
FEDERATION



Submission to the Senate Employment, Workplace Relations and Education
Legislation Committee

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



Friday 24th of June 2005

Senate Employment, Workplace Relations and Education Committee

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

Dear Senators,

The Australian Liberal Students' Federation (ALSF) has been the peak body for Liberal Students since its founding over fifty years ago. The Federation is made up from constituent Liberal Clubs formed at university campuses across Australia.

For over 30 years of its history, the Federation has proudly supported voluntary student unionism. Indeed, the ALSF has been the prime supporter of voluntary student unionism in Australia, with generations of former members having advocated and fought for voluntary membership of student unions.

Unlike bodies such as student unions and the National Union of Students, the ALSF has no vested interest in the funding arrangements for student unions. Our belief in voluntary student unionism stems from a belief that students have the right to choose whether or not to join a student organization, and whether or not they wish to use the student services provided.

University campuses remain one of the last bastions of compulsory unionism. The corrupting effects of a compulsory funding stream have led these organisations to become amongst the most inefficient and unrepresentative in Australian society - as demonstrated spectacularly by the collapse of the Melbourne University Student Union.

Voluntary student unionism is not merely an ideological fantasy - it is a pragmatic policy based upon real-world experience. In Western Australia, the introduction of voluntary student unionism saw a fall in the price of membership, with services provided which were far more relevant to students. This was entirely due to the powerful incentives which flowed from voluntary membership.

The ALSF was consulted in the drafting of the Higher Education Support Amendment (Abolition of Compulsory Union Fees) Bill, and its previous incarnations. The Bill is fully supported by the Federation, and we believe that it will introduce true voluntary student unionism on Australian campuses.

This Submission has been prepared by the Executive of the ALSF and volunteer Liberal students. It clearly shows the benefits the proposed Bill will have for all students studying at university.

JULIAN BARENDSE
President
Australian Liberal Students' Federation

A U S T R A L I A N L I B E R A L S T U D E N T S ' F E D E R A T I O N

Introduction

1. The Australian Liberal Students' Federation provides this submission addressing all areas of the Inquiry's terms of reference, that is:
 - I. An assessment of the likely effects of the legislation on the provision of student services, and related consequences; and
 - II. Consideration of the experience of universities and students where legislation has been adopted to regulate student unions, such as in Victoria and Western Australia.
2. The Australian Liberal Students' Federation (ALSF) urges the Committee and the Senate in the strongest possible terms to endorse and pass the Bill. This submission shall address:
 - the effect of the Bill on student services in general;
 - the effect of the Bill on the "University Community";
 - the effect of the Bill on the "student experience";
 - the effect of the Bill on university sport;
 - the effect of the Bill on external and part-time students;
 - the effect of the Bill on student services in rural & regional Universities;
 - the success of voluntary student unionism in Western Australia;
 - the failure of voluntary student representation in Victoria; and
 - arguments from the National Union of Students and the Australian Vice-Chancellors' Committee.

The Effect of the Bill on Student Services in General

3. The ALSF believes that the effect of the Bill on student services in general will be to the long-term benefit of Australian university students.
4. Currently Australian universities impose a compulsory student union fee on all university students as a condition of enrolment. This fee can be as high as \$500 per year (such as for first-year students at the University of Sydney).¹
5. Universities pass the millions of dollars collected from these compulsory fees directly to student unions for the apparent provision of services and democratic representation with little to no accountability in how these funds are spent; and regardless of whether each student derives any benefit from the service and/or representation provided. Accountability measures which were attempted in Victoria through the Tertiary Education Act 1993² failed to ensure the integrity of student funds (as discussed below).
6. In theory student unions are expected to use the funds collected to provide facilities, services and representation to the students that will assist the student whilst they are studying.
7. Unfortunately, the student unions, both now and in the past, have failed to meet these expectations.

¹ Press Release, Minister for Education, Science and Training (25/6/04)

² *Tertiary Education (Amendment) Act 1994 (Vic)*

8. As is the case in many industries where there is some form of government subsidy or other protection, student unions, under the protection of compulsory fees, have become wasteful, inefficient and generally unresponsive to the services and representational demand of their constituent members.
9. Under the compulsory union fee system student unions have become havens for student politicians who are more interested in furthering their own political ends rather than providing services that students demand. The compulsory student fee has served to subsidise the activities of these student politicians and wasteful bureaucrat.
10. For the purposes of this submission we shall divide student unions into two types:
 - political student unions
 - service-focused student unions
11. Political student unions generally act as a student representative council for students at universities. They are charged with representing students' interests to the university, to governments and to the wider community.
12. Service-focused student unions provide facilities and services to students. Such services may include bars, cafeterias, sporting facilities, gyms, and shops.
13. Universities typically have a system of separate organizations fulfilling these roles (such as at the University of Sydney and the University of New England); however, there are some universities which combine both roles (such as at the University of Queensland). The combining of these roles does not significantly affect analysis of these functions.

Political Student Unions

14. Political student unions are typically separate entities; examples of these include both the University of New England Student Association and the Monash Student Association. These organizations are usually 'autonomous student organizations' in that they rarely have universal or external members on their governing boards; it is the view of the ALSF that these tend to be the least representative of student organizations.
15. Political student unions have used the compulsorily acquired fees of students to fund extremist and unrepresentative political campaigns, which, if given the choice, it is highly unlikely that students would choose to fund.
16. In the past, it is well-documented that these political student unions (either as individual entities or through the National Union of Students) have used student funds to provide funding to such extremist organisations as the Palestinian Liberation Organisation and the Communist Party of Malaya.
17. In more recent times, there have been continued examples of extremist activities from these political entities, including: the purchase of an axe to break into a Vice-Chancellor's office at the University of Melbourne in 2001 (which gained extensive media coverage); the printing of stickers with the slogan "Bomb the White House Instead" by the Monash Student Association following the events of the September 11th, and; the screening of extremist videos at La Trobe University. Funds are routinely expended on protest activity on party political issues: including protests against the War in Iraq; and campaigns in State and federal elections.

18. The extremism which has been evident in political student union entities has often been exacerbated by low-turn out in the elections for student representatives. Turnout nationally is rarely above 10% of the student population – even more worryingly, the election processes are overwhelmingly determined by the unions themselves, without university supervision. This means that student groups are able to ‘capture’ student unions, and use their incumbency to ensure continued control. It is very rare that organizations such as the Victoria Electoral Commission conduct elections – indeed, in Victoria a private elections returns company was found to be beneficially owned by a recent former student President.³
19. The ALSF believes in freedom of political communication and that there is a role for student representation on student and general community issues. However, it is critical that these organizations are only permitted to use *voluntarily* obtained funds for these activities. The accountability that comes with needing to convince students to voluntarily contribute to student unions will be a far more effective check on the activities of student unions than any external prohibitions that could be introduced through legislation, or university statutes. This has certainly been the experience during the period of voluntary student unionism in Western Australia.
20. The current Bill will provide a strong incentive for student representatives to focus on issues more relevant to the concerns of ordinary students, as they will require mainstream support from these students for financial survival. This will be a strong balance against the ‘capture’ of unions by extremist political factions.
21. Under a voluntary regime, student politicians will be forced (through student demand) to champion and/or campaign on such causes as: unfair course rule changes; the imposition of unfair university fees; unfair treatment for individual students by academics or university bureaucrats; changes in Government policy on higher education and/or student welfare.
22. Under a voluntary regime, student unions that continue to undertake unrepresentative political campaigns will fail to attract the support of students and will face a corresponding financial repercussion.
23. It is only through the operation of the free will of students and the student union responding to those demands and needs will political student unions truly provide representation that is meaningful and representative to the mainstream student body.

Responses to Common Arguments made by Political Student Union Entities

24. Response to Argument that Voluntary Student Unionism will stop effective student representation at Universities:

One of the common arguments made by political student union entities is that compulsory (or ‘universal’) student financial contribution is required to ensure that students have an effective voice on the governance committees of universities, as well as student discipline boards.

This argument is simply not borne out on the facts. The Minister for education Dr Brendan Nelson last year revealed that student unions had a total national of over \$150 million.⁴

³ ‘Landeryou sued over student uni collapse’, *The Age* (24/05/04)

⁴ Press Release, Minister for Education, Science and Training (25/06/04)

However, the money that is required to fund student representatives on university committees is minimal.

Most University Councils and other governance bodies have external members, either appointed by government or through council itself – these external members are provided with access to required papers, minutes and other associated materials by university secretariats. There is no reason that these central secretariats could not provide secretarial support services to student representatives; and indeed, at many universities this already occurs.

25. Response to Argument that Voluntary Student Unionism will stop effective student representation generally

The National Union of Students in particular has characterized the Bill as an attack on the rights of students to campaign on issues of concern.⁵ Yet, the Bill does not seek to limit the ability of freedom of association, or the right of students to publicly demonstrate against the policy views of universities or government. Indeed – it is unclear why such student demonstrations require significant funding at all; let alone receiving the benefit of compulsorily acquired funding.

Most of the funding for student political protest is in the form of payments to student representatives as ‘full-time organizers’. Indeed, as an example, 85% of the over \$100k budget of the Victorian Branch of the National Union of Students goes towards the payments of its Office-Bearers.⁶ Why is this expense necessary for students to express political opinions? If students have a genuine and widespread belief in an issue, it is surely reasonable to expect that they will voluntarily mount public demonstrations. It is the opinion of ALSF that the proposition that paid organizers are needed to decide ‘student opinion’ is based on an inappropriate and out-dated model of industrial trade unions.

Indeed, if office-bearer payments were to be reduced – there is no reason to assume that this would be a bad outcome for student representation. Until its collapse, the President of the Melbourne University Student Union received a payment approaching \$30k in a yearly honorarium.

In comparison to average student income, payments of this scale are quite large, and would certainly influence the decision of candidates to run for office. Should unions reduce expenditure on office-bearer payments, in achieving savings under voluntary student unionism, there would be a stronger tendency for the classical role of volunteer advocates, seeking office for the privilege of representing students rather than material gain.

It is the belief of the ALSF that the argument that less money for representation equals a lower standard of representation is flawed, and is certainly not a sufficient basis to impose upon students a compulsory union fee.

Service-focused Student Unions

⁵ http://www.unistudent.com.au/news/1109899909_3577.html

⁶ National Union of Students Inc. Detailed Statement of Income and Expenditure for the Year Ended 31st December 2004.

26. Many people argue that main aim of the proposed Bill is to curb student political opinion. Above, it was shown that there is no necessary connection between compulsory funding and quality of student representation. The ALSF believes, however, that the benefit of voluntary student unionism will also be significant for the reform of *service-focused student unions*.
27. *Service-focused student unions*, as discussed above, are usually separate entities to the *political student unions*. Indeed, these entities have more variation in structure than their political counter-parts – often incorporating external members and university appointees. Also, there is diversity between these entities as to the sorts of services which they attempt to provide for students; many also have significant commercial operations. A facet these entities all share is that they all receive compulsorily acquired upfront union fees. The indiscriminate flow of student money to these organizations has led many to become inefficient and unresponsive – some have even been plagued by allegations of corruption (see the *Victorian* experience below).
28. Service-focused unions have argued that the services they provide are critical, and reliant on compulsory student union fees. Those professional union bureaucrats and student politicians who run these unions have a vested interest in keeping the system of compulsory funding. The evidence does not bear out that these organizations are run efficiently or in the interests of students.
29. Student unions, despite having the benefit of large annual subsidies (in the form of the student fees), operate wasteful and inefficient operations. This is a result of managerial complacency based on the expectation of their annual compulsory fee injection. The imperative to operate a lean and cost-effective operation is significantly diminished when one has a major injection of student funds. This amount is not even based upon performance or benchmarks, let alone a true test of student choice.
30. It is possible to quantify these sentiments, by looking at the actual expenditure of the student unions. The rhetoric of students gaining essential services at value is not borne facts on the facts:

31. **Case Study: Monash University (Clayton Campus)**

According to the information pamphlet on the Monash Student Association website, the association provides essential services which are under threat from the proposed voluntary student unionism Bill.

Indeed, in a publication on the effects of voluntary student unionism, they claim that: ‘the University would not be a fun place’ if the Bill is passed, and that ‘services such as subsidized child-care and Wholefoods [would] disappear altogether’. The Bill is compared in the documentation to being in the same class of events as the ‘Tiananmen Square Massacre’.

The reality of the situation looks very different though. Each student pays \$428 in a compulsory upfront Amenities and Services Fee,⁷ for this amount they receive:

\$238 worth of ‘Administration’
 \$30 worth of ‘Building Services’
 \$13.28 for Clubs and Societies
 \$22 for sport

⁷ Monash University Annual Report 2004

\$5.40 worth of child-care subsidies
\$5.40 for childcare
59c for [unspecified] 'student services'
49c for Student Theatre
28c for Food Services and Subsidies

This shows very clearly that the students of Monash University at Clayton are not receiving value for money; indeed, the amount spent on administration is seventeen times what is spent on Clubs and Societies.

Under voluntary student unionism, an organization like the Monash Student Association would not be able to take \$428 from students, and give them back \$13.28 on Clubs and Societies. The need to convince students to join the union will force them to reduce the cost of joining the union, while improving the service provided, as occurred in Western Australia.

32. This annual injection of compulsory fees has also allowed student unions to adopt substandard processes for business planning and decision-making. This is the reason that the student unions are so inefficient – shown in the Monash Clayton example.
33. To look more closely at particular example of poor decision making, in 2000 the University of New England Union's Board of Directors approved a proposal to establish an on-campus brasserie and function centre. Since operations commenced in 2001 the business unit has lost over \$180,000 annually. This figure represents nearly 20 cents in every dollar paid by UNE students to the UNE Union going to subsidies a business loss.
34. Had the Board of Directors of the UNE Union in 2000 gone through a proper planning process: looking at student demand for the service and analysing financial forecasts, no reasonable person could have supported the establishment of such a business. However due to a push by sectional interests (academics looking for a 'staff club'), proper decision-making was not followed and a very poor decision was made.
35. Poor decision making and bad planning is a common feature of student unions currently – due to their guaranteed source of income which is unrelated to performance. If the Bill becomes legislation, the effect of the Bill will be to force service-focused student unions to respond to the market forces of student demand.
36. Under a voluntary regime student unions will be forced to provide services and facilities that the students demand. The delivery of true value for money by the student unions will become paramount.
37. With the imposition of the voluntary regime, student unions will have to compete for student dollars and respond to the pressures exerted on them by competition from private operators.
38. Many opponents of the Bill argue that only student unions have the financial capacity to operate on campus, as it would otherwise be unprofitable. This is not true. At the Australian National University for example, many small businesses operate eateries in competition with the student union. In fact some provide better service at a better price than the student union.
39. It will also force student union administrations to make better use of revenue from sources outside of the student fee. Many universities already make substantial sums of money from commercial rent through the leasing of commercial tenancies. At the University of

Melbourne, such funding has meant that the compulsory fee counts for less than 50% of total revenue.

40. The Bill will cut away the waste and inefficiencies of that entrenched management have allowed into their business systems. No longer will they be assured of an easy annual cash injection. The Bill will ensure that these managers run student unions in a manner similar to any other business – responding to the demands of customers, competing for the limited funds of students.

41. *Response to Argument that Universities do not have the resources to fund services currently provided by unions*

Universities have been disingenuous in their claims that the funds do not exist to cover essential student services, following the abolition of compulsory upfront union fees. Putting aside the argument that student demand for useful services will ensure essential services continue, it is also necessary to put the funding arrangement in the context of previous higher education reform.

The *Backing Australia's Future* Higher Education package presented prior to the last Federal election significantly changed the funding arrangements between the universities and the federal government. The change has allowed that universities are able to have a direct financial relationship with students in two important ways: firstly, through the ability to raise the fees charged to government-subsidized (FEE-HELP) students to a 25% cap; and the ability to significantly increase levels of full-fee paying students.

These significant changes give the universities access to greater resources – not including increases in government funding that were announced as part of the changes. The ability to raise funds through these means is substantially above those funds which will be lost due to the impact of voluntary student unionism.

From an equity perspective, it is preferable that student services be funded from FEE-HELP and full-fee student tuition charges: students are able to defer the payment of these fees, until such time as they earn a sufficient income to pay back the fees that they have accrued. This in stark contrast to the upfront nature of compulsory union-fees, that cannot be deferred, and have a significant impact on low-income students.

42. *Response to Argument that Student Unions are like 'local councils' with student union fees the equivalent of rates*

This argument is an extremely disingenuous one – it has been made extensively by the President of the National Union of Students.⁸ There are numerous important differences; for example, while student union fees are a regressive tax (not taking into account ability to pay), council rates are based on value of property.

But most importantly, the power to compulsorily acquire a service fee means that there is an extensive regulatory system to ensure that the local councils remain accountable. In Victoria, the Department for Victorian Communities is responsible for administering the Local Government Act⁹ which strictly prescribes the activities and procedures for local governance, in over 200 provisions and 12 schedules.

⁸ http://www.unistudent.com.au/campaigns/vsuanti/resources/1109899715_3016.html

⁹ *Local Government Act (Vic) 1988*

Indeed, there is a Minister responsible for the Act, as Minister for Local Government – this ensures that the Westminster doctrine of *ministerial responsibility* means that local government is accountable on two levels: through elections which are administered by the Victorian Electoral Commission, and a Minister responsible to the Parliament.

The contrast in accountability is extraordinary: as was described above, there is no requirement for bodies such as recognized Electoral Commissions to conduct elections for student unions. Indeed, there are not even specific accountability requirements for disclosure (except in the case of Victoria).

Large unions such as the University of Queensland Student Union and the University of Western Australia Student Guild do not have access to Annual Reports or other basic financial information on their websites. Even the National Union of Students chooses not to disclose Annual Reports.

For organizations to compulsorily acquire millions of dollars from students, and then not even to disclose how that money is spent, is simply outrageous. Such unaccountability also explodes the myth that student unions are analogous to local councils.

The Effect of the Bill on the “University Community”

43. The introduction of the Bill reflects a cultural shift in the role of the University in modern society. Over recent decades the culture of a university has changed from one where the student attended solely for the pursuit of academic excellence and research, to now, where a student attends university with a view to preparing themselves for the workforce.
44. Universities now seek to ensure that their degrees meet professional requirements and/or prepare their students for the rigors of their chosen occupation.
45. In line with this the traditional “university community” has shifted away from socialist notions of the ‘collective good’ to one where the students expect to be delivered their course content at a minimum; and then to choose for themselves additional extra-curricular activities to participate in as their circumstances dictate.
46. The effect of the Bill, when it becomes legislation, will be to further enhance the university community as one that is flexible and able to deliver academic and non-academic services as the student requires.
47. The effect of the Bill will be to provide student choice, and allow students to feel truly part of a community to the extent that they chose to be, not what a minority of people believe it should be.

The Effect of the Bill on the Student Experience

48. Under a voluntary regime, students who chose to join the student union will continue to have an enhanced university experience.
49. Participation in clubs and societies by students can lead to new experiences and social interactions that can enhance the university experience. Under a voluntary regime, student unions will be forced to fund clubs and societies that students truly value. Clubs where no

interest exists will diminish and clubs where the greatest interest lies will flourish. As was shown above, although student unions have purported to provide significant resources on these activities, investigation of annual funding does not bear that out.

50. The example above showed that only \$13.28 from the over \$400 student fee was being spent on Clubs and Societies at the Monash University. At the University of Melbourne, as another example, over \$12 million was collected from students in the Amenities and Services fee, yet only \$95508 of that was actually spent on Clubs and Societies.¹⁰ This amount represents less than 1% of the fee taken from students at that university. This is in contrast to the over \$2.4 million spent on 'administration' and 'building services'. Once again, the disconnect between the rhetoric of the student unions and the reality of actual funding figures is extraordinary.

The Effect of the Bill on University Sport

51. Sport is an integral part of Australian culture, and this is very much the case within universities.
52. Unfortunately, many Sports Student Unions have become effectively run by the entrenched executive management of the facilities rather than students. The net result of this, combined with a compulsory student union fee, is that this group of management has been able to build up their own personal sporting empires with little regard to student demand.
53. Sporting student unions typically provide too many facilities, which lead to their inability to cover the growing cost of their maintenance. Instead of providing a core of facilities that reflect what students want (e.g. a pool or gym or soccer field or basketball court), these sporting executives simply build facilities with little regard to student demand and sustainable business practices.
54. Flowing on from this is the fact that sporting student unions often force students to pay further fees to use their facilities even after they have paid their compulsory student union fee.
55. In many cases also the University owns the sporting facility, particularly sporting fields, and yet they use student funds to upkeep these fields and other facilities. In reality if Universities fail to maintain their sporting facilities, they should outsource the maintenance of these, as opposed to using compulsorily acquired fees.
56. The effect of the Bill will be to force universities and entrenched student union management to refocus on student demand. No longer will sporting unions get away with an uncontrollable and unchecked building program. Rather, they will be required to rationalise their facilities and their price structures to better reflect student demand. The net result of this is facilities and prices that better service a student's sporting needs.
57. *Response to Argument that student unions are necessary to ensure the viability of Australian elite sport*

The comments which have been made by the sporting elite regarding the importance of compulsory student union funding to Australian sport are baseless on numerous levels.

¹⁰ Annual Report, University of Melbourne 2004.

Many statements have been made by members of the sporting elite, the sports unions and the National Union of Students that without the compulsory acquired fee made available to student unions that elite sporting would no longer be viable. Firstly, as was shown above, the actuality of figures does not support this conclusion. At Monash University, only \$22 of the over \$400 collected per students went towards sport. Also, it is important to remember that the support of sport is nationally undertaken by the Australian Sports Commission which receives over \$125 million in public funding.¹¹

It seems unlikely in the extreme that such a large amount of public funding is insufficient to sustain elite sport. But even if this is the case, it would be inequitable in the extreme to expect a short-fall in funding to be met by the charging of a compulsory sports fee on students.

Full-time students in particular have a very limited disposable income, far less than in the general community. To expect that a yearly upfront tax be made on students to subsidize Australian sport does not represent a logical way of meeting a potential funding short-fall. For the reasons above, it is very unlikely that the abolition of compulsory upfront union fees will have a deleterious impact on sport at a national level; but even if it did, this is an area which must be taken up by the Minister for Art and Sport (Senator the Honourable Rod Kemp), than from the pockets of ordinary university students.

Effect on External and Part-time Students

58. Increasing numbers of students are studying externally (distance education) or part-time. This reflects a shift in the nature of university study, where people are working and studying at the same time.
59. Many of these students spend very little time on campus. In fact external students may only spend a few days each year on campus, and despite their potential inability to use student union services, external and part-time students are still expected to pay a compulsory student union fee.
60. Student unions have to date used such students as 'cash cows'. They put their money in, with little return from the student union. The effect of the Bill will force student unions to address this much neglected group within the university.
61. Under a voluntary regime, should student unions want to gain the membership of such students, they will need to provide relevant representation, and meaningful services that benefit students who may rarely visit the campus. Such an arrangement will have a positive impact on the welfare of these students.

The Effect of the Bill on Services in Rural & Regional Universities

62. A voluntary scheme does not present any particular disadvantages to rural and regional university campuses. In fact rural and regional universities have a far greater ability to absorb any membership decreases, due to the sharing of the services and facilities with the local community.

¹¹ Australian Sports Commission, Annual Report 2003/04

63. Student Unions in rural and regional universities often play a greater role in to the day-to-day life of a student. As a consequence, there is a far greater chance that such a student will choose to join a student union.
64. Under the current arrangement low-income students are expected to subsidise facilities that an entire community may use. The effect of the Bill will be to ensure that the entire community provides the funds for the shared facilities provided by the student union. In fact, increased funds may be attracted.
65. The voluntary regime may force the student unions to reorganise themselves so that wasteful and inefficient services are discontinued and that important services valued by the community can continue.
66. If community contributions are insufficient, then Universities should consider using their regional loading to make up shortfalls. After all this is why the regional loading was provided. Regional universities, like the University of New England, should give serious consideration to stop wasting funds on ‘beautification projects’ for their central courtyard, and invest the funds in supporting the facilities that their regional community benefits from.

The Success of Voluntary Student Unionism in Western Australia

67. The Court Government introduced the *Voluntary Membership of Student Guilds and Associations Act 1994 (WA)* in 1994, with the voluntary scheme operating from 1995.
68. The legislation provided university students with the opportunity to become a member of a student union, however, unlike in the past, it was no longer compulsory for students to do so, or to pay any fees to their campus’ student union unless they either chose to do so, or wished to use the facilities of the student union. The legislation further provided that no academic benefit should be denied, or withheld because a student is not a member of a student union.
69. Following the passage of the legislation, the levels of student guild membership in Western Australia fell, with many students exercising their right whether or not to join their campus’ student union. Immediately after the introduction of VSU, the approximate percentage of students who were members of their student union were as follows:

Curtin University of Technology	30%
Edith Cowan University	6%
Murdoch University	35%
University of Western Australia	30%

70. Whilst student unions may have an important role to play in the life of a university, these falls in student membership indicate that student unions were not providing services, facilities and representation to students that meet student demand and represent value for money.
71. Most students clearly decided not to join. Students clearly weighed the benefits and costs of being part of the student union, and overwhelmingly decided that they did not believe membership of the student union to be in their best interests.
72. Given the fall in demand for the services provided by the student union immediately following the operation of the legislation it is clear that there is a need on the part of student

unions to rationalise their services, facilities and representation to better reflect the demand of the student body.

73. Student unions in Western Australia had to re-examine their operations as part of a transition from an environment of compulsory student unionism to one where they must respond to the demands of students.
74. The ALSF believes that the practical longer term benefits derived from student union services, facilities and representation are better focused and attuned to student needs, far outweighs any transitional costs.
75. For example, whilst the mix of services provided by the University of Western Australia (UWA) Student Guild altered in the years following the introduction of voluntary student unionism, students have ultimately benefited. In 1994 under the compulsory scheme, UWA Student Guild offered 27 different types of services. In 1997 (two years after VSU's introduction) it offered 45 different services.
76. In 2000 the President of the UWA Student Guild reported that the "... past four years have seen the Guild's financial situation move from strength to strength." This clearly demonstrates that student unions can survive, and indeed grow in strength, under a voluntary membership regime.
77. The fact that some student unions may not be in as strong financial position as that described above is more to do with financial mismanagement of those organisations than with the introduction of voluntary student unionism.
78. For example, the Edith Cowan University (ECU) Student Guild is frequently cited by proponents of compulsory student unionism as having been destroyed by the introduction of VSU. Reference is rarely made however, to the effect that a 1989 investment of over \$1 million with the Western Women Group, which resulted in a loss of \$757,000, may have had on the state of the ECU Student Guild.
79. The Western Australian experience clearly shows that services, facilities and representation provided by student unions can flourish. VSU forced a reorganization of services and an increased focus on strong financial management.
80. The Western Australian experience provides clear-cut reasons why introducing voluntary student unionism will benefit the level of service provision and hence students and the wider university community.

The Failure of Voluntary Student Representation in Victoria

81. In 1993 the Kennett Government in Victoria introduced Voluntary Student Representation (VSR), which is essentially a partial model of VSU, through the *Tertiary Education Act 1993 (Vic)*.
82. It is the view of the ALSF that VSR does not deliver the same benefits to students and the university community as VSU.
83. VSR requires that all students pay a compulsory service fee, however provides that membership of the student union itself is voluntary.

84. Under this model the compulsory fee is only used to provide services and facilities that are non-political in nature and of direct benefit to either institution or its students. The model theoretically provides for a clear differentiation between the representational and service arms of a student union, with the compulsory fee only used towards service provision.
85. In addition to paying the compulsory service fee, students may choose to become members of the student union, and pay a further voluntary membership fee.
86. The Victorian experience though indicates that many of the benefits seen under VSU in Western Australia did not materialise under the Victorian VSR model; and that the introduction of VSR leaves student union funding of political activities largely unchanged.
87. The primary difficulty with the VSR model lies in there being no clear differentiation between political and member services, with the question of who exactly is to determine what is and is not political being one of some complexity.
88. VSR allowed student unions to use the compulsory “student services fee” to cross-subsidize commercial operations and then use income from union operated sources (Commercial Trading Funds) to fund political activities.
89. This allows the problem of student money being used for political activities to be neatly sidestepped.
90. Despite membership of the student union being officially voluntary, for all practical purposes the problem of compulsory student unionism remains under VSR.
91. The ALSF also sees the separation political activities and student services under a VSR scheme as problematic. The ALSF sees no reason why a student has the right to choose whether or not to fund political activities, but not other services.
92. VSR in Victoria failed to deliver an improvement in services; and even when political representation became voluntary an improvement in that representation failed to materialise as student unions could cross-subsidise their political activities, and did not have to respond to student demand. Indeed, the figures which were analysed in the case study above from the Monash University showed the poor funding allocation decisions made by services unions, even under VSR legislation.
93. Additionally, despite the rhetoric that the Victorian Voluntary Student Representation model provided sufficient accountability measures to stop the wastage of student funds, the most spectacular example of student union financial irresponsibility occurred in Victoria after the enactment of the VSR legislation.¹²
94. In late-2003, the Melbourne University Student Union was placed into liquidation following an order from the Supreme Court for the organization to be wound up on ‘just and equitable’ grounds under the Incorporated Associations Act in Victoria. Subsequent investigation has shown that former-student union office-bearers had secret beneficial ownership of companies which had commercial contracts with the union; this included a \$44 million contract for the building of student accommodation (the Optima contract).

¹² *Tertiary Education (Amendment) Act 1994 (Vic)*

95. The liquidator of the student union has issued writs upon many of those former student office-bearers, seeking to recoup profits which were made from those contracts. The extraordinary saga at the University of Melbourne highlights that Voluntary Student Representation by no means renders student unions impervious to undesirable financial activities; and also, provides no incentive for the efficient delivery of useful services to students.
96. Such wastage and impropriety could not possibly exist for such a long-time in a voluntary system. Should a voluntary union fail to provide the services students want, or to embark on fanciful projects expending large amounts of money, students will make the decision not to join the union. The incentives provided by a voluntary student unionism provide a far greater level of accountability than the failed VSR legislation.

Arguments from the National Union of Students (NUS) and the Australian Vice-Chancellors' Committee (AVCC)

97. Claims from the AVCC that 24 of the AVCC's 38 member universities provide free membership to student unions is misleading. Such claims represent the fact that universities have rearranged the compulsory fee collection arrangements so that the fee is technically a university charge. The reality is that although the money is collected by the university, they pass most, if not all, funds collected directly to their student unions.
98. Claims from the AVCC that many universities do not require students to belong to the student union are misleading. 11 of the AVCC's 38 member universities make membership compulsory, with a further 17 only provided exemption provisions after the payment of the compulsory fee. These exemptions are usually poorly advertised and complicated to satisfy.
99. Claims from the AVCC that student services are efficient due to the professional staff employed and contracting and tendering out of services is highly inaccurate. The reality is that even with 'professional staff' the annual cash injection from compulsory fees has encourage waste and inefficiency in operations with a failure to properly respond to student demand.
100. The AVCC has consistently put forward the view that the compulsory student union fees fund much more than political activity, but fails to recognise that students have a right to decide what services, facilities and representation they will or will not fund. A focus on making political activity a voluntary activity fails to recognise that service provision as a whole will only improve when student unions at forced to respond to student demand at large.
101. Claims from the AVCC that student union fees are not uniformly high across the sector and so not problematic indicates a lack of understanding of the average student's financial situation. In Australia the median student union fee is \$250, but can even over \$500, as is the case for first-year students at the University of Sydney. The AVCC has also failed to recognise that student union fees are due at the start of the semester when students are attempting to gather enough funds to pay for expensive textbooks, stationary and other course requirements. Student union fees are not even covered by the HECS system, meaning that if the student cannot find the money upfront the university can disenroll them.

102. The ALSF urges the Senate Committee to be wary of arguments from the National Union of Students against voluntary student unionism, as the NUS has a vested interest in continuing the current compulsory system.
103. The NUS is well known for the money that is wastes and the exorbitant annual fees it charges its student union members. The constitution of the National Union of Students requires that constituent members pay a fee depending on the EFTSU (equivalent full-time student unit) of their student membership.
104. The NUS has office-bearers at both the national and state level, all receiving large honorariums. The annual budget of the NUS which is around \$2.5M is dominated by payment of these honorariums. It was previously shown that the Victorian division of the National Union of Students spends 85% of its annual income on the payment of its office-bearer and staff. These do not represent useful services to students.
105. In 1999 the NUS National Conference approved the running of a campaign called “F__k the Olympics”. The campaign was intended to disrupt the highly successful Sydney 2000 Olympic Games. The reasoning behind the campaign was that the NUS saw the Olympics as elitist as people were rewarded for coming 1st, 2nd and 3rd.
106. At the last Federal Election, the NUS used its funds – which primarily come from affiliation fees from student unions – for the purpose of campaigning. In its disclosure to the Australian Electoral Commission in December 2004, the NUS declared that it had spent \$77,371 on broadcasting electoral advertisements; \$40,758 on electoral advertisements; \$49,199 on production of campaign materials; and \$87,979 on direct mailing. This publicity was used to instruct students how they should vote in the election.¹³
107. The ALSF believes that it is entirely inappropriate that the compulsory union fees of students are used in such a party-political manner. Students had no choice in whether or not they would pay these fees; and hence no choice in whether or not they wished to pay for this electoral campaigning.
108. Under voluntary student unionism, the NUS would be required to spend its money efficiently, on services of direct benefit to students – such wasteful electoral expenditure would no longer be sustainable.
109. The NUS is opposed to VSU as it knows that when student unions make assessments about the value of their continued membership of the NUS to their student members they will no longer be able to justify spending money on a membership that delivers so little and simply allows student politicians to enjoy an easy life as they ‘play politics’.
110. The NUS, like its campus based student union members, should have nothing to fear from VSU, particularly if they deliver representation and run campaigns that student unions and more specifically students find valuable and relevant to their needs as a student.

Conclusions and Recommendations

111. The Australian Liberal Students’ Federation strongly supports the Higher Education Support Amendment (Abolition of Compulsory Up-front Student Union Fees) Bill 2005.

¹³ The disclosure can be found on the AEC website: www.aec.gov.au

112. The ALSF believes that despite some short-term transitional costs, the long-term benefits (which will flow within a couple of years, as was shown in Western Australia) will ensure that student services will flourish and grow from strength to strength.
113. The ALSF believes that compulsory student unionism is a system of governance that has no place in a modern higher education sector.
114. Compulsory student unionism is a breach of a student's fundamental right to freedom of association.
115. The ALSF believes that compulsory student unionism is an antiquated relic of socialism and has no place in a society where people are free to otherwise choose what services they will and will not pay for and to choose those organisations that they wish to join.
116. The ALSF urges the Senate Employment, Workplace Relations and Education Legislation Committee to find that:
 - I. While some transitional costs may be incurred as student unions are forced to realign their services to better meet student demand; in the longer term student services will flourish as they better meet student demand and student unions are forced to cut their waste, inefficiencies and misallocation of resources.
 - II. The Western Australian experience of voluntary student unionism clearly shows that student unions in a voluntary environment can grow and improve services provided and improve their financial management
 - III. That the Victorian model of Voluntary Student Representation fails to address the problems in the delivery of services and the waste and mismanagement of student union.

117. The Australian Liberal Students' Federation urges the Senate Employment, Workplace Relations and Education Legislation Committee to recommend to the Senate that it pass the Higher Education Support Amendment (Abolition of Compulsory Up-front Student Union Fees) Bill 2005 without amendment.