



Higher Education Support Amendment (Abolition of Compulsory Upfront Student Union Fees) Bill 2005

Kim Jackson
Social Policy Section

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Higher Education Support Amendment (Abolition of Compulsory Up-front Student Union Fees) Bill 2005

Date Introduced: 16 March 2005

House: House of Representatives

Portfolio: Education, Science and Training

Commencement: 1 January 2006

Purpose

The Bill will amend the Higher Education Support Act 2003 to prevent higher education providers from requiring their students to become members of student organisations or to require them to pay fees for services and amenities that are not of an academic nature.

Background

More detailed background on this issue can be found in the Parliamentary Library Background Notes at http://libiis1/Library_Services/BN/Education/sp006.doc.¹

Recent Legislative Action

This Bill is the third attempt by the Howard Government to prohibit compulsory student unionism. The first was the Higher Education Legislation Amendment Bill 1999, which was subject to a report by the Senate Employment, Workplace Relations, Small Business and Education Legislation Committee and did not progress through the Senate. Then, in September 2003, the Government introduced the Higher Education Support Amendment (Abolition of Compulsory Up-front Student Union Fees) Bill 2003 as part of its higher education reform package, *Backing Australia's Future*. The Bill did not proceed beyond the second reading.

Financial Implications

On 16 March 2005 the Minister for Education, Science and Training, the Hon Dr Brendan Nelson MP, issued a Media Release which set out the compulsory amenities and services fees payable at each university, together with an estimate of the total revenue generated – some \$162 million in 2005 (this did not include the fees paid by part-time and postgraduate students).² A rough estimate of the total revenue from these fees could be in the order of \$200-250 million.³ To place this sum in context, in 2003 these same

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institutions had total higher education revenues of \$11874 million. Of this, \$4899 million was Commonwealth funding, \$2096 million was from HECS and related schemes, and \$2613 million from higher education fees and charges.

Attitude of the AVCC

The Australian Vice-Chancellors' Committee policy on student organisations strongly supports the view 'that fees charged for the provision of services for students are an obligation of enrolment, whether they are provided by student organisations or in other ways by the University'.⁴ The policy notes that these fees provide for provision of food outlets, buildings, meeting rooms, toilets, stationery and second-hand book services, child care, legal services, health and employment services, assistance with accommodation and welfare services. The AVCC's chief executive, John Mullarvey, has stated that these services will no longer be provided by universities unless students pay for them voluntarily.

The AVCC policy does provide for exemptions to the requirement to be a member of a student organisation, but considers that such exempted students should still be required to pay an amenities and services fee.

Regional Campuses

It has been argued that the prohibition of compulsory amenities and services charges will have a disproportionate impact upon regional campuses. ACUMA (the Australian Campus Union Managers Association) have surveyed eleven institutions with regional campuses. They claim that most services and facilities would be closed, with those that remained being operated on a commercial basis. They anticipate around 550 job losses. ACUMA has also noted that a number of campuses operate community facilities that could be in danger of closing if funding is stopped. Examples given are the Toowoomba sport and recreation facilities operated by the University of Southern Queensland and the RMIT University facility at Bundoora.⁵

Proponents of the prohibition of compulsory amenities fees argue that no-one should be forced to pay for services that they do not wish to use and that universities, because they now operate in a competitive commercial environment, will themselves fund those amenities and services that they believe are necessary to attract students. However, it might be argued that universities with regional campuses are not as well placed as the major metropolitan institutions to finance such activities. For example, the Government's higher education policy statement *Backing Australia's Future*, noted that:

Universities that provide places at regional campuses face higher costs as a result of location, size and history. Regional campuses generally have less potential to diversify revenue sources, a smaller capacity to compete for fee-paying students and a narrower industrial base providing fewer opportunities for commercial partnerships.⁶

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In recognition of these factors, the new Commonwealth Grants Scheme incorporates a regional loading that will provide \$146 million over five years.⁷ There may be a case for revising the loading to further assist some regional campuses to maintain services that are unavailable commercially because of the location and size of the campus. It should be noted that even with the regional loading, higher education resources (and their associated economic benefits) are directed disproportionately towards the capital cities.⁸

Main Provisions

Item 1 of Schedule 1 inserts a new section 19-37 which provides that a higher education provider must not require their students to become members of student organisations or to pay fees for services and amenities that are not of an academic nature. Sub-section 19-37 (3) provides for the following exceptions to the prohibition on non-academic fees:

- fees for goods or services that are essential to the course of study in which the student is enrolled, so long as the student had the choice of acquiring them from suppliers other than the higher education provider;
- fees for goods that either become the property of the student and that are not intended to be consumed during the course of study; or food, transport and accommodation associated with field trips.

Item 3 of Schedule 1 inserts a new section 33-37 which provides that the basic grant payable to a higher education provider can be reduced if it breaches the conditions imposed by section 19-37. The reduction is equivalent to \$100 for every Commonwealth supported place allocated to the provider.

Endnotes

- 1 This link is for internal Parliamentary users only. However, some of this background material is also available in the Bills Digest at:
<http://www.aph.gov.au/library/pubs/bd/2003-04/04bd058.htm>
- 2 Dr Nelson's Media Release can be obtained from,
<http://www.dest.gov.au/Ministers/Media/Nelson/2005/03/n1062150305.asp>
- 3 The \$250 million figure was obtained by assuming that all full-time students pay the average fee indicated by the Nelson table (\$328.35 per student), and that part-time students pay half this amount.
- 4 The AVCC Policy on student organisations can be obtained from,
http://www.avcc.edu.au/content.asp?page=/policies_programs/student_organisations/index.htm.

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- 5 Public Submission by ACUMA, January 2005.
- 6 *Our Universities Backing Australia's Future*, p.14.
- 7 The loading pays an increment for student load in regional campuses according to the distance from the closest mainland capital city and the size of the campus. It varies from 1.5 per cent (Wollongong) to 30 per cent (Northern Territory). Details of the loading are set out in Chapter Four of the Commonwealth Grant Scheme Guidelines see:
http://www.backingaustraliasfuture.gov.au/guidelines/cgs_guide.htm
- 8 Estimated higher education operating expenditure per resident population in regional areas was around half that of the capital cities in 1997. It would then have required additional expenditure of around \$2 billion p.a. to bring regional per capita expenditure up to metropolitan levels. See the Parliamentary Library Research Note, [*Higher Education in Regional Australia*](#) (Number 21, 1999-2000). There have been no major shifts in funding patterns to fundamentally alter this situation since then.

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