

2005

THE UNIVERSITY OF MELBOURNE

VICE-CHANCELLOR'S REPORT TO COUNCIL

11 APRIL 2005

**Voluntary Student Unionism Legislation and the 'Melbourne Experience'**

During March Federal Education Minister Brendan Nelson introduced legislation requiring voluntary student unionism (VSU). The term is perhaps too narrow, since the legislation prevents a public university from collecting any compulsory levy on students not directly related to their courses. As such, it will affect not just representative student bodies but sports associations, clubs and societies and a wide array of student services. The federal government has not offered any alternative funds for these activities.

The Commonwealth Government's Higher Education Support Amendment (Abolition of Compulsory Up-front Student Union Fees) Bill 2005 has serious financial implications for the University, if functions essential to the Melbourne student experience are to be preserved. A report by the Senior Vice-Principal is attached as **Appendix A**.

The University Union at Melbourne was founded in 1884 and modelled on the Oxford and Cambridge unions. It was intended as a centre of social and intellectual life rather than as an industrial guild. The first building to accommodate the Union activities - luncheon rooms along with rooms for clubs and societies - was funded through compulsory fees in 1911 and a government contribution of A£2,000. In the decades that followed the Union provided a training ground for generations of politicians, including future Prime Minister Sir Robert Menzies, who in 1916 was elected Editor of the Melbourne University Magazine and President of the Students' Representative Council.

The issue of VSU is presented by the Minister as a question of freedom of association. He argues no student should be compelled to join a union. For several years Melbourne students have been given the option of not becoming a member of MUSUI or UMPA, though this does not free them from the requirement to pay the Amenities and Services Fee, which for 2005 is \$392 for a full-time student. Nonetheless, experience from Western Australia suggests VSU legislation will see a sharp decline in student contributions to student services, and the subsequent closure of many activities long associated with university life. The legislation is expected to pass through the Senate after 1 July, and to apply from 2006.

## **Voluntary Student Unionism – Impact on The University of Melbourne**

### **Purpose**

To advise Council of the implications for Melbourne of the proposed enactment of Commonwealth Government legislation relating to Voluntary Student Unionism and to propose a resolution for Council's consideration in relation to VSU.

### **Background**

The Higher Education Support Amendment (Abolition of Compulsory Upfront Student Union Fees) Bill 2005 was introduced into the House of Representatives in March. In essence, the legislation requires three things – i.e. that higher education providers are prohibited:

- from requiring a person to become a member of a student organisation
- from imposing compulsory fees for such an organisation, and
- from requiring students to pay a charge for an “amenity, facility or service that is not of an academic nature.”

The Bill creates an exception for goods or services that are not of an inherently academic nature but are nevertheless essential to a course of study. (The exception does not extend generally to items currently funded by the University's Amenities and Services Fee).

The Bill provides, where a breach occurs, for the Minister to give written notice requiring repayment. Failure to repay results in a legislated minimum penalty, in addition to repayment of \$100 per student enrolled, further penalties may be imposed. The minimum penalty is apparently to avoid a future Minister of a different political persuasion overlooking a breach of the Act.

The Bill specifies a commencement date of 1 January 2006. The Bill will not be passed by the Senate until some time after 1 July 2005.

### **Impact for the University of Melbourne**

Melbourne's practices in relation to student union membership and administration of the Amenities and Services fee were substantially revised at the time of the introduction of the Victorian version of Voluntary Student Unionism by the Kennett Government in the early 1990s.

The University currently provides for students upon enrolment/re-enrolment to opt-out of student organisation membership. Such membership is not tied to the imposition of any compulsory charges. The University will need to await the Higher Education Provider Guidelines to confirm whether its current practice is compliant with the Commonwealth legislation.

If passed in its current form, the Bill would prohibit any future charging of Amenities and Services Fees.

The Amenities and Services fee in 2005 is **\$392** for a full-time student at a principal campus and the projected income available for distribution in 2005 is \$12,683,826. This amount is being distributed for the provision of services to students as follows:

Childcare contribution	\$ 202,140
Administration charge	\$ 82,414
Student personal accident insurance	\$ 135,655
Distributions to MUSUL	\$ 7,588,011

*\*includes approx \$2million for the Interim Student Representation Committee*

Distribution for ILFR Campuses: \$ 286,712

Distribution to UMPA: \$ 1,446,779

*\*includes allocation to the Graduate Centre of \$38,510*

Distribution to Melbourne University Sport \$ 2,942,115

**Total expenditure** **\$12,683,826**

Details of the main services provided by MUSUL, UMPA, Interim Student Representation Committee and MUS are set out at Attachment 1.

If nothing were done to redress the loss in Amenities and Services Funds, the legislation would have a dramatic impact on the ability of the University and its student organisations to maintain the “Melbourne student experience” and to ensure an active student involvement in University affairs. In particular, based on experiences in Western Australia, where legislation with an impact similar to that now proposed was in place during the 1990s, the introduction of voluntary fees for membership of student organisations can be expected to seriously erode the capacity of UMPA the proposed UMSUL and MUOSS to be effective contributors to the life of the University.

### Options

The University needs to consider action in two areas.

The first, which is of course predicated on the determination by Council that the legislation in its current form is an unwelcome, intrusion into the affairs of the University, relates to the need to continue to seek to persuade the Commonwealth Government of the desirability of making some amendment of the Bill, particularly to allow for relaxation on the prohibition against the collection of a compulsory non-academic fee in order that the variety of amenities and services currently subsidised by those fees can be maintained.

Given the Commonwealth Government’s unambiguous position in relation to the Bill, there appears to be little to be gained by stimulating a public confrontation with it over this issue. However, an unambiguous resolution by Council in relation to this matter would be of considerable benefit –

- To those who may have the opportunity to seen to influence some moderation of the Commonwealth’s public position on VSU
- as a contribution to what is likely to be a position of unanimous opposition to the Bill across the public Australian higher education sector
- to external interested parties, e.g. sporting bodies, representatives of regional communities and international student advocates, who may also seek to influence some moderation of the Government’s current position because of the adverse impact to the legislation will have on their particular constituencies.

Over the past decade Council has passed resolutions expressing opposition to legislative changes relating to VSU. Copies of these resolutions are at Attachment 2.

The second area for action relates to ensuring that appropriate planning is in hand to enable the University to respond to the changed funding context in the event that the legislation is passed in its current form, with effect from 1 January 2006.

The vast majority of activities funded from the Amenities and Services Fees are of a non-political nature and are a core part of student life at the University. It will be important that, to as great an extent as practicable, these services are maintained. While it is open to the University to apply to these activities the additional revenue earned from planned increases in 2006 and beyond in domestic and international student course fees and from the planned additional student contributions being paid by Government-

supported students, it should be noted that, without the need for redirection of these funds to such activities, those funds would have been available to support the University's core teaching and learning and academic support programs. There is therefore a substantial opportunity cost in redirecting funds to offset the amount collected from Amenities and Services fees.

The Senior Vice-Principal has convened a working group comprising the heads and key staff of all the student areas potentially affected by the proposed legislation. With the assistance of an external consultant a joint review of existing programs is to be undertaken over the next three months to determine how to retain most effectively and efficiently, given overall budgetary implications, the core services and activities currently supported by the Amenities and Services Fund. It is anticipated that preliminary advice on proposed future service arrangements and funding requirements will be available prior to the Planning and Budget Committee budget conference in June.