

Chapter One

The Bill

Referral

1.1 The Higher Education Funding Amendment Bill 2002 ('the bill') was introduced into the House of Representatives on 5 June 2002. On 19 June 2002 the Senate adopted the Selection of Bills Committee recommendation to refer the provisions of the bill to this Committee for report by 20 August 2002.

1.2 Sixteen submissions were received, and they are listed at Appendix 1. The Committee conducted a public hearing in Melbourne on 8 August 2002. A list of witnesses who appeared at this hearing is at Appendix 2.

Reasons for Referral

1.3 The Selection of Bills Committee Report contained the following reasons for referring the bill to the Committee:

Examine the provisions of the Bill which extends the Postgraduate Education Loans Scheme (PELS) to students at four private institutions, three of which are not universities, and the effect of creating a new list of eligible unfunded institutions in regards to the framework of eligible institutions in the Higher Education Funding Act.

Also, examine the issues in regard to access in private education markets, including public support of discriminatory selection criteria; consider the appropriate accountability mechanisms for institutions who are not on list A or B of the s.4 of the HEFA¹ (1988), and issues that go to the robustness of courses, assessment and accreditation of institutions that do not engage in research or lack relevant infrastructure associated with university teaching and learning.

Background to the Bill

1.4 In 2001, the Parliament passed the *Innovation and Education Legislation Amendment Act 2001*. This Act amended the *Higher Education Funding Act 1988* to introduce the Postgraduate Education Loans Scheme (PELS). This committee conducted an inquiry into the provisions of the Innovation and Education Legislation Amendment Bill 2001 during its passage.

1.5 PELS provides loans, similar in some respects to HECS loans, to postgraduate coursework students. PELS differs from HECS in two important respects: PELS applies to the full market fees charged by the institution, while HECS applies to the proportion paid by the student, with the Commonwealth paying the remainder; and HECS attracts a discount for up-front payment, while PELS does not.

1 The *Higher Education Funding Act 1988*.

1.6 Postgraduate students are only eligible for loans under PELS if their course is conducted at an institution listed in Section 4 (either Table A or Table B) of the *Higher Education Funding Act 1988*.

1.7 The Higher Education Funding Amendment Bill 2002 will, if passed, create a new list of institutions, called 'eligible unfunded institutions,' within the *Higher Education Funding Act 1988*. Students studying appropriate courses at eligible unfunded institutions will fall into the definition of 'student' for PELS purposes: that is, they will be eligible to apply for PELS loans with respect to their course of study in the eligible unfunded institution.

1.8 The four institutions to be listed as eligible unfunded institutions are:

- Bond University (Queensland)
- Melbourne College of Divinity (Victoria)
- Tabor College (South Australia); and
- Christian Heritage College (Queensland).

1.9 In his second reading speech, the Minister stated:

The extension of PELS to these four institutions levels the playing field for competition in fee-paying postgraduate coursework degrees and further extends opportunities for institutions to provide and students to undertake fee-paying postgraduate coursework.

1.10 In addition, the bill amends the *Higher Education Funding Act 1988* and the *Australian Research Council Act 2001* to adjust funding figures in line with announcements in the 2002/2003 budget. These amendments are not expected to be controversial, and were not germane to the Selection of Bills Committee's reasons for referring the bill to the Committee. They will not be considered further in this report.