

**UTS Students' Association Submission to
The Higher Education Legislation Amendment
Bill (No. 2) 2002**

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The UTS Students' Association welcomes the opportunity to discuss any aspects of the following submission with the Minister.

The UTS Students' Association wishes to comment on the proposal from the Minister to provide PELS to four private providers: Bond University, Christian Heritage College, Melbourne College of Divinity and Tabor College. The UTS Students' Association rejects the Federal Government engaging with and funding private Universities in any capacity.

The Students' Association has been expressing opposition to PELS since the scheme's inception in 2001. The PELS Scheme adds no public funding to postgraduate education. We have objected to students paying 100% of their course costs, whilst the Government contributes nothing. We reject the misnomer that whilst the PELS scheme is stated as an interest-free loan, it is still subject to CPI. In 2001, the CPI was 6%, due to the implementation of that other regressive tax, the GST. Students were therefore subjected to an inflation repayment rate equivalent to a mortgage rate. Given that there has been no guarantee with PELS that the debt won't be sold off to private providers such as was mooted in 2000, the Students' Association remains concerned that the \$10,000-\$30,000 per annum deferred course fees might have a 20% credit card-style interest rate that pushes Australian students into debt levels equivalent to those of New Zealand students.

Deregulating fees in public Universities has a great impact upon student affordability and access. At UTS, the negative implications of PELS have already started to be demonstrated. Whilst Universities may brag that they received increased enrolments due to PELS, and used this figure as a testament to increased student affordability, student organisations across Australia predicted that deregulation would cause immense problems. In fact, UTS chose to use the newly deregulated system as an opportunity to raise fees massively- in some faculties by greater than 12.5%. This kind of prohibitive fee rise of is indicative of how a scheme like PELS disadvantages ALL students, particularly those in equity groups. And for those students who chose to pay fees instead of engaging in the PELS deferred loans agenda, who wanted to pay off their fees during their study, the fee rise comes as a great shock. At 12.5%, it is much greater than the 3% fee rise that was projected in March 2001, at the UTS Council Retreat. We believe that had PELS not come into effect, the University fees would not have been raised to such a level.

There is a broad policy agenda for the Government in the provision of PELS: the legislative provision of PELS and the onus of responsibility on individual public institutions will, in the Government's mind lessen the demand for HECS and other subsidised loans. PELS remains the symbol of the public funding crisis in public Universities- representing a demographic funding change of either institutional funding, or student-centred user-pays funding of higher education.

The Higher Education Legislation Amendment Bill (No. 2) 2002 recommends that PELS be accessible to students from private institutions. Whilst the UTS Students' Association believes that PELS is highly regressive and removes the responsibilities of Government to fund public Universities, the UTS Students' Association also believes that private institutions should be funded by the users of those institutions and that public monies should be directly allocated to public Universities. The Minister has pre-empted a serious precedent in opening up private Universities and providers to Government schemes.

Given that three of the institutions- namely, Christian Heritage College, Melbourne College of Divinity and Tabor College are not even established as Universities, the policy has a broader agenda of opening up private providers to other government provisions, such as inclusion into the Higher Education Funding Act.

The Students' Association is concerned that the addition of these private institutions has been chosen in an ad hoc way. It is timely for the Minister to suggest to the public why these institutions should become eligible, whilst publicly funded programs and places, such as the 500 "gap" research student free University places disappeared in the enactment of the *Knowledge and Innovation* postgraduate research policy agenda.

The Students' Association is also concerned at the obvious equity implications of funding private providers that have questionable equity aspects to them, including their lack of accountability to State and Federal Anti-Discrimination laws. Given the current difficulty for Universities in ensuring proper access, participation and outcomes for students from equity groups, it is entirely regressive and mean-spirited for the Government to actively support institutions that are non-responsive to the needs of students who face structural barriers to education. It appears that the Government is choosing to reward institutions that are able to discriminate against students on a range of grounds, rather than pulling those institutions into line with other accountable organisations, such as the public Universities in Australia.

The UTS Students' Association reminds the Minister that PELS has always been more about Government profitability than access and equity. Whilst the Government has failed, in this proposed Higher Education Legislation Amendment Bill, to specify the real costs to government (and the taxpayer) of the expansion of income-contingent loan schemes to private providers, it is not inconceivable that the Government will profit greatly from this Bill. The Federal Government's own research indicates that the PELS scheme will be highly profitable for the Government, and will provide a massive savings by further deregulating the public system of education by its lack of public funding. In three years time, the Liberal Government will have profited \$36.6 million from PELS- and that's from providing PELS to public Universities alone. Whilst there are four institutions in this Amendment Bill, the passing of this Bill will ensure that all private institutions will be able to engage with the Federal Government to access government programs, currently only available to public Universities.

The UTS Students' Association calls upon the Government to ensure that the Australian Universities Quality Agency (AUQA) *not* be used to provide accreditation to private providers. We call upon the Minister to publicly fund Universities at adequate levels to ensure proper quality in Universities and that AUQA be used to protect the national interests of public University provision in Australia – not to reduce national standards by the inclusion of private providers with questionable standards.

The UTS Students' Association is concerned that the Higher Education Legislation Amendment Bill will lead to the inclusion or extension of public subsidies to the 80 or more private providers of education across the country. We suggest that this Bill is a

litmus test that will pave the way for a further privatisation of public subsidies. We call upon the Minister to withdraw the Bill and to address the funding crisis facing Australia's public Universities.