



INDEPENDENT  
HIGHER EDUCATION  
AUSTRALIA

# **Senate Select Committee on COVID-19**

***The Australian Government's  
response to the COVID-19  
Pandemic***

**5 June 2020**

**Submission to:** Senate Select Committee on COVID-19

**Response to:** *The Australian Government's response to the COVID-19 Pandemic*

## **Independent Higher Education Australia**

IHEA is a peak body for Australia's registered and accredited independent higher education providers (including independent universities) with campuses across Australia.

The majority of Australian independent providers are members and educate students in a range of disciplines including Law, Agricultural Science, Architecture, Business, Accounting, Tourism and Hospitality, Education, Health Sciences, Theology, Creative Arts, Information Technology and Social Science. IHEA members are higher education institutions with both for-profit and not-for-profit models and educate domestic and international students in undergraduate and postgraduate programs.

The Australian independent higher education sector comprises more than 140,000 students and 120 institutions, with independent providers variously accredited to offer courses across the full AQF range (Diplomas to Doctorates).

Membership of IHEA is only open to providers that are registered with the Australian regulator – Tertiary Education Quality and Standards Agency (TEQSA). Membership is also conditional on continued compliance with IHEA's Code of Good Practice.

**IHEA's primary goal is promoting equity, choice and diversity for all Australian higher education students.**

## **1. Introductory Comments**

IHEA would thank the Select Committee for the opportunity to comment on the Australian Government's response to the COVID-19 Crisis.

IHEA's member institutions are independent higher education providers with a range of business models and they have all been impacted by the COVID-19 crisis in a variety of ways. Many independent providers rely heavily on international students, particularly new providers who do not yet meet the 'track record of delivery' requirements to qualify for FEE-HELP approval to support domestic student enrolments. Providers that can only offer courses to full up-front fee-paying domestic students have a limited cohort to draw on, therefore, some non-FEE-HELP providers rely on the international student market for viable cohorts. The closing of Australia's borders continues to significantly impact those providers in particular.

IHEA members who enrol domestic students were also greatly impacted in terms of their delivery model. Implementation of physical distancing measures and restrictions on gatherings required higher

education providers to shift courses to online and remote delivery modes in order to assist slowing the spread of community transmission of the virus. The impacts on provider operations of the restrictions and border closures has caused financial stress through: substantial unforeseen costs of investment in online technology to deliver classes and continue business operations remotely, reduced student enrolments due to student withdrawals, and the inability for international students to arrive onshore before the border closures. While significant operational constraints continue, to date the sector has not experienced provider closures. The potentially devastating impacts were offset by the intervention of Federal and State and Territory government relief packages.

IHEA has experienced very positive engagement with the federal government, particularly the Minister for Education, and responses to sector advocacy have been effective and efficient. It is also likely that some of the initiatives developed in response to the crisis will have a positive impact on the sector and will contribute to an improved higher education landscape for the future.

The recovery of Australian higher education from the impacts of the crisis will take significant effort and time. These comments should be considered as reflections on the Australian government's response to the COVID-19 pandemic to date. A more considered response will be able to be provided later in 2020 that will be informed by the impacts of continued restrictions on international student travel and the ongoing availability of JobKeeper support.

Five recommendations are included at the end of this report.

## **2. Business Support**

As small businesses in the higher education sector, IHEA providers have relied on government supports including small business loans and the JobKeeper scheme. JobKeeper in particular has allowed independent providers to keep many staff employed and subsequently continue to educate students. The recent extension of JobKeeper to Table B providers who operate without reliance on Commonwealth funding has ensured IHEA's large independent university members have also been able to keep staff employed. This assistance will support the ongoing viability of the independent sector and protect the diversity of choice and innovative educational experience that thousands of independent sector students currently benefit from. The government's crisis response for small businesses was appropriate and proportionate to the impact felt by the independent higher education sector and was successful in avoiding the worst possible outcome of large scale institution closures.

The extension of JobKeeper beyond September is essential for independent higher education providers. Similar to the tourism industry, many providers are reliant on the resumption of international student travel for their recovery. IHEA is currently in discussion with the government regarding extension of this program to ensure the ongoing employment of staff in the sector.

One area of assistance IHEA sought that has not been provided is grants to support the development of necessary infrastructure and staff training to switch to online delivery. Many higher education providers were forced into remote delivery in order to survive without an opportunity to plan or budget for this transition. While many providers were able to implement remote environments to meet the immediate needs of students, significant investment is required to continue to deliver online education through high-quality platforms. IHEA continues to advocate for government support to develop high-quality online learning environments and improved educational opportunities for domestic and international students.

Substantial public funds have been invested in the development of online platforms in public institutions and businesses owned by these institutions. With an expected changing student demand for online delivery, IHEA proposes that the government enables broader sector access to these online platforms, enabling open access for education consumers to publicly-funded channels for the delivery of education services.

## **3. Higher Education Relief Package**

The government's Higher Education Relief Package provided supports to the higher education sector with a number of announcements of benefit to the sector and independent providers.

### **3.1 Deferral of Full Cost Recovery for TEQSA and ASQA**

Further deferral of implementation of full cost recovery for the Tertiary Education Quality Standards Agency (TEQSA) and the Australian Skills Quality Agency (ASQA) was a welcomed component of the package for independent providers. Application of full cost recovery was expected to challenge the viability of operations for several providers in the pre-COVID environment and would be devastating if implemented as scheduled on 1 July 2020.

The higher education relief package included deferral of regulator full cost recovery to 1 July 2021. The significant impacts of the COVID crisis on the higher education sector, however, will continue well into 2021. Many higher education providers, public and independent, rely on the international student industry for viability of their operations and the employment of staff. Recovery of this industry is dependent on a reopening of Australian borders, and with many source countries continuing to be severely impacted by the pandemic, recovery will be slower in this sector.

IHEA welcomes the deferral of regulator full cost recovery, however, the current deferral timeframe is too short to meet the needs of the sector and must be reviewed.

The more substantive issue, however, is that full cost recovery is unsustainable for a number of providers, particularly smaller and niche providers. IHEA proposes that cabinet reconsider the application of full cost recovery principles to the quality standards regulation of the tertiary sector that already contributes so much to the Australian economy.

### **3.2 Regulatory Fee Waivers**

Independent providers have welcomed the inclusion in the Higher Education Relief Package of regulatory fee waivers for provider re-registration, accreditation and re-accreditation of courses and for CRICOS registration. Refunds were also made to institutions that had already paid those fees for 2020. This measure was of great assistance to IHEA members and other higher education providers, as the costs of regulatory activities are a significant impost on providers. Additionally, the fee waivers ensured that those providers with re-registration or re-accreditation dates in 2020 were not disadvantaged.

### **3.3 FEE-HELP Loan Fee Exemption**

The Higher Education Relief Package included a short-term exemption on the 25% FEE-HELP Loan Fee that is applied to students at independent higher education providers who access HELP support. The measure has been welcomed by the sector, as it gives students an opportunity to avoid accruing additional debt while studying, simply for making the choice to do so at an independent provider. While IHEA welcomes this benefit to students at this critical time, the six-month limitation of the exemption is manifestly inadequate as a stimulus response in a sector facing long-term impacts.

Exemption of the loan tax for students at independent providers was implemented as a stimulus measure. This acknowledges that the loan tax is a deterrent to students enrolling with an independent provider.

At a time when many are struggling with under or unemployment, removing a deterrent to study will assist with upskilling and re-skilling of the economy for the recovery phase of the crisis and remove an impediment to higher education that people may, if not for the additional cost, choose to undertake.

As a longer-term measure to remove the loan tax's impediment to student choice, the October federal budget should permanently abolish the FEE-HELP Loan Fee. As the nation charts a course for recovery from COVID, the underutilised labour market needs permanent removal of education barriers and innovation in the sector needs to be encouraged through application of the principles of competitive neutrality.

### **3.4 Short Course Program and Undergraduate Certificate**

The Higher Education Relief Package included the funding of 20,000 short courses across the higher education sector, with 1,000 places at independent providers funded through a \$7 million allocation. This program was well supported by the sector, with applications submitted for the funding of 4,500 places by independent providers, greatly exceeding the 1,000 places being allocated. There has also been widespread take up of the short course opportunities by public universities.

The funding of six-month short courses will create employment opportunities for students and long-term benefit to the economy. This was a very positive and productive response to the crisis by government.

The most important aspect of the short course proposal was agreement by the Commonwealth and States to include the undergraduate short course qualification in the Australian Qualifications Framework (AQF) as an 'Undergraduate Certificate'. This fundamental change to the qualifications landscape will ensure greater recognition of the short course qualification by employers and attract many more students to embark on an educational journey.

Inclusion of the Undergraduate Certificate in the AQF will provide students with the opportunity to complete a nationally recognised qualification in a short period of time that can provide relevant, industry-specific skills. These courses will also assist with attrition issues for students who, for reasons of life events or course selection decisions, would otherwise withdraw from study with no qualification and having accumulated unnecessary and unproductive HELP debt. The short course program is a great initiative and innovation to the higher education landscape that will be important to the sector well beyond the impacts of the crisis.

## **4. Regulator Flexibility**

The government supported TEQSA's response to the crisis, including taking a flexible approach to providers in relation to the application of relevant aspects of the higher education standards framework. Without compromising the quality of students' education, TEQSA provided flexibility around the requirements for face-to-face teaching, reporting of material changes and the suspension of routine regulatory activity. This prevented unnecessary additional burdens being placed on providers at a time of stress and increased the capacity for operational responses which routine regulatory activity might have delayed, without posing risks to students or the sector. IHEA members were grateful for this response from the regulator and it allowed them to remain focused on addressing the immediate needs of students and the continuation of high-quality educational services. This is an appropriate measure to assist the sector in a time of crisis.

Moving forward, this flexible approach will need to shape regulatory activity until at least the middle of 2021 in order for providers to cautiously manage the return to face-to-face teaching. The development of safe campus practices and procedures and responding to changing demands for student learning modes will take time to implement. Providers will need to continue to respond as flexibly as possible to the changing environment to ensure student safety and educational success. The higher education sector will experience the impacts of the crisis for several years and returning to the pre-COVID business as usual too quickly will pose unnecessary risks to the longer-term recovery of the sector and student welfare.

## **5. International Education**

COVID crises management by the Australian and State and Territory governments has led to Australia being rated very highly internationally for its handling of the crisis and preventing the spread of the virus. Arising from this, Australia will benefit through recognition by international students and their families that we are a safe destination. We are well positioned to enter a new academic year in 2021 with high demand from international students wanting to study in Australia.

For the economy to recover from this crisis it is essential that its third largest export industry is able to recover as rapidly as possible. This requires significant capacity for international student arrivals in time for the commencement of the academic year in early 2021. If we miss this major enrolment period,

the impacts of the economic crisis will be prolonged. International education provides \$38bn to the Australian economy and supports 250,000 full time jobs. A prolonged ban on international student entry to Australia will be devastating for the national economy.

IHEA has proposed urgent development of national protocols and provider requirements to support a planned and incremental recommencement of international student travel. Pilot programs of small cohorts of international students being allowed to enter Australia in 2020 are proposed to ensure that the policies and procedures implemented to protect students and the Australian community are effective and appropriate prior to a wider opening of the borders to broader cohorts of international students in 2021.

In addition to pilot programs, it is our view that the next step for COVID response needs to be support by all Australian governments for public campaigns that explain the contribution of international education to the economy and to the creation of jobs for Australian workers. This will be a crucial element of the sector's recovery in the longer-term.

## **6. Conclusion & Recommendations**

IHEA welcomes the opportunity to provide this submission to the Senate Committee. Many aspects of the Government's COVID response have provided essential support to Australia's independent higher education sector. Investment by government in this sector supports the ongoing viability of a diverse and innovative higher education experience for domestic and international students.

### **Recommendations**

#### **Recommendation 1**

**IHEA recommends that government policy to recover the full costs of the sector's regulator, TEQSA, be deferred indefinitely to enable reconsideration of the impacts of full cost recovery on the viability of Australia's independent higher education sector.**

#### **Recommendation 2**

**IHEA recommends continuation of TEQSA's flexible approach to the application of relevant components of the Higher Education Standards Framework to enable a measured approach to returning to campus operations and delivery of face-to-face teaching with a focus on campus community safety and minimal disruption to students.**

#### **Recommendation 3**

**IHEA recommends that the exemption of the 25% FEE-HELP Loan Fee be extended for a further two years and that the October budget chart a course for permanent abolition of the FEE-HELP Loan Fee.**

#### **Recommendation 4**

**IHEA recommends that the Undergraduate Certificate qualification enabling a recognised qualification at levels 5,6 and 7 to be obtained within six months of full-time study be retained permanently in the AQF.**

#### **Recommendation 5**

**IHEA recommends that pilot programs of international student travel through a COVIDSafe Corridor underpinned by agreed national protocols be developed to support entry of small cohorts into the country during 2020 to prepare for broader recovery of the international education industry beginning in 2021.**

**Contacts:**

**Independent Higher Education Australia**

Dr. Sally Burt

Policy & Research Manager

Email: [sally.burt@ihea.edu.au](mailto:sally.burt@ihea.edu.au)

Phone: (03) 9642 5212

Mr Simon Finn

Chief Executive Officer

Email: [simon.finn@ihea.edu.au](mailto:simon.finn@ihea.edu.au)

Phone: (03) 9642 5212