



INDEPENDENT
HIGHER EDUCATION
AUSTRALIA

IHEA AUSTRALIAN UNIVERSITIES ACCORD – DISCUSSION PAPER CONSULTATION

11 April 2023

IHEA Submission in Response to Australian Universities Accord - Discussion Paper

11 April 2023

Executive Summary

As Australia emerges from the impacts of the COVID global pandemic driven economic downturn, the rebounding economy is facing skills and workforce shortages. Industry demand to meet these shortages is estimated to require up to 1,000,000 international students, working visitors and migrants in the short term.

Tertiary education policy settings need to be sharply focussed on meeting these immediate and short-term demands, while charting a course for educating a domestic workforce. The enriching societal benefits of Australian higher education however will continue to require a focus on scholarship and critical thinking as well as highly valuing the diversity of intellectual and creative disciplines.

Reform of the national architecture of tertiary education delivery is critical to realise the economic and societal benefits that education brings. For example, the benefits of long-term industry engagement and pathways, world leading teaching and research, a qualifications framework where micro credentials contribute to lifelong learning and a broadening of the investment base of tertiary education require a cohesive national approach.

Similarly, systemic inefficiencies, regulatory burdens and funding imbalances will only be abolished with sector wide structural reform.

Structural reforms essential to energising Australian tertiary education for future generations will not be progressed through a policy agenda limited to tweaking current funding models, maintaining sectoral separation and educational goals driven solely by short-term workforce demands no matter how important these may be in the current environment.

Sector reviews have consistently identified the regulatory and legislative complexities of the tertiary sector and high levels of duplication impacting efficiencies. While these reviews have implemented some beneficial changes, and driven quality across the higher education sector, large-scale structural reform remains a significant challenge.

IHEA recommends a National Tertiary Sector Reform Strategy, which results in a streamlined national tertiary system. While sector, industry, and community consultation will be essential to implementation, IHEA proposes that structural reform principles be agreed across jurisdictions and portfolios through National Cabinet and Ministerial Committees.

This submission outlines Independent Higher Education Australia's (IHEA) response to the [Australian Universities Accord Discussion Paper](#) and should be read in conjunction with our previous submission entitled *IHEA Australian Universities Accord – Terms of Reference Priorities Consultation* dated 14 December 2022, where we outlined in detail many of our key priorities.

Our submission categorises the Accord Terms of Reference (ToR) under two headers: 1) **National needs** (ToR 1, 2 and 7) and 2) **Enabling mechanisms** (ToR 3, 4, 5 and 6). Within these headers, we articulate the Independent HE sector's strengths, contributions, and vision for Australia's HE system and make recommendations for the Accord Panel to consider.

Considering the above, IHEA's recommendations are summarised below. IHEA believes prioritising these recommendations can achieve the greatest return on investment in HE reforms now and into the future.

Summary of IHEA recommendations:

1. IHEA recommends a National Tertiary Sector Reform Strategy, which results in a streamlined national tertiary system. While sector, industry, and community consultation will be essential to implementation, IHEA proposes that structural reform principles be agreed across jurisdictions and portfolios through National Cabinet and Ministerial Committees.
2. Introduce a student centred funding model to heighten equity outcomes. Amend the Higher Education Support Act (HESA) and supporting legislation to extend CSPs eligibility to all registered HE providers delivering in all relevant courses in national priority fields.
3. Stop FEE-HELP loan inequity and develop a universal, income contingent loan scheme with equitable settings for all tertiary students. Alternatively, abolish the FEE-HELP loan administration payment paid by independent sector students.
4. Introduce Teaching Excellence Frameworks, with corresponding funding grants, for all registered HE providers that meet determined quality criteria.
5. Extend National Priorities and Industry Linkage Fund (NPILF) to all registered providers delivering in national priority areas, starting with providers who were approved for Commonwealth Supported Places (CSPs) under the undergraduate course program. Alternatively, the Government could provide incentives for Work Integrated Learning (WIL) placement. For instance, an incremental payments system for Independent HE providers, relating to the proportion of students successfully completing a WIL placement.
6. Encourage regulatory settings that appropriately support the many ways in which WIL is designed and integrated into HE courses across the HE sector guided by the development of a national WIL framework.
7. Encourage State and Federal governments to develop and maintain work programs that can support student skills enhancement within Industry contexts. JobConnect for international students in New South Wales is an example of such a successful program model.
8. Introduce a new AQF level for secondary school (year 12 completion) to strengthen links between Secondary Education and the HE and broader tertiary sector - to be determined by the AQF authority.
9. Make further clarifications to Australian Qualification Framework policies to ensure consistent application of advanced standing between VET and HE courses to ensure seamless student mobility and promote a dynamic Australian tertiary system.
10. Extend, targeted research grants under the Australian Research Council (ARC) to all registered providers, with eligibility criteria for funding based on quality and capability rather than provider type.
11. Extend HDR student stipends to the Independent HE sector so eligible students can gain Government funded support.
12. Extend access to Government funding blocks under HESA, including equity funding to be extended to all registered providers and eligibility for funding based on quality and capability criteria.
13. Increase the pool of research funding available for allocation to eligible institutions.
14. Urgent review of TEQSA Cost Recovery model to develop a fairer model.
15. Introduce a single tertiary system and regulator for the HE and VET sectors that aligns processes where possible and maintains TEQSA's case management approach.
16. TEQSA and ASQA to develop a Service Obligation Charters that set out service standards, including time commitments for each regulator's responsiveness in relation to service to which cost recovery fees are monitored and that these be routinely reported to ensure appropriate accountability.
17. Commonwealth Ombudsman to Consider Domestic Student Disputes
18. Reform Copyright Legislation to Reduce Levies on Education.
19. Establish a National Ministerial Council for International Education comprising relevant Ministers across jurisdictions and portfolios to drive a cohesive and effective international education industry strategy.
20. International agent registration.
21. Abolition of fees for student visas.
22. Greater pathways to permanent residency for graduates in priority disciplines.

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Introduction

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Tertiary education policy settings need to be sharply focussed on meeting these immediate and short-term demands, while charting a course for educating a domestic workforce. The enriching societal benefits of Australian higher education however will continue to require a focus on scholarship and critical thinking as well as highly valuing the diversity of intellectual and creative disciplines.

Reform of the national architecture of tertiary education delivery is critical to realise the economic and societal benefits that education brings.

For example, the benefits of long-term industry engagement and pathways, world leading teaching and research, a qualifications framework where micro credentials contribute to lifelong learning and a broadening of the investment base of tertiary education require a cohesive national approach.

Similarly, systemic inefficiencies, regulatory burdens and funding imbalances will only be abolished with sector wide structural reform.

Structural reforms essential to energising Australian tertiary education for future generations will not be progressed through a policy agenda limited to tweaking current funding models, maintaining sectoral separation and educational goals driven solely by short-term workforce demands no matter how important these may be in the current environment.

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This submission outlines Independent Higher Education Australia's (IHEA) response to the [Australian Universities Accord \(AUA\) Discussion Paper](#).

Our submission categorises the Accord Terms of Reference (ToR) under two headers: 1) **National needs** (ToR 1, 2 and 7) and 2) **Enabling mechanisms** (ToR 3, 4, 5 and 6). Within these headers, we articulate the Independent HE sector's strengths, contributions, and vision for Australia's HE system and make recommendations for the Accord Panel to consider.

The principles that underlie IHEA's submission relate to:

- ✓ **Student equity and freedom of choice.**
- ✓ **Ensuring a cohesive, connected, quality and sustainable tertiary education system** that can solve the contemporary and future national and global challenges.
- ✓ **Equitable public policy, regulatory and funding settings** – to be based on quality criteria, not provider type.

This submission should be read in conjunction with our previous submission entitled *IHEA Australian Universities Accord – Terms of Reference Priorities Consultation* dated 14 December 2022, where we outlined in detail many of our key priorities.

The Independent Higher Education Sector’s Contribution

Genuine cross sector engagement and dialogue is required to ensure that the strengths and contributions of the independent Higher Education (HE) sector are accurately represented and not understated in the Accord process.

The independent HE sector, in complement to public universities and the Vocational Education and Training (VET) sector are key contributors to: Australia’s international education standing; the supply of an educated, flexible, and adaptable workforce; and more generally, to positive student and community outcomes. Accordingly, this Accord process is an opportunity to shift public policy to better harness the combined strengths, expertise, and diversity of the HE sector through a heightened focus on the role of the independent sector.

An educated society with an appropriately skilled workforce underpins opportunity and innovation. Further, a cohesive, connected, quality tertiary system will facilitate Australia’s attainment of the industrial, economic, and civic outcomes envisioned by the Accord.

To overcome contemporary, emerging, and future national and global challenges, Australia must appropriately invest in and utilise the entire HE system’s capabilities, which includes universities, university colleges, Institutes of HE (most of which are independent providers) and TAFEs. In seeming support of this view, the Tertiary Education Quality and Standards Agency’s (TEQSA) Chief Commissioner recently stated:

“The university-centred mindset will need to shift if Australia is to meet its future workforce demands and economic potential. As such, the tertiary pathway perspective for students needs to be reframed, from one where universities are viewed by many to be, essentially, the ‘only game in town,’ to one where the roles, advantages, and likely outcomes of different pathways for students across Australia’s tertiary education landscape are seen clearly and more complementarily.”¹

Indeed, in its Corporate Plan TEQSA has gone further and stated:

Australia’s 190 providers of higher education offer a wide range of courses to more than 1.5 million students. Public universities continue to enrol the highest proportion of students. But significant growth is anticipated in private providers in the next decade, with new offerings and modes of delivery, backed by new and emerging business models. In the next 10 years, it is anticipated there will be a greater diversity of providers offering education in specialised fields or in new markets that have traditionally been underserved by larger institutions.

The Independent HE sector is a legitimate study option for a range of different students. This includes students from marginalised, communities, disadvantaged cohorts and students that would not otherwise pursue higher education such as second chance learners.

Many economically and educationally disadvantaged cohorts choose the independent sector as their preferred study partner as the sector is considered to be a less intimidating alternative to university. By nature, the Independent HE sector provides learner-centred academic experiences characterised by smaller class sizes and focussed learner support that facilitate student retention, progression, and success.² To illustrate, the independent sector excels in teaching and learning when compared to public universities, in particular, the Group of Eight. Government-endorsed, Quality Indicators for Learning and Teaching (QILT) results consistently highlight the sector’s excellence in teaching quality, learner engagement, student experience and skills development.³

¹ Coaldrake, 2019, Review of the Higher Education Provider Category Standards – Final Report accessed from <https://www.education.gov.au/higher-education-reviews-and-consultations/resources/final-report-review-higher-education-provider-category-standards> pg. 11.

² Cardak, Brett & Burt, 2022, Explaining domestic student enrolment growth in Australian private universities and colleges, *Research in Post-Compulsory Education*, 27:1, p. 1-23

³ QILT Student Experience Survey accessed from [https://www.qilt.edu.au/surveys/student-experience-survey-\(ses\)#report](https://www.qilt.edu.au/surveys/student-experience-survey-(ses)#report)

The Independent HE sector is increasingly relevant and well positioned to help address the skills, knowledge, experience, and innovation shortages. Growing enrolment trends in the independent HE sector⁴ surpass growth in public universities, reflecting the increasing value students place on the sector's ability to meet their training, upskilling, and reskilling needs. The sector is agile and tends to fill demand gaps that the universities are unable to meet, for instance in underserved priority and niche areas, as well as by appropriately preparing and enabling 'marginal' students for higher learning. To illustrate, the Independent HE sector provides realistic and appropriate training and educational pathways that enable people from all walks of life to participate in education more fully, the workforce and broader society.

Independent HE providers have diverse delivery models that range from partnerships with public universities to autonomous delivery models. Many public universities partner with independent providers to deliver pathway and university courses that bridge learning and skills gaps and prepare less academically prepared students, many of whom are from socio-economically, educationally disadvantaged students to successfully enter or re-enter formal learning and in some instances, the workforce. To illustrate, IHEA member, Navitas Group currently partners with ten Australian universities to deliver pathway programs to domestic and international students. In addition, Navitas partners with several international universities. These pathways programs students tend to go into the second year of a university program.

The Independent HE sector is an essential component of Australia's world class HE system in its own right and by virtue of the quality of the partnerships the sector forms with universities and industry. Independent HE providers offer courses like those delivered by the university sector, from Diplomas through to PhDs. In addition, the sector delivers diverse, niche courses in specialised fields, Micro -Credentials (MCs) and tailored and often commissioned industry-specific, unaccredited programs that meet workplace real-time needs. For example, one IHEA member, Kaplan complements their accredited finance courses in VET and HE with unaccredited workforce solutions that keep pace with and provide thought leadership with rapidly evolving industry skills and knowledge demands.

As the *Expert Review of Australia's Vocational Education and Training System* (2019) commissioned by the Commonwealth Government stated, Australia will need the entire HE sector to help people "lay strong foundations for their careers and build further skills and knowledge in order to participate in new and changing industries."⁵ Kaplan provides a case study that exemplifies the valuable role and contribution the independent sector plays supporting industry and guiding and re-skilling Australia's workforce through change. Kaplan in collaboration with the Financial Adviser Standards and Ethics Authority (FASEA), provided thought leadership and supporting educational products and innovations that facilitated the up-and re-skilling of Financial Planners to a new licensing compliance regime. Today Kaplan has over 1,500 corporate clients, encompassing most financial institutions in the country. And educates over 45,000 finance-related professionals each year. Such independent provider collaborations with industry exemplify how the broader HE sector can leverage industry in responding to dynamic market forces and demands.

The Independent HE sector is well-positioned to meet student, government, and industry needs, delivering high-quality student experiences and graduate outcomes. For example, a recent QILT survey⁶ of undergraduate short-term employment outcomes ranked Marcus Oldham (another IHEA member) first in Australia with an exceptional 100% labour force participation rate. Further, Marcus Oldham achieved overall and full-time employment rates above 97% - well over the national undergraduate average of 78.5 and 88.3% respectively. Notably, Marcus Oldham delivers particularly relevant courses in skill shortage areas, such as agriculture, equine and farm management in regional Victoria.

⁴ TEQSA, 2022, Annual Report accessed from <https://www.teqsa.gov.au/sites/default/files/2022-11/teqsa-annual-report-2021-22.pdf?v=1666752003>

⁵ Commonwealth of Australia, 2019, Department of the Prime Minister and Cabinet, Strengthening Skills accessible from https://www.pmc.gov.au/sites/default/files/resource/download/strengthening-skills-independent-review-australia-vets_1.pdf pg. 1

⁶ QILT, 2023, Graduate Outcomes accessed from https://www.qilt.edu.au/docs/default-source/default-document-library/2022-gos-national-report.pdf?sfvrsn=c5d342c8_2

1. National Needs

The AUA Discussion Paper has explicitly called for “bold” ideas to help meet the Minister for Education’s call for reforms to the HE sector that will power the sector for the next 30 years, while at the same time enhancing equity outcomes.

IHEA believes that a bold agenda has already been offered, but not implemented, with the comprehensive review of the tertiary sector undertaken in the *Review of Australian Higher Education* (December 2008), chaired by Professor Denise Bradley.

It has been well recognised for decades that subsidising domestic students is a social welfare program that enhances Australia’s public interest.

As was argued by the then Minister for Education and Training, the Hon John Dawkins, in *A New Commitment to Higher Education in Australia* in August 1988:

“[The Government] also acknowledges that employers and society in general benefit considerably, albeit less directly, from the higher education system. Therefore, the direct contributions from people who use the system will form only a small portion of the total funding of higher education. To require users to pay all or most of the cost of provision would be as inequitable as the current approach which requires them to meet almost none of the costs.”⁷

In virtually all other major social welfare programs in Australia today we have moved away from provider-directed funding to more equitable funding based on the ultimate beneficiaries. This is well recognised as a more efficient and equitable model.

Thus, Medicare is patient centred, child-care funding is child or family centred, the National Disability Insurance Scheme is patient centred and even school funding is by and large student centred.

These are developments that have improved regulatory arrangements over a number of decades and is a bipartisan position across Australian politics.

In the case of HE students, equity is massively diminished by the current arrangements. Take the hypothetical example of two lower socio-economic students who have grown up next door to each other in the suburb of Auburn in Western Sydney. After completing Year 12 at the same school they now diverge. One seeks a degree at the University of Sydney, one of the most elite universities in the world, and is heavily subsidised by the taxpayer for that privilege with a Commonwealth Supported Place (CSP). The other, whose inclinations lead them to study music at the Australian Institute of Music is not similarly subsidised. There is no rationale for the difference, except that one is going to a public provider and the other to an independent provider.

Indeed, the Report that originally proposed the Higher Education Contribution Scheme (HECS) system in 1988, chaired by the Hon Neville Wran, noted that the program should incrementally be extended over time to all students in the Tertiary sector. The *Report of the Committee on Higher Education Funding* (April 1988) states:

“In Australia, the term 'higher education' has traditionally included only those courses offered in Commonwealth funded universities and colleges of advanced education. More recently, however, a limited number of advanced education courses funded by the Commonwealth and State governments have been undertaken in TAFE colleges. Moreover, in the Policy Discussion Paper, it was argued that two year full-time (or equivalent) courses in TAFE, funded by the States and leading to nationally registered awards; should be included in the higher education sector.

“The same contributions ought to apply to students in higher education courses conducted in TAFE. It is recognised, however, that because of the complexity of the current course classifications, negotiations

⁷ Dawkins, John 1988, *A New Commitment to Higher Education in Australia*, AGPS, Canberra, p18

will be required between the Commonwealth and the States, and between the Commonwealth and other higher education institutions, before the higher education contribution scheme could be introduced for this set of students. There is also likely to be an additional complexity involved in an extension of the scheme to cover students in these courses. Therefore, implementation of the higher education contribution scheme to cover higher education in TAFE and other non-Commonwealth institutions should be delayed.

“Recommendation 12. The introduction of the higher education contribution scheme to cover higher education students in TAFE be delayed until 1 January 1990.”⁸

A key to the conclusions of the Bradley Review was to extend equity across the community with student-centred funding.

The Bradley Review recommended that access to funded places be extended across the sector following the establishment of the TEQSA.

"Recommendation 29 That the Australian Government introduce a demand-driven entitlement system for domestic higher education students, in which recognised providers are free to enrol as many eligible students as they wish in eligible higher education courses and receive corresponding government subsidies for those students. The arrangements would:

- apply initially to undergraduate courses but then be extended to postgraduate coursework level courses subject to further work on the balance of public and private benefits at that level of study;
- apply initially only to public universities (Table A providers under the Higher Education Support Act 2003), but would be extended to other approved providers when new regulatory arrangements are in place... ”⁹

TEQSA has been in place now for well over 10 years and assesses all providers according to the same Threshold Standards.

Student Equity and Choice

Expansion of Commonwealth Supported Places

IHEA calls for CSP eligibility to be extended to students attending all registered HE providers, or at the very least providers with demonstrated maturity in governance and scholarship activities such as university colleges. This amendment could be achieved through legislative amendment of the Higher Education Support Act (2003).

Currently a very limited number (i.e., six) independent providers who deliver courses in priority areas are already eligible for CSPs. Further, independent sector’s integrity and maturity when granted CSP funding is evident from the scrupulous management and accountability of funding obligations by Independent HE providers who gained, for the first time, time-limited CSP funding for undergraduate certificates in priority areas under Job Ready Graduate package of reforms. IHEA calls for CSP eligibility to be extended to all registered HE providers to increase student funding equity across the HE system and promote student choice.

Further, the Productivity Commission has emerged as a strong advocate for student choice, recently concluding that students are best informed about their own abilities and interests, and have been found to make economically and logically sound decisions about what (*and where*) they will enjoy — and benefit from — studying.¹⁰

⁸ Wran, Neville; Edwards, Meredith; and Gregory, Robert 1988, *Report of the Committee on Higher Education Funding*, AGPS, Canberra, pp62-63

⁹ Bradley, D., Noonan, P., Nugent, H., Scales, B., (2008), *Review of Australian Higher Education, Final Report*, Department of Education, Employment and Workplace Relations, Canberra.

¹⁰ Productivity Commission, 2022, *Interim Report 5 – From Learning to Growth*, pg. 56 accessible from <https://www.pc.gov.au/inquiries/current/productivity#report> – *emphasis our own*.

The Productivity Commission recently accepted IHEA's view regarding potential benefits of extending CSP eligibility to all higher education students in national priority fields delivered by any registered HE providers.¹¹

The Productivity Commission stated:

"The extent to which a demand-driven system increases contestability is partly a function of which providers can participate in it. Previously, it was only accessible to public universities.⁵⁴ Other options are to include not-for-profit universities, all universities, or all higher education providers. There may be some benefit from the position put by Independent Higher Education Australia that Commonwealth supported places should be extended to all higher education students in national priority fields delivered by any TEQSA registered provider (IHEA, sub. 120, p. 5). The more expansive the scheme, the more contestability will increase, particularly if the smaller but more numerous and geographically dispersed non-university providers are included. However, a more expansive scheme will need to be weighed against the costs and risks of including new types of providers."¹²

IHEA agrees with the Productivity Commission's view that expanding CSP eligibility to all registered HE providers would increase contestability for students in national priority spaces and open student choice to select the provider they deem most able to meet their educational and career needs. This position is particularly pertinent noting that 59.5% of universities in 2021-2022¹³ were unable to fill the CSPs they had been allocated, suggesting there are unfilled CSP places that could be serviced by the independent sector, as Australia continues to grapple with workforce and skills shortages. Notably, the Independent Sector is already servicing students in national priority skills areas in volume, such students are just not eligible for CSP support given their provider choice – which seems counterintuitive.

However, in the same report,¹⁴ the Productivity Commission also raised what they considered to be practical implementation issues associated with extending CSP eligibility, specifically that:

"If other providers receive the same level of subsidy as universities, it is likely that this will exceed their costs — leading to subsidies going directly to profits and risking entry of unscrupulous providers into the market."

The clear answer to this accusation is that it is demonstrably false. First, as noted above some six independent providers have had limited access to CSPs since the early 2000s. There have been no allegations of rorting over this long period of time or "unscrupulous" behaviour.

As a further example, the Commonwealth Government has recently conducted what could be described as a "pilot program" into this matter as for the last two years under the Jobs Ready Graduate package of reforms access to CSPs was extended to another 34 independent providers. That program ended on 1 January 2023. There has been no reported unscrupulous behaviour in this case as well.

The whole exercise has set a precedent to show CSPs can be extended without compromising quality or the public purse.

Another precedent set in the 1992, but reconfirmed as recently as 2021, has been the full extension of CSP access to two independent/private providers, namely the Australian Catholic University (ACU) and the University of Notre Dame.

The ACU has been on Table A (which identifies those providers whose students can have access to CSPs) of the Higher Education Support Act (HESA) since a 1992 amendment and the creation of Table A at that time. It has

¹¹ Ibid, pg. 62.

¹² Productivity Commission (2023), *5-year Productivity Inquiry: From learning to growth Inquiry Report – Volume 8*, Commonwealth of Australia, Canberra, p62

¹³ Department of Education data reported in Australian Financial Review, 2022 accessed from <https://www.afr.com/work-and-careers/education/unis-downgrade-student-demand-as-federal-govt-pays-for-unfilled-places-20221028-p5bts1>

¹⁴ Productivity Commission, 2023, 5 year Productivity Inquiry report accessed from <https://www.pc.gov.au/inquiries/completed/productivity/report/productivity-recommendations-reform-directives.pdf> refer recommendation 8.7, pg. 62

proved impossible to find any official government statement of why this occurred.¹⁵ The University of Notre Dame (UNDA) was included in Table A by an Act of Parliament, the *Education Legislation Amendment (2021 Measures No 1) Act* as recently as 2021. The official reasons given for this expansion by the Minister for Education at the time in his second reading speech are worth quoting in full:

“The recategorisation of [University of Notre Dame Australia] UNDA as a table A provider places UNDA on a more equal footing with other universities, to better serve its students and continue to achieve comparable outcomes to other table A providers. UNDA has proven that it delivers high-quality teaching and produces job-ready graduates. For many years, UNDA has been teaching a significant number of students in areas such as teaching and nursing. UNDA's domestic bachelor student load is similar to, and in some cases greater than, other table A providers. According to the 2018-2020 graduate outcomes survey, 88.7 per cent of UNDA's graduates found employment within four months of graduation, exceeding the national average of 86.3 per cent. In the 2019-2020 course experience questionnaire, UNDA also rated significantly higher for graduate satisfaction at 91 per cent versus the national average of 80.4 per cent.

“However, UNDA currently receives a limited amount of Commonwealth supported places due to its status as a table B provider, and this amount has not increased since 2015. This means UNDA has not been able to keep up with student demand for Commonwealth supported places with limited choice and equity for its students.

“This recategorisation means that all non-medical domestic undergraduate students, including future students and current domestic full-fee-paying students, will benefit from access to Commonwealth supported places, with the Commonwealth subsidising part of their study. Importantly, as a table A university, UNDA will be able to offer Commonwealth supported places to students in all fields of education.”¹⁶

If this basis of reasoning applies to one independent provider there is a valid argument that it applies across the sector.

Further, IHEA notes that the cost of course delivery at universities is lower than in the independent HE sector, partly due to the sheer number of students attending universities (almost 90%). Universities enjoy economies of scale, which means their course delivery costs are lower than in the independent sector whose operations are comparably smaller - with a commitment to low student-staff ratios as a value proposition.

To illustrate, one IHEA member that received CSPs for the undergraduate certificate advised that students who gained CSPs still needed to either personally cover or borrow 25% of their course fees through the Higher Education Contribution Scheme (HECS) to pay for their study. Consequently, IHEA believes that there are valid grounds for CSP eligibility to be extended to the independent HE sector in the manner.

Further, regarding the concerns raised by the Productivity Commission about subsidies going to provider profits, IHEA notes that university CSP course delivery costs are institutional (university) estimate calculations that include or cross-subsidise non-teaching activities. We also note that integrity measures exist for all registered HE providers and advocate for these to be maintained. If CSP eligibility is extended to all registered providers delivering in national priority areas, the Government may also consider determining the true cost for delivery of courses in national priority areas, which could be subsequently universally applied.

Our preliminary calculations are that a full expansion of CSPs to students attending the independent sector would cost in the order of \$717 million (using 2020 data). However, any expansion would, we expect, be incrementally rolled out, and would cost significantly less to begin with. For example, it may possibly start with university colleges alone and, as we say, be targeted to national priority areas. This expansion could be potentially paid for

¹⁵ See Ferguson, Hazel, and Gibson, Emily (2021), *Education Legislation Amendment (2021 Measures No 1) Bill 2021*, Bills Digest No 51, 2020-21, Parliamentary Library, Canberra, p10

¹⁶ Tudge, Alan (2021), *Education Legislation Amendment (2021 Measures No 1) Bill*, Second Reading Speech, House of Representatives Hansard, 3 February 2021, p166-167

by making HELP (Higher Education Loan Program) fees competitively neutral across the whole HE sector, as described in the next section.

Abolition of Fee-HELP fee on Independent HE Students

IHEA considers that the FEE-HELP loan administration fee of 20% payable by students of the independent sector as a government tax. It is in effect a penalty for selecting what we know (and government-endorsed, empirical data substantiates) to be a legitimate, quality educational choice.

The FEE-HELP tax disadvantages often already disadvantaged students by burdening them further with an extra 20% debt on their HELP loans. This is even before the compounding impact of indexation – which they are also liable to pay. Notably also, these students are already paying the full cost of their course (without government subsidy).

IHEA's independently commissioned economic impact analysis of the FEE-HELP loan fee determined that it raised \$6.2 million per annum in general revenue (in 2019 dollars) but shackles independent sector students with \$100 million more debt than their course costs. Independent sector students are the only HELP recipients required to loan 120% of their tuition costs to pursue their educational and career goal.

IHEA strongly advocates for the FEE-HELP loan surcharge to be abolished to achieve student loan access equity in HE. Short of that, government should consider a fairer, universal, income-contingent loan scheme with equitable settings that apply across all FEE-HELP students. For instance, Government may choose to lower the surcharge and extend it to all undergraduate students at a lower rate. Government might also consider, introducing loan repayment inducements such as a surcharge refund if the entire debt is paid off within 10 years of the loan repayment threshold being reached– in that way promoting earlier student HELP loan repayment.

This recommendation is consistent with the Productivity Commission's recent report¹⁷ that recommends loan fee arrangements be equalised across the tertiary sector, levied on all students regardless of provider type and lowered reflecting application to a broader base of students. Such an approach would also ensure consistency for students regarding student loan debt, over time.

As the Productivity Commission states:

"A loan fee is a charge added to a student's loan to increase cost recovery across the cohort, limiting government spending. The loan fee is added to the value of the loan; upfront payment is not required. This means that loan fees are unlikely to impact student choices about what to study."

"However, they are not currently applied equitably. A loan fee of 20% applies to VSL (VET Student Loans) students receiving training from a fee-for-service provider and students at (non-university) institutes of higher education. There is no compelling reason why this fee does not apply to students in subsidised places (or, for that matter, university students). There is no evidence that repayment risk varies between these student cohorts. Some participants advocated for consistent loan fees (JCSF Consulting, sub. 97, p. 3; IHEA, sub. 120, p. 4)."

"Loan fees are progressive as higher income graduates cross-subsidise lower income graduates who repay more slowly or do not fully repay. Spreading loan fees to a broader student base would be more equitable and could allow for the loan fee to be levied at a lower rate. For example, the Grattan Institute suggested a universal loan fee for all HELP loans could be levied at 15% (Norton and Cherastidtham 2016). The Productivity Commission found a loan fee of about 9% applied to all VSL would be budget-neutral (PC 2020c, p. 324), although this may need to be adjusted for any expansion of VSL.⁸⁴ Ideally, loan fees should apply equitably to all tertiary students, and at a lower rate that accounts for the repayment risk across the full cohort."¹⁸

¹⁷ Productivity Commission, 2023, 5 year Productivity Inquiry report accessed from <https://www.pc.gov.au/inquiries/completed/productivity/report/productivity-recommendations-reform-directives.pdf> refer recommendation 8.7, pg. 4

¹⁸ Productivity Commission (2023), *5-year Productivity Inquiry: From learning to growth Inquiry Report – Volume 8*, Commonwealth of Australia, Canberra, p84

As a result, the Productivity Commission recommends:

"Recommendation 8.7

- Loan fee arrangements should also be equalised across the tertiary sector, levied on all students regardless of type (that is, extended from fee-for-service VET students and non-university higher education students to include subsidised VET students and university students). The loan fee rate should also be lowered reflecting application to a broader base of students."¹⁹

From a provider market perspective, IHEA argues that it is in the national interest for funding to be made available to students of new providers at the registration point. Currently, newer HE entrants (primarily independent providers) need to demonstrate a track record of HE delivery for at least two years before becoming a FEE-HELP provider. While Ministerial powers enable FEE-HELP approval on registration, independent providers usually operate for a minimum of two years before approval is granted. This has an efficiency reducing effect where funding policy discriminates against new entrants to the market in that students have limited choices should they seek government financial support for tuition.

In their *Review of the Demand Driven Funding System* for the Government in 2014, Professors David Kemp and Andrew Norton noted that a loan fee across all HELP initial borrowing would prove cost neutral and even create new streams of revenue for the Government, "With such a loan fee, the median working bachelor graduate is likely to repay their higher education loan for an extra year. The universal loan fee would improve the Commonwealth's budget balance by about \$700 million a year."²⁰

Recommendation(s):

1. IHEA recommends a National Tertiary Sector Reform Strategy, which results in a streamlined national tertiary system. While sector, industry, and community consultation will be essential to implementation, IHEA proposes that structural reform principles be agreed across jurisdictions and portfolios through National Cabinet and Ministerial Committees.
2. Introduce a student centred funding model to heighten equity outcomes. Amend the Higher Education Support Act (HESA) and supporting legislation to extend CSPs eligibility to all registered HE providers delivering in all relevant courses in national priority fields.
3. Stop FEE-HELP loan inequity and develop a universal, income contingent loan scheme with equitable settings for all tertiary students. Alternatively, abolish the FEE-HELP loan administration payment paid by independent sector students.

Life-long Learning, Upskilling, and Reskilling

IHEA argues that HE system policy and funding settings could do more to support life-long learning, including rapid upskilling and reskilling by enabling the entire sector, as opposed to segments of the sector to meet increases in demand.

A strengthened, more cohesive HE system could include the provision of Government funded Teaching Excellence grants for HE providers, including independent providers that exceed set quality benchmarks. Such support would reward high-quality HE providers so they can continue ensuring graduates gain the knowledge and skills they require to participate in society more fully.

Teaching Excellence grants would also serve as a nudge that encourages the broader sector to raise their pedagogical standards and outcomes. Without imposing a significant financial burden, a Teaching Excellence Fund could enhance the reputation of Australia's HE system and help unlock national benefits such as providing a pipeline of educated and skilled society that can meet industry and civic demands.

¹⁹ Productivity Commission (2023), *5-year Productivity Inquiry: From learning to growth Inquiry Report – Volume 8*, Commonwealth of Australia, Canberra, p85

²⁰ Kemp, D. & Norton (2014) Report, *Review of the Demand Driven Funding System* accessible from <https://www.education.gov.au/higher-education-reviews-and-consultations/resources/reviewdemand-driven-funding-system-report>, p34

Similarly, Excellence Frameworks could also be introduced for Work Integrated Learning (WIL) to enhance the quality of student learning and workplace outcomes.

Universities Australia highlighted the challenges associated with WIL including gaining placements²¹ resulting in the the National Priorities and Industry Linkage Fund (NPILF) being introduced under the Job Ready Package (Job Ready).

The purpose of NPILF is to support and enhance engagement activities between universities and industry including in WIL. Unfortunately, NPILF grants are limited to Table A universities only (*NPILF block grants are based on Commonwealth Supported Places (CSPs) Equivalent Full Time Student Load*). As a result, independent HE providers create and maintain industry linkages to provide their students with work-based training in the absence of any government support. This has been occurring for decades with little acknowledgement of our contributions to a skilled workforce. For example, International College of Management Sydney, an IHEA member, has over one thousand industry partnerships and one hundred percent²² of its bachelor's degree students complete work placements as part of their degree programs. Most of these students graduate with jobs or get a job within 6 months of graduation.²³

Australia's entire HE system could benefit from Commonwealth incentives to encourage engagement with industry, including for WIL placements. To this end, IHEA calls for NPILF funding to be extended to all providers delivering in National Priority areas, starting with all providers that already have or previously held CSP allocations.

Resourcing a quality assured administration of WIL represents a considerable financial commitment for independent providers. Therefore, the Government might consider investing in the independent HE sector by introducing an incremental system of incentive payments payable to Independent HE providers related to the demonstrated proportion of students successfully completing a WIL placement. Such a program would have a similar nudging effect on HE provider quality enhancement and would widen employment opportunities for students, while ensuring a more coherent national HE system that ensures graduates are work-ready.

Academy of Information Technology (AIT), an IHEA member provides a case study of the independent sector's commitment and success in delivering positive student and graduate outcomes. AIT successfully placed 80% of its HE Diploma students into internships and 100% of Bachelor students (who sought WIL) into industry for work-based training. Notably, more than 70% of all AIT students placed in an internship or WIL went on to gain ongoing employment with the host organisation as an outcome. AIT students' workplace success provides an exemplar of what can be achieved at scale with increased and consistent government support in the preparation of work-ready graduates through WIL.

WIL placements involve many operational challenges for providers.²⁴ For instance, regulatory guidance is very specific about what WIL looks like and is inflexible in the manner it considers bootcamps, internships, work-based training as distinguished from WIL.

Current political and regulatory dialogue recognises that WIL skills up students for the workforce and yet this does not seem to be reflected in regulatory decision making, where for instance work-based training embedded in a course can be considered VET-like and not HE.

Australia would benefit from regulatory settings that appropriately support the many contemporary ways in which WIL is designed and integrated into HE courses. IHEA advocates that such regulatory settings be guided by the development of a national WIL framework.

Other challenges associated with embedding WIL into course design include host organisations charging

²¹ Universities Australia, 2019, Work Integrated Learning in Universities accessed from <https://www.universitiesaustralia.edu.au/wp-content/uploads/2022/03/WIL-in-universities-final-report-April-2019.pdf>

²² Accessed from <https://www.icms.edu.au/news/real-life-work-experience-helps-students-get-jobs/>

²³ Accessed from <https://www.icms.edu.au/news/student-Survey-Reveals-Graduates-Have-Jobs/>

²⁴ Universities Australia, 2019, Work Integrated Learning in Universities accessed from <https://www.universitiesaustralia.edu.au/wp-content/uploads/2022/03/WIL-in-universities-final-report-April-2019.pdf>

providers to host placement students and unpaid mandatory placements (which impact students from socio-economically disadvantaged backgrounds significantly). To combat these barriers, IHEA advocates for State and Federal governments to develop and maintain work programs that can support student skills enhancement within industry contexts. JobConnect for international students²⁵ in New South Wales is an example of such a successful program model. In this program 130 NSW employers signed up to have jobs designated for international students to enable the cohort to enhance their skills, career goals and professional development through workplace experience. A similar program across Australian states and territories, as well as Federal-level would help support student WIL placement, especially in national priority areas.

To meet contemporary challenges, as well as the challenges of the future, Australia's HE system will require stronger links with Secondary and the VET systems. The systems could be better linked using consistent standards of recognition for instance using the Australian Qualifications Framework (AQF). This would require the introduction of a new AQF level for Secondary Education (Year 12) to be determined by the AQF authority. Such an approach would enhance admission transparency across the sectors and create a consistent and transparent post-secondary education system, which is not the case today. For instance, there are ongoing assumptions and perceived differences about specific qualifications under the AQF, such as the crossover between VET and HE level Diplomas, Advanced Diploma and Graduate Diploma that impedes student mobility between the systems.

The European Credit Transfer and Accumulation System (ECTS)²⁶ provides a useful case study of how student mobility between national and educational systems, such as VET and HE can be assured through set advanced standing. ECT is a tool used in the European Higher Education Area to make studies across education systems and courses more transparent. It helps students to move between countries and to have their academic qualifications and study recognised through credit. ECTS credits represent learning based on defined learning outcomes and their associated workload and ensure the recognition and transfer of credits earned by students without prejudice.

In Australia, student mobility between VET and HE sectors is impeded by perceived differences about approaches to learning (between VET and HE) or status, which results in inconsistent acknowledgement of students advanced standing when transferring from VET to HE. As such, IHEA recommends that further clarifications be made to AQF policies to ensure consistent application of advanced standing between VET and HE courses to promote student mobility and promote a dynamic Australian tertiary system. How institutions translate skills from VET to learning outcomes in HE, as well as views about informal learning experiences attained in the workforce, may need to change, to ensure seamless student mobility between sectors and even HE providers.

Recommendation(s):

4. Introduce Teaching Excellence Frameworks, with corresponding funding grants, for all registered HE providers that meet determined quality criteria.
5. Extend National Priorities and Industry Linkage Fund (NPILF) to all registered providers delivering in national priority areas, starting with providers who were approved for Commonwealth Supported Places (CSPs) under the undergraduate course program. Alternatively, the Government could provide incentives for Work Integrated Learning (WIL) placement. For instance, incremental payment system for Independent HE providers relating to proportion of students successfully completing a WIL placement.
6. Encourage regulatory settings that appropriately support the many ways in which WIL is designed and integrated into HE courses across the HE sector guided by the development of a national WIL framework.
7. Encourage State and Federal governments to develop and maintain work programs that can support student skills enhancement within Industry contexts. JobConnect for international students in New South Wales is an example of such a successful program model.

²⁵ Accessed from <https://www.study.nsw.gov.au/work/nsw-jobs-connect>

²⁶ Accessed from <https://education.ec.europa.eu/education-levels/higher-education/inclusive-and-connected-higher-education/european-credit-transfer-and-accumulation-system>

8. Introduce a new AQF level for secondary school (year 12 completion) to strengthen links between Secondary Education and the HE and broader tertiary sector - to be determined by the AQF authority.
9. Make further clarifications to Australian Qualification Framework policies to ensure consistent application of advanced standing between VET and HE courses to ensure seamless student mobility and promote a dynamic Australian tertiary system.

Research as a Pillar to Innovation and Scholarly Excellence

Universities differ from other HE provider types fundamentally due to their research purpose. Unsurprisingly then, universities do the bulk of Australia's research. However, this is not to infer other HE providers are not interested in undertaking research or capable of impactful research.

Research is the foundation of scholarly activity and scholarly activity leads to scholarly excellence that enhances student experiences and outcomes. For this reason, the Independent HE sector is interested in contributing to Australia's research capabilities, even though current Commonwealth research funding arrangements exclude Institutes of HE from gaining access to funding.

In addition, any provider aspiring to become a University College needs to demonstrate scholarly excellence to support their application. World-class research activity is also necessary to be eligible to be or become a university. As such, we argue that the exclusion of the independent HE sector from Government research funding, especially in the absence of Teaching Excellence funding introduces a barrier to the attainment of scholarly excellence in non-university settings and also as a barrier to aspirations to become a University College or University.

Some non-university providers undertake research and development activities already and many of the staff in the independent sector have moved from university settings – finding themselves now locked out of contributing to Australia's research, innovation, and productivity gains through their research. In this way, current research funding arrangements act as a barrier to innovation for providers and researchers servicing other areas of the HE sector – yet still capable of achieving excellent research outcomes and impact.

For example, currently, independent providers are not in a position to attract private investment matched by government funding through Australian Research Council (ARC) grants. To illustrate, one IHEA member shared how they won a contract with a manufacturer of Agtech devices to provide security solutions. Subsequently, the member prepared a substantive application for an ARC Linkage grant seeking \$1 million to match the private funding based on the member's cybersecurity research capabilities. The provider was declared ineligible for a grant as they are not a Table A provider i.e., a public university under the ARC Act. Notably, the provider has previously won a grant from the Department of Industry, Science and Resources (DISR) in their Cybersecurity Skills Partnership round as the principal applicant.

Another example is that of a senior academic leader, who spent two decades in one of the Group of Eight universities (GO8), who found themselves unable to undertake sectoral research as their organisation did not have a Research Ethics Committee.

These anecdotes illustrate how broader sectoral participation in the production of research, research commercialisation and innovation are being disincentivised, if not stifled, at a national policy level through legacy legislation that is perhaps slow to recognise the capabilities and expertise in the non-university sector. Currently, independent HE providers and their staff currently have to partner with universities to undertake research (for instance via the university partner's relevant ethics committees. These partnerships extend to Higher Degree Research (HDR) student supervision where funding (e.g., stipends) are also skewed towards university study.

IHEA advocates for HDR student stipends to be extended to the Independent HE sector so eligible students can gain Government funded support.

Recommendation(s):

10. Extend, targeted research grants under the Australian Research Council (ARC) to all registered providers, with eligibility criteria for funding based on quality and capability rather than provider type.
11. Extend HDR student stipends to the Independent HE sector so eligible students can gain Government funded support.

2. Enabling Mechanisms

Funding as a Lever

Competition is essential for markets to function well. Consequently, productivity enhancing reform should promote market contestability, which drives up quality, efficiency, and innovation. Ironically, as the Productivity Commission has noted, in Australia government funding is “often allocated to specific provider types (universities) based on historical grant allocations, rather than contestable arrangements.”²⁷ Such funding arrangements distort the market and student choice.

For instance, PhD stipends are only available to universities. This often results in PhD students selecting a university over other providers that may be better suited to meet students' interests, needs, capabilities, and long-term career goals. Further, such funding arrangements inadvertently undermine the research that occurs in the independent sector and obscures the contributions segments of the independent HE sector make in research and research training as research success is attributed to the lead university.

IHEA's overarching view is that Government funding should be determined by quality principles and criteria rather than historical criteria such as provider type. This view extends to research funding arrangements where IHEA advocates for funding eligibility criteria for ARC grant eligibility to be extended to all providers with research capacity to support specific projects (*referenced in recommendation 9*).

Extending funding criteria to leverage HE sectoral capabilities would promote competition, innovation and new, quality research. Such an outcome could be achieved by streamlining the ARC and HESA Acts, so all providers eligible for Commonwealth research funding are only listed in HESA and its supporting Acts, as opposed to HESA or the ARC Acts depending on the nature of the funding.

Government support and recognition of the independent HE sector's contributions to equity and participation targets should be enhanced through the expansion of Government funding for the independent sector to adequately support students from disadvantaged backgrounds.

Equity funding is currently available to universities under HESA and could be extended to all registered providers to promote student choice of provider. An amendment to HESA to extend Government funding eligibility to all registered HE providers would enable the independent HE sector to improve its contributions to support disadvantaged students access, retention and study and post-study success. Such an amendment would overcome the legislative issues related to unjustifiably inequitable government funding arrangements and could effectively improve access for students with disabilities under the Disability Support Program (DSP).

An amendment to HESA could also empower the independent sector to better support the needs of Aboriginal and Torres Strait Islander students through the Indigenous Support Program (ISP).

Similarly, a revision to HESA and its supporting legislation would also enable the independent sector to provide students from low socio-economic status backgrounds academic support through Higher Education Participation and Partnership Program (HEPPP). As it stands, independent providers provide academic access and support to HE

²⁷ Productivity Commission: Interim Report 5 – From Learning to Growth, pg. 61 accessible from <https://www.pc.gov.au/inquiries/current/productivity#report>

for many disadvantaged students (at slightly lower rates than universities as outlined in IHEA's previous submission to the Accord)²⁸ with virtually no government recognition of the sectors contribution to equity targets.

The Independent HE sector is ready, willing, and able to meet increases in demand to support targeted equity groups access, participation, and success in HE and would welcome Government support to help enhance student experiences and outcomes.

Regulatory Settings and Streamlining

Effective regulation is necessary to protect the quality and reputation of the tertiary sector. However, there are instances where regulatory design and processes are duplicative, disparate, and discordant forming a risk to the efficiency, consistency, and coherency of Australia's tertiary system. These risks are felt directly by registered providers as direct objects of regulation and also indirectly by a broad range of actors and agents within the national education system.

To illustrate, there are instances where regulatory practices stifle innovation, leading to providers finding innovative unaccredited solutions to remain competitive or indeed to be entrepreneurial.

The Accord process provides a watershed opportunity for the HE and indeed tertiary system to align its regulatory systems, processes, and responsiveness to reflect 21st century regulatory needs so as to enable innovative providers to meet contemporary challenges through innovative and entrepreneurial solutions - some of which are unique to the sector.

Urgent Review of TEQSA Cost Recovery Model to Develop a Fairer Model

The recently imposed TEQSA Cost Recovery model unfairly disadvantages independent and smaller providers and will drive increased tuition fees across the sector.

Increased tuition fees will flow to increased HELP debt and effectively shift the cost of regulation to student debt burden.

The Australian government needs to urgently review the cost recovery model released in 2022 to ensure an equitable distribution of regulatory costs based on institutional enrolment numbers.

IHEA proposes that the broad Australian community has a shared benefit of quality regulation of tertiary education and economy wide benefits arise from the international education industry. The broad benefits of tertiary quality regulation support an application of cost recovery principles that implements partial cost recovery from regulated entities in the national interest.

Scaled costs: the imposition of a set annual registration charge on providers irrespective of their size, and single provider charges related to TEQSA compliance and enforcement activities, disproportionately impact independent providers. Large public universities, who as a rule, are billion-dollar organisations, can absorb these costs, but non-scalable set fees are a heavy blow on niche independent providers and their small student cohorts. TEQSA should scale charges on providers in accordance with their size.

Implementation timeline: TEQSA's cost recovery framework is scheduled to be fully in place by 2025. This does not allow sufficient lead-in time for providers with slim margins to adjust their business models and strategies to the new charging framework – increasing the likelihood of providers being forced to pass on this burden to students and their families. TEQSA should stretch the transition from three years to a six-year implementation period with a clear provision for external review of any future increases in the fee schedules.

²⁸ IHEA submission to Accord Terms of Reference priorities accessed from <https://ihea.edu.au/news/ihea-submission-to-doe-on-consultation-on-the-australian-universities-accord-terms-of-reference/> page 4.

Service Obligation Charter: With the significant increase in fees being imposed on the independent sector it is imperative that TEQSA performs its functions with efficiency, accountability, and transparency in a timely manner. TEQSA should devise and put in place a comprehensive service obligation charter.

Dual Sector Regulatory Burden

In our previous submission to the Accord,²⁹ IHEA proposed five relatively simple changes to ensure effective and cohesive regulation of dual sector providers. In summary they are:

1. Designate TEQSA as the primary regulator for dual sector providers for functions such as Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) registration and for Provider Information Requirements.
2. Align TEQSA and ASQA's Fit and Proper Persons and Financial Viability assessment data sets and processes to promote single point reporting.
3. Create a single annual data reporting system for dual sector providers that uses standardised data sets.
4. Improve information sharing between TEQSA and ASQA for dual sector provider reporting.
5. Mutual recognition policies between TEQSA and ASQA for provider/ Registered Training Organisation (RTO) registration and re-registration decisions made by either regulator.

We also highlighted the relative ease to change some of the impediments to innovation and growth in HE, including how they could make an immense difference to tertiary provider, especially multi-sector providers' operations, as well as to students experience on the ground.

To illustrate, one KPMG report³⁰ on VET data reporting identified well over 30 reporting requirements that arose from states and territories and the Commonwealth. Implementation of IHEA's proposals regarding more streamlined, contemporary regulatory practices by tertiary sector regulators would be a good start to reducing regulatory duplication and burden.

We argue that the Independent HE sector has significantly matured since its inception and that regulatory settings should reflect this maturity.

Regulatory burden and duplication effects both public and independent institutional resources and contributes to internal uncertainty concerning compliance obligations and outcomes. To illustrate, costs associated with TEQSA and ASQA's registration, accreditation and Department of Employment and Workplace Relations and Department of Education annual reporting requirements are costly to administer and extensive (even in instances where the standards and regulatory activity are similar, which leads to unnecessary duplication of costs and effort).

IHEA emphasises and recommends greater synergy and alignment of TEQSA and ASQA's regulatory regimes, to the extent possible, in the development of a cohesive and connected tertiary system. Reducing red tape that unfairly burdens dual and multi-sector providers co-regulated by TEQSA, ASQA and in some instances, Professional Associations would minimise the duplication and at times unnecessarily varied approaches that independent providers who diversify their offerings across higher education and VET currently regulated face.

Further, IHEA calls for TEQSA and the Australian Quality Skills Authority (ASQA) to develop Service Obligation Charters that underpin their application of their Cost Recovery Implementation Statement (cost recovery) models. Given the significant increase in fees being imposed through regulator cost recovery, it is imperative that both tertiary regulators perform their functions with efficiency, accountability and transparently. IHEA recommends that these Service Obligation Charters set out clear time commitments for each agencies responsiveness to key work attracting cost recover fees.

We note that our arguments have been recently acknowledged by the Productivity Commission. They stated:

"In this historical context, steps toward greater consistency should not be taken arbitrarily and need to have expected benefits that justify the costs and disruptions associated with any change. For example, while some have called for a single tertiary sector regulator, ASQA and TEQSA (the VET and higher

²⁹ *Ibid* pg. 11-12.

³⁰ Accessed from <https://www.voced.edu.au/content/ngv%3A63425>

education regulators) largely oversee separate markets with different types of institutions and risks. The greatest gains are likely to be achieved by streamlining regulation for dual sector operators (as advocated by IHEA, sub. 120, pp. 8–9)."³¹

Commonwealth Ombudsman to Consider Domestic Student Disputes

Access to independent review of student appeals is an essential consumer protection and a regulatory requirement of independent higher education providers.

The lack of suitable agencies to determine reviews of institution decisions however results in tribunal referral being the only available avenue for domestic students. The Education Services for Overseas Student Act (2000) enables the Commonwealth Ombudsman (the Ombudsman) to review academic and general grievances of international students where institutional avenues have been exhausted. This provides a determination students and institutions can rely on as final resolution.

Domestic student access to the Ombudsman can be achieved through simple amendment of the Higher Education Support Act (2003) (HESA), and the low levels of disputation in the independent sector would not cause substantial cost or workload for the Ombudsman.

Recent reforms of the Tuition Protection Service (TPS) to implement universal coverage provides essential protections against institution closure or course cessation. Access for domestic students to the Ombudsman will close the gap in student protections by providing at no cost independent review for individual student grievances

Reform Copyright Legislation to Reduce Levies on Education

The costs of copyright licences for higher education providers are burdensome and do not reflect the real costs of online study resources. High copyright fees impact tuition fees and increased student debt.

The AUA panel needs to consider reviewing copyright legislation to ensure statutory licence provisions and costs reflect modern education practices and reduce unreasonable cost imposts on education.

Recommendations:

12. Extend access to Government funding blocks under HESA, including equity funding to be extended to all registered providers and eligibility for funding based on quality and capability criteria.
13. Increase the pool of research funding available for allocation to eligible institutions.
14. Urgent Review of TEQSA Cost Recovery Model to Develop a Fairer Model.
15. Introduce a single tertiary system and regulator for the HE and VET sectors that aligns processes where possible and maintains TEQSA's case management approach.
16. TEQSA and ASQA to develop a Service Obligation Charters that set out service standards, including time commitments for each regulator's responsiveness in relation to service to which cost recovery fees are monitored and that these be routinely reported to ensure appropriate accountability.
17. Commonwealth Ombudsman to Consider Domestic Student Disputes.
18. Reform Copyright Legislation to Reduce Levies on Education.

International Education

Recovery of Australia's international education industry and its future competitive performance are critical to our national economy.

Establishment of International Education Ministerial Council

³¹ Productivity Commission (2023), *5-year Productivity Inquiry: From learning to growth Inquiry Report – Volume 8*, Commonwealth of Australia, Canberra, p53

IHEA recommends for a Ministerial Council for International Education comprising relevant Ministers across jurisdictions and portfolios to be established to drive a cohesive international education strategy industry.

Such a Ministerial Council would bring together and oversee implementation of policy solutions and strategies that address skills development, labour market demands and migration settings. When established, the Ministerial Council should not set portfolio-by-portfolio targets and initiatives approach, but rather develop a coherent, long-term strategy for international education. We argue that having key decision makers purposefully meeting to comprehensively review and align Australia's international education, migration and foreign policy settings would help enhance Australia's international standing, sovereign capabilities and productivity and economic recovery.

Having a Ministerial Council for International Education would also minimise the number of uncoordinated reviews that occur at Government level and help in ensuring a resilient and sustainable Australian international education sector. Nationally coordinated international agent management is an example of a reputational risk issue the Ministerial Council could seek to solve. The Panel might note that IHEA recently contributed to three recent substantive reviews on migration and international education which we recommend to the Panel. Submissions were made to the Department of Home Affairs³²; to Joint Standing Committee on Foreign Affairs, Defence and Trade³³ and the Parliamentary Joint Standing Committee inquiry into 'Migration, Pathway to Nation Building'.³⁴

In these submissions, IHEA centrally argues that effective international education strategies require considered, whole-of-government policy and administrative settings that support international student mobility and post-study success.

International Agent Registration

IHEA supports the role of international education agents who are critical to the success, integrity, and student experience of the industry. International students and their families need adequate protections to ensure agents are acting in the student interest. Commonwealth maintained registration of tertiary sector agents operating on and off-shore will drive transparency, community confidence and student protections. IHEA proposes that Australian international education agent registration include:

- Agent registration under the Corporations Act (2001) with a registered office in Australia and directors would be subject to the duties obligations and liabilities under the Act.
- Agents be required to maintain student fees in trust accounts.
- The Commonwealth agents dashboard, include publication of agents history in the industry and the qualifications of directors.

Abolition of Fees for Student Visas

Abolition of student visa fees will drive Australian market competitiveness, remove barriers to entrance and advance the narrative of welcoming students. At the very least Australia could adopt common international practice and only charge fees once an application has been approved.

Greater Pathways to Permanent Residency for Graduates in Priority Disciplines

Transparent and accessible pathways to permanent residency is a key component of attracting international students to Australia, in a competitive marketplace.

³² Accessed from <https://www.homeaffairs.gov.au/reports-and-publications/reviews-and-inquiries/departmental-reviews/migration-system-for-australias-future>

³³ Accessed from https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Foreign_Affairs_Defence_and_Trade/Tourismandeducation/Submissions refer to submission 83.

³⁴ Accessed from https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Migration/MigrationPathway/Submissions refer submission 37.

With current workforce and skills shortages driving industry demand for migration, improved pathways to permanent residency will attract students into national priority fields and best use their expertise and skills post-graduation. Improved pathways to permanent residency will also improve Australia's international competitiveness and contribute to recognition by the Australian community of the value of the international education industry

Recommendations:

19. Establish a National Ministerial Council for International Education comprising relevant Ministers across jurisdictions and portfolios to drive a cohesive and effective international education industry strategy.
20. International agent registration.
21. Abolition of fees for student visas.
22. Greater pathways to permanent residency for graduates in priority disciplines.

Who We Are

Independent Higher Education Australia Ltd. (IHEA) is a peak body established in 2001 to represent Australian independent (private sector) higher education institutions. Our membership spans independent universities, university colleges and other institutes of higher education all of which are registered higher education providers accredited by the national higher education regulator, the Tertiary Education Quality Standards Agency (TEQSA) or associate members seeking registration

Our Vision is that: students, domestic and international, have open and equitable access to world class independent higher education in Australia, built on the foundations of equity, choice, and diversity.

Our Mission is to represent independent higher education and promote recognition and respect of independent providers as they contribute to Australian education, the Australian economy, and to society in general. We achieve this by promoting continuous improvement of academic and quality standards within member institutions, by advocating equity for their staff and students, and by delivering services that further strengthen independent providers' reputations as innovative, sustainable, and responsive to the needs of industry and other relevant stakeholders in both higher education and vocational education and training. IHEA's commitment is to excellence, productivity and growth in independent higher education being delivered through a trusted Australian education system underpinned by equity, choice, and diversity.

IHEA members have different missions, scales, and course offerings across the full AQF range (Diplomas to Doctorates). Members comprise:

- Four private universities (Bond University, Torrens University, University of Divinity, Avondale University).
- Three University Colleges (Alphacrucis University College, Moore Theological College, and Australian College of Theology).
- Seventy not-for-profit and for-profit Institutes of Higher Education.

IHEA members teach 74 percent of the students in the independent sector (i.e., more than 130,000 students) 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 sciences. A list of our full membership is provided in **Appendix B**.

IHEA holds a unique position in higher education as a representative peak body of higher education providers. Membership in IHEA is only open to providers registered with the Australian regulator –TEQSA. However, some IHEA members are dual and multi-sector providers who also deliver VET and/ or English Language Intensive Courses for Overseas Students (ELICOS) courses.

Conclusion

On behalf of IHEA, its members, and the students they serve, we look forward to ongoing participation in the Accord process. We welcome future opportunities to discuss our position and recommendations for a connected, quality, productive and resilient Australian tertiary system.

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APPENDIX A

Australian Universities Accord: Terms of Reference

Purpose of the review

The Government has committed to establish an Australian Universities Accord to drive lasting reform in Australia's higher education system. The Accord is a review (the review) of Australia's higher education system, led by the Minister for Education with advice from a panel of eminent Australians (the panel).

The panel will make recommendations for Government, the sector, and other relevant stakeholders to deliver a higher education system that meets the current and future needs of the nation, and targets to achieve this. The panel will report to the Minister for Education, providing an interim report on priority actions by June 2023, with a final report to be delivered by December 2023.

Key areas for review

Meeting Australia's knowledge and skills needs, now and in the future

- Enhance the delivery of quality education that meets the needs of students across all stages of lifelong learning and develops the skills needed now, and in the future. This will include recommendations for new targets and reforms recognising that more than nine in ten new jobs will require post-school qualifications, and fifty per cent of new jobs are expected to require a bachelor's degree or higher.

Access and opportunity

- Improve access to higher education, across teaching, learning and research. This will include recommendations for new targets and reforms to support greater access and participation for students from underrepresented backgrounds (including First Nations Australians, those from low socio-economic backgrounds, people with disability, and regional and rural Australians).

Investment and affordability

- Explore funding and contribution arrangements that deliver equity, access, quality, and longer-term investments to meet priorities in teaching, research, workforce, and infrastructure. This will include a review of the Job-ready Graduates Package.

Governance, accountability, and community

- Enhance regulatory and workplace relations settings to support universities to meet their obligations to both staff and students.
- Explore the contribution that higher education makes to the Australian community, national security, and sovereign capability.

The connection between the vocational education and training and higher education systems

- Explore possible opportunities to support greater engagement and alignment between the vocational education and training (VET) and higher education systems. In particular, the panel will have regard to the experience of students in navigating these systems and ensuring a cohesive and connected tertiary education system.

Quality and sustainability

- Examine the challenges faced by domestic and international students and staff due to the COVID-19 pandemic and the temporary and permanent impacts on the way the higher education sector works.
- Support a competitive and resilient international education sector, reflecting the important role international students play in our society and economy, and Australia's interest in deepening partnerships abroad.

Delivering new knowledge, innovation, and capability

- Support a system of university research that delivers for Australia, securing the future of the Australian research pipeline, from basic and translational research to commercialisation. In doing so, the Accord will explore relevant initiatives and other opportunities and to further boost collaboration between universities and industry to drive greater commercial returns.
- The review will synchronise with the ARC review and consider issues raised through that review and other areas of government that impact on the capacity of the higher education system to meet the nation's current and future needs.

Consultation

The panel will engage across all sectors and groups affected by higher education policy. This will include but is not limited to universities, higher education and VET providers, educators and researchers, students, parents, unions, business, state and territory governments and groups who have been underrepresented in higher education. A key aim of the consultation process will be to ensure the voices of First Nations Australians and people from underrepresented groups are heard and reflected in the interim and final report.

Panel Membership

Members

Professor Mary O'Kane AC (<i>Chair</i>)	by appointment
The Hon Jenny Macklin (<i>Member</i>)	by appointment
Ms Shemara Wikramanayake (<i>Member</i>)	by appointment
Professor Barney Glover AO (<i>Member</i>)	by appointment
Distinguished Professor Larissa Behrendt AO (<i>Member</i>)	by appointment
The Hon Fiona Nash (<i>Member</i>)	by appointment
Mr Tony Cook PSM (<i>Member</i>)	ex officio (Department of Education)

APPENDIX B



IHEA Member Institutions

Avondale University	LCI Melbourne
Bond University	Le Cordon Bleu Australia
Torrens University	Leaders Institute
University of Divinity	Lyons College
Alphacrucis University College	Marcus Oldham College
Australian College of Theology: Australian University College	Morling College
Moore Theological College: Australian University College	National Academy of Professional Studies - NAPS
Academies Australasia Polytechnic	National Institute of Organisation Dynamics Australia
Academy of Interactive Technology	Navitas
Adelaide Central School of Art	Australian College of Applied Professions
AIBI Higher Education	College of Business and Technology
APEX Institute of Higher Education	Educational Enterprises Australia
Australasian College of Health and Wellness	Melbourne Institute of Business and Technology
Australian College of Christian Studies	Navitas Bundoora
Australian College of Nursing	Queensland Institute of Business and Technology
Australian College of Physical Education	SAE Institute
Australian College of the Arts (COLLARTS)	South Australian Institute of Business and Technology
Australian Institute of Business	Sydney Institute of Business and Technology
Australian Institute of Business and Management	Perth Institute of Business and Technology
Australian Institute of Management	Western Sydney University International College
Australian Institute of Music	Oxford Institute of Higher Education
BBI – The Australian Institute of Theological Education	Perth Bible College
Campion College Australia	Photography Studies College
Christian Heritage College	Polytechnic Institute Australia
Eastern College Australia	Sheridan Institute of Higher Education
Education Centre of Australia	SP Jain School of Global Management
Asia Pacific International College	Sydney College of Divinity
Higher Education Leadership Institute	Sydney Institute of Higher Education
Endeavour College of Natural Health	Tabor College Australia
EQUALS International	The College of Law
Excelsia College	The MIECAT Institute
Governance Institute of Australia	The Institute of Creative Arts and Technology
Holmes Institute	The Tax Institute Higher Education HEPCO
ICHM	Torrens Global Education Services
Ikon Institute of Australia	Think: Colleges
Institute of Health and Management	Universal Business School Sydney
Institute of Internal Auditors - Australia	Universal Higher Education
International College of Management, Sydney	UOW College
Kaplan Business School	Wentworth Institute of Higher Education

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