

IHEA: Government Legislative Amendments highly anti-competitive, and will stop creation of private providers.

Independent Higher Education Australia (IHEA), the peak body representing independent higher education providers, today expressed grave concerns over the proposed changes to provider registration requirements under the *Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024* (the ESOS Bill).

“The ESOS Bill, if passed in its current form, will create an impossibly high barrier to entry for new independent higher education providers looking to offer courses to international students,” said Dr Peter Hendy, CEO of IHEA. “This is a concerning development at a time when Australia needs a bold, productivity-enhancing reform agenda to drive economic growth.”

The ESOS Bill seeks to impose a new requirement that providers must deliver one or more courses to domestic students for consecutive study periods totalling two years, before they can apply for registration to provide courses to overseas students under the ESOS Act. This, combined with the existing requirement that providers must be registered for three or more years before being approved to offer Higher Education Loan Program (HELP) loans, effectively means that new independent providers will be unable to enrol international students or offer government-supported loans for the first three years of operation.

“This Catch-22 situation will make the operations of new independent providers unsustainable, as they will be unable to compete against established providers who can offer HELP loans and enrol international students,” explained Dr Hendy. “The arrangement is clearly discriminatory, anti-competitive, and disadvantages independent higher education providers. This is “Yes Minister” gone mad.”

As the Productivity Commission has consistently argued, one of the key conditions for promoting productivity growth is freedom for new players to enter the market. Barriers to entry stifle entrepreneurship, innovation, and competition - all of which are critical for driving productivity improvements and economic growth.

“The international education sector is a \$48 billion industry that was responsible for more than half of Australia's recorded economic growth in 2023,” said Dr Hendy. “At a time when Australia needs to be fostering productivity-enhancing reforms, the government is instead erecting impossible barriers to new entrants in this vital export market.”

IHEA urges the Australian Government to immediately amend the ESOS Bill to remove the high barrier to entry for new independent higher education providers. Doing so will help protect productivity, competition, and growth in this critical sector for the Australian economy.

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