



INDEPENDENT
HIGHER EDUCATION
AUSTRALIA

IHEA SUBMISSION

JOINT SELECT COMMITTEE ON ARTIFICIAL INTELLIGENCE

14 September 2026

IHEA Submission

Joint Select Committee on Artificial Intelligence

Independent Higher Education Australia (IHEA) welcomes the opportunity to make a submission to the Joint Select Committee on Artificial Intelligence (AI), for which submissions are due by 17 September 2026.

The Terms of Reference are

- (1) A Joint Select Committee on Artificial Intelligence be appointed to inquire into and report on:
 - (a) The opportunities presented by artificial intelligence (AI) to lift Australia's resilience, productivity growth, economic competitiveness, and living standards.
 - (b) The opportunities for the benefits of AI to be spread across Australia's suburbs and regions.
 - (c) The opportunities of AI and robotics to drive research and innovation, new industries and business, and export opportunities, including in sectors of Australian comparative advantage such as agriculture, resources, health and medical research, advanced manufacturing, financial services and defence industry.
 - (d) The rate and extent of AI adoption across the Australian economy, and the barriers to adoption, faced by small and medium businesses and family businesses.
 - (e) The opportunities for Australian sovereign AI capability, including the measures required to build, retain and commercialise domestic capability, grow research and development, and attract and retain investment and talent.
 - (f) The importance of data sovereignty, and the opportunities presented by narrow, domain—specific AI models trained on Australian data in areas of Australian sectoral expertise.
 - (g) The workforce and skills implications of AI, including the adequacy of Australia's education system, job creation and displacement, and the effects on the quality and security of jobs.
 - (h) The adoption of AI by Commonwealth departments and agencies to improve services for Australians, and the transparency and accountability measures that apply to AI use.
 - (i) The adequacy of Australia's existing laws and regulatory frameworks as they apply to AI and whether there are any gaps that warrant reform.
 - (j) The interaction of AI with existing intellectual property and copyright laws, including the use of Australian creative, cultural and media content in the training of AI models.
 - (k) The risks and harms arising from AI, including fraud and scams, deepfakes and risks to the safety and wellbeing of children and vulnerable Australians.
 - (l) The national security and cyber security opportunities to protect Australians, as well as the foreign interference risks, associated with AI, including the security and resilience of supply chains and of systems supporting critical infrastructure.
 - (m) The implications of emerging AI capability for Australia's national security and strategic resilience, including the ability of regulators, the Australian AI Safety Institute and the intelligence and security community to identify and respond to emerging risks.
 - (n) Any other related matters.
- (2) The committee present its final report by no later than 30 November 2026. the committee present its final report by no later than 30 November 2026.

Introduction

IHEA's submission focuses on term of reference (g): the workforce and skills implications of AI, including the

adequacy of Australia's education system, job creation and displacement, and the effects on the quality and security of jobs.

AI will change the skills required across the Australian economy. The policy challenge is therefore not simply to equip today's students with AI skills, but to ensure that Australians can continue to acquire new knowledge and skills throughout their working lives as technology, occupations and business practices evolve.

Australia needs a tertiary education system capable of responding rapidly to these changes. That requires a stronger lifelong learning framework, greater use and recognition of short courses and microcredentials and funding arrangements that allow the Commonwealth to draw on the full capacity of Australia's tertiary education sector, including independent higher education providers.

Recommendations

IHEA recommends that the Australian Government:

- Establish a comprehensive lifelong learning framework that enables Australians to access education, upskilling and reskilling throughout their working lives, including consideration of a portable Lifelong Learning Entitlement supported by income contingent loans.
- Support the expansion of high quality microcredentials and short courses as flexible mechanisms for workers to acquire emerging AI, digital and complementary skills, with clear pathways into and between formal qualifications.
- Extend Commonwealth funding to students at independent higher education providers on a provider neutral basis, including Commonwealth Supported Places in identified areas of national skills priority and Commonwealth support for appropriate short courses and microcredentials.
- Ensure that AI related skills and workforce programs are open to all high quality registered higher education providers, with access determined by quality, student outcomes, workforce need and capacity to deliver rather than provider category.
- Improve interoperability between higher education and vocational education and training (VET), including credit recognition, recognition of prior learning and pathways that enable workers to combine and accumulate learning across their careers.

AI makes lifelong learning an imperative

AI reinforces a change already underway in the Australian labour market: education can no longer be understood principally as something undertaken before entering a career. Workers will increasingly need to update, supplement and sometimes substantially change their skills throughout their working lives. A key factor here is that the rate of change with AI is extremely rapid.

The precise effects of AI on individual occupations will continue to evolve. This uncertainty strengthens rather than diminishes the case for lifelong learning. Australia's education system cannot rely on accurately predicting today every skill that will be required in ten or twenty years. It instead needs the capacity to respond as new technologies, occupations and skill requirements emerge.

IHEA has previously argued that, with workers expected to change jobs and tasks within jobs more frequently, Australia needs a flexible and adaptable education system that allows people to update their skills throughout their working lives. Specific future skill requirements are inherently difficult to predict, particularly where future occupations may depend on technologies that have not yet been developed.

AI makes the challenge of lifelong learning more immediate. As AI changes how work is performed, many workers will need to acquire new capabilities and adapt to changing tasks and occupational requirements over the course of their careers. The policy priority should therefore be to ensure that workers have accessible opportunities to update their skills as technologies and workplace practices evolve.

Australia's tertiary system should support this adaptability by enabling people to acquire digital and AI capabilities alongside the broader transferable skills that remain important as technology changes, including critical thinking, communication, problem—solving, professional judgement and the capacity to learn and adapt. This requires a stronger focus on lifelong learning, reskilling and upskilling, supported by more flexible pathways across higher education and VET and greater responsiveness to changing workforce needs.

A lifelong learning entitlement

Australia's existing tertiary funding system is not designed around repeated participation in education across a person's working life. Different funding and loan arrangements apply depending upon the qualification, sector and provider in which a person studies. This can inhibit rather than facilitate the flexible movement that an AI affected labour market will increasingly require.

IHEA supports consideration of a Lifelong Learning Entitlement (LLE) as a portable entitlement that would give learners access to an income contingent loan throughout their working lives to undertake eligible education and training when they need it.

In its June 2026 submission to the Australian Tertiary Education Commission (ATEC) on its A More Joined—Up Tertiary System: Discussion Paper, IHEA argued for funding arrangements that are portable, learner centred and sector neutral and support access to education throughout a person's working life. IHEA also proposed consideration of a Lifelong Learning Entitlement, supported by a single income contingent loan to provide a more coherent funding mechanism across VET and higher education.

Such an approach would better reflect contemporary career patterns in which individuals may undertake multiple periods of learning, retraining and skills development throughout their working lives. A common funding architecture would also help bridge existing divisions between VET and higher education and support more seamless movement across the tertiary system.

This is particularly relevant in the context of AI. Workers adapting to changing roles may not need to undertake another full qualification. They may instead need a discrete set of new technical skills, a short higher education course, a microcredential, a VET skill set or a combination of learning that can subsequently contribute towards a larger qualification. As technologies and skill requirements continue to evolve, workers may need to return to education at multiple points throughout their careers.

The tertiary funding system should facilitate rather than discourage this pattern of lifelong participation in education and training.

Microcredentials and short courses

AI also strengthens the case for a greater role for microcredentials and other forms of short, targeted learning.

Traditional qualifications develop the broad disciplinary knowledge, critical thinking, analytical capability and professional formation that support long—term career adaptability. However, they cannot be the only mechanism through which the education system responds to technologies whose capabilities and workplace applications are changing rapidly.

Microcredentials and short courses can allow workers to acquire specific new capabilities without having to undertake an entire additional qualification. They can also allow providers to respond more quickly to emerging industry requirements and enable employers to target workforce development to particular skill gaps.

As AI and other technologies continue to change workplace practices and skill requirements, the tertiary system needs to be able to respond quickly. Short courses and microcredentials can provide workers with targeted opportunities to acquire or update particular skills without requiring them to undertake an entire qualification.

However, for higher education, this requires more than simply creating additional microcredentials. Learners need confidence that high—quality short—form learning has value beyond the immediate course. Wherever

appropriate, microcredentials should have transparent relationships with larger qualifications and support recognition of prior learning and credit, allowing learning undertaken at different stages of a career to contribute towards further study.

Australia should therefore develop an environment in which learners can undertake, accumulate, combine and receive recognition for smaller units of learning over time, while maintaining appropriate academic and quality standards.

IHEA has previously identified growing demand for shorter, targeted and industry—focused education, including microcredentials, and has argued that learners should be able to move in both directions between higher education and VET without unnecessary financial, regulatory or administrative barriers.

This flexibility will become increasingly important as AI changes the skills required within existing occupations. Microcredentials and other forms of short—form learning should form part of a broader lifelong learning system that enables workers to acquire new capabilities when they need them and, where appropriate, build that learning progressively towards larger qualifications.

Harnessing the capacity of independent higher education providers

Meeting the workforce and skills challenge presented by AI will require Australia to make full use of its existing tertiary education capacity. This is particularly important in the context of the Australian Government’s target for 80 per cent of the working age population to hold a tertiary qualification by 2050. Achieving that level of attainment, while also responding to rapidly changing skills requirements associated with AI and other technologies, will require participation and educational capacity across the tertiary system.

Independent higher education providers are well placed to contribute. They educate substantial numbers of students in areas of national and workforce priority, including information technology, nursing, teaching, allied health, psychology, business and community services. Many have developed specialised models characterised by strong industry engagement, flexible delivery and intensive student support. IHEA members collectively educate more than 140,000 students across a diverse range of disciplines, and some operate across both higher education and VET.

However, the Commonwealth funding framework does not make full use of this capacity. Eligibility for key forms of Commonwealth support continues to depend substantially on provider classifications established more than two decades ago, notwithstanding the subsequent establishment of TEQSA and a national quality assurance framework applying to all registered higher education providers. As IHEA argued in its July 2026 submission to the Senate Inquiry into the Universities Accord (Opening the Doors of Opportunity) Bill 2026, Commonwealth funding eligibility should increasingly reflect demonstrated educational quality, provider capability, student need and contribution to government priorities rather than historical provider classification.

This approach is consistent with the direction of the Bradley Review of Higher Education in 2008, which envisaged progressively broadening participation in Commonwealth supported funding beyond the traditional university sector. We note this principal has been accepted by Governments over the years and already extends to 17 non public university providers, but this selection has been largely ad hoc.

As Australia seeks both to achieve its 2050 tertiary attainment target and equip the workforce for AI—driven change, it should make full use of the capacity available across the regulated higher education system.

Commonwealth support should follow quality and workforce need

Making greater use of that capacity requires Commonwealth funding arrangements that allow appropriately qualified independent higher education providers to participate. IHEA supports progressively extending eligibility for Commonwealth Supported Places and other relevant Commonwealth funding programs to TEQSA registered higher education providers.

Broadening eligibility would not of itself require an increase in the overall Commonwealth funding envelope. Government would retain discretion over the level of investment, national priorities and allocation methodologies, while gaining greater flexibility to draw on capable providers where this would best advance workforce, participation, regional or equity objectives.

This is particularly important for lifelong learning. Workers seeking to acquire new AI or digital capabilities may need to return to education at different points in their careers and undertake different forms of learning. Commonwealth funding arrangements should give them greater choice over the course and eligible provider best suited to their needs, whether the learning takes the form of a qualification, short course or microcredential.

The same principle should apply to Commonwealth initiatives developed specifically in response to AI. Funding for AI—related microcredentials, short courses, reskilling and workforce transition programs, and priority qualifications should be accessible to appropriately qualified TEQSA—registered providers that meet the relevant requirements. This would allow government to draw on providers best placed to respond to particular workforce needs while giving learners greater choice over where and how they acquire new skills.

This would not require any reduction in quality or accountability. All registered higher education providers operate within the national quality assurance framework administered by TEQSA, and Commonwealth programs can impose additional eligibility, outcome and accountability requirements where appropriate. The same requirements should apply consistently, with access determined by those requirements rather than provider type.

A more joined—up tertiary system

AI also exposes the limitations of maintaining boundaries between higher education and VET.

Workers' future learning needs will not necessarily fall neatly within one sector. Some will require technical and competency—based training; others will require advanced disciplinary, analytical or professional knowledge. Many will need both at different points in their careers.

Australia therefore needs to make it easier for learners to move between higher education and VET, including through more consistent recognition of prior learning, transparent credit arrangements and pathways that enable learning acquired in one part of the tertiary system to contribute to subsequent study elsewhere.

IHEA supports a National Credit Recognition Framework that includes independent providers and operates in both directions between VET and higher education. Effective recognition reduces duplicated learning, lowers costs and shortens the time required to obtain further qualifications.

This is not an argument for homogenising VET and higher education. The two sectors have complementary strengths. VET offers particular strengths in applied and competency—based education and responsiveness to specific occupational needs, while higher education develops critical thinking, research—informing knowledge, analytical capability and transferable skills that underpin longer—term adaptability. Independent providers frequently combine these strengths through industry—engaged and professionally focused delivery.

AI makes it increasingly important that learners can access those complementary forms of education without unnecessary funding or regulatory barriers between them.

Conclusion

AI will create new jobs, transform existing ones and alter the mix of skills required across the Australian economy. The precise trajectory cannot be predicted with certainty. The appropriate response is therefore to build a flexible education system capable of adapting continuously as technology and work evolve.

Australia should move from a model in which tertiary education is concentrated at the beginning of adult life towards one in which lifelong learning is a normal and accessible part of working life. Microcredentials and short—form education should form part of that system, complementing rather than replacing full qualifications

and providing workers with rapid access to emerging skills.

Achieving this will also require reform of Commonwealth funding. Government cannot seek a flexible and responsive workforce while maintaining funding arrangements that unnecessarily restrict the providers through which Australians can obtain education and training.

Achieving Australia's tertiary attainment objectives will require contributions from providers across the tertiary system. Independent higher education providers already contribute substantial teaching capacity, workforce—aligned education, industry engagement and innovation. Extending Commonwealth support to students at independent providers would allow government to make greater use of that capacity while preserving student choice.

Therefore, Australia's response to AI should support lifelong learning, make greater use of microcredentials and short courses, improve movement between VET and higher education, and give students at independent higher education providers more equitable access to Commonwealth support.

The objective should not be to predict every job that AI will create or change. It should be to ensure Australians have the opportunity to continue learning and acquiring new skills as those changes occur.

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, TEQSA or associate members seeking registration.

There is a long tradition of independent higher education providers in Australia, with the first provider created as early as 1815, only 27 years after the first British settlement in Sydney in 1788. In total, five providers were established between 1815 and 1845 and preceding the first public university. The fifth of these was St James College, which was created in 1845. The founders of St James College were then involved in creating Moore College in 1856 and remarkably Moore College, a University College, still exists and is Australia's longest continuously operating independent higher education provider.

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). IHEA has 94 members, which rises to over 120 if providers' constituent colleges and subsidiaries are included.

IHEA's 94 members comprise:

- Five private Universities (Australian University of Theology, Avondale University, Bond University, Torrens University and University of Divinity).
- Six University Colleges (ACAP University College, Australian University College of Divinity, Alphacrucis University College, Excelsia University College, Moore Theological College and SAE University College).
- Eighty not—for—profit and for—profit institutions of higher education (which includes twelve full or partially self-accrediting institutes); and related corporate entities.
- Three corporate owners of higher education providers.

IHEA members teach approximately 74 percent of the students in the independent sector (i.e., more than 140,000 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, human services and social sciences.

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, or seeking registration, 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.

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Universities

Australian University of Theology

Avondale University

Bond University

Torrens University Australia

University of Divinity

University Colleges

ACAP University College

Alphacrucis University College

Australian University College of Divinity

Excelsia University College

Moore Theological College

SAE University College

Institutes of Higher Education

Academies Australasia Polytechnic

Academy of Interactive Technology

Acknowledge Education

Adelaide Central School of Art

AIBI Higher Education

AIM Business School

Australasian Academy of Higher Education

Australasian College of Health and Wellness

Australian Chiropractic College

Australian College of Christian Studies

Australian College of Nursing

The Australian College of Physical Education

Australian Data and Cyber Institute

The Australian Institute of Music

Barton Business School

Campion College Australia

Central Institute of Technology and Innovation

Christian Heritage College

CIHE Australia

COLLARTS

The College of Law

Eastern College Australia

Education Centre of Australia

Asia Pacific International College

ECA College of Health Sciences

Higher Education Leadership Institute

Endeavour College of Natural Health

EQUALS International

Fairmont College Australia

Gateway Business College

Governance Institute of Australia

Holmes Institute

IBC Education

iCareers Institute

ICHM

Ikon Institute of Australia

International College of Management, Sydney

International School of Global Leaders

JMC Academy

Kaplan Business School

Kaplan Higher Education

King's Own Institute

Laurus Higher Education

LCI Melbourne

Le Cordon Bleu Australia

Leaders Institute

Lyons College

Marcus Oldham College

MIECAT

Morling College

Nan Tien Institute

National Institute of Organisation Dynamics Australia

Navitas

Curtin College

Edith Cowan College

Eynesbury College

Deakin College

La Trobe College Australia

Griffith College

SAIBT

SIBT

Western Sydney University International College

Nova Higher Education

Oxford Institute of Higher Education

Photography Studies College

Polytechnic Institute Australia

Russo Business School

Sheridan Institute of Higher Education

Skyline Higher Education Australia

S P Jain School of Global Management

Stanley College

Sydney Institute of Higher Education

Sydney International School of Technology and Commerce

Sydney Met

Southern Academy of Higher Education

Tabor College

The Tax Institute Higher Education

Torrens University Australia

Think: Colleges

Universal Business School Sydney

Universal Higher Education

UoW College

UTS College

Wentworth Institute

Key Findings.

Independent higher education is an important contributor to Australia's economic activity.

The sector contributes



**\$8.2
billion**

to Australia's GDP



**196,000
students**



61%

International*



39%

Domestic*

*Shares based on EFTSL

For every **\$3** the sector directly contributes to GDP, it supports around **\$1** of additional value added elsewhere in the economy

Contributes



**\$3.0
billion**

in government tax revenue

International students contribute



**\$7.6
billion**

to Australia's GDP

Increases output by



\$14.0 billion

Supports



**18,906
FTEs**

across the economy

Contributes



\$13.1 billion

to total incomes

The sector contributes to the Australian economy through several major impact channels:



institutional
spending



international
student living
expenses



expenditure of
visiting friends
and family



net increase in
student labour
supply



graduate labour
productivity
uplift



research driven
productivity
uplift