



INDEPENDENT
HIGHER EDUCATION
AUSTRALIA

IHEA AUSTRALIAN UNIVERSITIES ACCORD – TERMS OF REFERENCE PRIORITIES CONSULTATION

14 December 2022

IHEA Submission to Australian Universities Accord - on Terms of Reference Priorities

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Executive Summary

This submission outlines Independent Higher Education Australia's (IHEA) recommendations for priorities to be explored in the context of the Australian Universities Accord Terms of Reference (**Appendix A**). The Accord process is a great opportunity to ensure higher education policy, delivery and funding settings are appropriate to support student access, choice, and outcomes. Our hope is that the results of the Accord process will deliver a more equitable higher education system that encourages diversity and innovation for the sake of our students.

IHEA's submission and associated recommendations cover three broad themes:

- 1. Student equity and choice** - Students should not be disadvantaged when choosing an independent provider as the highest quality provider appropriate to their educational needs.
- 2. Competitive neutrality** including equitable market access and competitive access to government funding allocations.
- 3. Ensuring a cohesive and connected, quality and sustainable tertiary education system** as a means of:
 - sustaining Australia's world-class reputation as a destination of choice for higher learning;
 - creating a pipeline of skilled workers to fill critical workplace shortages amongst present-day challenges affecting Australia's productivity performance; and
 - promoting economic activity.

Our assumptions are that students make good choices of their own volition, and that student choice drives prosperity. Further, we advocate for equitable funding and regulatory settings that support student choice and encourage competition, quality, and innovation in the higher education (HE) sector. Considering the above, the following summarises IHEA's recommendations regarding Accord priorities. These priorities link to and support the Accord Terms of Reference according to the mapping provided in Appendix B.

Summary of Recommended Accord Priorities:

1. Amend the Higher Education Support Act (HESA) (2003) to widen Commonwealth Supported Places (CSPs) to all higher education providers, i.e., delivering education in national priority fields.
2. Stop FEE-HELP loan surcharge inequity, which undermines student choice and is both iniquitous and anti-competitive.
3. Develop a universal, income-contingent loan scheme with equitable settings for all tertiary students.
4. The Tertiary Education Quality and Standards Agency (TEQSA) to develop a Service Obligation Charter that underpins the application of TEQSA's Cost Recovery model and sets out clear time commitments for TEQSA's responsiveness.
5. TEQSA's scheduled Cost Recovery three-year transition for annual levies to be adapted and extended to a five-year phased transition.
6. TEQSA and Australian Skills Quality Authority (ASQA) to place greater effort on aligned self-assurance where possible.
7. Competitive access to Government funding to ensure that funding eligibility, including access to equity funds is driven by quality criteria rather than provider type.
8. Access to Government research funding blocks and grants be extended to all registered providers and that the pool of research funding available for allocation to eligible institutions be increased.
9. A single tertiary system and regulator for the HE and VET sectors that aligns processes where possible and maintains TEQSA's case management approach as a means of ensuring "a cohesive and connected tertiary education system."¹
10. Abolition of student visa fees to; re-energise Australia's international education market, remove barriers to entrance, and advance a narrative of welcome to international students post-pandemic impacts.
11. Improve processing times for student visas.

¹ Accord Terms of Reference accessed from <https://www.education.gov.au/australian-universities-accord/resources/terms-reference>

Consideration of Issues

An educated society with a skilled workforce underpins innovation, opportunity, and economic growth and Australia's world-class Higher Education (HE) sector can help drive the success of our national economy. IHEA's overarching view is that the independent HE sector, in complement to universities and the Vocational Education and Training (VET) sector, will play a critical role in Australia's economic recovery and in addressing the skills shortages plaguing Australia and the globe coming out of COVID.

Even the Tertiary Education Quality and Standards Agency (TEQSA) projects further growth in the HE sector, stating:

*"...significant growth is occurring in the independent higher education sector with new offerings and modes of delivery and emerging business models. In the next 10 years, there will be a greater diversity of providers offering education in specialised fields and those fields that have traditionally been underserved by larger institutions."*²

By nature, the Independent HE sector is agile at adapting to workforce needs, in both content and formats of delivery. We offer a diversity of courses, from niche courses to shorter form learning products (including micro credentials, boot camps and stackable qualifications) that address upskilling and reskilling needed to complement longer term workforce solutions. In this way the Independent HE sector is increasingly relevant and well placed to help address the skills, knowledge and experience shortages plaguing Australia.

To illustrate, in 2021, independent HE providers outperformed universities in Australia for teaching quality, learner engagement, skills development, and overall quality in government-endorsed Quality Indicators for Learning and Teaching (QILT) surveys.³ Table 1 below outlines student experience results by provider type and is empirical data that can be used as a proxy for the Independent HE sectors performance on equity measures.

Table 1 - The Student Experience by Provider Type 2021 (% positive rating)

| 2021 | Skills Development | Learner Engagement | Teaching Quality | Student Support | Learning Resources | Quality of the Entire Educational Experience |
|--------------------|--------------------|--------------------|------------------|-----------------|--------------------|--|
| Non-Universities * | 81 | 57 | 81 | 79 | 74 | 74 |
| Universities | 79 | 48 | 79 | 72 | 81 | 73 |
| All institutions | 79 | 49 | 79 | 73 | 80 | 73 |

* Non-Universities (often synonymous with independent providers)

Generally, student ratings in the independent HE sector are higher than universities, the Group of Eight in particular, in twenty-four out of twenty-five quality indicators. The only indicator that universities outperform the independent sector on is Learner Resources, a measure that considers facilities and infrastructure, which universities gain substantial funding.

Notwithstanding this HE review being exclusively titled 'Australian Universities Accord: A Higher Education Review,' IHEA advocates for competitive neutrality and a level-playing field between universities and independent HE providers for the benefit of student outcomes and Australia's international standing as a destination country. Irrespective of the recent shift in nomenclature to call the Accord a 'Review of Australia's Higher Education system,' we argue that the implicit exclusion of the non-university sector perpetuates a two-tier system that inadvertently damages the reputation of the independent sector as valid destinations of study.

² TEQSA, 2022, Annual Report, page. 3 accessed from <https://www.teqsa.gov.au/sites/default/files/2022-11/teqsa-annual-report-2021-22.pdf?v=1666752003>

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 Minister for Education, the Hon. Minister Jason Clare (MP) addressed⁴ how disadvantage replicates itself between generations leaving many Australians with lower living standards and opportunities.

The Independent HE sector accommodates students from target equity backgrounds at an almost comparable rate to universities. The Independent HE sector is often considered to be a less intimidating option by targeted student equity groups because of smaller class sizes and increased learning support.

Table 2 below uses Department of Education 2019 data (reported in 2020)⁵ as a benchmark for comparing equity target group participation in universities and Independent HE providers. The data shows that independent HE providers have slightly lower participation results relative to universities. These results are further moderated by the Independent HE sector's contribution to equity group student access, retention, and success.

Table 2 - Target Equity Group Participation Comparison Universities and the Independent HE Sector (% participation)

| | NESB | Student with Disability | Women in Non-Traditional Areas | Indigenous | Low SES Postcode Measure | Regional | Remote |
|--------------------------------|------|-------------------------|--------------------------------|------------|--------------------------|----------|--------|
| Independent HE Providers | 1.88 | 5.00 | 11.78 | 1.80 | 15.27 | 14.41 | 0.60 |
| Universities | 3.49 | 7.58 | 16.57 | 2.05 | 17.17 | 18.52 | 0.85 |
| DESE total % domestic students | 3.40 | 7.44 | 16.23 | 2.04 | 17.05 | 18.28 | 0.83 |

The Independent HE sector ensures that students from equity groups have realistic and appropriate options for improving their lives through HE. For instance, we provide academic preparation necessary to support diverse students' retention and success in HE through the provision of:

- **Academic Pathways** that academically prepare students from marginalised and disadvantaged cohorts of Australian society. To illustrate, Foundation Programs bridge post school learning gaps in numeracy and literacy, and English courses help students from diverse linguistic backgrounds to transition to HE courses predominantly delivered in English. This benefit also extends to international students who are critical to Australia's HE sector's success.
- **Vocational Education and Training (VET) courses.** Almost 40% of IHEA's members are dual sector providers who deliver HE and VET courses to the Australian public. Notably, students from target equity groups, such as Low SES backgrounds choose to participate in VET at higher rates compared to HE (NCVER, 2020)⁶, arguably because many marginalised groups still perceive themselves as 'not belonging at university,' (Cardak, Brett & Burt, 2022).⁷ This lack of belonging within university contexts also makes the independent HE sector an attractive alternative for traditionally disadvantaged cohorts.
- **Sub-bachelor courses,** a mainstay in Independent HE providers compared to universities that focus their attention on research and Bachelor level and postgraduate courses.

The Independent sector is a legitimate alternative to university study and delivers superior quality student outcomes as outlined earlier. Whether students subsequently choose to finish their studies at a university after studying at an independent provider (as they often do, likely because of vertical hierarchy that has universities as

⁴ Clare, J., 2022, Universities Australia 2022 Gala Dinner, 6 July 2022 accessed from <https://www.jasonclare.com.au/media/speeches/5137-universities-australia-2022-gala-dinner>

⁵ Accessed from <https://www.education.gov.au/higher-education-statistics/resources/2020-section-11-equity-groups>

⁶ NCVER data accessed from <https://www.ncver.edu.au/research-and-statistics/publications/all-publications/student-equity-in-vet-2020-participation-achievement-and-outcomes>

⁷ 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

higher status), the Independent HE sector remains a critical contributor to increased equity target group retention and success.

Further, growing enrolment trends in the independent HE sector (18.2% growth between 2017 and 2020) reflect the increasing value students placed on independent HE compared to public universities (6.1% growth for the same period) in meeting student and market education and training, upskilling and reskilling needs.

Independent providers also outclassed public universities on overall employer satisfaction ranking an average of 3.4 percentage points higher than universities. Notably, IHEA members also ranked in the top 5 in graduate outcomes for overall full-time employment and labour force participation rates in 2021 QILT surveys.⁸ Nevertheless, when the Government allocated funding for an additional 20,000 undergraduate places in disciplines with workforce shortages, all but a handful of independent HE providers were left out.

The Productivity Commission recently stated that, "Across both VET and higher education, funding is often allocated to providers based on historical grant allocations, rather than contestable arrangements."⁹ IHEA agrees with this position and advocates that the Government can increase availability of skilled workers, increase equity group participation levels and cater to the needs of prospective students by practising competitive neutrality in funding decision-making. A first step could be an increase in Commonwealth Supported Places (CSPs) to all higher education providers, or at the very least University Colleges (University Colleges are teaching and learning focussed HE providers with demonstrated maturity in governance and scholarship activities akin to a university).

Current funding arrangements distort student choice in favour of universities over providers and courses that may be better suited to meet students' interests, needs, capabilities and long-term career goals. The Productivity Commission in Interim Report 5, From Learning to Growth recently stated that

*"Students appear to make good choices of their own volition. They have the best information about their own abilities and interests, making them well placed to make decisions about what they will enjoy — and benefit from — studying. During the Victorian Training Entitlement — which gave students a reasonably free choice in what to study — one study found there was a 'significant improvement in the match between course choices and the officially recognised skills in demand' (Polidano, van de Ven and Voitchovsky 2017a, p. 3)."*¹⁰

As such productivity-friendly higher education reform should promote student choice and equity.

1. Student Equity and Choice

IHEA advocates for funding equity for all students and higher education providers. Independent sector students are the only Higher Education Loan Program (HELP) recipients required to loan 120 percent of their tuition costs to pursue their educational and career goals. This loan fee is not imposed on students attending public and private universities. IHEA views the FEE-HELP loan fee of 20 percent as a discriminatory fee on education and training for independent sector students. These are domestic students who are disadvantaged for choosing to study with an independent HE provider instead of at a university.

Access and participation in higher education can unlock disadvantage and student loans such as HELP were introduced to help finance expanded access to higher education.¹¹ However, IHEA's independently commissioned economic impact analysis of the FEE-HELP loan fee determined that it raises \$6.2 million per annum in general

⁸ QILT Graduate Outcome Survey Results accessible from [https://www.qilt.edu.au/surveys/graduate-outcomes-survey-\(gos\)](https://www.qilt.edu.au/surveys/graduate-outcomes-survey-(gos))

⁹ Productivity Commission: Interim Report 5 – From Learning to Growth, pg. 61 accessible from <https://www.pc.gov.au/inquiries/current/productivity#report>

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

¹¹ Grattan Institute Report, 2016 – accessible from <https://grattan.edu.au/wp-content/uploads/2016/12/883-Shared-interest-A-universal-loan-fee-for-HELP.pdf>, pg. 21

revenue but shackles independent sector students with \$100 million more debt than their course costs.¹² The FEE-HELP loan surcharge for independent providers is both iniquitous for students and anti-competitive in the HE sector.

In the interests of competitive neutrality, creating sectoral efficiency and driving quality up, the Australian Government needs to urgently remove unfair taxes on tertiary students by permanently abolishing loan fee inequity that penalises independent sector students simply for choosing an independent sector provider. Instead, the Government might consider developing a universal, income contingent loan scheme with equitable settings for students regardless of student choice of provider. Previous economic modelling shows that a well-considered, universal income contingent loan scheme could earn nearly \$1.2 billion to offset interest costs under the HELP lending program in net savings,¹³ and bring social benefit to the Australian Community.

Limited Access to Commonwealth Supported Places in National Priority Fields

Recently, skills and workforce shortages have identified an urgent need to train students in national priority fields. Earlier, the *Bradley Review of Australian Higher Education* (2008) 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...¹⁴*

TEQSA has been in place now for well over 10 years and assesses all providers according to the same Threshold Standards. As such and as a first step, IHEA proposes that all students should have an equal opportunity to be supported through Commonwealth Supported Places (CSP) in national priority fields of study across all higher education providers.

Access to funded places for all registered providers will deliver student equity and choice and help create a level playing field in Australia's tertiary sector. IHEA proposes that the Higher Education Support Act (2003) be amended to give access to CSP to all higher education students in national priority fields delivered by TEQSA registered higher education providers. As part of COVID-19 relief reform, CSP places were extended to all eligible higher education providers to offer undergraduate certificates in priority areas. This policy decision acts as precedent and as an example of competitive neutrality.

Recommendations

1. Amend the HESA to widen CSP to all higher education providers, i.e., delivering education in national priority fields.
2. Stop FEE-HELP loan surcharge inequity, which undermines student choice and is both iniquitous and anti-competitive.
3. Develop a universal, income contingent loan scheme with equitable settings for all tertiary students.

¹² IHEA Report, <https://ihea.edu.au/wp-content/uploads/2019/05/Students-First-A-Fair-Go-for-All.pdf> -refer pg. 3 for some modelling based on 2018 student data (reported in 2019)

¹³ Ibid. pg. 42

¹⁴ Bradley, D., Noonan, P., Nugent, H., Scales, B., (2008), *Review of Australian Higher Education*, Final Report, Department of Education, Employment and Workplace Relations, Canberra. [Emphasis our own]

2. Competitive Neutrality in Funding

Competition is essential for markets to function well. As such, competitive neutrality principles should underpin productivity-enhancing HE reforms.

IHEA calls for competitive access to government funding **based on quality criteria instead of provider type**. Areas in which competitive neutrality principles are not protected in Australia's HE sector as they relate to Government funding are evident in HESA, which for instance provides exclusive equity access to funding to Table A and B institutions for:

- Disability Support Program (DSP) which improves access for students with disabilities. A report by the National Centre for Student Equity in Higher Education (NCSEHE)¹⁵ recommended:
"That the Australian Government conduct a holistic review of the participation of students with disability to ensure that higher education is free from discrimination, aligned with the requirements of the Disability Discrimination Act (1992) (DDA) and Disability Standards for Education (2005) (DSE), and consistent with Australia's commitment to the Convention on the Rights of Persons with Disabilities (CRPD). This review should include reference to the adequacy of financing to support these policy objectives."
- Indigenous Support Program to help meet the needs of Aboriginal and Torres Strait Islander students
- Higher Education Participation and Partnership Program (HEPPP) which helps people from low socio-economic status backgrounds
- OS-HELP – assistance to undertake part of a course of study overseas.

Independent providers are committed to improving access to higher education, particularly for students from equity backgrounds. To illustrate, at one of IHEA's members, SAE Creative Media Institute (SAE), two-thirds of students are first-in-family in HE, more than one in 10 have identified with a disability, and more than one in 10 come from a low SES background – which are higher than sector averages. Unfortunately, as an independent, non-university provider, SAE cannot access equity-related funding from the Government, such as the DSP or HEPPP. SAE students are also further subjected to the 20% loan fee referenced earlier that does not apply to university students.

Similarly, IHEA member, International College of Management Sydney (ICMS) operates a mature scholarship program focusing on awarding tuition and/or accommodation scholarships to students particularly those from disadvantaged backgrounds. Since 2015, the program has awarded over \$10 million worth of scholarships averaging \$2million in awards per year from 2020. The majority (90 percent) of these scholarships are wholly funded by ICMS, with the remainder made possible by benevolent corporate partners. ICMS' scholarship subsidies have provided necessary financial assistance to enable access to HE to many First Nations students, students from remote or regional areas as well as students from low socio-economic backgrounds. Many students who have benefitted from an ICMS scholarship have gone on to successfully complete their degrees enabling them to enjoy rewarding careers as productive global citizens. Such commitment to increasing access to HE within the independent sector is not unusual, even with the total absence of government support or recognition of the Independent HE sector's contributions in increasing access through scholarship grants and other such subsidies.

The Council of Australian Government's (COAG's) 1995 decision to introduce competitive neutrality was designed "to remove resource allocation distortions arising out of public ownership of significant activities and to improve competitive processes."¹⁶ These distortions occur because the prices charged by publicly owned enterprises may not reflect production costs which may lead to distortions in production and consumption.¹⁷

IHEA notes that postgraduate courses are generally much more expensive than public universities, with a more intensive learning experience, more senior staffing, smaller classes, and more extensive research requirements. There is concern that public universities may not be adequately calculating the actual cost base of these courses.

¹⁵ Tim Pitman, Katie Ellis, Matt Brett, Elizabeth Knight, Darlene McLenna, "Calculating the Costs of supporting people with disability in Australian Higher Education," National Centre for Student Equity in Higher Education (2022).

¹⁶ Commonwealth Competitive Neutrality Statement, p. 4

¹⁷ *Ibid.*

A closely related issue is access to the National Priorities and Industry Linkage Fund (NPILF) introduced under the Job Ready Package. NPILF allocates block grants to HESA Table A universities only (based on CSP Equivalent Full Time Student Load) to support enhanced engagement with universities and industry. Similarly, the lack of competitive neutrality in HESA to do with Government research funding access can be solved by extending equitable Government funding access policies that ensure that access to funding is driven by quality criteria rather than provider type. In this context, competitive neutrality funding policies are even more critical.

Further, in the case of newer entrants into higher education (primarily independent providers), current arrangements for provider FEE-HELP approval includes a track record of delivery for at least two years. This policy results in newly registered providers seeking Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) registration to enrol international students to establish a record of operation essential to provider FEE-HELP approval. While Ministerial powers enable FEE-HELP approval on registration, independent providers are usually required to have been operating for a minimum of two years before being approved for FEE-HELP. This is an anti-competitive and efficiency reducing effect of policies that discriminate against independent providers and against new entrants to the market. Without reform to higher education funding, independent providers will continue to focus on the international market rather than the domestic student market, which may create a two-tier system that affects the international standing of Australia's broader higher education sector. If Australia is to sustain a world-class higher education sector that harnesses entrepreneurship and innovation, that can capably train Australia's future workforce. It is in the national interest that equitable access to funding arrangements is guaranteed from the point of new provider registration. Such a reform would also demonstrate the Government's commitment to sustaining a high-quality higher education sector.

Research

Further to the Commonwealth equity funding limitations raised above, IHEA agrees with the Productivity Commission's view that "Across both VET and higher education, funding is often allocated to providers based on historical grant allocations, rather than contestable arrangements."¹⁸ To illustrate, only universities receive direct project or block government funding for research, despite broader sectoral participation in the production of research, research commercialisation and innovation.¹⁹

Current funding structures inequitably exclude quality providers from gaining research funding highlight bias in Government funding policy which disincentivises capable providers from contributing to Australia's productivity. Further, the lack of access to PhD student funding disincentivises Higher Degree Research students from enrolling in the non-university entities, which is a form of government- market control and anti-competitive.

To illustrate, Australian Research Council (ARC) grants are fiercely contested and a major indicator of an institution's research standing. However, at present, most of the independent HE sector (other than Table B providers) are excluded from applying for ARC grants, even if they have academic staff and research facilities on par with many universities. In the past, ARC funding was limited to universities on the basis that private providers lack the research infrastructure to support major projects. However, this concern is now dealt with through the substantial weight given to the research environment in ARC grant assessment criteria (although we note the current ARC review).²⁰

Extending ARC grant eligibility to the Independent HE sector has the capacity to; support quality research, increase institutional equity and improve the efficiency of the tertiary system through greater competition.

Regulatory Settings

Appropriate regulatory settings are critical inputs in shaping the outcomes envisioned by the Accord such as flexible and innovative educational pathways and responsive HE institutions that leverage their organisational strengths and diversity.

¹⁸ Productivity Commission: Interim Report 5 – From Learning to Growth, pg. 61 accessible from <https://www.pc.gov.au/inquiries/current/productivity#report>

¹⁹ Paul Oslington, "Competition Policy in Higher Education," in *The Australian University in Crisis*, ed. William Coleman (Melbourne: Connor Court, 2019).

²⁰ <https://www.education.gov.au/higher-education-reviews-and-consultations/review-australian-research-council-act-2001>

IHEA considers TEQSA's proposed regulatory fees under the Cost Recovery Implementation Statements (TEQSA Cost Recovery) as unfairly affecting the Independent HE sector – most of whom are independent providers. Universities have full Self-Accrediting Authority (SAA) and are subject to far fewer regulatory processes than independent higher education providers who often do not have SAA. Further, TEQSA's regulation of universities demonstrates a light touch when compared to non-university providers, of which most are independent providers.

Independent higher education providers operate under sound business models and have demonstrated resilience despite the challenging impacts of the COVID pandemic and current global geopolitical tensions.

Within this context, the Australian higher education sector is characterised by complex and ever-evolving regulatory and legislative requirements and contested student markets in which independent and smaller providers are most vulnerable to regulatory processes compared to universities. To illustrate, all universities have full Self-Accrediting Authority (SAA), while only nine independent providers have full or partial SAA. If full cost recovery is implemented as planned, there is a danger that independent providers, especially smaller providers' courses, will not remain viable which will affect sectoral diversity and affect student choice.

Given the significant increase in fees being imposed on the independent sector, to do with accreditation costs, it is imperative that TEQSA performs its functions with efficiency, accountability, and transparency in a timely manner. IHEA advocates for TEQSA to develop a Service Obligation Charter that underpins the application of TEQSA's Cost Recovery model and sets out clear time commitment for TEQSA's responsiveness. Moreover as over the last few years TEQSA has fallen short of sectoral performance expectations on various occasions.

IHEA further advocates that TEQSA's planned Cost Recovery three-year transition for annual levies be extended to a five-year phased transition to level the playing field. Such an approach would assist the Independent HE sector (who are disproportionately impacted by TEQSA's Cost Recovery fees), to continue to innovate and offer high-quality experiences and outcomes to students. To illustrate, TEQSA's Cost Recovery model disproportionately affects Professional bodies such as the Institute of Internal Auditors (IIA) (another IHEA member). IIA's higher education delivery model is based on advancing their professions and the quality recognition of their qualifications rather than the generation of revenue from education operations. Independent providers such as IIA do not rely on FEE-HELP loans or international student revenue. Without a duly considered Cost Recovery model, there is a danger that Professional Associations like IIA would be costed out of providing in-time lifelong learning to their profession.

Regulatory burden and duplication is also a critical issue that affects the financial bottom line of providers. To illustrate, in addition to TEQSA's Cost Recovery, costs associated with TEQSA's registration, accreditation and annual reporting requirements which include multiple Department of Education requirements are extensive and costly to administer. They also disproportionately fall on the smaller independent HE sector who require TEQSA approval for course accreditation where the provider does not have SAA. On the matter of self-assurance, IHEA emphasises the importance of greater effort and alignment with TEQSA and ASQA's self-assurance regimes where possible.

The Independent sector is already straining under the weight of regulation, red tape and rising costs, including impending costs such as TEQSA's Cost Recovery. Recent Government decisions to impose full cost recovery for TEQSA and ASQA only increase costs, especially for dual providers.

Also, given that Australia's reputation for a world-class education system is not built on universities alone - especially considering Government endorsed QILT results highlighted earlier in this submission, TEQSA Cost Recovery implementation and regulatory posture should reflect equity considering the commercial advantages public universities already enjoy through HESA funding arrangements.

Recommendations

4. TEQSA to develop a Service Obligation Charter that underpins the application of TEQSA's Cost Recovery model and sets out clear time commitments for TEQSA's responsiveness.

5. TEQSA's scheduled Cost Recovery three-year transition for annual levies to be adapted and extended to a five-year phased transition.
6. TEQSA and ASQA to place greater effort on aligned self-assurance where possible.
7. Competitive access to Government funding to ensure that funding eligibility, including access to equity funds is driven by quality criteria rather than provider type.
8. Access to Government research funding blocks and grants be extended to all registered providers (with quality and research themes used as key criteria) and that the pool of research funding available for allocation to eligible institutions be increased.

3. A Cohesive and Connected, Quality and Sustainable Tertiary Education System

Dual and Multiple Sector Providers

Excessive regulatory duplication exists for dual and multi-sector HE institutions. The Government has long recognised the duplication and regulatory burden faced by providers co-regulated by different agencies. TEQSA even introduced a measure to reduce regulatory burden by working closer with ASQA for this very purpose.²¹ That said, little progress has been made to address the over-regulation of dual sector tertiary education providers meaningfully.

IHEA proposes that the Higher Education Accord Reform prioritise reducing barriers and red tape that unfairly burden dual and multi-sector providers co-regulated by TEQSA, Australian Quality Skills Authority (ASQA), and in some instances, Professional Associations.

Regulatory duplication and burden negatively directly impacts institutional resources and contributes to internal uncertainty concerning compliance obligations and outcomes. It also wastes provider resources that could be better utilised to support the ongoing provision of high-quality student educational experiences. Despite public statements²² indicating that greater coordination and streamlining of regulatory processes for dual-sector institutions is required, little progress in relieving regulatory burden for dual-sector institutions has been achieved to date. Additionally, with TEQSA and ASQA moving to a fee-based cost recovery model in 2023 the implications of duplicative regulatory processes threaten to have a significant negative financial impact on dual sector institutions – a good proportion of which are IHEA members.

IHEA acknowledges that regulation of both the higher education and VET sectors in Australia is necessary to protect the quality and reputation of our post-secondary education sector. However, where regulatory design and processes are excessive or duplicative, a risk to the efficiency, consistency and coherency of the regulatory model exists. For the education sector, these risks are felt directly by registered providers as direct objects of regulation but also indirectly by the broad range of actors and agents within the national education system including governments, the community, and students.

Australia's education and training system and employment services should be integrated. At the very least, a simple reform streamlining regulation through single registration via TEQSA would remove barriers to independent providers who diversify their offerings across higher education and VET which are currently regulated differently.

IHEA supports a bipartisan vision for stackable degrees (such as Micro-Credentials) that traverse both VET and HE sectors. Such a holistic approach to education and training would ensure that the independent HE sector

²¹ TEQSA Annual Report 2021-2022, pg. 41 Under Key Activity 3.2 accessed from <https://www.teqsa.gov.au/sites/default/files/2022-11/teqsa-annual-report-2021-22.pdf?v=1666752003>

²² See ASQA <https://www.asqa.gov.au/faqs/how-are-multi-sector-providers-regulated>; DESE <https://internationaleducation.gov.au/regulatory-information/Provider-Registration/RegulatoryAuthorities/Pages/ESOSAgencies.aspx>, TEQSA <https://www.teqsa.gov.au/sites/default/files/corporate-plan-2017-v1-0-final-as-at-28-8-18.pdf?v=1537159221>, p. 11

continues contributing to the availability of a skilled workforce that can meet industry demand and promote productivity gains. Dual regulatory impact and burden should also be duly considered in the development of a cohesive and connected tertiary system, as a means of removing barriers to innovation.

IHEA proposes five relatively simple changes to ensure effective and cohesive regulation of dual sector providers. These changes would require minimal changes to the regulators' processes and/or minor tweaks to legislative frameworks and would make an immense difference to dual sector providers' operations, and to students experience on the ground. IHEA's dual sector streamlining proposals 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.

While the HE and VET systems have different legislative frameworks, regulatory processes, course content, delivery, and structure, IHEA advocates that TEQSA be considered the primary regulator and proxy for monitoring compliance with most HE and VET Standards including activities such as:

- CRICOS - Currently, a provider who is CRICOS registered with TEQSA or ASQA is still required to undertake a whole other initial CRICOS registration application with the alternate regulator. It is unclear why this process is needed when the provider will already be registered on the Provider Registration and International Student Management System (PRISMS).
- Provider Information Requests - Currently, Fit and Proper Person (FPP) requirements involve notifications to each regulator on different forms with different content requirements. The same information is also required to be input into the HELP IT System (HITS) again with slight informational variances. Having a primary regulator for certain activities would minimise such inter-governmental red tape.

2. Align TEQSA and ASQA's Fit and Proper Persons and Financial Viability assessment data sets and processes to promote single point reporting.

Some of TEQSA and ASQA's information requirements such as Fit and Proper Persons and Financial Viability assessment processes are quite similar and would benefit from mutual recognition. TEQSA, ASQA and even the Department of Education (DoE) could reduce regulatory duplication by entering formal arrangements for the mutual recognition of regulatory or legislative decisions in relation to:

- Decisions relating to Fit and Proper Person Status; and
- Decisions relating to Financial Viability.

3. Create a single annual data reporting system for dual sector providers that uses standardised data sets.

Recently, the Government introduced the Tertiary Collection of Student Information (TCSI)²³ to collect HE (including CSP and FEE-HELP) data and VET Student Loan information. Since then, the Department and ASQA have also announced a VET Streamlining program²⁴ which convolutes reporting obligations and increases compliance risks. IHEA advocates that one data collection point which satisfies the myriad of very similar information requests would provide solutions to the issues raised and enhance inter-governmental information sharing.

4. Improve information sharing between TEQSA and ASQA for dual sector provider reporting.

Linked to the development of a single annual data collection point for dual sector providers, TEQSA and ASQA could improve the manner in which they share intelligence towards ensuring expected quality outcomes as opposed to looking at inputs and compliance with the law. Such an approach aligns with the self-assurance model being espoused by both regulators and will ensure that regulator activities are proportionate to the risks they are addressing within the sector.

²³ Further information about TCSI – accessible from <https://www.tcsisupport.gov.au/about-/what-is-tcsi-data-used-for>

²⁴ Further information about VET Streamlining– accessible from <https://www.dewr.gov.au/skills-reform/skills-reform-overview/vet-data-streamlining-program>

5. Mutual recognition policies between TEQSA and ASQA for provider/ Registered Training Organisation (RTO) registration and re-registration decisions made by either regulator.

ASQA’s Draft RTO Standards²⁵ resemble TEQSA’s Threshold Standards,²⁶ therefore as much as possible, IHEA advocates for a coherent tertiary sector that operates wholistically through mutual recognition of regulatory decisions such as those to do with provider or RTO registration.

Such an approach would reduce regulatory complexity and ambiguity and ensure that the sector is operating as one tertiary sector as we together navigate the contemporary challenges we face today, including but not limited to COVID-19 impacts on the sector, regulatory reform, Edtech infiltration, ESOS compliance, regulating micro credentials and other short courses – all of which potentially compromise the integrity and outcomes of Australia’s tertiary sector.

Summary of IHEA’s Dual Sector Streamlining Proposals

| Proposal Summary | Type of Change | Topic |
|--|-----------------------|--|
| <p>1. TEQSA becomes the primary regulator in relation to CRICOS registration including for capacity for dual sector providers and ASQA continues as primary regulator for VET only sites.</p> <p>ASQA would also continue adding VET courses and sites to a provider’s scope and where a provider is an RTO only would remain the primary regulator.</p> | Process Change | Education Services for Overseas Students (ESOS) Registration |
| <p>2. Requirements for Financial Viability and Fit and Proper Person (FFP) Status across the TEQSA, National Vocational Education and Training Regulator (NVETR), ESOS and HESA Acts be amended to be identical and TEQSA be tasked as the primary regulator responsible for interpreting and assessing these matters.</p> <p>The Agencies could also enter formal arrangements for the mutual recognition of regulatory or legislative decisions such as for:</p> <ul style="list-style-type: none"> • Decisions relating to Fit and Proper Person Status • Decisions relating to Financial Viability | Legislative / Policy | Data Streamlining |
| <p>3. One data collection system that encompasses TEQSA, ASQA and DoE data sets.</p> | Procedure | Streamlining information collection |
| <p>4. Where possible, TEQSA and ASQA can share intelligence and meaningfully pool resources to ensure quality outcomes across the tertiary sector.</p> | Procedure | Information Sharing |
| <p>5. TEQSA’s decision for re-registration under the TEQSA Act is deemed to ‘meet’ the registration requirements for RTOs by ASQA under the NVETR Act (and vice versa).</p> | Legislative change | Mutual Recognition |

²⁵ Accessed from <https://www.skillsreform.gov.au/papers/draft-standards-for-rtos/>

²⁶ Accessed from <https://www.legislation.gov.au/Details/F2022C00105>

Implementation of these proposals would result in a more streamlined, contemporary regulatory practices by our regulators, and dramatically reduce red tape and regulatory burden for the entire tertiary sector not just dual providers. To illustrate, one KPMG report²⁷ about VET data reporting identified well over 30 reporting requirements that arose from states and territories and the Commonwealth.

International Education

While the scope of this review has expansive international standing implications, we do not discuss International Education in depth in this submission as the Accord Terms of Reference state that the Panel will “synchronise with ... other areas of government that impact on the capacity of the HE system to meet the nation’s current and future needs,²⁸” and there are three concurrent reviews on migration and international issues that IHEA will be providing input into.

IHEA however emphasises the importance of robust international education and student migration positioning to help address Australia’s workforce shortages, economic recovery, and productivity. To this end, IHEA calls for the abolition of student visa fees to re-energise Australian international education and remove barriers to entrance while also advancing a narrative of welcome to foreign post-COVID-19 impacts. The cost of such a reform is considered minor in a \$41 billion industry.

Effective management of international education growth will also require policy settings that enable international student mobility and would ideally be supported by improved processing times and outcomes for student visas.

Recommendations

9. A single tertiary system and regulator for the HE and VET sectors that aligns processes where possible and maintains TEQSA’s case management approach as a means of ensuring “a cohesive and connected tertiary education system.”²⁹
10. Abolition of student visa fees to; re-energise Australia’s international education market, remove barriers to entrance, and advance a narrative of welcome to international students post-pandemic impacts.
11. Improve processing times and outcomes for student visas.

IHEA believes prioritising the recommendations set out in this submission can achieve the greatest return on investment in HE reform.

Who We Are

IHEA is the peak body representing most of Australia's Independent HE Providers with campuses across Australia. IHEA members have different missions, scales, and course offerings across the full Australian Qualification Framework (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) and
- 68 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 120,000 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 **Attachment B**.

²⁷ Accessed from <https://www.voced.edu.au/content/ngv%3A63425>

²⁸ Accord Terms of Reference accessed from <https://www.education.gov.au/australian-universities-accord/resources/terms-reference>

²⁹ *Ibid.*

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. IHEA's primary goal is to promote equity, choice and diversity for all Australian higher education students and to promote the reputation of independent higher education and Australian HE sectors global reputation more broadly.

Conclusion

On behalf of IHEA, its members, and the students they serve, IHEA thanks you for the opportunity to participate in this process and welcomes future opportunities to provide substantive feedback on Accord priorities throughout the Accord review process.

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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

THE RELATIONSHIPS BETWEEN THE ACCORD TERMS OF REFERENCE AND IHEA'S RECOMMENDATIONS

| Specific Accord Terms of Reference | IHEA's Related Recommendations* |
|--|---------------------------------|
| 1. Meeting Australia's knowledge and skills needs, now and in the future | 1; 2; 6; 7; 8 |
| 2 Access and Opportunity | 1; 2; 3; 7; 8 |
| 3. Investment and Affordability | 1; 2; 3; 5; 7; 8; 10 |
| 4. Governance, Accountability and Community | 4; 5; 6; 9 |
| 5. The connection between the vocational education and training and higher education systems | 3; 6; 9 |
| 6. Quality and Sustainability | 10; 11 |
| 7. Delivering new knowledge, innovation, and capability | 8 |

*IHEA's recommendations are numbered and may relate to more than one area of the Accord ToR.

APPENDIX C

IHEA MEMBERSHIP LIST

Academies Australasia Polytechnic

Academy of Information Technology

Adelaide Central School of Art

Adelaide College of Divinity

AIBI Higher Education

Alphacrucis University College

Australasian College of Health and Wellness

Australian College of Christian Studies

Australian College of Nursing

Australian College of Physical Education

Australian College of the Arts (COLLARTS)

Australian College of Theology

Australian Institute of Business

Australian Institute of Business and Management

Australian Institute of Management

Australian Institute of Music

Avondale University

BBI The Australian Institute of Theological Education

Bond University

Campion College

Christian Heritage College

Eastern College Australia

Education Centre of Australia

 Asia Pacific International College

 Higher Education Leadership Institute

Endeavour College of Natural Health

EQUALS International

Excelsia College

Governance Institute of Australia

HEPCo (The Tax Institute Higher Education)

Holmes Institute

Institute of Health and Management

Institute of Internal Auditors Australia

International College of Hotel Management

International College of Management, Sydney

Kaplan Business School

Torrens Global Education Services

 Think: Colleges

 Torrens University

LCI Melbourne

Le Cordon Bleu

Leaders Institute

Lyons College

Macleay College

Marcus Oldham College

Montessori World Educational Institute

Moore Theological College

Morling College

National Institute of Organisation Dynamics Australia

Navitas

 Australian College of Applied Professions

 College of Business and Technology

 Educational Enterprises Australia

 Melbourne Institute of Business and Technology

 Navitas Bundoora

 Queensland Institute of Business and Technology

 SAE Institute

 South Australian Institute of Business and Technology

 Sydney Institute of Business and Technology

 Perth Institute of Business and Technology

 Western Sydney University International College

Perth Bible College

Photography Studies College

Polytechnic Institute Australia

SP Jain School of Global Management

Sydney College of Divinity

Sydney Institute of Higher Education

Tabor College Adelaide

The College of Law

The MIECAT Institute

Universal Business School Sydney

University of Divinity

UoW College

Wentworth Institute of Higher Education
