



Australian Government
Department of Education

Stewardship of the Tertiary Education Sector

1 November 2023

Prepared by Nous Group

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Executive Summary



Key challenges and opportunities face the tertiary education sector.

The tertiary education sector has seen tremendous growth and change over the past few decades. Changes to higher education policy, including the introduction of demand-driven funding in 2012, dramatically increased the number of students undertaking higher education. Vocational education and training (VET) has also seen significant change in response to the growing awareness of Australia's skills challenges, and the role of VET in producing 'job-ready' workers and providing a wide range of post-school pathways.

The Accord Interim Report¹ (the Interim Report) highlighted a range of issues facing the sector, which need to be addressed if Australia is to achieve its economic and social goals. These include: broadening and diversifying access to tertiary education; meeting Australia's chronic and acute skills gaps; incentivising teaching excellence; building coherence across the sector to facilitate seamless pathways; and shoring up Australia's international reputation for quality research.

To help address these challenges, the Accord Panel sought options for more effective governance and stewardship of the sector. This was to include consideration of a proposed Tertiary Education Commission (TEC) to: provide leadership that drives performance, improve coordination and planning, enable appropriate allocation of funding, and establish mechanisms for transparency and accountability.

To that end, Nous Group (Nous) was engaged to co-design with the Department of Education (the Department or DoE) an appropriate set of arrangements for stewardship of the sector, in line with the Accord and under the direction of the Minister for Education. The co-design work was anchored in five questions:

1. What outcomes constitute success as it is defined by the Accord Panel?
2. What governance structure will elicit these outcomes?
3. How should the Government steward the sector to enable good governance?
4. How might a TEC help achieve these outcomes?
5. What would enable the system to respond to changing demand and need?

Nous developed principles of good governance and a high-level taxonomy of functions to enable stewardship of the sector. Working with the Department, we considered the remit of a potential TEC, including its role vis-à-vis other key entities in the tertiary education system. The options developed are set out in this document along with a proposed organisational structure for the TEC. Our work was informed by lessons from past experience, models in other jurisdictions and advice from key commentators and stakeholders, as well as feedback and input from the Accord Panel.

¹[Accord Interim Report 2023](#)



The TEC will be a collaborative body that stewards the sector.

The TEC will be the centrepiece of the new stewardship and governance architecture for the tertiary education sector. It will work across the sector to ensure the Accord's vision and objectives are maintained and implemented. Through its independence, the TEC will provide robust and evidence-based policy advice to inform decision-making and policy development.



The Interim Report and Panel discussion suggest that the Tertiary Education Commission for Australia can enable the Accord's vision for tertiary education through:

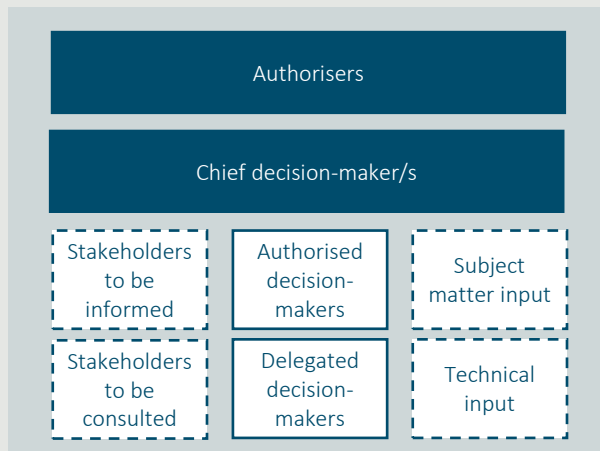
- Actively monitoring system performance and convening the sector to achieve the outcomes of the Accord
- An agile mindset and structure responsive to evolving skills, education and research needs
- Review and response to sector and system performance through effective stewardship, monitoring and reporting
- Pricing and funding allocation to address Australia's skills needs, improve participation of equity students, and deliver research priorities
- Effective policy guidance and policy-making in collaboration with Government, providers and other stakeholders
- Input and advice into regulation of the HE sector and, in the longer term across both HE and VET
- A review mechanism that elevates the voice of students and provides them an additional right of reply
- Monitoring, evaluation, planning and coordination that effects better collaboration with all actors across the sector
- Information aggregation and dissemination to support decision-making.

There are two levels of governance that need consideration.

Oversight level

This level of governance is concerned with the reporting and decision-making processes that determine the TEC's position and its future direction. The key considerations here are in relation to who makes the decisions, how are these decisions made, who advises the decision-makers and how flexible are these advisory bodies.

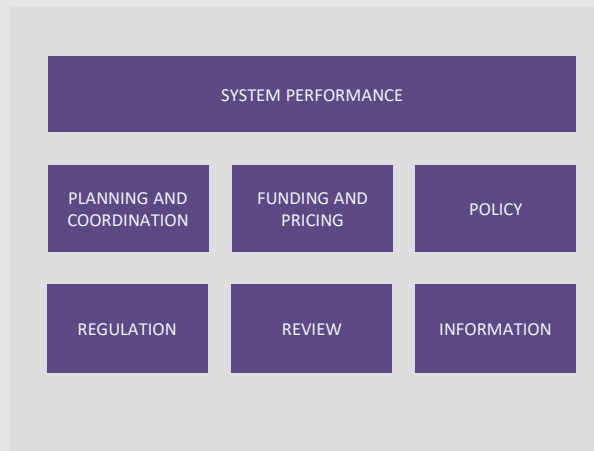
Example of an oversight model



Functional level

This level of governance is concerned with the roles and responsibilities of the TEC. The key considerations here are in relation to what roles should the TEC have, what is its remit, what policy levers should it have and how do these functions relate to other functions in the system. The design of the TEC's functions should directly address the governance gaps in the current system.

Example of TEC functions

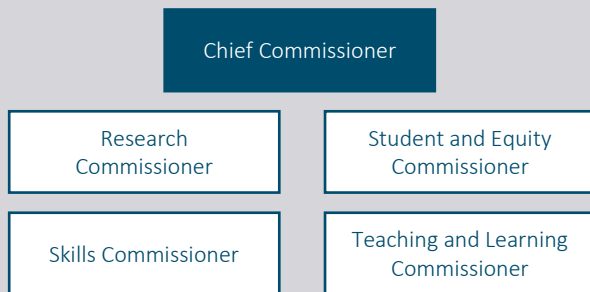


At both the oversight and functional level, there are various considerations and options to consider. An overview of the options at each level are provided in the following sections.

Oversight level governance - there are two models to consider to oversee the TEC.

The number of commissioners or board members can be scaled depending on the priorities of the Commission. The decision on size involves a trade-off between streamlined decision-making and wide representation.

Commissioner Model



Commissions have decision-making powers with respect to a specific mandate (i.e. steward the tertiary sector). Legislation may enumerate the responsibilities for each Commissioner or vest all functions in the Chief Commissioner who can then delegate decision-making authority to Deputy Commissioners. In this model, the Teaching and Learning Commissioner and the Skills Commissioner could make regulatory decisions with respect to higher education and VET respectively.

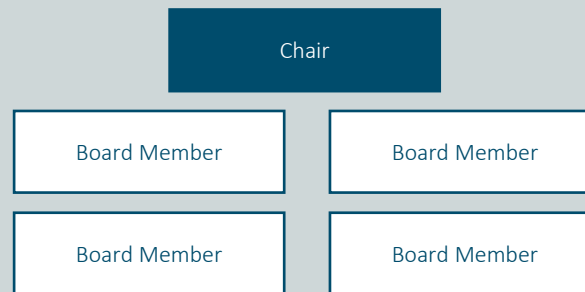
BENEFITS

- Legislated, specified roles indicate both sector-wide coverage and areas of focus, and provide more transparency and accountability.
- Defined roles enables easier identification and management of potential conflicts of interest.

RISKS

- Roles and accountabilities of Commissioners, being set out in legislation, are harder to adapt.
- Without appropriate counter-measures, Commissioners may operate in their respective 'silos' of responsibility.

Board Model



Boards more typically set strategic direction and ensure accountability for an organisation rather than a system. A TEC board could consist of members from a range of stakeholders similar to the JSA ministerial advisory board (i.e. representatives from providers, students, etc.). Membership could be based on a combination of sector representation and technical expertise. Decisions would be made collectively.

BENEFITS

- Greater flexibility in the configuration of the leadership group and their focus. (That is, the board could be statutory, but its mandate would apply to the collective rather than individuals.)

RISKS

- Less transparency.
- Less clear lines of individual responsibility and accountability.
- Greater risk of focusing on governing the TEC rather than maintaining a system view.

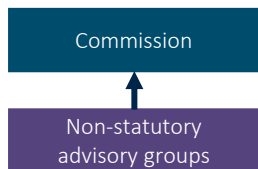
Stakeholders can provide input through a range of advisory arrangements.

Stakeholders can provide advice to inform decisions but should not be involved in the operational oversight of the TEC. There should be representative advisory bodies to provide input from the following:

- First Nations students and employees
- Diversity and equity advocates
- Regional stakeholders
- People with disability
- Students
- Education providers
- Industry representatives
- Teachers
- Researchers
- State and Territory governments

Those bodies could take a range of forms as set out below. There does not need to be uniformity in the type of body used.

Ad hoc advisory groups



Benefits

- Ease in establishing / removing / realigning groups enables quick response to changing priorities.
- More efficient to manage, as they can be convened as needed.
- Arguably could be seen as more independent from the TEC.
- Sessional payment could be offered rather than ongoing board fees.

Risks

- Greater risk of advisory groups being disregarded by Commissioners.
- Stakeholders may see this as a weak option that implies a tokenistic approach to seeking advice.

Standing advisory committees



Benefits

- Access to stakeholder views is assured and consideration of their advice is a statutory requirement.
- Potentially more integrated with the TEC, with Commissioners chairing the meetings, for example.

Risks

- Could see themselves as advocacy bodies, creating friction with the TEC.
- Would expect to be remunerated.
- Difficult to remove or amend their terms and membership.
- More formality implies greater administrative burden (e.g., regarding appointment processes).

Statutory office holders



Benefits

- Enables appointment of a 'champion' with clear authority to advise the TEC.
- Provides a single point of focus for groups feeling under-represented.
- Could combine with other functions to make a more substantive role.

Risks

- Limits access to multiple perspectives on matters affecting a particular group.
- Can create tension among stakeholders on the legitimacy of their designated representative.
- Less efficient as each statutory office holder would likely require a salary and a small dedicated staff.

State and Territory engagement

Engagement with States and Territories in the governance of the TEC is essential given that:

- Universities are state institutions – should the TEC wish to lend support to strengthen institutional governance or transfer dispute resolution responsibilities to a national student ombudsman, it needs the States and Territories on board to amend their legislation.
- As the TEC widens its focus to the tertiary system as a whole, it will need to collaborate with the States and Territories given their role in VET and the complexity of established national frameworks for VET funding, policy and regulation. Careful management will be required to mitigate perceptions of federal control of VET.

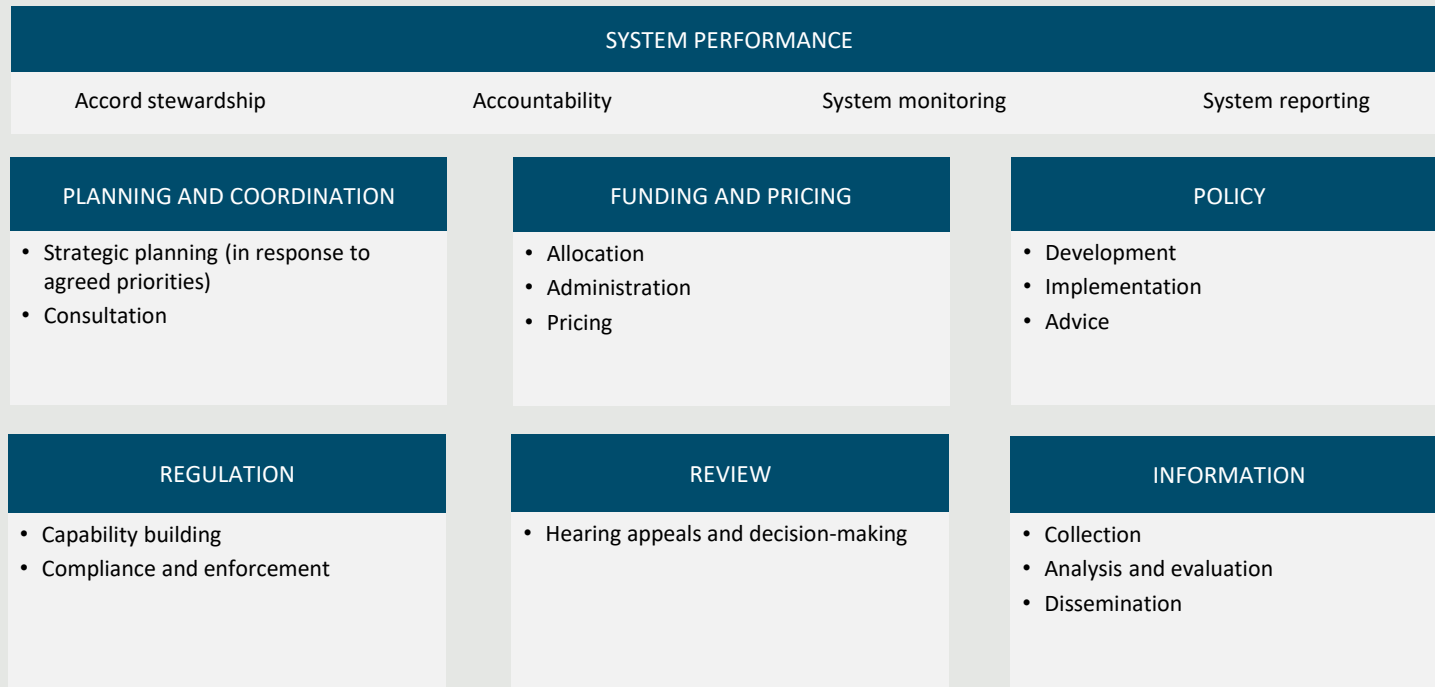
Engagement with the States and Territories can be managed to some extent through bilateral or ad hoc arrangements. But assuming either or both of the above points feature in the TEC's priorities, more formal consultative arrangements would be required. These should be determined through engagement with the States and Territories.

Options include:

- Extending oversight of the TEC to a Ministerial Council to create a reporting relationship
- State/Territory nominees to serve as Commissioner/Board members
- Convening a State/Territory advisory group for the TEC.

Functional level governance - the functions of the TEC should focus on filling governance gaps to address system-wide challenges.

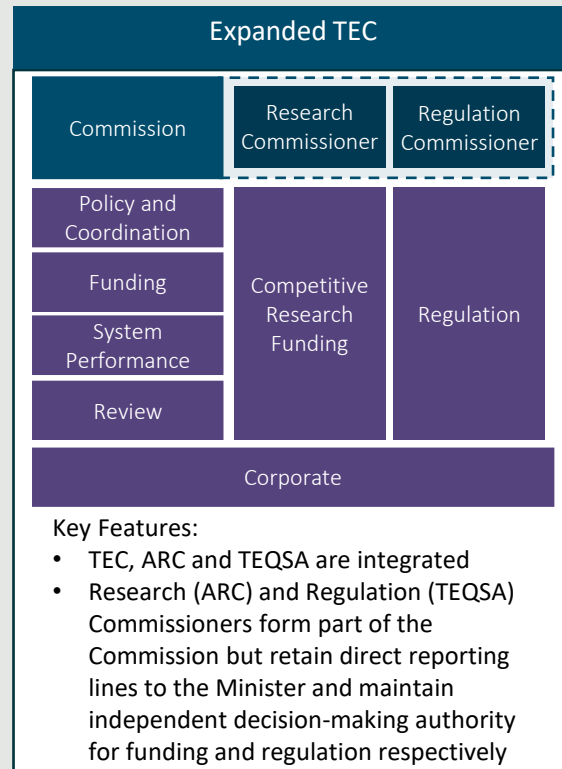
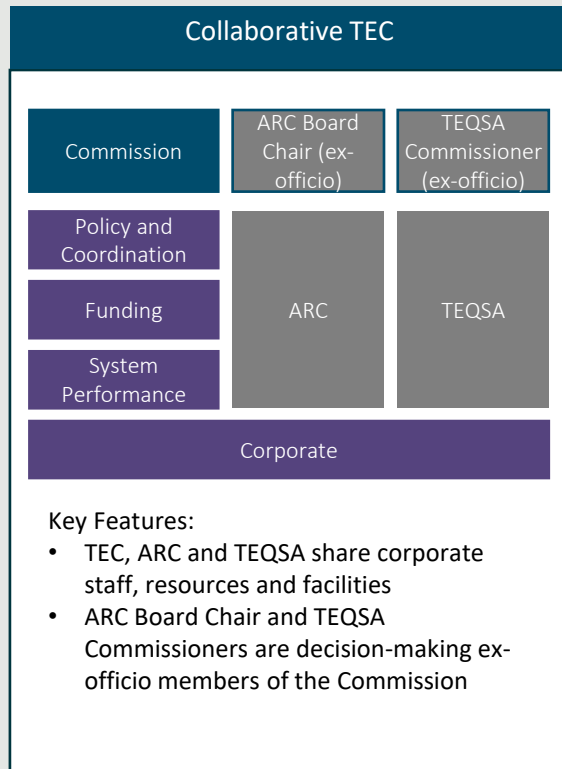
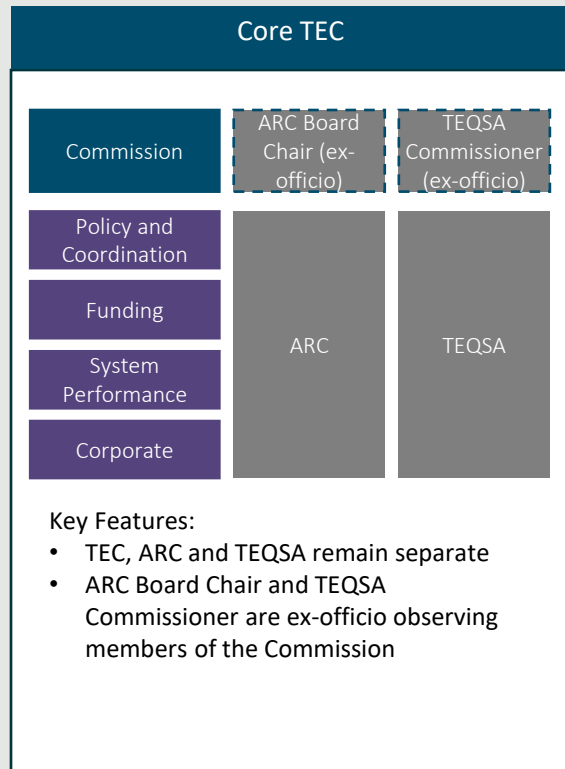
Below is a description of governance-related functions that need to be considered in the design of governance architecture and mechanisms to support effective stewardship of the tertiary education sector. Not all of the functions need to be housed in one entity; they can be shared or distributed.



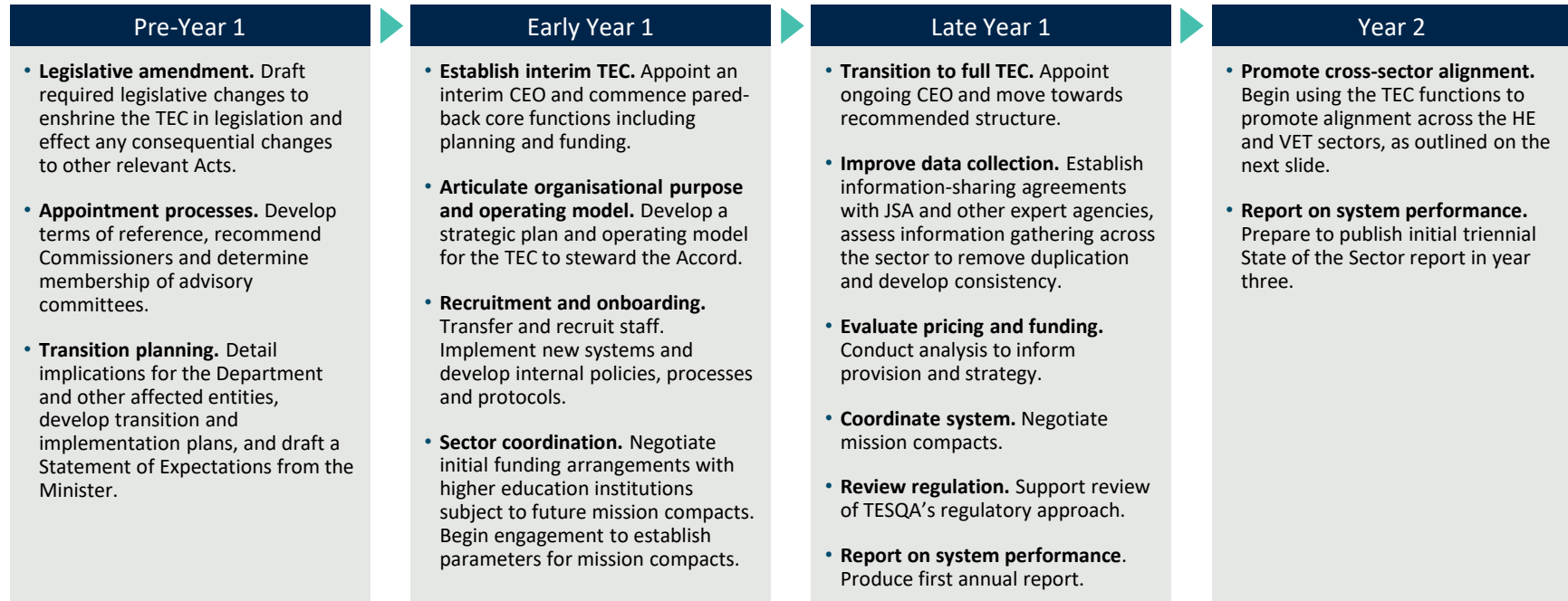
A key consideration is whether the TEC absorbs the ARC and TEQSA.

We envisage a set of core functions for the TEC, and variations building on these core functions reflect different options concerning the TEC's relationship to TEQSA and the ARC. Two options are proposed in addition to the 'core TEC' model. All three are depicted below.

Regardless of the option selected, the TEC must ensure *appropriate separation of policy, funding and (most especially) regulatory functions to avoid conflicts of interest*. Details on the options including how each relates to existing entities is provided in the following sections.



TEC implementation will be staged to enable effective stakeholder engagement and to minimise overall disruption to the sector.



Stakeholder communication and engagement - develop and deliver internal and external communications plans.

Harmonisation of HE and VET is a long-term commitment.

Optimal alignment, greater coherence and seamless connections between VET and HE will take time to achieve. HE and VET serve different purposes, use disparate delivery models, and operate under different regulatory frameworks. The Commonwealth's constitutional responsibilities also vary between the two sectors. Hastily instituting common governance arrangements will likely be counterproductive to recent efforts to forge better alignment between the two sectors.

The TEC must play a role, nonetheless, to support this alignment and to do so in a way that signals parity across the two education offers.

THE TEC'S ROLE IN TERTIARY HARMONISATION

From day one, the TEC can set the foundations for increasing alignment through its roles in:

- **System performance** – monitoring the extent to which the system is producing disconnects and perverse incentives that impact shared goals for the two sectors.
- **Policy** – pursuing specific initiatives on issues such as AQF reform and regulatory harmonisation and working on equalising the reputation of VET and Higher Education to recognise their joint role in skilling Australians.
- **Funding and pricing** – identifying the pricing anomalies between VET and HE courses (i.e. AQF 5/6 courses in universities and TAFEs), as well as distortions in loan arrangements or funding arrangements that militate against seamless pathways.
- **Coordination** – convening with key stakeholders in the VET sector to stay abreast of relevant reforms and seek to influence their direction.
- **Information** – establishing strong relationships with Jobs and Skills Australia and the National Centre for Vocational Education and Research to ensure the TEC's data analysis takes account of trends across the tertiary sector.
- **Regulation** – being attuned to the experience of dual-sector providers, including informing advice on evolution of the Higher Education Standards, and providing backing to work between ASQA and TEQSA to harmonise regulatory requirements.

Two distinct sectors

Aligned tertiary sector

Years 1-3

Years 3-5

5 Years +

Work with governments and HE providers to create foundations for a more coherent tertiary system.

Use broader levers to create coherence.

Transform system settings for a harmonised tertiary sector.




**Australia's tertiary education sector requires
effective stewardship and governance**



The absence of system-level governance has hindered the performance of Australia's tertiary education sector.



Future needs

The tertiary sector is not prepared to meet Australia's current and future skills needs as a result of:

-  a lack of coordination between government, providers and industry
-  the lack of a strategic planning function
-  a policy environment that encourages provider homogeneity.



Equity participation

Equity cohorts have low levels of participation, compounded by a lack of provider diversity to meet student needs as a result of:

-  a lack of accountability or incentive for providers to improve equity cohort participation
-  a policy environment that encourages provider homogeneity.




Coordination

Competing provider, government and industry interests and activities across the tertiary sector are created as a result of:

-  a lack of system-level oversight and strategic vision for the tertiary sector
-  fragmented policy, funding and regulation within, and between, both higher and vocational education sectors.




Funding

Insufficient, unpredictable and inequitable funding allocation for teaching and research as a result of:

-  volatility caused by changes in government
-  a lack of transparency in funding allocation
-  a lack of accountability for provider expenditure.



Sector alignment

Complexity navigating between higher and vocational education systems and limited flexibility for dual-sector providers as a result of:

-  a lack of alignment between higher and vocational education
-  duplicated regulation for dual-sector providers
-  a lack of a coordinated strategic planning function.



Excellence

Decreasing system performance, and poor staff and student experience as a result of:

-  the limitation of TEQSA's minimum standards approach to excellence
-  a lack of accountability of incentive for providers to improve excellence.


Safety and issue resolution

Unsafe student and staff environments and poor student issue resolution as a result of:

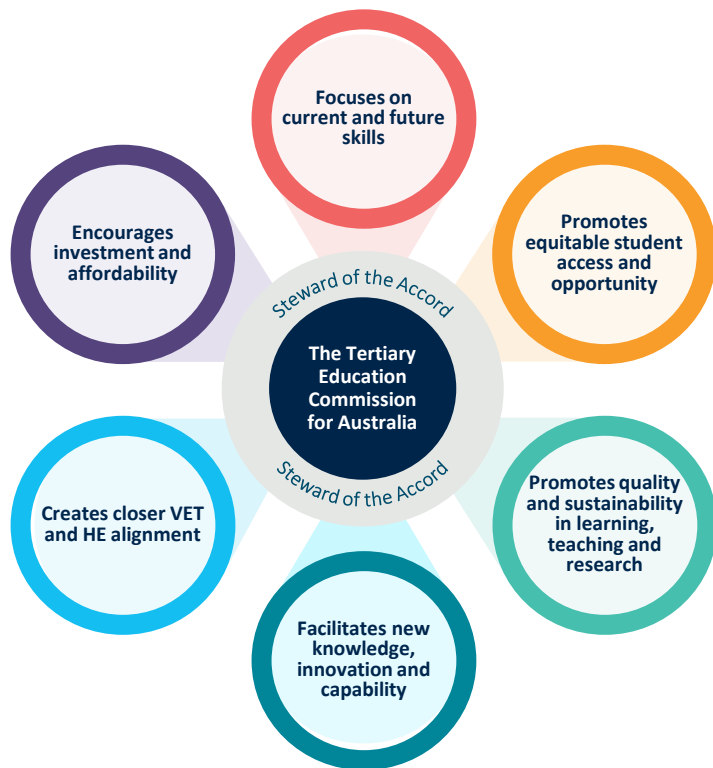
-  a lack of accountability or incentive for providers to ensure safe environments for students and staff
-  a lack of a dedicated channel for student engagement, advocacy and complaints.

Research

Lack of clarity around the value and impact of research commercialisation as a result of:

-  a lack of a consistent approach to recognising, measuring and reporting the impact of research commercialisation and translation.


A Tertiary Education Commission can provide the stewardship and system-level governance the tertiary sector requires.



The Interim Report and Panel discussion suggest that the Tertiary Education Commission for Australia can enable the Accord's vision for tertiary education through:

- Actively monitoring system performance and convening the sector to achieve the outcomes of the Accord
- An agile mindset and structure responsive to evolving skills, education and research needs
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TEC design is informed by principles of good governance



Principles of effective stewardship and system-level governance inform the TEC's design.

Well-designed governance architecture and mechanisms provide the following:

Accountability

Line of sight to identified decision-makers, including the Minister for Education, with well-defined reporting and accountability relationships.

Role clarity

Clear delineation of decision-making and advisory roles, and structures that provide for arm's length decision-making where appropriate.

Access to information

Provision for decision-makers to access data, technical expertise and stakeholder input.

Strategic risk management

Incorporation of environment-scanning functions and dynamic information on system performance to make or advise on necessary adjustment to policy, funding or regulatory settings.

Efficiency and simplicity

Avoidance of duplication, double-handling and mechanisms to ensure efficient allocation of resources across the system.

Planning and coordination

Mechanisms to enable effective information-sharing within the system and collaboration on development of strategic plans.

Regulatory oversight

Functions that govern market entry and provider quality, and ensure compliance with student and workforce entitlements and protections.

Financial oversight

Capability to monitor the use of public funding for the intended purposes and assess benefits and outcomes of this investment.

Issue resolution

Access to complaints or grievance mechanisms, including processes to seek a review of decisions.

Adaptability

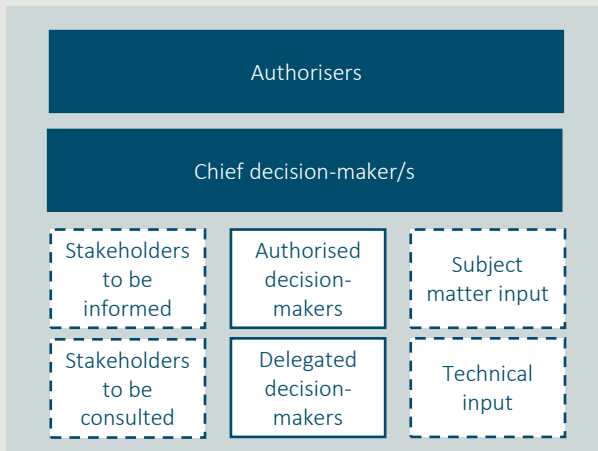
Ability to adjust governance arrangements and strategic focus in response to changing contexts, risks, challenges and priorities.

There are two levels of governance that need consideration.

Oversight level

This level of governance is concerned with the reporting and decision-making processes that determine the TEC's position and its future direction. The key considerations here are in relation to who makes the decisions, how are these decisions made, who advises the decision-makers and how flexible are these advisory bodies.

Example of an oversight model



Functional level

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Example of TEC functions



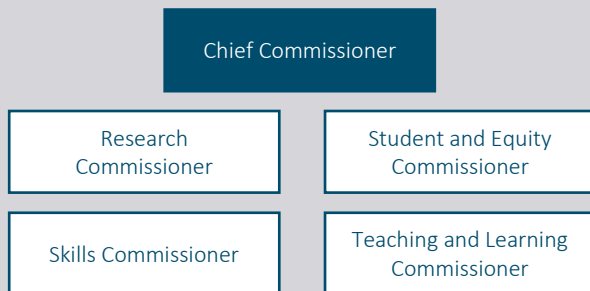
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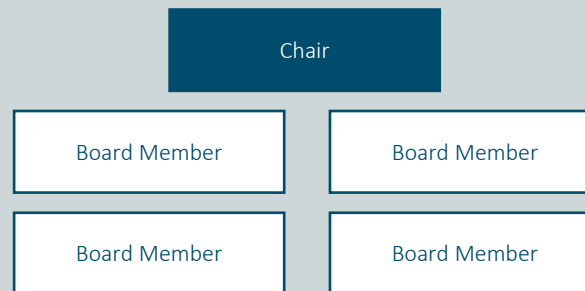
BENEFITS

- Legislated, specified roles indicate both sector-wide coverage and areas of focus, and provide more transparency and accountability.
- Defined roles enables easier identification and management of potential conflicts of interest.

RISKS

- Roles and accountabilities of Commissioners, being set out in legislation, are harder to adapt.
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Board Model



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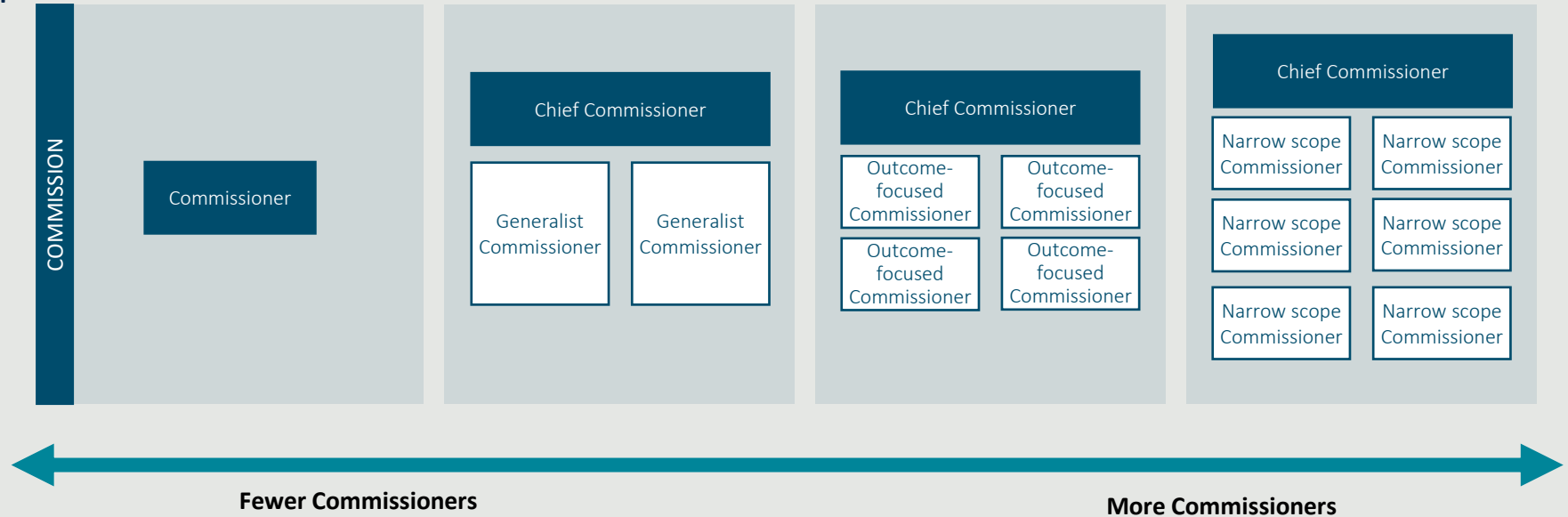
BENEFITS

- Greater flexibility in the configuration of the leadership group and their focus. (That is, the board could be statutory, but its mandate would apply to the collective rather than individuals.)

RISKS

- Less transparency.
- Less clear lines of individual responsibility and accountability.
- Greater risk of focusing on governing the TEC rather than maintaining a system view.

The number of commissioners (or board members) can be scaled depending on priorities.



BENEFITS
<ul style="list-style-type: none"> • More streamlined decision-making • Increased agility • Clearer communication • Less labour costs

RISKS
<ul style="list-style-type: none"> • Increased decision-making burden • Higher risk of conflicts of interest in decision-making • Lack of diverse opinions • Less opportunity to specialise in specific operational areas

BENEFITS
<ul style="list-style-type: none"> • Greater diversity and representation of perspectives • Lower risk of conflicts of interest in decision-making • More opportunity to distribute workload • Allows for greater specialisation

RISKS
<ul style="list-style-type: none"> • Greater risk of disagreement or contradictory decisions • Less clear communication • Decreased agility • Greater resource costs

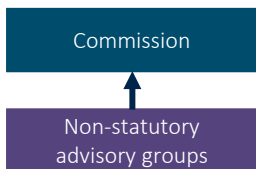
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- Diversity and equity advocates
- Regional
- People with disability
- Students
- Education providers
- Industry representatives
- Teachers
- Researchers
- States and Territories

Those bodies could take a range of forms as set out below. There does not need to be uniformity in the type of body used.

Flexible advisory groups



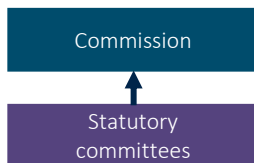
Benefits

- Ease in establishing / removing / realigning groups enables quick response to changing priorities.
- More efficient to manage, as they can be convened as needed.
- Arguably could be seen as more independent from the TEC.
- Sessional payment could be offered rather than ongoing board fees.

Risks

- Greater risk of advisory groups being disregarded by Commissioners.
- Stakeholders may see this as a weak option that implies a tokenistic approach to seeking advice.

Legislated stakeholder committees



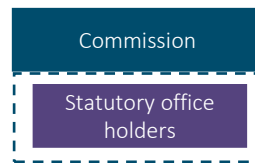
Benefits

- Access to stakeholder views is assured and consideration of their advice is a statutory requirement.
- Potentially more integrated with the TEC, with Commissioners chairing the meetings, for example.

Risks

- Could see themselves as advocacy bodies, creating friction with the TEC.
- Would expect to be remunerated.
- Difficult to remove or amend their terms and membership.
- More formality implies greater administrative burden (e.g., regarding appointment processes).

Statutory representatives



Benefits

- Enables appointment of a 'champion' with clear authority to advise the TEC.
- Provides a single point of focus for groups feeling under-represented.
- Could combine with other functions to make a more substantive role.

Risks

- Limits access to multiple perspectives on matters affecting a particular group.
- Can create tension among stakeholders on the legitimacy of their designated representative.
- Less efficient as each statutory office holder would likely require a salary and a small dedicated staff.

State and Territory engagement

Engagement with States and Territories in the governance of the TEC is essential, given that:

- Universities are state institutions – should the TEC wish to lend support to strengthen institutional governance or transfer dispute resolution responsibilities to a national student ombudsman, it needs the States and Territories on board to amend their legislation.
- As the TEC widens its focus to the tertiary system as a whole, it will need to collaborate with the States and Territories given their role in VET and the complexity of established national frameworks for VET funding, policy and regulation. Careful management will be required to mitigate perceptions of a Commonwealth takeover of VET.

Engagement with the States and Territories can be managed to some extent through bilateral or ad hoc arrangements. But assuming either or both of the above points feature in the TEC's priorities, more formal consultative arrangements would be required. These should be determined through engagement with the States and Territories.

That said, options include:

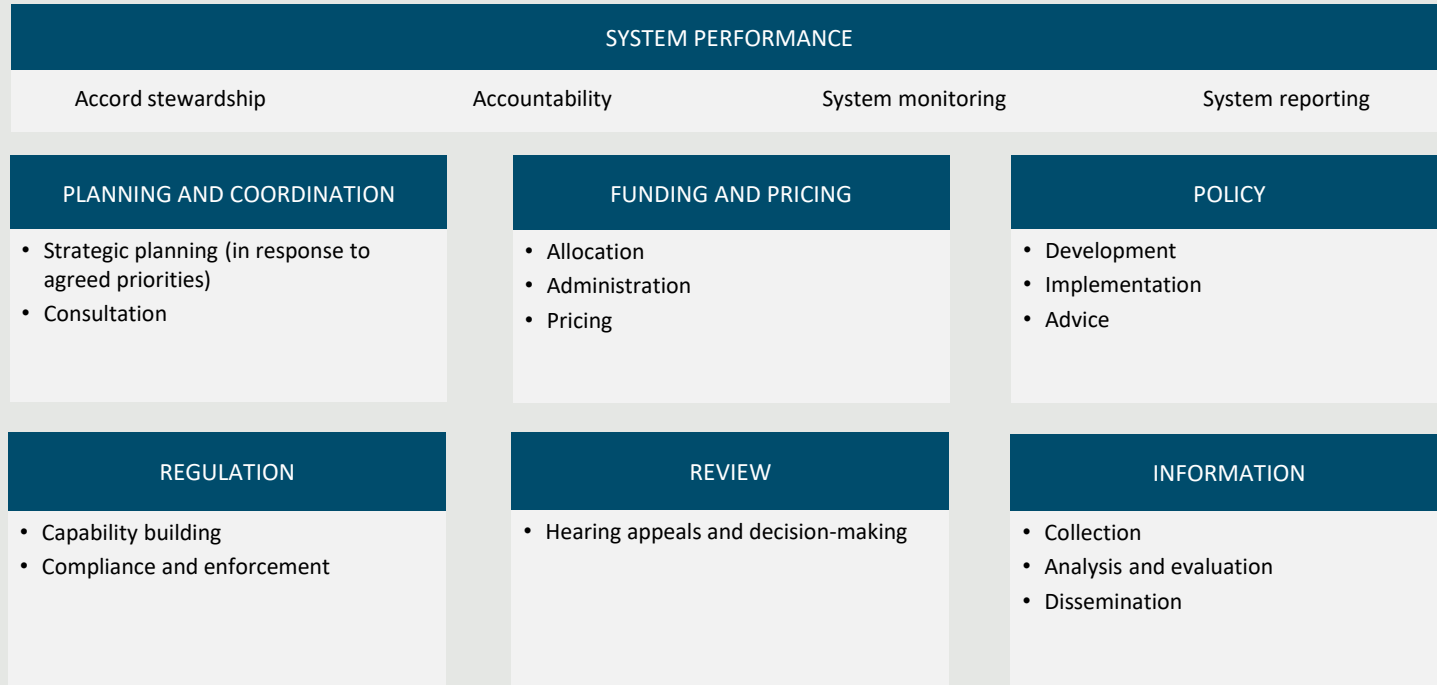
- Extending oversight of the TEC to a Ministerial Council to create a reporting relationship
- State/Territory nominees to serve as Commissioner/Board members
- Convening a State/Territory advisory group for the TEC.

Governance options – Functional level



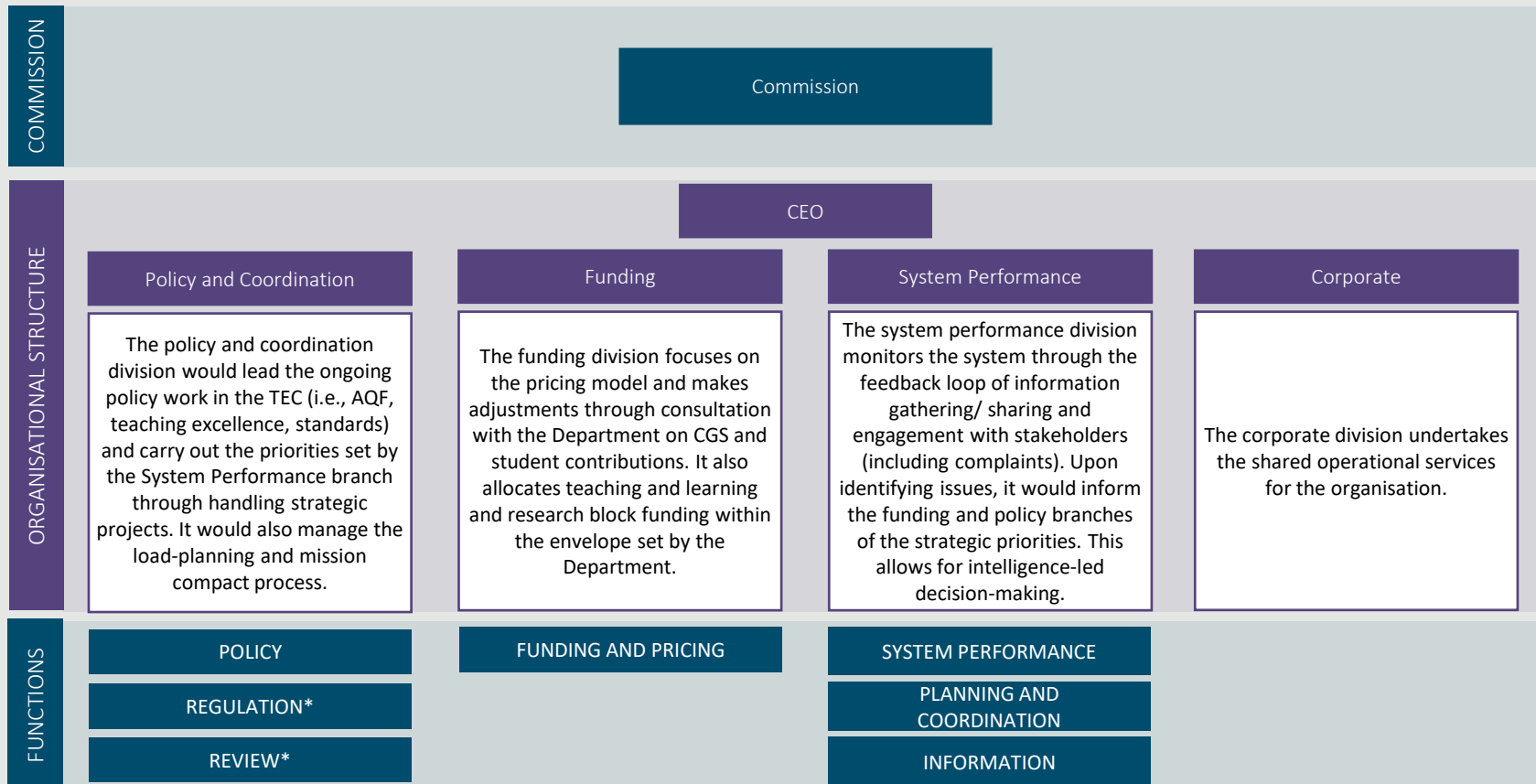
The functions of the TEC should focus on filling governance gaps to address system-wide challenges.

Below is a description of governance-related functions that need to be considered in the design of governance architecture and mechanisms to support effective stewardship of the tertiary education sector. Not all of the functions need to be housed in one entity; they can be shared or distributed. The purpose of this taxonomy is to ensure all aspects of stewardship are captured and to introduce concepts and language that can aid comparison of alternate models.



All structural options for TEC have key common features.

The organisational structure will encompass the identified functions into four key divisions. The identified functions have been grouped into divisions based on operational synergies between the functions. An outline of the proposed, high-level organisational structure is provided below.

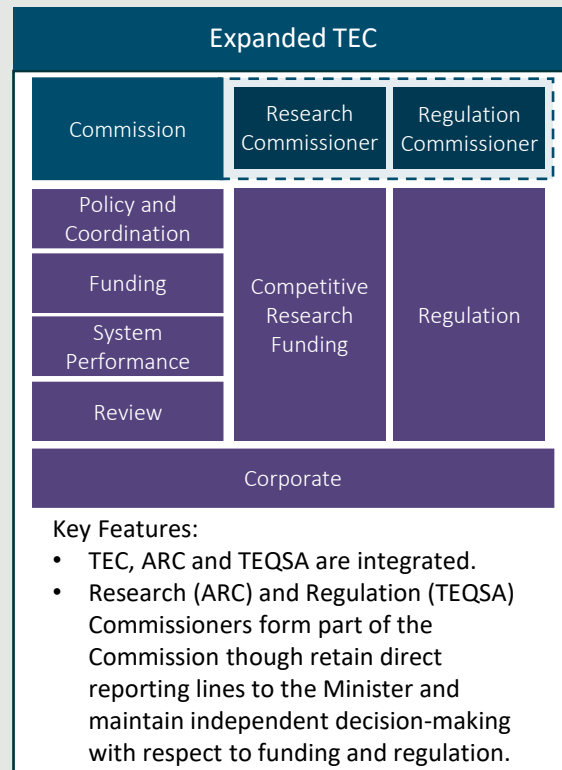
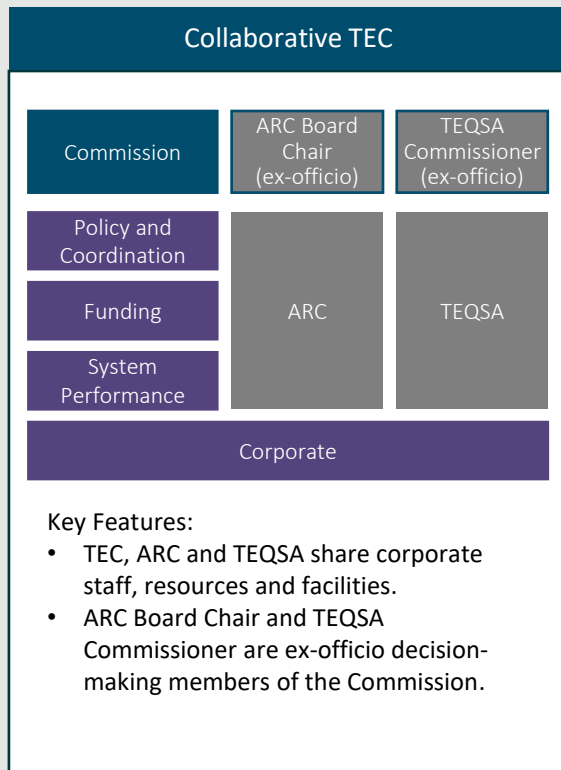
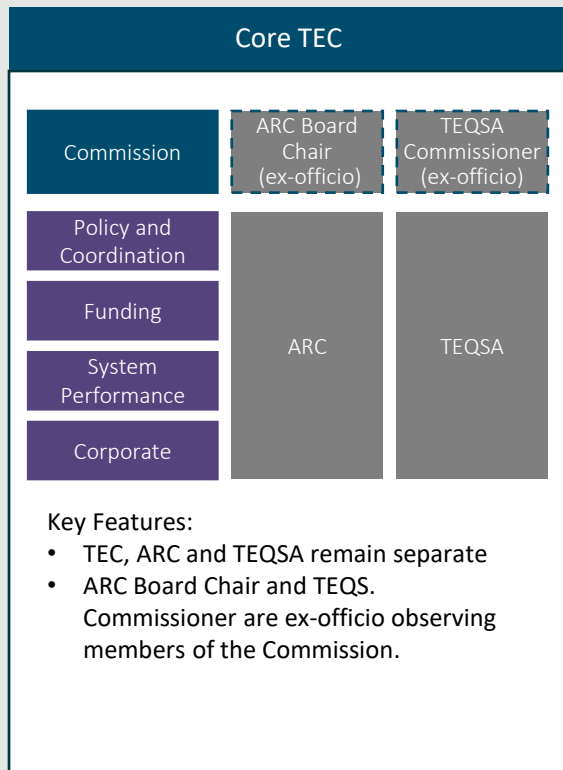


*Provision of advice relating to regulation (via HESP) and systemic issues arising from student complaints.

In determining the TEC's functions, considerations will need to be made regarding the ARC and TEQSA.

Variations to the Core TEC consider the TEC's relationship to TEQSA and the ARC. Two options are proposed in addition to the core TEC model. All three are depicted below.

Regardless of the option selected, the TEC must ensure **appropriate separation of its policy and those of TEQSA and ARC, to avoid potential conflicts of interest**. Details on each option, including how each option relates to existing entities, is provided in the following sections.



Core TEC

The **Core TEC** will provide leadership and perform key roles to address challenges and Accord priorities in the sector, while interacting with and leveraging the strengths and mandates of existing agencies.

		SYSTEM PERFORMANCE			
		System Stewardship	Accountability	System Monitoring	System Reporting
TEC FUNCTIONS	PLANNING AND COORDINATION	FUNDING AND PRICING		POLICY	
	Strategic planning; coordination; consultation; compact negotiation	Pricing; teaching block, research block and competitive grant allocation		Higher education policy and regulation advice; leadership of specific policy projects	
	REGULATION	REVIEW	INFORMATION		
Higher education standard setting; monitoring to inform advice on regulatory policy	Monitoring to identify systemic issues related to student safety and welfare	Aggregation and analysis of data; evaluation; annual and triennial reporting.			
OTHER ENTITIES	DoE, DEWR, <i>States and Territories</i>* Sets vision, funding envelope and student contribution. Shared policy decision-making, development and implementation across select policy areas. HESP Absorbed by TEC. TEQSA, AQSA, <i>VRQA, TAC</i>* Registration, standards compliance, accreditation, etc. Collection and dissemination of teaching data. Addressing grievances unresolved at provider level.		ARC, NHMRC Funding allocation and administration for competitive research grants. JSA, <i>NCVER</i>* Collection, analysis and dissemination of workforce data. JSA advises DEWR. Ombuds including FWO, AAT and Courts Hearing grievances and appeals of decisions.		
	<i>*Included under further harmonisation with vocational education</i>				

TEQSA and ARC are:

✓ Distinct from the TEC

✓ Under their existing legislation

✓ Represented by ex-officio observers

Core

Collaborative

Expanded

The **Core TEC's** primary levers for sector coordination are policy and block grant funding. The TEC leverages an embedded, strengthened HESP to advise TEQSA on strategic objectives, its corporate plan and to manage the Higher Education Standards Framework.

BENEFITS

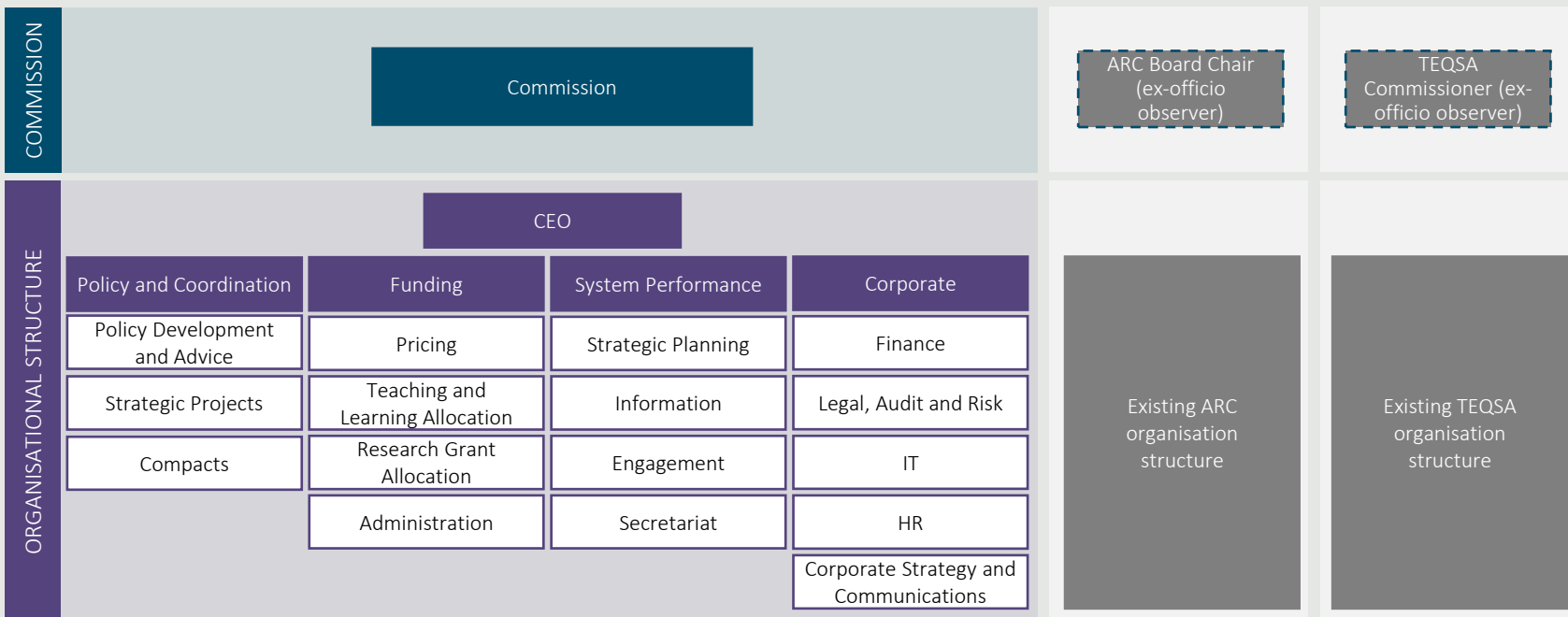
- Focuses on the key governance gaps.
- Maximises agility of the TEC and its response.
- Minimises disruption to the broader sector.
- Leverages existing expertise of agencies.

RISKS

- Does not provide a direct research (competitive) and regulatory lever for the TEC.

The **Core TEC** organisation would operate independently of the ARC and TEQSA, though the ARC and TEQSA would have representation on the Commission.

The **Core TEC** would operate separately from the ARC and TEQSA, though the proposed Board Chair and TEQSA Commissioner would sit on the Commission and provide input into decision-making as ex-officio observers. A TEC representative may also act as an ex-officio observer in the ARC Board and TEQSA Commission. The agencies would collaborate to shape national policy on funding and regulation.



Collaborative TEC

The **Collaborative TEC** will perform the same functional activities as the **Core TEC** but would have a closer relationship with TEQSA and the ARC through shared corporate services with the TEC, resulting in greater alignment in addressing challenges and meeting priorities of the Accord.

		SYSTEM PERFORMANCE			
		System Stewardship	Accountability	System Monitoring	System Reporting
TEC FUNCTIONS	PLANNING AND COORDINATION	FUNDING AND PRICING		POLICY	
	Strategic planning; coordination; consultation; compact negotiation	Pricing; teaching and research block grant allocation		Higher education policy and regulation advice; leadership of specific policy projects	
	REGULATION	REVIEW	INFORMATION		
Higher education standard setting; monitoring to inform advice on regulatory policy	Monitoring to identify systemic issues related to student safety and welfare	Aggregation and analysis of data; evaluation; annual and triennial reporting			
OTHER ENTITIES	DoE, DEWR, <i>States and Territories</i>* Sets vision, funding envelope and student contribution. Shared policy decision-making, development and implementation across select policy areas. HESP Absorbed by TEC. TEQSA, AQSA, VRQA, TAC* Registration, standards compliance, accreditation, etc. Collection and dissemination of teaching data. Addressing grievances unresolved at provider level.		ARC, NHMRC Funding allocation and administration for competitive research grants. JSA, <i>NCVER</i>* Collection, analysis and dissemination of workforce data. JSA advises DEWR. Ombuds including FWO, AAT and Courts Hearing grievances and appeals of decisions.		
	<i>*Included under further harmonisation with vocational education</i>				

TEQSA and ARC are:

✓ Co-located, sharing staff and resources

✓ Under their existing legislation

✓ Represented by ex-officio decision-making members

Core

Collaborative

Expanded

The **Collaborative TEC's** primary levers for sector coordination are policy and block grant funding. It influences regulation and competitive funding through the ex-officio decision-making status of the ARC Chair and TEQSA Commissioner.

This option assumes that TEQSA undergoes a comprehensive review to ensure it meets the needs of the sector.

BENEFITS

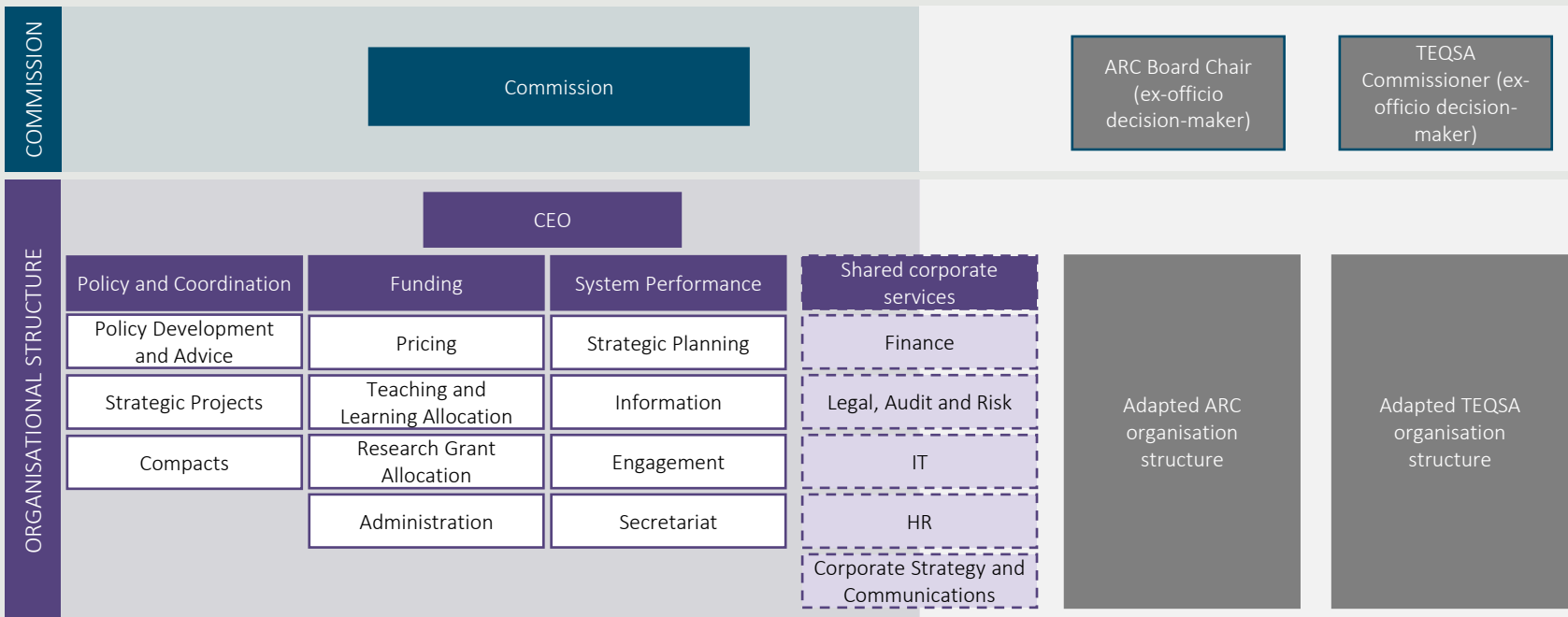
- Focuses on the key governance gaps in the sector.
- Minimises disruption to the broader sector.
- Leverages existing expertise and remit of agencies.

RISKS

- Does not provide a direct research funding (competitive) or regulatory lever for the TEC.
- Introduces governance complexity and perceptions of over-reach by the TEC.

The **Collaborative TEC** would allow ARC and TEQSA to operate independently, but with shared corporate services and decision-making authority within the TEC.

The **Collaborative TEC** would share corporate staff, resources and facilities with the ARC and TEQSA. The ARC Board Chair and the TEQSA Commissioner would serve as ex-officio decision-making members on the TEC, helping to shape the sector.



Expanded TEC

The **Expanded TEC** will incorporate both TEQSA and the ARC, with strong boundaries between the policy, regulation and competitive funding functions. With fully integrated functions, the TEC can be better positioned to drive a comprehensive approach to achieving Accord objectives. The TEC would also manage complaints and monitor associated systemic issues.

		SYSTEM PERFORMANCE				
		System Stewardship	Accountability	System Monitoring	System Reporting	
TEC FUNCTIONS	PLANNING AND COORDINATION	FUNDING AND PRICING		POLICY		
	Strategic planning; coordination; consultation; compact negotiation	Pricing; teaching and research block grant allocation		Higher education policy and regulation advice; leadership of specific policy projects		
OTHER ENTITIES	REGULATION	REVIEW		INFORMATION		
	Higher education standard setting; monitoring to inform advice on regulatory policy	Managing complaints and monitoring systemic complaints		Aggregation and analysis of data; evaluation; annual and triennial reporting		
		DoE, DEWR, <i>States and Territories</i>* Sets vision, funding envelope and student contribution. Shared policy decision-making, development and implementation across select policy areas. HESP Absorbed by TEC. TEQSA Absorbed by TEC.	AQSA, VRQA, TAC* Vocational provider registration, standards compliance, accreditation, etc. Collection and dissemination of teaching data. Addressing grievances unresolved at provider level. ARC Absorbed by TEC. NHMRC Funding allocation and administration for competitive medical research grants.	JSA, NCVER* Collection, analysis and dissemination of workforce data. JSA advises DEWR. Ombuds including FWO, AAT and Courts Referral of student complaints to the TEC. <i>*Included under further harmonisation with vocational education</i>		

TEQSA and ARC are:

✓ Embedded within the TEC

✓ Under the TEC's legislation

✓ Represented by statutory TEC commissioners

Core

Collaborative

Expanded

The **Expanded TEC** holds most key sector levers including higher education policy, review, funding and regulation through the embedding of TEQSA and ARC.

Importantly, the TEC's regulation and competitive grant functions must remain separate from its policy functions to avoid conflicts of interest.

BENEFITS

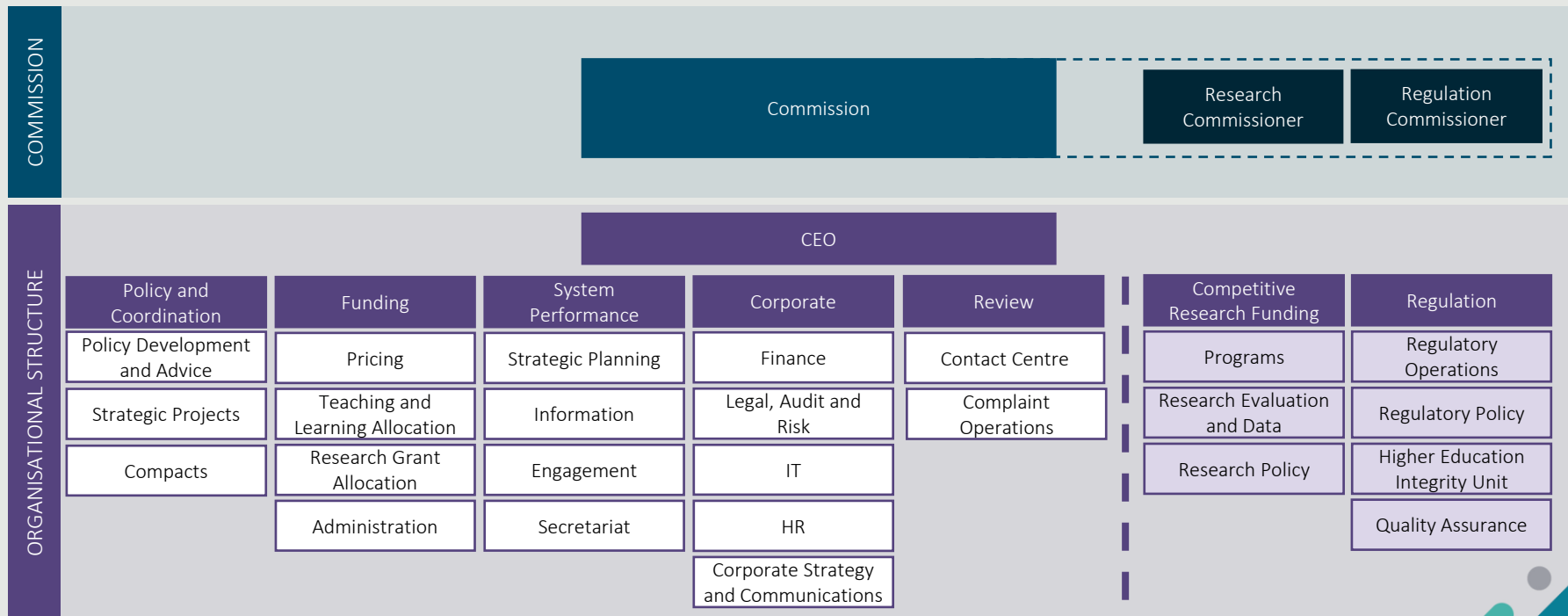
- Unifies the sector's approach to strategy, policy and regulation.
- Provides greater visibility of total provider funding.

RISKS

- Represents significant disruption to the sector.
- Undermines the TEC's positioning as a 'collaborative' entity.
- Requires redesign of operations and complex governance.
- Reduces the TEC's agility and responsiveness to sector needs.

The **Expanded TEC** organisation structure includes independent regulation and competitive research divisions.

The **Expanded TEC** would have Regulation (TEQSA) and Research (ARC) Commissioners as statutory members. They would both have direct relationships to the Minister to preserve the integrity of regulatory and research funding decisions respectively. It follows that there would need to be appropriate ‘firewalls’ between both the Regulation and Competitive Research Funding divisions and other areas of the TEC. The Regulation and Research Commissioners would be part of the executive team. The Expanded TEC would also include a review division to manage complaints and monitor systemic issues.



Further details on each function



The TEC organisational structure is informed by the underlying functions of the TEC.

The identified functions have been mapped to the TEC divisions below. Detailed explanation and analysis of the functions can be found on the following slides.

ORGANISATIONAL STRUCTURE	Policy and Coordination	Funding	System Performance	Corporate	Review	Competitive Research Funding	Regulation
	Policy Development and Advice	Pricing	Strategic Planning	Finance	Contact Centre	Programs	Regulatory Operations
	Strategic Projects	Teaching and Learning Allocation	Information	Legal, Audit and Risk	Complaint Operations	Research Evaluation and Data	Regulatory Policy
	Compacts	Research Grant Allocation	Engagement	IT		Research Policy	Higher Education Integrity Unit
	Administration	Secretariat	HR				Quality Assurance
			Corporate Strategy and Communications				

FUNCTIONS	POLICY	FUNDING AND PRICING	SYSTEM PERFORMANCE	REVIEW	FUNDING	REGULATION
			PLANNING AND COORDINATION			
			INFORMATION			

SYSTEM PERFORMANCE | Function overview

System performance refers to the activities relating to monitoring, evaluating and reporting on the progress of the tertiary education sector against the objectives of the Accord.

Its role is to provide accountability and transparency of the sector to improve the responsiveness of providers and stakeholders within the sector.

Current state of system performance in the sector

The Department of Education previously played a stronger role in system performance, publishing 'Higher Education Reports' annually until 2013. Grattan Institute also published reports, 'Mapping Australian Higher Education', however these ceased in 2018.

The Department of Education retains the primary carriage of system performance activities for the higher education sector while NCVET provides a monitoring and reporting function for the VET sector. However, existing data and publications of the sector are piecemeal, with no single dataset to provide a holistic view of sector trends. Existing measures focus on HELP expenditure and ad hoc reviews relating to priority cohort access to higher education. Student outcomes and experience are captured through Quality Indicators for Learning and Teaching's (QILT) Student Experience Surveys.

Further, without an agreed set of outcomes, there is a lack of measurement of the sector to understand if it is meeting the needs of the nation. However, the recently established JSA have begun developing datasets and resources to understand delivery against national skills needs.

System performance challenges

The Interim Report identified several challenges to be addressed by a system performance function. These include:

- The need to **measure and monitor** progress of the Accord
- The need for **transparency** in funding and pricing and institutional spending
- The need to enhance **accountability** for providers to address sexual violence on campus.

The progress of the Accord should be measured, monitored and evaluated independent of key decision makers and system participants.

SYSTEM PERFORMANCE | FUNCTION OVERVIEW

SYSTEM PERFORMANCE | TEC role

OVERVIEW OF THE FUNCTION

The system performance function actively monitors system performance against the goals of the Accord, agreed strategic priorities, and the commitments entered through providers' mission compacts. The TEC will report on this performance to drive accountability and deepen the tertiary sector's understanding of the factors contributing to or impeding the outcomes of the Accord. The TEC will:

- Be held to account for the outcomes of the Accord
- Monitor system performance by tracking student and provider metrics, including demand, outcomes, excellence, finance and risk
- Provide an annual sector report that evaluates the progress of the higher education sector against agreed metrics and measures, and provider expenditure across teaching and research
- Prepare a triennial 'State of the Sector' report with recommendations to support the sector to deliver the Accord, to be provided to the Ministers for endorsement and publication, which may be tabled in parliament.

Interactions with other TEC functions

- Monitoring system performance relies on high quality information and analysis along with good relationships with various actors within the system. The State of the Sector report will both inform, and be informed by, all other TEC functions.

Interactions with other agencies, jurisdictions and providers

- While the system performance function will not have direct authority over external stakeholders, the State of the Sector report is expected to inform ministerial decision-making and regulatory and policy responses.

BENEFITS

- Transparency and accountability about sector performance, including against Accord goals.
- Independent, well-informed and strategic advice to governments and other system stakeholders that supports concerted action.
- Clear signals about priority challenges and opportunities to mobilise response by providers, industry and governments.

RISKS

- Resistance to active oversight and increased reporting obligations.
- Protracted disputes over the contents of annual and triennial reports (inviting complaints to Ministers).
- 'Capture' by sector interests.
- Disputed metrics that fail to be taken seriously.

COSTS

- Resourcing to support TEC governance.
- Resourcing to facilitate annual reporting and publications.

DEPENDENCIES

- An aligned authorising environment.
- Functional governance (such as to approve reports).
- Access to performance data.

CONSIDERATIONS

- System performance metrics must be viable and accepted.
- Commissioners must be adroit in stakeholder engagement.

PLANNING AND COORDINATION | Function overview

Planning and coordination refers to the deliberate, collaborative and systematic effort of the Australian tertiary education sector to deliver on national priorities by making effective and efficient use of the available resources and activities.

Its role is to enable the sector to identify and respond strategically and in a timely manner to the changing demands of students, providers and industry, with consideration given to market dynamics and provider sustainability.

Current state of planning and coordination in the sector

The Department is responsible for strategic planning relating to higher education, including decisions around funding for institutions, National Higher Education initiatives, research infrastructure and mission compacts. In vocational education, the Skills and Workforce Ministerial Council within DEWR provides a forum for intergovernmental collaboration and decision making on national skills and training matters. The National Careers Institute (NCI) Advisory Board guides and supports the strategic direction of the NCI in delivering its purpose and objectives.

While no single body is responsible for coordinating sector activities, many entities engage in consulting the sector. Specifically, the Department requests public comment on a range of its reviews, plans and programs, TEQSA engages providers through formal consultations to inform the design of aspects of its regulatory approach to higher education, and ASQA engages applicants, providers and course owners through formal consultations to inform the design of aspects of its regulatory approach to vocational education.

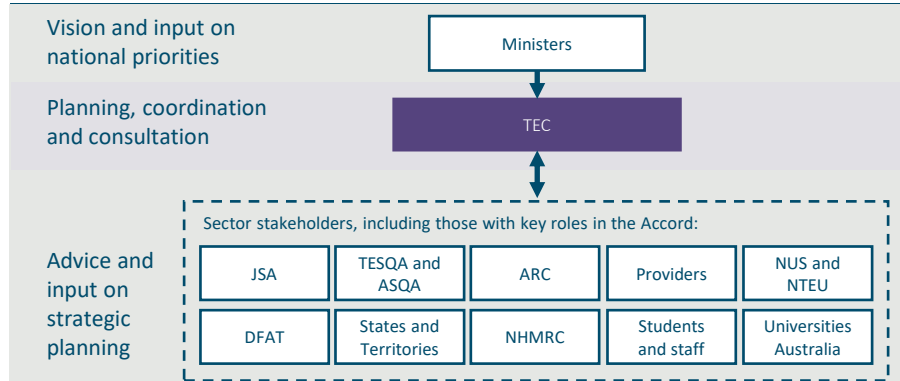
Planning and coordination challenges

The Interim Report suggests that to build the kind of institutions required to deliver on the needs of Australian communities and the nation more broadly, the tertiary education sector will require stronger planning capabilities, and more collaborative mechanisms. Key challenges include:

- A lack of a sector-wide strategy to address national needs and priorities
- A lack of coordination across the sector to deliver on national priorities
- A lack of representation for diverse perspectives as an input to planning
- A lack of alignment between higher education and VET systems.

There is a need for a body to coordinate across whole-of-sector and across jurisdictions to address sector challenges.

PLANNING AND COORDINATION | TEC role



TEC's role in coordination would include:

- **Strategic planning** (subject to the Ministers): Monitor the need for system change and manage structural adjustment; identify future growth needs and advise on managing volume increase across the system; undertake feasibility assessments for new institutions; negotiate mission-based compacts to support sector diversity and ability to deliver on local and national needs.
- **Allocation:** Leverage JSA's system-level view of load and delivery against targets; plan for future growth and student allocations through negotiation of mission compacts (linked to Funding role).
- **Tertiary alignment:** Provide advice on sector alignment and convene stakeholders to address shared challenges and deliver on national priorities.
- **Consultation:** Provide avenues for stakeholder representation and contribution to the planning and improvement of the tertiary sector.

BENEFITS

- Addresses changes, risks, and priorities.
- Separation from Government enables long-term planning, independent of politics.
- System-level collaboration reduces duplication to ensure efficient use of resources.
- A sector-wide vision provides clarity and visibility to decision makers (including providers and the Ministers).
- Advisory groups represent diverse perspectives in decision making relating to funding, policy, and information.

RISKS

- Potential for an unclear remit regarding coordination with other entities, given the large scope.
- Potential for providers to be uncomfortable being transparent with TEC in consultation, given its role as a policy maker and enforcer.
- Potential to have limited effectivity in converting consultation and planning to action, devaluing its role as perceived by stakeholders.

COSTS

- Commissioning JSA's system-level view of load and delivery against targets.

DEPENDENCIES

- Subject to provider, industry and agency cooperation.
- Reliant on access to system and sector data.
- Must be paired with a mechanism for incentive (funding).

CONSIDERATIONS

- Requires transparent approaches to compact negotiation.
- Requires clearly delineated relationships between TEC's consultation and compact negotiation teams.

FUNDING AND PRICING | Function overview

Government funding subsidises goods with public benefits such as teaching and research, and together with pricing allows governments to set the level of public and private contribution. Each can be used alone or together to incentivise providers toward government goals.

Pricing, funding allocation, and funding administration are distinct activities. The first two are tightly related to policy making, while the last is a mechanism undertaken according to policy that has already been set.

History and current state of funding for the HE and VET sectors

The Minister for Education and the Department of Education currently set the level of public and private contributions for undergraduate and postgraduate degrees, funding and fee caps, and administer HELP loans.

Basic and applied research is funded by the ARC through the National Competitive Grants Program, and by the Department of Industry through AusIndustry. Providers' systemic costs of research are funded by the DoE through the Research Support Program in line with their share of competitive and industry funding. Medical research is funded through the NHMRC and MRFF.

Demand-driven funding was introduced following the 2008 Bradley Review, and remained until funding levels were capped again in 2017. In 2021, the Job-Ready Graduates Package directed funding and students toward courses that were deemed to be in shortage or a national priority while remaining budget-neutral through increased humanities fees. These resulted in large HELP debts and did not change student preferences.

Funding challenges

- Poor student experience and teaching quality at some universities.
- Insufficient support for equity groups.
- Insufficient infrastructure investment in growing areas.
- Funding changes creating uncertainty for providers.
- Insufficient funding for humanities courses creating additional debt under the Job-Ready Graduates Package.

There is a need for an independent body to transparently set the price and funding mechanisms for teaching and learning based on evidence.

FUNDING AND PRICING | Core and Collaborative TEC role

OVERVIEW OF THE FUNCTION

The TEC will set the overall price for teaching and learning to incentivise providers to pursue Accord goals, fund programs, and provide more assurance for each University's funding. It will also provide advice on infrastructure funding and be responsible for negotiating corresponding funding agreements and mission-based compacts. While the price-setting responsibilities lies with the TEC, the TEC will play an advisory role on the split between CGS and student contributions.

Research block grant funding, including both the Research Training Program (RTP) and Research Support Program (RSP) would also be allocated by the TEC. Competitive block grant funding would remain with the ARC, and medical funding with the NHMRC and MRFF. Applied and experimental research funding would be directed through AusIndustry with RSP support.

Interactions with other TEC functions

Funding advice, mechanism setting, and compact negotiation will provide a critical means by which the TEC's system oversight, planning, coordination, policy and review roles can shape the priorities and incentives of the sector in line with the goals set by the Accord process.

Interactions with other agencies, jurisdictions and providers

The TEC will collaborate with providers to assess the costs of teaching and the systemic costs of research, and with JSA to ensure funding incentives are aligned to national priorities. It will also advise the Ministers who will set the envelope and conceptual framework for funding.

Process for funding policy development



BENEFITS

- A dedicated funding function in TEC:
- Reduces political influence on HE funding
 - Provides mission-based compact, funding agreement, and Accord stewardship functions with 'teeth'
 - Considers effects of funding across responsibilities and sectors.
- ARC remaining separate:
- Maintains independence from the minister and universities
 - Minimises change in the sector.

RISKS

- Hard funding choices could reduce trust with the sector and damage sector partnerships.
- Conflict where commissioners and councils have interest in particular providers.
- Providers facing mixed incentives from competitive grants sitting with ARC and NHMRC.
- Research funding remains fragmented and there could be difficulty in establishing holistic view of the research landscape and aligning objectives.

COSTS

- Moderate costs depending on extent to which Department policy branch is transitioned to the TEC.

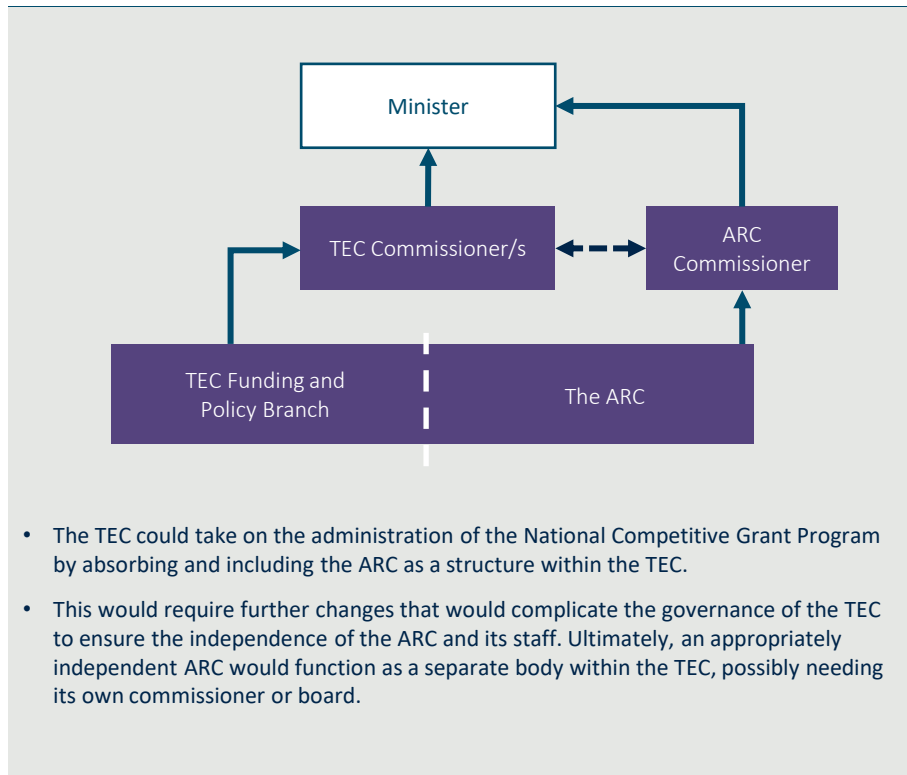
DEPENDENCIES

- N/A

CONSIDERATIONS

- Requires clearly articulated policy remit between TEC and the Department that is sustainable in the long term.

FUNDING AND PRICING | Expanded TEC role



- More unified approach to funding, particularly direct and indirect research costs.
- Better access to, and more responsive, competitive funding data.

- Further disruption to the ARC following the ARC Review.
- Complex governance arrangements will need to be developed to maintain the independence of the ARC in its current form. Otherwise, significant re-design of the ARC’s operations will need to be further considered.
- Would need to change legislation in order to absorb the ARC.

- Significant time and resources related to legislative change, change management, communications and system integration.

- Outcomes from the ARC review.

- Additional protections for the independence of the ARC from the Minister, as well as addressing conflicts of interest for specific providers and researchers.



POLICY | Function overview

Policy refers to the provision of advice, development, and implementation of both strategic and operational policy to achieve outcomes in the Australian tertiary education sector.

The purpose of the policy role is to make decisions that ultimately drive the tertiary sector to fulfil the Accord Vision.

Current state of policy in the sector

The Department of Education is the major provider of policy advice, development and implementation of higher education policy. It currently provides advice on higher education funding and research, and delivers targeted programs such as the HEPPP.

The Department of Employment and Workplace Relations is the major provider of VET policy advice, development and implementation. It negotiates the National Agreement of Skills and Workforce Development with State and Territory Governments who are responsible for VET delivery, and plays a key role in areas such as apprenticeships policies and programs.

The DEWR portfolio also includes JSA which provides whole-of-economy insights on labour and skills demand, with plans to expand into supply-side insights for both vocational and higher education.

Policy challenges

The Interim Report articulates a number of key challenges, including:

- A lack of policy coordination across the sector and government
- A lack of policy responsiveness on key issues faced by the tertiary sector (e.g., equity).

There is a need for a policy function that provides advice and appropriately designed interventions that require whole-of-sector coordination.

POLICY | TEC role

OVERVIEW OF THE FUNCTION

- The TEC will provide policy advice across all areas of higher education and dual-sector policy (drawing on the **planning and coordination** function), with varying levels of responsibility for decision-making, policy development and implementation as detailed in the next slide.
- Proposed key areas for the TEC's policy focus include dual-sector policy (e.g., AQF reform), funding, TESQA's regulatory priorities and approach, access and equity, student and teaching quality policy. See next page for a detailed breakdown of the TEC's role, by policy area and level of responsibility.

Interactions with other TEC functions

- The policy function will rely heavily on the TEC's **planning and coordination** role identify strategic priorities to inform policy development and implementation. The function will also need to coordinate across the TEC and use the most appropriate lever to achieve its policy aims. For example, it will work with **funding and pricing** to invest in targeted place-based programs, and **planning and coordination** to ensure buy-in from across jurisdictions and portfolios.

Interactions with other agencies, jurisdictions and providers

- The policy function will likely work closely with the Department to coordinate aspects of funding, international, research and access and equity policy. Effective relationships with TEQSA and ARC will also be required in areas of regulation and funding policy.

BENEFITS

Dedicated function to develop policy interventions that can:

- Consider whole-of sector impact
- Convene across portfolios and jurisdictions
- Align the sector with the Accord and other national priorities.

RISKS

- Lack of a clearly defined remit between the TEC and other departments may result in duplicative policy activities and dilution of the TEC's influence over time.
- Division of policy responsibilities may not be sustainable across different government and changing national priorities.

COSTS

- Moderate costs depending on extent to which policy branches are transitioned from the Departments to the TEC.

DEPENDENCIES

- N/A

CONSIDERATIONS

- Requires clearly articulated policy remit between TEC and the Department that is sustainable in the long term.

POLICY | TEC policy remit

The TEC will provide advice across all areas of higher education policy, with decision-making, policy development and implementation responsibility for specific areas, outlined below. Under the Expanded TEC option, the TEC will also have greater policy responsibility for regulation and competitive research funding.

Policy role:	Dual-sector (including AQF)	Student	Teaching quality	Access and equity	Teaching and learning funding	Other funding (including infrastructure)	Other research (including block funding)	Regulation	Competitive research funding	International
Advice* Responsible for providing advice to decision-makers from a whole-of-sector perspective	TEC	TEC	TEC	TEC	TEC	TEC	TEC	TEC (HESP)	TEC	TEC
Decision Responsible for policy decisions to be typically signed off by Minister(s)	TEC	TEC	TEC	TEC	TEC	TEC	TEC	TEC (HESP)	ARC	Department
Development Responsible for developing the detail of policy approaches agreed by Minister or other authorisers	TEC	TEC	TEC	TEC	TEC	TEC	TEC	TEQSA	ARC	Department
Implementation Responsible for implementing policies	TEC	Department	Department	Department	Department	Department	Department	TEQSA	ARC	Department

* The Department will continue to play an advisory role to the Minister on BAU policy.

KEY:

NO TEC ROLE

LEAD TEC ROLE

EXPANDED TEC ROLE

REGULATION | Function overview

Regulation consists of setting rules or regulation and ensuring compliance by enforcing those rules. In higher education, rule setting refers to maintaining or varying the Higher Education Standards Framework. Compliance and enforcement refers to the activities related to market entry, quality assurance and student protections under the relevant legislation.¹

The purpose of regulation is to assure the quality of education providers in order to promote a higher education system that meets Australia's skill needs, enhance Australia's reputation in higher education, and protect students.

Current state of regulation in the sector

The Minister sets the Higher Education Standards Framework, based on advice from the Higher Education Standards Panel. The Panel in this context plays a regulatory policy role, with the Minister as decision-maker. TEQSA then enforces the standards.

TEQSA is the decision maker with respect to registration and re-registration of providers, accreditation of courses offered by non-university HE providers, and any enforcement actions relating to non-compliance. It performs its role under the terms of its enabling legislation (the TEQSA Act), and under broad direction from the Minister. Notwithstanding the development of a single national regulatory framework for VET, there is a complex system for regulating both the sector's training products and training services. It relies on federated structures and close engagement with State Training Authorities who directly own and manage TAFEs as the public providers of VET.

In the case of Victoria and WA, there continues to be state-based regulation that complements the role played by ASQA as the national regulator of the VET market. Product development and quality assurance meanwhile occurs through industry-led structures (newly reformed), organised into sector groupings. Additionally, while there are national standards for RTOs, states and territories also impose further standards aligned to funding contracts.

Regulation challenges

The Interim Report articulated three main regulatory challenges in the sector:

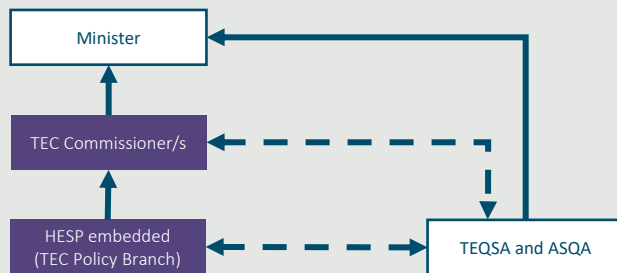
- Barriers for students to transition between the sectors
- Duplication of regulation for dual sectors
- Focus on baseline standards for quality not incentivising performance improvement.

There is a need for regulation to be streamlined between the HE and VET sector, and to incentivise excellence in provider performance.

¹TEQSA, HESA and ESOS Acts and the NVETR Act with respect to dual sector institutions

REGULATION | Core and Collaborative TEC role

HESP embedded in TEC; TEQSA and ASQA remain separate.



OVERVIEW OF THE FUNCTION

- The TEC incorporates the HESP within its organisational structure, while ensuring the HESP's continued capability and authority to fully exercise its responsibilities under the TEQSA Act – namely to provide advice to:
 - The Minister or TEQSA on making or varying the Higher Education Standards Framework; and
 - TEQSA on strategic objectives, corporate plan, reform agenda, as well as approaches to deregulation.

Interactions with other agencies, jurisdictions and providers

- TEQSA retains current compliance and enforcement roles, though reforms to its regulatory approach would need to be considered – most particularly its attention to student safety and wellbeing. TEQSA would establish information-sharing arrangements with complaints bodies and would be expected to work with the TEC's **policy** role in the pursuit of further harmonisation of regulatory requirements between TEQSA and ASQA.

BENEFITS

- Policy and regulatory compliance roles are organisationally independent, strengthening regulatory integrity.
- Aligns with vision of the TEC as system steward, allowing it to shape standards and advise on regulatory approaches.
- More palatable politically to keep TEQSA and ASQA separate, given their distinct roles have been reaffirmed several times.
- The shift of HESP provides an opportunity to enliven its work.

RISKS

- Limited opportunity for ad hoc, informal information-sharing, which could delay action or lead to incomplete advice being provided.
- Removes the opportunity to directly control TEQSA's regulatory approach.
- Further embeds the separate regulation of VET and HE in the short-medium term.
- TEC becomes overbearing and the relationship with the regulators becomes fractious.

COSTS

- Minor costs associated with embedding HESP in TEC.

DEPENDENCIES

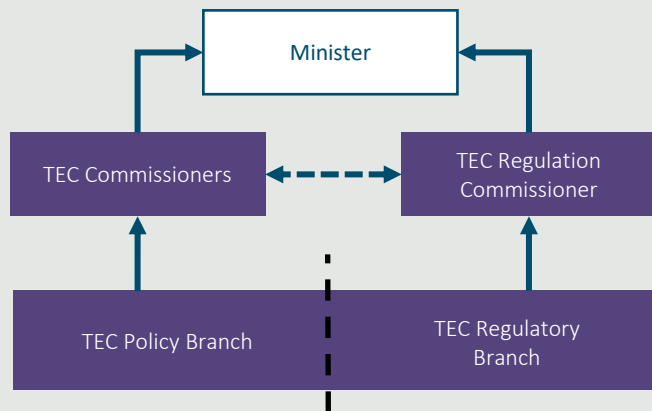
- Updating TEQSA's legislation and regulatory approach to address the underlying challenge.

CONSIDERATIONS

- Whether the TEC is the delegated decision-maker on higher education standards or it advises the Minister.

REGULATION | **Expanded TEC role**

TEQSA merged into TEC; ASQA remains separate.



- The TEC **could theoretically** take on the regulatory role of TEQSA with appropriate governance and information barriers from the policy and funding branches. There would need to be an independent regulation commissioner to which the TEC regulatory branch reports up and is accountable to the Minister.
- However, practically the risks and costs would likely outweigh the benefits of such an arrangement. Furthermore, this **would not in itself** solve the issues identified by the Interim Report, including the limitations of TEQSA's regulatory approach.

Core

Collaborative

Expanded

BENEFITS

- More unified approach to policy, strategy and regulation.
- Opportunity to more directly drive closer alignment with VET regulation.
- Easier, timelier and more comprehensive access to information on regulatory issues and risks.

RISKS

- TEC as an enforcer jars with concept of it being a steward and collaborator.
- Structural change is used as a blunt and insufficient instrument for broader regulatory change.
- Overloads the TEC with responsibilities, setting it up for failure.
- Concentration of power reduces contestability of advice to the Minister.
- Loss of expertise should a merger trigger high attrition.

COSTS

- Significant time and resources related to legislative change, change management, communications and system integration.

DEPENDENCIES

- Agreed view on future HE regulatory approach, including plans to align more closely with VET.

CONSIDERATIONS

- Maximising efficiencies of a merger.
- Ensuring suitable internal firewalls.

REVIEW | Function overview

Review refers to the hearing and addressing of individual complaints and/or appeals from other decision-making bodies. Individual complaints in aggregate may be indicative of broader systemic issues that need to be tracked and addressed.

The purpose of the review function is to remedy inequities and uphold the integrity and quality of the higher education sector.

Current state of rights of review for students

The review function is split across Commonwealth and State/Territory jurisdictions. State and Territory Ombuds can receive and manage complaints by students who have already been through their provider's dispute resolution processes. At the national level, the Commonwealth Ombudsman handles complaints from international students.

TEQSA receives complaints from students but does not act upon them on an individual basis; rather it records the complaints for reference to inform its periodic compliance reviews.

A Senate inquiry into current and proposed sexual consent laws has recommended that the federal government establish an independent taskforce that provides:

- An effective and accessible complaints process
- Meaningful accountability for both universities and residences if standards are not met
- Transparency around which institutions are providing appropriate and effective responses.

The Government has asked a working group to examine the matter, who will be returning its report in November. Any recommendation related to the handling of student grievances would be subject to the outcome of the working group's report.

Review challenges

The Interim Report identified two main review challenges in the sector:

- Inadequate response to systemic prevalence of sexual violence
- Few powerful avenues for advocacy and complaints for students.

There is a need for a stronger response to safeguarding student wellbeing and addressing complaints (particularly relating to sexual violence), including through greater provider accountabilities.

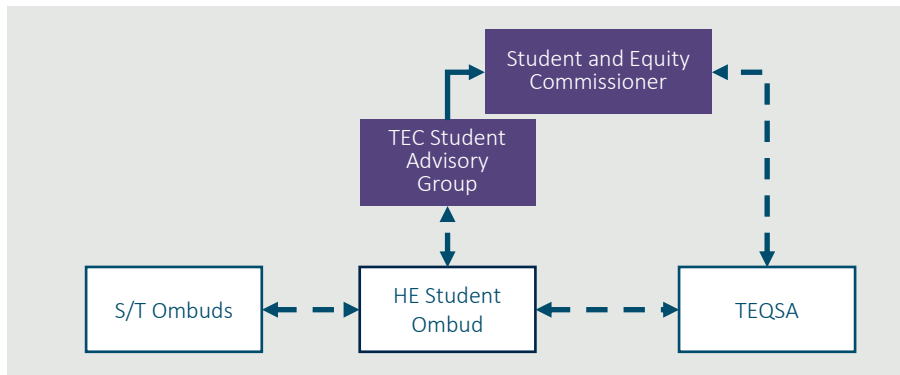
REVIEW | Core and Collaborative TEC role

Higher Education Student Ombud

Core

Collaborative

Expanded



OVERVIEW OF THE FUNCTION

- The Higher Education Student Ombud is an independent statutory officer, funded through sector contributions, and is free for students. It can be merged with the international student complaints function within the Commonwealth Ombud to have coverage of all higher education students.

Interactions with other agencies, jurisdictions and providers

- TEQSA could act as the enforcer, ensuring the Ombud's decisions are adhered to. The HE Student Ombud informs the TEC Student Advisory Group and TEQSA of systemic issues related to student safety and welfare.
- The State and Territory Ombuds may refer complaints to the HE Student Ombud with the complainant's consent. The states will need to legislatively refer dispute resolution powers relating to universities to the Commonwealth – as universities are state public bodies currently sitting under the purview of State Ombuds.

BENEFITS

- Can build on existing expertise of the Commonwealth Ombud's international student complaints function.
- Perception of independence from government creates greater trust by students and providers for impartial dispute resolution.

RISKS

- Reliant on collaborative and effective information sharing arrangements between the Ombuds, TEC and TEQSA – potentially leading to dispersed responses to systemic issues.
- Referral of matters by Commonwealth, State and Territory Ombuds may result in cost-shifting of complaints to the sector.
- Duplication of responsibilities with State/Territory Ombuds unless the Ombuds completely transfer responsibilities to the HE Student Ombud.

COSTS

- Greater costs associated with setting up new ombudsman including separate legislation – though these costs could be met by providers.

DEPENDENCIES

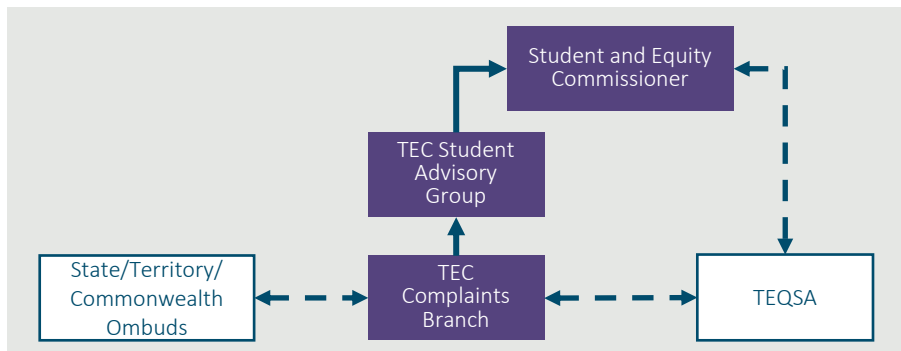
- Subject to SASH working group report recommendations.

CONSIDERATIONS

- HE Student Ombud could be co-located in the Commonwealth Ombud to utilise its resources/expertise and reduce costs.
- Need to consider integration of VET and international student grievances.

REVIEW | Expanded TEC role

Complaints function embedded in TEC.



OVERVIEW OF THE FUNCTION

- The Complaints Branch handles individual grievances and notifies the Commissioner and Advisory Group of trends that point to systemic issues.

Interactions with other agencies, jurisdictions and providers

- TEQSA could act as the enforcer, ensuring the Complaints Function's decisions are adhered to and can address systemic issues raised by the Advisory Group and Complaints Function.
- The Commonwealth, State and Territory Ombuds may refer complaints to the Complaints Function with the complainant's consent. The states will need to legislatively refer dispute resolution powers relating to universities to the Commonwealth – as universities are state public bodies currently sitting under the purview of State Ombuds.

BENEFITS

- Increased centralised oversight of student wellbeing and complaints through embedding in TEC – empowering complaints function to keep HE providers accountable and address systemic issues in coordination with TEQSA.
- Less complex governance and smoother information-sharing arrangements.
- Efficiencies created through consolidating back-office functions with TEC.

RISKS

- Handling individual complaints does not align with the core business of the TEC as system steward.
- Potential perceived lack of independence from government.
- Duplication of responsibilities with State/Territory Ombuds unless the Ombuds completely transfer responsibilities to the TEC complaints function.

COSTS

- Moderate costs in establishing new student-centred complaints function – though this can be cost-recovered from providers.

DEPENDENCIES

- Subject to SASH working group report recommendations.

CONSIDERATIONS

- Need to consider how to manage VET student grievances over time.
- Need to transfer international student responsibilities from Commonwealth Ombud to TEC.

INFORMATION | Function overview

The purpose of the information role in Australian tertiary education is to collect, analyse and disseminate data and insights to inform evidence-based decision-making, policy development and quality improvement efforts.

This role is designed to provide an agreed source of evidence and expertise to facilitate conversation between all stakeholders.

Current state of information in the sector

Information in the sector is largely focused on students, labour supply and demand, and government expenditure.

At the Commonwealth level, the Department of Education manages the Higher Education Statistics Collection which focusses on HELP expenditure. It also works with Services Australia to maintain TCSI.

Regulatory bodies (TEQSA, ASQA, VRQA and TAC) produce monitoring and quality data. NCSEHE specialises in student equity data and advice.

On the skills side, JSA collects and analyses workforce data. NCVER reports on the VET sector and advises on VET policy. NCI provides information about career pathways with a focus on VET.

Jurisdictions also publish data on VET that focus on enrolments.

Information challenges

The Interim Report identified several challenges, which can be supported and addressed through the information role:

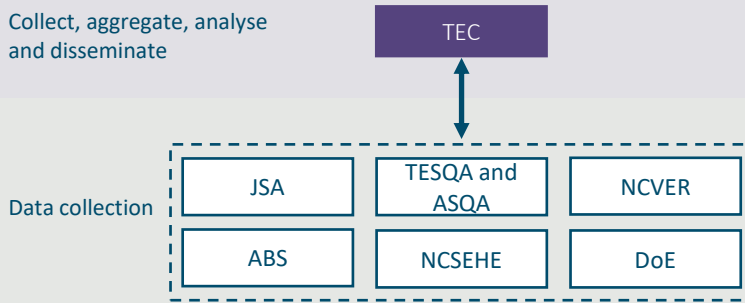
- A lack of granular and practice-relevant data
- A lack of data on teaching excellence and limited system-level innovation response
- A lack of information on expenditure usage and costing
- A lack of measurement on the commercialisation and translation of university research
- Inconsistent data collection and different bodies handling information for HE and VET.

There is a need for a body to coordinate data from providers, develop relevant metrics and conduct analysis to inform strategic planning for the sector.

INFORMATION | TEC role

RECOMMENDED TEC INFORMATION ROLE

Collect, aggregate, analyse and disseminate



TEC's role in information would include:

- **Collection:** Collect provider data such as equity cohort participation and course delivery costs to inform analysis.
- **Aggregation:** Aggregate data from existing bodies through information sharing agreements to avoid duplication and utilise existing expertise. Coordinate data collection efforts to be more relevant and consistent across the system.
- **Analysis:** Undertake continuous expert analysis on sectoral issues to provide evidence for decision-making. Evaluate performance and evolve metrics.
- **Dissemination:** Act as a national repository for tertiary education information, increasing accessibility and transparency for all stakeholders. Provide evidence and expertise to facilitate conversation between all stakeholders. Support annual and State of Sector reporting.

BENEFITS

- Trusted independent commission to collect accurate data.
- Data standardisation ensures comparability, supports accountability and analysis.
- Facilitates evolution of metrics as expertise develops.
- Enables targeted data collection related to system objectives.
- Supports evidence-based policy advice and decision-making.

RISKS

- Reliant on other bodies to follow data collection procedures and share information.
- Layers of bureaucracy in data collection may hinder agility.
- Metrics may not be relevant and measurable representations of educational quality.

COSTS

- Moderate costs in establishing data team.

DEPENDENCIES

- Reliant on access to data from existing bodies.
- Will initially use existing metrics and data.

CONSIDERATIONS

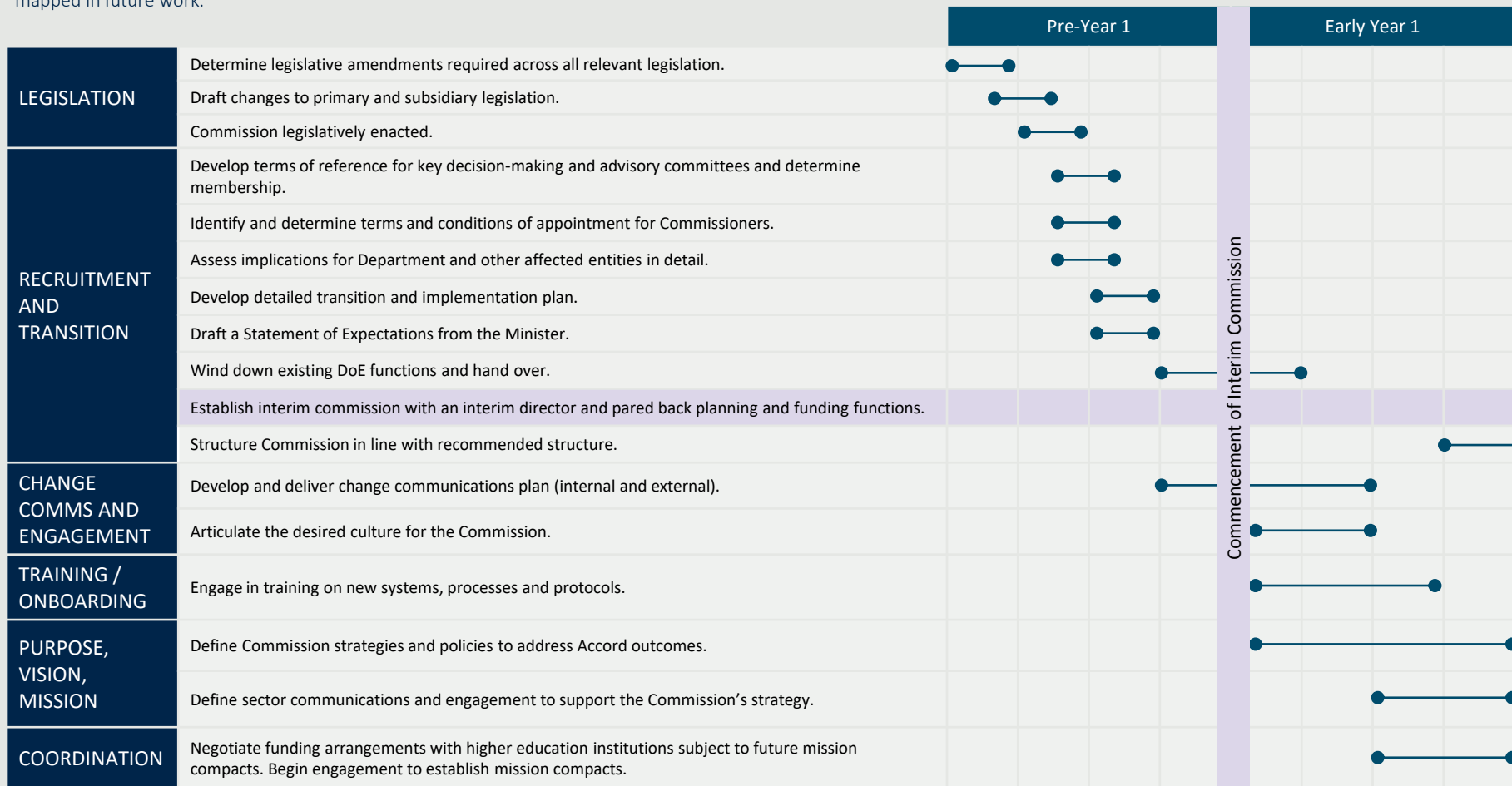
- The TEC can gradually assume information collection role as it develops expertise and capacity.

TEC implementation is phased for feasibility

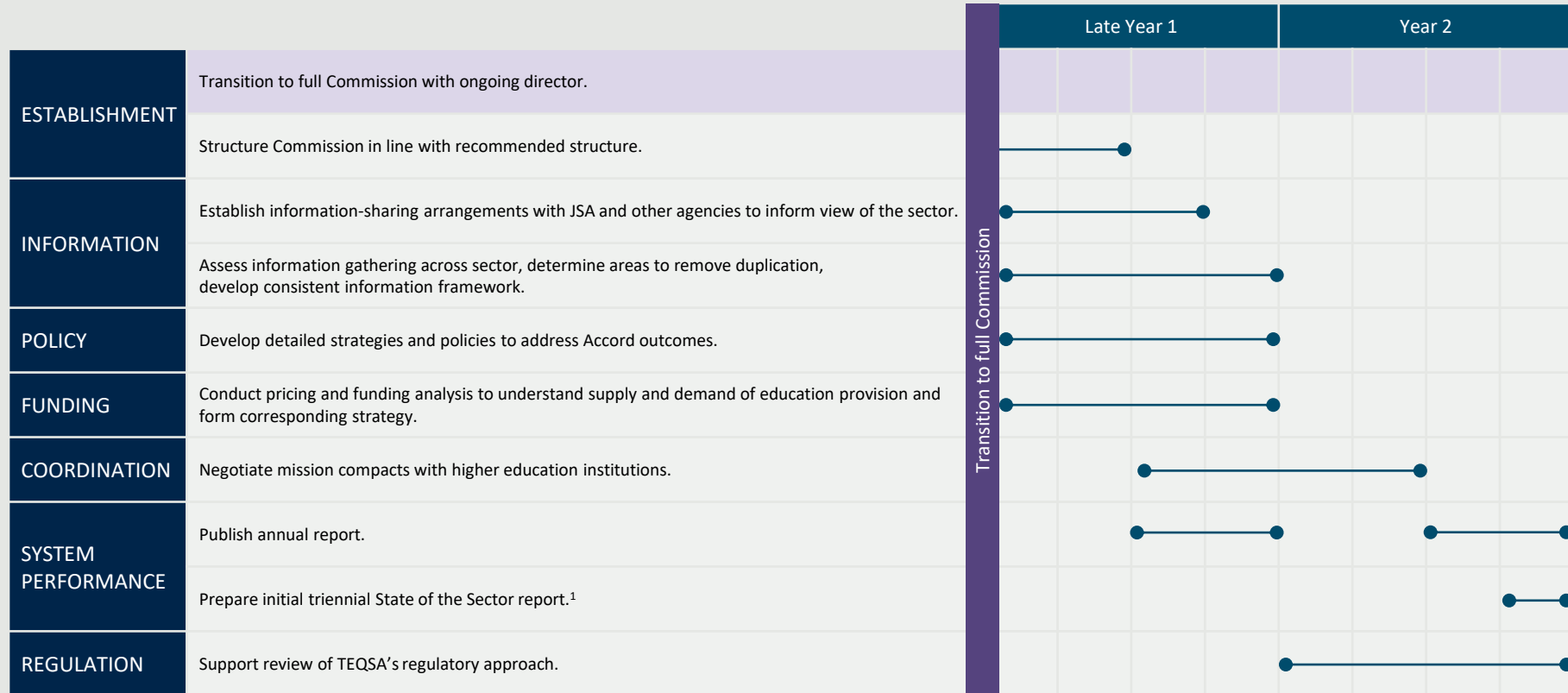


High-level implementation plan: Pre-Year 1 – Early Year 1

The high-level implementation plan includes the steps that are common across all options of the TEC. Each option will also have additional unique steps that will need to be mapped in future work.



High-level implementation plan: Late Year 1 – Year 2



¹TEC will publish first State of the Sector report in year 3

Harmonising VET and Higher Education



Harmonisation of HE and VET is a long-term commitment.

Wholesale alignment of VET and HE is not practicable in the short term because HE and VET serve different purposes, use different delivery models, and operate under different regulatory frameworks. The Commonwealth's level of constitutional responsibility also varies between the two sectors. Hastily instituting common governance arrangements will likely be counterproductive to recent efforts to forge better alignment between the two sectors. The TEC must play a role, nonetheless, to support this alignment and to do so in a way that signals parity across the two education offers – ensuring that vocational education does not become disadvantaged or deprioritised in the new system.

This foundational work would involve inspiring cultural change and changing ways of working, promoting more consistency in approaches adopted by the two sectors within current settings, particularly for common products. Once substantive progress is achieved, it would be possible to reflect this in policy (potentially including funding), standards and regulation which would in turn drive greater coherence. Throughout this evolution, effective joint governance will be crucial.

There are significant benefits to aligning the HE and VET sectors...

- Provides for a harmonised strategic approach across tertiary education.
- Allows for true whole-of-system planning.
- Strengthens role of applied learning in tertiary education.
- Allows for new education models and products to emerge that better meet the needs of communities and industries.
- Reduces system and regulatory overheads to ensure more resources are dedicated to teaching and learning.
- Reduces complexity for students and employers seeking to engage with the tertiary education system.
- Moves towards a life-long learning model.

...though substantial barriers will need to be overcome.

Short-term

- Complex study pathways between sectors.
- Lack of trust in the quality of education among education providers, within and across sectors.
- Lack of incentives for providers and students to establish, enable, maintain and benefit from improved pathways.

Long-term

- Shared federal ministerial responsibilities or potentially complex ministerial council.
- Lack of state and territory input into governance of the TEC.
- Significant change required in both federal and state/territory legislation.
- The need for constitutional referral of powers from the states.

The long-term ambition for a harmonised tertiary sector is:

- Cohesive sector with a diversity of products and provider types, catering to different forms of learning and various outcomes.
- Recognition that there is no hierarchy of qualifications and that all qualifications have value to consumers and the employment market.
- Students have seamless journeys through learning with greater mobility between products and providers.
- Employers can more easily find employees whose learning is aligned with their expectations.

High level VET and HE harmonisation steps

THE TEC'S ROLE IN TERTIARY HARMONISATION

From day one, the TEC can set the foundations for increasing alignment through its roles in:

- **System performance** – monitoring the extent to which the system is producing disconnects and perverse incentives that impact shared goals for the two sectors.
- **Policy** – pursuing specific initiatives on issues such as AQF reform and regulatory harmonisation and working on equalising the reputation of VET and Higher Education to recognise their joint role in skilling Australians.
- **Funding and pricing** – identifying the pricing anomalies between VET and HE courses (i.e. AQF 5/6 courses in universities and TAFEs), as well as distortions in loan arrangements or funding arrangements that militate against seamless pathways.
- **Coordination** – convening with key stakeholders in the VET sector to stay abreast of relevant reforms and seek to influence their direction.
- **Information** – establishing strong relationships with Jobs and Skills Australia and the National Centre for Vocational Education and Research to ensure the TEC's data analysis takes account of trends across the tertiary sector.
- **Regulation** – being attuned to the experience of dual-sector providers, including informing advice on evolution of the Higher Education Standards, and providing backing to work between ASQA and TEQSA to harmonise regulatory requirements.

Two distinct sectors

Aligned tertiary sector

Years 1-3

Years 3-5

5 Years +

Work with governments and HE providers to create foundations for a more coherent tertiary system.

This could include:

- **Policy:** Steward the AQF and progress its reforms for seamless credit recognition across sectors.
- **Coordination:** Work with HE providers to improve pathways from VET including expansion of guaranteed entry pathways and improved credit recognition of VET diplomas, advanced diplomas, graduate certificates and graduate diplomas.
- **Information:** Expand JSA remit to include HE and task JSA with the development of a National Skills Plan.

Use broader levers to create coherence.

This could include:

- **Policy:** Collaborate with HE and VET stakeholders on vision for a coherent sector.
- **Funding:** Identify and address pricing anomalies between VET and HE courses across jurisdictions.
- **Regulation:** Support TEQSA and ASQA to harmonise regulatory requirements for dual sectors.
- **Engagement:** Implement multi-lateral MoUs between HE and VET providers for systemic recognition of VET-HE pathways.

Transform system settings for a harmonised tertiary sector.

This could involve:

- **Regulation:** Facilitate constitutional referral of VET regulation and develop a single standards framework and regulatory approach.
- **Funding:** Work with states and territories on an opt-in basis to align funding arrangements between VET and HE, including course pricing and student fees.
- **Policy:** Develop non-accredited learning recognition policies.

Detailed HE and VET harmonisation steps

Two distinct sectors

Aligned tertiary sector

Years 1-3

Years 3-5

5 Years +

Work with governments and HE providers to create foundations for a more coherent tertiary system.

- Expand JSA remit to include HE and task JSA with developing a National Jobs and Skills Roadmap that informs a coherent cross-jurisdictional education response.
- Assess the impact of any changes to HE or VET policy designed to harmonise the sectors.
- Work with HE providers to improve pathways from VET including expansion of guaranteed entry pathways and improved credit recognition of VET higher degrees.
- Strengthen collaborations that support knowledge diffusion between the two sectors.
- Ensure integrity of providers in both sectors.
- Become steward of AQF and progress AQF reforms to enable seamless credit recognition across sectors.
- Support introduction of national skills passport for accredited education based on a common set of open standards.
- Monitor VET Qualification reform work and its impact on future course offerings.
- Optimise allocation of CSPs to remove disincentives to study higher degrees in the VET system.
- Separate HE teaching and research funding streams to enable a more coherent approach with VET.

Use broad levers to create parity between the sectors.

- Collaborate with HE and VET stakeholders on the vision for a harmonised sector.
- Continue to invest in VET provider capability and evolve policy to promote educational excellence.
- Support TEQSA and ASQA to harmonise regulatory requirements for dual sectors.
- Implement multi-lateral MoUs between HE and VET providers for systemic recognition of VET-HE pathways.
- Facilitate the scaling of sector spanning offerings through information sharing and best-practice guidance. For example, this could include dual qualifications, higher apprenticeships or other models yet to be thought of.
- Develop and apply a new approach to industry led accreditation of education products (HE, VET, other) that better balances core needs and flexibility to respond to specific or emerging needs without compromising quality.
- Strengthen HE provider reporting on subject and part qualification attainment to support recognition of micro credentials and continuous learning.
- Identify and address pricing anomalies between VET and HE courses across jurisdictions though an aligned approach to funding education delivery.

Transform system settings for a harmonised tertiary sector.

- Facilitate referral of VET regulation in VIC and WA and VET student dispute resolution across the states and territories to Commonwealth.
- Develop new single standards framework and regulatory approach, including combining TEQSA and ASQA.
- Develop policy for recognition mechanisms for non-accredited learning.
- Build on skills passport to unlock a more comprehensive system of information sharing to support education, recruitment, and workforce or career development.
- Work with states and territories on an opt-in basis to align funding arrangements between VET and HE, including course pricing and student fees.
- Expand remit of complaints function to manage VET student complaints.

Examples of the TEC in practice



The TEC can help alleviate both local and national skills shortages by coordinating Governments' policy and adjusting compacts.

Scenario 1: Skills shortage

A shortage of nurses emerges across metro areas of Australia with serious shortages of enrolled nurses in regional Victoria.

Skills shortage identification

The JSA forecasts emerging shortages that will last for 5-8 years under the existing settings. It finds that:

- Registered nurses (via HE) are subsidised more than enrolled nurses (VET) despite higher earnings.
- There is demand for training amongst equity groups, particularly in Western Melbourne and areas just outside of Brisbane.

Engagement

Victorian representatives from the TEC's HE and VET advisory groups indicate that the sector has been unable to improve engagement with equity groups in Western Melbourne over the last five years despite programs and funding incentives.

The TEC works with VicHealth to engage local community representatives and finds that location and the status of nursing is a significant barrier to greater engagement. There is no locally available pathway for low-SES people to become nurses while earning.

The TEC also engages State Governments to create a consistent principle for setting the level of subsidy in nursing courses across HE and VET.

Response

Strategic planning and policy

The TEC advises the Education Minister and Department that there is an infrastructure funding gap that needs to be rectified.

The TEC partners with State Ministers and Departments, advising them on valuable transport, language, and cultural infrastructure changes to improve nursing supply.

Coordination and funding

The TEC works with states to subsidise registered and enrolled nurses evenly according to expected earnings, providing a stronger subsidy for needed enrolled nurses, and freeing up funding for low-SES pathways for training in Western Melbourne and areas outside Brisbane.

The TEC also reviews compacts with universities when negotiations begin to expand funding in the area and consider the opportunity for greater engagement with equity groups.

Pricing

The TEC advises the Minister to abolish VET loan fees to align incentives between VET and HE for nurses, and works with State Governments to set subsidy levels evenly according to an agreed principle across both HE and VET.

System performance

The TEC considers adding a section to their State of the Sector report to discuss what state infrastructure needs are preventing providers from responding to developing shortages. The TEC adds data on ease of transport and develop published metrics for pathways for equity groups.



The TEC can help the higher education system respond to external shocks by monitoring systemic risks, coordinating institutional responses and guiding sector recovery.

Scenario 2: Provider unsustainability

An external shock reduces international student enrolment and causes financial challenges for several higher education providers, threatening their future sustainability.

Pre-shock preparation:

Information

The TEC monitors systemic risks through information collection and analysis. Prior to the shock, the TEC collects financial data of providers and recognises institutions with a potential overreliance on international student revenue.

The TEC engages with TEQSA to assess the impact of this financial risk on regulatory standards such as the institution's capacity to invest in infrastructure, maintain staffing levels to support academic quality and integrity, provide support services to students and operate sustainably into the future.

Consultation

The TEC works together with at-risk providers to understand their specific circumstances. Together, TEC and the providers review mission compacts to steer institutions towards more sustainable and robust operations.

Policy

The TEC informs policymakers of systemic trends and provides policy advice to address concerns by encouraging the diversification of international student cohorts and reviewing provider funding models.

Post-shock response:

Funding

The TEC works with the Ministers to advise on providing additional funding to institutions heavily impacted by the decline in international students to maintain their ability to provide quality teaching and research, to continue operations and to ensure the well-being of staff and students.

Information dissemination

The TEC provides clear and timely guidance to the sector on how to adjust operations and academic offerings. The TEC shares best practice approaches for responding to the shock such as remote teaching methodologies.

International policy advice

The TEC acts promptly to advise the Department on international policy and temporary international student visa measures to ensure continuity of study for international students affected by the shock.

Regulation

The TEC coordinates with policymakers to inform the regulatory response. They can encourage immediate measures to promote access for international students such as the option to continue studying from outside Australia.

System monitoring and review

The TEC reports the impact of the external shock on financial stability and academic experience, incorporating student perspectives. It outlines the learnings that can be taken to improve academic quality into the future and identifies areas requiring targeted support.

The TEC can inform future funding changes and prevent unintended consequences.

Scenario 3: Job-Ready Graduates funding

The Job-Ready Graduates package (JRGP) was intended to be a budget-neutral method to incentivise students towards degrees in areas of national priority, while aligning base funding to the average cost of delivery. It did this through a redesign of the CGS funding clusters and student contribution bands across different fields of education. However, the base funding reductions to priority areas made teaching them financially unsustainable, and setting funding according to the average cost of teaching did not account for significant variations in universities' per student teaching costs. Additionally, the underlying assumption that students would respond to the changes in student contributions and change the degree they enrol in was not substantiated.

Once the Minister had set the decision to re-balance the CGS contributions, the TEC could have supported the design of the JRGP through greater use of evidence and access to key stakeholders to test and assess the funding impacts.

Funding

Through its funding function, the TEC could ascertain the impacts of student contributions on course preference. The TEC could also draw on existing literature and research on the broader impacts of price on course choices. From its funding model, it could devise a new distribution of CGS funding for each discipline that better reflected costs and recognised the imposition on students.

Engagement

To supplement their own modelling, the TEC would engage its advisory groups – in particular the student advisory group – to further test its assumptions and understand the funding impacts on students and providers. The TEC would also undertake controlled, ethical experiments to understand how providers and students would respect to the proposed program.

This engagement would have demonstrated that course preferences were based on student interests as well as differences in job and salary prospects, rather than course cost. Engagement with providers would indicate that university and student incentives are not aligned, and that Commonwealth contributions limit enrolment growth in some courses.

Policy

Based on this, the TEC would advise the Minister on the recommended changes to CGS that would achieve both the Ministerial objectives of a budget neutral funding option and considers the impact on students and providers.

The Minister accepts the TEC's recommendation. The TEC works with the Department to calculate the corresponding student contributions and to set the new CGS funding levels into departmental systems.

Appendix A – Comparable Institutions



Previous Australian TEC-like organisations offer useful lessons.

Australian Universities Commission (1945–1974)

What was its role?

The AUC provided information and advice on the amount and allocation of Commonwealth and State funding with a focus on promoting the balanced development of universities.

What worked?

- **Effective conduit.** Engagement was facilitated between government and higher education providers to inform policy interventions.
- **Provided coherence.** National strategies and directions were developed on a range of higher education policies such as research priorities.
- **Achieved buy-in from key stakeholders.** Stakeholders from across agencies were invited to support sector-wide thinking and collaborate on policy issues.

What didn't work?

- **Competing demands on resourcing.** The AUC's implementation responsibilities drew resources away from its strategic focus. Over time, it was difficult to maintain a focus on its strategic intent.
- **Directive rather than collaborative.** The AUC used its directive powers over universities that reduced their autonomy.

Commonwealth Tertiary Education Commission (1977–1989)

What was its role?

CTEC provided policy advice on the development and funding requirements of higher education, administered the Commonwealth Grants Scheme and monitored sector performance.

What worked?

- **Stable policy and funding environment.** CTEC fostered a stable policy-making and funding environment and enabled providers to make long-term decisions.

What didn't work?

- **Changing authorising environment.** CTEC had diminishing influence over time as tertiary policy became increasingly fragmented and other departments took on other elements of higher education funding and policy responsibility.
- **Independence reduced in value by Ministers.** Over time, Ministers expressed a need for greater control and direct oversight over higher education funding.
- **Inadequate resourcing.** CTEC had its budgetary allocations reduced over time which affected its ability to perform its functions.
- **Complicated governance.** CTEC's complex bureaucratic structure impeded its agility and created a disconnect from the sector.

Australian National Training Authority (1993–2005)

What was its role?

ANTA advised State and Commonwealth Ministers in developing policy and strategy for the VET sector, monitored national funding and developed consistent national training standards.

What worked?

- **System coherence.** ANTA provided national strategy to the VET system by establishing the National Training Framework and setting up VET guidelines for the AQF.

What didn't work?

- **Lack of federal and state engagement.** Failed to recognise the funding contribution of the federal government and give them proper consideration in negotiations with states about how pooled funds would be used.
- **Lack of metrics.** Lacked transparent performance measurement to hold training providers accountable for their usage of funds.
- **Leadership succession challenges.** Reliance on strong leadership personalities to drive reforms created succession challenges and impacted its ability to maintain influence.

International TEC equivalents have also informed our proposed design of Australia's TEC.

New Zealand's Tertiary Education Commission (2003–)

What is its role?

New Zealand's TEC funds and monitors the performance of the tertiary education sector, creates operational policy and provides career services from education to employment.

What has worked?

- **Clear initial role in administration and performance.** Initial focus on administration and performance management maintained clear distinction between TEC and government.

What hasn't worked?

- **Reduced role clarity.** Lacked role clarity and created inter-agency tensions during initial years. A lack of a clearly defined remit has enabled scope creep.
- **Impacting on provider autonomy.** TEC has become too directive and infringed upon institutional autonomy.
- **Lack of sector expertise.** Leadership figures lack expert knowledge of the sector.

England's Office for Students (2018–)

What is its role?

England's OfS is the independent regulator of higher education with a focus on ensuring participation, experience, outcomes and value for money for students.

What has worked?

- **Clear vision and purpose.** Envisioned as a student-centric regulator promoting diversity.
- **Students at the centre of its focus.** Single information source to guide student decision-making.

What hasn't worked?

- **Perverse outcomes.** Tying performance-based funding to equity student outcomes can create perverse incentives.
- **Diminishing trust with the sector.** Heavy-handed regulatory approach appears too punitive and has created distrust from the sector.
- **Lack of stakeholder engagement.** There has been a perception that the OfS has not engaged well with providers resulting in a disconnect from sector realities.
- **Lack of merit in leadership appointments.** There is a perception that leadership appointments have been chosen on political basis rather than sector expertise.

Wales Commission for Tertiary Education and Research (2023–)

What is its role?

Wales' CTER will be responsible for planning, funding and regulating post-16 education and research.

Key considerations:

- Phased implementation approach to reduce disruption to the sector.
- CTER plans to use its information role as an opportunity to accelerate integration.
- Stakeholders believe that funding and regulation responsibilities may result in excessive powers.
- The commission and its board require equitable representation of sectors, staff and learners.
- CTER and existing quality assurance bodies will both have statutory powers and responsibilities for quality, possibly creating duplication and conflict.
- CTER will need to clarify parity of esteem to ensure strengths of each sector are built upon rather than neglected.

Appendix B - Consultations



Consultations

Consultation	Participants	Date
DEWR (Policy) and ASQA	DEWR [REDACTED] [REDACTED] [REDACTED] ASQA <ul style="list-style-type: none"> Melinda Cox, Director Regulatory Policy, Policy and Partnerships Branch Liz Moran, Strategic Review Officer Policy and Partnerships Branch 	<ul style="list-style-type: none"> Thurs 14 Sept
DEWR (JSA)	[REDACTED] [REDACTED]	<ul style="list-style-type: none"> Fri 15 Sept
Department of Education (Higher Education)	<ul style="list-style-type: none"> Kate Chipperfield, AS Accord Implementation 	<ul style="list-style-type: none"> Wed 20 Sept
Department of Education (Research)	<ul style="list-style-type: none"> Tony Rothnie, A/g AS, Research Policy and Programs Lachlan Chislett, Director Research Strategy 	<ul style="list-style-type: none"> Thurs 14 Sept
Department of Education (Funding Integrity and Students)	<ul style="list-style-type: none"> Damian Coburn, AS Funding Integrity and Students 	<ul style="list-style-type: none"> Thurs 28 Sept
Department of Education (International Policy)	<ul style="list-style-type: none"> Rachel Lloyd, AS International Policy 	<ul style="list-style-type: none"> Thurs 28 Sept
TEQSA	<ul style="list-style-type: none"> Katrina Quinn, A/g ED Regulatory Operations Mary Russell, A/g Chief Executive Peter Coaldrake, Chief Commissioner 	<ul style="list-style-type: none"> Fri 15 Sept
ARC	<ul style="list-style-type: none"> Chris Curran, A/g Branch Manager Research Policy 	<ul style="list-style-type: none"> Mon 18 Sept
Melbourne Centre for the Study of Higher Education	<ul style="list-style-type: none"> Gwilym Croucher, Assoc Professor 	<ul style="list-style-type: none"> Tues 26 Sept
Australian Academy of the Humanities	<ul style="list-style-type: none"> Lesley Head, Professor 	<ul style="list-style-type: none"> Mon 25 Sept
DEWR (Careers and Skills)	[REDACTED] [REDACTED] [REDACTED]	<ul style="list-style-type: none"> Mon 25 Sept
Melbourne School of Population and Global Health	<ul style="list-style-type: none"> Stephen Duckett, Honorary Enterprise Professor 	<ul style="list-style-type: none"> Fri 22 Sept
University of Sydney	<ul style="list-style-type: none"> Stephen Garton, Principal Advisor to the Vice-Chancellor 	<ul style="list-style-type: none"> Wed 27 Sept

Stakeholders were largely supportive of a TEC, but shared important considerations for its design and implementation.

Many stakeholders suggested a TEC would fill existing gaps in system governance.

Stakeholders suggested the TEC could:

- Provide ongoing management of the Accord
- Offer a holistic approach to coordinating system efforts to deliver on national priorities
- Negotiate mission compacts with providers
- Manage the AQF framework and reforms
- Provide an avenue to reflect the student voice
- Hold providers accountable for supporting student wellbeing
- Manage and benchmark teaching quality
- Provide independence of funding from government with greater transparency around funding allocations
- Improve transparency and access to information with a single source to evaluate the sector's performance
- Conduct analysis to accurately understand the cost of delivery for courses
- Align standards, frameworks and credit transfer approaches across the tertiary sector
- Reduce fragmentation of the research system, including measuring research impact.

Some stakeholders shared concerns about the need for, and role of, a TEC.

Some stakeholders expressed concerns around the need for a TEC, requesting greater clarity around what problems a new entity would solve.

Stakeholders warned that creation of a TEC could:

- Create an additional layer of unnecessary bureaucracy
- Focus too heavily on higher education, contributing to perceptions that VET is viewed as a lesser system
- Be overly influenced by established players (Go8) and not fairly represent the needs of diverse providers
- Conflict with current Commonwealth and state/territory VET funding negotiations.

Others suggested that a TEC's remit should be limited to:

- Providing advice on incentives and policy, to be implemented by the Department
- Focussing on long-term strategic problems, while the Department manages compacts and system-level operational activities
- Providing funding for mission-related funds from a set envelope while the Department manages core and operational funding.

Stakeholders recommended careful consideration of the impact of a TEC.

Many stakeholders provided advice for implementation considerations for a TEC including:

- Clearly defined, legislated roles and relationships between TEC, the Ministers, states and territories, and other entities (including ARC)
- Transparency around funding allocations and reporting requirements
- Alignment between coordination, incentives (such as funding) and the aspirations of the system
- Balanced TEC leadership including a diversity of expertise spanning higher and vocational education, fields of research, industry, states, territories and regulation
- Specific effort to avoid duplication, particularly with the Department of Education and JSA's activities
- Independence of regulation from TEC to avoid a risk-based approach to decision-making.

Some stakeholders suggested looking to the vocational stewardship model as an example that higher education could replicate, as a first step towards greater alignment.

Stakeholders shared challenges to tertiary alignment, but suggested opportunities for a TEC to contribute towards greater alignment.

Stakeholders identified significant barriers to tertiary alignment.

Stakeholders appreciated the intention to align higher and vocational education but identified barriers including:

- Concerns that vocational education would be overshadowed by higher education
- Differing approaches to product development, regulation, data collection, education provision
- Differing philosophical purposes for providing education
- The heterogenous nature of the vocational sector in relation to student needs, provider structures and overall maturity
- Difficulty coordinating and gaining support from two ministerial portfolios, and from states and territories
- Legislative barriers around merging TEQSA and ASQA
- Complexity in the pricing structures of vocational courses, making it difficult to align pricing with higher education courses
- The lack of incentive for higher education providers to offer recognition for prior learning (due to a competitive market).

Many stakeholders suggested a TEC could contribute to greater tertiary alignment.

Stakeholders shared opportunities for a TEC to support greater tertiary alignment including:

- Developing lifelong learning journey, incorporating both vocational and higher education
- Managing the AQF framework and its reforms
- Offering mutual recognition of prior learning
- Improving availability of information for students to make informed decisions about the best form of education for their needs
- Designing funding to support students to study with the provider that best meets their needs.



Appendix C – Literature Review



Previous tertiary commissions have improved coordination but failed to achieve sustainable influence.

The project reviewed Australia's history of tertiary education and found that although initially successful, CTEC faced challenges due to inconsistent ministerial guidelines, a lack of agility and growing interest in tertiary education outcomes from other departments.

THE DEMISE OF CTEC (1988)

The Marshall (1988) Report *Bureaucratic politics and the demise of the Commonwealth Tertiary Education Commission* highlights the growing fragmentation of the tertiary education policy arena and its contribution to undermining the CTEC's influence.

CTEC benefits

- **Sectoral expertise.** Councils representing each sector supported holistic decision-making.
- **Stable policy and funding.** Independence enabled long-term planning.

Contributing factors to abolishment

- **Fragmented policy environment.** Blurring of sectoral boundaries diminished CTEC's influence over funding and policy.
- **Ministerial involvement.** Unpredictable guidelines and inadequate budget allocations hindered CTEC's activities.
- **Lack of responsiveness** to evolving sector requirements and government directive.

CTEC ANNUAL REPORT (1987)

Commonwealth Tertiary Education Commission 1987 Annual Report

Governance recommendations

- **Independent reporting.** Ability to instigate its own inquiries and prepare and publish reports.
- **System monitoring.** Responsible for monitoring outcomes.
- **Triennial reporting.** Process enabled long-term planning, stability and thorough stakeholder engagement.

MURRAY COMMITTEE (1957)

Report of the Committee on Australian Universities

Committee recommendations

- **Policy advice.** Provide expert advice on the expansion and provision of universities on a national scale.
- **Assessment of funding needs.** Liaise with institutions to understand financial needs.

REVIEW OF CTEC (1985)

The Review of the structure of the Commonwealth Tertiary Education Commission presents recommendations to simplify the CTEC structure in response to the increasing complexity of tertiary education administration.

Structural recommendations

- **Unitary commission.** Reduce complexity and create a mechanism to receive expert sectoral advice while maintaining agility.
- **Advisory councils.** Transition councils to an advisory role to reduce duplication.
- **Improve information collection.** Develop robust statistics to assess needs, recommend funding, and administer and report on programs.
- **Address changing political environment.** Revise charter to promote longer-term planning, inter-sectoral developments and accountability.
- **Secure independence.** Publish advice to maintain transparency.

International examples show clear lessons for a successful TEC.

The project reviewed England's Office for Students and New Zealand's Tertiary Education Commission to extract lessons from comparable models in other jurisdictions.

OfS Inquiry (2023)

Must do better: the Office for Students and the looming crisis facing higher education

This inquiry found that the OfS has failed to command the trust or respect of either providers or students.

Inquiry findings

- **Unclear regulation.** Regulatory framework has lacked transparency, engagement and imposed regulatory burden.
- **Financial risk.** OfS has failed to monitor and ensure the financial sustainability of the sector.
- **Political interference.** Leadership appointments have undermined the independence of the OfS from the government.
- **Lack of student support.** OfS has failed to consider student voices and meet their expressed needs.

OfS Provider Engagement Report (2023)

This report revealed that providers view the OfS to be a heavy-handed regulator, lacking communication mechanisms with the sector.

Report findings

- **Broad political support.** Commission requires support from senior ministers across departments.
- **Transparent remit.** Terms of reference must provide clear scope for commission's work and safeguard from ministerial interference.
- **Sector expertise.** Commission members must have expertise and capacity to devote time to commission work.
- **Stakeholder cooperation.** Commission needs to build collaborative relationships with stakeholders to collect information and generate support for recommendations.

NZ Tertiary Education Review (2006)

OECD Thematic Review of Tertiary Education

This report outlines the context of tertiary education in New Zealand and the initial effects of the TEC.

Report findings

- **Defined operational role.** The TEC's operational responsibility enables the commission to focus on setting system rules to achieve strategic goals.
- **Metric evolution.** The TEC contributes to refining information collection and analysis.
- **Whole-system expertise.** The TEC reviews individual stakeholders and explores opportunities to facilitate cross-sector linkages.

NZ TEC Evaluation (2002)

Evaluating the Tertiary Education Advisory Commission: An Insider's Perspective

Success factors

- **Broad political support.** Commission requires support from senior ministers across departments.
- **Transparent remit.** Terms of reference must provide clear scope for the Commission's work and safeguard it from ministerial interference.
- **Sector expertise.** Commission members must have the expertise and capacity to devote time to commission work.
- **Stakeholder cooperation.** Commission needs to build collaborative relationships with stakeholders to collect information and generate support for recommendations.

A new TEC must be cognisant of recent regulatory and funding reforms.

ARC REVIEW (2023)

The Trusting Australia's Ability: Review of the Australian Research Council Act 2001 recommended more independence and greater expertise.

Governance recommendations

- Establish a board with responsibility for appointing the CEO, appointing the College of Experts, approving NCGP grants, and advising the Minister.
- Encourage the appointment of a balanced of senior academic expertise amongst Executive Directors.

Other recommendations

- Better account for the systemic costs of research.

AQF REVIEW (2019)

Review of the Australian Qualifications Framework Final Report 2019 noted that an ongoing body should be given responsibility for the AQF. It noted that that funding, governance, regulation, and institutional responsiveness have much more influence than the AQF.

Governance recommendations

- Ongoing governance body for the AQF is established to give effect to decisions of the Review of the AQF and provide advice on revisions.

Other recommendations

- Broaden guidelines for credit recognition across AQF qualifications.
- Prototype national credit points system developed for voluntary adoption by institutions.
- Provide for recognition of shorter form credentials.

TEQSA REVIEW (2018)

The 2017 *Review of the impact of the TEQSA Act on the higher education sector* indicated that the sector had largely positive views of the regulator following their work being scaled back to focus on registration and accreditation.

Governance recommendations

- The next review of AQF should clarify which courses are regulated by TEQSA and which are regulated by ASQA.
- The Higher Education Standards Panel should include members with contemporary experience providing higher education.

Other recommendations

- TEQSA should be legislatively enabled to undertake sector-wide quality assessment.

The demand driven system expanded access but needed to give more support.

DEMAND-DRIVEN REPORT (2019)

The Productivity Commission's report *The Demand Driven University System: A Mixed Report Card* suggested that introducing the demand-driven system increased enrollments substantially, and these new enrollments improved attendance for low-SES students but not for rural, remote or indigenous students.

- New students were less prepared and failed at higher rates, but largely still completed, and succeeded once they got into the job market.
- This report contains rich and detailed data on student entry and completion rates, including by equity cohort.

Governance recommendations

- Create stronger incentives for universities to support students who need it.

Funding recommendations

- Focus on improving school achievement to bring up overall equity cohort outcomes.



Accord submissions demonstrate varying stakeholder perspectives.

The panel selected key submissions and responses to the interim report for our review.

CROUCHER & MASSARO	DUCKETT	TEQSA ACCORD SUBMISSION	TEQSA INTERIM RESPONSE	MASSARO INTERIM REPORT
<p><i>A Commission for Higher and Tertiary Education: Submission in response to the Australian Universities Accord Discussion Paper</i> recommends that the TEC should facilitate better consistency across the system and strengthen University autonomy.</p> <p>TEC recommendations</p> <ul style="list-style-type: none"> • Address misaligned incentives and differences in cost between courses. • Steer the system to meet national needs. • Structure the commission as a statutory authority with an independent board appointing a minority, the rest ex officio, and perhaps with councils for HE & VET. 	<p><i>Submission on the interim report on the University Accord process</i>, by Stephen Duckett AM DBA(HEM) PhD DSc FASSA FAHMS FAICD</p> <p>TEC recommendations</p> <ul style="list-style-type: none"> • Provide clear role for TEC, and have a clear charter on what the commission should achieve. • Include a pricing authority. • Specify broad parameters for a 'quasi-market' for universities, avoiding a hierarchical relationship characterised by 'programmatically confetti'. 	<p><i>TEQSA submission to the Australian Universities Accord Panel</i></p> <p>Regulatory recommendations</p> <ul style="list-style-type: none"> • Improve alignment of regulatory activities to reduce burden for providers and promote cross-sector interface. • Ensure activities are informed by an understanding of student concerns. • Improve clarity for students seeking dispute resolution. • Streamline access to administrative data and develop more sophisticated performance metrics. 	<p><i>TEQSA submission to the Australian Universities Accord Interim Report</i></p> <p>Regulatory recommendations</p> <ul style="list-style-type: none"> • Pursue harmonisation of the higher education and VET sectors without compromising each sector's distinct purpose, role or integrity. • Strengthen regulatory protection of student wellbeing and safety. • Develop robust assessments of research quality. • Strengthen the international standing of Australia's tertiary education system. 	<p><i>Submission on the interim report of the Accord Panel</i>, by Professor Vin Massaro</p> <p>TEC recommendations</p> <ul style="list-style-type: none"> • Liaise closely with Minister and provide public advice to maintain transparency. • Operate at arm's length from government and higher education institutions. • Serve as an expert policy and planning coordinating agency. • Absorb elements of relevant Departments to avoid duplication.