



INDEPENDENT  
HIGHER EDUCATION  
AUSTRALIA

# **IHEA SUBMISSION**

## **AUSTRALIAN UNIVERSITIES ACCORD INTERIM REPORT**

1 September 2023

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### **Executive Summary**

#### **Introduction**

Independent Higher Education Australia (IHEA) is pleased to present its submission on the Interim Report of the Australian University Accord. As active participants in the Accord process, we have collaborated extensively with a diverse range of stakeholders, including the Accord Panel and Ministerial Reference Group. Our goal has been to ensure our submissions encapsulate the broad spectrum of the independent higher education sector. This collaboration has given us the unique opportunity to serve as the voice for the independent higher education sector in this critical dialogue.

With this focus on collaboration and dialogue, we affirm the recognition in the Interim Report that only collective actions and contributions can meet sectoral objectives, a sector of which independent higher education constitutes an essential part:

“At the same time, institutions need to support an increasingly diverse cohort of learners and take a leading role solving our nation’s biggest challenges. No single institution or single part of our tertiary system can meet all these objectives on its own. Only the collective action and contributions of the higher education and VET sectors can ensure we meet these.” [Page 117]

We also welcomed assurances from the Minister for Education when he was finalising the terms of reference for the review that it was to be “a review of Australia’s Higher Education system” and that the independent sector would be an integral part of the review.

#### **Importance of overall Higher Education Sector**

With that in mind, it was disappointing and somewhat bewildering that the Interim Report was largely silent on the contribution of independent higher education. This neglect is exacerbated by a confusing inconsistency in the Interim Report, with some sections having the default of referring exclusively to “universities” (by which it seems to be implying “public” and not independent as well) while other sections using the default term “higher education.” The reader is often left perplexed as to which providers are being meant in any instance.

One of the few instances where the independent sector is mentioned in any detail is in the section 3.1.1 “Dynamic and Responsive institutions.” Yet even in this section ambiguity remains:

The Review is considering how to establish a stronger process of planning for growth, including to avoid ‘university deserts,’ particularly where there may be high population growth but poor access

to institutions. [Page 117 Interim Report, digital version]

While specific missions and contexts differ, many universities pursue teaching and research activity in relatively similar fields. This ensures students can access a range of courses regardless of the university they choose and is a strength of the sector, but also entrenches a degree of homogeneity that may drive undesired outcomes. [Page 118]

The conclusion, a position that IHEA rejects, is that independent providers are not able or equipped to contribute to the growth required by the sector:

“Diversity in non-university institutions is higher, with clear examples of specialised focus and unique delivery, such as music, performing arts and theology. But these institutions operate on a different basis from public universities, with limited or no access to Commonwealth funding and in compliance with additional regulation and financial requirements. While non-university providers may benefit from specialised funding opportunities or pursue very distinct missions related to specific community needs, they may also lack the scale to compete genuinely against larger universities or to access some of the opportunities arising from demographic and economic change, despite many delivering high-quality outcomes for students and industry.” [Page 118]

In contrast, our position is that independent higher education is the fastest growing part of higher education with great potential to contribute to the desired outcomes of the Accord, especially in the priority areas of diversity and equity. We trust this confusion about language and the neglect of independent higher education in the Interim Report can be corrected in the Final Report.

The discussion should start with the perspective of a future Higher Education role in Australia that will enable it to be both local and global in its focus and impact. It is imperative to be explicit about the systems architecture that includes public and private; and higher and vocational education; in a productive manner that will optimise synergy through reciprocity and alignment.

### **Student Centered Funding and the Universal Learning Entitlement**

IHEA welcomes the Interim Report’s focus on a student-centered funding model, described as a universal learning entitlement [section 2.1.4], an initiative IHEA has ardently supported. The student-centered funding model, via a Universal Learning Entitlement (ULE), champions diversity, inclusivity, and progress in higher education. It is the cornerstone of a world-class higher education system and will drive diversity and productivity dividends.

This is not a new concept. It was a key recommendation of the Bradley Report from 2008 and beyond time that it should be adopted. In an era when governments are seeking out policies that will enhance Australia’s productivity via economic reform, this is a golden opportunity that should not be missed.

Every major developed nation in the world is wrestling with the problem of how to better integrate their higher education and VET sectors. The introduction of student-centered funding is part of the answer to that conundrum. It allows the student to decide what is in their best interests. If you do that the so-called “Parity of Esteem” problem, where VET is looked down on as a second-rate education option, is also partly, if not completely addressed as the matter will be resolved by student need. Australia would become the

world leader in resolving what otherwise has been described as a “wicked problem.” But to be a world leader we need to act fast as other countries, such as the UK (see below) have stolen the march on us.

We were surprised that, as the leading advocate for this measure, IHEA was not quoted in the submission. Our argument was that this measure is one that could see the independent sector contribute to meeting the Panel’s extremely ambitious target of doubling the number of higher education students by 2050.

However, the discussion on the ULE in the Interim Report is disjointed and can be found in thirteen different parts of the report. In some parts it refers exclusively to students who attend “university,” but in other parts it states that it is for students to decide the courses and providers (if they are TEQSA registered). While in discussion with the Panel Chair at the time of the Interim Report’s release, she made it clear to stakeholders that the proposition is for funding to be “provider neutral” and would be extended to students that attend the independent sector and in the longer run VET. It would be helpful if this were made explicit in the Final Report.

We also note that there is little detail on the concept of the ULE. We are concerned that it may be the Panel’s intention to recommend that the concept be referred to a yet to be established Tertiary Education Commission<sup>1</sup>, for its consideration. We would urge the Panel to develop the detail of the ULE for its Final Report and set a timetable that the ULE should be implemented over the next two years for start-up across the whole Higher Education sector in 2025 and rolled out to the VET sector no later than three years after that.

We note that the UK Government is in the process of implementing a similar proposal called the Lifelong Loan Entitlement across their Higher Education and their Further Education (i.e., VET) sectors. The initial announcement by Prime Minister Boris Johnson was in 2020 and the proposal has gone through extensive consultation and development with plans to fully implement it in 2025. Australia would benefit from any lessons learned from the UK Government’s implementation.

IHEA notes that when we call for the extension of student-centered funding to include the independent sector providers, the primary question is about student choice. Students benefit when they have the freedom to choose a study pathway that best suits them without funding settings constraining their choice or pushing them in a particular direction. With the structure and reporting requirements of a ULE yet to be determined, we should also note that not all providers will choose to opt for such a system given their unique missions and contexts.

### **Twenty Per Cent Fee on Fee-HELP**

We note the consideration of the removal of the discriminatory 20 per cent fee on HELP loans for students attending independent providers [pages 154-155]. This has long been IHEA’s position, and it remains an arbitrary and unfair impost on students of independent providers. Its removal should be a straightforward matter and would support the Interim Report’s access and equity agendas.

We were surprised that, as the leading advocate for this measure, IHEA was not quoted in the submission.

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<sup>1</sup> Incorporating at least one commissioner from the independent sector into a prospective Tertiary Education Commission is pivotal to ensure policy shaping embraces diverse perspectives and a comprehensive approach to education strategy. Therefore, it is suggested that legislation mandates the representation of this sector within the Commission.

## ATTACHMENT

Other aspects of the Interim Report on which we comment are set out below.

### **Diversity Pathways**

IHEA firmly believes in the transformative power of education - a catalyst that not only revolutionises individual lives but also bolsters productivity, fortifying a stronger and more cohesive nation. We advocate for diversity and inclusivity in our education system, understanding that the true strength of our country lies in its rich tapestry of cultures and backgrounds. It is essential to create comprehensive and effective pathways for students from under-represented cohorts to access higher education. [see section 2.2.8]

While the Australian Tertiary Admission Rank (ATAR) has been a traditional benchmark for university admission, it must not be the sole determiner of a student's path. We contend that an over-reliance on ATAR scores may overlook the immense potential within individuals who might excel in other facets of education or with a parallel pathway. Therefore, we propose a more nuanced, student-focused approach that acknowledges the diverse strengths of all students.

Looking to the future, we envisage a higher education model that incorporates differentiated, student-centric, and globally relevant learning providers - a hallmark of Australia's independent higher education sector. This model will extend flexibility and diversity, offering students a choice in their educational journey. Furthermore, it will enhance overall outcomes for both Australian and international students by providing a wide array of learning opportunities and experiences.

IHEA is committed to fostering an inclusive and holistic education system that prioritises student needs, champions diversity, and prepares learners for a dynamic global landscape. Through this, we aim to unlock the potential in every student, paving the way for a prosperous and harmonious Australia.

### **Tertiary Education Commission**

IHEA recognises the ongoing discussions regarding the re-establishment of a Tertiary Education Commission [section 3.1.4]. While we acknowledge the potential merits of such a body, we express our concerns about the possible creation of an additional bureaucratic layer that could duplicate existing processes and delay crucial reforms.

The establishment of a Tertiary Education Commission should not produce the effect of deferring decisions to a future body if they can be implemented in a timelier manner. As has been evident in the rapid implementation of the Interim Report's five priority actions, the Final Report should identify issues for immediate implementation or development without the need for further consideration by the Tertiary Education Commission.

We also have concerns about the implications for the Tertiary Education Quality and Standards Agency (TEQSA). We seek a clear explanation of how the establishment of a Tertiary Education Commission would impact TEQSA. We also need to consider the potential consequences for ASQA standard setting if the Tertiary Education Commission extends its oversight to include Vocational Education and Training (VET)

IHEA finds it challenging to support the establishment of a Tertiary Education Commission unless it is clear that such a Commission will enhance the functional harmony of our tertiary system rather than simply increasing bureaucracy. We emphasize the need for seamless integration of existing frameworks and bodies to avoid duplication and ensure smooth implementation of reform.

If established, it would be critical that all sections of the higher education sector be represented in the composition of the Tertiary Education Commission. The independent sector's involvement is crucial for shaping policies and decisions within the Tertiary Education Commission, bringing diverse perspectives to the table and ensuring a well-rounded approach to education strategy. To that end, we propose that legislation requires at least one commissioner to be appointed from the independent sector.

To realise the potential benefits of a Tertiary Education Commission, we recommend these key concerns be addressed to ensure an effective, inclusive, and efficient strategic framework for the Australian higher education sector.

### **Consideration of Mutual Recognition of TEQSA/ASQA Registration**

We note that the Interim Report raises for consideration IHEA's view that there be a mutual recognition of TEQSA registration for ASQA purposes [pages 123-124]. However, as we note above, we believe this issue should not be delayed but be a firm recommendation of the Final Report.

### **Consideration of the Role of the Commonwealth Ombudsman in Domestic Student Complaints**

We note that the Interim Report [page 136] raises for consideration IHEA's view that the role of the Commonwealth Ombudsman in student complaints should be for both international and domestic students. However, as we note above, we believe this issue should not be delayed but be a recommendation of the Final Report.

### **Levy on Foreign Student Income**

IHEA would be opposed to a potential recommendation for a levy on income derived from international students [page 144]. The Interim Report provides next to no detail on what the levy would be on, which providers it would apply to, or what any revenues it would raise would be used for.

Such a measure would impose significant burdens on higher education providers already facing a demanding competitive environment. The imposition of such a levy would make Australia less competitive against our international rivals.

Australia is engaged in fierce competition internationally to attract foreign students, principally with the USA, the UK and Canada. As the Interim Report notes this sector is one of Australia's major export industries. None of our competitors impose a levy on foreign student income. It would be a staggering own goal on Australia's behalf to implement such a policy.

There appears to be, although it is not explicitly stated, an implication that the levy would apply to public universities only. This is the first question that the Final Report should clarify. Media debate about the proposal suggests that public universities, particularly the Group of Eight, should be subject to the levy because, being not-for-profit, they do not otherwise contribute taxation revenue. We note that a considerable proportion of the independent sector is also not-for-profit. So, the question remains, would it apply to not- for-profit independent providers?

Secondly, for independent providers that are for-profit, we note that they already are included in the income tax system. To impose a foreign student levy on them would be a Super Profits Tax and would be totally unacceptable from the collective independent sector’s point of view.

As a starting point IHEA would argue that any revenue raised should be spent on the Higher Education sector, and that revenue raised from independent providers should be redirected to spending exclusively in the independent sector. Further, while some of the money might be made available for research, many, if not most, independent providers do not undertake research (and are not required to do so by TEQSA). It would therefore be important that the revenue be used to fund more than just research.

Indeed, the Interim Report vaguely refers to the revenue raised by a levy being used for “infrastructure” or “research” [page 155]. The Minister for Education, in his National Press Club speech on 19 July 2023, added “student housing” as an option. We note that if the central idea is to redistribute the revenue (i.e., cross-subsidise) for other purposes within the Higher Education sector then using it for student housing would probably breach that condition, as that means it would be redistributed to the building and construction sector of the economy.

### **First Nations and Other Equity Group Targets and Guarantees**

The extension of the First Nations guarantee to students from metropolitan areas raises the issue of the Panel’s consistency in seeking improvement in participation in all the equity categories. [page 12]

If the Panel’s argument is sound (and we believe it is) that additional taxpayer funding is needed to ensure that all First Nations students can achieve a place in a higher education provider, the logic is that that should apply whether the provider is public or independent. The Interim Report acknowledges that currently there are not enough public providers to meet potential demand by 2050, therefore utilising the independent sector to help meet that demand seems an obvious pathway forward.

### **Provider Categories**

Chapter 3 of the Interim Report discusses the higher education provider categories and notes that:

“The Review is considering how to establish a stronger process of planning for growth, including to avoid ‘university deserts,’ particularly where there may be high population growth but poor access to institutions. [Page 117]

“While specific missions and contexts differ, many universities pursue teaching and research activity in relatively similar fields. This ensures students can access a range of courses regardless of the university they choose and is a strength of the sector, but also entrenches a degree of homogeneity that may drive undesired outcomes.” [Page 118]

The Interim Report goes on to state that it:

“The Review considers that the requirements of the [Provider Category Standards] may be preventing institutions from developing stronger identifies and diversity.” [Page 119]

Unlike most higher education stakeholders, which can only speak on behalf of one category of provider, IHEA has membership across Universities, University Colleges, and Institutes of Higher Education.

We again make the point that the independent sector is the epitome of diversity. We would welcome the opportunity to contribute to a meaningful discussion about provider categories and, in particular, how current settings and their application inhibit sector diversity.

## Conclusion

On behalf of its members, and the students they serve, IHEA thanks the Accord Panel for duly considering the matters raised in this submission. It is worth noting we have previously made two very substantial submissions to the Australian Universities Accord consultation process: (1) [Australian Universities Accord Terms of Reference](#) (15 December 2022) and (2) [Australian Universities Accord Panel Discussion Paper Consultation](#) (11 April 2023).

## Who We Are

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

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

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



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

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

IHEA members teach 74 percent of the students in the independent sector (i.e., more than 130,000 students) and educate students in a range of disciplines, including law, agricultural science, architecture, business, accounting, tourism and hospitality, education, health sciences, theology, creative arts, information technology, and social sciences. A list of our full membership is provided in Appendix A.

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

## Contacts

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## Appendix A



# IHEA Member Institutions

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

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