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Independent Tertiary Education
Council Australia

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ITECA Submission

Review of Australia's Higher Education System

Response To The Panel Undertaking The Review Of
Australia's Higher Education System

December 2022

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LEADERSHIP ⬧ EXCELLENCE ⬧ PROFESSIONALISM

Executive Summary
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Tertiary Education that Delivers For Australia's Future

The Independent Tertiary Education Council Australia (ITECA) is the peak body representing independent providers in the skills training, higher education and international education sectors. ITECA writes in response to the invitation to provide advice to the panel appointed by the Australian Government to review the nation's higher education system.

As a nation, we can be proud of the nation's higher education system. It is a network of public and independent providers that have a collective commitment to excellence and quality. The latter is underpinned by a robust regulatory framework. In a broad context, thanks to the Australian Qualifications Framework (AQF), it offers a range of qualifications for which there is a clear relationship with those qualifications offered by the skills training system.

Australia's higher education system is not broken, but not is it delivering upon its full potential. A funding model that is not student centric limits accessibility and does not offer students the ability to study with the provider of their choice. Red tape abounds and the synergies between the higher education system are not exploited in a way to support students. The review of the higher education system offers the opportunity to build a truly world-class system that can serve a model for the world to emulate.

> " The key to reform is to place students at the centre of a tertiary education system in which the higher education and skills training system operate as one, but retain their separate strengths and identities.."

The Priority ⏤
A Student-Centric Tertiary Education System

The key to reform is to place students at the centre of a tertiary education system in which the higher education and skills training systems operate as one, but retain their separate strengths and identities. It's time to end the constructed delineation that sees the higher education and skills training system supported by different student funding, student loans, and regulatory models.

Through the higher education review, there is an opportunity to rectify some perversities that have persisted in the system for too long and work to disadvantage students.

Approximately 10% of the 1.62 million students in higher education study with an independent higher education provider. In terms of provider types, independent higher education providers make up more than 75% of the sector total. Consistently, students at independent higher education providers have demonstrated the excellence of the institutions where they study. Each year, student experience outcomes are higher for students at independent providers than they are for students at public institutions. The review offers the chance to build upon the reputation for excellence that independent higher education providers have.

ITECA looks forward to supporting the panel that is undertaking the review.

Troy Williams
ITECA Chief Executive

Felix Pirie
ITECA Deputy Chief Executive – Policy & Research

Canberra, December 2022

[ITECA Reference: N4.11.11]

Key Issues
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A Provider Not Student Focussed Higher Education System

Independent higher education providers support around 10% of the 1.6 million students in a higher education awards program. The lived experience set out by many of these providers has been used to identify the key issues raised by ITECA in this submission.

Key Issue — A Cohesive Tertiary Education System

Students and employers need an integrated tertiary education system, where the skills training and higher education sectors operate as one but retain their separate strengths and identities.

Key Issue — TEQSA & ASQA Regulatory Convergence

As a nation, we want a regulatory system that best serves students. It should provide them with the required levels of protection without unnecessarily diverting the resources of providers to the task of compliance and reporting. For providers that support students in both the higher education and skills training system, the red tape burden is excessive; however, a sensible reform option is before government.

Key Issue — Regulatory Approaches Responsive To Innovation

Under existing regulatory settings, neither TEQSA nor ASQA has the capacity to keep pace with the innovations in educational design, delivery and practice across the Australian tertiary landscape. And certainly neither regulatory has the capacity or capability to deal effectively with the demands of students and employers as a consequence.

Key Issue — AQF Reform To Support Consistency & Transparency

The Review of the Australian Qualifications Framework (AQF), made twenty-one recommendations for meaningful and overdue reform to the AQF, none of which have been addressed to date. This is unfortunate as the review, if implemented, will enable greater alignment between the higher education and skills training sectors.

Key Issue — A Microcredential Framework That Is Student Centric

The Australian Government's approach to microcredentials lacks cohesion with the two different Australian Government Departments responsible for skills training and higher education pursuing different and unaligned priorities. The result is an incoherent approach to microcredential recognition and funding that's provider and not student centric.

Key Issue — Removing The Discriminatory Student Loan Tax

One of the great travesties of Australia's tertiary education system is that students accessing either a FEE-HELP Loan or a VET Student Loan is required to pay a student loan tax on top of the amount that they borrow. This tax is discriminatory, levied largely on the basis of the student's choice of provider and not their likelihood to repay the loan.

Key Issue — Enhancing Higher Education Participation & Access

Independent higher education providers support a growing number of students from low socio-economic backgrounds, Indigenous students, plus remote, rural and regional students where higher education offers lasting benefits. The challenge is that these providers are unable to access many of the government programs available to public providers.

Key Issue — Higher Education Scholarship & Research

It is well-recognised that the regulatory frameworks under which higher education providers operate – regardless of their category – are burdensome. Nowhere is this more apparent than as exhibited through the Higher Education Threshold Standards, where the policy approach to oversight of the operations of providers might be viewed stifling.

Key Issue — Tertiary Education Data Reporting Obligations

The Australian Government collects data from skills training and higher education providers to support a multitude of policy objectives, priorities and contractual arrangements. The opportunity exists for government to significantly reduce the red tape burden through the application of uniform data reporting obligations across the higher education, skills training, and international education sectors.

Key Issue — Providing A Single Source Of Advice On Study Options

Over the past decade, numerous reports to the Australian Government have highlighted the need to empower students with concise, accurate and contextualised information on tertiary education study options. In this context, the Australian Government urgently needs to support students by consolidating the three online platforms it supports.

Recommendations
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Towards A Stronger Integrated Tertiary Education Sector

The following recommendations have been developed following extensive consultation with independent providers in both the higher education and skills training sector. They seek to offer a pathway towards a stronger and more integrated tertiary education system.

Recommendation — A Cohesive Tertiary Education System

That the Australian Government put in place a five-year roadmap to create a tertiary education system that puts students at the centre.

Recommendation — TEQSA & ASQA Regulatory Convergence

That the Australian Government engage with the sector on a three-step process, as articulated here, towards regulatory convergence across the two domestic tertiary regulatory frameworks to commence in 2024.

Recommendation — Regulatory Approaches Responsive To Innovation

That a review of the policy and legislative mechanisms underpinning the work of TEQSA and ASQA commence by mid-2023 with a focus on regulatory modernisation and enabling a more innovative tertiary system.

Recommendation — AQF Reform To Support Consistency & Transparency

That the recommendations of the Review of the Australian Qualifications Framework be progressed as a priority.

Recommendation — A Microcredential Framework That Is Student Centric

That the National Microcredentials Framework become the agreed foundation framework for any policy and project work on microcredentials.

That a formal coordinating mechanism on microcredentials specifically and — tertiary education more broadly — between the Department of Education and the Department of Employment and Workplace Relations with the following organisations as founding stakeholders representing the tertiary sector: Independent Tertiary Education Council Australia; Universities Australia; and TAFE Directors Australia.

Recommendation — Removing The Discriminatory Student Loan Tax

That the Commonwealth's tax on student loans (both FEE-HELP and VET Student Loans) be abolished without delay on the grounds of study equity.

That the Panel develop a framework to pursue a strategy for the development and implementation of an integrated tertiary student loans system that incorporates consideration of the role that both the Commonwealth as well as States and Territories should have.

Recommendation — Enhancing Higher Education Participation & Access

That the Country Universities Centres concept be re-examined, re-branded and expanded to more fully embrace a tertiary learning and engagement environment across all student cohorts and provider types with a focus on students from disadvantaged backgrounds.

That government investment in tertiary education, and in higher education specifically, be reconfigured and directed towards a genuinely student centric approach that adopts a focus on student choice in learning regardless of course type, location or provider type.

Recommendation — Higher Education Scholarship & Research

That a standalone facility for independent higher education providers be made available for the purpose of fulfilling the requirements of the Threshold Standards with respect to research and scholarship.

That the independent sector be able to compete for research funding alongside the public sector on an equal basis (with the exception of NHMRC grants).

Recommendation — Tertiary Education Data Reporting Obligations

That the Australian Government revise mandated tertiary education provider reporting obligations to adhere to the 'report once – use many times' principle.

Recommendation — Providing A Single Source Of Advice On Study Options

That the Australian Government consolidate the three different online platforms offering guidance on tertiary education study options.

A Cohesive Tertiary Education System

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An Integrated Higher Education & Skills Training Sector

Students and employers need an integrated tertiary education system, where the skills training and higher education sectors operate as one but retain their separate strengths and identities.

A more integrated tertiary education system would support lifelong learning, with students able to access both higher education and skills training throughout their working lives. They would do this without the present challenges of two government funding programs for students, two different student loan programs and two different approaches to microcredentials.

To best support students and employers through an integrated tertiary education system, the Australian Government needs to radically rethink its approach to post-secondary education. The siloed approach of the past must come to an end with each policy decision viewed through the prism of how a policy decision that impacts higher education students will impact skills training students, and vice versa.

With a considered approach that fully engages skills training and higher education providers, students and employers reform is achievable. It would encompass:

> " The siloed approach of the past must come to an end with each policy decision viewed through the prism of how a policy decision that impacts higher education students will impact skills training students, and vice versa. "

> ### Reforms To Achieve An Integrated Tertiary Education System —
>
> ▪ **Funding & Loan Programs:** Change to skills training and higher education funding models, integrating them into a single lifelong learning account that supports a student to study in either system without the need to access different funding and loans program.
> ▪ **Regulation:** A coherent approach to tertiary education regulation through a process of TEQSA and ASQA regulatory convergence achieving red tape reductions through aligned standards (where possible) and shared audit responsibility.
> ▪ **Australian Qualifications Framework (AQF) Review:** A further review of the AQF that supports a student accessing both skills training and higher education throughout their working lives, including a cohesive approach to microcredential recognition.

The reform is bold, it changes regulation and funding models from putting providers at the centre to placing students at the centre. The architecture will allow students and employers to navigate with easy post-secondary education and to make informed decisions about the study options that are right for them.

Australia has excelled at identifying problems across the skills training and higher education sectors, but we have looked at each sector as separately and thus failed to make the lasting change required to best support students. It's time to be bold and to embark on the reforms that will create an integrated tertiary education system.

Recommendation/s

▪ That the Australian Government put in place a five-year roadmap to create a tertiary education system that puts students at the centre.

Red Tape Reduction

TEQSA & ASQA Regulatory Convergence

As a nation, we want a regulatory system that best serves students. It should provide them with the required levels of protection without unnecessarily diverting the resources of providers to the task of compliance and reporting. For providers that support students in both the higher education and skills training system, the red tape burden is excessive; however, a sensible reform option is before government.

Both TEQSA and ASQA play a critical role in protecting students and safeguarding the reputation of the sectors they have responsibility for. Although there are considerable differences between higher education and skills training to the task of qualifications development and delivery that necessitate dedicated regulatory approaches, commonality can be found in the governance and administrative obligations of providers that TEQSA and ASQA seek to regulate. The result is an excessive compliance and reporting obligation – the red tape burden – for dual sector providers, that is those supporting students in both the higher education and skills training sectors.

Over the past five years, ITECA has engaged proactively and regularly with both TEQSA and ASQA, and the relevant Commonwealth Department with policy and legislative responsibility, draw attention to the duplicative regulatory settings and processes that exist and to look at meaningful ways to reduce red tape.

It is recognised as well as appreciated that the higher education sector and the vocational education and training sector have inherent differences in terms of education / training delivery and measuring student performance, so much so that regulatory convergence here would be difficult. At the same time, however, there are regulatory compliance areas across both that confront dual sector providers where a convergence of TEQSA's and ASQA's regulatory standards would be possible and indeed welcome. These may include those aspects of the *Higher Education Standards Framework 2015 (Cth)* and the *Standards for Registered Training Organisations 2015 (Cth)* that relate to:

Areas targeted for regulatory convergence —

- Corporate governance;
- Corporate monitoring and accountability;
- Facilities and infrastructure;
- Student grievance and complaints requirements;
- Staffing; and
- Information for prospective and current students.

Beyond this list it is possible that collaboration between TEQSA and ASQA may identify further opportunities for regulatory convergence and ITECA welcomes the opportunity to discuss these further. The key is to look at the regulatory regimes from the perspective of the student and to balance red tape reduction against the need to maintain appropriate student protections.

" ITECA members suggest that burdensome and duplicative regulatory arrangements are a major barrier to the types of innovation that benefits students and the labour market. "

![iteca logo]

To progress regulatory convergence, after consultation with our members regulated by both TEQSA and ASQA ITECA recommends the following approach:

Phased Approach To Achieve Regulatory Convergence —

- **Step One**: A joint TEQSA – ASQA regulatory convergence working group be formed with representation from ITECA, Universities Australia and TAFE Directors Australia as the three organisations that represent both higher education and skills training sectors; then

- **Step Two**: The process of identifying where regulatory convergence can be achieved, based upon an exclusion model. That is, each regulator's standard be considered a candidate for convergence until such time it is demonstrated that this cannot be reasonably achieved; then

- **Step Three**: As soon as practicable, a discussion paper be released that identifies where regulatory convergence is possible. This would commence the formal consultation process on regulatory reform.

For the sake of clarify, ITECA is not proposing a joint audit process – although that may be a long-term objective arising from the process outlined above – but rather a convergence of the *Higher Education Standards Framework 2015 (Cth)* and the *Standards for Registered Training Organisations 2015 (Cth)* within the purview of TEQSA and ASQA respectively.

In considering this approach, regulatory convergence does not necessarily mean that the standards need to be identical. It is recognised that, in some instances, one regulator may require a specific compliance threshold that differs materially, or is 'higher', from the other regulator and that is appreciated, so long as the 'higher' compliance threshold automatically meets the lesser regulatory requirement.

Once regulatory convergence was achieved, the next important step is for TEQSA and ASQA to engage in a degree of confidence building. This would see one regulator having a complete understanding of, and confidence in, the compliance activity of the other. This would pave the way where the audit activity of one regulator was recognised by the other.

Recommendation/s

- That the Australian Government engage with the sector on a three-step process, as articulated here, towards regulatory convergence across the two domestic tertiary regulatory frameworks to commence in 2024.

Responsive Regulation
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Regulatory Approaches Responsive To Innovation

Under existing regulatory settings, neither TEQSA nor ASQA has the capacity to keep pace with the innovations in educational design, delivery and practice across the Australian tertiary landscape. And certainly neither regulatory framework has the capacity or capability to deal effectively with the demands of students and employers as a consequence.

The Covid-19 pandemic saw limited regulatory flexibility applied in higher education and these flexibilities were mostly focussed on ensuring international students were effectively supported through studying online either in Australia or offshore. These measures were designed to be temporary, and while appreciated by the sector, only ever dealt with issues in a symptomatic manner. That is to note that a regulatory framework that was designed in 2010-11 and has had periodic (and sparing) updates cannot hope to deal effectively with an educational environment in which Virtual Reality (VR) and Augmented Reality (AR) are becoming more commonplace. These are just examples.

To put it another way, in 2010 the iPad was released alongside the first iPhone to include a selfie camera and these took some time to become widely used in education; and in 2010 Instagram launched. By 2022, AR and VR can be used to incorporate gamification into curricula, enable distance learning and greater interactivity in classes for those who cannot be on campus as well as enabling students to immerse themselves in virtual labs and interact with 3D environments. None of these were conceived when the current framework was developed.

While higher education providers are able to gain approval for innovative courses using design and delivery techniques such as these under the existing regulatory framework, the mechanisms are slow and cumbersome. One long-standing independent provider was heard recently to exhort the fact it had taken only six months to get their new course approved and despite it having gone through rigorous industry approval, they still felt this was done in record speed. The challenge here is that approvals and the consequent regulation of programs in this way, cannot possibly keep pace with the innovations of employers and the economy.

The consequence is that students become less well equipped to deal with the more innovative workplace environments they engage with, whilst the higher education regulatory framework remains inflexible and process-obsessed rather than focussed on the outcomes to be delivered to students.

> " While higher education providers are able to gain approval for innovative courses using design and delivery techniques such as these under the existing regulatory framework, the mechanisms are slow and cumbersome. "

Recommendation/s

- That a review of the policy and legislative mechanisms underpinning the work of TEQSA and ASQA commence by mid-2023 with a focus on regulatory modernisation and enabling a more innovative tertiary system.

Qualifications Reform

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AQF Reform Needed To Support Consistency & Transparency

The Review of the Australian Qualifications Framework (AQF), made twenty-one recommendations for meaningful and overdue reform to the AQF, none of which have been addressed to date. This is unfortunate as the review, if implemented, will enable greater alignment between the higher education and skills training sectors

The Review, led by the late Professor Peter Noonan, was one of the most significant undertakings across the tertiary education system in more than a decade. Of critical importance for this Panel and the present review, is that the recommendations made in the AQF Review that presented the opportunity better align the offerings of both higher education and skills training providers, something that would allow students to readily access the offerings of either sector throughout their working lives.

Australia can be proud of the AQF. It was one of the first national qualifications framework established with the central purpose to 'establish a basis for improving the quality, accessibility, linkages and public or labour market recognition of qualifications within a country and internationally'. [1] Although it is often criticised, ITECA notes that the AQF continues to be unique and highly regarded in an international context, but reform is needed.

ITECA argues that the relevance and utility of the AQF is of critical importance to both the skills training and higher education sector. It offers an interconnected framework for the design and delivery of qualifications and sets out the relationships between them. For students and employers, the AQF removes the ambiguity associated with the learning outcomes and individual attributes if each qualification time.

The recommendations arising from the AQF review are designed to allow the framework to better perform its key functions, and to support and reflect ongoing change and innovation in qualification development and delivery.   As noted in the review, if changes are not made, there is a risk that the AQF will not be 'the flexible and responsive instrument that guides the provision of consistent high quality and transparency in the Australian education system' that the nation needs.

The implementation of recommendations from this review is of fundamental interest to the independent sector. The move towards greater alignment and flexibility in qualifications and outcomes across the higher education and skills training (VET) sectors should also be a national priority.

Recommendation/s

- That the recommendations of the Review of the Australian Qualifications Framework be progressed as a priority.

> " The recommendations arising from the AQF review are designed to allow the framework to better perform its key functions, and to support and reflect ongoing change and innovation in qualification development and delivery. "

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1   OECD, *Qualifications Systems: Bridges to Lifelong Learning*, Education and Training Policy, 2007, p. 22

Microcredentials Recognition

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A Microcredential Framework That Is Student Centric

The Australian Government's approach to microcredentials lacks cohesion with the two different Australian Government Departments responsible for skills training and higher education pursuing different and unaligned priorities. The result is an incoherent approach to microcrential recognition and funding that's provider and not student-centric.

It may come as a shock to the Australian Government, but students and employers view the utility of microcredential offerings from the prism of the knowledge they deliver and the skills they offer, not by the provider that offers them. Whether microcredentials are offered by the higher education or skills training sector is rarely a factor, as is evidenced by the fact that both students and employers place the greatest value of high quality microcredentials offered outside the tertiary education sector

The aforementioned AQF Review also recognised that microcredentials are a flexible way to gain required skills. While is relatively new in higher education, the use of short-form learning – microcredentials – in skills training has been a feature of the system for a long time. A key recommendation of the AQF Review relevant to this area was:

> *VET and higher education to have clear and flexible entry and exit points, as well as pathways within and between, to allow students to mix and match the subjects they study to meet their education requirements*

In this context, ITECA worked closely with fellow stakeholders and Government through 2020 to early 2022 to develop the *National Microcredentials Framework* (released in March 2022). It was disappointing then that the Government departed from the agreed definition of a microcredential and the tertiary framework that can underpin their success to fund a higher education pilot in late 2022 that is likely to have limited benefit.

Moreover, the Australian Government is currently running several different projects associated with microcredentials through the Department of Education and also the Department of Employment and Workplace Relations. Additionally, various state and territory governments are undertaking different initiatives on microcredentials. Although each project has merits, they approach the issue of microcredential recognition, promotion and investment in those microcredentials in different and divergent ways, and with various perspectives.

The goal of a more cohesive and coordinated tertiary education sector that benefits students and employers cannot be realised unless work such as the AQF Review and the *National Microcredentials Framework* is utilised and not left on the bureaucratic shelf.

Over the past five years, the Australian Government has progressed several projects that, rather than viewing microcredentials as a separate class of educational offering, view it strictly through *either* a skills training or higher education prism. This is unfortunate and, in many respects, counterproductive.

" It may come as a shock to the Australian Government, but students and employers view the utility of microcredential offerings from the prism of the knowledge they deliver and the skills they offer, not by the provider that offers them.. "

Australia faces some profound challenges associated with widespread skills shortages. To address these, there is a clear need to improve workforce productivity and the key to achieving this is through workforce reskilling and upskilling – and microcredentials are ideally suited to this task.

The reality is that the approach is not that binary for students and businesses (i.e. stakeholders outside the tertiary education sector). This approach limits the benefits to students and taxpayers, excludes the contribution that could be made by state and territory governments, and as a consequence represents a poor investment by taxpayers.

And this again reinforces that the rhetoric used by governments and some stakeholders that 'students are at the centre' can be a description of self-interest hidden behind a thin veil of concern for students. In this context, the Jobs and Skills Summit held in September 2022 at Parliament House produced the following commitment:

> *Work together to reform the framework for VET qualifications and micro-credentials to ensure they are most relevant to labour market needs. Micro-credentials, including work-based learning will be placed in a proper framework and be able to be 'stacked' into full VET qualifications.*

ITECA was pleased to attend, and it was noted that microcredentials must be prioritised as an area for further work in the tertiary context. ITECA broadly supports this as a priority action item; however, raises the concerns that it will approach policy responses through a skills perspective, perhaps in isolation from Australian Government initiatives in the higher education sector – and in complete isolation from the many valuable microcredentials offered outside the formal tertiary education sector.

The Australian Government's initiatives are complemented by some positive state and territory government initiatives. These have looked at the utility of microcredentials to students and employers, particularly as a tool for workforce reskilling and upskilling, and also developed some pilot funding models. The Australian Government should actively seek to leverage this experience of the state and territory governments.

Recommendation/s

- That the *National Microcredentials Framework* become the agreed foundation framework for any policy and project work on microcredentials.

- That a formal coordinating mechanism on microcredentials specifically and — tertiary education more broadly — between the Department of Education and the Department of Employment and Workplace Relations with the following organisations as founding stakeholders representing the tertiary sector: Independent Tertiary Education Council Australia; Universities Australia; and TAFE Directors Australia.

Student Loan Programs

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Removing The Discriminatory Student Loan Tax

One of the great travesties of Australia's tertiary education system is that students accessing either a FEE-HELP Loan or a VET Student Loan is required to pay a student loan tax on top of the amount that they borrow. This tax is discriminatory, levied largely on the basis of the student's choice of provider and not their likelihood to repay the loan.

Government data referenced in the *ITECA 2022 State of the Sector Report* highlights the excellence of the independent higher education sector that is reflected in the experiences of students attending those independent institutions. However, the manner in which the Australian Government invests in higher education does not reflect the experience of students nor the outcomes they achieve.

As the Productivity Commission noted recently in the *5 Year Productivity Inquiry: From Learning to Growth*, there is a considerable difference in the design and delivery of government investment across the higher education and skills training sectors. The two sectors have significantly different funding and investment profiles designed by governments for the purpose of delivering teaching outcomes, primarily through course subsidies and student loan arrangements. Or in the case of independent higher education, almost exclusively student loans, while at independent skills training providers, overwhelmingly full fee arrangements due to low levels of government course subsidies and very low levels of student loan availability.

In the skills sector, the VET Student Loans program supported around 3% of all government-funded students in skills training in 2021. While this represents around 0.9% of all skills students in training in 2021, when it comes to students in receipt of a VSL loan in 2021, the proportions are much lower. In fact. Of the more than 3.7 million students at independent skills training providers in 2021, only 0.3% were in receipt of a VET Student Loan, despite independent providers delivering 70.9% of all qualifications at diploma and above in the same year.

Initial ITECA analysis of Australian Government data suggests that around 53% of the more than $257 million in VSL loans paid in 2021 will have attracted the 20% loan tax if not for the exceptional-circumstances pandemic waiver. This highlights the inequity in access of the loan arrangements which is exacerbated by the tax being applied to such a tiny proportion of skills training sector students.

In the higher education sector, around 47,500 students at independent higher education providers received a FEE-HELP loan in 2020. These students represent around 31% of FEE-HELP loans in that year. However, these students undertaking study at an independent provider and receiving a FEE-HELP loan are charged an additional tax on their loan. Currently, that tax is 20% on all borrowings.

This group of students is the *only cohort in all higher education* to pay an additional loan tax on their borrowings. These students do not benefit from government-subsidised places and so are likely to borrow more to funding their learning, and the current policy design views it as appropriate to tax them for that choice. The inequity of this is startling.

> " The discriminatory nature of the student loan tax is clear. Two students, in the same degree program at different providers are treated vastly differently due to the choices they make — one pays the 20% tax and the other doesn't. "

Analysis from ITECA suggests that the average loan amount from these students has resulted in an additional tax of $3,100 now being due on top of their loan amount.

The government has maintained the student tax raises approximately $400m annually, appearing to indicate the cumulative total of all student loan taxes collected in a year, rather an annual sum collected from a single cohort. Broadly speaking, the FEE-HELP loan tax appears designed to recoup some of the costs the Australian Government bears in facilitating FEE-HELP loans for undergraduate places at independent providers. However, if it were designed to recover costs as suggested, a cost-recovery measure would be utilised as a loan tax is the wrong mechanism by which to achieve such a goal. Further it would be inconsistent with the Australian Government's own policy architecture to restrict that recovery to a small cohort (less than 10% of loan recipients) rather than the broader cohort of beneficiaries.

The discriminatory nature of the student loan tax is clear. Two students, in the same degree program at different providers are treated vastly differently due to the choices they make – one pays the 20% tax and the other doesn't … yet there remains no sound policy basis for this discrimination.

In the case of VET Student Loans (VSL), all students with the exception of those undertaking a course where a subsidy is provided for the student by the state or territory, pay a 20% loan tax. This is also inequitable as it preferences some students and punishes others based on choices made by states / territories with no clear policy basis. The majority of students training in the public system and undertaking a VSL-program are also in a state / territory subsidised place, while relatively few at independent RTOs are also in a subsidised place and so these students pay the 20% additional loan tax.

While Australia's approach to income-contingent loans is one that ITECA strongly supports overall, is very difficult for an objective view of the tertiary education sector in Australia to conclude the current restrictive, uncoordinated, inequitable and punitive approach to tertiary student financing as being one that can benefit students, employers or the economy in the long-term.

While the VSL scheme has been a reactionary (many suggest a clear over-reaction) to a poorly designed policy that was implemented too rapidly (and despite concerns raised by ITECA at the time), it is clear that it is no longer fit-for-purpose either in design or implementation for students, employers or the economy. The same is true of FEE-HELP in the context of its limitations for students at independent providers.

Previous attempts at expanding an income contingent loan scheme in the skills training sector suffered from a number of problems in the design of that scheme. Among these were the lack of consultation with the sector in the design and implementation phase to ensure the architecture remained robust and featured critical integrity measures.

ITECA has long maintained the need for a cohesive and coordinated approach to student financing of tertiary education, and that this is most appropriately facilitated through a consistent – and ultimately unified – income contingent loan (ICL) across the tertiary system. A reconfigured tertiary ICL framework would obviously be designed to specifically avoid some of the policy shortcomings and mistakes that were a feature of previous skills loan mechanisms. However, a pan-tertiary ICL mechanism has the potential to revolutionise lifelong learning, and reskilling opportunities across the tertiary system and not just limit

that to a small proportion of learners as is currently the case. Further, such a framework would have the ability to expand into a more flexible approach by enabling students the ability to collect shorter qualifications (microcredentials) as they reskill and upskill while full qualifications remain the basis for learning, knowledge enhancement and engagement with the labour market.

Recommendation/s

- That the Commonwealth's tax on student loans (both FEE-HELP and VET Student Loans) be abolished without delay on the grounds of study equity.

- That the Panel develop a framework to pursue a strategy for the development and implementation of an integrated tertiary student loans system that incorporates consideration of the role that both the Commonwealth as well as States and Territories should have.

Framework Review
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Enhancing Higher Education Participation & Access

Independent higher education providers support a growing number of students from low socio-economic backgrounds, Indigenous students, plus remote, rural and regional students where higher education offers lasting benefits. The challenge is that these providers are unable to access many of the government programs available to public providers.

Enhancing participation and access has been a goal of the Australian higher education system for a considerable time and broad programs like the Demand Driven System and access-specific programs such as the Higher Education Participation and Partnerships Program (HEPPP) and the Indigenous Student Support Program (ISSP) have had significant impact.

There is no doubt the goals of these programs were — and remain — very important policy objectives when they commenced in 2010. Over the years 2010 to 2016, total HEPPP funding totally just over $1 billion. The number of students from low socio-economic backgrounds in higher education increased from 168,417 to 178,944 (SA1) over this same period and the number of Indigenous students increased from 17,800 to 22,897. While the HEPPP investment delivered a vast range of benefits beyond an increase in student numbers, these numbers higher the very substantial challenges in increasing participation and access. For students from regional and remote (first address) areas, the combined change over this period 2010-2016 was a change in student numbers of -687.

This was a major driving factor in the establishment of the Country Universities Centres, a network of 34 centres in all states and the Northern Territory that enable students in regional and remote areas to study with a higher education provider while staying in their community. The notion of being able to engage students from all backgrounds, helping them stay in their communities, supporting their study, and — critically — supporting their choice within the tertiary sector and provider and course type is essential to improving participation and access.

The tertiary perspective is vital in this context. In 2021, there were more than 1.5 million students from low socio-economic backgrounds in skills training (84.7% of whom were supported by an independent RTO); around 155,700 Indigenous Australians in skills training (75.7% of them training with an independent RTO); and more than 1.24 million students in regional, rural and remote parts of Australia in skills training (85.4% of them training with an independent RTO). While these numbers far eclipse those in higher education, two issues stand out.

In 2021 more than 25% of students in skills training were from low socio-economic backgrounds and a similar proportion were in rural, regional and remote Australia. In 2020, less than 16% of all higher education students were from low socio-economic backgrounds and around 20% were originally from rural, regional and remote Australia (but not necessarily studying there). Also, while in the higher education system, every one of these students has access to an income contingent loan for the full amount of their degree program and the vast majority also have access to considerable course subsidies, the

> " Such is the nature of government investment in tertiary education that policy preferences one sector over another and one provider type over another — often to the detriment of students. "

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overwhelming majority of students from these backgrounds in skills are unsupported by government loans or subsidies.

For example, of these students in rural, regional and remote Australia in skills training in 2021, government data show that only 161,280 or fewer than 13% receive any government funding for their training. For those students from low socio-economic backgrounds, fewer than 38% receive government funding for their training.

Such is the nature of government investment in tertiary education that policy preferences one sector over another and one provider type over another – often to the detriment of students with independent higher education providers. This is inevitably to the detriment of students, communities, employers, and the nation.

Expansion of access and participation for students from disadvantaged backgrounds cannot be facilitated unless it is viewed through the prism of a holistic tertiary environment, one that recognises a student's decision to study with either and independent or higher education providers. In this context, there are a number of principles that must be embraced across governments and programs and these include the engagement of students, communities, providers and employers. This is to ensure that prospective students their families and support networks and communities are engaged, that employers are involved, and that educational design, delivery and outcomes are appropriate, relevant, practical and can deliver for participants.

Recommendation/s

- That the Country Universities Centres concept be re-examined, re-branded and expanded to more fully embrace a tertiary learning and engagement environment across all student cohorts and provider types with a focus on students from disadvantaged backgrounds.

- That government investment in tertiary education, and in higher education specifically, be reconfigured and directed towards a genuinely student centric approach that adopts a focus on student choice in learning regardless of course type, location or provider type.

A Question Of Provider Equity

Higher Education Scholarship & Research

It is well-recognised that the regulatory frameworks under which higher education providers operate – regardless of their category – are burdensome. Nowhere is this more apparent than as exhibited through the Higher Education Threshold Standards, where the policy approach to oversight of the operations of providers might be viewed stifling.

In the context of the research and scholarship requirements of the Threshold Standards, ITECA readily recognises the importance of ensuring that a provider is engaged with scholarship (at a range of levels) and then is also engaged in research as appropriate for their circumstances. However, as ITECA has raised previously with government, including through engagement with TEQSA, policy and regulatory frameworks addressing research and scholarship obligations need to be capable of dealing with provider types in a flexible manner reflecting their vastly different characteristics and degrees of maturity.

Key to this also, is that public institutions have access to public funding sources specifically for the purposes of engaging in research and enhancing scholarship and the associated activities of staff. These benefits are not available to independent providers. The result is that independent providers are required to cross-subsidise these mandatory functions from student fees and other, often philanthropic, sources.

While fulfilling these requirements with one hand behind their backs, or perhaps using a pocket calculator while universities have access to public funds for quantum computing, independent providers still manage to perform well. But these performances are despite the deliberate investment handicaps and not because of them.

> " Policy and regulatory frameworks addressing research and scholarship obligations need to be capable of dealing with provider types in a flexible manner reflecting their vastly different characteristics and degrees of maturity. "

Recommendation/s

▪ That a standalone facility for independent higher education providers be made available for the purpose of fulfilling the requirements of the Threshold Standards with respect to research and scholarship.

▪ That the independent sector be able to compete for research funding alongside the public sector on an equal basis (with the exception of NHMRC grants).

Improved Reporting

Tertiary Education Data Reporting Obligations

The Australian Government collects data from skills training and higher education providers to support a multitude of policy objectives, priorities and contractual arrangements. The opportunity exists for govenrment to significantly reduce the red tape burden through the application of uniform data reporting obligations across the higher education, skills training, and international education sectors.

ITECA recognises the substantial investment made by the Australian Government, and state and territory governments, in higher education and skills training. In this context, it is accepted that a high degree of transparency and accountability is required when it comes to this application of taxpayer funds; however, this should not result in an unnecessarily complex mandated reporting burden. To allow tertiary education providers to focus on students rather than reporting on the same student activity in different ways to different Departments. the Australian Government should adopt a 'report once – use many times' approach to mandated reporting obligations.

Australian Government student data collection frameworks include the Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS), Provider Registration and International Student Management System (PRISMS), and Tertiary Collection of Student Information (TCSI). Unfortunately, there is little coordination as to the data that is reported nor the reporting timeframes.

The Department of Employment and Workplace Relations has embarked on a 'VET Data Streamlining' initiative that seeks to reduce the reporting obligation of providers. It is appropriate that this initiative be leveraged to encompass the entire tertiary education sector, therefore aligning the data collection and reporting obligations of both the higher education and skills training sector.

The better align reporting obligations of the higher education and skills training sector, the first step would be to agree on a common language for data acquisition. ITECA therefore recommends that to improve Australian Government data collection across the tertiary education sector, the *AVETMISS National VET Provider Collection Specifications - Release 8.0* be repurposed to meet Australian Government reporting obligations mandated on both skills training and higher education providers.

With a common reporting language in place, the Australian Government would be in a position to fully leverage a 'report once – use many times' approach, and to reduce the reporting obligation on tertiary education providers, integration of the AVETMISS, PRISMS, and TCSI systems be undertaken.

> " To allow tertiary education providers to focus on students rather than reporting on the same student activity in different ways to different Departments. the Australian Government should adopt a 'report once - use many times' approach to mandated reporting obligations.. "

Recommendation/s

■ That the Australian Government revise mandated tertiary education provider reporting obligations to adhere to the 'report once – use many times' principle.

Student Guidance
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Providing A Single Source Of Advice On Study Options

Over the past decade, numerous reports to the Australian Government have highlighted the need to empower students with concise, accurate and contextualised information on tertiary education study options. In this context, the Australian Government urgently needs to support students by consolidating the three online platforms it supports.

Presently, the Australian Government funds three different sources of course information. These three separate platforms provide different, and potentially contradictory information to students.

Australian Government Tertiary Education Course Information —

- **Course Seeker:** The online platform to promote higher education courses;
- **MySkills:** The online platform to promote vocational education and training courses; and
- **Microcredentials Marketplace:** The trouble-plagued planned platform that, as currently designed, will support less than 1% of the microcredentials available to Australians.

The last of these initiatives, the Microcredentials Marketplace, is poorly focussed and currently being poorly deployed by the Australian Government. It represents an unnecessary and wasteful use of taxpayer funds as currently being delivered. The development of this initiative should immediately cease in order for the Australian Government to develop a more considered pan-tertiary education approach.

For students the three different Australian Government platforms for the provision of course information are unnecessarily confusing. For taxpayers, it's an unnecessary waste of funds.

ITECA recommends that the Australian Government develop a solution that best supports students by providing a single platform that allows students to search for, and compare, their full range of study options across the skills training and higher education sectors. This approach would support not just school leavers, but also existing workers looking to upskill or acquire new skills and knowledge to support their transition to a new career.

Recommendation/s

- That the Australian Government consolidate the three different online platforms offering guidance on tertiary education study options.

" For students the three different Australian Government platforms for the provision of course information are unnecessarily confusing. For taxpayers, it's an unnecessary waste of funds. "

Appendix A

Tertiary Education Abbreviations

AQF	Australian Qualifications Framework
AVETMISS	Australian Vocational Education and Training Management Information Statistical Standard
ASQA	Australian Skills Quality Authority
ITECA	Independent Tertiaty Education Council Australia
HEPPP	Higher Education Participation and Partnerships Program
ISSP	Indigenous Student Support Program
NHMRC	National Health & Medical Research Council
PRISMS	Provider Registration and International Student Management System
RTO	Registered Training Organisation
TAFE	Technical and Further Education
TCSI	Tertiary Collection of Student Information
TEQSA	Tertiary Education Quality & Standards Agency
VET	Vocational Education & Training
VSL	VET Student Loans

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Independent Tertiary Education Council Australia

The Independent Tertiary Education Council Australia (ITECA) is the peak body representing independent providers in the higher education, vocational education, training and skills sectors.

ITECA members are united, informed and influential.

Members come together, through ITECA, to create an environment in which providers can offer students and their employers the quality outcomes they are looking for.

If you're interested in working with others that share your commitment to quality in order to improve the reputation of the independent tertiary education sector, get involved in ITECA today.

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