

26 July 2024

The Hon Jason Clare MP
Minister for Education
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Minister

Federation University Australia's submission in response to the Australian Tertiary Education Commission Implementation Consultation Paper

Federation University Australia (**Federation**) is pleased to provide our submission in response to the Australian Tertiary Education Commission (**ATEC**) Implementation Consultation Paper (**Attachment A**).

Federation supports establishing ATEC because it can guide and coordinate the critical reforms needed to implement the Universities Accord Final Report recommendations (the **Accord**).

I commend you and your department for pursuing these landmark reforms during a dynamic economic period and complex policy environment with many institutional interests at play.

Federation's support for ATEC is based on the challenges we have faced in the current operating and policy environment while trying to achieve greater post-secondary attainment needed to support regional development.

ATEC's role is crucial given the complex reforms proposed for Australia's international and domestic higher education system. Federation's views in its submission are informed by our experience during the COVID-19 pandemic and changes to Australia's international student sector. These events have worsened the financial challenges uniquely confronting regional universities, as identified in the Accord, and impacted our ability to undertake the costly and complex work of increasing post-secondary attainment in historically underrepresented communities.

Federation has felt the cumulative effects of these challenges, as evidenced by the recent announcement of 163 professional and administrative roles being de-established due to international enrolments remaining 50% below pre-COVID-19 levels under the current student migration settings.

Despite these setbacks, Federation has worked hard to ensure these changes do not impact front-line service delivery to our regional and outer metropolitan students. However, the margins for absorbing any additional costs or revenue changes due to shifting policy settings are extremely fine.

Federation is particularly concerned by recent views from the Department of Education that promoting the development of more universities in smaller regional communities is a viable solution to overcoming the challenges in the regions.

Such views appear to be ill-informed about how regional communities work and are contrary to the Accord's recognition of the role our regional institutions play in these communities. Our institutions possess the expertise and connections necessary to reach areas with low post-secondary attainment and connect our graduates with local employers using a proactive and outcomes-oriented approach, where government policies can have the greatest impact.

Federation's adoption of a Co-Operative Education Model (the **Co-Op Model**) across its entire post-secondary education program to make industry placements a mainstay of the regional skills and education ecosystems is an exemplar of this work.

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With over 100 industry partners across the region, once the Co-Op Model is fully deployed in our higher education programs, we will have over 1,000 second-year undergraduate students undertaking placements across our entire higher education program for at least 60 days with local businesses each year (outside of the fields of study of nursing and teaching where placements are mandatory).

At this level, the Co-Op Model will contribute the equivalent of 300 full-time employees in areas where skills are in demand and over half a million hours of industry placement each year. This investment results in more impactful graduate-ready skills, deeper employer and employee connections, and an early start for local learners to contribute to the development of their own communities.

Simply adding more higher education institutions into the regions for its own sake to attempt to draw in more international students or boost domestic learner attainment, rather than leveraging existing infrastructure to meet regional skills gaps and needs, would undermine the sustainable and productive economic growth needed for real regional development. It would also add to the cost-of-living pressures in small regional communities already facing skill shortages from delivering ambitious infrastructure programs.

In the international student context, government policy has led to the underutilisation of regional higher education infrastructure – e.g., existing campuses, laboratories, teaching facilities, student accommodation – as we transition to a new vision for Australia's international education sector. Extending the policy of promoting university expansion into the regions to domestic higher education could be catastrophic for long-standing regional institutions that are critical supports for small regional communities.

Federation's outcomes reflect the benefits of local universities working in their local communities to support regional development.

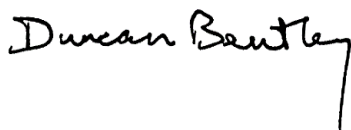
For example, Federation has consistently achieved number one rankings in student equity and “first-in-a-generation” post-secondary education attainment. Recent Quality in Learning and Teaching Outcomes ranked Federation number two in postgraduate education employment in Australia and number two for post-undergraduate employment in Victoria.

These outcomes are only secured through connections within the community and a deep understanding of the needs of its learners and the prospective employers in the Ballarat, Berwick, Gippsland, and Wimmera communities Federation serves.

Federation welcomes further consultation and looks forward to collaborating with ATEC to ensure the sustainability and growth of the Australian tertiary education sector, particularly for regional universities.

Jaime de Ano, Senior Advisor, Government Relations, is my office's contact on this matter (e: j.deano@federation.edu.au; m: 0428 435 096).

Yours sincerely,



Professor Duncan Bentley
Vice-Chancellor and President

Federation University Australia

Submission in relation to the Australian Tertiary Education Commission Implementation Consultation Paper (ATEC Implementation Paper)

1. After considering the ATEC Implementation Paper, Federation University Australia (**Federation**) supports establishing an independent Australian Tertiary Education Commission (**ATEC**), subject to the following recommendations outlined in this submission.
2. These recommendations are based on ATEC's critical role in implementing effective reforms to:
 - Manage domestic higher education growth and needs-based funding systems to meet Australia's strategic needs.
 - Properly oversee Australia's international education sector as outlined in the Draft International Education and Skills Framework, noting Federation has made submissions to this proposed framework.
 - Harmonise the higher education and vocational education and training sectors to create more innovative, compelling, and accessible post-secondary education pathways.
 - Reduce the administrative burden on institutions and ensure more effective regulation, particularly regarding over-enrolment practices that distort the system.
 - Ensure a fair and effective post-secondary education system for regional learners and drive regional development.
3. Federation's recommendations are also informed by concerns about the sustainability of regional universities, as recognised by the Universities Accord Final Report (the Accord), due to:
 - Higher operational costs from operating multiple campuses in regional, remote, and outer metropolitan areas.
 - Smaller economies of scale for domestic post-secondary education in these communities.
 - The complex mission of supporting larger cohorts of underrepresented students in these communities.
4. One of ATEC's key roles should be to support institutions committed to boosting post-secondary attainment in underrepresented communities and ensuring they can participate in strategic industries advancing Australia's national interests. Federation notes the establishment of an ATEC is an important opportunity to establish consistent and effective policy approaches to support these commitments across the post-secondary education sector.
5. Federation would welcome further consultation on the ATEC and suggests public consultation on the draft Bill should occur ahead of its introduction to Parliament.

ATEC must manage the transition away from relying on international student revenue to bridge domestic funding gaps, particularly for regional universities.

6. Federation's submissions on the Draft International Education and Skills Framework and the Senate Standing Committee on Education and Employment's Inquiry on the Education Services for Overseas Students (Quality and Integrity) Bill 2024 (ESOS Quality and Integrity Bill) highlight the risks of not addressing these issues.¹ Without safeguards on international enrolment limits, the financial stability of regional universities could be undermined.
7. Despite its drawbacks, international student revenue is crucial for the financial sustainability of regional universities. This revenue supplements domestic funding gaps and provides necessary economies of scale, making

¹ See, Federation's submission to *the Draft International Education and Skills Strategic Framework* and submission to the *Standing Committee on Education and Employment's Inquiry on the Education Services for Overseas Students (Quality and Integrity) Bill 2024*, at this website: [Federation University Australia Government Submissions](#).

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these institutions viable and enabling them to offer programs to smaller regional and outer metropolitan communities, where there are more barriers to post-secondary attainment.

8. Federation's experience of significant falls in international student enrolment, resulting in the disestablishment of 163 administrative and professional roles, reflects these risks.

Rapid policy changes without strategic coordination and consultation could impact the financial sustainability of regional universities and widen the equity gap between regional and metropolitan communities.

9. Federation advocates for a systems-based approach to regulating the international education sector, ensuring clear policy objectives, targeted safeguards, and coordinated strategies led by ATEC.

Recommendation One: Amend the Education Services for Overseas Students Act 2000 (Cth) to require the Minister for Education to consult with ATEC and consider its advice when setting international student levels. Explanations should be provided to Parliament if different levels are adopted from what ATEC recommends.

Federation is also currently carefully reviewing the Managed Growth Funding System and Needs-Based Funding Model in advance of the submission due date on Friday 9 August 2024:

9. In principle, Federation supports the Managed Growth Funding system to ensure sustainable growth in Commonwealth Supported Places (CSPs). Federation notes that ATEC will play a central role in coordinating the allocation of the system pool for domestic higher education places, Managed Growth Targets (MGTs), and equity places to ensure sustainability for all universities.

Recommendation Two: ATEC should have a clear remit to protect the sustainability of regional universities, including Ministerial Directions to prevent metropolitan universities from expanding into regional catchment areas, especially as regional universities recover from the impact of the COVID-19 pandemic and changes to student visa migration policy.

10. Similarly, Federation supports ATEC's role in designing a better needs-based funding model to promote greater post-secondary education.

Recommendation Three: Under ATEC's legislation, Ministerial Directions should be considered to ensure a needs-based funding model that:

- Provides a regularly assessed total block grant for regional universities to support students from underrepresented backgrounds, tailored to the SES profile of learners in the university's catchment area.
- Ensures funding supports learners with needs, based on the actual EFTSL of students from needs-based backgrounds, reviewed annually.
- Considers infrastructure accessibility for students from needs-based backgrounds, including funding for physical accessibility, culturally and sensory safe spaces, and enhanced digital capability.

Federation's Response to Specific Questions:

Question One: How can the ATEC be set up so that it has sufficient expertise in the higher education sector while maintaining its focus on decision-making that is in the national interest, rather than sectoral interest?

1. To ensure ATEC has the necessary expertise to meet Australia's post-secondary and broader strategic objectives while maintaining a national focus, it should be established as an independent statutory entity with appropriate resources and balanced governance that reflect the higher education and vocational education sectors, diverse regions, different institutional sizes, and broad policy expertise and industry experience, including economics, regional development, research, student experience, and strategic industries.

Recommendation Four: ATEC's enabling legislation should establish balanced representation to ensure alignment with national interests by:

- *Setting clear eligibility criteria for appointing the Chief Commissioner and Deputy Commissioners, promoting broad leadership expertise.*
 - *Requiring that any recommendation to appoint these positions considers the diverse skills and qualifications of each appointee.*
 - *Limiting the number of Chief Commissioners or Deputy Commissioners who have held previous leadership roles in institutions regulated by ATEC to no more than one at a time.*
2. For example, the ATEC Implementation Paper’s outlined structure could include a Chief Commissioner, Deputy Commissioners, and staff with diverse expertise spanning higher, vocational, and international education, industry, and economic policy. If the Chief Commissioner has substantial policy experience in higher education, Deputy Commissioners should include individuals from vocational and international education sectors or strategic industries.
3. Deputy Commissioners should be appointed to fulfil specific functions that promote key objectives under the Accord, ensuring transparent and clear accountability to Parliament.

Recommendation Five: *ATEC’s enabling legislation should require appointments to Deputy Commissioner roles to include functions related to:*

- *Student experience and increasing post-secondary attainment.*
- *Sustainability and accessibility of regional and smaller universities.*
- *Economic growth, productivity, and strategic competitiveness.*
- *Research and innovation.*

The exception being the proposed First Nation’s Deputy Commissioner, whose function should remain solely focused on that objective.

4. ATEC should be legally and functionally separate from Executive Government to provide independent, transparent, and effective advice, while relevant ministers retain final policy decision-making authority.

Recommendation Six: *ATEC should be established under its own legislation as a statutory entity and body corporate with:*

- *A CEO role enshrined in legislation, appointed by the Chief Commissioner and Commissioners as the Board of ATEC.*
- *The power to employ staff as part of the Australian Public Service.*
- *Separation from any government department, although it may rely on corporate systems and support through an agreement with the Commonwealth Government.*
- *Chief Commissioners and Deputy Commissioners, appointed by the Minister but no less than two, for terms of up to five years by the Governor-in-Council, with removal only by Parliament or temporary stand-down under appropriate arrangements.*

Recommendation Seven: *Under ATEC’s legislation, Executive Government should retain the power to:*

- *Set international enrolment levels and approve funding or placement allocation models.*
- *Issue Ministerial Directions to ATEC, including a required direction regarding strategic priorities for the tertiary education sector, with such directions sunset after a period no greater than five years and subject to parliamentary disallowance.*

Question Two: Is the ATEC’s proposed legislated objective comprehensive?

5. Federation supports the ATEC’s proposed legislative objectives in the ATEC Implementation Paper, which are comprehensive and strongly aligned with its own mission compact.
6. However, Federation notes that certain key elements should be explicitly included in ATEC’s legislation to ensure it meets its objectives and addresses the underlying concerns articulated in the Accord, particularly the challenges faced by smaller and regional universities working in communities with specific education and employment needs.

Recommendation Eight: ATEC's legislation should explicitly include objectives to maintain a fair and sustainable post-secondary system that reflects the needs and aspirations of local communities and regions.

Question Three: Does the proposed structure of the Commission, including consultation with other relevant stakeholders, allow for an effective decision-making process?

7. While ATEC's consultation arrangements are important, they do not provide the same benefits as an effective, balanced, and independent governance structure. Such a structure is necessary to support effective decision-making in Federation's higher education sector.
8. ATEC's legislation should explicitly include a consultation function, allowing it to consult with offices and agencies as set out in the ATEC Implementation Paper. This function should enable ATEC to formulate advice or exercise any powers based on these consultations.

Recommendation Nine: In addition to establishing a First Nations Council, ATEC's legislation should mandate the creation and annual meetings of the following councils:

- A Regional Advisory Council
 - An Industry Advisory Council
 - A Student Advisory Council
 - A Research and Innovation Advisory Council
9. Each council should be convened by a relevant Deputy Commissioner according to their function. The Chief Commissioner and Commissioners should determine which officers or agencies are invited to attend each council, and attendance should be voluntary. ATEC's legislation should allow it to consider input from each advisory council and include the views expressed by each council in its annual report to Parliament.

Question Four: What does effective stewardship look like for the ATEC? What levers should the ATEC have to steward the sector?

20. Federation notes the critical role of ATEC in establishing effective stewardship within the higher education sector.
21. As outlined in the ATEC Implementation Paper, effective stewardship of the post-secondary education system should be supported by a robust legislative framework. This framework should ensure evidence-based decision-making across new policies and administrative arrangements for Australia's international and domestic education sectors. Recommendations One, Two, and Three address ATEC's role in managing these sectors.

Recommendation Ten: ATEC should have clear legislative powers to steward a broad and diverse post-secondary sector, including:

- The power to inquire into or review parts of the post-secondary education system and lay reports to Parliament by the relevant Minister, including a response from the government of the day.
- The power to issue guidance to post-secondary education regulators and agencies to clarify approaches for the sector and support implementation.
- The requirement to include in its annual report to Parliament a statement on the state of the tertiary education system each year, with a view on priorities over a rolling three-year period. This statement should include:
 - The strategic trajectory of the sector's international and domestic higher education and vocational education and training components.
 - Alignment with national priorities, attainment needs across each region of Australia, and the long-term education, economic, social, and wellbeing outcomes of Australia's learners.
 - Proposed adjustments to regulatory settings, investigations, and necessary policy changes required from Executive Government to secure these priorities.
 - The adequacy of funding to meet these goals through the programs it administers.

22. Federation notes the capacity of an independent ATEC to consult, coordinate, and provide advice broadly across all levels of government is critical to securing the objectives for Australia's higher education system.

Question Five: How can the ATEC seek the regular information and advice it needs to operate, while ensuring minimal additional regulatory burden on the sector?

23. In addition to the response to Question 4 and the arrangements outlined in the ATEC Implementation Paper, ATEC should focus on streamlined administrative processes and data collection to operate efficiently without imposing additional burdens.

Recommendation Eleven: ATEC could be subject to a Ministerial Direction to streamline reporting processes across higher education and vocational education regulators by:

- Issuing guidelines to simplify reporting requirements, reducing redundancy and administrative workload for institutions.
- Reviewing the benefits of consolidating admission arrangements from states and direct admissions from institutions.
- Entering into arrangements to securely gather appropriate data on tertiary admission centre and institution direct admissions to administer its functions effectively.
- Designing a simpler administrative process for institutions to report to their regulator, such as through a single reporting portal to distribute information to regulators while gathering data.

Recommendation Twelve: Establish mechanisms to ensure data accuracy and reliability while maintaining minimal regulatory burden. ATEC should:

- Develop clear guidelines for data submission, ensuring consistency and reducing the need for multiple data submissions.
- Facilitate collaboration between institutions and regulatory bodies to identify and address any reporting challenges or inefficiencies.

Question Six: What does a successful tertiary future state look like and how can the governance of the ATEC help to achieve this?

24. Based on the ATEC Implementation Paper and the responses to the above questions, Federation envisions a future for tertiary education characterised by equitable access, integrated systems, strong regional universities, and effectively addressing productivity and skills gaps.
25. The governance of ATEC, as outlined in this submission, particularly in responses to Questions 1 and 4, is crucial in realising this vision.
26. Federation believes a successful tertiary future has four key components:
- **Equitable Access and Outcomes:** All Australians, regardless of geographic location or socio-economic background, should have access to high-quality tertiary education and the opportunity to achieve successful outcomes. Needs-based funding is essential to ensure resources are allocated to support students most in need, promoting fairness and inclusivity.
 - **Harmonised Sectors:** Federation envisions harmonised vocational and higher education systems that offer flexible, stackable qualifications aligned with industry needs. This integration facilitates smoother transitions for students between different types of education, enhancing their learning experiences and employability.
 - **Strong Regional Universities:** Well-supported regional universities are essential for driving local economic development and addressing regional skill shortages. Fully utilising existing educational infrastructure – campuses, research facilities, student accommodation – in these areas supports local learners and industries, contributing to regional prosperity.
 - **Addressing Productivity and Skills Gaps:** Aligning higher education, research, and vocational education with industry needs is essential for national competitiveness, economic growth, social wellbeing, and

managing the cost of living. This requires strategic planning, investment in key areas, and ongoing collaboration with industry.

Question Seven: How can the ATEC be designed to maximise harmonisation between the two tertiary education systems?

24. Dual-sector harmonisation presents an important opportunity to create more compelling pathways into post-secondary education for regional learners. This includes better recognition of prior study from each sector to promote seamless pathways, clearer exit pathways with qualifications, and a framework for designing innovative programs that make post-secondary education more affordable, impactful, and timely to meet skills needs.

Recommendation Thirteen: *The ATEC could support dual-sector harmonisation by:*

- *Requiring legislation to issue and maintain a Post-Secondary Education Sector Harmonisation Strategy for regulators and the sector to consider.*
 - *Developing taxonomies for integration between vocational and higher education, and supporting credit recognition at a higher education level for vocational education attainment.*
 - *Ensuring its higher education planning and funding models consider CSP funding arrangements for dual-sector university-offered qualifications.*
 - *Developing consistent entry and exit opportunities with appropriate qualifications across the sector.*
25. Federation notes that a phased implementation approach is crucial, starting with pilot programs for dual-sector self-accreditation and integrated learning systems. This should be done in close engagement with relevant states and territories, including fostering a National Skills Partnership to align funding, regulatory frameworks, and educational outcomes.