Universities Accord (Australian Tertiary Education Commission) Bill 2025

University of Tasmania Submission
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Submission on Universities Accord (Australian Tertiary Education Commission) Bill 2025

The University of Tasmania supports the establishment of the Australian Tertiary Education Commission (ATEC) as a national steward of a managed market and to drive growth in participation and access across Australia.

Tasmania already operates in practice as a managed higher education system. As a single-university jurisdiction serving dispersed regional communities and labour markets, achieving increased participation and equity objectives depends on deliberate co-ordination across the system. Our experience demonstrates why achieving the ambitions set out in the Universities Accord requires a well-aligned and well-coordinated national system.

Enabling this co-ordination as Australia transitions from a high-growth, market-driven model toward a managed system requires two foundational reforms: A clear national objective, and a strong national steward with the powers to shape market conduct over the long term. We strongly endorse the establishment of ATEC and support the creation of a national objective for higher education as essential reforms to realise the Accord's ambition.

While the Bill establishes an important framework, we recommend two targeted amendments to the proposed ATEC powers to enable effective coordination and ensure the ambitions of the Accord can be delivered in practice.

1. **Incentive powers** to encourage and support behaviour aligned with long-term system goals; and
2. **Market conduct powers** to manage or intervene where behaviour of providers is inconsistent with those goals.

Delivering the Accord objectives requires active stewardship of market conduct

While the Bill introduces important levers including mission-based compacts, student load allocation and pricing controls, these tools are insufficient, on their own, to manage a complex and differentiated higher education market where Universities serve diverse roles shaped by their communities and local contexts. Mission-based compacts articulate high level objectives but they are not, and nor should they be designed to regulate provider conduct. In addition, their annual review cycle, limits their effectiveness as a mechanism for market stewardship. Conduct occurring within a single year can have very material and hard to reverse system consequences.

Under the proposed system, both volume and price will be constrained. In these conditions the usual ways markets equilibrate are no longer operative, and instead outcomes are shaped by provider conduct and relative market power. Differences in scale, financial capacity and reach therefore become consequential, which is likely to have disproportionate impact on smaller and regional providers, and provider behaviour can materially affect how the system operates within short timeframes.

The University of Tasmania supports the creation of a national objective because it provides a clear reference point against which market conduct should be assessed. To be an effective steward and give effect to the objective, it is our view that ATEC's proposed functions should be strengthened to include policy levers that enable it to effectively steward market conduct through incentives and proportionate interventions, ensuring that provider actions remain aligned with the national objective.

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Amendment 1: ATEC should have incentive powers to encourage outcomes linked to the national objective.

The legislation should be amended to provide ATEC with explicit powers to make incentive payments linked to the delivery of outcomes aligned with the national objective.

Under the legislation as introduced, there is no clear legislated head of power or mechanism enabling the ATEC to deploy incentive funding independently. Even while no funding is immediately available, incentive powers are essential, as Universities operating on thin margins would be highly responsive to incentives not tied to raw headcount. For many universities with tight financial margins, often those where innovation matters most, funding is likely to be essential to make those innovations possible.

Tasmania's experience illustrates this. Over the years at the University of Tasmania specific funding for rural health initiatives has enabled the expansion of health courses including nursing and pharmacy into regional campuses and the development of courses in physiotherapy, speech therapy, and occupational therapy, which are helping meet critical workforce shortages. None of these would have been possible without specific incentive based funding.

While Mission-based compacts set expectations, incentive powers would encourage innovation, experimentation, and early adoption of approaches that advance system priorities such as outreach, participation and aspiration lifting activities aligned with the Accord's objectives. International experience demonstrates the value of this approach. In New Zealand, the Tertiary Education Commission (Te Amorangi Mātauranga Matua) combines strategic funding with performance expectations to actively guide system behaviour.

Providing ATEC with incentive powers would enable it to:

- encourage behaviour aligned with long-term objectives;
- support system learning and adaptation; and
- reduce reliance on blunt volume or price adjustments as the primary coordination tools.

Amendment 2: ATEC requires market conduct and intervention powers where provider behaviour is inconsistent with the national objective.

The legislation should also provide ATEC with powers to manage and intervene where provider behaviour is inconsistent with the national objective or approved compacts. In a managed system, these powers are required to address conduct that distorts the market or undermines agreed system objectives. Examples might include behaviour such as aggressive deployment of scholarships, or intensive marketing and student recruitment into markets already adequately served, with the effect of destabilising provision or undermining integrity.

It is important that ATEC's function is clearly distinguished from TEQSA's role to provide clarity and avoid duplication.

- TEQSA regulates quality and standards
- ATEC's design should enable it to manage market conduct.

These roles are complementary. To fulfil its role, ATEC requires intervention powers across a graduated spectrum, from notices and directions through to enforceable undertakings, and where necessary, financial penalties. This will enable it to credibly manage a market that is otherwise constrained on volume and pricing.

A useful domestic precedent can be found in ASIC, which operates as an independent statutory authority with powers to intervene to protect market integrity and public confidence.

Together, these incentive and intervention powers would allow ATEC to move beyond reliance on blunt volume and price settings and to function as an active steward of long term system performance, integrity and reform.