

Submission on amendments to charging arrangements for the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS)

Please provide your comments to ESOS-PolicyTeam@dese.gov.au by **11:59pm AEST Tuesday 1 June 2021**.

I consent to this submission being published in full on the DESE website.

OR

I do NOT consent to this submission being published on the DESE website.

Organisation name	Independent Higher Education Australia
Contact name	Dr Sally Burt
Position	Policy and Research Manager
Telephone	03 9642 5212
Email	Sally.burt@ihea.edu.au
Sector of delivery (e.g. VET, higher education, schools, ELICOS, Foundation Program, other, or N/A)	Higher Education and Dual Sector (VET)
Are you a member of an industry body? If yes, please specify	We are a peak body - IHEA

Questions to Consider

- 1. Noting the new charging arrangements represent an overall reduction in the department's CRICOS charges to the international education sector, what are your views on the proposed implementation approach?**

IHEA members welcome the overall reduction in the Department's CRICOS charges, noting that there is an interaction with charges in the cost recovery of TEQSA and ASQA for their regulatory activities and that these are still in the consultation phase. These, when implemented will represent increased costs for our members, particularly our dual sector members.

It remains important to see the detail in the CRIS for each regulator and the Department together in order to truly determine the overall impact on providers and to ensure that there is no duplication of charges for CRICOS activity. There needs to be complete transparency in the charges that are being assigned so that providers are clear about which agency is charging for which activities, that the charges are reasonable and that there is no duplication in regulatory activity or charges for them.

IHEA is acutely concerned to reduce red-tape and regulatory burden on providers. The lack of a single CRICOS regulating agency for co-regulated providers remains a significant driver of unnecessary regulatory burden in the tertiary education sector.

- 2. Do you have any comments on the proposed new CRICOS Annual Registration Levy (CARL)?**
 - a. CARL Part A - sector wide regulatory activities payable by all CRICOS providers**
 - i. Base component plus a per enrolment component.**

IHEA's previous submission on CRICOS Cost Recovery urged the Department to scale prices according to provider size. The CARL has been developed with a flat rate charge and a per CoE charge. The scaling is welcomed by IHEA members and IHEA believes scaling creates fairness in the charging regime and should be applied to all regulatory cost recovery charges. It is unclear why the CARL has been divided into a flat rate portion and a portion that is scaled. The flat rate component does not consider provider size which disadvantages smaller providers.

IHEA recommends that the entire CARL be levied proportionately according to providers' CoE, as this will represent a fairer distribution of costs for CRICOS registered institutions.

- b. CARL Part B - payable by all CRICOS registered school providers**
 - i. set amount**

IHEA has no comment to make about this charge.

- c. CARL Part C – payable by CRICOS registered school providers with at least one enrolment in the previous calendar year.**
 - i. set amount**

IHEA has no comment to make about this charge.

3. Do you have any comments on the School Registration and School Registration Renewal application-based fees?

IHEA has no comment to make about this charge.

4. Noting the requirement for cost recovery to be consistent with Government policy, do you have any comments on how the price has been determined for each levy or application-based fee?

See response to question 2a)i.

5. Do you have any other comments?

Firstly, IHEA would like to reiterate concerns raised in our previous submission of January 2020. IHEA does not support the rigid application of the Government's cost recovery approach to higher education. The Australian higher education sector contributes a significant component of Australia's largest service industry export market, which, prior to the COVID-19 pandemic, was bringing \$37.6 billion into the Australian economy¹. With this level of economic contribution it is not unreasonable for the Commonwealth to meet the relatively small costs of regulating quality and administering the sector. Adding regulatory cost imposts on the sector will ultimately flow to tuition fees.

The impacts of the COVID-19 pandemic have significantly damaged the international education industry with the full impact unknown, borders remaining closed and several providers significantly affected. IHEA's view is that cost recovery should not be implemented until the full extent of this damage is known and the sustainable recovery of the sector is well underway.

IHEA members fully support a well-regulated sector and welcome the protection of students and the industry that quality regulation brings. In a sector with a small number of regulated entities, however, many of whom are small and niche education providers, all costs recovery models provide significant hardship on providers. A loss of small and niche providers through being 'costed out of the industry' will negatively impact the diversity and innovation of Australian higher education. It is IHEA's view that cost recovery on regulated higher education entities is unnecessary and unreasonable.

¹ Australian Government Department of Education Research Snapshot Infographic, December 2019.

Secondly, IHEA is concerned that the proposed cost recovery models do not address the reduction of red-tape and regulatory burden in the sector. Independent higher education providers are currently levied CRICOS regulatory charges by at least two agencies DESE and TEQSA. Our dual sector (co-regulated) members are also levied for CRICOS activities by ASQA. This creates an administrative burden for providers and unnecessary red tape for Australian education businesses.

Recently, IHEA commissioned an independent report into regulatory duplication in the tertiary sector. A key recommendation of that report is that a single agency should be responsible for CRICOS regulation for co-regulated providers to remove complex regulatory burden and remove the likelihood of providers being charged twice for the same services conducted by different agencies.

The IHEA commissioned report identifies a substantial impact of duplicated regulatory activities on dual sector providers and proposes reforms to streamline and simplify regulatory impost on the tertiary sector. IHEA is concerned that government red-tape reduction strategies have led to little tangible reform of tertiary education sector regulation and that red-tape reduction and reduced regulatory burden should be implemented prior to any application of cost recovery regimes.

Thirdly, a portion of the costs being recovered by the Department are those relating to the provision of the Provider Registration and International Student Management System (PRISMS). If providers are to be levied for the cost of operating, maintaining and administering this system, then the government should be committed to providing the most efficient and effective IT system possible.

IHEA urges the Department to make urgent enhancements to PRISMS to reduce duplication of data entry and reporting requirements for providers. Specific changes should be determined in consultation with the sector and improvements made prior to the implementation of cost recovery for its operation.

The system is aged and in need of modernisation in order for it to be the most effective tool for future needs. A major redevelopment of PRISMS is essential to best streamline data entry, reduce administrative burden and ensure government is collecting quality and reliable data.

These improvements should be made prior to providers being charged for this service, to avoid Australian businesses being unfairly levied for the costs of antiquated or non-cost-effective systems. IHEA's view is that it is unreasonable to charge for a service without meeting reasonable expectations of efficiency in the provision of those services and allowing stakeholders input into increasing efficiency and improvements in service delivery.

Finally, IHEA opposes CRICOS cost recovery as proposed and is seeking adjustments to its apportioning, it is also IHEA's position that any decision to implement cost recovery should be deferred. CRICOS registration and its related regulatory activities provide substantial benefit to international students, providers who educate them and the wider Australian community. With international students currently unable to enter Australia, it is unfair to charge providers that cannot offer their normal services to international students or attract new enrolments. A diversity of providers and education offerings is essential to the reputation of Australian education both in Australia and internationally.

IHEA proposes that continued relief from regulatory charges remains essential and that proposals for cost recovery should be shelved until Australia's borders reopen to international students, providers are able to offer and deliver normal services to students and Australian education businesses have recovered from the impacts of the COVID-19 pandemic.