

Submission to: Department of Education

Response to: *CRICOS Cost Recovery Implementation Statement Exposure Draft Consultation*

Independent Higher Education Australia

IHEA represents the majority of Australia's registered and accredited independent higher education providers (including independent universities) with campuses across Australia. IHEA members educate students in a range of disciplines including Law, Engineering, Agricultural Science, Architecture, Business, Accounting, Tourism and Hospitality, Education, and Health Sciences, Theology, Creative Arts, Information Technology and Social Science. IHEA members are higher education institutions with both for-profit and not-for-profit models and educate domestic and international students in undergraduate and postgraduate programs.

The Australian independent higher education sector comprises more than 130,000 students and 120 institutions, with independent providers variously accredited to offer courses across the full AQF range (Diplomas to Doctorates).

Membership of IHEA is only open to providers that are registered with the Australian regulator – Tertiary Education Quality Standards Authority (TEQSA). Membership is also conditional on continued compliance with IHEA's Code of Good Practice.

IHEA's primary goal is promoting equity, choice and diversity for all Australian higher education students.

IHEA's Response to the Questions:

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

IHEA members acknowledge that the CRIS outlines an overall reduction in the Department's CRICOS charges. IHEA members are concerned, however, that there is a clear interaction between DESE's charges and the cost recovery of TEQSA and ASQA for their regulatory activities. As providers and other stakeholders have not had an opportunity to review the CRISs of TEQSA and ASQA, the sector has incomplete information about the total of the charges that are likely to be face from all three regulators combined. When fully implemented, regulator cost recovery across the sector 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 and that the overall impact of the charges combined can be assessed by providers. It is disappointing that the opportunity to conduct this overall assessment with a release of all three CRISs with an overlapping consultation period has not occurred.

Despite the fact that the charges providers will face from DESE after cost recovery is implemented will be reduced, it remains the case that the impacts of the COVID-19 pandemic have significantly damaged the international education industry. The full impact is still unknown, with borders remaining closed, but it is clear that CRICOS registered providers have been significantly affected.

In this environment, IHEA's view is that cost recovery fees should be waived until the full extent of this damage is known and the sustainable recovery of the sector is well underway.

The benefits of CRICOS registration and its related regulatory activities are derived to international students, providers and also the wider Australian community. With international students currently unable to enter Australia, it is unfair to charge providers to deliver to international students when they cannot offer their normal services to international students or attract new enrolments of students who want to study onshore in Australia.

IHEA acknowledges the relief from regulatory charges that has been afforded to providers through 2020 and 2021. This relief, however, remains essential to provider survival and the ability of the sector to recover when international students are able to safely enter Australia. Only once Australian education businesses have recovered from the impacts of the COVID-19 pandemic should the regulatory cost recovery charges be implemented.

2. Do you have any comments on the CRICOS Annual Registration Charge (CARC)?

a. CARC Part A – relates to sector wide regulatory activities, payable by all CRICOS providers

i. Base component plus a per enrolment component

IHEA has no specific comment to make about this charge.

b. CARC Part B – set amount payable by all CRICOS registered school providers

IHEA has no specific comment to make about this charge.

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

IHEA has no specific comment to make about this charge.

3. Do you have any comments on the Schools Initial Registration and Schools Renewal Registration Charges?

IHEA has no specific 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 for each charge has been determined based on the costing of application and non-application based activities?

IHEA notes the requirement for Cost Recovery to be consistent with Government policy and members believe that the determination of the price for each charge has been fairly calculated.

IHEA notes, however, that 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 levied for the cost of operating, maintaining and administering the PRISMS system, they have a right to expect that the service they are paying for is as efficient,

effective and fit-for-purpose as it can be to ensure they are not paying for inefficiencies. PRISMS was developed to assist with the implementation of the ESOS Act 2001. Since that time, international student enrolments at Australian providers has quadrupled¹ and the economic contribution of the sector to Australia's economy has grown exponentially.² The system that drives regulatory oversight and data gathering about such an important industry requires and warrants sufficient investment to ensure that it performs as best it can.

The sector reports significant issues with the data system and its operations. Reporting methods are not as efficient as they could be and there are significant gaps and loopholes in the system that need to be closed and filled to ensure the greatest integrity of the data collected and that it is able to be utilised for the most effective regulation of the sector. IHEA urges the Department to make urgent enhancements to PRISMS and make specific changes determined in consultation with the sector. Redeveloping PRISMS is essential to streamlining data entry and reducing the administrative burden providers face in their reporting and to ensure the sector has access to data that has the utmost integrity.

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. Regular reviews of PRISMS should be included in the Department's plans for reviewing the CRIS and ensuring it remains up-to-date and fit-for-purpose through regular feedback from sector stakeholders.

5. Do you have any other comments?

IHEA again would like to acknowledge the relief from regulatory charges that has been afforded to providers through the COVID Crisis. This relief has been welcomed by providers and has assisted with provider survival through the duration of the pandemic so far. However, this relief remains essential as the conditions that made it necessary when it was first implemented remain. Until Australian education businesses have been able to return to their normal operations and recover from the impacts of the COVID-19 pandemic, imposing further costs and charges on providers will threaten the diversity, health and recovery of Australia's international education industry.

We thank the Department for the opportunity to comment on the CRICOS Cost Recovery proposal.

¹ Department of Education, Skills and Employment International Education website: [International Student Data 2020 \(internationaleducation.gov.au\)](https://www.internationaleducation.gov.au)

² According to a Deloitte's report, in 2014-15 International Education contributed around \$20 Billion to Australia's economy – and this figure had doubled by 2019 to close to \$40 Billion.

Australian Government, *The Value of International Education to Australia*, prepared by Deloitte Access Economics, 2015 and Department of Education, Skills and Employment, *International Education Research Snapshot*, July 2020, [Education infographic Australia 2019 \(internationaleducation.gov.au\)](https://www.internationaleducation.gov.au)

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