

Senate Education and Employment Legislation Committee

Inquiry into Education Services for Overseas Students Amendment (Streamlining Regulation) Bill 2015 and the Education Services for Overseas Students (Registration Charges) Amendment (Streamlining Regulation) Bill 2015

**Submission by
The Independent Schools Council of Australia
(ISCA)**

About Independent Schools

ISCA is the peak national body representing the Independent schooling sector. It comprises the eight state and territory Associations of Independent Schools (AISs). Through these Associations, ISCA represents a sector with 1,080 schools and 576,000 students, accounting for approximately 16 per cent of Australian school enrolments. ISCA's major role is to bring the unique needs of Independent schools to the attention of the Australian Government and to represent the sector on national issues.

Independent schools are a diverse group of non-government, not-for-profit schools serving a range of different communities. Many Independent schools provide a religious or values-based education. Others promote a particular educational philosophy or interpretation of mainstream education. Independent schools include:

- Schools affiliated with Christian denominations for example, Anglican, Catholic, Greek Orthodox, Lutheran, Uniting Church, Seventh Day Adventist and Presbyterian schools;
- Non-denominational Christian schools
- Islamic schools
- Jewish schools
- Montessori schools
- Rudolf Steiner schools
- Schools constituted under specific Acts of Parliament, such as grammar schools in some states
- Community schools
- Indigenous community schools
- Schools that specialise in meeting the needs of students with disabilities
- Schools that cater for students at severe educational risk due to a range of social/emotional/behavioural and other risk factors.

Many Independent schools have been established by community groups seeking to meet particular needs. Examples include the Independent community schools for Indigenous students in remote areas, special schools for students with disabilities and boarding schools to educate children from rural and remote areas. There are also schools that seek to reflect the religious values of a particular community or that seek to practise an internationally recognised educational philosophy such as Rudolf Steiner or Montessori schools. Independent Catholic schools are a significant part of the sector, accounting for eight per cent of the Independent sector's enrolments.

Most Independent schools are set up and governed independently on an individual school basis. However, some Independent schools with common aims and educational philosophies are governed and administered as systems, for example Lutheran systems. Systemic schools account for 18 per cent of schools in the Independent sector. Four out of five schools in the sector are autonomous non-systemic schools.

Independent schools and international education

Approximately 30% of all international students enrolled in the schools sector in Australia attend Independent schools. In 2014 there were some 5,700 international students enrolled at close to 340 Independent schools. ISCA estimates between 30-40% of all CRICOS registered providers in Australia are Independent schools that are individually registered and individually responsible for meeting compliance requirements. Catholic systemic schools enrol a further 10% of international students giving the non-government sector 40% of the overall school-level international student enrolments.¹ Some schools also have ELICOS centres attached to their institutions which may also be separately registered on CRICOS.

By contrast, state and territory departments of education (enrolling approximately 60% of international school students overall) hold single provider registrations covering any number of government schools enrolling international students within a state.

International student enrolments in Independent schools vary from 1 student to close to 200 international students. The median number of international students at an Independent school is 7 students. This profile differs quite substantially from other sectors. For the vast majority of Independent schools, international students do not determine the school's sustainability. Rather, international students provide a much valued international element and diversity to school populations.

Since 2008, declines in international student enrolments in the schools sector have been most significant in non-government schools. It is only this year that non-government school enrolments have begun to grow again.

Table 1: Growth in international student enrolments in all sectors 2007-08 to 2014-15 (March YTD data)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Higher Education	3%	11%	11%	2%	-5%	-3%	6%	10%
VET	49%	44%	4%	-22%	-15%	-13%	4%	16%
ELICOS	28%	15%	-9%	-21%	-9%	13%	29%	9%
Non-award	7%	4%	3%	-7%	-16%	8%	23%	16%
Government schools	10%	8%	3%	-9%	-8%	1%	1%	17%
Non-government schools	6%	-4%	-17%	-20%	-17%	-14%	-4%	9%

Source: PRISMS data

As noted above, non-government schools have a significantly different international student enrolment profile to that of the other education sectors. We have large numbers of CRICOS registered providers with relatively small numbers of students in each school. The enrolment of international students is therefore not a question of financial viability, rather it is one of choice.

¹ On matters of international education, ISCA also represents the National Catholic Education Commission, thus representing the views of the entire non-government school sector.

Our schools choose to engage in this arena for a variety of reasons but always for the cultural and educational benefits to the school community and its members.

School level enrolments of international students provide an important element of internationalisation and are a significant part of the cultural landscape of many schools. Further, they are a valuable pipeline for higher education institutions providing tertiary applicants who already have years of experience in the Australian education system and in living in Australia.

Education Services for Overseas Students Amendment (Streamlining Regulation) Bill 2015 and Education Services for Overseas Students (Registration Charges) Amendment (Streamlining Regulation) Bill 2015

The changes to the *Educational Services for Overseas Students (ESOS) Act* in 2012 following the Baird Review sought to enhance the consumer protection aspects of the Act and to ensure students were able to receive refunds or alternative placements in the event of a provider closure. To this end the Tuition Protection Service (TPS) was established along with a range of regulatory changes designed to support these aims.

The TPS has worked very efficiently for some years now and is strongly supported by the international education industry. The TPS Secretariat works consultatively with industry peak bodies and other stakeholders. Unlike the previous arrangements with the ESOS Assurance Fund and the various sector specific Tuition Assurance Schemes, the TPS includes all providers, public and private.

What has proven problematic for non-government schools however have been some of the other regulatory changes which were introduced at the same time and which have proven inefficient and burdensome for many providers. For many non-government schools, with limited administrative resources, some of the changes have proven particularly cumbersome and appear to increase the burden on providers without delivering any additional consumer protection to students.

It is ISCA's view that the current level of administration and reporting required is acting as a disincentive for non-government school providers to continue to enrol overseas students. This is perhaps more pronounced in the schools sector than in other sectors because the profile of overseas students in the non-government schools sector is quite different to other sectors with most schools enrolling only small numbers of overseas students. We are aware of schools that have decided to let CRICOS registration lapse for this reason.

Changes to reporting requirements

ISCA supports the extension of reporting timelines to 31 days except in particular circumstances.

ISCA noted in our submission on the ESOS framework to the Commonwealth Department of Education and Training in May 2014 that:

The reporting requirements for the reporting of student default are excessive and time consuming. Student default can cover a range of possible circumstances and often, reporting is not necessary. Additionally, the timelines are very short and are unreasonable.²

² Available at www.isca.edu.au

While providing relief for many providers, the proposed changes to the reporting requirements retain shorter time frames of reporting for students under 18 in some circumstances in recognition of the particular welfare issues of younger students.

Removal of designated account requirement

ISCA notes that the Australian Government Actuary has indicated that the additional risk to the Overseas Students Tuition Fund (OSTF) posed by removing the designated accounts is not large.

Removal of 50% limit on pre-paid fees

The introduction of the 50% limit of pre-paid fees for courses has been problematic for some providers where the payer of the fees wishes to pay more than 50% up-front. For the schools sector, the person paying the fees is rarely the student and is more usually the parents or legal guardian of the student.

While it is not common, it is not unheard of for a parent to wish to pay more than 50% of the course fee up-front. This has resulted in instances of schools not being able to receive the funds and sending the funds back.

Other providers have had significant issues with sponsors and scholarship providers wanting to pay the entire course fee upfront and it has disadvantaged Australian providers that they have not been able to do so.

The proposed change allows providers to accept fee payments of more than 50% of a course if the person paying the fees wishes to do so and does not allow providers to require payment of more than 50% which remains as a safeguard for students.

ISCA also supports the extension of the 24 week study period to 25 weeks for the limit on pre-paid fees which addresses a significant issue raised by the ELICOS sector where courses are often organised in five week blocks.

Removal of 'study period'

The current definition of a 24 week study period in the ESOS Act is an arbitrary definition imposed on the international education sector which has been difficult for many schools and other providers as it does not necessarily match sectoral teaching periods.

ISCA supports the removal of "study period" from the Act and the need to document the tuition fees for every study period in every written agreement. This measure will reduce the amount of administrative work involved in student enrolments and this information is in any case adequately captured in other enrolment and reporting processes.

Under the requirements of the National Code, providers are still required to enter in written agreements with every student setting out the details of the course being undertaken and an itemised list of course monies payable.

ESOS Agency

ISCA is also supportive of other elements of the Bills, including the creation of the concept of an 'ESOS agency' for each sector. The schools sector differs from other sectors as the responsibility for CRICOS registration is still delegated to state and territory registration authorities, which in the Bill are recognised as 'designated State authority'. We hope that in time, this will lead to achieving consistency of regulation across all the jurisdictions.

Registration Charges

While ISCA supports the proposed change to ensure that providers cannot be charged the Entry to Market charge more than once if the registration period is less than two years and it seeks renewal of that registration, as a sector we have on-going concerns about the application of the Entry to Market Charge for established schools seeking to become CRICOS registered. Established schools have already been through extensive registration and regulatory processes.

Conclusion

ISCA supports the measures in the *Education Services for Overseas Students Amendment (Streamlining Regulation) Bill 2015* and the *Education Services for Overseas Students (Registration Charges) Amendment (Streamlining Regulation) Bill 2015* which seek to reduce red tape and the regulatory burden on providers.

The Commonwealth Department of Education and Training undertook a lengthy consultation process with industry representatives and other stakeholders to ensure that the proposed measures had the support of all those involved in international education.

It is ISCA's view that the proposed measures in the Bills will not affect the very strong consumer protections already in place, such as the Tuition Protection Service, but rather that they will assist in achieving a robust and more flexible regulatory environment to ensure Australia maintains its quality assurance and competitiveness in delivery of international education services.

The non-government school sector would appreciate further streamlining and reduction of compliance activities for schools given the low risk nature of the school sector.

Independent Schools Council of Australia
30 October 2015