



Australian Government

Department of Education and Training

Submission from the Department of Education and Training to the Select Committee on Red Tape

Effect of red tape on private education

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Contents

Introduction	3
Part 1 – Improving the quality of education in VET	6
The imperative for VET reform	6
VET regulatory framework.....	6
ASQA and the NVETR Act	6
Standards for RTOs 2015 and the Standards for VET Regulators 2015	8
Training packages.....	9
VET funding	10
VSL provider requirements	11
VET policies and programs.....	13
National VET Data Policy.....	13
USI transcripts	15
Part 2 – Safeguarding provider integrity in higher education	17
Higher Education and the FEE-HELP regulatory framework.....	17
TEQSA and the Higher Education Standards Framework (Threshold Standards).....	17
FEE-HELP funding	18
Supporting world-class international education.....	19
The Education Services for Overseas Students Act 2000.....	19
The National Code 2018 and ELICOS Standards 2018	20
Part 3 – Lifting outcomes in schools	22
Reporting requirements of the non-government school sector	24
Non-government schools census.....	24
Census Post Enumeration	24
Nationally consistent collection of data on school students with disability.....	24
Student attendance	25
Financial accountability.....	25
The financial questionnaire.....	25
Compliance certificate	26
Capital grants program	26
Trade training centres in schools program	27

Effect of red tape on private education

Introduction

1. The Department of Education and Training (the department) welcomes the opportunity to make a submission to the Select Committee on Red Tape (the Committee) and their inquiry into the effect of red tape on private education. The submission focuses on the department's policy leadership and its effect on private education in the vocational education and training (VET), higher education, and schooling sectors. The department's policy leadership in the child care sector and its effect on private education is covered in the department's separate submission to the Committee on the effect of red tape on child care.¹
2. The department acknowledges the challenges in delivering effective and efficient regulation and regulatory frameworks that impose the least necessary burden on businesses, community organisations and individuals in delivering economic and social outcomes. The department looks to address areas of red tape that are particularly burdensome, complex, redundant or duplicated across jurisdictions by participating in the Australian Government's Deregulation Agenda which is administered by the Department of Jobs and Small Business.
3. The department considers the effects on compliance costs (in hours and money), economic output, employment and government revenue when addressing the requirements of a Regulatory Impact Statement (RIS) for new policy proposals. The Office of Best Practice Regulation within the Department of the Prime Minister and Cabinet administers the Regulatory Impact Analysis requirements within a RIS. In preparing a RIS, the department considers alternative institutional arrangements and the approaches undertaken in different jurisdictions in Australia and internationally to reduce red tape.

¹ Department of Education and Training, (2018), *Senate Select Committee on the effect of red tape on child care: Submission of the Department of Education and Training April 2018*, accessed 20 July 2018, <https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Red_Tape/Childcare/Submissions>.

4. The department's purpose in education and training is to maximise opportunity and prosperity for individuals through national leadership of the system. This includes strengthening economic opportunities for all Australians of all ages and at every stage of life. By creating access to quality education for all Australians and for international students, the department maximises opportunity through learning.
5. The child care, VET, higher education, and schooling sectors define 'private education provider' differently and a private education provider may operate within more than one sector. Private education providers comply with the requirements of the sectors in which they operate. The department's submission sets out the requirements of each sector and where efforts have been made by the Abbott, Turnbull and previous governments to reduce red tape.
6. 'Part 1 - Improving the quality of education in VET' sets out the department's responsibilities under the VET system that help Australians access quality skills and training. The policies and programs of the VET system do not distinguish private education providers from other providers, and as such, in Part 1 the term 'Registered Training Organisation' (RTO) includes reference to private education providers as well as public providers.
7. 'Part 2 – Ensuring provider integrity in higher education' sets out the responsibilities of the department under the Higher Education Loan Program (HELP). HELP provides access to income-contingent loans so that students undertaking higher education and higher level (diploma and above) courses can defer the costs of their study. The program contributes to the Australian Government's priority of supporting access and affordability for higher education, and ensuring Australians can access the education and training they need supporting economic and social participation. The policies and programs under HELP distinguish private education providers from other providers, and as such Part 2 addresses the FEE-HELP scheme and approved non university higher education providers (private higher education providers) that have also been approved to offer FEE-HELP (referred to as 'FEE-HELP providers'). This excludes private universities such as Bond University. This part also sets out the department's initiatives to reduce red tape in the international education sector including the recent reforms in the education services for overseas students legislative scheme.

8. 'Part 3 – Lifting outcomes in schools' sets out the department's progress towards a nationally consistent approach to school funding that assists every child to reach their full potential so they can fully participate in the workplace, economy and society. Schooling in Australia is delivered by the government and non-government school sectors, with the non-government sector (which for the purpose of this submission is considered to be private education providers) comprising both independent and Catholic schools.

Part 1 – Improving the quality of education in VET

The imperative for VET reform

9. At the inaugural meeting of the Council of Australian Governments Industry and Skills Council on 3 April 2014, Ministers agreed on the objectives for reform of the VET system including the VET regulatory framework. These objectives have been refined into four main themes including industry responsiveness, quality and regulation, funding and governance, and data and consumer information.
10. Since that time, the VET system has undergone significant structural reform to both the VET regulatory framework that applies to RTOs and to the loan scheme that helps students to access VET learning. Students have the greatest stake in the quality of the VET system as they often rely on VET outcomes to gain employment or career advancement. Australian industry also relies on the VET system to provide essential skills and knowledge to new entrants and existing workers.

VET regulatory framework

ASQA and the NVETR Act

11. Established in 2011, the Australian Skills Quality Authority (ASQA) is the national regulator for Australia's VET system. ASQA is responsible for the regulation of all RTOs except those that operate solely in Victoria and Western Australia offering, and only offer courses to domestic students. The Victorian Registration and Qualifications Authority and Western Australia Training Accreditation Council perform regulatory functions for RTOs that are not regulated by ASQA within their respective jurisdictions. In addition to its responsibilities in the domestic VET market, ASQA also has responsibilities under the *Education Services for Overseas Students Act 2000*.
12. Public and private providers which are regulated by ASQA are required to satisfy a suite of requirements to operate as RTOs and offer nationally recognised training. The requirements are set out in:
 - *National Vocational Education and Training Regulator Act 2011* (NVETR Act);
 - Standards for Registered Training Organisations (RTOs) 2015;
 - Standards for VET Regulators 2015;

- Standards for VET Accredited Courses 2012;
- Standards for Training Packages 2012; and
- VET Quality Framework consisting of:
 - Australian Qualifications Framework;
 - Data Provision Requirements;
 - Fit and Proper Person Requirements; and
 - Financial Viability Risk Assessment Requirements.

NVETR Act

13. The NVETR Act establishes and sets out the functions of ASQA as Australia's national VET regulator. ASQA takes a risk-based approach to regulation that seeks to make an efficient use of resources to effectively identify and target the most serious risks and patterns of systemic non-compliance, while minimising costs on regulated entities. In doing so ASQA focuses regulatory action on providers which are considered higher risk. The Risk Assessment Framework under section 190 of the NVETR Act sets out:

- A suggested process for ASQA to monitor, and where necessary respond to, risks of non-compliance with the VET Quality Framework;
- Processes that can be used to determine arrangements for assessing registration applications;
- How RTOs may be individually measured for risk exposure; and
- An approach where RTOs that either present a low risk of non-compliance or consistently deliver high-quality training and assessment services will receive minimal regulatory scrutiny. RTOs that are assessed as higher risk in terms of the likelihood of adverse impacts on quality outcomes receive more regular monitoring.

14. In 2015, the NVETR Act was amended to reduce the burden on RTOs regulated by ASQA by extending the time period between re-registrations from five to seven years. This also provided streamlined requirements for dual sector providers as it aligns with the *Tertiary Education Quality and Standards Agency Act 2011* registration periods.

15. In 2017, an independent review of the NVETR Act was undertaken to determine if ASQA had the appropriate legislative capacity to regulate the sector efficiently and effectively. The Hon Karen Andrews MP, Assistant Minister for Vocational Education and Skills released the report publicly on 22 June 2018 along with the Australian Government response. The report made 23 recommendations intended to drive continuous improvement in the quality of education and training and protection of the rights of students. The Government Response is supportive of recommendations that strengthen entry requirements to ensure quality while streamlining regulation across legislative frameworks where possible to ease the burden on the regulated community.

Standards for RTOs 2015 and the Standards for VET Regulators 2015

16. In 2014, the Council of Australian Governments Industry and Skills Council introduced amendments to the Standards for RTOs 2015 to facilitate the efficient and effective operation of ASQA. At the same time, the Standards for VET Regulators 2015 were also amended to ensure the integrity of both nationally recognised training by RTOs and VET accredited courses using a risk-based approach that is consistent, effective, proportional, responsive and transparent.

17. On 30 October 2014, the then Minister for Industry, the Hon Ian Macfarlane MP, announced industry savings as a result of changes to ASQA's regulatory and business practices. These savings included:

- Industry savings that would be achieved by RTOs no longer being required to apply to ASQA to update their registration when changes to training packages are made, when the training outcome remains the same. This is estimated to deliver an annual saving of \$27.3 million in compliance costs;
- High performing RTOs being invited to add new qualifications to their training scope without having to apply through ASQA. This is estimated to deliver an annual savings of \$3.3 million; and
- Removing the requirement that existing RTOs need a financial viability assessment when re-registering. This is estimated to provide savings of \$2.7 million each year.

Standards for RTOs 2015

18. ASQA regulates against the Standards for RTOs 2015 to ensure nationally consistent, high-quality training and assessment across the VET system. Compliance with the Standards for RTOs 2015 is a requirement for all ASQA registered training organisations and for applicants seeking registration. ASQA uses the Standards for RTOs 2015 to protect the interests of all students in Australia's VET system. The purpose of the standards is to:

- Set out the requirements that an organisation must meet in order to be an RTO;
- Ensure that training products delivered by RTOs meet the requirements of training packages or VET accredited courses, and have integrity for employment and further study; and
- Ensure RTOs operate ethically considering the needs of learners and enterprises.

Standards for VET Regulators 2015

19. The purpose of the Standards for VET Regulators 2015 is to ensure:

- The integrity of nationally recognised training by regulating RTOs and accrediting courses as VET accredited courses using a risk-based approach that is consistent, effective, proportional, responsive and transparent;
- Consistency in VET regulators implementing and interpreting the Standards for VET Regulators 2015 applying to RTOs and VET accredited courses; and
- The accountability and transparency of VET regulators in undertaking their regulatory functions.

Training packages

20. Training packages are developed to meet the skills needs of industry. Training packages specify the skills and knowledge required to perform effectively in the workplace. RTOs must comply with the Standards for RTOs 2015 requiring RTOs to assess learners against competency standards in order to issue the related training package qualifications or statements of attainment to students.

21. The department manages the industry-led system for training product development. The objectives of the system are to be responsive to industry needs and flexible enough to satisfy the

needs of employers of all sizes, across all industry sectors. In managing the industry-led system the department is responsible for:

- Providing secretariat support to the Australian Industry and Skills Committee (AISC) which endorses changes to training products and the competency standards within them; and
- Funding Skills Service Organisations who provide support for Industry Reference Committees made up of industry experts that advise the AISC about the skills needs of their industry sector.

22. When the AISC endorses a training package that supersedes and replaces a non-equivalent training product, RTOs that wish to deliver nationally recognised must apply to their VET regulator to add the replacement training product to their scope of registration. Although this process may create an imposition on RTOs, updates to training packages are necessary to ensure training packages offer employers access to workers skilled to a national industry standard. RTOs do not undertake this process for training product changes that are deemed equivalent.

VET funding

23. The Australian Government provides income contingent loans to students studying VET qualifications intended to reduce the financial barriers to study by allowing students to defer the costs of study. On 1 January 2017, VET Student Loans Act 2016 (the 'VSL Act') commenced, replacing the previous scheme, VET FEE-HELP, and introducing greater program integrity measures. These measures were introduced to address the opportunistic behaviour of some providers under the VET FEE-HELP scheme who undertook aggressive and profit-driven student recruitment. Their actions led to rapid growth in enrolments at providers and increases in the debt accrued by students.

24. The department is committed to minimising the regulatory burden on RTOs while maintaining the integrity of the program. The lessons learned from the VET FEE-HELP experience have informed the reforms to VET funding. The introduction of VET Student Loans (VSL) has addressed numerous risks to the Australian public under the VET FEE-HELP scheme including the unsustainable growth in student numbers, poor quality training delivery, low completion rates, and unethical practices by providers. These practices were committed predominately but not exclusively by private training providers.

25. VSL was specifically designed, through extensive consultation, to be robust, sustainable and high quality. It provides greater protection for students, ensuring only genuine students have access to industry-focused training that is delivered by high quality providers. Former Commissioner of the Australian Skills and Quality Agency, Professor the Hon Michael Lavarch AO, has previously stated:

The VET Student Loans scheme, I think, quite effectively responds to the weakness that was apparent in the VET FEE-HELP program. It is a much tighter scheme. It has a greater level of specific requirements upon it—enhanced gathering of data opportunities in order to be able to monitor the scheme going forward. In short, I do not believe that any of the same sorts of behaviours or the same sort of scale that was seen under VET FEE-HELP program are likely to replicate under the VET Student Loans program.²

26. Prior to introducing VSL, a RIS was released in 2016, which assessed the impact of potential changes in regulation, which would occur under each of the preferred options for the VET FEE-HELP redesign. The RIS concluded that providers would incur regulatory costs through new compliance and reporting arrangements. The regulatory imposition was targeted at ensuring greater transparency for students, government and the taxpayer while boosting provider quality. The RIS also identified savings through a streamlined applications process.

VSL provider requirements

27. VSL provider requirements ensure that only high quality RTOs with a strong track record and proven links to employers and industry are approved to offer VSL. In applying to be an approved VSL provider, RTOs pay a registration fee designed to partially recover the cost of the assessment process. The Australian Council for Private Education and Training in their submission to the Redesigning VET FEE-HELP discussion paper highlighted the need for an reapplication process for RTOs seeking to offering government supported loans for VET:

It is clear that there needs to be a major redesign of VFH with a strong emphasis on ensuring only those providers with a record of achievement and able to meet revised program expectations are contracted. On this basis there will need to be a re-application process. The

² Commonwealth of Australia, Senate Education and Employment Legislation Committee - Estimates, Senate. 1 March 2017. page 14 < http://www.aph.gov.au/Parliamentary_Business/Hansard/>.

VFH experience has caused considerable concern not only for the sector but the broader community. A 'clean sheet' approach would also assist in restoring confidence in the program.³

28. In applying to be an approved VSL provider, RTOs pay a registration fee designed to partially recover the cost of the assessment process.
29. Once approved, RTOs must maintain ongoing compliance with the VSL Act and the VET Student Loans Rules 2016 (the 'VSL Rules'). The VSL Act and VSL Rules manage the delivery risk of the program by setting out the conditions of approval required to become a VSL provider.
30. For students, a number of added protections are set out in the VSL Act and the VSL Rules. These protections ensure transparency when accessing VSL with an approved provider. Under VSL program, in addition to issuing the student with a statement of covered fees, being the VSL Fee Notice and the Commonwealth Assistance Notice, providers are also required to publish on their website all information relevant to a student.
31. Students access their VSL information through the Australian Government's electronic Commonwealth Assistance Form (eCAF). The use of the eCAF system allows the provider to manage a student and engagement activity at least twice a year. This activity assists to manage risk, assures adequate protections are in place and promotes confidence that taxpayer money is spent on achieving good outcomes for students.
32. The VSL program has also put in place greater restrictions on the use of third party training delivery, marketing of the VSL program and the use of brokers or agents. Although restrictions have been placed on marketing to students, these restrictions address the issue under the old VET FEE-HELP loan scheme of unscrupulous providers targeting vulnerable students.
33. The department works closely with ASQA, the Australian Competition & Consumer Commission, Tertiary Education Quality and Standards Agency (TEQSA), state and territory counterparts and the VSL Ombudsman to ensure compliance activities are streamlined. In co-ordinating

³ Australian Council for Private Education and Training (2016), *ACPET submission - Redesigning VET FEE-HELP Discussion Paper*, accessed 7 August 2018
<[https://www.acpet.edu.au/uploads/files/VFH%20consultation%20submission%20final\(1\).pdf](https://www.acpet.edu.au/uploads/files/VFH%20consultation%20submission%20final(1).pdf)>, page 17.

compliance activities the Australian Government bodies avoid duplication when contacting VSL providers.

34. The department adopts a risk-based approach to the regulation of VSL providers and undertakes a proportionate response to non-compliance of providers. The department has a strong focus on education and deterrence, noting provider compliance history, why the breach occurred, and the impact of the breach on students and the program. The VSL program provides the Australian Government with legislative powers to quickly investigate and take action to address poor provider performance, non-compliance or suspected non-compliance and enrolment of suspected non-genuine students, pending a resolution of an investigation.
35. The VSL program's strengthened legislative, compliance and payment frameworks provides the Australian public with confidence that the VET system has the appropriate quality assurance and risk management structures in place. The VSL program also seeks to strike a balance between protecting the Australian public and reducing the burden imposed by lessening the regulatory requirements on high performing providers.

VET policies and programs

36. The department delivers a number of VET policies and programs to improve the functioning of the VET system. For example, the National VET Data Policy allows the VET system to maintain a focus on transparency, quality and informed student choice by transforming the data available to consumers, governments and regulators on VET.

National VET Data Policy

37. RTOs provide data on their delivery of nationally recognised vocational education and training. The data is used to lift training provider standards, implement stronger consumer protections and implement the VET Information Strategy to enhance perceptions of, and improve information resources about VET. The National VET Data Policy is essential for different stakeholders to the VET system by collating information allowing:
- Students to access authenticated VET transcripts that show any nationally recognised training undertaken since 2015 (through links with their Unique Student Identifier (USI));

- Consumers to access details about RTOs, courses and satisfaction, so they can make informed choices about their training options;
- RTOs to plan their future training delivery, and undertake continuous improvement;
- Industry, businesses and governments to undertake workforce planning through an understanding of where and when skills are being developed;
- Governments to be able to identify gaps in the training market, assess the impact of interventions, and to better understand an individual's training pathway and decision; and
- VET regulators to inform risk-based regulation of RTOs and establish benchmarks for continuous improvement in the VET sector.

38. Nationally consistent records of VET Activity in Australia are achieved through data collected in accordance with the Australian VET Management Information Statistical Standard (AVETMISS). AVETMISS describes the files, fields, formats and rules that govern the collection of data for the following statistical collections:

- National VET Provider Collection;
- National VET in Schools Collection;
- National Apprentice and Trainee Collection;
- National VET Finance Collection; and
- National VET Funding Collection.

39. These statistical collections are held by the National Centre for Vocational Education Research (NCVER). AVETMISS provides a nationally consistent framework for the collection of VET data for multiple uses , including program and contract management, credit transfer and tuition assurance when an RTO closes, and providing activity data to regulators, as well as the publication of reports and data products that illustrate how the national VET market operates and changes each year.

40. The NCVER also collects VET outcomes data through national survey collections, including student outcome surveys, surveys of employers' use and views of VET, and apprentice and trainee destination surveys. The reporting provided by all RTOs on the students they support and the courses undertake underpins these surveys.

41. The department is working with state and territory governments and with VET stakeholders on a project to streamline the collection of VET activity data from RTOs and state training authorities, which will make data collection easier, more convenient, flexible and timelier. This project seeks to enable system-to-system data exchange to collect near real-time event based VET data once, and make it available to multiple users for multiple purposes. The project supports a number of VET stakeholders in reducing red tape including RTOs and their student management system providers, VET consumers and organisations, regulators, and governments.

USI transcripts

42. The collection of USI data in accordance with AVETMISS enables the preparation of Authenticated VET Transcripts for all nationally recognised training that students and former students have undertaken across different RTOs, courses, states and years. Authenticated VET Transcripts reduce red tape by making it easier for employers and licensing bodies to verify VET graduates' credentials, and reduce the reliance on copies of testamurs and statements of attainment which then have to be validated with the issuing RTO.
43. Authenticated VET Transcripts also support VET organisations, VET regulators and governments to streamline administration, processing, and assessment by RTOs of students' course pre-requisites and credit transfers. With the permission of students RTOs can now perform these tasks online. USI data further enables longitudinal analysis of student pathways and VET activity over time. Collecting and verifying a student's USI (or arranging for a student to be assigned a USI) is important for validating each student's identity, enabling the student to obtain a transcript, and for supporting compliance actions by regulators.
44. Authenticated VET Transcripts contribute to cost savings for individuals, businesses and government by reducing unnecessary repetition of already completed training. Authenticated VET Transcripts also act as supplementary or alternate evidence when paper credentials are lost or where RTOs cease to operate.

45. The Australian Government has committed to progressing the next phase for the USI transcript to enable third parties such as, employers, employment agencies and licensing bodies to access Authenticated VET Transcripts electronically. This will assist in streamlining recruitment processes, offer stronger real time assurance that credentials provided as evidence of training achievements are accurate and reduce the need for RTOs to continue to resource such validation.

Part 2 – Safeguarding provider integrity in higher education

Higher Education and the FEE-HELP regulatory framework

46. While there are regulatory requirements to which private providers of education services must adhere, these regulations are necessary to protect the integrity of the system and its students. Importantly, they ensure that providers and students cannot undermine the system or engage in fraudulent behaviour. This section outlines the safeguards that are in place for private education providers, specifically relating to FEE-HELP. The need for safeguards is carefully balanced with the need to ensure there is not unnecessary red tape.

47. In 2017, the *Education Legislation Amendment (Provider Integrity and Other Measures) Act 2017* amended the *Higher Education Support Act 2003* to strengthen regulatory controls and student protections in the FEE-HELP provider sector. The objectives of the reforms were to minimise the risk posed to both students and the Australian Government. The reforms strengthened the regulatory frameworks surrounding the FEE-HELP program and higher education sector. The regulatory framework includes:

- *Higher Education Support Act 2003*;
- *Tertiary Education Quality and Standards Agency Act 2011*;
- *Education Services for Overseas Students Act 2000*;
- Higher Education Provider Guidelines 2012;
- FEE-HELP Guidelines 2017;
- Higher Education Standards Framework (Threshold Standards) 2015;
- Fit and Proper Person Specified Matters 2012; and
- Regular reporting and compliance requirements including:
 - Data Provision Requirements;
 - Fit and Proper Person Requirements; and
 - Financial Viability Risk Requirements.

TEQSA and the Higher Education Standards Framework (Threshold Standards)

48. The Tertiary Education Quality and Standards Agency (TEQSA) is the national regulator for Australia's higher education sector. TEQSA is responsible for the regulation of all registered higher education providers, other than those which have been granted self-accrediting status such as the public universities. In addition to its responsibilities in the domestic higher education

market, TEQSA also has responsibilities under the *Education Services for Overseas Students Act 2000* in relation to the regulation of providers offering courses to international students in Australia.

FEE-HELP funding

49. The Higher Education Loan Program (HELP) consists of six schemes; FEE-HELP providers offer only a FEE-HELP loan to eligible fee-paying higher education students to pay all or part of their tuition fees.
50. Eligible students under the FEE-HELP schemes can borrow up to the FEE-HELP lifetime limit to pay their tuition fees. For 2017, the FEE-HELP lifetime limit is \$100,879 for most courses. For students undertaking medicine, dentistry and veterinary science courses (as defined in the *Higher Education Support Act 2003*) the limit is \$126,101. This amount is indexed each year by the Consumer Price Index.
51. In 2017, the *Education Legislation Amendment (Provider Integrity and Other Measures) Act 2017* implemented a pro-active approach to prevent a repeat, in the higher education sector, of the poor management practices and financial exploitation that occurred under the VET FEE-HELP scheme.
52. The provider integrity measures are directed at reducing the risks to students and taxpayers. They currently apply to FEE-HELP providers and not to providers listed in Table A, B or C of *Higher Education Support Act 2003*, and to students enrolling at these providers.
53. The measures also aim to provide consistency across the VET and higher education sectors by enhancing the existing regulatory framework and mirroring some of the changes made in the VET sector. It gives effect to greater student protection measures and strengthens the arrangements for governing quality in the higher and international education sectors.
54. Whilst the provider integrity measures are intended to prevent a repetition of the activities that occurred under the VET FEE-HELP scheme, they are also framed to avoid significant interference with the operations of legitimate and reputable providers. For the majority of providers, who

operate with integrity and in the best interest of their students, the measures introduce minimal new requirements on providers.

55. The major changes in relation to FEE-HELP are:

- The requirement that in order for a student to be, and remain entitled to FEE-HELP, they must be a “genuine student”, have been assessed as academically suited to undertake the relevant units of study, and have a reasonable unit completion rate;
- The introduction of more stringent provider application requirements – these include requiring a history of course delivery from the provider, the expansion of the fit and proper person requirement and an application exclusion period of six months after a failed application;
- The improvement of compliance capabilities, such as the ability for the Minister to vary conditions of approval for providers and to vary advance payment determinations where there are concerns as to whether a provider is reporting genuine students; and
- Increasing financial viability and transparency requirements, including enhancing audit and reporting requirements for providers.

56. The *Education Legislation Amendment (Provider Integrity and Other Measures) Act 2017* also amends the *Tertiary Education Quality and Standards Agency Act 2011* to support the efficient operation of its regulatory regime, and the *Education Services for Overseas Students Act 2000*, to strengthen regulatory controls preventing unscrupulous former VET FEE-HELP providers from delivering education to overseas students.

Supporting world-class international education

57. The department’s efforts to reduce red tape extend to the recent reforms to the legislative scheme supporting education services for overseas students.

The Education Services for Overseas Students Act 2000

58. The department’s priority is to support Australia’s education providers to build on their successes as world leaders in international education. The review of the *Education Services for Overseas Students Act 2000*, in 2015 introduced efficiency measures that resulted in significant

deregulatory savings for public and private education institutions delivering courses to overseas students. The overall deregulatory savings for both public and private providers totalled \$48.2 million. The efficiency measures related primarily to requirements imposed on institutions with the introduction of the Tuition Protection Service (TPS) in 2012 and included:

- Removing the requirement to report student defaults within a very short period and relying on other similar reporting provisions in the *Education Services for Overseas Students Act 2000* - \$16 million;
- Making the current limit on the collection of tuition fees prior to a student commencing a course more flexible to enable student choice - approximately \$1.2 million; and
- Removing the concept of a study period and associated reporting requirements and relying instead on the equivalent provisions in the National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students 2007 (National Code) - \$31 million.

59. The *Education Services for Overseas Students (Registration Charges) Act 1997* was amended to reflect changes to the minimum registration period from the broader reform of the *Education Services for Overseas Students Act 2000*. The changes significantly streamlined the registration, monitoring and quality assurance processes in the *Education Services for Overseas Students Act 2000* with those administered by TEQSA and ASQA, creating a more streamlined system.

60. These regulatory reforms benefit all education institutions, including private providers, while maintaining the quality and reputation of Australia's world-class student protections in international education.

The National Code 2018 and ELICOS Standards 2018

61. In 2017 the *Education Services for Overseas Students Act 2000* was further reviewed to reflect the operating needs of the sector, including the National Code of Practice for Providers of Education and Training to Overseas Students 2018 (the 'National Code 2018'), and the English Language Intensive Courses for Overseas Students 2018 (the 'ELICOS Standards').

62. The National Code 2018 sets nationally consistent standards that govern the protection of international students and delivery of courses to those students by education providers registered on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS).
63. The National Code 2018 reduces regulatory burden by automating the process for student transfers between providers, and providing clarity with regard to aspects of students' circumstances providers may consider in assessing applications for transfers. The estimated regulatory savings from the National Code 2018 are approximately \$2.2million per annum.
64. English Language Intensive Courses for Overseas Students (ELICOS) forms a significant part of Australia's international education industry. The ELICOS Standards apply to providers who deliver courses which are solely or predominantly of English language instruction to student visa holders in Australia. The ELICOS Standards provide a basis on which regulatory authorities may register a provider on CRICOS, under the *Education Services for Overseas Students Act 2000*, to deliver an ELICOS course.
65. The review of the ELICOS Standards in 2017 predominantly amended the definition of an ELICOS course to bring all intensive English language courses registered on CRICOS within the scope of the ELICOS Standards. As the changes to the ELICOS Standards were comparatively minor, a formal costing and RIS was not required.

Part 3 – Lifting outcomes in schools

66. Under constitutional arrangements, state and territory governments are responsible for ensuring the delivery of schooling to all children of school age in their jurisdictions. The department works with state and territory governments and non-government education authorities to provide funding for schools, develop and implement national policy priorities, assess performance and support other education initiatives. The department is responsible for national education and training policies and programs in schools.
67. The *Australian Education Act 2013* is the principal legislation currently governing the provision of Australian Government funding for school education and the progress of agreed reform directions across government and non-government schools in Australia. The *Australian Education Act 2013* and the accompanying *Australian Education Regulation 2013* outline conditions entities must meet to receive Australian Government financial assistance. A key focus of the department has been to achieve improved educational outcomes through the establishment of nationally consistent approaches for schooling in Australia, including in relation to school funding and data collection.
68. In 2018, the department will administer an estimated \$18.7 billion in recurrent school funding under the *Australian Education Act 2013*. Under the Quality Schools package, Commonwealth recurrent school funding will grow by approximately \$1 billion each year, to an estimated \$29.5 billion in 2027.
69. In addition to recurrent school funding the department also administers capital funding to schools. The Capital Grants Program is a calendar year program which, since 2008, has provided approximately \$1.5 billion of capital grants to non-government schools. The program will deliver an estimated \$850 million over five years (2018–2022). In addition, more than \$1.4 billion in Australian Government funding was approved from 2008 to 2016 to establish trade training facilities in government and non-government secondary schools under the Trade Training Centres in Schools Program.

70. Government and non-government sectors report to the department and provide data for funding and assurance purposes. This is to ensure funds are calculated correctly, that the sectors are meeting their obligations, that funding is being used for the purposes for which it was intended, and to enable the department to build an evidence base to inform policy settings. In sourcing the reports and data, the department is conscious of the administrative cost to the education sector. The department collects and shares, this information, thereby minimising duplication as appropriate.
71. The department strives to strike a balance between assurance and the administrative burden of compliance obligations in the education sector. However the recent Australian National Audit Office Report - Monitoring the Impact of Australian Government School Funding (December 2017) found that the arrangements established by the department to monitor the impact of Australian Government school funding do not provide a sufficient level of assurance that funding has been used in accordance with the legislative framework. The department is making progress to improve and target its use of school data to monitor impact and to strengthen the evidence base underpinning its policy development processes, with steps taken to better manage its data assets.
72. The department continues to improve its IT and online functionality to make it as easy as possible for school education sectors to report and provide data to the department. The Quality Schools package includes funding to streamline and automate, where possible, the data collections from non-government schools. The department is replacing the existing web interfaces used by schools with a simpler and more intuitive website. The new website has been designed with a user-centric approach and will make it easier for non-government schools to interact with the department.
73. The department is also working with Education Services Australia and the non-government school sector to enable computer-to-computer data exchanges that will reduce the red tape on non-government schools. This functionality will allow schools to submit the data required by the department using their native IT software, rather than logging onto the department's website. This functionality will commence in 2019.

Reporting requirements of the non-government school sector

74. There are some reporting activities for which the government and non-government education sectors are both required to report and provide data. There are also some activities that are specific to the non-government education sector.

Non-government schools census

75. The department conducts a census of non-government schools in August each year. Census data is used by the department to calculate recurrent school funding under *Australian Education Act 2013*, and may be provided to the Australian Curriculum, Assessment and Reporting Authority as well as the Australian Bureau of Statistics for publication and statistical purposes. State and territory governments are responsible for the collection of this data from government schools.

Census Post Enumeration

76. At the conclusion of each census, non-government schools are identified to participate in the Census Post Enumeration. The purpose of this exercise is to ensure that data obtained in the census is accurate and appropriate for both funding calculations under *Australian Education Act 2013* and national reporting of students in non-government schools. Where errors in census data are identified, a school's census data is amended and their funding entitlement is adjusted accordingly.

Nationally consistent collection of data on school students with disability

77. All schools and approved authorities report data on students with disability to the department under the Nationally Consistent Collection of Data on School Students with Disability. Schools provide a range of data including the level of adjustment and a category of functional disability. Data is also provided by each year of schooling and by special schools. From 2018 this will be incorporated into the Census and will not be a separate collection. State and territory governments are responsible for the collection of this data from government schools.

Student attendance

78. The department collects student attendance data from non-government schools for Semester 1 and Term 3 each year. This data includes student attendance rates and student attendance levels on full-time enrolled school students in Years 1 through to 10 in Primary, Secondary and Special Schools (including ungraded students who are in the typical age group of students in Years 1 through to 10) at a campus/location level. Data is supplied to the department by year level, sex and indigeneity. State and territory governments collect and provide this data from government schools. The data is provided to Australian Curriculum, Assessment and Reporting Authority for publication on MySchool.

Financial accountability

79. All non-government approved authorities (the bodies that operate non-government schools) and all states and territories (on behalf of the government schools for which they are the approved authority) are required to declare that funds provided under *Australian Education Act 2013* have been expended for the purpose of providing school education. Only one acquittal certificate is required for each approved authority, including the relevant state and territory governments for government schools.
80. Non-government approved system authorities as well as states and territories are also required to report to the Australian Government how the funding provided under *Australian Education Act 2013* has been distributed at the school and funding element level in accordance with their needs based funding arrangement. This is required under the *Australian Education Act 2013* to ensure funds have been spent and distributed appropriately.

The financial questionnaire

81. The Financial Questionnaire is an annual collection of financial data required under the *Australian Education Act 2013*. It includes information about income, expenditure, assets and liabilities from all non-government schools receiving Australian Government general recurrent grant funding. The Financial Questionnaire has a range of questions aimed at satisfying the financial reporting obligations for non-government schools in a single collection. The information

is shared with states and territories, when requested, to minimise the reporting burden on schools.

82. To minimise the reporting burden on the non-government schooling sector, the department and the Australian Charities and Not-for-profits Commission (ACNC) have worked together, with the assistance of peak bodies in the schooling sector, to refine financial data collection arrangements so that a single approach will satisfy both the department's and the ACNC's reporting requirements.

Compliance certificate

83. All non-government approved authorities and all states and territories are required to complete and submit an annual questionnaire for the department to confirm that they have complied with policy requirements under *Australian Education Act 2013*. The certification asks a number of questions about specific aspects of compliance, with yes or no response options. If the response is compliant then supporting evidence must be provided. If the response is non-compliant an explanation is required as to why, and how the requirements are met in an alternative manner, or how they intend to meet the requirements.

Capital grants program

84. Block Grant Authorities administer the Capital Grants Program under the *Australian Education Act 2013* on behalf of non-government schools. The *Australian Education Act 2013* and the Australian Education Regulation details ongoing policy requirements for Block Grant Authorities. In administering the Capital Grants Program, Block Grants Authorities assess applications from member schools wishing to apply for a grant from the Capital Grants Program, consistent with the requirements of the Capital Grants Program Guidelines 2018 and manage contracts for projects that have been approved by the department. Block Grant Authorities also provide data through the project application process for Capital Grants Program funding and annual financial accountability reporting to the department. Schools who have received funding under the Capital Grants Program have reporting obligations to their Block Grants Authority

Trade training centres in schools program

85. Non-government and government secondary schools who received funding under the Trade Training Centres Program are required to report on capital infrastructure development milestones for the project and student enrolments in the trade centres. Funding recipients are required to report enrolments annually for the first ten years of operation of each trade centre to ensure projects are meeting contractual obligations. Data collected by the department is shared with respective education authorities for them to monitor progress of the trade centres.