

Independent Schools
Council of Australia

**Submission by
The Independent Schools Council of Australia (ISCA)
to the
Tuition Protection Service (TPS) Board**

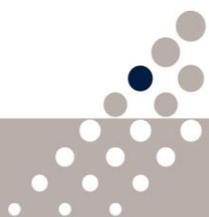
Introduction: About ISCA

The Independent Schools Council of Australia (ISCA) is the peak national body covering the independent schools sector. It comprises the eight State and Territory Associations of Independent Schools. Through these Associations, ISCA represents a sector with 1,080 schools and 560,000 students, accounting for nearly 16 per cent of Australian school enrolments.

Independent schools are a diverse group of non-government 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 larger and smaller 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.

Independent schools are not-for-profit institutions founded by religious or other groups in the community and are registered with the relevant state or territory education authority. 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 the Lutheran systems. Systemic schools



account for 16 per cent of schools in the independent sector. Independent Catholic schools are a significant part of the sector, accounting for 10 per cent of the independent sector's enrolments.

On matters relating to international education, ISCA also represents the interests of the National Catholic Education Commission thus encompassing the entire non-government schools sector.

Overseas students enrolled in independent and non-government schools

Approximately 40% of all overseas students enrolled in the school sector in Australia attend non-government schools. In the independent sector in 2012 there were over 6,000 full-fee paying overseas students enrolled at nearly 360 independent schools¹. 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.

Independent schools provide both primary and secondary level education to overseas students, which for some schools which are also Registered Training Organisations, includes VET. By contrast, state departments of education hold single provider registrations covering any number of state schools enrolling overseas students within a state.

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

While there are only a small number of overseas students seeking to enrol in school VET courses, schools prefer to provide the same curriculum offerings, where possible, to all students, without differentiation.

Current Challenges

Since 2008, declines in overseas student enrolments in the school sector have been most significant in non-government schools in New South Wales and Victoria, the states most affected by adverse publicity about "private" education providers in the media overseas in 2009. Declines in other states have also been experienced between 2009 and 2012.

Overseas Students in Government and Non-government schools²

	2007	2008	2009	2010	2011	2012	2013
Government	10,036	10,924	11,954	11,675	10,570	10,006	10,208
Non Government	14,975	15,921	14,213	11,465	9,195	7,599	6,705
	25,011	26,845	26,167	23,140	19,765	17,605	16,913

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Government	9%	9%	-2%	-9%	-5%	2%
Non Government	6%	-11%	-19%	-20%	-17%	-12%
Total	7%	-3%	-12%	-15%	-11%	-4%

¹ Based on DEEWR 2012 Non-government School Census Data

² AEI PRISMS data

Apart from the impact of adverse media coverage overseas on the non-government schools sector, other factors commonly reported as influencing the rapid decline of overseas school student enrolments have been the continuing strength of the Australian dollar, and the relative ease of being granted visas to study in competitor countries.

However, ISCA has consistently identified increases in compliance burden and costs associated with gaining and maintaining CRICOS registration as significant disincentives for the large number of CRICOS registered non-government schools. Generally, these schools only wish to enrol comparatively small numbers of overseas students as part of an international engagement strategy aimed at enhancing and diversifying school programs and student cohorts.

It is ISCA's view that from a risk perspective, non-government schools are more similar in nature to the currently exempt providers. As ISCA stated in its submission to the Senate Education, Employment and Workplace Relations Legislation Committee's Inquiry into Bills referred on 22nd September 2011;

“It is very important for regulators involved in implementation of changes under new legislation and transition arrangements to keep in mind the nature of the non-government schools sector, which differs substantially from other sectors, viz.,

- There are a large numbers of small providers which are individually registered on CRICOS;
- The majority of these providers:
 - are not-for-profit,
 - have education as their primary purpose,
 - are in receipt of government funding and therefore are already highly regulated and accountable to governments,
 - demonstrate financial viability as an accreditation attribute under existing regulatory arrangements, and
 - generally enrol a small percentage of international students compared with their overall student cohort.

There are thus compelling reasons why non-government schools deserve special recognition in the regulatory environment as opposed to being swept up into systems that are designed for institutions (universities and training providers) which enrol thousands of international students, and a compelling argument for considering the majority of non-government schools to be highly stable and low risk in terms of enrolment of international students.

Further, schools differ significantly from tertiary and training sector providers in that the international students enrolled are generally under the age of 18. Schools therefore already have duty of care obligations, including a focus on the welfare of international students.”

The risk rated premium component of the TPS Levy

In the recent consultation process undertaken in late 2013 prior to the setting of the levy for 2014, ISCA raised the following issues in relation to the risk rated premium component of the levy. These are all areas where the unique nature of the non-government schools sector makes the one-size-fits all approach of the TPS unsuitable as a means of assessing sectoral risk.

Payment in arrears – it would be highly unlikely for any school to get full payment in arrears for any student, particularly given that the average length of a school course undertaken by an overseas student is several years. To make this part of the risk matrix ignores common practice in schools for domestic or international students. This is one area where one size fits all penalises providers that offer longer courses.

Length of operation as a registered provider – ISCA believes long established schools in sound financial condition, with the intention of enrolling a small number of overseas students in proportion to domestic cohorts, do not pose any greater risk through becoming CRICOS registered, and should not be rated in the same manner as institutions with the aim of enrolling proportionally higher numbers of overseas students.

Enrolment Growth - The total number of overseas students in proportion to the domestic cohort of students should always be a consideration for non-government schools. For a school with 1500-2000 students, an increase from 20 to 30 overseas students, or even from 100 to 150 students (i.e., a 50% increase) is not a significant increase of students overall.

Maximum overseas students source country concentration – many schools will choose to focus on country or geographical area due to reasons to do with the school community and its links, sister school relationships and curriculum priorities, e.g. the school might have a particular language focus, and Asia and Australia's engagement with Asia is a cross-curriculum priority of the Australian Curriculum. The concentration of overseas students should be considered as a proportion of the total school population.

Non-government school census data shows that for schools with full-fee paying overseas students, on average those students made up 3% of the entire school cohort. It is ISCA's view that this is a calculation that would be relatively simple for the TPS secretariat to undertake as total school enrolment data for non-government schools is publically available data on the My School website.

Non-compliance history - ISCA's concerns that non-government schools may accrue a non-compliance history simply through administrative lapses such late payment of fees or failure to meet myriad reporting requirements within prescribed time limits is well documented. The interests of non-government schools and the students they enrol will be far better served if typically low risk schools are exempt from the risk component of the levy.

Conclusion

While ISCA understands why a single set of criteria for calculating the risk rated premium component of the TPS levy is a preferred option of the TPS, it is by its very nature unable to take into account the specific difference that exists between sectors.

Under previous iterations of the ESOS Act, the low risk nature of the non-government schools sector was recognised with exemptions from all the financial aspects of the ESOS Act. It is ISCA's view that the sector still retains those characteristics and that for the reasons outlined above, non-government schools should be exempt from the risk rated premium component of the TPS and that this should be a recommendation of the TPS Board to the Minister of Education.

ISCA
19 December 2013