

Independent Schools
Council of Australia

Review of TPS Governance and Administration Arrangements

Submission by
The Independent Schools Council of Australia (ISCA)

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 nearly 1,080 schools and 567,000 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 18 per cent of schools in the Independent sector. Independent Catholic schools are a significant part of the sector, accounting for 8 per cent of the Independent sector's enrolments.



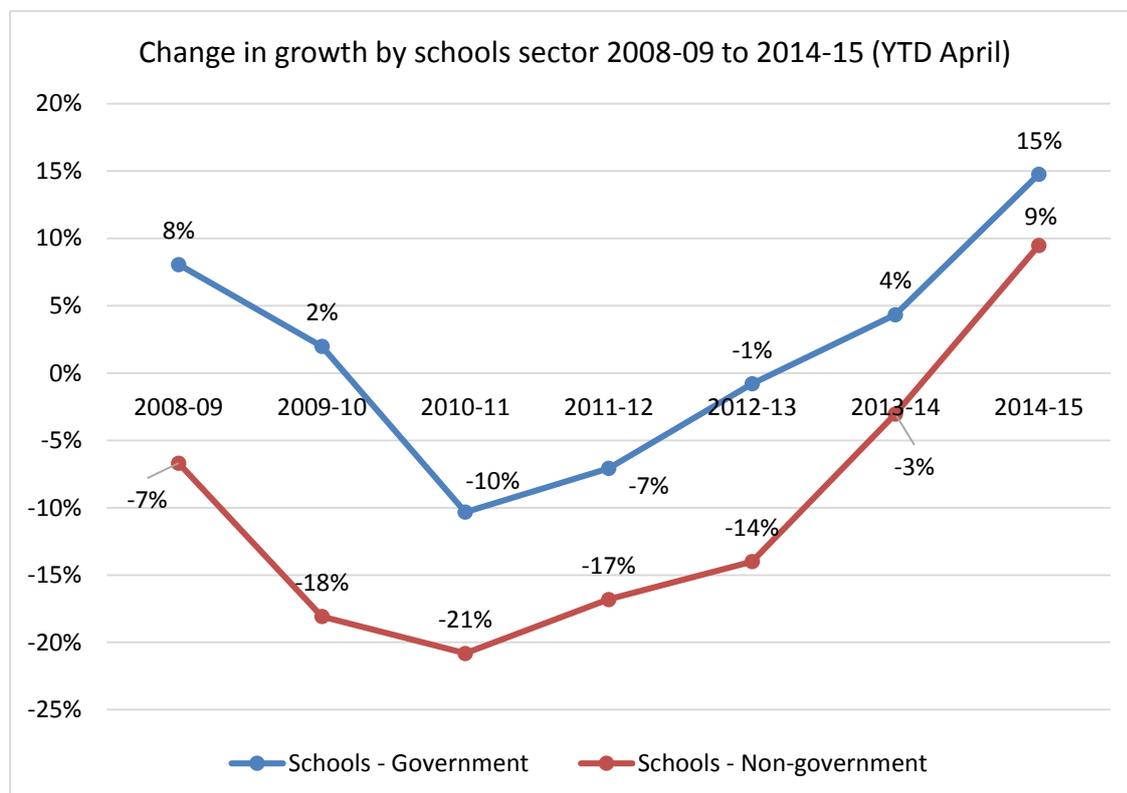
Non-government schools and international education

Approximately 30% of all overseas students enrolled in the schools sector in Australia attend Independent schools. In 2014 there were some 5,700 overseas 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 overseas students giving the non-government sector 40% of the overall school-level overseas student enrolments.¹ Some schools also have ELICOS centres attached to their institutions which may also be separately registered on CRICOS.

By contrast, state departments of education (enrolling approximately 60% of overseas school students overall) 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.



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

Since 2008, declines in overseas student enrolments in the schools sector have been most significant in non-government schools. In 2013 enrolments in the government schools sector grew for the first time in 4 years and continue to recover. However non-government school sector enrolments only began to grow again in 2015.²

As noted above, non-government schools have a significantly different overseas 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 overseas students is therefore not a question of financial viability. Rather it is one of choice. 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.

However, school level enrolments of international students provide an important element of internationalisation for many schools 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' experience in the Australian education system and in living in Australia.

Review of TPS Governance and Administration Arrangements – Terms of Reference

- 1. Assess the effectiveness and efficiency of the current legislative and governance arrangements including:**
 - (a) the structure, function and operation of the Tuition Protection Service Advisory Board;**
 - (b) the position, role and functions of the Tuition Protection Service Director;**
 - (c) the administrative arrangements for the Tuition Protection Service, including the current Tuition Protection Service Administrator contract which provides case management of students affected by provider defaults; and**
 - (d) the management of the Overseas Students Tuition Fund – special account under the Public Governance, Performance and Accountability Act 2013;**

1. a. the structure, function and operation of the Tuition Protection Service Advisory Board

ISCA is concerned at the recent changes to the composition of the TPS Board which mean that there is no longer any sectoral representation for non-government schools. ISCA views this as an important loss of representation as the TPS levy, in conjunction with other costs associated with CRICOS registration, have a significant impact on the non-government school sector.

“Recent calculations undertaken by the TPS secretariat which were presented publicly as part of the 2015 Provider Information Sessions show that of all the sectors, following the rebasing of the ARC and the introduction of the TPS, the non-government school sector is the **only** sector

² Latest available PRISMS data

which is paying **more** in fees and charges merely to provide education service to overseas students on-shore. Using the TPS current calculations of combined ARC and TPS charges for 2015 for each sector, and YTD PRISMS Enrolment data for 2014, ISCA calculates that non-government schools are contributing 10% of the total amount levied on industry for ARC and TPS charges, whilst enrolling 1% of international students. This is despite a low risk profile, particularly in comparison to some other sectors.”³

The Board advises the TPS Director on the settings of the annual TPS levy⁴ and in doing so consults with industry. ISCA has made a submission to the TPS Board at the end of 2013, after being invited to do so, regarding ISCA’s contention that the current levy calculation does not suitably assess risk for the non-government schools sector. It is our view that non-government schools in receipt of Commonwealth funding should be exempt from the risk component of the TPS levy. Failing that, it is ISCA’s view that the TPS risk levy should consider additional areas of consideration relevant to the sector, e.g. the proportion of overseas students enrolled, as we believe this would lower the risk ratings of non-government schools.

However, as noted previously, the role of the TPS Board is to advise the TPS Director on the settings of the annual TPS levy and has no scope to make recommendations for amending the ESOS Act and associated legislative instruments. We believe this should be part of the role of the TPS Board.

ISCA would also like to note that schools sit outside the parameters of TEQSA and ASQA and any administrative or regulatory arrangements cannot be considered in that context.

1. b. the position, role and functions of the Tuition Protection Service Director

Since the inception of the TPS, the TPS Director and the secretariat have taken an educative approach with providers, and have been proactive in discussing issues with peak bodies.

1. c. the administrative arrangements for the Tuition Protection Service, including the current Tuition Protection Service Administrator contract which provides case management of students affected by provider defaults

It is ISCA’s view that there is an excessive administrative burden associated with the TPS, particularly PRISMS reporting, which impacts on schools and all of which have the possibility of penalties for non-compliance;

- Total course fees
- Limits on pre-paid fees
- Student default reporting

ISCA has no comments to make regarding Pricewaterhouse Cooper’s performance as the TPS Administrator except that to say that where action has been required to be taken, the TPS have

³ ISCA Submission to the Productivity Commission Issues Paper – Barriers to Services Exports, p.6

⁴ Education Annual Report 2013-14, Appendix 5 – Tuition Protection Service Annual Report, p.338

been responsive and cooperative in working with a range organizations to place students appropriately.

1. d. the management of the Overseas Students Tuition Fund – special account under the Public Governance, Performance and Accountability Act 2013

ISCA is supportive of the management of the Overseas Students Tuition Fund to date. The TPS had the option to increase the risk levy or introduce the special tuition protection component of the levy during a time when parts of the industry were still recovering, despite overall growth in the industry, however decided against this. We believe this speaks to the value of having a fully representative Board which understands the positions of the sectors relative to each other.

2. Undertake a cost / benefit analysis of the current governance and administration arrangements of the Tuition Protection Service, including the efficiency and effectiveness in delivering the Tuition Protection Service policy objectives as set out in the ESOS Act;

The TPS was set up following the Baird Review which was meant to deliver simpler, streamlined regulation. It seems quite clear from industry's response to the current ESOS review that this is not the case.

For the non-government sector, ISCA would argue that overall the TPS is a cost to non-government schools for minimal return. We do not believe that the risk levels of the non-government schools sector justify their inclusion in the risk rated component of the TPS levy.

Exempting non-government schools in receipt of Commonwealth funding, as was the case prior to 2012, would reduce the administrative burden on both the TPS and non-government schools.

In order to more accurately gauge the *“the current governance and administration arrangements of the Tuition Protection Service, including the efficiency and effectiveness in delivering the Tuition Protection Service policy objectives as set out in the ESOS Act”*, ISCA would like to see detailed reporting of TPS activity by sector (closures and refunds) as we believe that non-government schools are paying a disproportionate share of the cost of the ARC and TPS relative to the risk of the sector.

3. Assess whether the experience of the Tuition Protection Service can inform the provision of tuition protection for domestic students in Australia;

The TPS exists within the ESOS framework to address the different needs of overseas students as opposed to domestic students. Domestic students have all the consumer protections afforded to them under Australian law. Any attempts to extend the TPS to domestic enrolments would be rejected as completely inappropriate.

4. Recommend practical improvements that could be made and savings that could be achieved with potential streamlining of the current governance and administration arrangements.

It is ISCA's view that a range of changes could be made to simplify the current arrangements which would result in streamlining current administration arrangements.

- Less data collection and reporting by providers
- Simplification of the processes around pre-paid fees
- Feedback has been received that the website is not helpful when making the declaration for tuition fees.

ISCA

23 June 2015