Proposed public release of key financial metrics on TEQSA registered higher education providers

Consultation Paper, November 2015

ACPET submission

Introductory Comments

Established in 1992, ACPET is the national industry association for private providers of post-compulsory education and training. ACPET has over 1,200 members nationally who deliver a range of higher education, vocational education and training (VET) and English language courses across all states and territories and internationally.

ACPET's mission is to enhance quality, greater choice and innovation in Australian education and skills training. ACPET members include commercial and not-for-profit entities, community groups, industry providers and enterprise-based organisations. ACPET works with governments, industries and community organisations to ensure higher education, English language and VET programs are well targeted, accessible and delivered to a high standard.

The latest Department of Education and Training (DET) statistics highlight the growing significance of non-University Higher Education Providers (NUHEPs) in Australia, with some eight per cent of national enrolments. It is important, therefore, that appropriate NUHEP metrics are available to assist a fuller understanding of their role in supporting a diverse higher education sector and informing better decisions by students and stakeholders.

In relation to TEQSA's proposed release of financial metrics ACPET supports the principles that are outlined in the consultation paper. That is:

- To enhance and improve the level of publicly available financial information on the higher education sector; and
- To protect the confidentiality of providers' data through the release of data in an aggregated and de-identified form.

Noting the diversity of its members, however, both in size and structure, ACPET does have some concerns that the proposed metrics will meaningfully add to the identified outcome - better informed decision making. Advice from members indicates the publication of the proposed financial data may lead to some contrary outcomes.

ACPET believes, therefore, that greater articulation of the rationale for the financial metrics and groupings proposed, along with the benefits (and limitations) in assisting better decision making, is warranted.

Consultation Questions

1. *Does your organisation support the proposed public release of key financial metrics? If not, why, and what changes would you propose?*

The release of financial data in line with principles outlined above is supported. However, the utility of the release of such data (based on the proposed metrics) is not clear from the consultation paper. It is not clear how these aggregations of data will assist, particularly given the diversity of financial and organisational structures that accompany non-public providers.

Some clearer articulation of the use and benefits (and limitations) of the release of this data may be beneficial, particularly in light of the concerns identified in this submission. Perhaps some 'testing' of these financial metrics with 'informed' stakeholders would assist in this regard.

2. *Are the proposed metrics appropriate for public release in a de-identified, aggregated manner? If not, why, and what changes would you propose?*

While ACPET understands the aspiration to present financial metrics that encapsulate all of the higher education sector, the sheer diversity of providers means this is problematic. Feedback from members indicates that some of the metrics are not appropriate to the financial and operating structures of organisations that range from small enterprises through to multi-national conglomerates. In the case of larger NUHEPs and those that are subsidiaries of other entities, in particular, the metrics proposed will not be able to provide meaningful indicators of financial status.

In some ways the metrics, particularly those relating to assets, also reflect 'traditional' delivery patterns with the associated 'bricks and mortar' assets strategies that are less relevant to some providers. Once again, the challenge is to identify financial metrics that can meaningfully reflect the diversity of delivery arrangements.

The risks, of course, are those associated with misinterpretation of the metrics which leads to inappropriately judgements about the financial performance of certain providers and has a material impact.

3. *Do you support the proposed provider groupings based on provider type and provider size? If not, why, and what changes would you propose?*

It is not clear from the consultation paper on what basis the provider groupings were determined. As with the financial metrics, it needs to be clearly articulated how the groupings were determined and will assist more informed decision making by stakeholders.

While the separation of University and Non-University providers is well understood and guides the collection and analysis of other metrics, such as student data, it is unclear that further disaggregation will assist.

For example, a number of University and Non-University providers offer pathway courses. It is not clear how Pathway providers will be identified.

A similar issue arises in relation to the distinction between For-Profit and Not-For-Profit providers. There are examples of subsidiary organisations whose for-profit status is not that of the parent entity. Such arrangements may distort the analysis and interpretation of the data produced by such categorisation.

Several members have indicated some concerns that the size categorisation will lead to the identification of individual providers. It is understood, for example, there are no NUHEPs that fall into the top category. When one does, depending on how the metrics are/can be cross-tabulated, it will be identified.

On balance, ACPET believes the categorisation of providers should adhere to that which is well understood – that is University and Non-University providers. It is unclear the separation of For-Profit and Not-For Profit NUHEPs will assist. Further analysis and discussion is required to address concerns with the provider size groupings.

4. *Do you support the proposed presentation of these metrics in chart and table form? If not, why, and what changes would you propose?*

Subject to the clarification and confirmation of appropriate metrics, ACPET is supportive of the presentation of data in chart and table formats. ACPET would have some concerns about the release of data in formats that allowed further manipulation leading to the identification of individual providers.

Given what appears to be the inevitable limitations of grouping diverse providers, tables and charts would need to be accompanied by appropriate caveats clearly outlining the limitations of the metrics.