

Review of the Governance and Administration of the Tuition Protection Service

ACPET submission

June 2015

Introduction

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.

With around a third of its members holding Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) registration, ACPET welcomes the review of the Tuition Protection Service (TPS).

The establishment of the TPS in 2012 followed a period of unprecedented upheaval and concern in the international education sector. This included the closure of a number of providers and the continuing impact of the global financial crisis, currency movements, visa changes and the damage caused by incidents involving Indian students in particular. The establishment of the TPS was very much a 'product of the times'.

Since its establishment, the international student market environment has stabilised with strong growth recorded in the last two years. While maintaining the mechanisms to ensure the protection of international students, it is time to restore industry's role in supporting what should be the priority of the program- maximising the placement of students so they can complete their studies.

Prior to the establishment of TPS, industry provided tuition protection services with ACPET's tuition assurance scheme supporting thousands of students during the period of upheaval mentioned above. ACPET continues to provide the member-based Australian Student Tuition Assurance Scheme (ASTAS) for domestic students.

It is appropriate to consider options that lift the level of industry engagement and leadership. This could include a return to industry-managed schemes or a greater role for industry in assisting the case management and placement of students supported through the TPS.

Response to Terms of Reference

1 a) Structure and function of TPS Advisory Board

Noting ACPET's belief that industry should have a more prominent role in supporting the TPS, the structure and membership of the Advisory Board needs to be adjusted. While acknowledging the important role of government, there is a need to enhance industry representation.

Until 2014 ACPET was represented on the TPS board along with a number of other industry organisations representing providers active in the international education sector. This involvement is pivotal to gaining a sound understanding of the performance of the sector, emerging issues and maximising industry support and commitment to the placement of displaced students.

The role of industry will be particularly important should the current benign environment deteriorate or the regulators take a more active role in the international student market.

1 b) Position, role and functions of the TPS Director

ACPET understands the important role the TPS Director has played in ensuring the operational efficiency and financial integrity of the TPS, particularly during its establishment.

With the TPS now 'bedded down' some of the direct reporting relationships to the Minister can be reconsidered. This role's accountabilities and responsibilities should be 'normalised' within the Department of Education and Training.

1 c) Administrative arrangements for the TPS

The intent of the TPS, as outlined in its 2013-14 Annual report, is to "strengthen tuition protection by offering alternative placements (or refunds as a last resort) to students affected by a provider default". ACPET supports this intent of finding alternative placements, where possible, for affected students to best ensure they are able to continue their study and maintain a positive educational experience and regard for Australia's education and training sector. This support is important in maintaining the quality reputation of Australia's providers and systems that are key determinants in students choosing to study in Australia.

It is somewhat concerning, then, that the 2013-14 Annual Report indicates that no placements were made. This outcome would not appear to be consistent with the intent of the TPS and indicates decisions are being made at a distance from the industry.

If the TPS Administrator role is to continue in its current form, it is important that the emphasis is placed on having the skills and knowledge in placing students with providers. Industry representatives are best placed to perform this role. Industry has the course/program knowledge, provider networks and commitment to ensure placements where possible. Any potential provider conflicts of interest can be managed by the secretariat.

1 d) Management of the Overseas Students Tuition Fund (OSTF)

The TPS 2013-14 Annual report indicates there has been a very limited call on the OSTF in the last two years, enabling the fund to accumulate a balance of some \$12 million by 2013-14. Given the growth in international students the OSTF fund reserves are now likely in the order of \$20 million. While the accumulation of reserves to support a less benign environment is supported, the provider levy that contributes to the OSTF should be proportionate and appropriate.

Given the satisfactory performance of the sector over the last few years and accumulation of significant reserves, the structure of the TPS levy warrants examination to ensure that the risk ratings borne by non-government providers are still appropriate.

More broadly, examination of the current provider exemptions provided for under The ESOS (TPS Levies) Act 2012 is warranted to ensure that there is a non-discriminatory risk assessment framework.

In view of the changed nature of the industry, it is now time to consider industry playing a more direct role. In light of the cost of the current administrative arrangements, consideration needs to be given to transitioning the TPS administrator role back to industry. Further devolution of full management responsibilities for the TPS could also be considered if an appetite for this level of change was evident.

2. Cost-benefit analysis

ACPET notes from the 2013-14 TPS Annual Report that the TPS Administrator was funded \$168,756 during 2013-14 with a further \$157,307 in other administrative costs to manage provider payments of \$187,266 and no student placements. In the absence of further detail this does seem to indicate a significant cost to manage payments to 94 students.

The broader concern is that the costs incurred did not reflect the intent and benefit of placing students into alternative programs.

3. Informing the provision of tuition protection for domestic students in Australia

As noted earlier in this submission, the TPS was established at a time when there was a sense of crisis in the international education sector. The strong action taken by the Australian Government sent a clear message to international students and stakeholders about its commitment to the quality of international education and the protection of students.

Since that time a number of reforms have been undertaken with more limited concerns about the quality and performance of the sector. As ACPET has argued above, there are now good reasons to restore greater industry engagement, particularly if the policy intent of placing students is to be maximised.

The TPS has assisted a limited number of students. The scale of the domestic student cohort and potential calls for assistance indicates that the strong industry support and leadership that is a feature of existing domestic schemes is vital to achieving effective and efficient outcomes. A centrally managed government-led model would not be appropriate, or adequate to provide tuition protection for domestic students.

4. Recommended practical improvements

The TPS governance and administrative arrangements were put in place at a time when strong action was required to address significant provider failures, respond to a difficult market and send a clear signal of Australia's commitment to supporting international students.

With a more benign environment it would be appropriate to 'normalise' the arrangements that support TPS. This would include less onerous Ministerial reporting/accountability arrangements with greater responsibility borne by the Department of Employment and Training.