



ISA SUBMISSION: AMENDMENTS TO CHARGING ARRANGEMENTS FOR THE COMMONWEALTH REGISTER OF INSTITUTIONS AND COURSES FOR OVERSEAS STUDENTS (CRICOS)

INTRODUCTION

Independent Schools Australia (ISA) is the national peak body representing the Independent school sector. It comprises the eight state and territory Associations of Independent Schools (AISs). Through these Associations, ISA represents 1,169 schools and over 647,000 students, accounting for approximately 16 per cent of Australian school enrolments. ISA's major role is to bring the contribution and unique needs of Independent schools to the attention of the Australian Government and to represent the sector on national issues.

ISA represents the non-government school sector on matters relating to International Education. This submission is a joint submission together with the National Catholic Education Commission (NCEC). The NCEC is the representative body of Australia's Catholic schools. Australia's 1,755 Catholic schools educate 777,000 students.

DISCUSSION QUESTIONS

1. NOTING THE NEW CHARGING ARRANGEMENTS REPRESENT AN OVERALL REDUCTION IN THE DEPARTMENT'S CRICOS CHARGES TO THE INTERNATIONAL EDUCATION SECTOR, WHAT ARE YOUR VIEWS ON THE PROPOSED IMPLEMENTATION APPROACH?

While the consultation paper notes that the new charging arrangements to be implemented from 1 January 2022 represent an overall reduction in the collection of CRICOS charges to the international education sector by the Department of Education, Skills and Employment (DESE), there is no analysis of variation for the different sectors which will be impacted differently.

It also notes that charges for individual education providers will vary depending on their size and sector(s) of operation. However it appears that charges will vary considerably for school CRICOS providers depending on whether they are newly entering the market (in which case the total fees paid will decrease significantly) or whether they are an existing provider (in which case the fees may slightly increase).

It is also important to note that these are not the only fees that school CRICOS providers pay. For the school sector, a large proportion of the regulatory activity is undertaken by the Designated State Authorities (DSAs). Schools pay fees to DSAs for school and course registration, course changes, new sites, increased student capacity and administration fees etc. These fees vary from state to state.

There are also fees associated with the Tuition Protection Service, but the Commonwealth's proposed new fees do not include those charges

To fully assess the impact of the proposed changes on individual schools, all these elements need to be considered together.

2. DO YOU HAVE ANY COMMENTS ON THE PROPOSED NEW CRICOS ANNUAL REGISTRATION LEVY (CARL)?

CARL Part A - sector wide regulatory activities payable by all CRICOS providers

- Base component plus a per enrolment component.

CARL Part B - payable by all CRICOS registered school providers

- set amount

CARL Part C – payable by CRICOS registered school providers with at least one enrolment in the previous calendar year.

- set amount

Modelling undertaken by the Association of Independent Schools of New South Wales on behalf of ISA indicates that that new entrants would pay less over three and ten years, but that existing providers would pay more over both time periods. The table below models charges for a school which offers two courses (junior and senior secondary) and has a total enrolment across the school in any one calendar year of 10 overseas students.

	First year / second / third	For three years (new provider)	For three years (existing provider)	For ten years (new provider)	For ten years (existing provider)
Initial application and annual application for renewal of registration					
(Current) Entry to market application fee	\$8676/\$5784/\$2882	\$17,342	NA	\$17,342	NA
(From 2022) Annual registration application fee	\$2691/\$1083/1083	\$4857	\$3249	\$12,438	\$10,830
Annual registration charges					
(Current) ARC	\$1505 base+\$10 per student+\$115 per course = \$1835	\$5505	\$5505	\$18,350	\$18,350
(From 2022) CARL	Part A for all=\$440 base+\$5 per student = \$490	\$1470	\$1470	\$4,900	\$4,900
	Part B per school=\$116	\$348	\$348	\$1160	\$1160
	Part C per school with at least one CoE=\$695	\$2085	\$2085	\$6950	\$6950

Fees over three years

This model indicates that under the current system, a school newly applying for CRICOS registration, offering two courses and with 10 CoEs would pay over three years a total of **\$22,847** (\$17,342 entry to market and second and third year + \$5505 ARC).

Under the proposed system, the same school would pay (over three years) a total of **\$8,760** (\$4857 Annual registration application fee + \$1470 + \$348 + \$2085 CARL parts A, B, C).

If the same school was a pre-existing CRICOS provider, the current charges for three years would be **\$5,505**, which is the current ARC.

Under the proposed system, over three years the pre-existing CRICOS provider would pay **\$7,152** (\$3,249 Annual registration application fee + \$1470 + \$348 + \$2085 CARL parts A, B, C).

Fees over ten years

Looking at charges for these schools over a ten year period, the following would occur:

A school newly applying for CRICOS registration, offering two courses and with 10 CoEs would currently pay over ten years a total of **\$35,692** (\$17,342 entry to market and second and third year + \$18,350 ARC).

Under the proposed system, the same school would pay (over ten years) a total of **\$25,448** (\$12,438 Annual registration application fee + \$4,900 + \$1,160 + \$6,950 CARL parts A, B, C).

If the same school was a pre-existing CRICOS provider, the current charges for ten years would be **\$18,350**, which is the current ARC.

Under the proposed system, over ten years the pre-existing CRICOS provider would pay **\$23,840** (\$10,830 Annual registration application fee + \$4,900 + \$1,160 + \$6,950 CARL parts A, B, C).

3. DO YOU HAVE ANY COMMENTS ON THE SCHOOL REGISTRATION AND SCHOOL REGISTRATION RENEWAL APPLICATION-BASED FEES?

The new policy settings appear to be designed to attract new entrants to the market, with costs subsidised by current providers. Given the current impacts of COVID on CRICOS registered school providers this does not appear to be a desirable outcome.

Schools, and all other providers, have greatly reduced income from students yet are still needing to deliver courses, support students for the entirety of their stay as students are unable to return home for holidays and provide additional wellbeing support. Schools are already having to meet significant additional costs just to maintain enrolments. Providers need to be supported as they recover from the pandemic and build up their numbers to pre-pandemic levels at the very least.

As previously noted, schools are already paying the same fees to DSAs for what appear to be the same services – CRICOS registration and renewals. More detail of how the role of the DESE and the role of the DSAs differs in the CRICOS registration process for schools would be key to understanding if the costs that DESE are proposing are justified.

4. NOTING THE REQUIREMENT FOR COST RECOVERY TO BE CONSISTENT WITH GOVERNMENT POLICY, DO YOU HAVE ANY COMMENTS ON HOW THE PRICE HAS BEEN DETERMINED FOR EACH LEVY OR APPLICATION-BASED FEE?

While DESE has presented a clear rationale for the calculation of the fees, it is important to note that in non-government schools overseas student enrolments generally comprise a relatively small percentage of the overall student cohort in individual schools. This is significantly different to other parts of the international

education sector, where there tend to be larger number of overseas student enrolments in individual providers.

Many non-government schools enrol overseas students for purposes of internationalisation of schooling and enhancing student cultural diversity rather than for economic reasons. Some regional schools use international education to add diversity, enrich educational experience and to bring additional income into schools that are susceptible to impact by natural disasters such as drought and bushfires.

Most non-government schools are individually registered on CRICOS and have to meet considerable regulatory and financial requirements to enable them to enrol overseas students. It is not clear from the information provided in the consultation paper if the new cost recovery model will apply in the same way to government and non-government providers in the school sector. Government school providers are large systems with one CRICOS registration for all schools in the system and access to systemic supports.

It is ISA's view that Government needs to support the broad range of services from all schools, ELICOS, VET & universities in order to grow the market. For this reason it is vital to ensure that any charging regime does not act as a disincentive to participation from non-government schools in this area particularly given that many schools international programs have been significantly reduced with the pandemic.

5. DO YOU HAVE ANY OTHER COMMENTS?

Modelling

While the sector has undertaken modelling to gauge the impact on individual schools, it would be helpful if DESE could provide any modelling they may have undertaken to assess the impact of the new fee structure on the school sector.

COVID-19 Impacts

Further, ISA acknowledges the extension of the waiver of CRICOS fees and charges in light of the COVID pandemic until the end of 2021 however given the assumption in the Federal Budget that international students will not be able to return in any significant numbers until at least part way through 2022, it is ISA's views that the charging of CRICOS fees should not recommence until Australia's borders have reopened and significant numbers of students in all sectors have returned to study on-shore.

NOTE:

Subsequent to lodging this submission, ISA was advised by the Department of Education, Skills and Employment (DESE) that they wanted to clarify that the CRICOS School Registration Renewal Fee is not paid every year of a school's CRICOS registration but only on its specified review date. Typically, renewals are every five years (with the precise frequency of renewal subject to state or territory registration requirements).

Below are two examples provided by DESE comparing CRICOS charges for a new and an existing school under the current and proposed arrangements, where the school offers two courses (such as one junior and one senior school course) with 20 international student enrolments and renewal every five years. New and existing schools operating with these parameters would see a reduction in costs over both a three and 10-year period under the proposed charging arrangements.

DESE noted that it would use the ISA consultation feedback to ensure the periodicity of the CRICOS School Registration Renewal Fee (typically at every five years) is appropriately communicated in the Cost Recovery Implementation Statement.

Example 1: New school with 20 enrolments in two courses

New school with 20 enrolments in 2 courses												
Current	Year	1	2	3	4	5	6	7	8	9	10	
EMC		\$ 8,737	\$5,824	\$2,902	-	-	-	-	-	-	-	
ARC	\$ 1,516	\$ 1,516	\$1,516	\$1,516	\$1,516	\$1,516	\$1,516	\$1,516	\$1,516	\$1,516	\$1,516	
Enrolment charge	\$ 10	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	
Course charge	\$ 116	\$ 232	\$ 232	\$ 232	\$ 232	\$ 232	\$ 232	\$ 232	\$ 232	\$ 232	\$ 232	
No. enrolments	20											
No. courses	2											
Total		\$10,685	\$7,772	\$4,850	\$1,948	\$1,948	\$1,948	\$1,948	\$1,948	\$1,948	\$1,948	\$36,943
New	Year	1	2	3	4	5	6	7	8	9	10	
CARC A (without enrolment)	\$ 440	\$ 440	\$ 440	\$ 440	\$ 440	\$ 440	\$ 440	\$ 440	\$ 440	\$ 440	\$ 440	
CARC A (enrolment)	\$ 5	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	
CARC B	\$ 116	\$ 116	\$ 116	\$ 116	\$ 116	\$ 116	\$ 116	\$ 116	\$ 116	\$ 116	\$ 116	
CARC C	\$ 695	\$ 695	\$ 695	\$ 695	\$ 695	\$ 695	\$ 695	\$ 695	\$ 695	\$ 695	\$ 695	
Initial registration	\$ 2,691	\$ 2,691	-	-	-	-	-	-	-	-	-	
Re-registration	\$ 1,083					\$1,083					\$1,083	
No. enrolments	20											
Total		\$ 4,042	\$1,351	\$1,351	\$1,351	\$2,434	\$1,351	\$1,351	\$1,351	\$1,351	\$2,434	\$18,367

Savings
\$18,576

Example 2: Existing school with 20 enrolments in two courses

Existing school with 20 enrolments in 2 courses												
Current	Year	1	2	3	4	5	6	7	8	9	10	
EMC		-	-	-	-	-	-	-	-	-	-	
ARC	\$ 1,516	\$ 1,516	\$1,516	\$1,516	\$1,516	\$1,516	\$1,516	\$1,516	\$1,516	\$1,516	\$1,516	
Enrolment charge	\$ 10	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	
Course charge	\$ 116	\$ 232	\$ 232	\$ 232	\$ 232	\$ 232	\$ 232	\$ 232	\$ 232	\$ 232	\$ 232	
No. enrolments	20											
No. courses	2											
Total		\$ 1,948	\$1,948	\$1,948	\$1,948	\$1,948	\$1,948	\$1,948	\$1,948	\$1,948	\$1,948	\$19,480
New	Year	1	2	3	4	5	6	7	8	9	10	
CARC A (without enrolment)	\$ 440	\$ 440	\$ 440	\$ 440	\$ 440	\$ 440	\$ 440	\$ 440	\$ 440	\$ 440	\$ 440	
CARC A (enrolment)	\$ 5	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	
CARC B	\$ 116	\$ 116	\$ 116	\$ 116	\$ 116	\$ 116	\$ 116	\$ 116	\$ 116	\$ 116	\$ 116	
CARC C	\$ 695	\$ 695	\$ 695	\$ 695	\$ 695	\$ 695	\$ 695	\$ 695	\$ 695	\$ 695	\$ 695	
Initial registration	\$ 2,691	-	-	-	-	-	-	-	-	-	-	
Re-registration	\$ 1,083					\$1,083					\$1,083	
No. enrolments	20											
Total		\$ 1,351	\$1,351	\$1,351	\$1,351	\$2,434	\$1,351	\$1,351	\$1,351	\$1,351	\$2,434	\$15,676

Savings
\$ 3,804