

IEAA SUBMISSION ON ESOS BILLS 2015

October 2015

The International Education Association of Australia (IEAA) submits that the Federal Parliament should support the expeditious passage through the Senate of the ESOS Amendment (Streamlining Regulation) Bill 2015 and the ESOS (Registration Charges) Amendment (Streamlining Regulation) Bill 2015.

These Bills are the outcome of eighteen months of extensive consultation with all international education stakeholders. Over this period, the Federal Department of Education and Training have hosted approximately seven ESOS legislation workshops in Canberra and facilitated well attended feedback sessions in all the capital cities. The Department is to be commended for the collaborative spirit in which they have approached these consultations.

We believe that concerns that legislators have raised in the past about international students' tuition fee payment security, study period designations and the removal of the 50% prepaid tuition fee cap have been effectively resolved through a range of measures as follows:-

1. Since the establishment of the Tuition Protection Service (TPS) in 2012 all education providers, who enrol overseas students, have been required to pay annual provider risk based levies into a Federal Government controlled fund. This has resulted in the TPS being in such a sound financial position that the Australian Government Actuary has advised that the removal of the current ESOS designated tuition fee account provision will not involve a risk to our nation's tuition protection arrangements. On this basis, requiring private education providers to retain pre-paid fees in a designated account is not a quality assurance measure and it's removal will have no bearing on the quality of Australia's education providers. The current designated account requirements are also inequitable as they act as a blanket provision not imposed according to the risk of individual providers. For the above reasons, all eight industry associations strongly support the removal of the current designated account requirements as per the wording in the Bills before the Parliament.
2. The current requirement under the ESOS Act for a study period to be less than 24 weeks is an arbitrary period of time that, in the modern world, does not necessarily align with the study periods offered by education providers. This ESOS requirement is also at odds with Australia's National Code, wherein education providers can offer study periods that are "a discrete period of study within a course, namely a term, semester, trimester, short course of similar or lesser duration" as long as the study period does not exceed 6 months. The 24 week limitation also has a particular impact on the ELICOS sector as many of their providers have longstanding five week teaching block academic progression arrangements.

The fact that under Section 22 of the ESOS Act, education providers must currently enter into a written agreement with each student which sets out the length of all study periods for the course being undertaken, the tuition fees for each study period; and limits study periods to the 24 week maximum period has resulted in an unnecessary administrative burden.

3. The current ESOS legislation is also overly prescriptive in its requirement for a maximum of 50% of tuition fees to be able to be prepaid to the education provider. At present, students and sponsors (such as overseas governments), cannot pay upfront more than 50% of the tuition fee (for courses of more than 24 weeks). The Bills, before Parliament, would allow them to choose to pay more than 50% upfront, but would still prohibit providers from requiring a greater payment, thereby protecting the students. This proposed change would allow students, their families, and sponsors the flexibility to pay fees when there are favourable exchange rates or when it suits their personal situations. The current restriction has disadvantaged some students rather than providing protection.

The Department of Education and Training has estimated that over \$75 million per annum would be saved each year, across all sectors, if the proposed changes in these two Bills are passed by the Parliament. IEAA believes that these funds would serve a more useful purpose if they could be expended on increasing the quality of course delivery and the student experience rather than burdensome red tape.

For the above reasons, we call on our Federal legislators to pass these Bills in their entirety without amendments.

Hon. Phil Honeywood
CEO

IEAA