

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2003-2004 ADDITIONAL ESTIMATES HEARING

Outcome: 2

Output Group: 2.4 – Funding for higher education

DEST Question No. E887_04

Senator Carr provided in writing

Question:

- a) In November you reported in your Newsletter that a consultation process was being developed on the new quality audit process – with “key stakeholders”.
- b) Who are the “key stakeholders”?
- c) What is the progress in developing this consultation process? Who will be consulted?
- d) In November you also said (p.8) that consultations on this matter would commence prior to the end of 2003. Did that occur?
- e) BAF Newsletter no.6 lists all the events planned for the first few months of the year. Why is this consultation process not mentioned? Why is there no reference to the quality audits?
- f) Can the Committee have copies of the discussion paper on this matter that was distributed to stakeholders in October 2003?
- g) What is now the timeline for this process?

Answer:

- a) In November 2004, the BAF Newsletter Number 4 reported as follows on the two quality audit requirements announced in *Our Universities: Backing Australia's Future* (BAF), these being private provider audits and whole-of-country audits:
 - regarding both audit initiatives, a consultation process was being developed in conjunction with key stakeholders (page 9); and
 - private higher education provider consultations on the requirements for quality audit set out in the HES Bill 2003 would commence prior to the end of 2003, to include private provider representative bodies and State and Territory Government officials responsible for higher education (page 8).
- b) The Australian Universities Quality Agency (AUQA) is a key stakeholder in relation to both audit proposals, having been identified in the May 2003 budget as the body to carry out both initiatives. For private provider audits, the other key stakeholders are the representative bodies of private higher education providers, private higher education providers themselves, and State and Territory Government accreditation authorities. For whole-of-country audits, the other key stakeholders are those institutions audited by AUQA which have offshore operations and their representative bodies [such as the Australian Vice-Chancellors' Committee (AVCC)]. DEST has also discussed the audits with the State and Territory Government officials responsible for higher education, through the Joint Committee on Higher Education (JCHE).

c) With respect to progress consulting on the private provider audits:

- DEST gave presentations about the requirements of the *Higher Education Support Bill* to the AUQA, various private provider representative groups and State and Territory officials in the second half of 2003, and held preliminary discussions about possible models for private provider auditing with the AUQA and JCHE in October 2003;
- Following the passage of the *Higher Education Support Act 2003*, focus groups on private provider auditing were held at the 11 February Canberra meeting (see DEST Question No. E910_04 for further details), with written comments invited by 20 February. The results are reported on the BAF website; and
- DEST is now in the process of writing to key stakeholders to nominate persons to a reference group to further develop this initiative.

With respect to progress consulting on the whole-of-country audits:

- DEST held preliminary discussion about possible models for whole-of-country audit with the AUQA and the AVCC in the second half of October 2003, and sent a paper to the AVCC for comment in December 2003.

The draft Higher Education Provider Guidelines, which nominate the AUQA as the quality auditing body for both initiatives, were circulated for comment in the BAF Newsletter Number 8 for final comment by 18 March, prior to the Minister's consideration and tabling in Parliament.

d) Yes, as described in c) above.

- e) The BAF Newsletter Number 6 lists the 11 February "information session for Private Providers (Canberra)" on page 1 and refers to consultation at that meeting on "the arrangements for quality auditing of private providers" on page 2. The same newsletter refers to the release of the Higher Education Provider Guidelines in February 2004 (this actually occurred in March 2004 as reported in the BAF Newsletter Number 8).
- f) The BAF Newsletter Number 4 refers to draft discussion papers distributed to the JCHE, the AVCC and AUQA in October 2003. At Attachment A is a copy of the latest update prepared by DEST on quality auditing initiatives, for the Committee's information.
- g) The timeline for each process is to meet the Government's commitment to commence both initiatives on 1 January 2005.

**Progress report on quality auditing initiatives
Prepared for Joint Committee on Higher Education (JCHE):
Brisbane, February 2004**

Background

The JCHE was advised at its last meeting that the 'quality' auditing initiatives in the higher education reform package were:

- the allocation of \$600,000 per annum by the Commonwealth for whole-of-country offshore audits of higher education providers, commencing in 2005; and
- a requirement for audit by a quality auditing body as a one condition for the approval of private higher education institutions as higher education providers under the *Higher Education Support Act 2003* (to gain access to FEE-HELP loans and be able to bid for competitively allocated national priority places).

Progress on whole-of-country audits

The 'Our Universities: Backing Australia's Future' package announced plans for AUQA to audit Australian higher education provision overseas on a whole-of-country basis. The stated rationale was to assure the continued quality of Australian higher education provision in the international market. DEST has given the AVCC a position paper on whole-of-country audit for its consideration, to which the AVCC is due to respond. The position paper to the AVCC put forward the draft model which was described to the JCHE in October 2003. The draft model seeks to harmonise with existing AUQA audits, reduce duplication and cost to universities, and maintain the integrity of 'fitness for purpose' auditing against individual university missions. Members will recall that key principles of the draft model included:

- Development of generic standards for offshore provision (a Code of Practice) to guide audit assessment (in line with National Protocol 4). Australian universities are signatories to the AVCC Code of Practice in the Provision of Education to International Students. A new Australian Code of Practice could build upon the AVCC Code, and should be developed by or in conjunction with the sector.
- Institutions will be audited against their Performance Portfolios and the Code of Practice.
- DEST to enter into a contract with AUQA for 2005-2007, and specify in the contract the countries to be audited (after conferring with the AUQA) and the broad objectives and outcomes expected from whole-of-country audit. There has been no work done on the form of the contract and no decision has yet been made about which countries are to be audited or in what order.
- From 2005, those Australian institutions scheduled for institutional audit each year will be the sample used for audit of their offshore operations within the nominated country. Institutions with known quality assurance problems in offshore provision in a country could be also selected for audit review. In 2007, the end of the first round of AUQA audits, the institutions selected for audit each year by AUQA could be more closely matched according to the extent of their involvement in the nominated offshore audit country.
- At the end of each year, a report of the overall quality of provision in the audited country could be published in an aggregated 'confidence statement'. This report would contain no ranking or comparison of institutions or mention of specific institutional issues. The

findings of the provision of individual institutions within the audited country would be published separately in the existing institutional AUQA reports.

DEST has initiated consultations with the AVCC on the above draft model. The AVCC will respond to this in writing by the end of February. JCHE members are most welcome to share their views on the draft model with DEST, including putting forward alternatives on how best to implement the whole-of-country audit initiative. Comments should be directed to DEST by no later than the end of March 2004. A meeting has been scheduled with the AUQA CEO for mid- March to discuss how to progress this matter to the AUQA Board for its consideration after the Minister for Education, Science and Training finalises his deliberations on the initiative.

Progress on private provider audits

Background

Under the *Higher Education Support Act 2003* (HESA), bodies corporate approved as higher education providers by the Commonwealth will be eligible to access on behalf of their eligible students FEE-HELP loans, and bid for national priority places in nursing and teaching. 272 national priority places will be available in 2005 for competitive allocation to private institutions.

In order to be approved as higher education providers (HEPs) under HESA, institutions must agree to meet the quality and accountability requirements set out in the Act, including audit by a quality auditing body. As an instrument setting out high-level principles, the Act is not specific about who a quality auditing body will be. The auditing body or bodies will be named in the Higher Education Provider (HEP) Guidelines to the Act.

All guidelines made pursuant to the *Higher Education Support Act 2003* are subject to disallowance by the Parliament. HEP Guidelines will be finalised and tabled in Parliament during March 2003. DEST's timetable is being driven by provider expectations that they should be able to make applications for HEP status under HESA by May 2004, and have their applications finalised by August or September 2004 in time to assist students enrolling in 2005. Without the HEP Guidelines, providers will be unable to apply for HEP status.

DEST will host an information day for all private providers intending to apply for approval as HEPs on 5 May 2004. JCHE members are welcome to attend the meeting as observers.

The Quality Auditing Body

AUQA already audits Australian universities and other self-accrediting institutions, and so AUQA will be specified as a quality auditing body in the Higher Education Provider Guidelines in relation to institutions listed in the Act (both Table A and Table B institutions, all of which are self-accrediting institutions and all of which are already subject to audit by AUQA under its constitution).

It has not yet been decided who will be the auditing body for non self-accrediting bodies which are approved as HEPs, but a decision (at least for 2005) will need to be reached in the next few weeks. AUQA has been approached about taking on the new role of auditing non self-accrediting HEPs, but has made no decision in relation to this role. Another body or bodies may be specified as a quality auditing body at the Minister's discretion in the HEP Guidelines.

Consultation with the JCHE

The JCHE was presented with five possible models for private provider auditing at its last meeting, which included:

- a full or modified audit of non self-accrediting providers by AUQA;
- AUQA auditing these providers in conjunction with State and Territory reaccreditation processes or the accreditation agency audit;
- the State or Territory accreditation authority carrying out the audit to agreed requirements as part of the re-accreditation process, either through an agreement with the AUQA or under some direct arrangement with the Commonwealth; and
- a self –audit model for non self-accrediting providers to be submitted directly to DEST.

In discussion with individual JCHE members since the last meeting, there has been a general interest in avoiding duplication of reaccreditation requirements, but otherwise little consensus on the way forward:

- Queensland has expressed a preference for a combination of models to be available, including a modified AUQA audit for those providers that elect this option, or one or more AUQA auditors being added to those State or Territory panels re-accrediting private providers which are also HEPS under HESA. The AUQA auditor(s) would carry out an add-on quality audit concurrently with the re-accreditation process, with a separate AUQA audit report or a combined AUQA audit/reaccreditation report being produced. Eventually, the State might seek to be appointed by AUQA as an agent to carry out quality audits to its specifications;
- Victoria and South Australia have expressed a preference for the State or Territory accreditation authority to carry out the audit to agreed requirements as part of the re-accreditation process, through an agreement with the Commonwealth. South Australia considers that its current reaccreditation requirements should satisfy the Commonwealth requirements in full; and
- NSW has expressed reservations about committing to any position before the purpose and scope of private provider audits is fully specified by the Commonwealth.

Consultation with Private Providers

A consultation meeting with private self-accrediting and non self-accrediting providers was held in Canberra on 11 February 2004, at which these and other models were discussed. Written comments from providers were requested by 20 February 2004. States and Territories were informed of the consultation and invited to participate. Some have indicated they will also make submissions.

During consultation with major stakeholders, private providers expressed a strong preference for a process of quality audit which is clearly mapped and not unduly onerous financially.

Private self-accrediting providers appear to favour the position that the AUQA audit to which they are already subject should be the Commonwealth requirement. For them, this is the cost-effective model. Some non self-accrediting providers favour a modified AUQA audit; some favour the addition of an AUQA auditor to their re-accreditation process; and others favour the State or Territory accreditation authority carrying out the audit as part of the re-accreditation process, through direct agreement between the State and the Commonwealth on requirements. Another group is arguing that they should submit their State or Territory reaccreditation report directly to the Commonwealth. In these circumstances, a quality audit by AUQA should be scheduled by DEST only on an 'exception basis' where the report indicates quality concerns that require further scrutiny.

Where to from Here

The Commonwealth is aware of the need to trial any new process it establishes before it is formally adopted, as was the case with the introduction of audit of self-accrediting

institutions, and proposes to do this in 2005. Any trial of the process would be on a voluntary basis with the desired outcome being the refinement of the proposed audit model and the development of a definitive quality audit manual for non self-accrediting private providers for audits to commence in 2006. A working party to progress the audit methodology and trial is proposed, comprising representatives of DEST, the JCHE, the quality auditing bod(ies), and providers. The JCHE is invited to nominate a representative of the JCHE to this group, which is likely to meet for the first time after the Minister specifies who the quality auditing body will be.

The most urgent task for DEST is to collate the inputs from the consultation process and provide advice to the Minister on his options with respect to who the quality auditing body will be. As indicated earlier, HESA requires this information to be specified in the HEP Guidelines. It would assist DEST in formulating advice to the Minister to have a clear indication from all States and Territories of those jurisdictions who might wish to be specified as a quality auditing body under the HEP Guidelines, on what conditions, and to advise DEST what timeframe might be required in your jurisdiction to obtain formal sign-off on such a proposal.