

English Australia Submission: 2013 ASQA Cost Recovery Impact Statement – Exposure Draft



Sent to: ASQA via the online submission form
<http://www.asqa.gov.au/about-asqa/consultation/make-a-submission.html>
9 April 2013

Background

The Australian Skills Quality Authority (ASQA) was established as a cost recovery agency in accordance with a decision made by the Council of Australian Governments (COAG).

Australian Government Cost Recovery Guidelines require that agencies conduct regular reviews to ensure that appropriate cost recovery is occurring.

ASQA has undertaken a review of fees and charges utilising financial and activity data from its first year of operations. The review took into account additional funding that was provided in the 2012–13 Commonwealth Budget and increased cost recovery requirements. The results of the review revealed that ASQA's current fees and charges are not recovering the costs of regulatory activity.

A revised schedule of fees and charges has been developed for implementation from 1 July 2013 in order to meet cost recovery requirements. The proposed changes are explained in ASQA's *2013 Cost Recovery Impact Statement—Exposure Draft*.

ASQA has released the *2013 Cost Recovery Impact Statement—Exposure Draft* for public comment. The statement includes an explanation of the proposed fees and charges and demonstrates that ASQA's cost recovery arrangements comply with the Australian Government Cost Recovery Guidelines.

ASQA has invited written submissions in response to the proposed fees and charges by a deadline of Tuesday 9 April.

ASQA is interested in receiving feedback on the:

- design of ASQA's proposed fees and charges;
- clarity of ASQA's proposed fees and charges;
- impact of the proposed fees and charges on the sector.

Context – English Australia & the ELICOS Sector

English Australia welcomes this opportunity to provide comment on ASQA's 2013 *Cost Recovery Impact Statement—Exposure Draft*.

English Australia, formerly known as the ELICOS Association, is the national peak body and professional association for the English Language Intensive Courses for Overseas Students (ELICOS) sector. English Australia was established in the early 1980s and incorporated in 1990.

English Australia represents 100 member colleges across Australia. More than 80% of all overseas students who study English in Australia do so with an English Australia member college. English Australia has both public sector (eg attached to a university or TAFE) and independent language centres among its membership.

The ELICOS sector has a 100% international focus as it provides courses only to students from overseas and has no domestic education focus. The ELICOS sector plays a critical role in preparing international students with the language skills they need for further study in Australia as well as offering a range of programs to students wishing to learn English for a multitude of other reasons.

As the first step in the educational 'pathway' for many international students, the ELICOS sector is the first to experience any shift in demand. The sector is highly vulnerable to changes in the external environment, with short courses (average course length is 12.6 weeks) and short lead-times for enrolments.

The last three years have seen a **significant decline in the number of ELICOS students**, with the number of commencing student visa holders down by almost 30% when compared with the peak year of 2009¹. The ELICOS sector has been hit the hardest of all sectors by the decline in international student numbers.

With the continuation of a strong Australian \$, price has become a major factor impacting on Australia's ability to attract students to this sector. The ELICOS sector in particular is **extremely price sensitive** as the most commoditised educational product worldwide. ELICOS colleges have had to manage an environment of **declining revenues and escalating costs**, with compliance costs increasing as a result of a range of reforms to the Education Services for Overseas Students (ESOS) Act² as well as the costs associated with ASQA regulation.

The ELICOS sector is a **highly competitive** sector, particularly in the context of pricing. The competitiveness within the sector has been recently challenged further by the division of the sector into two separate groups, those regulated by ASQA and those regulated by the Tertiary Education Quality and Standards Agency (TEQSA).

An ELICOS college regulated by ASQA is competing directly with another ELICOS college in the same city which is regulated by TEQSA. In this context the question of whether these two colleges are competing on a level playing field needs to be asked.

¹ AEI enrolment data 2012

<https://www.aei.gov.au/research/International-Student-Data/Pages/default.aspx>

² A number of changes to the Education Services for Overseas Students Act 2000 were enacted on 20 March 2012 as part of the Government's second phase response to the Baird Review. The changes commenced from 1 July 2012.

<https://www.aei.gov.au/Regulatory-Information/Education-Services-for-Overseas-Students-ESOS-Legislative-Framework/ESOS-Review/Pages/Changescommencing1July.aspx>

Executive Summary

The following three points outline the key issues that English Australia has to make regarding the proposed changes to ASQA fees and charges.

- English Australia would first of all like to question the appropriateness of a situation whereby some providers in the ELICOS sector are subject to ASQA and a fee structure based on a cost recovery model, whilst other providers in the same sector are subject to TEQSA which does not operate on a cost recovery basis. English Australia calls for a review of the fairness of the two fee structures as they apply to ELICOS providers.
- In relation to the annual CRICOS registration fee, English Australia asks that ASQA consider returning to a per course fee model or a model which breaks the fee down into more reasonably sized 'blocks' of qualifications, for example a different fee for blocks of 5 qualifications.
- English Australia requests clarification as to whether there are any fees associated with the accreditation /approval of non-award ELICOS courses and if so how the fee would be assessed (as the workload would be different to that required for approving an AQF qualification).

Further detail regarding these points is provided below.

English Australia comments

English Australia welcomes this opportunity to provide comment on ASQA's *2013 Cost Recovery Impact Statement—Exposure Draft*.

ASQA is interested in receiving feedback on the:

- design of ASQA's proposed fees and charges;
- clarity of ASQA's proposed fees and charges;
- impact of the proposed fees and charges on the sector.

As outlined in the introduction to this submission, the ELICOS sector has experienced a tough three year period of declining student numbers and any increase in ASQA fees is going to have a negative impact on their competitiveness.

Equity, fairness and competitiveness

English Australia would first of all like to question the appropriateness of a situation whereby some providers in the ELICOS sector are subject to ASQA and a fee structure based on a cost recovery model, whilst other providers in the same sector are subject to TEQSA which does not operate on a cost recovery basis. English Australia calls for a review of the fairness of the two fee structures as they apply to ELICOS providers.

English Australia has undertaken an analysis of the comparative annual fees for an average ELICOS provider under both TEQSA and ASQA as follows (see Appendix B for more detail regarding the calculations):

ASQA (proposed)	\$4,866 per annum
TEQSA (current)	\$1,000 per annum

Under the proposed model, ASQA regulated ELICOS providers will be paying almost 5 times more than TEQSA regulated ELICOS providers each year.

Appropriateness of fee structure design

Putting aside the issue of whether the cost recovery nature of the proposed charges could be challenged, English Australia would like to look in more detail at the design of the fee structure as proposed and whether it is fair to ELICOS providers.

The proposed increase in fees for a typical provider will result in their amortised annual payment to ASQA more than doubling from the existing \$2,348 per annum to \$4,866 per annum, an increase of 107%.

If we break this down into the 5 yearly component and the annual component, the comparison is as follows:

- the 5 yearly registration renewal fee will increase from \$4,740 to \$6,955, an increase of 47%;
- the annual fee will increase from \$1,400 to \$3,475, an increase of 148%.

It is difficult to find justification in the paper for such a large increase in the annual fee and this is the component that English Australia wishes to query.

The majority of ELICOS providers are not Registered Training Organisations and do not deliver AQF qualifications.

The fees that an existing non-RTO ELICOS provider would be liable for on a regular basis (excluding changes to scope) are:

fee	due	2012	2013	increase \$	increase %
renewal of CRICOS registration - application lodgement fee	every 5 years	\$640	\$1,065	\$425	66%
renewal of CRICOS registration - application assessment fee	every 5 years	\$3,300	\$5,140	\$1,840	56%
renewal of CRICOS registration - per additional qualification over 4	every 5 years	\$100	\$125	\$25	25%
renewal of CRICOS registration - per additional site over 2	every 5 years	\$700	\$825	\$125	18%
annual CRICOS registration fee - base fee	annual	\$600	\$950	\$350	58%
annual CRICOS registration fee - 3-50 qualifications	annual	variable	\$2,525	variable	
annual CRICOS registration fee - more than 50 qualifications	annual	variable	\$4,100	variable	

A key change that would seem to be unfair to small providers is the change from charging a fee of \$100 per qualification to charging a blanket fee of \$2,525 per year for 3-50 qualifications. As the table in Appendix C shows, if a provider only has 3 qualifications, the annual fee increases by 2425%. Colleges don't 'break-even' until they offer 23 courses. The typical ELICOS college profile would involve much fewer than 23 courses.

English Australia asks that ASQA consider returning to a per course fee or breaking the fee down into more reasonably sized 'blocks' of qualifications, for example a different fee for blocks of 5 qualifications.

Relevance to ELICOS

It is unclear from the documentation provided what fees are associated with the accreditation/approval of non-award ELICOS courses. Currently the term 'qualification' is defined as follows:

*'Qualification' includes training package qualifications, VET accredited courses or programs.*³

There is a section of the CRIS document that refers to VET course accreditation fees (p38), however it is unclear whether this refers to non-award ELICOS courses.

English Australia requests clarification as to whether there are any fees associated with the accreditation /approval of non-award ELICOS courses and if so how the fee would be assessed (as the workload would be different to that required for approving an AQF qualification).

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[submission authorised by the Board of English Australia]

³ 2013 CRIS Exposure Draft p31

APPENDIX A

Comparison of current ASQA fees with proposed ASQA fees – for a typical ELICOS provider profile

Renewal of CRICOS registration fees - ASQA - 2012					
This table assumes the 'sample' college has 10 courses registered on CRICOS and 2 or less delivery sites.					
		fee every 5 years	sample college calculation	fee annual	sample college calculation
5 yearly fees					
payable when renewal date is due					
application for CRICOS registration	1	\$640	\$640		
assessment fee	1	\$3,300	\$3,300		
(up to 2 qualifications and up to 2 delivery sites)					
extra courses (per course)	8	\$100	\$800		
extra delivery sites (per site)	0	\$700	\$0		
			\$4,740		
annual fees					
annual registration fee	1			\$600	\$600
(up to 2 qualifications)					
extra courses (per course)	8			\$100	\$800
					\$1,400
amortised 5 yearly fee + annual fee per year (5 years) over a 5 year period					\$2,348

Renewal of CRICOS registration fees - ASQA - 2013					
This table assumes the 'sample' college has 10 courses registered on CRICOS and 2 or less delivery sites.					
		fee every 5 years	sample college calculation	fee annual	sample college calculation
5 yearly fees					
payable when renewal date is due					
application for CRICOS registration	1	\$1,065	\$1,065		
assessment fee	1	\$5,140	\$5,140		
(up to 4 qualifications and up to 2 delivery sites)					
extra courses (per course)	6	\$125	\$750		
extra delivery sites (per site)	0	\$825	\$0		
			\$6,955		
annual fees					
annual registration fee	1			\$950	\$950
(up to 2 qualifications)					
extra courses (3 to 50 courses)	8			\$2,525	\$2,525
					\$3,475
amortised annual payment = 5 yearly fee + annual fee per year (5 years) over a 5 year period					\$4,866

APPENDIX B

Comparison of proposed ASQA fees with current TEQSA fees – for a typical ELICOS provider profile

Renewal of CRICOS registration fees - ASQA - 2013					
This table assumes the 'sample' college has 10 courses registered on CRICOS and 2 or less delivery sites.					
		fee every 5 years	sample college calculation	fee annual	sample college calculation
5 yearly fees					
payable when renewal date is due					
application for CRICOS registration	1	\$1,065	\$1,065		
assessment fee	1	\$5,140	\$5,140		
(up to 4 qualifications and up to 2 delivery sites)					
extra courses (per course)	6	\$125	\$750		
extra delivery sites (per site)	0	\$825	\$0		
			\$6,955		
annual fees (paid annually in July)					
(for colleges that have successfully applied for renewal of registration with ASQA)					
annual registration fee	1			\$950	\$950
(up to 2 qualifications)					
extra courses (3 to 50 courses)	8			\$2,525	\$2,525
					\$3,475
amortised annual payment = 5 yearly fee + annual fee per year (5 years) over a 5 year period					
					\$4,866

Renewal of CRICOS registration fees - TEQSA					
This table assumes the 'sample' college has 10 courses registered on CRICOS and 2 or less delivery sites.					
	insert #	fee every 5 years	sample college calculation	fee annual	sample college calculation
5 yearly fees					
payable when renewal date is due					
application for CRICOS registration	1	\$0	\$0		
assessment fee	1	\$5,000	\$5,000		
(up to 2 qualifications and up to 2 delivery sites)					
extra courses (per course)	8	\$0	\$0		
extra delivery sites (per site)	0	\$0	\$0		
			\$5,000		
annual fees					
(for colleges that have successfully applied for renewal of registration with TEQSA)					
annual registration fee	1			\$0	\$0
(up to 2 qualifications)					
extra courses (per course)	8			\$0	\$0
					\$0
amortised annual payment = 5 yearly fee + annual fee per year (5 years) over a 5 year period					
					\$1,000

APPENDIX C

Annual CRICOS registration fee (additional course supplement) 2013 compared with 2012

fee	due	2012	2013	increase \$	increase %
annual CRICOS registration fee - 3 qualifications	annual	\$100	\$2,525	\$2,425	2425%
annual CRICOS registration fee - 4 qualifications	annual	\$200	\$2,525	\$2,325	1163%
annual CRICOS registration fee - 5 qualifications	annual	\$300	\$2,525	\$2,225	742%
annual CRICOS registration fee - 6 qualifications	annual	\$400	\$2,525	\$2,125	531%
annual CRICOS registration fee - 7 qualifications	annual	\$500	\$2,525	\$2,025	405%
annual CRICOS registration fee - 8 qualifications	annual	\$600	\$2,525	\$1,925	321%
annual CRICOS registration fee - 9 qualifications	annual	\$700	\$2,525	\$1,825	261%
annual CRICOS registration fee - 10 qualifications	annual	\$800	\$2,525	\$1,725	216%
annual CRICOS registration fee - 11 qualifications	annual	\$900	\$2,525	\$1,625	181%
annual CRICOS registration fee - 12 qualifications	annual	\$1,000	\$2,525	\$1,525	153%
annual CRICOS registration fee - 13 qualifications	annual	\$1,100	\$2,525	\$1,425	130%
annual CRICOS registration fee - 14 qualifications	annual	\$1,200	\$2,526	\$1,326	111%
annual CRICOS registration fee - 15 qualifications	annual	\$1,300	\$2,527	\$1,227	94%
annual CRICOS registration fee - 16 qualifications	annual	\$1,400	\$2,528	\$1,128	81%
annual CRICOS registration fee - 17 qualifications	annual	\$1,500	\$2,529	\$1,029	69%
annual CRICOS registration fee - 18 qualifications	annual	\$1,600	\$2,530	\$930	58%
annual CRICOS registration fee - 19 qualifications	annual	\$1,700	\$2,531	\$831	49%
annual CRICOS registration fee - 20 qualifications	annual	\$1,800	\$2,532	\$732	41%
annual CRICOS registration fee - 21 qualifications	annual	\$1,900	\$2,533	\$633	33%
annual CRICOS registration fee - 22 qualifications	annual	\$2,000	\$2,534	\$534	27%
annual CRICOS registration fee - 23 qualifications	annual	\$2,100	\$2,535	\$435	21%
annual CRICOS registration fee - 24 qualifications	annual	\$2,200	\$2,536	\$336	15%
annual CRICOS registration fee - 25 qualifications	annual	\$2,300	\$2,537	\$237	10%
annual CRICOS registration fee - 26 qualifications	annual	\$2,400	\$2,538	\$138	6%
annual CRICOS registration fee - 27 qualifications	annual	\$2,500	\$2,539	\$39	2%
annual CRICOS registration fee - 28 qualifications	annual	\$2,600	\$2,540	-\$60	-2%