



Australian Government
Department of Education

Consultation Paper

**Charging arrangements relating to the
Commonwealth Register of Institutions and Courses
for Overseas Students (CRICOS)**

– January 2020



Context

The Australian Government recovers the costs to administer the *Education Services for Overseas Students Act 2000* (ESOS Act) and regulating education providers against the broader ESOS legislated standards. The registration, regulatory, compliance and enforcement functions under the ESOS Act are shared across the ESOS agencies: the Australian Government Department of Education (the department); the Australian Skills Quality Authority (ASQA); the Tertiary Education Quality and Standards Agency (TEQSA). Education providers currently pay compulsory entry to market charges and a compulsory annual registration charge to the department to be registered on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS).

In 2019, the department reviewed charges for CRICOS-registered providers under the *Education Services for Overseas Students (Registration Charges) Act 1997* (the Charges Act) to ensure consistency with the *Australian Government Charging Framework*. The department proposes to implement a new CRICOS charging arrangement from 1 July 2020. This aligns with the implementation of ASQA's and TEQSA's related but separate cost recovery arrangements from 1 July 2020. ASQA will move to full cost recovery and TEQSA will phase in to full cost recovery.

Australian Government Charging Framework

The *Australian Government Charging Framework* (the Charging Framework) is a policy of the Australian Government. The Charging Framework covers activities where the government charges the non-government sector for a specific government activity such as, regulation, goods, services, or access to resources or infrastructure.

The Charging Framework applies to all non-corporate Commonwealth entities and selected corporate Commonwealth entities, where the Finance Minister has made a 'government policy order' that applies the Charging Framework to them. Non-corporate and corporate entities are defined under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The Charging Framework applies to all new and existing charging activities and establishes six charging principles which guide all processes involved in charging for a government activity, from planning and design to review and evaluation.

- **transparency** –making available key information about the activity, such as the authority to charge, charging rates, and, where relevant, the basis of the charges
- **efficiency** –delivering activities at least cost, while achieving the policy objectives and meeting the legislative requirements of the Australian Government
- **performance** – which relates to effectiveness, risk mitigation, sustainability and responsiveness. Engagement with stakeholders is a key element of managing and achieving performance. Entities must regularly review and evaluate charges in consultation with stakeholders to assess their impact and whether they are contributing to government outcomes
- **equity** – where specific demand for a government activity is created by identifiable individuals or groups they should be charged for it, unless the Government has decided to fund that activity. Equity is also achieved through the Government's social safety net, to ensure that vulnerable citizens are not further disadvantaged through the imposition of a charge
- **simplicity** – whereby charges should be straightforward, practical, easy to understand and collect
- **policy consistency** – charges must be consistent with Australian Government priorities and policies, including entity purpose and outcomes. Australian Government agreement may be required for the introduction of new charges and/or changes to charges.

Proposed charging model for the Department of Education

Overview

The department proposes to implement a new CRICOS charging arrangement from 1 July 2020. The impact of the new charges will apply differently to each sector. Providers will be required to pay any *entry to market charge* or *annual registration charge* that became due for payment before the legislative amendments are in place. To simplify the international education related charging arrangements across education sectors each ESOS agency will collect charges to support their own CRICOS regulatory activities. Attachment A provides a diagram of ESOS agencies' regulatory responsibilities. ASQA and TEQSA will each outline the detail of their CRICOS charges, as part of implementing their respective cost recovery arrangements. The department will charge the new annual charges as soon as practicable after 1 January each year. The proposed revised departmental charging arrangements are described in the table below.

<p>For entrants to the international education market</p>	<p>Each ESOS agency to charge for their regulatory activity for new entrants to the international education market.</p> <ul style="list-style-type: none"> • Remove the <i>entry to market charges</i> currently a requirement for all providers seeking initial registration on CRICOS.
<p>For all CRICOS registered providers</p>	<p>The department to charge for its cross-sectoral CRICOS regulatory effort.</p> <ul style="list-style-type: none"> • Retention of the department's <i>annual registration charge</i>. • Retention of the department's <i>late payment penalty and reinstatement fees</i>.
<p>For CRICOS registered school providers</p>	<p>The department to charge for its regulatory responsibilities as the ESOS agency for school education.</p> <ul style="list-style-type: none"> • <i>A schools initial registration charge</i>, a single charge for all newly CRICOS registered school providers. <ul style="list-style-type: none"> ○ Replaces the existing <i>entry to market charges</i> for a school. <p>Timing: The new SIRC will apply to schools applying for initial registration after legislative changes are passed.</p> <ul style="list-style-type: none"> • An annual <i>schools compliance and monitoring charge</i>, charged only to CRICOS registered schools.
<p>For renewing CRICOS registered school providers</p>	<ul style="list-style-type: none"> • <i>A schools renewal registration charge</i>.
<p>For CRICOS registered providers</p>	<p>To support the services of the Commonwealth's Overseas Students Ombudsman for international students.</p> <ul style="list-style-type: none"> • An annual <i>Overseas Students Ombudsman charge</i>.

Charges applying to market entrants

Entry to market charges are designed to recover the cost of additional regulatory activity from providers without a compliance history. New providers create a need for more intensive regulatory activity and the existing entry to market charge was a 'price signal' to providers about the value of that activity.

The department proposes to cease the sector-wide EMC, noting that TEQSA and ASQA cost recovery arrangements will include charges for new registrations, to reflect the regulatory effort they undertake with new providers.

The department proposes to modify the entry to market charge for schools. It will be known as the Schools Initial Registration Charge (SIRC), and will support the department's role as ESOS agency for schools. The SIRC will be a one-off registration charge which reflects the costs to the department of establishing a new CRICOS registration.

Charges for registered providers

The department plays two different regulatory roles:

- it provides oversight and enabling services that are used by all CRICOS providers, including monitoring, analysis, communications and the provision of statutory frameworks and IT systems (CRICOS Register and PRISMS)
- it regulates schools with advice from Designated State Authorities, including engagement, assessment of applications, compliance monitoring and enforcement.

Currently all of these activities are supported through the existing annual registration charge (ARC).

The current ARC reflects the costs of the Overseas Students Ombudsman to provide students studying at private providers, without access to support from state-based Ombudsmen, independent complaints and appeals services.

The structure of CRICOS charges will change in order to be consistent with the principles of the *Australian Government Charging Framework*. Specifically, the requirement for individuals or groups to be charged for a government activity when it is created by an identifiable individual or group. The proposed model will:

- retain the ARC, to support the department's oversight and enabling activities of all CRICOS providers
- introduce charges that relate to the department's regulation of CRICOS-registered schools
- introduce an *Overseas Students Ombudsman complaints handling charge* for private providers, and
- retain existing late payment penalty and reinstatement fees.

The proposed model splits the charging responsibilities for courses in the English Language Intensive Courses for Overseas Students (ELICOS) and non-award sector to their relevant regulators (ASQA, TEQSA and the Department of Education).

Impacts of the proposed charging model

The proposed changed charging rates will impact all CRICOS registered international education providers, including higher education providers, registered training organisations (RTOs), ELICOS and Foundation Program providers and schools. The impact of changed charging rates is anticipated to be different across categories of CRICOS providers.

The key variables that will dictate the amount of charges payable to the department are provider type, number of locations, number of courses and number of enrolments. For example, providers with a high number of enrolments will pay more than those with fewer enrolments.

While the pricing model has not been settled it is anticipated that the new arrangements will reduce the total amounts for departmental charges from 1 July 2020, noting the department's cost modelling does not include providers' obligations to the other ESOS agencies regulating them.

Implementing the charging model

The department proposes a two-step process to give effect to the charging model:

1. Before 1 July 2020, legislative amendments to the *Education Services for Overseas Students (Registration Charges) Act 1997* and consequential amendments to the *Education Services for Overseas Students Act 2000*.
2. After legislative amendments to the ESOS Acts are made, the introduction of ESOS charges regulations that specify the formula for working out the amount for each charge.

In line with the *Australian Government Charging Framework*, consultation on a Cost Recovery Implementation Statement will be conducted to support the implementation of the ESOS charges regulations.

Providing feedback on this proposal

Comments can be provided to the department until 5:00pm AEDT on 11 February 2020.

Please send your comments to ESOS-PolicyTeam@education.gov.au.

ESOS agencies' CRICOS regulatory responsibilities

Department of Education

National oversight and coordination of regulatory activity

- Cross/multi-sectoral issues such as student experience and education agents.
- Visa integrity and risk management liaison with the Department of Home Affairs.

Systems and Data Functions

- Maintenance of IT systems (PRISMS & CRICOS)
- IT Security
- Interface with Home Affairs' systems
- Data sharing with regulators and other Commonwealth portfolios and stakeholders

ESOS agencies have the final decision making power to register a provider on CRICOS. Wherever possible, each provider should have only one regulator for:

- Managing registration and accreditation
- Assessing risk
- Compliance monitoring and enforcement

Higher Education

ESOS agency: TEQSA

- Higher education providers
- Foundation Program providers
- Providers of ELICOS courses leading to higher education

Vocational Education and Training (VET)

ESOS agency: ASQA

- Registered Training Organisations
- Standalone ELICOS providers
- Providers of ELICOS courses that lead to a VET course

School Education

ESOS agency: Dept. of Education, with advice from Designated State Authorities (DSAs)

- Schools
- Providers of ELICOS courses that lead to school education

Overseas Student Ombudsman

Functions relating to private education providers.