



Education Services for Overseas Students (Registration Charges) Amendment Bill 2011

Questions and Answers

Why are these amendments being introduced?

The ESOS Review, conducted by the Hon Bruce Baird AM recommended a number of changes to the ESOS legislative framework to strengthen the international education sector.

These amendments represent the Government's response to the Review recommendations relating to registration charges payable by education providers. The Government's response to the remaining recommendations will be considered in the coming months.

Annual Registration Charge

Why is the Annual Registration Charge (ARC) being rebased?

The ESOS Review included recommendations for regulators to adopt a risk assessment and management approach to the registration of education providers delivering courses to international students, including the costs to apply at registration and throughout the period of registration. In light of these recommendations and changes in the international education sector since the ARC was last amended in 2007, including a substantial increase in student enrolment numbers, it is appropriate to revisit ESOS registration charges.

What is the financial impact of the rebased ARC on the international education sector?

The rebasing of the ARC will result in the charges paid by education providers registered on the Commonwealth Register for Institutions and Courses for Overseas Students (CRICOS) reducing from \$15 million in 2011 to approximately \$7 million in 2012.

Does the rebased ARC mean all international education providers will pay less?

Overall there will be a reduction of approximately \$8 million in the level of the ARC for the sector as a whole and many existing international education providers will see their ARC reduced.

How will the ARC be determined for individual providers?

The new annual registration charge payable from 2012 is comprised of four components:

- \$1,300 base fee; plus
- \$10 per student enrolment per year; plus
- \$100 for each course registered on CRICOS; plus
- \$1000 payable only by a provider against whom the Minister has imposed sanctions for non-compliance under section 83 of the ESOS Act in the past 12 months.

Do providers delivering short duration courses have to pay the full student enrolment charge?

Flexibility is afforded for providers that routinely offer courses of less than 13 weeks duration with the introduction of a new provision to count each student enrolled in such a course at any time during the year as a quarter of an enrolment. This represents a reduction from the current half an enrolment charge for a course of less than 26 weeks.

Will all providers pay each component of the ARC?

A regulation-making power has been introduced to allow the registration charges to be varied for different classes of providers on the basis of their risk profile. Under this proposal providers deemed to present a significantly lower risk to the market may pay a lesser amount or be exempt from the requirement to pay components of the registration charges. It is expected that any providers qualifying for a variation will be subject to rigorous additional quality control processes.

How was the structure of the rebased ARC determined?

The rebased ARC was developed based on actuarial advice incorporating a number of established factors. The ARC formula is transparent and education providers will be easily able to see how it was calculated.

Will individual providers have an opportunity to question their ARC?

The calculations for the ARC will be confirmed with individual providers before being levied as they are now.

How is the ARC used?

Consistent with Australian Government Cost Recovery Policy, revenue raised through the ARC contributes to:

- maintaining and developing database applications to support administration and enforcement of the ESOS Act and *Migration Act 1958*, including CRICOS which allows education providers to offer courses to overseas students; and
- ongoing registration, regulatory supervision, compliance and enforcement activities of CRICOS registered providers.

Is the ARC inclusive of charges imposed by the national regulators?

No. Charges imposed by national regulators reflect fees for functions previously undertaken by state and territory authorities. The ARC has always been and will remain independent of these charges.

Entry to market charge

What is the entry to market charge?

The entry to market charge replaces the current initial registration charge and is payable annually in each of the first three years of CRICOS registration.

Who will pay the entry to market charge?

The entry to market charge will generally be payable by providers seeking their first registration, and on providers whose registration has been cancelled or, in some cases, expired.

How much is the entry to market charge?

Providers seeking registration on CRICOS are liable to pay three entry to market charges:

- \$7,500 at the time the provider first becomes registered;
- \$5,000 on the first anniversary of the day on which the provider was registered; and
- \$2,500 on the second anniversary of the day on which the provider was registered.

Why is the entry to market charge so much higher than the previous initial registration charge?

The entry to market charge has been designed to more accurately recoup the additional costs associated with new applications for registration and the additional supervision required by providers with a shorter history of registration. Evidence suggests that these providers present a greater risk to the sector, so the new entry to market charge will enable better targeting of compliance efforts and shift the regulatory burden to those providers with the greatest risk to quality, the student experience and the reputation of the sector as a whole.

Will all providers pay the entry to market charge?

As for the ARC, a regulation-making power has been introduced to exempt certain providers from the requirement to pay the entry to market charge. Exemptions would be made on the basis of a providers risk profile and it is expected that any providers qualifying for an exemption will be subject to rigorous additional quality control processes.