

30 October 2019

Committee Secretary
Senate Education and Employment Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Email: eec.sen@aph.gov.au

Dear Committee Secretary,

RE: EDUCATION LEGISLATION AMENDMENT (TUITION PROTECTION AND OTHER MEASURES) BILL 2019

The Institute of Internal Auditors-Australia (IIA-Australia) would like to make a public submission to this inquiry.

Given the short notice period for comment, IIA-Australia's submission will be brief and to the point.

The current proposed amendments in The Education Legislation Amendment (Tuition Protection and Other Measures) Bill 2019 will not provide equity for all students and discriminates against non-Fee-Help tuition paying students such as those studying with IIA-Australia.

We therefore recommend the Bill be amended to include non-Fee Help students within the Tuition Protection Service (TPS).

Our supporting comments are outlined below.

Background

IIA-Australia was established in Sydney in 1952 with chapters in Melbourne, Canberra and Brisbane following. In 1986 the Australian chapters successfully petitioned the global organisation to become a national institute.

IIA-Australia provides services including:

- standards, guidance and information on internal auditing best practices;
- professional development activities, training and certification;
- upholding internal audit standards by undertaking quality assurance services;
- advocating, promoting and publicising the profession to industry professionals in the public and private sectors, and universities;
- contributing to the global profession with representation on international committees and the global board; and
- membership support services.

The IIA-Australia is also a registered higher education provider and is a member of Independent Higher Education Australia (IHEA). The Institute offers the Graduate Certificate in Internal Auditing

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(GradCertIA), which is an accredited postgraduate professional education program for those seeking to establish or further a career in internal audit, governance and risk.

IIA-Australia as a member of IHEA agrees to follow the Code of Good Practice.

The Code states where a course of study is to be discontinued for any reason, IHEA members will either enable students to complete their enrolled course, offer enrolment in a similar course leading to a similar award or assist transfer to another higher education provider offering a similar course. If such arrangements are not possible, the IHEA member must repay all tuition fees and student contributions for uncompleted units of study as required by legislation.

IIA-Australia as a member of the IHEA is committed to the welfare of its students.

The GradCertIA program is designed to impart fundamental knowledge and skills in the field of internal auditing and is relevant across the corporate, government and not-for-profit sectors. The program is fully accredited by the Tertiary Education Quality and Standards Agency (TEQSA) in accordance with the Australian Qualifications Framework.

Over the seven years' the Institute has offered the program, 212 have graduated. The GradCertIA qualifies graduates to undertake professional work in the field of internal auditing. It also provides a pathway to Professional Membership with IIA-Australia and supports IIA-Australia's aim to develop a fully qualified profession.

It's the Institute's view that the institutional environment has changed quite dramatically in the last decade with internal auditing becoming a critical factor in the governance frameworks of private and public sector organisations.

The Education Legislation Amendment (Tuition Protection and Other Measures) Bill 2019 is designed to protect VET and Fee-Help students when providers fail.

The IIA-Australia is only one of a few not-for-profit professional associations that deliver TEQSA approved qualifications for students. It would be accurate to say that many of the Institute's students are already qualified in some other field, and do not enter the program direct from high school or universities. Virtually all are working in the profession and seek to improve their internal auditing qualifications.

1. Equity in protection

The current proposed amendments in The Education Legislation Amendment (Tuition Protection and Other Measures) Bill 2019 will not provide equity for all students and discriminates against non-Fee-Help tuition paying students.

The intent of the Bill is to implement a new tuition protection model for students participating in the VET Student Loans Program, and students who are in receipt of Fee-Help or HECS Help assistance for higher education studies, the Explanatory Memorandum states.

But there is no explanation why Fee-Help and VET students should be given protection while other students are simply ignored.

All students should be given protection.

All students under a government managed Tuition Protection Service are protected and the high costs and uncertainty of coverage from private insurers are removed.

TEQSA's Threshold Standards require higher education providers to carry Tuition Protection Insurance in the unlikely event that the provider fails.

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Level 7, 133 Castlereagh Street, Sydney NSW 2000 | PO Box A2311, Sydney South NSW 1235

T +61 2 9267 9155 F +61 2 9264 9240 E enquiry@iia.org.au www.iia.org.au

ABN 80 001 797 557

We therefore recommend that full fee-paying students also be given protection under the Education Legislation Amendment (Tuition Protection and Other Measures) Bill 2019, and allow the Institutions that provide educational services to consider government levies, if imposed at reasonable levels, as opposed to being exposed to the uncertainty of private insurers, who are reluctant to extend the tuition assurance scheme for 2020.

2. Regulatory burdens

The Education Legislation Amendment (Tuition Protection and Other Measures) Bill 2019 also recommends setting up an advisory board and an appointment of a director to oversee reforms.

It is unclear with this new regime whether IIA-Australia will have to report to Department of Education and Training, TEQSA, the new body HELP Tuition Protection Fund Advisory Board and Director, or all of them. This is in addition to annual Provider Information Request reporting to TEQSA and the Department of Education as is currently the case.

3. The Market

The Australian Government's Tertiary Education Quality and Standards Agency's (TEQSA) Key Risk Findings Report (July 2019) on Australia's higher education sector grouped providers into three broad categories:

- For-profit providers
- Not-for-profit providers (includes Technical and Further Education providers)
- Universities

The report shows that 87 providers were rated Low Risk to students comprising mainly universities (42.5%) and not-for-profit providers (42.5%), followed by a small percentage of for-profit providers (14.9%).

Only a small percentage of providers (7.3%) were assessed as posing a High Risk financially. In fact, in the not-for-profit sector more than half the providers were rated as Low Risk, followed by 39.6% assessed as a Moderate Risk, and only 5.7% were rated as High-Risk, according to TEQSA's Key Risk Findings Report.

The for-profit and not-for-profit sectors had very different approaches to academic staffing, whereby a higher percentage of for-profit providers were found to be High Risk in relation to Student-Staff Ratio (23.2%) and academic casualisation (33.9%) compared with not-for-profit providers (7.4%; 5.5%).

TEQSA conducted 168 risk assessments in its sixth risk cycle. There were 87 providers that were rated Low Risk to students, 46 rated Moderate Risk to students, and 21 rated High Risk to students.

That 67.3% of not-for-profit providers were rated as Low Risk to students with a slightly increased risk levels in the financial position.

IIA-Australia's program is rated Low Risk by TEQSA.

But the difficulty is that despite being a Low Risk to students, there is no guarantee from private insurance providers that they will continue to provide Tuition Assurance insurance in 2020, which could leave IIA-Australia non-compliant with TEQSA's Threshold Standards.

4. Rising costs of insurance

IIA-Australia is currently a party to a Tuition Assurance Agreement with the Australian Council for Private Education and Training (ACPET), which costs \$4,377.20 plus GST and expires in December 2019 with no guarantee of continuance.

Insurance costs have more than doubled since 2013 where tuition protection insurance costs under our previous provider were around \$2,100.

Members of the ACPET (renamed Independent Tertiary Education Council Australia) has advised that they are yet to decide whether to offer tuition protection scheme for 2020, which means any coverage may be even more expensive or non-existent. This is the only TEQSA approved scheme available to us.

5. Recommendation

We recommend that the current proposed amendments in the Education Legislation Amendment (Tuition Protection and Other Measures) Bill 2019 include non-Fee Help students within the Tuition Protection Service.

About the Institute

The Institute of Internal Auditors (The IIA) is the global professional association for internal audit practitioners, with global headquarters in the USA, and with Institutes throughout the world including Australia (IIA–Australia). The IIA was established in 1941, and now has more than 200,000 members from 190 countries throughout the world, including 3,000 members in Australia.

As the chief advocate of the internal audit profession, the IIA serves as the profession’s international standard–setter, sole provider of globally accepted internal auditing certifications, and principal researcher and educator.

The IIA sets the bar for internal audit integrity and professionalism around the world with its International Professional Practices Framework (IPPF®), a collection of guidance that includes ‘The International Standards for the Professional Practice of Internal Auditing’, and the ‘Code of Ethics’ for internal auditors.

The Code of Ethics states the principles and expectations governing behaviour of individuals and organisations in the conduct of internal auditing. It describes the minimum requirements for conduct and behavioural expectations, rather than specific activities.

The International Standards for the Professional Practice of Internal Auditing issued by the Professional Standards Board of The IIA are the “Standards” governing internal auditing worldwide.

Members work in internal auditing, risk management, governance, internal control, information technology audit, education, and security.

Contact: Tony Rasman, Public Affairs Manager, Institute of Internal Auditors-Australia
tony.rasman@iia.org.au or 0418208770.

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Level 7, 133 Castlereagh Street, Sydney NSW 2000 | PO Box A2311, Sydney South NSW 1235
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