

TRANSPARENCY OF HIGHER EDUCATION ADMISSIONS PROCESSES

SUBMISSION FROM CPA AUSTRALIA TO THE HIGHER EDUCATION STANDARDS PANEL

2 June 2016

CPA Australia welcomes the opportunity to submit its views on the transparency of higher education admissions processes.

CPA Australia represents its membership of over 155,000 professional accountants. Our members work in diverse roles across public practice, commerce, industry, government and academia, throughout Australia and internationally. They are distinguished by their degree qualifications and additional education they undertake post-graduation.

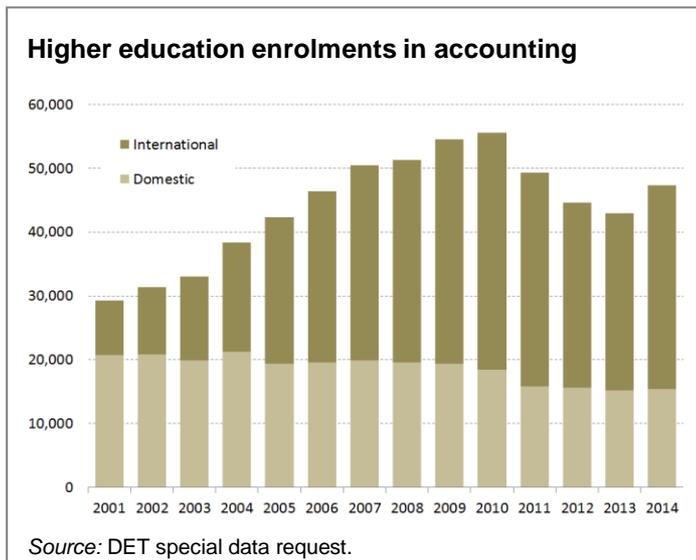
The quality of our future membership depends on the quality of their chosen pathways. In an ideal world they would have easy access to all the information required to make informed decisions regarding their study choices. In reality they have only some of the information they need. While the situation is improving, the information set upon which they are basing decisions that impact their futures is incomplete. In particular, there is no transparency around how much of what they spend on their education is invested within their chosen field of study to ensure it is an engaging and quality educational experience.

It is CPA Australia's strong recommendation that the sources and uses of funds for each field of education within each institution be tracked and made more transparent.

This submission:

- profiles the composition and growth of students studying higher education programs of accounting;
- touches on research examining the drivers of students' demands;
- evidences some worrying trends regarding the relative cost and perceived quality of Australia's accounting programs;
- suggests excessive cross-subsidisation is problematic; and
- suggests greater transparency as part of the solution.

Accounting students



In 2014 more than 47,000 students were enrolled in accounting courses.

Two out of every three of these students were international students. This follows a return to growth in recent years as visa settings, perceptions and exchange rates have all taken a turn for the better. The accounting discipline attracts the largest number of international students out of any narrow field of education in Australia.

Together all Management and Commerce fields of education account for half of the students who travel from overseas to study in Australia.

While international accounting student numbers are on their way up, domestic enrolments have been static to declining. The former is reason for cautious celebration; the latter is cause for concern.

The good news is that things can be done to both secure the growth of international student numbers and turn around the decline in domestic student enrolments. Increasing the transparency of quality indicators of teaching and learning is one of those things. To make a real difference, students' demands should be informed by knowledge of how their contributions are put to use.

Drivers of students demands

The factors influencing international student demand are well documented in recent research¹ and surveys of student mobility.² They include:

- cultural similarity, interest and lifestyle;
- quality, reputation and recognition of education institutions, course offerings and qualifications;
- student support and networks;
- costs, including cost of living, and affordability;
- work opportunities;
- visa policy settings;
- student safety and wellbeing;
- geographic proximity; and
- language of instruction.

There are worrying trends emerging on a number of these fronts. Below we touch on two – the cost and quality of accounting programs. We refer you to CPA Australia's submission on the draft national strategy for international education for a discussion on the full list.³

¹ Productivity Commission (2015) "International Education Services", Productivity Commission Research Paper, April.

² QS (2014) "A comparative study of international student choices, motivations and expectations 2009-2013," QS World Grad School Tour Applicant Survey.

³ CPA Australia and Chartered Accountants Australia and New Zealand (2015) Submission on the Draft National Strategy International Education, June.

Worrying trends

Increasing costs

The cost of education includes tuition fees, living costs, cost of educational materials such as text books, medical costs, visa costs and other expenses. Among these tuition fees, living costs and visa costs are unavoidable for students enrolled outside their countries of citizenship. For students choosing to study an undergraduate business degree, such as accounting, once these unavoidable expenses are added together, as is done in the table below, it becomes apparent that Australia is an expensive choice of study destination.

In 2011-12 Australia ranked second place behind the United States, due only to the relatively higher tuition fees in the United States. Australia is a more expensive place to live and has higher visa costs.

Malaysia and the United Arab Emirates are the least cost destinations. As Australian universities, along with the United States and elsewhere, have campuses in these countries, students may preference these countries to obtain their Australian or American degrees.

Cost of an undergraduate business degree in 2011-12

United States dollars

Country	Tuition fees	Living costs	Visa costs	Total cost
United States	29,952	11,304	140	41,396
Australia	23,541	15,237	565	39,343
United Kingdom	18,492	15,513	415	34,420
Canada	21,898	10,070	130	32,098
New Zealand	17,572	10,835	177	28,584
Malaysia	12,031	2,950	62	15,043
United Arab Emirates	13,746	7,328	136	21,210

Source: Iyanna, S. 2012, "A Comparative Cost Analysis of Undergraduate Business Degrees for International Students in Selected Countries", International Journal of Business and Management, vol. 7, no. 4, pp. 145–153.

A more recent survey by HSBC in 2014,⁴ for all fields of education combined, suggests that Australia has become an even more expensive place to study. Australia is found to be the most expensive education destination - above other tertiary heavyweights notably the United States and the United Kingdom.

Dwindling quality

High costs are defensible if quality is perceived to be high relative to the offerings of Australia's competitors.

The good news is that, with seven universities ranked amongst the top 50 providers of accounting and finance programs in the world, Australia is a strong performer. The not so good news is that its star is losing its lustre. As the table on the next page illustrates, there is one less Australian university ranked in the top 50 in 2016 than there was four years earlier. And, with the exception of the single university that crept into the top 50 in 2016, the rank of each of our top performers fell. Australia no longer has any accounting and finance programs ranked in the top 10. In 2013 and 2014 there were two. The top 10 is now exclusively the domain of United States and United Kingdom based universities.

⁴ HSBC (2014) The Value of Education: Springboard for success.

World rankings for accounting and finance

	2013	2014	2015	2016	Movement 2013 vs 2016
University of Melbourne	7	8	14	12	↓
University of Sydney	9	13	19	18	↓
University of NSW	12	10	12	13	↓
Monash University	18	20	32	24	↓
Australian National University	23	22	25	28	↓
University of Queensland	25	26	28	26	↓
University of Western Australia	44	51-100	51-100	51-100	↓
University of Adelaide	50	47	51-100	51-100	↓
University of Technology Sydney	51-100	51-100	51-100	49	↑

Note: There are other Australian Universities in the 51-100 category. The purpose of this table is to show Australian universities in the top 50 in any of the periods shown.

Source: QS World University Rankings, 2013-16.

Global indicators of quality are reflective of national measures of student experience, as indicated by the University Experience Survey. The table below captures the outcomes of the last two surveys of accounting student satisfaction. While the percentage of accounting students satisfied with most facets *prima facie* appears high, when compared to the satisfaction of students in all 45 fields of education surveyed, one gets a different picture. The satisfaction ratings for accounting students rank amongst the bottom 15 fields across all facets.

Accounting student satisfaction

	2014		2015		Direction of change in rank 2014-2015
	Percent students satisfied	Rank relative to all 45 FOE	Percent students satisfied	Rank relative to all 45 FOE	
Skills development	76	39	76	41	↓
Learning engagement	50	43	50	43	→
Teaching quality	79	32	77	35	↓
Student support	71	31	69	33	↓
Learning resources	83	33	81	40	↓
Overall experience	78	30	76	37	↓

Source: Graduate Careers Australia and the Social Research Centre, 2015 and 2016.

The score and ranking of learning engagement is particularly low: only half of accounting students are satisfied, ranking this facet a dismal 43rd out of the 45 fields. This result clearly does not bode well from either a domestic or international student experience perspective, in particular when reputation is largely a function of external indicators and word of mouth.

While the satisfaction and ranking of learning engagement has not got any worse over the two survey periods, neither has it got any better. In all other cases the rankings have got worse.

Unless Australian providers lift their game, and invest the gains back into addressing the engagement and quality of their accounting programs, students, whether local or from overseas, will increasingly preference the offerings of traditional and emerging markets.

Excessive cross-subsidisation

A report released late last year by independent think-tank, the Grattan Institute, looks into the practice of universities topping up their funding for research from surpluses from teaching.⁵ The report's authors estimate that universities earn up to \$3.2 billion more from students than they spend on teaching. Commerce courses contribute the largest share of these teaching surpluses – an estimated \$900 million – due to the high number of full fee paying international students they attract.

Today's students are mobile and discerning consumers of higher education, spoilt for choice in the international education marketplace. To maintain and grow their number and calibre necessitates investments aligned to their preferences for high quality education services that advance learning, engagement and employability.

The practice of higher education providers to appropriate most of the revenue earned by schools of accounting to other areas in their institutions is undermining this investment and potential.

While some level of cross-subsidisation is to be expected, we understand that the extent in many instances is excessive. As evidenced by the discussion above, it is undermining quality.

Transparent sources and uses of funds

CPA Australia supports the intent of consulting on the transparency of higher education admissions processes and making comparable information available to assist potential students and their parents make informed decisions about their study choices. This not only benefits students and their parents, but institutions, as in this environment study choices send a powerful signal of what is valued.

While students and parents have an interest in performance, they also want to know they are getting value for money. That requires greater transparency and accountability regarding how the fees they pay are spent to improve the quality of students' educational experiences.

Information on the sources and uses of university funding need to be tracked more carefully and this information made publicly available. This will serve to better inform student and parent choices, university decision making, and the Government's monitoring of its higher education policy settings.



Rob Thomason
Executive General Manager, Education
CPA Australia

⁵ Norton, A and Cherastidhas, I (2015) The cash nexus: how teaching funds research in Australian universities, Grattan Institute, November.