Surge in third-parties is like the ‘wild west’

By Julie Hare,
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Cost pressures have driven a huge rise in universities’ use of third-party groups to deliver courses but the resulting regulatory issues have been overlooked due to lack of transparency, erratic nomenclature and wildly inconsistent reporting, a new report has found.

The study for the National Centre for the Study of Equity in Higher Education found that, in five universities that use third-party teaching arrangements the most, domestic student enrolments increased from only 718 in 2013 to 14,663 in 2016, and one in every five undergraduates is taught by a third party.

The researchers from La Trobe University say enrolments are likely markedly higher still this year and that they did not ascertain the extent to which such arrangements were being used for international students because it was outside the parameters of their study.

The report comes as Charles Sturt University is dealing with a damning assessment from the Tertiary Education Quality and Standards Agency over its use of a third-party company, Study Group Australia, to deliver courses at study centres in Melbourne, Sydney and Brisbane. The regulator initially banned the university from enrolling any new students in these courses but lifted this condition after further discussions and investigation.

However, CSU has had its re-registration timeframe reduced to four years from seven and TEQSA has told the university there are five other areas of concern where it must satisfy the regulator that requirements are being met.

The CSU situation could be just the tip of the iceberg, but there is no way of getting a clear picture of what is going on in third-party arrangements.

Report lead author Matt Brett, who is now director of academic governance and standards at Deakin University, said the report set out to understand equity performance in third-party and non-university providers.
But the researchers found it was almost impossible to get a clear understanding of student enrolment patterns and performance. At least half the report was subsequently devoted to the need for clearer reporting and regulatory oversight of this area.

“We are dealing with a kind of wild west when trying to understand aspects of university-quality assured activities through these other entities,” Mr Brett said.

To identify students going through third-party arrangements, the researchers had to undertake an “elaborate filtering exercise”. It involved going to each university website to see if it had a policy, searching for any funding agreements that referenced third-party arrangements, finding any listed expenditure in its annual reports for third parties, and then trawling through handbooks of the providers of those courses.

The researchers then cross-referenced the information they dug up with that provided by the Department of Education.

“It’s a very convoluted way to get any transparency on a part of the sector that is growing very quickly,” Mr Brett said.

The report found 22 of Australia’s 38 universities had a policy pertaining to third-party delivery, but noted there might be financial payments to third parties in the remaining 15 but it was not possible to discern that from available financial information.

“Given the variety and lack of clarity in the nomenclature, it is not possible to say definitively that (identified) recorded expenses relate exclusively to engaging third parties in course delivery,” the report says. “Notwithstanding this limitation … $280 million was paid to third-party education providers by seven institutions in 2016, amounting to 10 per cent of their total operating expenses.”

It notes that at CSU and Swinburne, payments to third parties increased dramatically during the five years to 2016, “providing further evidence for the claim that such practices are increasing”.

The report shows that in 2016, CSU had the second highest payment to “contract tuition services” after Swinburne. CSU’s payments totalled $81m or 16 per cent of revenue, up from $22m in 2012.
Swinburne, which outsources the running of its Swinburne Online operation to Seek, paid $105m in 2016 — or 18 per cent of revenue — up from $13.5m in 2012.

When asked if it was concerned about lack of transparency and reporting around third-party providers, a TEQSA spokeswoman said the regulator “has been and remains actively involved in regulating this space”.

However, Mr Brett said there was a live question about whether the department or TEQSA had “access to data about these arrangements at any specific point in time through which it can hold them to account”.

He said most third parties were not registered with TEQSA and the Higher Education Information Management System held zero information on third-party arrangements.