

# TEQSA fees and charges consultation paper response

25 September 2023

## Introduction

Universities Australia (UA) welcomes the opportunity to provide feedback on TEQSA's cost recovery model, fees and charges consultation paper.

UA is the peak body representing Australia's 39 comprehensive universities. Our member universities span the length and breadth of Australia. Together, they educate around one and a half million students each year, undertake significant research and development activities, and engage globally to grow Australia and the world's knowledge base while supporting our nation's economic and social wellbeing.

While now a mechanism of Government, UA has previously raised concerns about the imposition of the new annual registration charge (i.e., a levy) without any mechanism to consult with TEQSA on the activities funded through the levy. It remains unclear why universities, which are considered low-risk, publicly funded, not-for-profit institutions should be levied for TEQSA's activities that do not directly affect them despite the public benefit universities bring to the communities they serve. It also remains unclear why public funding for teaching and research should be re-directed to cover these activities. Resolving this lack of clarity could be achieved through more robust and transparent public reporting on the use of public funds used for the Cost Recovery Implementation Statement (CRIS) arrangements.

In general, the consultation paper provides updated costings for each of the CRIS activities. However, it is unclear how these outcomes were derived, the data used to arrive at these outcomes and the methodology used to evaluate CRIS activities. Without this information, it is difficult for consultation respondents to provide feedback on how the costs TEQSA uses were arrived at through its internal review of the CRIS. As it stands, changes to costings, and the data underpinning the costings, remains unclear.

UA makes several key recommendations for TEQSA's consideration that will help the sector understand the rationale behind current and future changes to the CRIS and which will help alleviate concerns around use of public funding given to universities to pay for regulatory purposes.

## RECOMMENDATIONS

UA recommends TEQSA provide clear and transparent detail of the methodology used as part of the costing review to allow providers to understand the cost changes, both increases and decreases, and the rationale for applying these changes to the various aspects of the CRIS.

Reporting of CRIS activities should be made transparent in TEQSA's annual reporting and should be itemised to demonstrate use of public funds for CRIS.

TEQSA ensures that the Compliance Report clearly articulates the need and actions taken by TEQSA regarding investigations and compliance enforcements to clarify the uncertainties associated with the use of public funds.

Non-core regulatory activities should be funded through TEQSA's existing operational budget as opposed to using the CRIS to gain funding from the sector, especially in cases where these activities have not been consulted with the sector prior to actioning, e.g., guidance documents.

## Registered Higher Education Provider (RHEP) charge

As UA has previously noted, TEQSA undertakes a range of activities that are beyond its core regulatory functions, such as quality improvement, building communities of practice and providing advice on good practice to the sector. As these activities are beyond the objects and principles conferred on TEQSA by its establishing Act, they should not be funded by providers on a compulsory basis. These activities – as well as other regulatory activities, such as concerns and complaints, risk assessments and guidance on Standards – should be funded from TEQSA's budget. Costs for which providers are not directly responsible should not be shifted onto providers.

As the CRIS uses funding from providers – *public* funding for some providers, including UA's members – it is essential to ensure transparency in how the costings have been determined. Providing the methodology and activity costings for how TEQSA arrived at each of the costs is, therefore, important in communicating activity costs and what universities are paying for through the CRIS.

In the consultation paper, TEQSA notes the proposed charge increase reflects three key outcomes:

1. TEQSA identifying that the 2022 version of the CRIS over-estimated unrecoverable charges, resulting in TEQSA not recovering costs for some sector-wide regulatory activities.
2. The strengthened delivery of TEQSA's regulatory and quality assurance services to the sector over the past 12 months, including risk assessments, development of guidance materials and educational activities.
3. Ongoing investments by TEQSA to reform their regulatory approach, including the development of a revised regulatory risk framework, to reduce the future burden of regulatory activities while ensuring risks are effectively identified and managed.

Regarding outcome one, it is necessary to provide the methodological underpinning and relevant data that informed these changes as they are public funds.

Regarding outcome two, it would be worthwhile for TEQSA to provide data on each of these strengthened regulatory and quality assurance activities as part of providing its methodology for the first outcome. This will help clearly articulate the cost-benefit of these activities to sector applicability and uptake. For low-risk providers, it is unclear what the benefit of these activities is, and why these providers should be covering the costs for these activities.

Regarding outcome three, UA notes these investments are a core function of TEQSA's objects under the TEQSA Act as a regulator, are considered business-as-usual activities and should be funded within its existing operational budget, not drawn from cost recovery activities.

The proposed changes to the compliance and conditions monitoring from \$8375 per condition to \$4100 per condition is welcomed. However, providing the rationale (as part of the overall CRIS methodology) for the change would support a greater understanding of the difference of TEQSA's work, which uses provider funding for its activities.

## Application-based fees

As with the RHEP charge, providing the methodology and rationale for the changes to other fees imposed by TEQSA is necessary to allow impacted providers to provide feedback on the proposed changes. This is especially important in efforts by both TEQSA and providers to reduce administrative costs, improve efficiencies wherever possible and create a more streamlined regulatory environment. Understanding the rationale upon which these decisions have been made could help support providers to address internal issues. This would in turn have a positive effect on the CRIS and expenses incurred by TEQSA for application and compliance-related issues.

UA welcomes the reduced costs for applications for new campus locations made under the ESOS Act. For Self-Accrediting Authorities (SAA), namely UA members, this change is a positive development and welcomed by UA members. However, it is unclear why the rationale for reduced costs for SAA members for adding a location to its registration isn't also applied to other CRIS activities. As low-risk providers, the reduced application fee for applications made under the ESOS Act reflects the integrity of SAA providers and confidence in their ability to continue without significant risk. Therefore, it is unclear why this rationale has not been applied to registration renewal and accreditation.

## CONCLUSION

While TEQSA is legislated to undertake the activities contained in the CRIS, ensuring transparency in its publicly funded activities, particularly regarding changes to costs year-to-year, are necessary for ensuring a complete understanding between TEQSA and the higher education sector as to how costs are calculated. Currently, it is unclear why these costs have been calculated and then changed, so feedback on the changes provisioned within this consultation paper will be limited.

To support greater transparency in TEQSA's CRIS, which uses public funding from not-for-profit higher education providers, UA recommends TEQSA release its methodology for the

costing and review exercises, the rationale applied to the base costings and how these costing have been cost-benefited across all of its activities that affect different risk providers. Lastly, TEQSA's non-core activities, such as the development of policy and guidance documents (which are not core components of the founding Act) should come out of its compulsory budget and not be procured from sector funds, especially in cases where the sector has not been consulted on the need for such documents.

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