



Proposed public release of key financial metrics on TEQSA registered higher education providers

Consultation Paper

November 2015

Responding to this paper

Responses to the consultation questions posed on **page 3** of this paper, and other relevant feedback, are requested via email to consultation@teqsa.gov.au.

Submissions close at **5.00pm on 15 January 2016**.

Interested parties can also email consultation@teqsa.gov.au with queries about this paper, or to seek clarification of the consultation questions.

Please note that TEQSA intends to publish a summary report of submissions received. If you do not wish your submission to be published in full or in part, please indicate this in your response. TEQSA may alter the format or content of submissions before they are published, or decline to publish particular submissions, having regard to the requirements for Australian Government websites.

Background and purpose

TEQSA is committed to ensuring that key stakeholders in Australia's higher education sector have access to relevant information to better inform decision making. As part of its quality assurance activities, TEQSA analyses and collates a range of provider data including provider financial data.

As part of its continuing sector engagement TEQSA held a series of roundtable discussions with providers during August and September 2015. A key theme to emerge from the discussions was the release of selected sector data held by TEQSA which elicited broad sector support. TEQSA undertook to consult with the sector prior to the release of data.

A separate, broader consultation with the sector will be undertaken in 2016 following the development of a position paper on TEQSA's approach to the publication of risk and assessment outcomes.

To inform the public release of key financial metrics on TEQSA registered higher education providers, TEQSA invites comments from stakeholders on the proposal outlined in this paper. The proposal aims to enhance and improve the level of publically available financial information on the higher education sector with a view to better informing decision making by sector stakeholders.

Proposed public release of key financial metrics

TEQSA's approach in devising the proposed public release of key financial metrics has been guided by two underlying principles:

- ▶ To enhance and improve the level of publically available financial information on the higher education sector; and
- ▶ To protect the confidentiality of providers' data through the release of data in an aggregated and de-identified form.

Key financial metrics

As part of its annual assessment, TEQSA assesses financial viability and sustainability against a range of ten commonly accepted financial metrics. It is proposed that the following metrics will be made public in an aggregated and de-identified form:

- ▶ Revenue: major sources and concentration;
- ▶ Expenditure: staff spending;
- ▶ Profitability: net profit/surplus and Earnings Before Interest Tax, Depreciation and Amortisation (EBITDA);
- ▶ Physical resourcing: asset replacement; and
- ▶ Liquidity.

Further detail on the methodology used by TEQSA to calculate the metrics can be found in [TEQSA's Risk Assessment Framework](http://www.teqsa.gov.au/sites/default/files/publication-documents/TEQSARiskAssessFramework_2.pdf) (http://www.teqsa.gov.au/sites/default/files/publication-documents/TEQSARiskAssessFramework_2.pdf).

Provider groupings

In order to protect the confidentiality of providers, it is proposed that the key financial metrics outlined above will be released based on two broad provider groupings, Provider Type and Provider Size:

Provider type

- ▶ University;
- ▶ Non-University Higher Education Providers - For-Profit;
- ▶ Non-University Higher Education Providers - Not-For-Profit; and
- ▶ Pathway - For-Profit and Not-For-Profit.

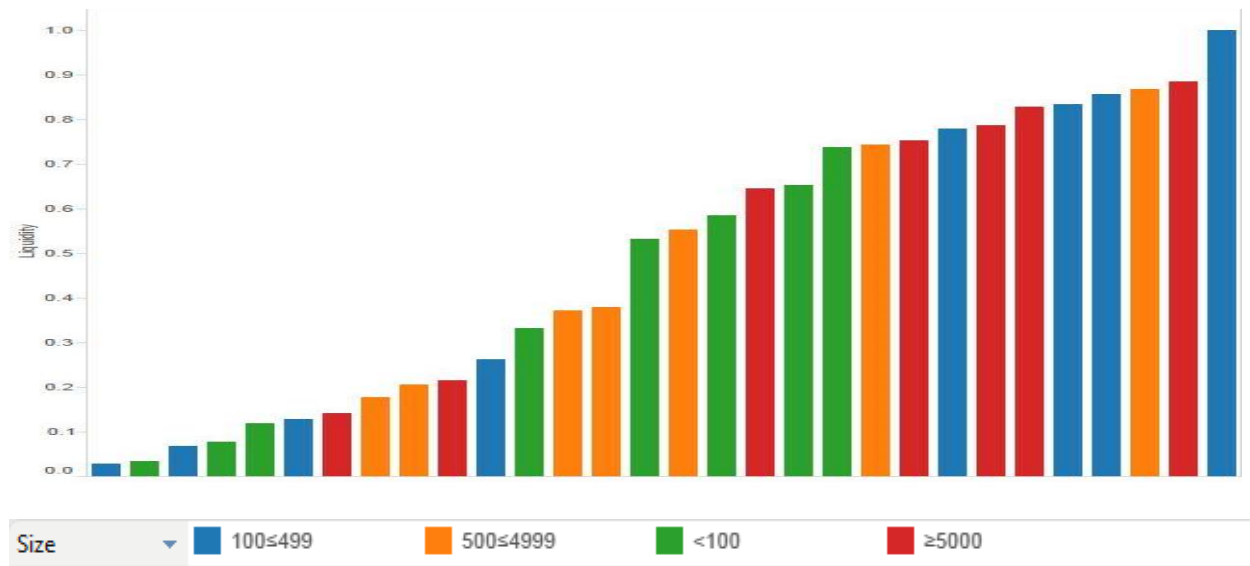
Provider size (total EFTSL)

- ▶ < 100 EFTSL;
- ▶ $100 \leq 499$ EFTSL;
- ▶ $500 \leq 4,999$ EFTSL; and
- ▶ $\geq 5,000$ EFTSL.

Presentation of metrics

It is proposed that for each metric and provider grouping (type and size) a distribution chart and table with distribution statistics be presented. Examples of the proposed charts and tables are outlined below:

Figure 1: Example Distribution chart¹



¹ Example chart is by provider size. A distribution chart is also proposed by provider type. Each column represents a provider.

Table 1: Example Distribution Statistics table²

	Minimum	First quartile	Median	Third quartile	Maximum
<100	xx.x%	xx.x%	xx.x%	xx.x%	xx.x%
100 ≤ 499	xx.x%	xx.x%	xx.x%	xx.x%	xx.x%
500 ≤ 4999	xx.x%	xx.x%	xx.x%	xx.x%	xx.x%
≥5000	xx.x%	xx.x%	xx.x%	xx.x%	xx.x%
HE sector	xx.x%	xx.x%	xx.x%	xx.x%	xx.x%

Consultation questions

- ▶ **Question 1:** Does your organisation support the proposed public release of key financial metrics? If not, why, and what changes would you propose?
- ▶ **Question 2:** Are the proposed metrics appropriate for public release in a de-identified, aggregated manner? If not, why, and what changes would you propose?
- ▶ **Question 3:** Do you support the proposed provider groupings based on provider type and provider size? If not, why, and what changes would you propose?
- ▶ **Question 4:** Do you support the proposed presentation of the metrics in chart and table format? If not, why, and what changes would you propose?

² Example table is by provider size. A table is also proposed by provider type.

Consultation process

This paper is being made available on TEQSA's website (www.teqsa.gov.au) and has been sent directly to peak bodies representing private providers, universities and TAFE providers.

Responses to the questions posed in this paper, and other relevant feedback, can be provided through the following email address consultation@teqsa.gov.au.

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