



Australian Government

Tertiary Education Quality and Standards Agency

# TEQSA

ANNUAL REPORT

.....  
2013-2014



**TEQSA Annual Report 2013–14**  
**ISSN 2200-9671**



With the exception of the Commonwealth Coat of Arms, TEQSA's logo and any material protected by a trademark and where otherwise noted, all material presented in this document is provided under a Creative Commons Attribution 3.0 Australia licence ([creativecommons.org/licenses/by/3.0/au](http://creativecommons.org/licenses/by/3.0/au)).

The details of the relevant licence conditions are available on the Creative Commons website (accessible using the links provided) as is the full legal code for the CC BY 3.0 AU licence ([creativecommons.org/licenses/by/3.0/au/legalcode](http://creativecommons.org/licenses/by/3.0/au/legalcode)).

The document must be attributed as the *TEQSA Annual Report 2013–14*.

**CONTACTS**

More information about the Tertiary Education Quality and Standards Agency can be found on its internet homepage at [teqsa.gov.au](http://teqsa.gov.au). An electronic version of this annual report is available at [teqsa.gov.au/news-publications/annual-reports/2014](http://teqsa.gov.au/news-publications/annual-reports/2014).

Comments and enquiries about this report may be directed to:

Director, Communications and International  
Tertiary Education Quality and Standards Agency  
Level 14/530 Collins Street  
MELBOURNE VIC 3000

T: 1300 739 585  
F: 1300 739 586  
E: [enquiries@teqsa.gov.au](mailto:enquiries@teqsa.gov.au)

**ACKNOWLEDGEMENTS**

This report reflects the efforts of many people. Special thanks go to the TEQSA staff involved in contributing and coordinating material.



The Hon Christopher Pyne MP  
Minister for Education  
Parliament House  
Canberra ACT 2600

Dear Minister

I have pleasure in presenting to you the annual report of the Tertiary Education Quality and Standards Agency (TEQSA) for the year ended 30 June 2014.

TEQSA's annual report has been prepared in accordance with section 63 of the *Public Service Act 1999* and section 165 of the *Tertiary Education Quality and Standards Agency Act 2011* (TEQSA Act). Subsection 165(1) of the TEQSA Act requires the report to be provided to you for presentation to Parliament.

The report has been prepared in compliance with the *Requirements for Annual Reports*, approved by the Joint Committee of Public Accounts and Audit, which apply to prescribed agencies under section 5 of the *Financial Management and Accountability Act 1997*. These requirements include the presentation of a copy of the report before each House of Parliament on or before 31 October in the year in which the report is given.

In addition, I certify that TEQSA:

- (a) has prepared fraud risk assessments and fraud control plans
- (b) has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet the specific needs of the Agency; and
- (c) has taken all reasonable measures to minimise the incidence of fraud in the Agency, and to investigate and recover the proceeds of fraud against the Agency.

This report describes the progress made over the course of 2013–14 to advance national regulation and quality assurance of the higher education sector. The work continues with my fellow Commissioners, the staff of TEQSA and a range of stakeholders in the higher education sector.

Yours sincerely

Ms Dorte Kristoffersen  
A/Chief Executive Officer  
5 September 2014

# CONTENTS

Letter of transmittal	i
About this report	iv
<hr/>	
<b>SECTION 01: REVIEW BY THE ACTING CHIEF COMMISSIONER</b>	<b>1</b>
Review by the Acting Chief Commissioner	2
<hr/>	
<b>SECTION 02: AGENCY OVERVIEW</b>	<b>7</b>
Roles and functions	8
Outcome and program structure	9
TEQSA Commissioners	10
Executive	14
Functional groups	14
Organisational structure	15
<hr/>	
<b>SECTION 03: PERFORMANCE REVIEW</b>	<b>17</b>
Performance review	18
Objective 1: Assure the quality of Australian higher education	30
Objective 2: Support the capacity of the sector to understand the nature of compliance with the Higher Education Standards Framework and ESOS requirements	40
Objective 3: Operate as an innovative and expert regulator	46
<hr/>	
<b>SECTION 04: MANAGEMENT &amp; ACCOUNTABILITY</b>	<b>53</b>
Corporate governance	54
Human resources	58

<hr/>	
<b>SECTION 05: FINANCIAL REPORT</b>	<b>63</b>
Independent Auditor’s report	64
Statement by the Chief Commissioner and Chief Financial Officer	66
Financial statements	67
<hr/>	
<b>SECTION 06: APPENDICES</b>	<b>119</b>
Appendix A: Summary of resources	120
Appendix B: Staffing profile	122
Appendix C: Freedom of information	123
Appendix D: Ecologically sustainable development and environmental performance	123
Appendix E: Advertising and market research	123
Appendix F: Workplace health and safety	124
Appendix G: Complaints handling	124
Appendix H: Changes to disability reporting in annual reports	125
Appendix I: Risk indicators, description of risk, and links to Threshold Standards	126
Appendix J: Setting standards	128
Appendix K: Engagement with stakeholders	129
Appendix L: Involvement in international forums and dialogues	132
<hr/>	
<b>SECTION 07: INDICES AND REFERENCES</b>	<b>135</b>
Compliance index	136
Acronyms	140
Glossary of terms	142
Alphabetical index	146

# ABOUT THIS REPORT

This report informs The Hon Christopher Pyne MP, Minister for Education, the Parliament of Australia; the Australian higher education community; and the general public about the performance of the Tertiary Education Quality and Standards Agency (TEQSA or the Agency) during the financial year ending 30 June 2014.

Prepared according to parliamentary reporting requirements, the report describes TEQSA's achievements against the goals set out in TEQSA's 2013–14 Portfolio Budget Statements and Portfolio Additional Estimates Statements. It provides information on TEQSA's performance in relation to its stated outcome:

*[To] contribute to a high-quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance, and dissemination of higher education standards and performance.*

**Section 1: Review by the Acting Chief Commissioner** — highlights significant issues and initiatives TEQSA has managed over the past year, as well as the Acting Chief Commissioner's perspective on current and future challenges.

**Section 2: Agency Overview** — provides information about TEQSA and its Commissioners, its roles and functions, and organisational structure.

**Section 3: Performance Review** — reports on how TEQSA performed during the reporting period against its stated outcome (above) and the program framework contained in the 2013–14 Portfolio Budget Statements for the (then) Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education portfolio.

**Section 4: Management and Accountability** — provides information on corporate governance, external and internal accountability, human resource management, financial management, purchasing, consultants and contract

management, legal services, and other activities relevant to the administration of the Agency.

**Section 5: Financial Report** — presents audited financial statements for the year ending 30 June 2014.

**Section 6: Appendices** — includes information relating to TEQSA's quality assurance and regulatory approach and its international activities, as well as reporting on TEQSA's staffing, and its performance in relation to Australian Government environmental, disability, freedom of information, and financial management outcomes.

**Section 7: Indices and References** — assists readers to locate and understand information in the annual report.

Compliance index	page 136
Acronyms	page 140
Glossary of terms	page 142
Alphabetical index	page 146



SECTION 01

REVIEW BY THE  
ACTING CHIEF  
COMMISSIONER

# REVIEW BY THE ACTING CHIEF COMMISSIONER



## A YEAR OF REFORM FOR TEQSA

In 2013–14, TEQSA moved into its third year of operation. Our first eighteen months were a learning experience for both the higher education providers and for TEQSA; we saw 2013–14 as an opportunity for change and to implement reform, building on our knowledge of and regulatory experience with over 170 diverse providers since 2012.

TEQSA's role is to monitor and contribute to the assurance of quality for all students studying at an Australian registered provider. In doing this, TEQSA must strike the right balance between maintaining quality with proportionate compliance requirements. The reforms implemented by TEQSA in 2013–14, which streamlined regulatory processes, took into account feedback from the sector and the findings of the Lee Dow/Braithwaite *Review of Higher Education Regulation*, part of the Australian Government's broader deregulation agenda.

As a result of TEQSA's reforms, during 2013–14 we:

- ▶ reduced evidence requirements for low risk providers by tailoring assessment processes
- ▶ reduced timelines for completing course accreditation and re-accreditation assessments
- ▶ reduced annual risk assessment requests for information by drawing on existing data.

The reforms also allowed us to shift our focus to initial registration applications and providers with identified risks and a track record of regulatory concern.

## THE REFORM INITIATIVES

Under TEQSA's revised Risk Assessment Framework, published in March 2014, provider risk profiles are developed and inform TEQSA's regulatory approach – that is, the level of assessment a provider receives. A provider's risk profile is determined by its history of higher education delivery, previous regulatory outcomes, and their risk assessment, which focuses on risks to students, financial position and academic risks. The latter includes an assessment of a provider's internal capability to quality assure their teaching and learning performance and outcomes.

This means that a low-risk provider seeking re-registration is asked for evidence against a reduced set of standards only. A tailored extension to these requirements may be made on the basis of higher risk. In exceptional cases, providers are assessed to the widest and deepest extent possible.

For course accreditations and re-accreditations, the reforms focused on a reduction in evidence requirements for low-risk providers, without narrowing the scope of standards considered.

The revised regulatory approach is based on the philosophy of providing guidance and support to providers to ensure that they meet the *Higher Education Standards Framework (Threshold Standards) 2011* (the Threshold Standards) and are able to develop and maintain their capacity to self-regulate.

This guidance and support is provided by a strengthening of the role of TEQSA case managers, who assist providers to understand TEQSA's regulatory approach and clarify evidence requirements. We expect the case management model will help strengthen providers' internal quality assurance capabilities over time. To further help providers understand TEQSA's approach to the Threshold Standards, TEQSA is publishing guidance notes on key regulatory topics.

While we began formally implementing these reforms in April 2014, case managers began streamlining evidence requirements for providers several months earlier. As a result, providers preparing applications due in late 2014–15 are already benefitting from the changes. This is supported by the launch of an online portal in April 2014 which allows providers to submit applications electronically, work on applications simultaneously, and upload evidence once for multiple uses.

.....

**As a result of TEQSA's reforms, during 2014 we reduced evidence requirements for low risk providers by tailoring assessment processes**

.....

## ENGAGEMENT WITH THE SECTOR

TEQSA's reform processes are a result of extensive consultation and discussion with the sector during 2013–14. The October 2013 Provider Briefing, attended by over 350 providers, allowed us to outline changes to our approach resulting from TEQSA's reform work and sector consultation. There was strong endorsement by the sector for TEQSA's reforms.

TEQSA regularly consults with the key higher education peak bodies and their members. These peak bodies are an important conduit of members' feedback. In February 2014, TEQSA hosted a workshop for peak bodies and providers interested in applying for self-accrediting authority. The feedback gathered in the workshop guided a redesign of the self-accrediting authority application process.

TEQSA's three Reference Groups were an important source of sector feedback and advice during 2013–14 on the development of key regulatory processes, including the risk framework, information and data collection, and quality assurance.

In April 2014, the Australian Government established the TEQSA Advisory Council to advise the Minister and TEQSA on ways to minimise regulatory intervention relating to Australian higher education, consistent with ensuring accountability for quality. The TEQSA Advisory Council is an important source of advice for us as we consider our future regulatory direction and further need for reform.

TEQSA is also an observer on the Higher Education Standards Panel. We participated in several consultation sessions with the panel after the draft Threshold Standards were released, and made a formal submission on the proposal.

.....  
**As a result of  
TEQSA's reforms,  
during 2014 we  
reduced timelines for  
completing course  
accreditation and  
re-accreditation  
assessments**  
.....

## OUR INTERNATIONAL WORK

TEQSA's International Strategy continued to guide our work in 2013–14, as we developed close working relationships with the regulatory and quality assurance agencies in the countries where Australian higher education providers are most active.

TEQSA plays an active role in international quality assurance forums through memberships of international networks and presentation of papers on Australian quality assurance at conferences. TEQSA is participating in the Quality Assurance of Cross-border Higher Education project sponsored by the European Association for Quality Assurance in Higher Education. This participation gives Australia an opportunity to share the extensive experience of Australian providers with cross-border education.

## OUR PEOPLE

TEQSA's staff are drawn from across the higher education sector; federal and state governments, including regulatory bodies; and private enterprise. Our staff are skilled and knowledgeable professionals who share a commitment for quality higher education.

TEQSA emphasises professional development for our staff. This serves a dual purpose – the Agency's assessment of providers continues to work effectively, and staff are able to grow their skills base.

## FINANCIAL RESULTS

TEQSA reported an operating deficit of \$1.659 million for the 2013–14 financial year. This deficit mainly comprises depreciation and amortisation expenses of \$1.657<sup>1</sup> million. The financial result for the appropriated expenses is a small deficit of \$0.002 million. This deficit is mainly attributable to recognising a provision of \$0.736 million for separation and redundancies resulting from restructuring due to budget constraints.

## REFORM IS ONLY PART OF THE PICTURE...

Along with the significant reform work and consultations undertaken in 2013–14, TEQSA continued with its ongoing regulatory work. In 2013–14, eight providers successfully applied for initial registration as a higher education provider, 41 higher education providers were re-registered, and 531 courses were accredited or re-accredited. In 2013–14, we received 332 applications. Twenty-two per cent of applications for the four major regulatory processes were completed in less than six months. This has been facilitated by the delegation of course accreditation and re-accreditation decisions to single Commissioners.

The increase in the number of decisions made in shorter timeframes reflects the introduction of our reforms and our familiarity with providers' regulatory history, all of which helps to tailor assessment processes.

Approved in  
2013–14

8 

initial registrations

41 

re-registrations

531 

courses accredited  
or re-accredited

<sup>1</sup> From 1 July 2010, the Australian Government implemented policies to improve the transparency and accountability of the budget. One of these policies means that depreciation and amortisation expenses are no longer funded by appropriation from the government.

## THE FUTURE

While we consolidate the reforms implemented to date, TEQSA will continue to focus our resources where risks to quality exist. We will refine our approach, shifting emphasis from upfront regulatory assessment processes to regular monitoring and targeted interventions based on risk.

We will continue to do this while working with providers to maintain and enhance Australia's reputation for quality higher education and a positive student experience. We see open lines of communication and dialogue with providers and key stakeholders as the most effective way to ensure transparent, consistent, and proportionate regulation.

A handwritten signature in black ink, reading "Dorte Kristoffersen". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

**Ms Dorte Kristoffersen**



## SECTION 02

# AGENCY OVERVIEW

.....	
ROLES AND FUNCTIONS	8
.....	
OUTCOME AND PROGRAM STRUCTURE	9
.....	
TEQSA COMMISSIONERS	10
.....	
EXECUTIVE	14
.....	
FUNCTIONAL GROUPS	14
.....	
ORGANISATIONAL STRUCTURE	15

# ROLES AND FUNCTIONS

TEQSA assures the quality of registered higher education providers through nationally consistent regulation.

---

The *Tertiary Education Quality and Standards Agency Act 2011* (TEQSA Act) is the primary basis of TEQSA's powers. The objects of the TEQSA Act are:

- ▶ to provide for national consistency in the regulation of higher education
- ▶ to regulate higher education using a standards-based quality framework and principles relating to regulatory necessity, risk, and proportionality
- ▶ to protect and enhance Australia's reputation for and international competitiveness in higher education, as well as excellence, diversity, and innovation in higher education in Australia
- ▶ to encourage and promote a higher education system that is appropriate to meet Australia's social and economic needs for a highly educated and skilled population
- ▶ to protect students undertaking, or proposing to undertake higher education, by requiring the provision of quality higher education
- ▶ to ensure that students have access to information relating to higher education in Australia.

TEQSA is an independent regulatory and quality assurance agency, subject to the *Financial Management and Accountability Act 1997* (FMA Act) for 2013–14 and the *Australian Public Service Act 1999* (APS Act).

The *Public Governance, Performance and Accountability Act 2013* which came into effect on 11 July 2013, replaces the FMA Act and the *Commonwealth Authorities and Companies Act 1997*.

---

## **TEQSA's vision:**

To maintain and enhance quality, diversity and innovation in the Australian higher education sector through nationally consistent regulation and quality assurance.

---

# OUTCOME AND PROGRAM STRUCTURE

TEQSA is subject to Australian Government requirements for reporting to Parliament on the annual allocation and expenditure of public monies received to carry out its role and functions. In its *2013–14 Portfolio Budget Statements*, TEQSA reports on one outcome and one program<sup>1</sup>.

---

This outcome is delivered through *Program 1.1: Regulation and Quality Assurance*. The program objectives, explained in more detail in section 3, are to:

- ▶ assure the quality of Australia's higher education
  - ▶ support the capacity of the sector to understand the nature of compliance with the Higher Education Standards Framework and the Education Services for Overseas Students (ESOS) requirements
  - ▶ operate as an innovative and expert regulator.
- 

## **TEQSA's outcome is to:**

Contribute to a high-quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance, and dissemination of higher education standards and performance.

---

---

<sup>1</sup> Refer to User Guide to the Portfolio Budget Statements, Department of Finance and Deregulation, [finance.gov.au/publications/portfolio-budget-statements/13-14/docs/user-guide-and-portfolio-overview.pdf](http://finance.gov.au/publications/portfolio-budget-statements/13-14/docs/user-guide-and-portfolio-overview.pdf).

# TEQSA COMMISSIONERS

In 2013–14, the TEQSA Commission comprised a Chief Commissioner, two full-time Commissioners, and two part-time Commissioners. The Commissioners were appointed based on their expertise in higher education, quality assurance, and regulatory practice.

---

---

DR CAROL NICOLL PSM



As the Chief Commissioner and Chief Executive Officer of TEQSA, Dr Nicoll brought a wealth of experience in the education sector to the Commission, including as a senior government executive, university academic, and secondary school teacher. Before joining TEQSA, she held a number of senior positions in the Commonwealth Public Service, leading the development and implementation of major education reforms and programs. Dr Nicoll was also the Chief Executive Officer of the Australian Learning and Teaching Council. As well as degrees in Arts and Law, a Graduate Diploma in Education, and a Masters of Educational Administration from The University of Queensland, Dr Nicoll has a doctorate from the University of British Columbia. She was awarded a Public Service Medal on Australia Day 2004 for outstanding public service. Dr Nicoll has been on leave since 11 March 2014.

---

## MS DORTE KRISTOFFERSEN (FULL-TIME)

Ms Dorte Kristoffersen acted as TEQSA's Chief Commissioner from 11 March 2014. She previously held executive and senior positions in educational quality assurance agencies around the world, including the United States, Hong Kong, and Denmark. From 2004 to 2007, Ms Kristoffersen was an Audit Director with the Australian Universities Quality Agency (AUQA). Ms Kristoffersen has been a member of several European evaluation agency boards and is currently a member of the European Quality Assurance Register Committee. She was an elected board member of the International Network for Quality Assurance Agencies in Higher Education and the Asia-Pacific Quality Network. She holds a Master of Business Administration, Intercultural Communication, and Languages from the Copenhagen Business School, and is a certified Assessor in the Business Excellence Model.



---

## MR MICHAEL WELLS (FULL-TIME)

Before becoming a TEQSA Commissioner, Mr Michael Wells held senior roles in the higher education and management consulting sectors. From 2005 to 2011, Mr Wells was a member of the Senior Executive Committee at The University of Melbourne, being progressively responsible for university quality assurance, planning, reporting, and budgeting. He was closely involved in all aspects of higher education funding and policy reform during this time. Mr Wells is admitted to practice as a barrister and solicitor in Victoria, and is a member of the Australian Market and Social Research Society. He holds bachelor degrees in Arts (arts/economics), and Laws, and a Masters degree in Marketing.





---

## MR IAN HAWKE (PART-TIME)

Prior to his appointment as a TEQSA Commissioner, Mr Hawke served as the Interim CEO of TEQSA from July 2011, and as a senior official in education and training with the Queensland Government. During this period, he was a director on the boards of AUQA and the Queensland Tertiary Admissions Centre Limited. Mr Hawke has extensive experience in auditing universities in Australia and overseas, and has served on a number of standing committees of Ministerial Councils, including the Joint Committee on Higher Education, the Joint Committee on International Education, and the National Quality Council in the vocational education and training sector. Mr Hawke has also held senior management positions at Griffith University and Queensland University of Technology, and has a Bachelor of Arts from The University of Queensland and a Masters of Administration from Griffith University. Mr Hawke has been on leave since 11 March 2014.



---

## MR ERIC MAYNE (PART-TIME)

Mr Mayne has over 40 years' experience in government regulation and law. Mr Mayne was formerly the Chief Supervision Officer of ASX Markets Supervision Pty Ltd and was also the former Chair of the ASX Corporate Governance Council. He worked for 13 years in the Australian Taxation Office and then practised as a taxation lawyer and litigator at Mallesons Stephen Jaques. Mr Mayne also filled a variety of senior management positions at Mallesons Stephen Jaques over 12 years, including being a member of the board of partners for two years and National Managing Partner for five years. Mr Mayne is also an independent member of the Audit and Risk Committee of Transport Safety Victoria. Mr Mayne left TEQSA on 3 October 2013 at the end of his term of appointment, and continues to contribute to TEQSA via a position on the TEQSA Audit Committee.

---

## EMERITUS PROFESSOR CLIFF WALSH (PART-TIME)

Emeritus Professor Cliff Walsh joined TEQSA in February 2014. Professor Walsh has held professorial appointments at the University of Adelaide and the Australian National University, and visiting appointments at universities in Canada, the US, and the UK. His teaching, research, publications, and advisory specialities have been in public sector economics and public policy; regulatory theory and its application to economic, social and environmental issues; economic and social evaluation of public sector programs and regulatory regimes; and intergovernmental economic, political, and administrative relations. Professor Walsh has also been an adviser to a Prime Minister and State Premiers; an Associate Commissioner for several Productivity Commission inquiries; an expert adviser to the European Commission and the World Bank; a member of numerous committees of inquiry into public sector policies and programs; and a member of the Australian Competition Tribunal, which reviews, on appeal, decisions of Australia's competition regulator, the Australian Competition and Consumer Commission. He is currently Emeritus Professor of Economics, and a (honorary) Visiting Research Fellow in the School of Economics, at the University of Adelaide.



# EXECUTIVE

In 2013–14, the Commission was supported by a Senior Management Team comprising the Chief Commissioner in her capacity as Chief Executive Officer, three Executive Directors, the Chief Finance and Operating Officer, and the Chief Lawyer. The Senior Management Team is responsible for managing TEQSA's regulatory business, corporate processes, and people.

---

## FUNCTIONAL GROUPS

TEQSA is structured according to four main functions. Figure 2.1 shows TEQSA's organisational structure.

### Regulation and Review Group

Regulation and Review Group is central to TEQSA provider regulatory activities, as well as provider requirements under the ESOS Act, which regulates the delivery of education services to international students in Australia. The group is made up of case management teams allocated to individual higher education providers. The group makes recommendations to the Commission on the compliance of individual providers with the TEQSA Act and Threshold Standards, the ESOS Act, the National Code, and proposed regulatory actions.

### Regulatory Risk and Information Group

Regulatory Risk and Information Group supports the Agency's capacity to prioritise regulatory activity to safeguard the interests of students and the standing of the sector, while minimising regulatory burden. The group's risk assessments of individual providers allows TEQSA to streamline its processes for low-risk providers and to direct resources to where there are substantial risks to academic standards and the student experience. The group develops and implements TEQSA's Risk Assessment Framework, creating a risk profile for every provider, undertaking financial compliance assessments, and supporting data sharing arrangements with the Department of Education and other stakeholders. The Regulatory Risk and Information Group is also responsible for managing TEQSA's annual Provider Information Request (PIR).

### Legal Group

TEQSA's lawyers, led by the Chief Lawyer, are responsible for all legal services required by TEQSA as a Commonwealth regulatory agency, including providing strategic legal advice, providing training to TEQSA staff on legal issues, and managing claims by or against TEQSA. The Chief Lawyer attends regulatory meetings of TEQSA's Commission.

## Corporate Group

The Corporate Group is headed by the Chief Finance and Operating Officer. The group provides the following services: strategic advice, support to the Commissioners, business governance and planning processes, financial management and reporting, procurement and contract management, human resource management, corporate communications, international engagement, systems and technology support, security management, and formal investigations into referred regulatory matters, as well as project and property management.

# ORGANISATIONAL STRUCTURE

TEQSA's organisational structure for 2013–14 is depicted in Figure 2.1.

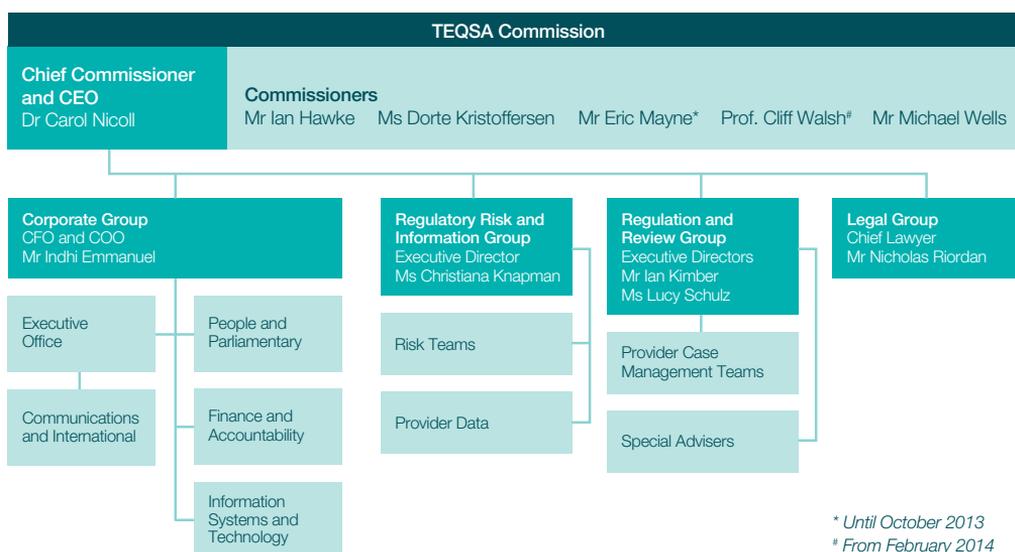


Figure 2.1: TEQSA's organisational structure 2013–14





## SECTION 03

# PERFORMANCE REVIEW

---

PERFORMANCE REVIEW 18

---

**OBJECTIVE 1:** ASSURE THE QUALITY  
OF AUSTRALIAN HIGHER EDUCATION 30

---

**OBJECTIVE 2:** SUPPORT THE  
CAPACITY OF THE SECTOR TO  
UNDERSTAND THE NATURE OF  
COMPLIANCE WITH THE HIGHER  
EDUCATION STANDARDS FRAMEWORK  
AND ESOS REQUIREMENTS 40

---

**OBJECTIVE 3:** OPERATE AS AN  
INNOVATIVE AND EXPERT REGULATOR 46

# PERFORMANCE REVIEW

As required under the FMA Act and the APS Act, this annual report provides an account of TEQSA's performance in 2013–14, in accordance with the performance requirements set out in:

---

- ▶ the TEQSA Act and the ESOS Act
- ▶ the TEQSA Strategic Plan 2011–2014 and Operational Plan 2013–14 as specified by sections 160 and 162 of the TEQSA Act
- ▶ the 2013–14 Portfolio Budget Statements for the (then) Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education (DIICCSRTE).

This section reports on TEQSA's performance in meeting its program objectives, established by the *2013–14 Portfolio Budget Statements*, TEQSA reports on one program: *Program 1.1: Regulation and Quality Assurance*. It also details results in achieving its deliverables and its performance against legislative requirements and its key performance indicators.

## *The Tertiary Education Quality and Standards Agency Act and the Education Services for Overseas Students Act*

Under its governing legislation, TEQSA is obliged to provide particular forms of advice or complete specific processes, within specified timeframes. These performance standards provide assurance to higher education providers that TEQSA will conduct its quality assurance and regulatory activities in a timely, transparent, and effective way.

The following section provides an overview of TEQSA's activities under the TEQSA and ESOS Acts in the 2013–14 reporting period.

## *Applications under the Tertiary Education Quality and Standards Agency Act*

- ▶ Between 1 July 2013 and 30 June 2014, TEQSA received 332 new regulatory applications under the TEQSA Act.
- ▶ TEQSA registered eight new providers and re-registered 41 providers. In 39 cases, TEQSA made decisions to grant the maximum period of seven years' registration provided for under the TEQSA Act.
- ▶ TEQSA decided to reject the initial registration applications of two providers and made a decision not to renew the registration of one existing provider. These decisions reflect TEQSA's responsibility to ensure that any potential entrant to the higher education sector meets the requirements for quality prescribed by the Threshold Standards.
- ▶ A total of 76 providers had 231 new courses accredited and 300 courses re-accredited.
- ▶ On 12 June 2014, the Administrative Appeals Tribunal (AAT) affirmed a decision made by TEQSA under the TEQSA Act to reject an application for renewal of registration by Williams Business College Ltd, located in North Sydney, New South Wales.

The decision came into effect on 4 August 2014. Details and specifics of the AAT's decision can be found at [austlii.edu.au/au/cases/cth/AATA/2014/371.html](http://austlii.edu.au/au/cases/cth/AATA/2014/371.html).

The TEQSA Act requires TEQSA to make a decision on an application within nine months of receiving payment of the substantive assessment application fee, or within a longer period determined by TEQSA if satisfied that, for reasons beyond its control, a decision cannot be made within a nine-month period. The average length of time taken by TEQSA to complete an application to accredit a provider's courses during this period was 215 days.<sup>1</sup>

The average length of time taken by TEQSA to complete an application to re-accredit a provider's courses was 249 days. There is no legislative requirement that renewal applications are processed within a specified timeframe.

Table 3.1 and Table 3.2 provide a summary of the number of new applications received and the number of applications finalised by TEQSA under the TEQSA Act from 1 July 2013 to 30 June 2014.

**Table 3.1: Applications received under the Tertiary Education Quality and Standards Agency Act, 1 July 2013 – 30 June 2014**

Application type	Number	Percentage of total
Initial registration as a provider	8	2.4%
Re-registration as a provider	25	7.5%
Self-accrediting authority	2	0.6%
Course accreditation	125	37.7%
Course re-accreditation	171	51.5%
Internal review	1	0.3%
<b>Total</b>	<b>332</b>	<b>100%</b>

**Table 3.2: Applications finalised under the Tertiary Education Quality and Standards Agency Act, 1 July 2013 – 30 June 2014**

Application type	Number	Percentage of total
Initial registration as a provider	10	1.7%
Re-registration as a provider	42	7.0%
Self-accrediting authority	2	0.3%
Course accreditation	249	41.3%
Course re-accreditation	300	49.8%
Internal review	0	0.0%
<b>Total</b>	<b>603</b>	<b>100</b>

**Notes:** One of the finalised registrations, one of the finalised re-registrations, and 21 of the finalised course accreditations were inherited from state and territory government accrediting authorities.

<sup>1</sup> This figure represents the number of days between receipt of the substantive assessment application fee and the date of the final decision for each course accreditation application decided on in the 2013–14 financial year. As TEQSA's fees are not relevant to inherited matters, such applications have not been included in the calculation of this figure.

### Material change notifications

Under subsection 29(1) of the TEQSA Act, a provider is required to notify TEQSA of any material changes to its operations that may affect its capacity to meet the Threshold Standards. In October 2013, TEQSA revised its process for material change notifications on a trial basis to reduce the work involved for providers to notify TEQSA, and to reduce the circumstances where providers felt the need to notify TEQSA. The new process was received positively by the sector and has reduced the number of material change notifications by 50 per cent.

### Performance against the requirements of the Tertiary Education Quality and Standards Agency Act

Table 3.3 contains information about the requirements of the TEQSA Act and TEQSA's performance in meeting these requirements.

**Table 3.3: Performance against the requirements of the Tertiary Education Quality and Standards Agency Act**

Requirement	Reference	Performance
TEQSA has six months in which to finalise applications for registration or re-registration that were pending at the time of transition to TEQSA starting once all requested information has been received from the provider.	<i>Tertiary Education Quality and Standards Agency Act (Consequential Amendments and Transitional Provisions) Act 2011</i> (TEQSA CATP Act) Item 15 of Schedule 3	All applications completed by 30 June 2014 for registration or re-registration that were pending at the transition time were completed within the relevant timeframe.  There is no more inherited (transitional) business.
TEQSA has 30 days from receipt of an inherited application to conduct a preliminary assessment of the inherited application for course accreditation or re-accreditation.	TEQSA CATP Act Items 15 and 25 of Schedule 3	All inherited applications for course accreditation that were pending at the transition time were completed within the relevant timeframe.  There is no more inherited business.
TEQSA has six months from receipt of an inherited application to finalise the inherited application for course accreditation or re-accreditation.	TEQSA CATP Act Items 15 and 25 of Schedule 3	All applications for accreditation or re-accreditation of a course that were pending at the transition time were completed within the relevant timeframe.  There is no more inherited business.
TEQSA must undertake a preliminary assessment of an application for registration within 30 days after an application is made.	TEQSA Act 2011 Section 19	TEQSA completed preliminary assessments of all applications for registration within 30 days after an application was made.
TEQSA must make a preliminary assessment of an application for a course of study to be accredited within 30 days after an application is made.	TEQSA Act 2011 Section 47	TEQSA completed preliminary assessments of all applications for a course of study to be accredited within 30 days after the application was made.

## Applications under the Education Services for Overseas Students Act

TEQSA also regulates against the ESOS Act and its associated legislation, which includes the National Code, the English Language Intensive Courses for Overseas Students (ELICOS) National Standards and the National Standards for Foundation Programs. Providers registered under the ESOS Act are listed on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS), which is managed by the Department of Education. TEQSA has the authority to assess and make a final decision on all ESOS regulatory activities, including:

- ▶ initial registration and re-registration by a provider
- ▶ changes to registration, including the addition of courses and changes in student capacity.

## English Language Intensive Courses for Overseas Students and Foundation Programs

TEQSA has full regulatory responsibilities under the ESOS Act for all providers of Foundation Programs (except where delivered in a school) and for ELICOS delivered in or under an entry arrangement with a higher education provider.

During 2013–14, TEQSA undertook to assess all ELICOS courses regulated by TEQSA against the ELICOS National Standards by the end of 2014. In many instances, this has meant that courses were assessed against the ELICOS National Standards for the first time. These assessments have been done in consultation with providers to minimise disruption to their operations.

Table 3.4 and Table 3.5 summarise the number of initial registration and re-registration applications received and the number finalised by TEQSA under the ESOS Act from 1 July 2013 to 30 June 2014.

**Table 3.4: Applications received under the Education Services for Overseas Students Act 1 July 2013 – 30 June 2014**

Initial CRICOS registration	6	16.7%
CRICOS re-registration	30	83.3%
<b>TOTAL</b>	<b>36</b>	<b>100%</b>

**Table 3.5: Applications finalised under the Education Services for Overseas Students Act 1 July 2013 – 30 June 2014**

Initial CRICOS registration	1	2.3%
CRICOS re-registration	42	97.7%
<b>TOTAL</b>	<b>43</b>	<b>100%</b>

## PORTFOLIO BUDGET STATEMENTS

This annual report provides an overall account of TEQSA's performance against objectives set out in its Portfolio Budget Statement. TEQSA reports against one outcome, to:

.....

**Contribute to a high quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements;** registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance and dissemination of higher education standards and performance.

.....

The outcome is delivered through **Program 1.1: Regulation and Quality Assurance.**

The Agency's three objectives are:

**OBJECTIVE 1:** ▶ Assure the quality of Australian higher education

.....

**OBJECTIVE 2:** ▶ Support the capacity of the sector to understand the nature of compliance with the Higher Education Standards Framework and ESOS requirements

.....

**OBJECTIVE 3:** ▶ Operate as an innovative and expert regulator

This section reports against the deliverables and key performance indicators set out by the Agency in TEQSA's 2013–14 Portfolio Budget Statement.

## Program 1.1 Key performance deliverables

Table 3.6 sets out TEQSA's performance against the deliverables in the 2013–14 Portfolio Budget Statement.

**Table 3.6: Performance against Program 1.1 deliverables**

2013–14 Deliverables	Result	Page references
A robust regulatory framework	Yes	30–39
Regulation that is standards-based and reflects the three regulatory principles: regulatory necessity, risk and proportionality	Yes	30–31
Well-defined data collection and communications policies	Yes	34
Provision of timely and relevant information to providers in relation to their obligations under the TEQSA Act and the ESOS Act	Yes	35
Increased awareness of TEQSA's roles and responsibilities in the community	Yes	40–45
Develop and communicate TEQSA's service standards	Yes	43–44
TEQSA's processes compare positively with international benchmarks	Yes	49
Recruit, develop, and retain high quality staff	Yes, although increase in staff turnover.	48, 58–59

## Program 1.1 Key performance indicators

Table 3.7 sets out TEQSA's performance measured against the key performance indicators contained in its Portfolio Budget Statement.

**Table 3.7: Performance against Program 1.1 key performance indicators**

2013–14 Key performance indicators	Result	Summary
Improved levels of compliance by higher education providers with the Higher Education Standards Framework and relevant ESOS requirements	Yes	<p>There is evidence of increased levels of awareness of TEQSA's requirements, demonstrated by:</p> <ul style="list-style-type: none"> <li>▶ reduced number of requests for further information sent to providers</li> <li>▶ better quality applications leading to faster assessments</li> <li>▶ maturing of the case management model and greater understanding by providers of the Threshold Standards.</li> </ul>

Improved levels of quality assurance among higher education providers	Yes	<p>There is evidence of an increased focus by providers on 'self-assessing' against the Threshold Standards, demonstrated by:</p> <ul style="list-style-type: none"> <li>▶ provider responsiveness to conditions and requests for information</li> <li>▶ qualitative feedback from providers</li> <li>▶ self-disclosure of issues by providers</li> <li>▶ more use by providers of external reviews of their higher education operations</li> <li>▶ providers addressing issues identified by TEQSA in summaries of findings.</li> </ul> <p>TEQSA's Risk Assessment Framework and risk assessments have also been used by a number of providers as a reference point for considering and enhancing internal risk processes and controls.</p>
TEQSA consistently meeting its service standards	Yes	TEQSA has met all timelines as set out in its Service Charter.

## STRATEGIC AND OPERATIONAL PLANS

TEQSA operates with a *Strategic Plan 2011–2014*, which was approved by the (then) Minister for Tertiary Education on 17 June 2012, and a one year *TEQSA Operational Plan 2013–2014*.

These plans direct TEQSA's efforts toward achieving the objectives set out in TEQSA's Portfolio Budget Statement. Reporting against these plans is summarised in Table 3.8.

**Table 3.8: Reporting against key performance indicators in TEQSA's Strategic Plan 2011–14 and TEQSA's Operational Plan 2013–14**

*TEQSA's Strategic Plan 2011–14*

Key performance indicator	Reporting
TEQSA's regulatory framework is regarded by the sector as appropriate, efficient and credible.	<p>Yes. The sector has provided input through consultation and ongoing feedback into the development of streamlined processes and TEQSA's regulatory approach.</p> <p>The quality of TEQSA's decision making has been tested favourably in the Administrative Appeals Tribunal.</p>
Regulatory effort is directed at areas of higher risk and results in the identification of higher risks and higher-risk providers.	Yes. TEQSA's reforms continue to refine the Agency's practices to focus resources where risks to quality exist.
Regulatory risks identified in respect of providers are appropriately managed in a regulatory sense, in terms of ongoing monitoring, provider communication and, where necessary, regulatory restriction or sanction.	Yes. TEQSA's reforms focus on assessment of risk, track record, and regulatory history to direct regulatory response.
Regulatory decisions can clearly be linked back to a consistent application of the three (regulatory) principles.	Yes. The application of the three regulatory principles is articulated in every assessment and recommendation to the Commission and in the feedback sent to providers.
The Higher Education Standards Panel receives regular, evidence-based advice from TEQSA.	Yes. TEQSA has provided advice to the Panel on the proposed <i>Higher Education Standards Framework</i> in terms of its application for regulatory purposes.
TEQSA develops well-defined data collection and communication policies.	Yes. In 2013–14 TEQSA refined its annual data collection, reducing reporting requirements and enhancing guidance material and support. Provider feedback was positive.
TEQSA is able to access a core set of information about all providers in the sector.	Yes. In 2013–14 TEQSA accessed core data from existing collections through arrangements with the Department of Education and with Graduate Careers Australia. TEQSA targeted gaps in data through the implementation of the 2013 Provider Information Request to ensure a complete view of the sector. TEQSA has contributed to work led by the Department of Education towards a single national data collection.
TEQSA has the ability to acquire, manage and analyse provider information in context.	Yes. In 2013–14 TEQSA revised its Risk Assessment Framework, which enhanced the role of provider history and context in the risk assessment process.
TEQSA communicates timely and relevant information and guidance to providers in relation to their obligations under the TEQSA Act, using a variety of channels.	Yes. The case management model is based on regular communication and information flow. Revised guidance materials have been published on the TEQSA website. TEQSA publishes sector updates every quarter.

Key performance indicator	Reporting
TEQSA participates in and manages sector events to raise and maintain awareness of TEQSA's roles and responsibilities.	Yes. TEQSA has delivered sector-wide and tailored provider briefings for all higher education providers. TEQSA also presents at sector conferences.
Improved levels of compliance by higher education providers with the Higher Education Standards Framework.	Yes. There is evidence of increased levels of awareness of TEQSA's requirements demonstrated by a reduced number of Requests For Information to providers and better quality applications, leading to faster assessment.
TEQSA develops and consistently meets its service standards.	TEQSA has met all timelines as set out in its Service Charter.
TEQSA implements approaches and processes that compare positively with similar international regulators.	Yes. There has been considerable interest in TEQSA's risk-based approach from counterpart agencies overseas. TEQSA has quarterly video conferences with the Quality Assurance Agency for Higher Education (QAA) in the UK to exchange information about approaches on practices.
TEQSA attracts and develops the quality and capabilities of TEQSA staff.	Yes. TEQSA has an active Learning Committee and professional development plan. In October 2013, interim recruiting arrangements for the Australian Public Service were announced.

### *TEQSA's Operational Plan 2013–14*

Key performance indicator	Reporting
TEQSA consistently meets legislated timelines for conducting its regulatory activities.	Yes. In four instances the legislative timeline was extended by TEQSA. This is provided for under the TEQSA Act, in consultation with providers and with the provider's consent when extra time gives providers opportunities to address issues of non-compliance.
The Regulatory Risk Framework is refined and guides the completion of the 2013–14 risk-assessment program, and risk information is used as part of evidence-based decision-making.	Yes. A revised Risk Assessment Framework was released in March 2014.
TEQSA systematically identifies ways of minimising the compliance impost on providers, while maintaining access to necessary and timely information in order to carry out its functions effectively.	Yes. This was the focus of TEQSA's reform agenda in 2013–14.
There is positive sector feedback about the value of Quality Assessments.	The Ministerial Direction of 22 October 2013 instructed TEQSA to limit the impact of Quality Assessments on the sector.
TEQSA has established necessary arrangements with providers and other agencies to ensure TEQSA has access to adequate data to carry out its functions in the short- and medium-term.	Yes. These arrangements continue to be monitored and improved.
TEQSA uses external sources of advice effectively in the ongoing development and operation of its regulatory framework.	Yes. Register of Experts, TEQSA Reference Groups, and peak bodies.

Key performance indicator	Reporting
TEQSA has provided advice to the Higher Education Standards Panel in its development of standards for the sector.	Yes.
Feedback from providers through a variety of channels indicates a high level of satisfaction with information disseminated by TEQSA.	Yes. TEQSA's ongoing consultation with the sector provides feedback on the level of satisfaction, and the relevance and timeliness of information provided.
Providers are able to efficiently access TEQSA information, as well as supply data to TEQSA.	TEQSA communicates requirements to providers using a range of tools, including sector updates, process guides and guidance notes.
The TEQSA website provides accurate, up-to-date information in diverse ways, while meeting accessibility requirements.	Case managers are a key avenue of communication between TEQSA and providers. These relationships give TEQSA a 'direct line' to relevant staff at a provider.
Providers are advised of changes to TEQSA requirements in a timely and useful way.	
TEQSA is able to demonstrate efficiency, effectiveness and appropriateness of its business processes.	Yes. An independent review of TEQSA's business process was undertaken in 2014.
TEQSA demonstrates compliance with all government legislation, policies and requirements.	Yes.
TEQSA has engaged with international higher education peer agencies and has concluded bilateral Memoranda of Cooperation, Understanding, and Arrangement with priority countries.	Yes. In 2013–14 TEQSA signed memoranda with the Malaysian Qualifications Agency and the National Institution for Academic Degrees and University Evaluation (Japan). These are in addition to existing memoranda with: <ul style="list-style-type: none"> <li>▶ Hong Kong Council for Accreditation of Academic and Vocational Qualifications</li> <li>▶ Quality Assurance Agency (UK)</li> <li>▶ Council for Private Education (Singapore).</li> </ul>
TEQSA has developed policies and practices that reflect a values-oriented culture and optimise the recruitment, training, and retention of staff. The APS State of the Service survey indicates a high degree of satisfaction among staff with TEQSA's leadership, employment conditions, and workplace culture.	Yes, while noting that TEQSA is in a period of change. Policies are regularly monitored and improved.

## Completion of inherited work

TEQSA completed assessing 65 pending applications that were transferred from previous state and territory government accreditation authorities to TEQSA as part of the transition to the new national quality assurance and regulatory framework. These authorities had either not initiated the review process or had not made a decision on the applications before the time of transfer. By the end of the 2013–14 financial reporting year, all inherited applications had been fully completed by TEQSA.

## Streamlining regulation

In 2013–14, TEQSA intensified its efforts to learn from its early regulatory experiences and to identify areas to reduce regulatory work for providers. Following the *Review of Higher Education Regulation*, implementation of commitments outlined to the (then) Secretary of DIICCSRTE began formally in 2014. These reforms focused on addressing the main areas of concern to the sector, including application processes, reporting requirements, duplication of requirements across regulatory bodies, the time taken to make regulatory decisions, and ensuring that regulatory assessments take a risk-based and proportionate approach.

## TEQSA timeframes and workflow

TEQSA met all statutory timeframes for the completion of applications in 2013–14. In four instances, the legislative timeline was extended by TEQSA with provider consent (as permitted under the TEQSA Act) to give providers opportunities to address risks of non-compliance. This was, in part, a result of TEQSA's revised processes for re-registration, course accreditation, and course re-accreditation through reduced evidence requirements for providers, focusing on a 'core' set of evidence for each process. Processes for initial registration remain consistent to ensure a 'high front gate' for potential entrants to the Australian higher education sector.

Tailored regulatory processes, based on providers' risk assessments, track record of higher education provision, and regulatory history resulted in reduced processing times for applications. In total, 133 of 603 (22 per cent) re-registrations, accreditations, and re-accreditations (including teach-outs) were completed within six months.

The increase in the number of applications decided on by TEQSA in reduced timeframes reflects both TEQSA's reforms and growing familiarity with providers' regulatory history, which helps tailor assessment processes. The time needed to complete these processes is likely to continue to decrease as TEQSA further streamlines procedures.

Longer timeframes (in some cases the full period of time possible under the legislation) generally reflect issues such as the level of complexity with providers' operations or a decision jointly taken by TEQSA and a provider to bundle applications so that they can be assessed at the same time. TEQSA must also allow time for procedural fairness in the event of adverse findings, giving providers sufficient time to respond to or address issues raised by TEQSA.

## Sector developments in registration and accreditation

In 2013–14, TEQSA saw the following trends:

- ▶ an increase in the number of professional associations and providers of professional education seeking higher education registration
- ▶ an increase in the number of providers seeking to extend their offerings to postgraduate qualifications, in particular coursework masters
- ▶ a continuing interest by vocational education and training (VET) providers in becoming providers of higher education.

## Transnational education

TEQSA has an important role to play in protecting, enhancing, and promoting the quality and integrity of Australia's higher education sector internationally. TEQSA's international engagement, detailed in the *TEQSA International Strategy 2013–15*, promotes wide international understanding of, and confidence in, Australian higher education quality assurance and regulation, and supports the recognition of qualifications, employability of graduates, and mobility of students.

TEQSA has memoranda of cooperation, understanding and agreement with five overseas regulatory and quality assurance agencies. This is a continuation of the work TEQSA began in 2012–13 to develop cooperative agreements with overseas regulatory and quality assurance agencies in the countries where Australian providers are most active.

To protect the reputation of Australian higher education and the interests of students, TEQSA applies a rigorous, risk-reflective approach to regulating offshore provision of higher education. It also develops cooperative relationships with overseas regulatory and quality assurance agencies, governments and other related bodies, to share information on the rigour of the Australian regulatory system.

In October 2013, TEQSA released an information paper on its approach to regulating offshore registered higher education providers and awards, and its assessment of joint and dual awards.

## Financial summary

TEQSA's financial result in 2013–14 was a \$1.659 million operating deficit. Adjusting for \$1.657 million of depreciation and amortisation, TEQSA has a small deficit of \$0.002 million.

TEQSA was appropriated \$18.524 million in 2013–14, and its expenses were \$20.310 million.

TEQSA's approved appropriation budget in 2014–15 is \$15.623 million, and approved capital budget is \$0.893 million. Of TEQSA's total operating funding, the Agency will spend approximately two-thirds on staff salaries. In 2014–15, TEQSA is expected to be under increased cost pressures to manage within operating appropriations with a significantly increased level of activity.

# OBJECTIVE 1: ASSURE THE QUALITY OF AUSTRALIAN HIGHER EDUCATION

TEQSA's role is to safeguard the interests of current and future students, both domestic and international, undertaking study within Australia's higher education system. Since 29 January 2012, TEQSA has assured the quality of Australia's higher education by regulating providers using a standards-based and risk-based model of regulation.

---

The following section describes TEQSA's progress in developing and implementing its framework to achieve *Objective 1: Assure the quality of Australian higher education* of Program 1.1: Regulation and Quality Assurance.

## STANDARDS-BASED AND RISK-REFLECTIVE REGULATION

Australia's regulatory system for higher education uses a standards-based quality framework, and is risk-based. The TEQSA and ESOS Acts provide the legislative framework for TEQSA's work. The legislative framework for both Acts incorporates the use of Standards: the Threshold Standards and the National Code.

### Key features of the Tertiary Education Quality and Standards Agency's model of regulation

STANDARDS	Provider entry to, and continued operations within, Australia's higher education sector is determined by compliance with the Threshold Standards.
	The Standards are developed and reviewed independently of TEQSA.
	The Standards apply to all registered higher education providers offering courses leading to an Australian higher education award, irrespective of where and how a course is delivered.
	Regulation against the Standards takes account of different teaching methods and ways of delivering higher education.
RISKS	A provider's record of higher education delivery, regulatory history, and risk assessment are parameters used by TEQSA to tailor regulatory processes.
	Regulatory processes and action reflect the nature and scale of risks identified.

## THE REGULATORY PRINCIPLES AND HOW THEY ARE APPLIED

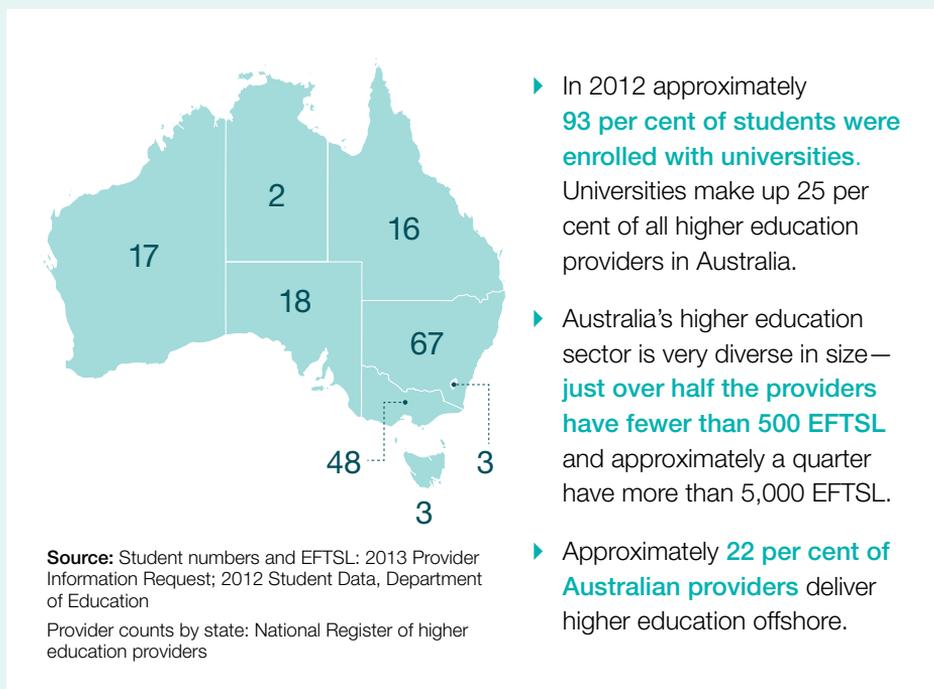
Under the TEQSA Act, TEQSA must comply with the following three regulatory principles.

<b>REGULATORY NECESSITY</b>	TEQSA only intervenes when necessary. In making its decisions, the Commission considers the particular circumstances of a provider and ensures its regulatory responses are the most effective and the least burdensome means of addressing the provider's compliance with the Standards.
<b>REFLECTING RISK</b>	TEQSA's decisions reflect the risk of non-compliance with the Threshold Standards. Its risk-reflective approach helps TEQSA to focus on areas of higher risk and reduce compliance burden on the sector where possible. Risk assessments inform the level of monitoring or regulatory action that may be necessary.
<b>PROPORTIONATE REGULATION</b>	TEQSA's regulatory actions are in proportion to any non-compliance, or risk of future non-compliance, by a provider. TEQSA balances the interests of students and the potential impact of TEQSA's actions on the provider and on the reputation of the sector.

The three regulatory principles guide TEQSA in its:

- ▶ development of quality assurance and regulatory policies and processes
- ▶ interpretation of compliance with standards
- ▶ focus in conducting assessments
- ▶ decisions about levels of intervention; and
- ▶ decisions on applications for registration and accreditation.

## Snapshot: Australia's higher education sector



**Figure 3.1: Total number of registered higher education providers by state and territory (as at 30 June 2014, n=174)**

## DEVELOPMENTS IN TEQSA'S REGULATORY PROCESSES

Effective regulation requires balancing the need to be assured that the necessary standards are being met and that risks are being appropriately managed, with the effort required by individual providers to comply.

### *Tertiary Education Quality and Standards Agency's response to the Review of Higher Education Regulation*

In May 2013, the Government commissioned the *Review of Higher Education Regulation*, undertaken by Professors Kwong Lee Dow AO and Valerie Braithwaite. Their report, released in August 2013, recommended changes to TEQSA's processes to ensure that providers were not subject to unnecessary compliance burdens.

In mid-2013, TEQSA initiated a significant review and reform of its regulatory processes. These reforms were guided by the recommendations contained in the Lee Dow/Braithwaite Review, the Ministerial Direction No.2 of October 2013, and TEQSA's own learnings from its first 18 months of operation. The reforms focused on areas of greatest potential impact

for providers: registration processes, course accreditation processes, and TEQSA's Risk Assessment Framework.

TEQSA sought the sector's views on the design and impact of the reforms through two consultation papers: *Future directions for TEQSA's regulatory processes* and *Future directions for TEQSA's Regulatory Risk Framework* (since renamed the Risk Assessment Framework (RAF)).

There was very strong support for TEQSA's commitment to reform its processes to reduce the compliance burden for providers. This support was broad-based, across provider types and their peak organisations.

There was also strong support for the proposed direction of the RAF and its use in broader regulatory assessments. Feedback supported a reduction in risk assessment indicators (from 46 down to 12) with a focus on four key risk areas—students, staff, finance, and regulatory history—which were seen as relevant to all providers and operationally related. There was a strong message from the sector about strengthening TEQSA's consideration of providers' contexts, and ensuring that the continuing development of the RAF retained a robust focus on risks to academic standards.

The following section outlines TEQSA's ongoing efforts to make its regulatory practices more streamlined, risk-focused, and less burdensome for providers. It also highlights actions TEQSA has already scheduled in line with its strategic planning, as well as further actions identified in the context of the government's broader policies for higher education deregulation.

### Quality assurance and regulatory assessment processes and links with scheduled review processes

Renewal of registration now comprises a core assessment that only requires evidence necessary to test compliance with seven Standards that relate to a provider's ability to assure quality.

If a provider is evaluated as low risk overall in relation to 'Risk to Students' and 'Risk to Financial Position' under the RAF (and satisfies certain other criteria), then the application and assessment process focuses on a reduced core scope.

If a provider is evaluated as presenting a high or moderate risk overall in relation to 'Risk to Students' or 'Risk to Financial Position', then the scope of the assessment process may be expanded. In exceptional cases, providers are assessed to the widest and deepest extent consistent with the TEQSA Act.

An expansion of scope may also be considered necessary where a provider is evaluated as low risk overall, but a significant adverse trend or specific issue is identified.

Under TEQSA's reforms, TEQSA case managers determine the scope and discuss requirements with providers. A tailored extension to a core set of evidence requirements is made on the basis of a provider's history of higher education delivery, previous regulatory outcomes, and TEQSA's risk assessment, before commencement of the registration, course accreditation, or re-accreditation processes.

For course accreditations and re-accreditations, TEQSA's reforms focus on reduced evidence requirements for low-risk providers, without narrowing the scope of standards considered. Key considerations that may affect the scope of evidence include, for example, recent course accreditation history, the nature of the course, and whether the course is in a new field or at a new AQF level.

TEQSA has maintained its full assessment approach for initial registration and accreditation of new courses offered by new providers.

## Provider Information Requests

TEQSA has reduced the compliance load of providers by asking them to submit existing information in their submissions where possible, and removing any overlap in reporting through data sharing arrangements with other agencies. TEQSA relies heavily on existing data collected within the sector for its quality assurance and regulatory activities and its risk assessments, predominantly the national higher education collections managed by the Department of Education (the Department), and survey data from Graduate Careers Australia. TEQSA sources a limited set of key data directly from some providers through an annual Provider Information Request (PIR). Nearly 40 providers are not currently captured within the existing national collections, as they do not come under the *Higher Education Support Act 2003* (HESA).

TEQSA reduced its annual reporting requirements in the 2013 PIR, which was implemented over August to December 2013. Feedback on individual study units was removed for all providers in 2013, along with reductions in student and casual staff data, resulting in the full exemption of 'Table A' providers (according to HESA) from the PIR.

TEQSA has further rationalised its annual PIR reporting in 2014, and is continuing to work with the Department and other stakeholders to further reduce reporting requirements, while maintaining its capacity to effectively undertake risk-reflective quality assurance and regulation.

TEQSA is supportive of work towards developing a single higher education data collection, and has contributed to work led by the Department. TEQSA's contribution included representation by Commissioner Michael Wells on the National Advisory Group on Higher Education Data and Information (NAGHEDI).

TEQSA will release a sector-wide statistics report in September 2014 providing a high-level view of selected data held by TEQSA for its regulatory processes, drawn from TEQSA's PIR. TEQSA is also engaging with the sector to share more detailed PIR data to support benchmarking and quality improvement activities.

Further information on TEQSA's PIR is available at [teqsa.gov.au/for-providers/provider-obligations/data-collection](http://teqsa.gov.au/for-providers/provider-obligations/data-collection).

## Single Commissioner decision-making model

In November 2013, the functions and powers for accreditation and re-accreditation of courses were delegated to individual Commissioners, allowing a single Commissioner to be the decision maker, with provision for providers to seek internal review of these decisions.

Sixty-one per cent of accreditation and re-accreditation cases were decided under delegation in the period from 1 January to 30 June 2014. In the majority of cases where the full Commission was required, it was because the course accreditation or the re-accreditation application was linked to a provider re-registration application. In those situations, there are benefits in assessing the applications together. The number of decisions made by a single Commissioner has increased significantly since this delegation was implemented.

## Risk Assessment Framework

In 2013–14 TEQSA simplified its Regulatory Risk Framework following consultation with the sector and drawing on the experience of the first cycle of risk assessments and feedback received from providers. Informed by this process, the revised framework has been re-titled TEQSA's *Risk Assessment Framework* (RAF). This framework represents a simplified and more robust framework and can be found at [teqsa.gov.au/regulatory-approach/risk-assessment-framework](http://teqsa.gov.au/regulatory-approach/risk-assessment-framework).

The RAF and use of risk assessments:

- ▶ reduces regulatory burden by using risk assessments to inform a differentiated approach to evidence and reporting requirements in regulatory processes (see *Quality assurance and regulatory assessment processes and links with scheduled review processes* on page 33)
- ▶ strengthens the protection of students' interests and the sector's reputation by monitoring key aspects of providers' operations during registration periods
- ▶ supports TEQSA's case managers and providers in early discussions about emergent issues prior to any formal compliance review
- ▶ supports quality improvement activities through the sharing of information with providers about potential risks and good practices in the sector.

TEQSA has shared its experience and knowledge of the sector through workshops, information sheets, and guidance notes for providers, and is continuing to expand the information it makes available. Information sheets relating to the risk assessment process can be found at [teqsa.gov.au/for-providers/provider-resources](http://teqsa.gov.au/for-providers/provider-resources).

TEQSA's first cycle of risk assessments using the updated RAF was initiated at the beginning of 2014 and progressively undertaken over the following months. TEQSA intends to share with the sector selected analysis and insights from its risk-reflective regulatory activities from the second half of 2014.

An overview of the key steps in TEQSA's risk assessment process is shown in Figure 3.2.



Figure 3.2: Key steps in the risk assessment process

## Future approach to regulation

Reforms to TEQSA's approach to regulation will continue beyond the changes introduced earlier this year to its assessment processes. The design and balance of quality assurance strategies TEQSA uses will need to be reassessed to ensure compliance with the Threshold Standards, while delivering internal efficiencies and reduced burden on the sector. Reforms being considered include monitoring with highly targeted interventions based on risk, and reducing the emphasis on 'upfront' regulatory assessment processes. TEQSA supports and encourages providers to develop and maintain their capacity to self-regulate.

Papers about TEQSA's proposed future approach to regulation were shared with the TEQSA Advisory Council in July 2014.

## Information guidelines

Under the TEQSA Act, TEQSA may disclose higher education information under limited circumstances (Division 2 of Part 10). These circumstances include disclosures to agencies such as the Australian Skills Quality Authority (ASQA) and the Department of Immigration and Border Protection, specified in the *Tertiary Education Quality and Standards Agency (Information) Guidelines 2013*, where this disclosure is necessary to enable or assist the authority to carry out its proper role. These disclosures help TEQSA to avoid duplicating requests of providers for information and to coordinate quality assurance and regulatory processes.

## Quality assessments

Section 60 of the TEQSA Act enables TEQSA to conduct quality assessments on its own initiative or as directed by the Minister for Education. Quality assessments are aimed at improving academic, governance, and business practices within the sector in areas relating to the Threshold Standards. Quality assessments may involve reviewing the operations of one or more providers to assess the quality of higher education, and identifying and sharing examples of good practice.

In October 2013, TEQSA was requested by the Minister for Education to de-prioritise quality assessments and to focus resources on core quality assurance and regulatory work. Prior to this request, TEQSA had identified three quality assessments. Two of these quality

assessments have not been undertaken: the assessment on English language proficiency, and the review of the quality of teaching education programs, which TEQSA was asked to undertake by Ministerial Direction in June 2013, and then directed not to undertake.

### Third-party arrangements

In April 2013, TEQSA commenced a quality assessment of third-party arrangements (TPA) used by providers to deliver learning and teaching. Under the TEQSA Act, the awarding body is responsible for all learning and teaching outcomes, even if the provider has an arrangement in place for delivery of all or part of a higher education award to be provided by a third party. This area was chosen to be assessed due to the prevalence of TPA and potential risks to the sector posed by them.

The agency focused this quality assessment on areas that intersect directly with the student experience.

A national survey of all registered providers was issued in April 2013. This was followed in the second half of 2013 by voluntary interviews with a targeted sample of providers that adopt a wide range of approaches to their use of TPA. The findings of this quality assessment are being used to inform TEQSA's regulatory work. A guidance note for providers on good practice in the engagement and management of TPA is currently in development for distribution in late 2014.

### Other initiatives to improve regulation

As well as reforming key regulatory processes, TEQSA uses feedback from providers to evaluate and improve its processes. This feedback is sourced through the PIR, TEQSA's case management model, and a feedback survey completed by providers at the conclusion of a regulatory process.

TEQSA has also launched an online provider portal, which allows providers to:

- ▶ upload applications online
- ▶ link the evidence and applications to multiple applications
- ▶ work progressively on TEQSA and CRICOS applications, with CRICOS applications integrated into provider re-registration applications
- ▶ submit documents over time, and reuse documents already submitted to TEQSA as part of other applications or information requests.

### Streamlined regulation for multi-sector providers

An ASQA–TEQSA working group was established under a Memorandum of Understanding to establish a coordinated 'whole of provider' approach to the quality assurance and regulation of multi-sector providers who are registered by both ASQA and TEQSA, delivering both vocational education and training and higher education.

The objectives of this Memorandum of Understanding are to:

- ▶ streamline the regulation of multi-sector providers to the maximum extent possible, given the separate quality assurance and regulatory standards frameworks for the higher education and VET sectors

- ▶ reduce the potential for duplication that impacts on the compliance burden and cost for multi-sector providers
- ▶ use a customised approach that caters for the unique circumstances of each multi-sector provider.

The working group, which includes Commissioners from both agencies, oversees the implementation of the Memorandum of Understanding. A joint ASQA–TEQSA clearinghouse process manages CRICOS matters for providers registered with both agencies. This model allows providers to submit a single application to one agency and to have a single point of contact. The process also facilitates coordination of evidence by both agencies and a consistent approach to assessing common evidence and standards.

TEQSA and ASQA are also working together to develop joint management processes for renewal of registration applications for providers registered with both agencies. A pilot of this joint management began in 2014 with one multi-sector provider, and the pilot is expected to be completed by the end of the year. The pilot will be reviewed and the learnings applied in offering providers the jointly managed process in the future. Details of this pilot are below.

### *Pilot: Re-registration of a multi-sector provider: THINK: Colleges Pty Ltd (Think)*

Think is both a higher education provider and a registered training organisation that operates across four states and delivers education to over 10,000 higher education and VET domestic and international students. Think's registrations under the TEQSA Act, the *National Vocational Education Training Regulator Act 2011*, and the ESOS Act, were due to expire at around the same time. After discussions with TEQSA and ASQA, Think volunteered to work with both agencies to combine their application process for the three re-registrations under the three separate Acts, and for TEQSA and ASQA to jointly manage the process.

Using Think as a pilot case, the two agencies are working jointly to manage the three re-registrations, while developing administrative approaches that will reduce the compliance burden and cost for other multi-sector providers, and increase the efficiency of regulation where feasible by:

- ▶ reducing duplication arising from separate processes for re-registration as a higher education provider, as a registered training organisation, and as a CRICOS provider
- ▶ identifying and using common evidence where feasible
- ▶ tailoring processes to the unique circumstances of the provider.

In addition, TEQSA is streamlining Think's application assessment processes as part of TEQSA's reforms. TEQSA and ASQA meet monthly to clarify application evidence requirements, and to avoid duplication.

Mapping of Standards across the three frameworks (higher education, VET, and ESOS) identified areas where common evidence from providers could be used by both TEQSA and ASQA, and Think has developed a matrix of common evidence it intended to submit.

Guiding principles have been established for sharing information, as well as information collection, organisation and storage, fees and charges.

To avoid duplicate requests to the provider for additional information, both agencies agreed to adopt, where possible, a joint approach to requesting information, accepting information, and conducting site visits.

While progress has already been made, the work is aimed at ensuring that the processes developed can inform future approaches for other multi-sector providers.

### Professional bodies

TEQSA recognises the value of professional accreditation and its relevance to regulatory considerations. In keeping with TEQSA's streamlining agenda, in 2013–14 the Agency continued to work with professional bodies to share information and harmonise TEQSA course accreditation and professional accreditation. Senior managers met with a number of professional bodies to discuss further harmonisation of processes and standards. This work will continue in 2014–15.

### Interaction with the Higher Education Standards Panel

The Higher Education Standards Panel (the Panel) was established to provide independent advice to the Minister for Education on making and varying the Higher Education Standards Framework. TEQSA has the capacity under section 58 of the TEQSA Act to offer advice on the making of Standards.

TEQSA has continued to engage with the Panel through the revisions to the Threshold Standards Framework currently being considered, and has provided feedback to them on the specific draft Standards, as well as in June 2014 on the Proposed Higher Education Standards Framework. TEQSA's feedback is published on the Higher Education Standards website.

TEQSA attended formal meetings of the Panel as an observer during the recent review of the Threshold Standards.

## **OBJECTIVE 2: SUPPORT THE CAPACITY OF THE SECTOR TO UNDERSTAND THE NATURE OF COMPLIANCE WITH THE HIGHER EDUCATION STANDARDS FRAMEWORK AND ESOS REQUIREMENTS**

TEQSA recognises that compliance with the Standards is enhanced when providers fully understand TEQSA's role and the outcomes it seeks, as well as their obligations and rights.

---

The review of TEQSA's performance against Objective 2 describes TEQSA's success in pursuing this aim, by:

- ▶ effectively communicating TEQSA's quality assurance and regulatory requirements
- ▶ fostering constructive relationships with providers based on openness and trust.

### **DIALOGUE WITH STAKEHOLDERS**

TEQSA communicates its approach to its core functions to a wide range of stakeholders. In 2013–14, TEQSA focused its effort on:

- ▶ building broad level support for the Agency's regulatory approach and confidence in its capacity to effectively implement it
- ▶ increasing provider understanding of their quality assurance obligations and compliance with them
- ▶ supporting the development of policies and processes that reduce the regulatory burden on providers, and promoting international recognition of TEQSA's expertise to assure the quality of Australian international education and reduce provider effort.

Figure 3.3 maps TEQSA's key stakeholder groups.



**Figure 3.3: TEQSA's key stakeholder groups**

### TEQSA's case management model

TEQSA uses a case management model to manage its relationship with providers. Regulation and Review Group staff work as 'provider teams' with each team responsible for liaising with, and quality assurance and regulatory assessment of, between 20 and 30 providers. A provider team is also allocated to liaise with potential providers—entities intending to apply to TEQSA for initial registration—to advise about application requirements and to assess the application.

This provider team arrangement enables providers to have contact with more than one team member for greater responsiveness and continuity of advice. Allocation of providers to teams is changed periodically to promote impartial assessment.

Case managers are able to draw on a range of sources for guidance and technical advice, including the TEQSA Register of Experts. TEQSA's approach to case management continues to receive positive feedback from the sector.

TEQSA's case management approach has been further strengthened via the Agency's reformed regulatory processes.

### Participation in sector events

The Commissioners and senior staff are frequently invited to present at higher education conferences and events. In 2013–14, Commissioners and senior staff presented at, or attended, over 40 events to explain and discuss TEQSA's approach to its role and functions. Information about presentations to, and meetings with, TEQSA's stakeholders can be found at Appendix K.

During 2013–14 the Commissioners hosted visits to TEQSA by senior representatives of providers, stakeholder groups, or other higher education quality assurance agencies. TEQSA also hosted 12 delegations from overseas agencies with an interest in the regulation of the Australian higher education sector. Further information about these visits is at Appendix K.

## Meeting with peak higher education bodies and other bodies

TEQSA consults regularly with the sector, in meetings and via written correspondence and news bulletins. TEQSA meets regularly with peak body representatives from: Universities Australia, Australian Council for Private Education and Training, the Council of Private Higher Education, TAFE Directors Australia, and English Australia. TEQSA has established three reference groups: Risk Reference Group, Information Collection Reference Group, Regulation and Quality Assessment Reference Group. These reference groups include representatives from a range of sector groups, and have played an important part in consolidating and reporting sector feedback on TEQSA's reform initiatives and in guiding TEQSA's development of the reform agenda. The reference groups are discussed in more detail under Objective 3.

TEQSA initiated discussions with the peak bodies and their members about TEQSA's regulatory approach in the first half of 2014 and, in particular, a draft paper on the characteristics of the higher education sector. This paper, which will be circulated to the sector for comment, is intended to provide clearer communication by TEQSA about how its regulatory approach is applied in practice, and to facilitate a shared view of the facts about certain characteristics of different types of providers in the sector, which are considered by TEQSA as being relevant to its regulatory approach.

In 2013–14 TEQSA also consolidated relationships with other bodies that are active within the higher education sector, including ASQA, the Australian Qualifications Framework Secretariat, and the Office for Learning and Teaching (OLT).

## Cooperation with the Department of Education

As a small Australian Government agency, TEQSA recognises the need to cooperate with the Department of Education and other Australian Government agencies to tap into and share knowledge, expertise, and resources.

TEQSA works cooperatively with the Department of Education at various levels and has benefited from having access to sector expertise. Senior TEQSA staff and Commissioners regularly meet with relevant areas of the Department to discuss issues where work intersects and areas for further streamlining can be identified.

## Provider briefing

On 3 October 2013, TEQSA held a major provider briefing attended by over 350 provider and sector representatives. TEQSA outlined its reform agenda, including the proposed future directions for regulatory processes, and the Risk Assessment Framework. The overwhelmingly positive feedback from attendees confirmed that the briefing was an important opportunity for providers to learn more about TEQSA's approaches to its

functions, and to engage with case managers and Commissioners. Presentations from the briefing are available for download on the TEQSA website at [teqsa.gov.au/news-publications/events](http://teqsa.gov.au/news-publications/events).

## Joint TEQSA – Office for Learning and Teaching Forum on eLearning

TEQSA and the OLT jointly hosted a forum on eLearning at the Melbourne Convention and Exhibition Centre on 4 October 2013. The forum was an opportunity for the higher education sector to discuss the potential of new technologies to enhance learning, and the challenges of keeping pace with and exploiting opportunities in eLearning while maintaining and enhancing quality in higher education.

The forum included an outline of TEQSA's approach to online delivery of courses in its compliance assessments, and updates on OLT projects, exploring the potential of eLearning, such as augmented reality. Sessions covered institutional strategies for implementing eLearning approaches, and eLearning's impact on the quality of the student experience. *Coursera* co-founder and Stanford Professor Daphne Koller presented remotely to the forum from California. Feedback indicated that participants benefited from the sessions and the opportunity to network with colleagues from a range of higher education providers.

## National Register of higher education providers

TEQSA maintains and publishes a National Register of higher education providers (the National Register). The National Register is the authoritative source of information on the status of registered higher education providers in Australia. A provider's registration by TEQSA signals to the public that the provider is compliant with the legislated Standards of quality higher education. The *National Register Guidelines* set out the information that must be included on the National Register<sup>2</sup>. The National Register also includes details of TEQSA accredited courses, including the name of the course of study and accreditation renewal date. The National Register can be found on the TEQSA website.

TEQSA has consulted on other approaches to public reporting that accord with regulatory good practice in higher education, and from 1 July 2013 has published more detailed reports on TEQSA's decisions and the reasons for them on the National Register. These reports include information on any conditions applied to provider registration or course accreditation.

## Service Charter

TEQSA has developed and implemented a Service Charter articulating its commitment to engaging with stakeholders, service standards and complaints handling. TEQSA believes its quality assurance and regulatory approach should be responsive and service-oriented. The publication of the Service Charter is a 'Deliverable' under TEQSA's Portfolio Budget Statement.

---

<sup>2</sup> Information published on the National Register includes the provider's legal entity name, trading name/s used for higher education operations, provider category, Australian Business Number, address, website, registration renewal date, and its self-accrediting authority status.

The Service Charter was first published in May 2013. To ensure good practice in TEQSA's handling of complaints, TEQSA ensures students, providers and the general public are aware of options for making complaints about a provider or TEQSA. More information is contained in this report at Appendix G.

More broadly, TEQSA manages its relationships with providers in line with the Australian Public Service Code of Conduct and Values, and its own Agency values, which emphasise professionalism and accountability.

## CONSULTATIONS

### TEQSA's approach to consultation

Consultation with key stakeholders within the higher education sector is a crucial component in maintaining TEQSA's relations with stakeholders and improving TEQSA's processes.

TEQSA's consultations cover select topics and changes to regulatory policies and processes, but do not replace regular engagement with the higher education sector.

When undertaking consultation with the sector, TEQSA endeavours to make its consultation papers easily accessible and to give the sector and the broader public sufficient time to prepare responses. TEQSA also ensures that any questions on consultations are addressed promptly and shared publicly. Following a consultation period, TEQSA publishes a summary of the submissions received and explains how the findings from the consultation are likely to influence regulatory policies and arrangements.

### Consultations in 2013–14

In October 2013, TEQSA sought feedback from the sector on the future directions of its regulatory processes and the Regulatory Risk Framework. Details of these consultation processes are below.

#### Future directions for TEQSA's regulatory processes

TEQSA consulted the higher education sector on the Agency's proposed future directions of its regulatory processes, with particular focus on renewal of registration, initial course accreditation, and renewal of course accreditation processes. This consultation process endorsed and further contributed to TEQSA's development of streamlined regulatory processes, including tailored assessments based on the provider's regulatory history and risk assessment, and as a consequence, reduced evidence requirements. Implementation of these new processes began in late 2013, and they were formally launched in April 2014, with the publication of new process guides and application forms for these revised regulatory processes.

#### Future directions for the Regulatory Risk Framework

TEQSA consulted the higher education sector on proposed changes to the Regulatory Risk Framework. A key outcome from this consultation was the updated TEQSA Regulatory Assessment Framework, released to the higher education sector in March 2014.

Summary documents for both of these consultations and other information on TEQSA's consultation processes can be found on the TEQSA website at [teqsa.gov.au/news-publications/current-consultations](http://teqsa.gov.au/news-publications/current-consultations). Submissions to these consultations can be viewed on the TEQSA website at [teqsa.gov.au/regulatory-approach/reform-consultation-submissions](http://teqsa.gov.au/regulatory-approach/reform-consultation-submissions).

### TEQSA Update

TEQSA publishes a news brief, the *TEQSA Update*, which is distributed to registered higher education providers and other key stakeholders, and posted on the Agency's website. The *TEQSA Update* provides information about the Agency's regulatory approach, policies, and requirements. It also contains news about recent activities and upcoming events. The *TEQSA Update* was published in July and October 2013, and April 2014.

### Website

TEQSA uses its website [teqsa.gov.au](http://teqsa.gov.au) as the key tool for communicating important information to the higher education sector and those with an interest in Australian higher education. In late June 2013, TEQSA surveyed users on their experience of the website and sought views on the quality and accessibility of its content. Throughout 2014 this feedback will be used to improve the website and ensure that the information on the website is relevant, clear, and easy for users to access.

### Enquiries inbox

In 2013–14, TEQSA received over 2,500 enquiries from individuals on a range of issues. Correspondence was primarily from students seeking information on higher education providers or courses, including prospective international students, enquiries relating to the National Register, and routine correspondence from higher education providers about regulatory processes.

### Guidelines for providers

TEQSA formally started to implement its streamlined approach to applications for re-registration, accreditation of a new course of study, and renewal of accreditation for an existing course of study in April 2014. The new process guides for these regulatory activities are on the TEQSA website, and new online application forms for these processes are on the new TEQSA provider portal. The process guides have been released on a trial basis until the end of 2014. During this period, TEQSA is seeking feedback from providers to ensure the process guides are clear and useful.

## OBJECTIVE 3: OPERATE AS AN INNOVATIVE AND EXPERT REGULATOR

Since 29 January 2011, TEQSA has embraced the challenges of creating a leading-edge framework of regulation and of harnessing a wide range of expertise to implement it.

---

The following review of TEQSA's performance against Objective 3 describes the development of TEQSA's expertise and, specifically, the extent to which it has been successful in:

- ▶ maintaining a wide and expert base of staff knowledge and experience
- ▶ accessing external sources of sector expertise
- ▶ developing best practice quality assurance and regulatory processes supported by effective business systems.

Being an innovative and expert regulator is demonstrated, in part, through TEQSA's implementation of its regulatory approach, as outlined in Objective 2.

This annual report also provides information on TEQSA's work in 2013–14 to establish and consolidate existing links with counterpart agencies overseas. As well as extending TEQSA's capacity to regulate Australian offshore activities, these relationships support sharing knowledge and ideas on new approaches to regulation and quality assurance.

### STAFF EXPERTISE

TEQSA has highly skilled staff with a range of knowledge and expertise in higher education, regulation, risk management, and the public sector.

TEQSA's staff understand quality assurance and regulation, as well as have experience in higher education delivery. Staff also add to their knowledge and experience by liaising with providers, professional accreditation bodies, external experts, and quality assurance bodies overseas.

TEQSA's staff have diverse backgrounds, in areas such as data collection and analysis, regulation and government, risk management, and financial analysis. They have specialised skills in assessing complex quantitative and qualitative information, and judging its relevance for the quality assurance and regulation of higher education.

### A learning organisation

TEQSA recognises the importance of being a learning organisation and ensures that staff have opportunities to develop their knowledge internally and externally. In recognition of this, TEQSA established a Learning Committee in 2013 to oversee its learning and development framework and to promote and encourage continuous improvement and development of staff. The Learning Committee is chaired by a Commissioner.

In 2013–14, TEQSA developed a Learning Program to offer staff more formal and informal learning opportunities. This program draws on internal and external expertise relevant to higher education and effective regulation practices. TEQSA developed online resources for staff, including an intranet learning portal, a directory of staff expertise (TEQSPERTS), and a repository for TEQSA digital learning resources.

TEQSA's staff are encouraged to draw on each other's expertise and experience on a more informal basis. This mentoring approach has helped to expand staff knowledge of the higher education sector, regulatory approaches, and government policy. TEQSA also arranges presentations by staff and external speakers from the sector to discuss topics of professional interest to TEQSA staff. Visiting international delegations hosted by TEQSA are encouraged to share information about their country's approach to higher education quality assurance and regulation.

## EXTERNAL SOURCES OF ADVICE

### TEQSA Advisory Council

In response to the *Review of Higher Education Regulation*, the Australian Government announced the establishment of the TEQSA Advisory Council on 22 April 2014. The Council is chaired by Professor Peter Shergold AC, Chancellor of the University of Western Sydney, and includes members representing a range of perspectives from higher education, international education, and deregulation. Under its terms of reference, the Council consults with universities and other higher education institutions, and provides strategic policy advice to the Minister for Education and TEQSA on a range of options to uphold quality and standards while reducing red tape and deregulating the higher education environment.

### Register of Experts

TEQSA recognises that to perform its regulatory functions effectively, access to external expertise in a range of discipline areas and in specialised higher education learning and teaching methodologies is necessary.

In 2012, TEQSA established the Register of Experts which lists external experts that TEQSA case managers can use to inform their analysis of courses before making recommendations to the Commission. There are currently over 250 individuals on the Register of Experts. People interested in being listed on the Register of Experts can apply to TEQSA for inclusion. When assessing applications from potential experts, TEQSA considers whether they have appropriate qualifications, as well as relevant and recent professional experience. This helps ensure the expertise available to TEQSA is comprehensive and current.

Case managers undertake the assessment of applications, but when assessing an application for course accreditation or re-accreditation, may request input from an external expert with specific discipline expertise to inform their analysis of the application.

Throughout August and September 2013, TEQSA held workshops in Brisbane, Adelaide, Perth, Sydney and Melbourne with 250 TEQSA external experts. The workshops enabled TEQSA and the experts to share good practice, and for TEQSA to clarify expectations and requirements of experts, and demonstrate the online external experts portal.

## Reference Groups

TEQSA established three consultative reference groups to act as a 'sounding board' in the development and implementation of its quality assurance and regulatory policies and processes. The reference groups were not intended to replace sector consultation, but throughout the past financial year have been an important forum for discussion of TEQSA reforms before sector-wide consultations.

### *Regulatory Risk Reference Group*

The Regulatory Risk Reference Group supported the further development of TEQSA's Risk Assessment Framework (RAF) by providing advice on issues relating to risk in higher education and risk-based quality assurance and regulatory approaches. The Regulatory Risk Reference Group comprised experts in the fields of higher education sector risk and, more generally, in the areas of risk management, mitigation, and measurement. The Regulatory Risk Reference Group met twice in 2013–14 and played a key role in advising TEQSA on the redevelopment of the RAF.

### *Information Collection Reference Group*

The Information Collection Reference Group provided expert advice on issues relating to information collection and data used to inform TEQSA's activities. The Information Collection Reference Group provided input to TEQSA on the application of data collection; data curation and use; data analysis of the higher education sector; application of allied areas including privacy, access and security; and the use of public data and information. The Information Collection Reference Group also contributed to improving TEQSA's information collecting and planning. The Information Collection Reference Group met twice in 2013–14, and played a key role in providing advice on reforms to the PIR and on the data used in the RAF.

### *Regulation and Quality Assessment Reference Group*

The Regulation and Quality Assessment Reference Group provided feedback and advice on TEQSA's key quality assurance and regulatory processes, and issues relating to regulation and quality assurance of higher education. The Regulation and Quality Assessment Reference Group assisted TEQSA in implementing more streamlined and effective processes and practices. It comprises experts in various areas of higher education, including learning and teaching and international education.

The Regulation and Quality Assessment Reference Group held meetings in September 2013 and March 2014. It considered TEQSA's reform agenda and future directions for streamlined assessments through revised renewal of registration, course accreditation and renewal of course accreditation processes; revised material change notification policy and processes; regulation of offshore provision; assessment of joint and dual awards; quality assessments; and development of international cooperative relationships.

## EFFICIENT BUSINESS SYSTEMS

### Case management system

TEQSA has developed a new online case management system, an essential tool used by the Agency to deliver effective regulation, enhance staff productivity, and provide key performance data.

The new case management system was delivered under budget and started operating on schedule in April 2014. The system simplifies internal management of applications, and includes an authoritative, single source of data, and accessible reporting. The new system also comprises a website portal for providers to complete and submit online registration and accreditation applications, and upload associated evidence directly to TEQSA. The portal allows providers to simultaneously work on multiple TEQSA and CRICOS applications.

### New intranet

A new intranet started operating in November 2013, which is easier to navigate and promotes publishing and self-management of content by the subject matter areas.

## INTERNATIONAL RELATIONSHIPS

### International Strategy

TEQSA's *International Strategy 2013–15* has three main objectives:

- ▶ fostering cooperative relations with counterpart overseas quality assurance and regulatory bodies
- ▶ extending TEQSA's capacity to regulate Australian providers operating offshore
- ▶ building confidence in Australia's higher education sector.

The strategy encompasses all international activity, including transnational delivery, engagement with other countries, higher education provision to international students, and the internationalisation of Australian education. It takes into consideration overall Australian Government objectives and policies on international education. TEQSA's primary engagement through this strategy is with quality assurance agencies and government or related bodies, with a focus on countries where Australian institutions are active.

TEQSA's international relationships assist it to benchmark itself against world best practice in quality assurance and regulation of higher education. The Strategy is at [teqsa.gov.au/about/international-engagement](http://teqsa.gov.au/about/international-engagement). Further detail regarding TEQSA's involvement in international forums and dialogues in 2013–14 is provided at Appendix L.

### Support to whole-of-government policy

A key outcome of TEQSA's *International Strategy 2013–15* is to enable overseas governments and students to view registration by TEQSA as a mark of quality in Australian higher education.

Throughout 2013–14, TEQSA built on its relationships with Australian Education

International and Austrade to promote awareness of TEQSA's domestic and international role. The *TEQSA Snapshot* is a one-page overview of TEQSA developed for these organisations to use, and it is available in English and Mandarin on TEQSA's website.

## Memoranda

In addition to the Memoranda of Cooperation signed with the Quality Assurance Agency for Higher Education in the United Kingdom, the Council for Private Education in Singapore, and the Hong Kong Council for Accreditation of Academic and Vocational Qualifications, TEQSA also signed a Memorandum of Arrangement with the Malaysian Qualifications Agency and a Memorandum of Cooperation with the National Institute for Academic Degrees and University Evaluation, Japan, during this financial year.

These memoranda are a commitment of the parties to pursue cooperation in the interests of better regulation and quality assurance in higher education in each of the respective countries. TEQSA plans to enter into similar agreements with other counterpart agencies in other countries where Australian providers are active.

## International networks

TEQSA is a member of the following international networks:

- ▶ International Network for Quality Assurance Agencies in Higher Education
- ▶ Asia-Pacific Quality Network.

TEQSA is also represented on the US-based Council for Higher Education Accreditation International Quality Group Advisory Council.

## *Collaborative project with the European Association for Quality Assurance in Higher Education*

TEQSA has accepted an invitation from the European Association for Quality Assurance in Higher Education to participate in a project on good practice in the quality assurance of transnational education in Europe. The project is funded by the Erasmus Mundus program and is one of seven project proposals approved out of a total of 54 applications worldwide. The project is called *Quality Assurance of Cross-border Higher Education* and information on the project is available at [qache.wordpress.com](http://qache.wordpress.com).

TEQSA's contribution to the project focuses on sharing information about Australia's approach to quality assuring and regulating offshore delivery of higher education. The project complements TEQSA's work to develop its policy on transnational education, to support the Australian Government's objectives to expand the participation of higher education providers in international education. The project also aims to share examples of good practice from the university sector.

## Visits to TEQSA

In 2013–14 TEQSA hosted a number of delegations from international governments and agencies interested in learning more about TEQSA's model of quality assurance and regulation. For more details about these visits, see Appendix K.

## Visits by TEQSA staff

In November 2013, Ms Lucy Schulz, Executive Director, Regulation and Review, attended the first meeting of the Erasmus Mundus program, held in Brussels. Ms Schulz and Acting Chief Commissioner Dorte Kristoffersen were the two TEQSA representatives on the project team.

As part of this trip, Ms Schulz also met with staff at the Knowledge and Human Development Authority (KHDA) in Dubai to discuss practical ways that TEQSA and KHDA might cooperate in future.

Commissioner Michael Wells visited the United Kingdom (UK) to establish and deepen links with key UK agencies, as well as identify potential benchmarking and collaboration opportunities. While in the UK, Commissioner Wells visited:

- ▶ Higher Education Funding Council for England
- ▶ Higher Education Statistics Agency
- ▶ Quality Assurance Agency (UK)
- ▶ King's College London, where he gave a seminar on risk-based regulation.

Commissioner Wells also visited the Organisation for Economic Cooperation and Development (OECD) in France in November 2013 where he met the OECD statistics team and the Institutional Management in Higher Education program members, to gain a better understanding of trends in reporting higher education data and outcomes of the Assessment of Higher Education Learning Outcomes feasibility study on measuring learning outcomes in higher education.

On 7–8 March 2014, Ms Tricia Roessler, Director, Communications and International, attended the Asia-Pacific Quality Network annual conference and annual general meeting in Hanoi, Vietnam. Ms Roessler co-presented a paper at the conference with Ms Carolyn Campbell of the UK's QAA, titled *Collaboratively Engaging Different Frameworks for the Benefit of Transnational Education*.

During this visit to Vietnam, Ms Roessler also conducted joint workshops with the Vietnam Ministry of Education and Training for Vietnamese and foreign higher education providers in Hanoi and in Ho Chi Minh City, and conducted a workshop on Regulation and Quality Assurance of Higher Education in Australia for RMIT International University Vietnam in Ho Chi Minh City.

## Quality assurance and regulation of offshore delivery

TEQSA's *International Strategy 2013–15* commits it to developing 'a rigorous approach to offshore provision, including overseas site visits where necessary, and developing cooperative relationships with overseas quality assurance agencies and governments regarding offshore issues'.

TEQSA's RAF incorporates a focus on offshore delivery, including identifying if a provider has any offshore provision and consideration of the history and context of that delivery. The Agency's approach to identifying risks associated with offshore provision will evolve and

strengthen over time as it builds its understanding about Australian offshore delivery. TEQSA will also be informed by Australia's history of offshore delivery of higher education through offshore campuses, partnerships, and other third-party arrangements. TEQSA published an information paper titled *TEQSA's approach to regulating the offshore provision of regulated HE awards* in September 2013. Transnational delivery may be added to an extended regulatory process if TEQSA is concerned about the risk of non-compliance.

## COOPERATION WITH OTHER AUSTRALIAN GOVERNMENT AGENCIES

TEQSA entered into a shared services arrangement with the Productivity Commission for information and communications technology and payroll services in 2012. The arrangement is beneficial for both agencies and particularly for TEQSA for service delivery, significantly reducing costs.

TEQSA engages with the Australian Public Service Commission on human resources and workplace relations matters.

TEQSA has also shared its expertise and provided assistance with other small agencies, such as ASQA, in the areas of financial management, risk management, and fraud and security awareness.



## SECTION 04

# MANAGEMENT & ACCOUNTABILITY

---

CORPORATE GOVERNANCE 54

---

HUMAN RESOURCES 58

# CORPORATE GOVERNANCE

TEQSA's corporate governance framework incorporates regulatory and management decision-making bodies; an integrated planning framework; systems, policies and directives, such as the enterprise risk management framework, the internal control framework, and Chief Executive Instructions; an ethical and accountable organisational culture; and transparency in public reporting.

---

## DECISION FORUMS AND COMMITTEES

### Commission meetings

The TEQSA Commission is led by the Chief Commissioner, assisted by two full-time Commissioners and two part-time Commissioners. The Commission is responsible for making regulatory decisions, setting strategic directions, monitoring risk in the sector, and deciding on matters relating to the development of TEQSA's quality assurance and regulatory framework.

The Commission's focus is to:

- ▶ interpret and apply the provisions of the TEQSA and ESOS Acts, consistent with their objects
- ▶ determine strategic directions for the development of regulatory policy
- ▶ make decisions concerning individual providers
- ▶ manage strategic relations with key stakeholders
- ▶ oversee external and internal communications
- ▶ take necessary action to protect and promote TEQSA's reputation.

The Commission meets weekly. The agenda is largely determined by issues arising from the quality assurance and regulatory business that requires consideration by the Commission. The issues are partly determined by regular cycles of activity, such as registrations, the TEQSA PIR, and risk assessment processes.

### Senior management team meetings

TEQSA has a Senior Management Team, chaired by the Chief Commissioner in their capacity as CEO, and comprises TEQSA's Executive Directors, the Chief Finance and Operating Officer, and the Chief Lawyer. The Senior Management Team meets to guide the ongoing development of TEQSA's management and administration processes and policies and reviews TEQSA's performance against the organisational objectives set out in TEQSA's strategic and operational plans.

The focus of the Senior Management Team is to:

- ▶ ensure organisational capacity to deliver the provisions of the TEQSA and ESOS Acts consistent with their objects

- ▶ plan and review progress against the Operational Plan
- ▶ review or approve corporate policies, as appropriate
- ▶ monitor and review the budget
- ▶ undertake workforce planning
- ▶ review risk management and legislative compliance
- ▶ provide whole of agency coordination, communication and capacity testing and building
- ▶ act as a clearinghouse or testing ground for key initiatives
- ▶ provide advice to the CEO.

## Audit Committee

TEQSA's Audit Committee operates under an Audit Committee Charter issued by the Commissioners. The Audit Committee Charter sets out the role and responsibilities of the Committee, its membership, meeting arrangements, and reporting obligations. The *Financial Management and Accountability Act 1997* (FMA Act) cites that the Committee should have a majority of external members. TEQSA has two external members appointed by the CEO (including the Chair) and a senior TEQSA staff member (currently, the Chief Lawyer). TEQSA's Chief Finance and Operating Officer, TEQSA's outsourced internal auditor, and a representative from the Australian National Audit Office are observers at all committee meetings. The CEO has a standing invitation to attend all Audit Committee meetings as an observer.

The Audit Committee met four times in 2013–14. As part of its work, the Committee:

- ▶ reviewed the Strategic Internal Audit Plan and considered reviews and resource allocation
- ▶ agreed to key performance indicators for the internal audit
- ▶ endorsed the Agency's financial statements, the Fraud Control and Anti-Corruption Plan, the Enterprise Risk Management Framework, Legislative Compliance and Internal Controls Framework.

In accordance with the Strategic Internal Audit Plan and the Enterprise Risk Management Framework, four reviews were undertaken by the internal auditors:

- ▶ an accounts payable review to assess compliance with the Chief Executive Instructions and fraud control measures
- ▶ an IT general controls review to assess the adequacy and the effectiveness of the controls designed to manage TEQSA's IT environment
- ▶ a Privacy Act Readiness Assessment review to ensure the agency has implemented effective controls and measures regarding the new privacy principles and public interest disclosures
- ▶ a health check of the Agency's Enterprise Risk Management Framework.

## Security Committee

TEQSA's Security Committee is a requirement under the Protective Security Policy Framework, and is comprised of the Chief Finance and Operating Officer, the Agency Security Adviser, the Information Technology Security Adviser, and the Director Finance

and Accountability. The committee meets biannually and focuses on all aspects of protective security affecting the Agency, and assists the Agency to meet its compliance, risk management, and reporting requirements.

## CORPORATE PLANNING

### Strategic Plan

TEQSA presented its Interim Strategic Plan (2014–2017) to The Hon Christopher Pyne MP, Minister for Education on 30 May 2014 in accordance with section 152 of the TEQSA Act. This plan reflects TEQSA's reform agenda and its approach to delivering efficient, effective, and responsive quality assurance and regulation by further streamlining regulatory processes and having productive engagement with stakeholders.

### Operational Plan

TEQSA's Strategic Plan is supported by an annual Operational Plan that sets out the actions TEQSA intends to take to meet the objectives and the performance indicators against which TEQSA's performance is to be assessed. TEQSA submitted its most recent annual Operational Plan to the Minister on 26 June 2014 in line with section 162 of the TEQSA Act.

### Enterprise Risk Management Framework

TEQSA accepts that there may be risk in any aspect of its operations and that having an appropriate strategy for risk is critical. TEQSA uses a risk-based approach for its day-to-day business and is committed to the continuous improvement of risk management practices in line with the international risk management standard (ISO31000:2009).

TEQSA's Enterprise Risk Management Framework is underpinned by a strong organisational culture, a Risk Management Policy, an Enterprise Risk Register, a Risk Appetite Statement, an Internal Control Framework, a Fraud Control and Anti-Corruption Plan, and arrangements for consultation, communication, and performance reporting.

Risk management training is offered to TEQSA staff as part of their corporate induction. Designated risk management resources, including the identification of risk owners and risk managers, via the Enterprise Risk Register, assists staff to use risk management methodologies in day-to-day business practices.

### Fraud Control and Anti-Corruption Plan

The Commonwealth Fraud Control Guidelines require the Agency to undertake a fraud risk assessment, including the establishment of a fraud control plan to ensure appropriate fraud prevention, detection, investigation, and reporting procedures and processes are in place. TEQSA's implemented Fraud Control and Anti-Corruption Plan is reviewed annually by the Audit Committee and the Chief Executive Officer. The Assistant Director Governance and Accountability is responsible for implementing the Fraud Control and Anti-Corruption Plan and reports directly to the Chief Executive Officer and Audit Committee. TEQSA has implemented quarterly in-house reviews under the Fraud Control and Anti-Corruption Plan and has provided mandatory fraud and corruption awareness training to employees.

## Protective security

TEQSA's Agency Security Adviser (ASA) is responsible for the coordination and arrangements of security functions within the Agency, and provides advice to the CEO, management, and staff on security matters. In 2013–14, TEQSA maintained full compliance with the requirements under the *Protective Security Policy Framework*. The ASA monitors compliance with security requirements, provides advice and training to staff, and, where required, completes investigations into security incidents.

## Major Incident Management Framework

TEQSA has in place a Major Incident Management Framework, developed in 2012–13, to manage any potential risks or crises relating to TEQSA's quality assurance and regulatory role. These crises are limited to events of an extraordinary nature, which TEQSA expects have a low likelihood of occurrence, but would possibly have a significant impact on the operations of a small number of providers or the reputation of the sector.

Should they occur, these events will be managed through an internal Major Incident Management Committee overseen by two Commissioners. Appropriate processes and procedures, and communication and reporting protocols, have been established to manage particular crises.

## Ethical standards

TEQSA's range of measures to promote ethical standards within the Agency, include:

- ▶ providing training for all staff in fraud awareness and conflicts of interest
- ▶ developing a number of specific policies relating to ethical standards and behaviour relevant to TEQSA's operational context, for example, email and internet use, discrimination, fraud, and disclosure of information
- ▶ building adherence to the Australian Public Service Code of Conduct and Values into staff's individual Performance and Development Plans.

## External scrutiny

TEQSA is subject to external scrutiny by the Office of the Commonwealth Ombudsman, the Australian National Audit Office, the Administrative Appeals Tribunal, the Attorney-General's Department, the Office of the Australian Information Commissioner, and parliamentary committees. During 2013–14, the Australian National Audit Office, the Commonwealth Ombudsman, and Parliamentary Committees did not issue any reports on the operations of TEQSA. No judicial decisions or decisions of administrative tribunals in 2013–14 had a significant impact on the operations of TEQSA. During 2013–14, TEQSA appeared at parliamentary committee hearings for budget supplementary estimates on 20 November 2013, additional estimates on 26 February 2014, and budget estimates on 5 June 2014.

On 6 June, TEQSA appeared at the public hearing of the Education and Employment Legislation Committee for the *Tertiary Education Quality and Standards Agency Amendment Bill 2014*.

# HUMAN RESOURCES

TEQSA's first Enterprise Agreement, the *TEQSA Enterprise Agreement 2012–14*, was negotiated in 2012 and came into effect on 2 November 2012. The Enterprise Agreement covers all non-Senior Executive Service (SES) staff, and provides flexibility for additional terms and conditions of employment for high performing non-SES employees through individual employment arrangements.

---

## Staffing statistics

As at 30 June 2014, TEQSA employed 83 Australian Public Service (APS) and 2 executive-level staff under its Enterprise Agreement. Of these staff, two were employed as non-ongoing employees and six staff members worked part-time. More detailed information is at Appendix B. Two SES employees were covered by individual determinations under section 24 of the *Australian Public Service Act 1999* (the APS Act).

In 2013–14, TEQSA recruited eight staff at various APS and executive-level 1 levels.

## Remuneration and other terms and conditions

The conditions of employment for APS and executive-level employees are set out in the Enterprise Agreement. It offers competitive terms and conditions of employment including reimbursement of up to \$3,000 per calendar year to assist with the cost of relevant professional development.

Commissioners of TEQSA, including the Chief Commissioner, are appointed by the Minister for Education, pursuant to section 138 of the TEQSA Act and are paid the remuneration determined by the Remuneration Tribunal. The terms and conditions of employment for members of the SES are set under individual determinations under subsection 24(1) of the APS Act.

## Non-salary benefits

Non-salary benefits provided by the Agency to non-SES employees include superannuation, home-based computer access, professional development and studies assistance, and leave flexibilities. SES employees are able to access vehicle leasing and car-parking arrangements.

## Performance pay

TEQSA's Enterprise Agreement does not include provision for performance pay for non-SES staff.

Under TEQSA's SES Performance Planning and Review Scheme, SES employees are eligible for salary progression, which is linked to their performance against business outcomes and leadership outcomes.

## Performance assessment

TEQSA has a formal performance management system in place for staff. The approach assists in:

- ▶ clarifying individual employee work tasks, their responsibilities and the performance standards expected (through performance agreements)
- ▶ providing feedback on performance and improving communication between managers and their staff (through performance appraisals)
- ▶ providing a basis for determining salary advancement within classifications
- ▶ identifying learning and professional development needs and opportunities
- ▶ identifying and managing underperformance.

## Professional development

TEQSA recognises the value of a well-educated workforce and provides staff with learning and development opportunities to develop skills and knowledge for current and future roles and responsibilities.

TEQSA provides access for all staff to an annual reimbursement of up to \$3,000 for the cost of relevant professional development, including fees associated with an approved course of study.

Training was provided to TEQSA staff on legal issues relevant to TEQSA's regulatory responsibilities, and covered:

- ▶ TEQSA's legislative framework under the TEQSA Act, the TEQSA CATP Act, and the ESOS Act
- ▶ key government accountability legislation including the *Freedom of Information Act 1982* and the *Privacy Act 1988* (Cwlth)
- ▶ principles of administrative law in decision making, including procedural fairness and the importance of evidence-based decision making
- ▶ practical aspects of regulation, having regard to TEQSA's status as an independent quality assurance and regulatory agency.

## Workplace consultative arrangements

The Agency consults regularly with staff through a number of forums, including the Staff Consultative Forum. Monthly all-staff meetings also update staff on a range of management and operational issues. Each group within the Agency holds regular meetings that give staff an opportunity to raise issues and put forward ideas for improving their work environment.

## FINANCIAL MANAGEMENT

### Grants

TEQSA does not administer a discretionary grants program.

### Legal services

TEQSA's Chief Lawyer provides, or arranges for the provision of, legal services in relation to all aspects of TEQSA's operations.

Where necessary, the Chief Lawyer obtains additional legal expertise from the Legal Services Multi-Use List administered by the Attorney-General's Department. TEQSA's Legal Group ensures that TEQSA complies with the Legal Services Directions and other Commonwealth policies or rules relevant to the provision of legal services.

In 2013–14, the Agency obtained external legal advice from the Australian Government Solicitor. Expenditure on legal services in 2013–14 was \$0.060 million.

### Competitive tendering and contracting

TEQSA's Chief Executive Instructions, Procurement Manual, and Operational Guidelines require compliance with the Commonwealth Procurement Rules.

All contracts worth more than \$10,000 entered into by TEQSA in 2013–14 were lodged on AusTender.

### *Exempt contracts*

No contracts were exempted by the Chief Executive Officer from being published on AusTender on the basis that publication would disclose exempt matters under the *Freedom of Information Act 1982*.

### *Australian National Audit Office access clauses*

No contracts were let during the year for \$100,000 or more with provisions to exempt Australian National Audit Office access to the contractor's premises.

### Consultancies

#### *Policy on the selection and engagement of consultants*

The Agency engages consultants where it lacks specialist expertise, or when independent research, review, or assessment is required. Consultants are typically engaged to investigate or diagnose a defined issue or problem; carry out defined reviews or evaluations; or provide independent advice, information, or creative solutions to assist in the Agency's decision making.

Prior to engaging consultants, the Agency takes into account the skills and resources required for the task, the skills available internally, and the cost effectiveness of engaging external expertise. The decision to engage a consultant is made in accordance with the FMA Act and related regulations including the Commonwealth Procurement Rules and relevant internal policies.

### *Consultancy contracts*

In 2013–14, the Agency entered into two new consultancy contracts involving total actual expenditure of \$0.042 million (GST inclusive). In addition, two ongoing consultancy contracts were active during the 2013–14 year, involving total actual expenditure of \$0.052 million (GST inclusive).

The main purposes for engaging consultants were to:

- ▶ provide independent assessments, analysis and advice, and apply high-level expertise not otherwise available to the Agency
- ▶ undertake research, studies, and modelling exercises.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website at [tenders.gov.au](http://tenders.gov.au).

### *Performance against core purchasing policies*

The core policies and principles of the Commonwealth Procurement Rules were adhered to throughout the reporting period. An appropriate market approach was made for all procurements covered by the guidelines.

### *Fees*

TEQSA operates on a partial cost-recovery basis, consistent with Commonwealth Cost Recovery Guidelines. The legislative basis for this can be found under Part 8, Division 6 of the TEQSA Act, which states that TEQSA may determine fees for things done in the performance of its functions. Fees collected by TEQSA under cost-recovery arrangements are returned to the Australian Government's consolidated revenue.

Fees payable as at 30 June 2014 are available at [comlaw.gov.au/Details/F2013L00438](http://comlaw.gov.au/Details/F2013L00438).

## INFORMATION TECHNOLOGY

TEQSA's information technology infrastructure and support is provided by the Productivity Commission.

As an agency under the FMA Act, TEQSA is required to comply with the guidance in Australian Government Information Management Office Circular no.2010/005, Implementation of upgraded accessibility standard across Australian Government websites. This required TEQSA's website to conform to the Web Content Accessibility Guidelines version 2.0 (WCAG 2.0) Level A by 31 December 2012, and to conform to WCAG 2.0 Level AA by 31 December 2014. TEQSA is working towards conforming with WCAG 2.0 requirements.





## SECTION 05

# FINANCIAL REPORT

---

INDEPENDENT AUDITOR'S REPORT 64

---

STATEMENT BY THE CHIEF  
COMMISSIONER AND  
CHIEF FINANCIAL OFFICER 66

---

FINANCIAL STATEMENTS 67



## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Education

I have audited the accompanying financial statements of Tertiary Education Quality and Standards Agency for the year ended 30 June 2014, which comprise: a Statement by the Chief Commissioner and Chief Financial Officer; Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Administered Schedule of Comprehensive Income; Administered Schedule of Assets and Liabilities; Administered Reconciliation Schedule; Administered Cash Flow Statement; Schedule of Administered Commitments; Schedule of Administered Contingencies; and Notes to and forming part of the Financial Statements, including a Summary of Significant Accounting Policies.

#### *Chief Commissioner's Responsibility for the Financial Statements*

The Chief Commissioner of Tertiary Education Quality and Standards Agency is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Tertiary Education Quality and Standards Agency's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tertiary Education Quality and Standards Agency's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the

GPO Box 707 CANBERRA ACT 2601  
19 National Circuit BARTON ACT  
Phone (02) 6203 7300 Fax (02) 6203 7777

Chief Commissioner, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Independence***

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

***Opinion***

In my opinion, the financial statements of the Tertiary Education Quality and Standards Agency:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders, including the Tertiary Education Quality and Standards Agency's financial position as at 30 June 2014 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



John Jones  
Executive Director  
Delegate of the Auditor-General  
Canberra  
22 August 2014

# STATEMENT BY THE CHIEF COMMISSIONER AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2014 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.



**Ms Dorte Kristoffersen**  
Acting Chief Commissioner

22 August 2014



**Mr Indhi Emmanuel**  
Chief Financial Officer

22 August 2014

# FINANCIAL STATEMENTS

## Statement of Comprehensive Income for the Tertiary Education Quality and Standards Agency

for the period ended 30 June 2014

		2014	2013
	Notes	\$'000	\$'000
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits	3A	12,800	12,264
Suppliers	3B	4,988	4,992
Depreciation and amortisation	3C	1,657	1,316
Finance costs	3D	14	9
Write-down and impairment of assets	3E	851	60
<b>Total Expenses</b>		<b>20,310</b>	18,641
<b>LESS:</b>			
<b>Own-source Income</b>			
<b>Own-source revenue</b>			
Sale of goods and rendering of services	4A	14	21
Other revenue	4B	45	45
<b>Total own-source revenue</b>		<b>59</b>	66
<b>Gains</b>			
Reversals of previous asset write-downs and impairments	4C	65	–
<b>Total gains</b>		<b>65</b>	–
<b>Total own-source income</b>		<b>124</b>	66
<b>Net cost of services</b>		<b>20,186</b>	18,575
Revenue from Government	4D	18,524	17,282
<b>Surplus/(Deficit) attributable to the Australian Government</b>		<b>(1,662)</b>	(1,293)
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not subject to subsequent reclassification to net cost of services</b>			
Changes in asset revaluation surplus		3	3
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>		<b>(1,659)</b>	(1,290)

The above statement should be read in conjunction with the accompanying notes.

## Statement of Financial Position for the Tertiary Education Quality and Standards Agency

as at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	6A	173	160
Trade and other receivables	6B	6,715	5,724
<b>Total financial assets</b>		<b>6,888</b>	5,884
<b>Non-financial assets</b>			
Land and buildings	7A,C	2,194	2,197
Plant and equipment	7B,C	704	774
Intangibles	7D,E	1,475	2,076
Other non-financial assets	7F	287	224
<b>Total non-financial assets</b>		<b>4,660</b>	5,271
<b>Total assets</b>		<b>11,548</b>	11,155
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	8A	171	307
Other payables	8B	2,067	2,067
<b>Total payables</b>		<b>2,238</b>	2,374
<b>Provisions</b>			
Employee provisions	9A	3,449	2,499
Other provisions	9B	398	410
<b>Total provisions</b>		<b>3,847</b>	2,909
<b>Total liabilities</b>		<b>6,085</b>	5,283
<b>Net assets</b>		<b>5,463</b>	5,872
<b>EQUITY</b>			
Contributed equity		7,839	6,589
Reserves		6	3
Retained surplus/(Accumulated deficit)		(2,382)	(720)
<b>Total equity</b>		<b>5,463</b>	5,872

The above statement should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity for the Tertiary Education Quality and Standards Agency

for the period ended 30 June 2014

	Retained Earnings		Asset Revaluation Surplus		Contributed Equity/Capital		Total Equity	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance</b>								
Balance carried forward from previous period	(720)	573	3	-	6,589	4,133	5,872	4,706
<b>Adjusted opening balance</b>	<b>(720)</b>	<b>573</b>	<b>-</b>	<b>-</b>	<b>6,589</b>	<b>4,133</b>	<b>5,872</b>	<b>4,706</b>
<b>Comprehensive income</b>								
Other comprehensive income	-	-	3	3	-	-	3	3
Surplus/(Deficit) for the period	(1,662)	(1,293)	-	-	-	-	(1,662)	(1,293)
<b>Total comprehensive income</b>	<b>(1,662)</b>	<b>(1,293)</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>(1,659)</b>	<b>(1,290)</b>
<b>Transactions with owners</b>								
<b>Contributions by owners</b>								
Departmental Capital Budget	-	-	-	-	852	556	852	556
Restructuring	-	-	-	-	-	-	-	-
Equity Injection – Appropriation	-	-	-	-	398	1,900	398	1,900
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,250</b>	<b>2,456</b>	<b>1,250</b>	<b>2,456</b>
<b>Closing balance as at 30 June</b>	<b>(2,382)</b>	<b>(720)</b>	<b>6</b>	<b>3</b>	<b>7,839</b>	<b>6,589</b>	<b>5,463</b>	<b>5,872</b>

The above statement should be read in conjunction with the accompanying notes.

## Cash Flow Statement for the Tertiary Education Quality and Standards Agency

for the period ended 30 June 2014

		2014	2013
	Notes	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations		18,262	16,131
Sales of goods and rendering of services		130	73
Net GST received		684	837
<b>Total cash received</b>		<b>19,076</b>	<b>17,041</b>
<b>Cash used</b>			
Employees		11,833	11,113
Suppliers		5,869	3,686
Section 31 receipts transferred to OPA		780	3,356
<b>Total cash used</b>		<b>18,482</b>	<b>18,155</b>
<b>Net cash from/(used by) operating activities</b>	11	<b>594</b>	<b>(1,114)</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash Used</b>			
Purchase of property, plant and equipment		336	229
Purchase of intangibles		1,457	964
Other		38	109
<b>Total cash used</b>		<b>1,831</b>	<b>1,302</b>
<b>Net cash from/(used by) investing activities</b>		<b>(1,831)</b>	<b>(1,302)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Contributed equity		1,250	2,456
<b>Total cash received</b>		<b>1,250</b>	<b>2,456</b>
<b>Net cash from/(used by) financing activities</b>		<b>1,250</b>	<b>2,456</b>
<b>Net increase/(decrease) in cash held</b>		<b>13</b>	<b>40</b>
Cash and cash equivalents at the beginning of the reporting period		160	120
<b>Cash and cash equivalents at the end of the reporting period</b>	6A	<b>173</b>	<b>160</b>

The above statement should be read in conjunction with the accompanying notes.

## Schedule of Commitments

as at 30 June 2014

	2014	2013
	\$'000	\$'000
<b>BY TYPE</b>		
<b>Commitments receivable</b>		
Net GST recoverable on commitments	1,078	1,299
<b>Total commitments receivable</b>	<b>1,078</b>	1,299
<b>Commitments payable</b>		
<b>Capital commitments</b>		
Intangibles	92	186
<b>Total capital commitments</b>	<b>92</b>	186
<b>Other commitments</b>		
Operating leases	10,420	11,668
Project commitments	219	630
Other	1,130	1,798
<b>Total other commitments</b>	<b>11,769</b>	14,096
<b>Total commitments payable</b>	<b>11,861</b>	14,282
<b>Net commitments by type</b>	<b>10,783</b>	12,983
<b>BY MATURITY</b>		
<b>Commitments receivable</b>		
<b>Commitments receivable</b>		
Within 1 year	234	255
Between 1 to 5 years	601	671
More than 5 years	243	373
<b>Total commitments receivable</b>	<b>1,078</b>	1,299
<b>Commitments payable</b>		
<b>Capital commitments</b>		
Within 1 year	92	186
Between 1 to 5 years	-	-
More than 5 years	-	-
<b>Total capital commitments</b>	<b>92</b>	186

---

## Schedule of Commitments *Continued*

<b>Operating lease commitments</b>		
Within 1 year	<b>1,216</b>	1,190
Between 1 to 5 years	<b>6,534</b>	6,410
More than 5 years	<b>2,670</b>	4,068
<b>Total operating lease commitments</b>	<b>10,420</b>	11,668
<b>Other commitments</b>		
Within 1 year	<b>1,269</b>	1,427
Between 1 to 5 years	<b>80</b>	965
More than 5 years	<b>–</b>	36
<b>Total other commitments</b>	<b>1,349</b>	2,428
<b>Total commitments payable</b>	<b>11,861</b>	14,282
<b>Net commitments by maturity</b>	<b>10,783</b>	12,983

The Tertiary Education Quality and Standards Agency's current lease for the Melbourne office expires on 30 April 2022, with a five year option.

A lease was entered into during 2012-13 for additional office space in Melbourne with an expiry date of 14 May 2017 and includes two further options of five years each.

Note: Commitments are GST inclusive where relevant.

The above schedule should be read in conjunction with the accompanying notes.

---

## Schedule of Contingencies

*as at 30 June 2014*

---

### Contingent assets

At 30 June 2014, the Tertiary Education Quality and Standards Agency has no contingent assets.

---

### Contingent liabilities

At 30 June 2014, the Tertiary Education Quality and Standards Agency has no contingent liabilities.

The above schedule should be read in conjunction with the accompanying notes.

## Administered Schedule of Comprehensive Income for the Tertiary Education Quality and Standards Agency

for the period ended 30 June 2014

		2014	2013
	Notes	\$'000	\$'000
<b>NET COST OF SERVICES</b>			
<b>Income</b>			
<b>Revenue</b>			
<b>Non-taxation revenue</b>			
Fees	17	2,733	4,486
<b>Total non-taxation revenue</b>		<b>2,733</b>	<b>4,486</b>
<b>Total revenue</b>		<b>2,733</b>	<b>4,486</b>

The above schedule should be read in conjunction with the accompanying notes.

## Administered Schedule of Assets and Liabilities for the Tertiary Education Quality and Standards Agency

as at 30 June 2014

		2014	2013
		\$'000	\$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents		-	-
<b>Total financial assets</b>		<b>-</b>	<b>-</b>
<b>Total assets administered on behalf of Government</b>		<b>-</b>	<b>-</b>
<b>Net Assets</b>		<b>-</b>	<b>-</b>

The above schedule should be read in conjunction with the accompanying notes.

## Administered Reconciliation Schedule for the Tertiary Education Quality and Standards Agency

		2014	2013
		\$'000	\$'000
<b>Opening assets less liabilities as at 1 July</b>		<b>-</b>	<b>-</b>
<b>Net (cost of)/contribution by services</b>			
Income		2,733	4,486
<b>Transfers (to)/from Australian Government</b>			
Appropriation transfers to OPA			
Transfers to OPA		2,872	4,723
Transfers from OPA		(139)	(237)
<b>Closing assets less liabilities as at 30 June</b>		<b>-</b>	<b>-</b>

The above schedule should be read in conjunction with the accompanying notes.

## Administered Cash Flow Statement for the Tertiary Education Quality and Standards Agency

for the period ended 30 June 2014

		2014	2013
	Notes	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Fees		2,733	4,486
<b>Total cash received</b>		<b>2,733</b>	4,486
<b>Net cash from/(used by) operating activities</b>	19	<b>2,733</b>	4,486
<b>Net increase/(decrease) in cash held</b>		<b>2,733</b>	4,486
Cash and cash equivalents at the beginning of the reporting period			
		-	-
<b>Cash from Official Public Account</b>			
Appropriations		139	237
<b>Total cash from official public account</b>		<b>139</b>	237
<b>Cash to Official Public Account</b>			
Appropriations		(2,872)	(4,723)
<b>Total cash to official public account</b>		<b>(2,872)</b>	(4,723)
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>-</b>	-

This schedule should be read in conjunction with the accompanying notes.

## Schedule of Administered Commitments

as at 30 June 2014

As at 30 June 2014, the Tertiary Education Quality and Standards Agency has no Administered commitments.

The above schedule should be read in conjunction with the accompanying notes.

## Schedule of Administered Contingencies

as at 30 June 2014

### Administered contingent assets

As at 30 June 2014, the Tertiary Education Quality and Standards Agency has no Administered contingent assets.

### Administered contingent liabilities

As at 30 June 2014, the Tertiary Education Quality and Standards Agency has no Administered contingent liabilities.

The above schedule should be read in conjunction with the accompanying notes.

## TABLE OF CONTENTS - NOTES

Note	Description
1	Summary of Significant Accounting Policies
2	Events after the Reporting Period
3	Expenses
4	Own-Source Income
5	Fair Value Measurements
6	Financial Assets
7	Non-Financial Assets
8	Payables
9	Provisions
10	Restructuring
11	Cash Flow Reconciliation
12	Contingent Assets and Liabilities
13	Senior Executive Remuneration
14	Remuneration of Auditors
15	Financial Instruments
16	Financial Assets Reconciliation
17	Administered – Income
18	Administered – Statement of Financial Position
19	Administered – Cash Flow Reconciliation
20	Administered – Contingent Assets and Liabilities
21	Administered – Financial Instruments
22	Appropriations
23	Compensation and Debt Relief
24	Reporting of Outcomes
25	Cost Recovery
26	Net Cash Appropriation Arrangements

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1.1 Objectives of the Tertiary Education Quality and Standards Agency

The Tertiary Education Quality and Standards Agency (TEQSA) is an Australian Government controlled entity. It is a not-for-profit entity. TEQSA is Australia's independent regulatory and quality agency for higher education.

TEQSA was established in July 2011 under Section 132 of the *Tertiary Education Quality and Standards Agency Act 2011* with the objective to maintain and enhance quality, diversity and innovation in the Australian higher education sector through quality assurance and nationally consistent regulation. Since 29 January 2012, TEQSA has regulated higher education providers against a national set of quality standards known as the Threshold Standards. Since 1 July 2012, TEQSA has fully regulated providers in accordance with its responsibilities under the *Education Services for Overseas Students Act 2000*.

TEQSA is structured to meet one outcome:

**Outcome 1:** *Contribute to a high quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance and dissemination of higher education standards and performance.*

The continued existence of TEQSA in its present form and with its present programs is dependent on Government policy and on continuing funding by Parliament for TEQSA's administration and programs.

TEQSA activities contributing toward this outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by TEQSA in its own right. Administered activities involve the management or oversight by TEQSA, on behalf of the Government, of items controlled or incurred by the Government.

TEQSA has in place partial cost recovery arrangements for specified services (including registration and re-registration of providers; accreditation and re-accreditation of courses; and major variations to registrations and accreditations) to higher education providers. All fee revenue from cost recovery arrangements is administered revenue and is returned to the consolidated revenue fund.

### 1.2 Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 49 of the *Financial Management and Accountability Act 1997*.

The financial statements have been prepared in accordance with:

- a) Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2013; and
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to TEQSA or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth (2014) HCA23*, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

### 1.3 Significant Accounting Judgements and Estimates

In 2012–13, TEQSA commenced development of a new regulatory case management system (CMS) due to concerns the existing Decision Support system (DSS) was not able to effectively meet all of TEQSA's needs in the long term. In 2013-14, CMS was implemented resulting in impairment of the DSS. A debit of \$0.822m was recorded against the Write-down and impairment of assets expense section of the Statement of Comprehensive Income.

No other significant accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

## 1.4 New Australian Accounting Standards

### *Adoption of New Australian Accounting Standard Requirements*

No accounting standard has been adopted earlier than the application date as stated in the standard.

Of the new standards, amendments to standards and interpretations issued prior to the sign-off date, none have had a material financial impact on TEQSA.

All other new/revised/amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect and are not expected to have a future material effect on TEQSA's financial statements.

### *Future Australian Accounting Standard Requirements*

Of the new standards, amendments to standards and interpretations that were issued by the Australian Accounting Standards Board prior to the sign-off date which are applicable to future periods, none have had a material impact on TEQSA.

All other new/revised/amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period are not expected to have a future material impact on TEQSA's financial statements.

## 1.5 Revenue

Revenue from the sale of goods is recognised when:

- a) the risks and rewards of ownership have been transferred to the buyer;
- b) the entity retains no managerial involvement or effective control over the goods;
- c) the revenue and transaction costs incurred can be reliably measured; and
- d) it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- b) the probable economic benefits associated with the transaction will flow to TEQSA.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

### *Resources Received Free of Charge*

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

### *Revenue from Government*

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when TEQSA gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

### *Parental Leave Payments Scheme*

Amounts received under the Parental Leave Payments Scheme by TEQSA not yet paid to employees were presented gross as cash and a liability (payable). The total amount received under this scheme was nil (2013 was \$0.021m).

## 1.6 Gains

### *Resources Received Free of Charge*

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

### *Sale of Assets*

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

## 1.7 Transactions with the Government as Owner

### *Equity Injections*

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

### *Restructuring of Administrative Arrangements*

Net assets received from or relinquished to another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

### *Other Distributions to Owners*

The FMOs require that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

## 1.8 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

### *Leave*

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of TEQSA is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including TEQSA's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by the use of the Australian Government Actuary's shorthand method using the Standard Commonwealth sector probability profile. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

### *Separation and Redundancy*

Provision is made for separation and redundancy benefit payments. The entity recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

A provision has been made for separation and redundancy payments of \$0.736m as TEQSA has formally identified some positions as excess to requirements at 30 June 2014.

### Superannuation

The majority of TEQSA's staff are members of the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The PSS is a defined benefit scheme for the Australian Government. The PSSap is a defined contribution scheme.

A small number of other staff are members of other employee nominated superannuation funds.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

TEQSA makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. TEQSA accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

### 1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

### 1.10 Borrowing Costs

All borrowing costs are expensed as incurred.

## 1.11 Fair Value Measurement

TEQSA deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period.

TEQSA does not have any recurring fair value measurements transferred between level 1 and 2 for asset and liabilities to disclose for the period 2013–14.

## 1.12 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include:

- a) cash on hand;
- b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value;
- c) cash held by outsiders; and
- d) cash in special accounts.

## 1.13 Financial Assets

TEQSA classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) held-to-maturity investments;
- c) available-for-sale financial assets; and
- d) loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. TEQSA only holds financial assets of loans and receivables. Financial assets are recognised and derecognised upon trade date.

### *Effective Interest Method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

### *Loans and Receivables*

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

### *Impairment of Financial Assets*

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets held at amortised cost - if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

### 1.14 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

#### *Financial Liabilities at Fair Value through Profit or Loss*

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

#### *Other Financial Liabilities*

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

### 1.15 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

## 1.16 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

## 1.17 Leasehold Improvements and Plant and Equipment

### *Asset Recognition Threshold*

Purchases of leasehold improvements, and plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by TEQSA where there exists an obligation to restore the property to its original condition. These costs are included in the value of TEQSA's leasehold improvements with a corresponding provision for the 'make good' recognised.

### *Revaluations*

Following initial recognition at cost, leasehold improvements and plant and equipment were carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations were conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments were made on a class basis. Any revaluation increment was credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets were recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

### *Depreciation*

Depreciable leasehold improvements and plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to TEQSA using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2014	2013
Leasehold improvements	Lease term	Lease term
Plant and equipment	3 to 10 years	3 to 10 years

### *Impairment*

All assets were assessed for impairment at 30 June 2014. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if TEQSA were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

### *Derecognition*

An item of leasehold improvements, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

## 1.18 Intangibles

TEQSA's intangibles comprise purchased and internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of TEQSA's software are 3 to 5 years (2012-13: 3 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2014.

## 1.19 Taxation

TEQSA is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- a) where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- b) for receivables and payables.

## 1.20 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

### *Administered Cash Transfers to and from the Official Public Account*

Revenue collected by TEQSA for use by the Government rather than TEQSA is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by TEQSA on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

### *Revenue*

All administered revenues are revenues relating to ordinary activities performed by TEQSA on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed.

Revenue is generated from partial cost recovery arrangements for specified services to higher education providers. Fees are charged on registration and re-registration of providers, accreditation and re-accreditation of courses, and major variations to registrations and accreditations. TEQSA has recognised administered revenues on an accrual basis.

### *Receivables*

Where receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised through profit or loss.

## NOTE 2: EVENTS AFTER THE REPORTING PERIOD

No significant events requiring disclosure in, or adjustment to, these financial statements have occurred subsequent to balance date.

## NOTE 3: EXPENSES

### Note 3A: Employee Benefits

	2014	2013
	\$'000	\$'000
Wages and salaries	9,147	9,299
Superannuation:		
Defined contribution plans	848	787
Defined benefit plans	909	805
Leave and other entitlements	1,144	1,373
Separation and redundancies	752	–
<b>Total employee benefits</b>	<b>12,800</b>	<b>12,264</b>

### Note 3B: Suppliers

	2014	2013
	\$'000	\$'000
<b>Goods and services supplied or rendered</b>		
Consultants	65	159
Contractors	359	478
Travel	309	473
IT Services	955	987
Other	2,002	1,827
<b>Total goods and services supplied or rendered</b>	<b>3,690</b>	<b>3,924</b>
<b>Goods supplied in connection with:</b>		
Related parties	9	15
External parties	219	189
<b>Total goods supplied</b>	<b>228</b>	<b>204</b>
<b>Services rendered in connection with:</b>		
Related parties	638	605
External parties	2,824	3,115
<b>Total services rendered</b>	<b>3,462</b>	<b>3,720</b>
<b>Total goods and services supplied or rendered</b>	<b>3,690</b>	<b>3,924</b>
<b>Other suppliers</b>		
<b>Operating lease rentals in connection with</b>		
External parties:		
Minimum lease payments	1,068	976
Workers compensation expenses	230	92
<b>Total other suppliers</b>	<b>1,298</b>	<b>1,068</b>
<b>Total suppliers</b>	<b>4,988</b>	<b>4,992</b>

**Note 3C: Depreciation and Amortisation**

	2014	2013
	\$'000	\$'000
<b>Depreciation</b>		
Buildings – leasehold improvements	293	239
Plant and equipment	128	111
<b>Total depreciation</b>	<b>421</b>	<b>350</b>
<b>Amortisation</b>		
Intangibles	1,236	966
<b>Total amortisation</b>	<b>1,236</b>	<b>966</b>
<b>Total depreciation and amortisation</b>	<b>1,657</b>	<b>1,316</b>

**Note 3D: Finance Costs**

	2014	2013
	\$'000	\$'000
Unwinding of discount	14	9
<b>Total finance costs</b>	<b>14</b>	<b>9</b>

**Note 3E: Write-Down and Impairment of Assets**

	2014	2013
	\$'000	\$'000
Revaluation decrement – leasehold improvements	–	60
Impairment of plant and equipment	29	–
Impairment on intangible assets	822	–
<b>Total write-down and impairment of assets</b>	<b>851</b>	<b>60</b>

## NOTE 4: OWN-SOURCE INCOME

### Own-Source Revenue

#### Note 4A: Sale of Goods and Rendering of Services

	2014	2013
	\$'000	\$'000
<b>Rendering of services in connection with:</b>		
Related parties	–	19
External parties	14	2
<b>Total rendering of services</b>	<b>14</b>	<b>21</b>
<b>Total sales of goods and rendering of services</b>	<b>14</b>	<b>21</b>

#### Note 4B: Other Revenue

	2014	2013
	\$'000	\$'000
Resources received free of charge - services	45	45
<b>Total other revenue</b>	<b>45</b>	<b>45</b>

### Gains

#### Note 4C: Reversals of Previous Asset Write-Downs and Impairments

	2014	2013
	\$'000	\$'000
Reversal of previous write-down	65	–
<b>Total reversals of previous asset write-downs and impairments</b>	<b>65</b>	<b>–</b>

### Revenue from Government

#### Note 4D: Revenue from Government

	2014	2013
	\$'000	\$'000
Appropriations		
Departmental appropriations <sup>1</sup>	18,524	17,282
<b>Total revenue from Government</b>	<b>18,524</b>	<b>17,282</b>

<sup>1</sup> The amount is net of \$12k quarantined by the Department of Finance from current year appropriations and differs from the legislated appropriations figure in Note 22A

## NOTE 5: FAIR VALUE MEASUREMENTS

The following tables provide an analysis of assets and liabilities that are measured at fair value.

The different levels of the fair value hierarchy are defined below.

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can access at measurement date.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Unobservable inputs for the asset or liability.

### Note 5A: Fair Value Measurements

**Fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2014**

	Fair Value \$'000	Fair value measurement at the end of the reporting period using		
		Level 1 inputs \$'000	Level 2 inputs \$'000	Level 3 inputs \$'000
<b>Non-financial assets</b>				
Leasehold improvements	2,194	–	–	2,194
Plant and equipment	704	–	704	–
<b>Total non-financial assets</b>	<b>2,898</b>	<b>–</b>	<b>704</b>	<b>2,194</b>
<b>Total fair value measurements of assets in the statement of financial position</b>	<b>2,898</b>	<b>–</b>	<b>704</b>	<b>2,194</b>
<b>Total assets not measured at fair value in the statement of financial position</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

**Fair value measurements – highest and best use differs from current use for non-financial assets (NFAs)**

TEQSA's assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all controlled assets is considered their highest and best use.

### Note 5B: Level 1 and Level 2 Transfers for Recurring Fair Value Measurements

There have been no fair value measurements transfers between level 1 and level 2 during the year.

TEQSA's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.

## Note 5C: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements

### Level 2 and 3 fair value measurements – valuation technique and the inputs used for assets and liabilities in 2014

	Category (Level 2 or Level 3)	Fair value \$'000	Valuation technique <sup>1</sup>	Inputs used	Range (weighted average) <sup>2</sup>
<b>Non-financial assets</b>					
Leasehold improvements	3	2,194	Depreciated Replacement Cost(DRC)	Replacement Cost New (price per square meter)	
				Consumed economic benefit/ Obsolescence of asset	28.10% - 10.00% (10.77%) per annum
			Net Present Value	Current restoration costs (price per square meter)	\$200-\$225
				Indexation rates	2.4% per annum
				Discount rate	4.02%
Plant and equipment	2	704	Market Approach	Adjusted market transactions	

There were no significant inter-relationships between unobservable inputs that materially affected fair value.

### *Recurring and non-recurring Level 3 fair value measurements - valuation processes*

TEQSA procured the service of the Australian Valuation Office (AVO) to undertake a comprehensive valuation of all non-financial assets at 31 May 2013. TEQSA tests the procedures of the valuation model as an internal management review at least once every 12 months (with a formal revaluation undertaken once every three years). If a particular asset class experiences significant and volatile changes in fair value (i.e. where indicators suggest that the value of the class has changed materially since the previous reporting period), that class is subject to specific valuation in the reporting period, where practicable, regardless of the timing of the last specific valuation. In 2013–14 TEQSA engaged Australian Valuation Solutions (AVS) to review the models developed to ensure compliance with AASB 13.

There is no change in the valuation technique since the prior year.

<sup>1</sup> There has been no change to valuation techniques.

<sup>2</sup> Significant unobservable inputs only. Not applicable for assets or liabilities in the Level 2 category.

Significant Level 3 inputs utilised by TEQSA are delivered and evaluated as follows:

**Leasehold improvements – Consumed economic benefit / Obsolescence of asset**

Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the cost (Depreciated Replacement Cost or DRC) approach. Under the DRC approach the estimated cost to replace the asset is calculated and then adjusted to take into account its consumed economic benefit / asset obsolescence (accumulated depreciation). Consumed economic benefit / asset obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration.

**Leasehold improvements – Current Restoration Costs, indexation rates and discount rate**

Current restoration cost have been established based on analysed transactions, costing publications and industry sources. Current restoration costs have been index to the obligation date (generally the expiry of the lease term) using industry building cost indexes relevant to the asset’s city and then discounted, where the time value of money is material using the Australian Government 10-year bond rate. The estimated provision is depreciated in line with the corresponding leasehold improvement asset.

*Recurring Level 3 fair value measurements - sensitivity of inputs*

**Leasehold improvements – Consumed economic benefit / Obsolescence of asset**

The significant unobservable inputs used in the fair value measurement of TEQSA’s leasehold improvements relate to the consumed benefit / asset obsolescence. A significant increase (decrease) in this input would result in a significantly lower (higher) fair value measurement.

**Leasehold improvements – Current Restoration Costs, indexation rates and discount rate**

The significant unobservable inputs used in the fair value measurement of TEQSA’s leasehold restoration cost (make good) asset class relate to the current restoration costs, escalation rates and discount rates. A significant increase (decrease) in this cost new and (or) escalation rate and decrease (increase) in the discount rate would result in a significantly higher (lower) fair value measurement.

## Note 5D: Reconciliation for Recurring Level 3 Fair Value Measurements

### Recurring Level 3 fair value measurements – reconciliation for assets

	Non-financial assets	
	Leasehold improvement 2014 \$'000	Total \$'000
<b>Opening balances</b>	<b>2,246</b>	<b>2,246</b>
Additions	290	290
Transfers into Level 3 <sup>1</sup>	–	–
Transfers out of Level 3 <sup>1</sup>	–	–
<b>Closing balance</b>	<b>2,536</b>	<b>2,536</b>
Changes in unrealised gains/(losses) recognised in net cost of services for assets held at the end of the reporting period	–	–

TEQSA's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.

<sup>1</sup> There have been no transfers between levels of the hierarchy during the year.

## NOTE 6: FINANCIAL ASSETS

### Note 6A: Cash and Cash Equivalents

	2014	2013
	\$'000	\$'000
Cash on hand or on deposit	173	160
<b>Total cash and cash equivalents</b>	<b>173</b>	<b>160</b>

### Note 6B: Trade and Other Receivables

	2014	2013
	\$'000	\$'000
<b>Appropriations receivable</b>		
Existing programs	6,594	5,553
<b>Total appropriations receivable</b>	<b>6,594</b>	<b>5,553</b>
<b>Portfolio department/other agencies</b>		
Receivable	–	18
<b>Total receivable from portfolio department/other agencies</b>	<b>–</b>	<b>18</b>
<b>Other receivables</b>		
GST receivable from the Australian Taxation Office	93	139
Other	28	14
<b>Total other receivables</b>	<b>121</b>	<b>153</b>
<b>Total trade and other receivables</b>	<b>6,715</b>	<b>5,724</b>
<b>Trade and other receivables (net) expected to be recovered:</b>		
No more than 12 months	6,715	5,724
More than 12 months	–	–
<b>Total trade and other receivables (net)</b>	<b>6,715</b>	<b>5,724</b>
<b>Trade and other receivables (gross) aged as follows:</b>		
Not overdue	6,715	5,724
Overdue by:		
0 to 30 days	–	–
31 to 60 days	–	–
61 to 90 days	–	–
More than 90 days	–	–
<b>Total trade and other receivables (gross)</b>	<b>6,715</b>	<b>5,724</b>

No provision for impairment is provided for as at balance date.

## NOTE 7: NON-FINANCIAL ASSETS

### Note 7A: Land and Buildings

	2014	2013
	\$'000	\$'000
<b>Leasehold improvements</b>		
Fair value	2,536	2,246
Accumulated depreciation	(342)	(49)
<b>Total leasehold improvements</b>	<b>2,194</b>	<b>2,197</b>
<b>Total land and buildings</b>	<b>2,194</b>	<b>2,197</b>

No indicators of impairment were found for leasehold improvements.

No leasehold improvements are expected to be sold or disposed of within the next 12 months.

### Note 7B: Plant and Equipment

	2014	2013
	\$'000	\$'000
<b>Plant and equipment</b>		
Fair value	837	782
Accumulated depreciation	(133)	(8)
<b>Total plant and equipment</b>	<b>704</b>	<b>774</b>
<b>Total plant and equipment</b>	<b>704</b>	<b>774</b>

During 2013-14, TEQSA identified items of plant and equipment which were obsolete or surplus to requirements, resulting in a debit of \$29,000 to the Write-down and impairment of assets expense section of the Comprehensive Income Statement.

No plant or equipment is expected to be sold or disposed of within the next 12 months.

### Note 7C: Reconciliation of the Opening and Closing Balances of Leasehold Improvements and Plant and Equipment 2014

	Leasehold improvements	Plant & equipment	Total
	\$'000	\$'000	\$'000
<b>As at 1 July 2013</b>			
Gross book value	2,246	782	3,028
Accumulated depreciation and impairment	(49)	(8)	(57)
<b>Total as at 1 July 2013</b>	<b>2,197</b>	<b>774</b>	<b>2,971</b>
Additions:			
Purchase	249	87	336
Impairments recognised in net cost of services	-	(29)	(29)
Depreciation	(293)	(128)	(421)
Other Movements			
Makegood provision	41	-	41
<b>Total as at 30 June 2014</b>	<b>2,194</b>	<b>704</b>	<b>2,898</b>
<b>Total as at 30 June 2014 represented by:</b>			
Gross book value	2,536	837	3,373
Accumulated depreciation and impairment	(342)	(133)	(475)
<b>Total as at 30 June 2014</b>	<b>2,194</b>	<b>704</b>	<b>2,898</b>

### Note 7C: Reconciliation of the Opening and Closing Balances of Leasehold Improvements and Plant and Equipment 2013 *continued*

	Leasehold improvements	Plant & equipment	Total
	\$'000	\$'000	\$'000
<b>As at 1 July 2012</b>			
Gross book value	2,368	741	3,109
Accumulated depreciation and impairment	(39)	(30)	(69)
<b>Total as at 1 July 2012</b>	<b>2,329</b>	<b>711</b>	<b>3,040</b>
Additions:			
Purchase	58	171	229
Revaluations recognised in other comprehensive income	–	3	3
Revaluations recognised in net cost of services	(60)	–	(60)
Depreciation	(239)	(111)	(350)
Other Movements			
Makegood provision	109	–	109
<b>Total as at 30 June 2013</b>	<b>2,197</b>	<b>774</b>	<b>2,971</b>
<b>Total as at 30 June 2013 represented by:</b>			
Gross book value	2,246	782	3,028
Accumulated depreciation and impairment	(49)	(8)	(57)
<b>Total as at 30 June 2013</b>	<b>2,197</b>	<b>774</b>	<b>2,971</b>

### Note 7D: Intangibles

	2014	2013
	\$'000	\$'000
<b>Computer software</b>		
Internally developed – in progress	152	542
Internally developed – in use	1,211	2,440
Purchased	252	187
Accumulated amortisation	(140)	(1,093)
<b>Total computer software</b>	<b>1,475</b>	<b>2,076</b>
<b>Total intangibles</b>	<b>1,475</b>	<b>2,076</b>

During 2013-14, a new regulatory case management system was introduced at TEQSA impairing the existing system and resulting in a debit of \$822,000 to the Write-down and impairment of assets expense section of the Comprehensive Income Statement.

No other indicators of impairment were found for intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months.

## Note 7E: Reconciliation of the Opening and Closing Balances of Intangibles 2014

	Computer software internally developed	Computer software purchased	Total
	\$'000	\$'000	\$'000
<b>As at 1 July 2013</b>			
Gross book value	2,982	187	3,169
Accumulated amortisation and impairment	(1,060)	(33)	(1,093)
<b>Total as at 1 July 2013</b>	<b>1,922</b>	<b>154</b>	<b>2,076</b>
Additions:			
Purchase or internally developed	1,392	65	1,457
Amortisation	(1,175)	(61)	(1,236)
Impairments recognised in net cost of services	(822)	–	(822)
<b>Total as at 30 June 2014</b>	<b>1,317</b>	<b>158</b>	<b>1,475</b>
<b>Total as at 30 June 2014 represented by:</b>			
Gross book value	1,363	252	1615
Accumulated amortisation and impairment	(46)	(94)	(140)
<b>Total as at 30 June 2014</b>	<b>1,317</b>	<b>158</b>	<b>1,475</b>

## Note 7E: Reconciliation of the Opening and Closing Balances of Intangibles 2013 *continued*

	Computer software internally developed	Computer software purchased	Total
	\$'000	\$'000	\$'000
<b>As at 1 July 2012</b>			
Gross book value	2,183	22	2,205
Accumulated amortisation and impairment	(125)	(1)	(127)
<b>Total as at 1 July 2012</b>	<b>2,058</b>	<b>21</b>	<b>2,079</b>
Additions:			
Purchase or internally developed	799	165	964
Amortisation	(935)	(32)	(966)
<b>Total as at 30 June 2013</b>	<b>1,922</b>	<b>154</b>	<b>2,076</b>
<b>Total as at 30 June 2013 represented by:</b>			
Gross book value	2,982	187	3,169
Accumulated amortisation and impairment	(1,060)	(33)	(1,093)
<b>Total as at 30 June 2013</b>	<b>1,922</b>	<b>154</b>	<b>2,076</b>

## Note 7F: Other non-financial assets

	2014	2013
	\$'000	\$'000
Prepayments	287	224
<b>Total other non-financial assets</b>	<b>287</b>	<b>224</b>
<b>Other non-financial assets expected to be recovered:</b>		
No more than 12 months	285	224
More than 12 months	2	–
<b>Total other non-financial assets</b>	<b>287</b>	<b>224</b>

No indicators of impairment were found for other non-financial assets.

## NOTE 8: PAYABLES

### Note 8A: Suppliers

	2014	2013
	\$'000	\$'000
<b>Suppliers</b>		
Trade creditors and accruals	171	307
<b>Total suppliers</b>	<b>171</b>	<b>307</b>
<b>Suppliers expected to be settled</b>		
No more than 12 months	171	307
More than 12 months	-	-
<b>Total suppliers</b>	<b>171</b>	<b>307</b>
<b>Suppliers in connection with</b>		
Related parties	4	2
External parties	167	305
<b>Total suppliers</b>	<b>171</b>	<b>307</b>

Settlement is usually made within 30 days.

### Note 8B: Other Payables

	2014	2013
	\$'000	\$'000
Wages and salaries	285	274
Superannuation	50	43
Lease incentive	1,336	1,507
Operating lease payable	393	237
Other	3	6
<b>Total other payables</b>	<b>2,067</b>	<b>2,067</b>
<b>Total other payables expected to be settled</b>		
No more than 12 months	510	730
More than 12 months	1,557	1,337
<b>Total other payables</b>	<b>2,067</b>	<b>2,067</b>

## NOTE 9: PROVISIONS

### Note 9A: Employee provisions

	2014	2013
	\$'000	\$'000
Leave	2,713	2,499
Separations and redundancies	736	–
<b>Total employee provisions</b>	<b>3,449</b>	<b>2,499</b>
<b>Employee provisions expected to be settled</b>		
No more than 12 months	1,524	753
More than 12 months	1,925	1,746
<b>Total employee provisions</b>	<b>3,449</b>	<b>2,499</b>

### Note 9B: Other provisions

	2014	2013
	\$'000	\$'000
Provision for restoration	398	410
<b>Total other provisions</b>	<b>398</b>	<b>410</b>
<b>Other provisions expected to be settled</b>		
No more than 12 months	–	–
More than 12 months	398	410
<b>Total other provisions</b>	<b>398</b>	<b>410</b>

	Provision for restoration	Total
	\$'000	\$'000
<b>As at 1 July 2013</b>	<b>410</b>	<b>410</b>
Additional provisions made	39	39
Amounts used	–	–
Amounts reversed	(65)	(65)
Unwinding of discount or change in discount rate	14	14
<b>Total as at 30 June 2014</b>	<b>398</b>	<b>398</b>

TEQSA currently has 2 (2013: 2) agreements for the leasing of premises which have a provision requiring TEQSA to restore the premises to their original condition at the conclusion of the lease. TEQSA has made a provision to reflect the present value of this obligation.

## NOTE 10: RESTRUCTURING

### Note 10: Departmental Restructuring

	2014 <sup>1</sup>	2013
		Department of Industry, Innovation, Climate Change, Science, Research, and Tertiary Education <sup>2</sup>
	\$'000	\$'000
<b>FUNCTIONS ASSUMED</b>		
<b>Assets recognised</b>		
Accounts receivable	-	63
<b>Total assets recognised</b>	-	63
<b>Liabilities recognised</b>		
Leave provisions	-	63
<b>Total liabilities recognised</b>	-	63
<b>Net assets/(liabilities) recognised</b>	-	-
<b>Income assumed</b>		
Recognised by the receiving entity	-	304
<b>Total income assumed</b>	-	304
<b>Expenses assumed</b>		
Recognised by the receiving entity	-	169
<b>Total expenses assumed</b>	-	169

<sup>1</sup> There were no transfers of functions to TEQSA in 2013-14.

<sup>2</sup> The transfer of designated and delegated regulatory functions under the *Education Services for Overseas Students Act 2000* (ESOS) was assumed from the Department of Industry, Innovation, Climate Change, Science, Research, and Tertiary Education on 1 July 2013.

## NOTE 11: CASH FLOW RECONCILIATION

	2014	2013
	\$'000	\$'000
<b>Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement</b>		
<b>Cash and cash equivalents as per</b>		
Cash flow statement	173	160
Statement of financial position	173	160
<b>Discrepancy</b>	-	-
<b>Reconciliation of net cost of services to net cash from/(used by) operating activities</b>		
Net cost of services	(20,186)	(18,575)
Revenue from Government	18,524	17,282
<b>Adjustments for non-cash items</b>		
Depreciation / amortisation	1,657	1,316
Net write down and impairment of assets	851	60
Resources received free of charge	45	45
<b>Movements in assets / liabilities</b>		
<b>Assets</b>		
Increase in net receivables	(991)	(2,326)
Increase in prepayments	(63)	(80)
<b>Liabilities</b>		
Increase in employee provisions	950	1,141
Decrease in suppliers payables	(181)	(204)
Increase in other payables	-	109
Decrease in other provisions	(12)	118
<b>Net cash from / (used by) operating activities</b>	<b>594</b>	<b>(1,114)</b>

## NOTE 12: CONTINGENT ASSETS AND LIABILITIES

### Contingent assets

At 30 June 2014 the Tertiary Education Quality and Standards Agency has no contingent assets.

### Contingent liabilities

At 30 June 2014 the Tertiary Education Quality and Standards Agency has no contingent liabilities.

## NOTE 13: SENIOR EXECUTIVE REMUNERATION

### Note 13A: Senior Executive Remuneration Expenses for the Reporting Period

	2014	2013
	\$	\$
<b>Short-term employee benefits:</b>		
Salary	1,830,509	1,945,847
<b>Total short-term employee benefits</b>	<b>1,830,509</b>	<b>1,945,847</b>
<b>Post-employment benefits</b>		
Superannuation	263,154	320,634
<b>Total post-employment benefits</b>	<b>263,154</b>	<b>320,634</b>
<b>Other long-term employee benefits</b>		
Annual leave accrued	134,694	140,109
Long-service leave	62,615	68,916
<b>Total other long-term employee benefits</b>	<b>197,309</b>	<b>209,025</b>
<b>Termination benefits</b>		
Provision for redundancy	432,967	-
<b>Total termination benefits</b>	<b>432,967</b>	<b>-</b>
<b>Total senior executive remuneration expenses</b>	<b>2,723,939</b>	<b>2,475,506</b>

**Notes:**

1. This note includes remuneration of members of TEQSA and employees in the Senior Executive Service.
2. Note 13A was prepared on an accrual basis.
3. Note 13A excludes acting arrangements and part-year service where total remuneration expensed as a senior executive was less than \$195,000.

**Note 13B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives during the Reporting Period**

**Average Annual Reportable Remuneration Paid to Substantive Senior Executives in 2014**

Average annual reportable remuneration <sup>1</sup>	Substantive senior executives	Reportable salary <sup>2</sup>	Contributed superannuation <sup>3</sup>	Reportable allowances <sup>4</sup>	Bonus paid <sup>5</sup>	Total reportable remuneration
	No.	\$	\$	\$	\$	\$
<b>Total reportable remuneration (including part-time arrangements):</b>						
Less than \$195,000	2	168,850	17,537	-	-	186,387
\$195,000 to \$224,999	-	-	-	-	-	-
\$225,000 to \$254,999	1	203,249	27,128	-	-	230,377
\$255,000 to \$284,999	3	677,253	95,247	-	-	772,500
\$285,000 to \$314,999	-	-	-	-	-	-
\$315,000 to \$344,999	2	592,219	73,085	-	-	665,304
\$345,000 to \$374,999	-	-	-	-	-	-
\$375,000 to \$404,999	1	340,391	60,605	-	-	400,996
<b>Total number of substantive senior executives</b>	<b>9</b>					

**Note 13B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives during the Reporting Period** *continued*

**Average Annual Reportable Remuneration Paid to Substantive Senior Executives in 2013**

Average annual reportable remuneration <sup>1</sup>	Substantive senior executives	Reportable salary <sup>2</sup>	Contributed superannuation <sup>3</sup>	Reportable allowances <sup>4</sup>	Bonus paid <sup>5</sup>	Total reportable remuneration
	No.	\$	\$	\$	\$	\$
<b>Total remuneration (including part-time arrangements):</b>						
Less than \$195,000	3	447,760	60,158	-	-	507,918
\$195,000 to \$224,999	2	386,760	50,739	-	-	437,499
\$225,000 to \$254,999	2	419,795	58,204	-	-	477,999
\$255,000 to \$284,999	-	-	-	-	-	-
\$285,000 to \$314,999	-	-	-	-	-	-
\$315,000 to \$344,999	2	572,063	71,229	-	-	643,292
\$345,000 to \$374,999	-	-	-	-	-	-
\$375,000 to \$404,999	1	340,194	48,195	-	-	388,389
<b>Total number of substantive senior executives</b>	<b>10</b>					

**Notes:**

- 1** This table reports members of the Commission and substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for the individuals in the band.
- 2** 'Reportable salary' includes the following:
  - a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
  - b) reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes);
  - c) reportable employer superannuation contributions; and
  - d) exempt foreign employment income.
- 3** The 'contributed superannuation' amount is the average cost to TEQSA for the provision of superannuation benefits to members of TEQSA and substantive senior executives in that reportable remuneration band during the reporting period.
- 4** 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individual's payment summaries.
- 5** 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.

**Note 13C: Other highly paid staff**

At 30 June 2014, the Tertiary Education Quality and Standards Agency did not have other highly paid staff with reportable remuneration at \$195,000 or more for the reporting period (2013: Nil).

**NOTE 14: REMUNERATION OF AUDITORS**

	2014	2013
	\$'000	\$'000
Financial statement audit services were provided free of charge to TEQSA by the Australian National Audit Office (ANAO)		
<b>Fair value of the services received</b>		
Financial statement audit services	45	45
<b>Total fair value of services received</b>	45	45

No other services were provided by the ANAO.

**NOTE 15: FINANCIAL INSTRUMENTS****Note 15A: Categories of Financial Instruments**

	2014	2013
	\$'000	\$'000
<b>Financial Assets:</b>		
<b>Loans and receivables:</b>		
Cash and cash equivalents	173	160
Trade and other receivables	28	32
<b>Total loans and receivables</b>	201	192
<b>Total financial assets</b>	201	192
<b>Financial Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Suppliers payable	171	307
<b>Total financial liabilities measured at amortised cost</b>	171	307
<b>Total financial liabilities</b>	171	307

**Note 15B: Net Gains or Losses from Financial Assets**

There was no net gain or loss from financial assets for the period ended 30 June 2014 (2013: Nil).

**Note 15C: Net Gains or Losses from Financial Liabilities**

There was no net gain or loss from financial liabilities for the period ended 30 June 2014 (2013: Nil).

**Note 15D: Fair Value of Financial Instruments**

TEQSA considers the carrying amounts of financial instruments reported in the statement of financial position are a reasonable approximation of fair value at 30 June 2014.

	Carrying Amount 2014	Fair Value 2014	Carrying Amount 2013	Fair Value 2013
	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>				
Cash and cash equivalents	173	173	160	160
Trade and other receivables	28	28	32	32
<b>Total financial assets</b>	<b>201</b>	<b>201</b>	192	192
<b>Financial Liabilities</b>				
Suppliers payable	171	171	307	307
<b>Total financial liabilities</b>	<b>171</b>	<b>171</b>	307	307

**Note 15E: Credit Risk**

TEQSA is exposed to minimal credit risk through trade and other receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. The amount is equal to the total amount of trade and other receivables of \$0.028m (2013: \$0.032m). At 30 June 2014, TEQSA has assessed the risk of default on payment to be nil as the balances reported at 30 June 2014 are current and not past due nor impaired.

TEQSA has policies and procedures that guide the recovery of debts.

**Credit quality of financial assets not past due or individually determined as impaired**

	Not past due nor impaired 2014	Not past due nor impaired 2013	Past due or impaired 2014	Past due or impaired 2013
	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>				
Trade and other receivables	28	32	–	–
<b>Total</b>	<b>28</b>	32	–	–

### Note 15F: Liquidity Risk

TEQSA's financial liabilities are suppliers payables. The exposure to liquidity risk is based on the notion that TEQSA will encounter difficulty in meeting its obligations associated with financial liabilities.

This is highly unlikely due to appropriation funding and mechanisms available to TEQSA (eg. Advance to the Finance Minister) to ensure it has adequate funds to meet payments as they fall due. In addition, TEQSA has policies in place to ensure timely payments are made when due and has no pasts experience of default.

<b>Maturities for non-derivative financial liabilities in 2014</b>		
	<b>On demand</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>
Suppliers payable	171	171
<b>Total</b>	<b>171</b>	<b>171</b>

<b>Maturities for non-derivative financial liabilities in 2013</b>		
	<b>On demand</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>
Suppliers payable	307	307
<b>Total</b>	<b>307</b>	<b>307</b>

TEQSA had no derivative financial liabilities in either 2014 or 2013.

### Note 15G: Market Risk

TEQSA holds basic financial instruments that do not expose TEQSA to market risks.

TEQSA is not exposed to currency risk, other price risk or interest rate risk.

## NOTE 16: FINANCIAL ASSETS RECONCILIATION

		2014	2013
	Notes	\$'000	\$'000
<b>Total financial assets as per statement of financial position</b>		<b>6,888</b>	5,884
<b>Less: Non-financial instrument components</b>			
Appropriation receivable	6B	<b>6,594</b>	5,553
Other receivables	6B	<b>93</b>	139
<b>Total non-financial instrument components</b>		<b>6,687</b>	5,692
<b>Total financial assets as per financial instruments note</b>		<b>201</b>	192

## NOTE 17: ADMINISTERED - INCOME

	2014	2013
	\$'000	\$'000
<b>Revenue</b>		
<b>Non-Taxation Revenue</b>		
Fees		
Other fees from regulatory services	<b>2,733</b>	4,486
<b>Total fees</b>	<b>2,733</b>	<b>4,486</b>

## NOTE 18: ADMINISTERED –STATEMENT OF FINANCIAL POSITION

At 30 June 2014, there is no Administered Statement of Financial Position for TEQSA (2013: nil).

## NOTE 19: ADMINISTERED – CASH FLOW RECONCILIATION

	2014	2013
	\$'000	\$'000
<b>Reconciliation of cash and cash equivalents as per administered schedule of assets and liabilities to Administered Cash Flow Statement</b>		
<b>Cash and cash equivalents as per</b>		
Schedule of administered cash flows	-	-
Schedule of administered assets and liabilities	-	-
<b>Discrepancy</b>	<b>-</b>	<b>-</b>
<b>Reconciliation of net cost of services to net cash from operating activities:</b>		
Net cost of services	<b>2,733</b>	4,486
<b>Net cash from operating activities</b>	<b>2,733</b>	4,486

## NOTE 20: ADMINISTERED – CONTINGENT ASSETS AND LIABILITIES

### Contingent assets

As at 30 June 2014, the Tertiary Education Quality and Standards Agency had no administered contingent assets (2013: nil).

### Contingent liabilities

As at 30 June 2014, the Tertiary Education Quality and Standards Agency had no administered contingent liabilities (2013: nil).

## NOTE 21: ADMINISTERED – FINANCIAL INSTRUMENTS

As at 30 June 2014, the Tertiary Education Quality and Standards Agency had no administered financial instruments (2013: nil).

## NOTE 22: APPROPRIATIONS

### Note 22A: Annual Appropriations ('Recoverable GST exclusive')

#### Annual Appropriations for 2014

	Appropriation Act		FMA Act			Total appropriation	Appropriation applied in 2014 (current and prior years)	Variance <sup>2</sup>
	Annual Appropriation	Appropriations reduced <sup>1</sup>	Section 30	Section 31	Section 32			
<b>Departmental</b>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Ordinary annual services	18,536	-	-	780	-	19,316	17,632	1,684
Other services								
Equity	398	-	-	-	-	398	884	(486)
<b>Total departmental</b>	<b>18,934</b>	<b>-</b>	<b>-</b>	<b>780</b>	<b>-</b>	<b>19,714</b>	<b>18,516</b>	<b>1,198</b>

#### Notes:

1. Appropriations reduced under Appropriation Acts (Nos. 1, 3 & 5) 2013-14; sections 10, 11, 12 and 15, and under Appropriation Acts (Nos. 2, 4 & 6) 2013-14; sections 12, 13, and 14. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.
2. The variance is due to less than budgeted expenditure on employee benefits and the receipt of section 31 funds. Equity variance due to utilisation of prior year unspent equity injection (Act 2) funds.

**Note 22A: Annual Appropriations ('Recoverable GST exclusive') continued**

Annual Appropriations for 2013

	Appropriation Act		FMA Act			Total appropriation	Appropriation applied in 2013 (current and prior years)	Variance <sup>2</sup>
	Annual Appropriation	Appropriations reduced	Section 30	Section 31	Section 32			
<b>Departmental</b>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Ordinary annual services	16,978	-	-	2,783	367	20,128	16,600	3,529
Other services								
Equity	1,900	-	-	-	-	1,900	1,414	486
<b>Total departmental</b>	<b>18,878</b>	<b>-</b>	<b>-</b>	<b>2,783</b>	<b>367</b>	<b>22,028</b>	<b>18,014</b>	<b>4,014</b>

**Notes:**

1. Appropriations reduced under Appropriation Acts (Nos. 1, 3 & 5) 2012-13; sections 10, 11, 12 and 15, and under Appropriation Acts (Nos. 2, 4 & 6) 2012-13; sections 12, 13, and 14 and 17. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.
2. The variance is due to less than budgeted expenditure on employee benefits and the receipt of section 31 funds. Section 31 funding mainly comprises lease incentive of \$1,877m and leave entitlements of staff transferring in from other Commonwealth agencies.

**Note 22B: Departmental Capital Budgets ('Recoverable GST exclusive')**

	2014 Capital Budget Appropriations				Capital Budget Appropriations applied in 2014 (current and prior years)			Variance <sup>4</sup> \$'000
	Appropriation Act		FMA Act	Total Capital Budget Appropriations \$'000	Payments for non-financial assets <sup>3</sup> \$'000	Payments for other purposes \$'000	Total payments \$'000	
	Annual Capital Budget \$'000	Appropriations reduced <sup>2</sup> \$'000	Section 32 \$'000					
<b>Departmental</b> Ordinary annual services – Departmental Capital Budget <sup>1</sup>	852	–	–	852	996	–	996	(144)

**Notes:**

1. Departmental Capital Budgets are appropriated through Appropriation Acts (Nos. 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Note 22A: Annual Appropriations.
2. Appropriations reduced under Appropriation Acts (1, 3, 5) 2013-14: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.
3. Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of financial leases.
4. Variance due to asset purchases being funded via prior year unspent departmental capital budget funds.

**Note 22B: Departmental Capital Budgets ('Recoverable GST exclusive') continued**

	2013 Capital Budget Appropriations			Capital Budget Appropriations applied in 2013 (current and prior years)			Variance \$'000
	Appropriation Act		FMA Act	Total Capital Budget Appropriations \$'000	Payments for other purposes \$'000	Total payments \$'000	
	Annual Capital Budget \$'000	Appropriations reduced <sup>2</sup> \$'000	Section 32 \$'000				
<b>Departmental</b> Ordinary annual services – Departmental Capital Budget <sup>1</sup>	556	–	–	556	–	–	556

**Notes:**

1. Departmental Capital Budgets are appropriated through Appropriation Acts (Nos. 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.
2. Appropriations reduced under Appropriation Acts (1, 3, 5) 2012-13: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.
3. Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of financial leases.

**Note 22C: Unspent Annual Appropriations ('Recoverable GST exclusive')**

	2014	2013
	\$'000	\$'000
<b>Departmental</b>		
2013-14 Appropriation Act (No. 1)	6,356	–
2013-14 Appropriation Act (No. 2) – Equity Injection	–	–
2013-14 Departmental Capital Budget Appropriation Act (No. 1)	412	–
2012-13 Appropriation Act (No. 1)	–	4,671
2012-13 Appropriation Act (No. 2) – Equity Injection	–	486
2012-13 Departmental Capital Budget Appropriation Act (No. 1)	–	556
<b>Total</b>	<b>6,768</b>	<b>5,713</b>

**Note 22D: Special Appropriations ('Recoverable GST exclusive')**

Authority	Type	Purpose	Appropriation applied	
			2014	2013
			\$'000	\$'000
Financial Management and Accountability Act 1997 s.28(2), Administered	Refund	To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and apart from this section there is no specific appropriation for the repayment.	(139)	(237)
<b>Total special appropriations applied</b>			<b>(139)</b>	<b>(237)</b>

**NOTE 23: COMPENSATION AND DEBT RELIEF**

	2014	2013
	\$'000	\$'000
<b>Compensation and Debt Relief - Departmental</b>		
No 'Act of Grace' expenses were incurred during the reporting period (2013: Nil)	–	–
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> (2013: Nil)	–	–
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period (2013: Nil)	–	–
No ex-gratia payments were provided for during the reporting period (2013: Nil)	–	–
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the <i>Public Service Act 1999</i> (PS Act) during the reporting period (2013: Nil)	–	–

**Note 23: Compensation and debt relief** *continued*

	2014	2013
	\$'000	\$'000
<b>Compensation and Debt Relief - Administered</b>		
No 'Act of Grace payments' were expended during the reporting period (2013: Nil)	-	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> (2013: Nil)	-	-
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period (2013: Nil)	-	-
No ex-gratia payments were provided for during the reporting period (2013: Nil)	-	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the <i>Public Service Act 1999</i> (PS Act) during the reporting period (2013: Nil)	-	-

**NOTE 24: REPORTING OF OUTCOMES****Note 24: Net Cost of Outcome Delivery**

Outcome 1	2014	2013
	\$'000	\$'000
<b>Departmental</b>		
Expenses	20,310	18,641
Own-source income	59	66
<b>Administered</b>		
Expenses	-	-
Income	2,733	4,486
<b>Net cost of outcome delivery</b>	<b>17,518</b>	<b>14,089</b>

**NOTE 25: COST RECOVERY****Note 25: Cost Recovery Summary**

	2014	2013
	\$'000	\$'000
<b>Revenue</b>		
Administered - Fees for regulation of higher education providers	2,733	4,486
<b>Total Revenue</b>	<b>2,733</b>	<b>4,486</b>

*Cost recovered activities:*

TEQSA has in place partial cost recovery arrangements for specified services to higher education providers including: registration and re-registration of providers; accreditation and re-accreditation of courses; and major variations to registrations and accreditations.

All fee revenue from cost recovery arrangements is administered revenue and is returned to the Consolidated Revenue Fund. TEQSA therefore does not have any administered expenses, assets or liabilities.

TEQSA will commence preparation of a Cost Recovery Impact Statement (CRIS) for the above activities during FY2014–15. For FY2013–14, TEQSA is below the threshold requiring a CRIS.

**NOTE 26: NET CASH APPROPRIATION ARRANGEMENTS**

	2014	2013
	\$'000	\$'000
<b>Total comprehensive income/(loss) less depreciation/ amortisation expenses previously funded through revenue appropriations<sup>1</sup></b>	<b>(2)</b>	26
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<b>(1,657)</b>	(1,316)
<b>Total comprehensive (loss) – as per the Statement of Comprehensive Income</b>	<b>(1,659)</b>	(1,290)

<sup>1</sup> From 2010–11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expense ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.



## SECTION 06

# APPENDICES

.....	
A: SUMMARY OF RESOURCES	120
.....	
B: STAFFING PROFILE	122
.....	
C: FREEDOM OF INFORMATION	123
.....	
D: ECOLOGICALLY SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL PERFORMANCE	123
.....	
E: ADVERTISING AND MARKET RESEARCH	123
.....	
F: WORKPLACE HEALTH AND SAFETY	124
.....	
G: COMPLAINTS HANDLING	124
.....	
H: CHANGES TO DISABILITY REPORTING IN ANNUAL REPORTS	125
.....	
I: RISK INDICATORS, DESCRIPTION OF RISK, AND LINKS TO THRESHOLD STANDARDS	126
.....	
J: SETTING STANDARDS	128
.....	
K: ENGAGEMENT WITH STAKEHOLDERS	129
.....	
L: INVOLVEMENT IN INTERNATIONAL FORUMS AND DIALOGUES	132

# APPENDIX A: SUMMARY OF RESOURCES

## RESOURCE STATEMENT

TEQSA's resourcing statement is shown in Table A.1.

**Table A.1: Agency resource statement 2013–14**

	Actual available appropriation for 2013–14 \$'000 (a)	Payments made 2013–14 \$'000 (b)	Balance remaining 2013–14 \$'000 (a) - (b)
<b>Ordinary annual services<sup>1</sup></b>	<b>23 988</b>	<b>17 632</b>	<b>6 356</b>
Departmental appropriation <sup>2</sup>	1 408	996	412
<b>Total ordinary annual services</b>	<b>25 396</b>	<b>18 628</b>	<b>6 768</b>
Other services <sup>3</sup>			
Departmental non-operating			
Equity injections	884	884	-
<b>Total</b>	<b>884</b>	<b>884</b>	<b>-</b>
<b>Total resourcing and payments for the Tertiary Education Quality and Standards Agency</b>	<b>26 280</b>	<b>19 512</b>	<b>6 768</b>

<sup>1</sup> Appropriation Bill (No 1) 2013–14 and Appropriation Bill (No.3) 2013–14, includes Prior Year departmental appropriation and S.31 relevant agency receipts.

<sup>2</sup> Includes an amount of \$0.852m, including Prior Year funding, for the Departmental Capital Budget. For accounting purposes, this amount has been designated as 'Contributions by owners'.

<sup>3</sup> Appropriation Bill (No 2) 2013–14.

**Table A.2: Resources for Outcome**

	Budget* 2013–14 \$'000	Actual expenses 2013–14 \$'000	Variation 2013–14 \$'000
<b>Outcome 1:</b>			
[To] contribute to a high-quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance, and dissemination of higher education standards and performance.			
	(a)	(b)	(a) – (b)
<b>Program 1.1 Regulation and advice</b>			
Departmental expenses			
Ordinary annual services (Appropriation Bill No 1) <sup>4</sup>	18,775	18,594	181
Revenues from independent sources (section 31)	-	-	-
Expenses not requiring appropriation in the Budget year	1,588	1,716	(128)
<b>Total Outcome 1</b>	<b>20,363</b>	<b>20,310</b>	<b>53</b>
<b>Average staffing level (number)</b>	<b>95.59</b>		

\* Full year budget, including any subsequent adjustments made to the 2013–14 Budget.

<sup>4</sup> Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (section 31)'.

## APPENDIX B: STAFFING PROFILE

As at 30 June 2014, TEQSA had 83 non-SES employees and 2 SES employees located in Melbourne.

Of the Agency's 85 employees:

- ▶ 69 per cent were female and 31 per cent were male
- ▶ 98 per cent were ongoing employees with 2 per cent non-ongoing.

**Table B.1: Full-time and part-time, and ongoing and non-ongoing employees by gender**

		FEMALE		MALE		TOTAL
		Ongoing	Non-ongoing	Ongoing	Non-ongoing	
SES 1	Full-time	0	0	2	0	2
	Part-time	0	0	0	0	0
EL 2	Full-time	11	0	8	0	19
	Part-time	1	0	0	0	1
EL 1	Full-time	14	0	8	0	22
	Part-time	1	0	0	0	1
APS 6	Full-time	18	0	7	0	25
	Part-time	0	0	0	0	0
APS 5	Full-time	6	0	0	0	6
	Part-time	2	0	0	0	2
APS 4	Full-time	3	1	0	1	5
	Part-time	2	0	0	0	2
<b>Totals</b>		<b>58</b>	<b>1</b>	<b>25</b>	<b>1</b>	<b>85</b>

**NOTE:** Table B.1 excludes the Chief Commissioner, Commissioners, and contractors.

**Table B.2: Salaries in \$A available to TEQSA APS staff from commencement of the 2012–14 TEQSA Enterprise Agreement.**

EL2	EL1	APS 6	APS 5	APS 4	APS 3	APS 2	APS 1	Age rates
139,305	108,997	88,194	76,268	69,100	61,868	56,678	49,513	(20 yrs) 41,210
130,438	103,516	82,811	72,859	66,414	59,398	55,631	45,284	(19 yrs) 36,682
123,067	98,619	80,201	71,340	64,608		53,187		(18 yrs) 31,699
116,051								(Under 18) 27,170

### SES remuneration

The salary range in \$A available to TEQSA SES staff under the section 24 of the *Public Service Act 1999* is \$165,000 to \$180,200 as at 30 June 2014.

## APPENDIX C: FREEDOM OF INFORMATION

Agencies subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement appears in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display a plan on its website showing what information it publishes in accordance with the IPS requirements.

In accordance with these IPS requirements, an agency plan indicating published information is accessible from TEQSA's website at [teqsa.gov.au/about/information-publication-scheme](http://teqsa.gov.au/about/information-publication-scheme).

## APPENDIX D: ECOLOGICALLY SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL PERFORMANCE

The information provided is in accordance with section 516 of the *Environment Protection and Biodiversity Conservation Act 1999*. TEQSA is committed to progressing towards a sustainable future and continued improvement in reducing negative impacts on the environment.

TEQSA has complied with environmental initiatives, participating in the recycling initiatives offered by the 530 Collins St building management over the last 12 months. This comprises paper, cardboard, co-mingled, and organic matter, and hard waste recycling; e-waste recycling; and battery recycling. TEQSA is committed to reducing contamination of waste streams, and reducing its general waste stream. TEQSA provides all staff with individual under-desk, co-mingle recycling bins.

TEQSA subscribed to other recycling initiatives not provided by the building management. These initiatives include toner and waste cartridge recycling. TEQSA also subscribed to Earth Hour 2014.

TEQSA has an Environment Committee that engages with staff on environmental initiatives. TEQSA has developed an Environmental Management System. The Environment Committee refers to this system to achieve environmental goals.

## APPENDIX E: ADVERTISING AND MARKET RESEARCH

During the 2013–14 financial year, TEQSA spent \$10,005.28 on advertising. This expenditure was for an APS jobs subscription and advertising relating to a real estate sub-lease listing. TEQSA did not undertake any advertising campaigns. No single advertising expenditure was over \$12,100 (GST inclusive).

## APPENDIX F: WORKPLACE HEALTH AND SAFETY

TEQSA is committed to safeguarding the health, safety, and welfare of staff and visitors, and to preventing occupational injury. TEQSA has a Workplace Health and Safety (WH&S) Committee that includes representatives from management and staff. TEQSA provides staff with access to an Employee Assistance Program and annual flu vaccinations. TEQSA also developed a Disability Action Plan, a Multicultural Plan, and a Diversity Program to support staff wellbeing.

No reportable WH&S incidents occurred during 2013–2014, and TEQSA was not required to give any notices under the *Work Health and Safety Act 2011* (Cwlth).

TEQSA is committed to preventing serious and long-term injuries through early intervention strategies and case management.

## APPENDIX G: COMPLAINTS HANDLING

### Complaints about higher education providers

TEQSA monitors the compliance of higher education providers with the TEQSA Act and a set of quality standards, known as the Threshold Standards. TEQSA's website [teqsa.gov.au/complaints](http://teqsa.gov.au/complaints) provides information on options for making a complaint about a registered higher education provider. This website includes links to Commonwealth and state and territory ombudsman offices.

The website states any complaints TEQSA receives in writing about a provider are retained and considered when it assesses if a provider is meeting its obligations under the TEQSA Act and the Threshold Standards. TEQSA also assesses any complaints about a provider in relation to possible false or misleading statements about its registration and accreditation status. The website makes clear the circumstances under which TEQSA may be unable to address a complaint.

TEQSA receives complaints about higher education providers through its Complaints Inbox ([complaints@teqsa.gov.au](mailto:complaints@teqsa.gov.au)), Enquiries Inbox ([enquiries@teqsa.gov.au](mailto:enquiries@teqsa.gov.au)), and through formal correspondence. In accordance with TEQSA's Service Charter, TEQSA endeavours to respond within five days of receiving a complaint.

### Complaints about TEQSA

When a complaint is received about TEQSA itself, the Complaints Officer consults with the appropriate senior executive staff member or Commissioner while investigating the matter and in preparing a response. A monthly report on complaints is provided to TEQSA's Senior Management Team.

In 2013–14, the Commonwealth Ombudsman's office notified TEQSA of two investigations in relation to complaints about TEQSA. Of those complaints, the Ombudsman made three recommendations in relation to the first investigation (all of which TEQSA accepted) and no recommendations or findings in relation to the second investigation.

## APPENDIX H: CHANGES TO DISABILITY REPORTING IN ANNUAL REPORTS

Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator, and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission’s State of the Service Report and the APS Statistical Bulletin. These reports are available at [apsc.gov.au](http://apsc.gov.au). From 2010–11, departments and agencies are no longer required to report on these functions.

The *Commonwealth Disability Strategy* has been overtaken by a new *National Disability Strategy 2010–2020*, which sets out a 10-year national policy framework to improve the lives of people with a disability, promote participation, and create a more inclusive society. A high-level, two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring. The first of these reports will be available in 2014, and will be available at [dss.gov.au](http://dss.gov.au).

The *Social Inclusion Measurement and Reporting Strategy*, agreed by the Australian Government in December 2009, also includes some reporting on disability matters in its regular ‘How Australia is Faring’ report and, if appropriate, in strategic change indicators in agency annual reports. More detail on social inclusion matters can be found at [socialinclusion.gov.au](http://socialinclusion.gov.au).

### TEQSA’s Disability Action Plan

TEQSA’s Disability Action Plan sets out the Agency’s commitment to the inclusion, support, and engagement of people with a disability. It aims to promote the equitable participation of staff with a disability in the workplace and to remove barriers and provide improved access and services to people with a disability.

The plan focuses on four key priority areas:

- ▶ physical accessibility
- ▶ technological accessibility
- ▶ employment
- ▶ communication and community engagement.

The plan was developed in accordance with the provisions of the *Disability Discrimination Act 1992* and was informed by the *National Disability Strategy 2010–2020*. It can be found at [teqsa.gov.au/sites/default/files/DisabilityActionPlan.pdf](http://teqsa.gov.au/sites/default/files/DisabilityActionPlan.pdf).

# APPENDIX I: RISK INDICATORS, DESCRIPTION OF RISK, AND LINKS TO THRESHOLD STANDARDS

The TEQSA Risk Assessment Framework includes detailed descriptions and technical calculations for risk indicators, and is online at

[teqsa.gov.au/regulatory-approach/risk-assessment-framework](http://teqsa.gov.au/regulatory-approach/risk-assessment-framework).

RISK INDICATOR	MAPPING WITH THRESHOLD STANDARDS AND ESOS ACT/NATIONAL CODE (NC)
<b>Student profile and outcomes</b>	
<b>1 Cohorts completed</b>	PRS 1 – Provider standing PRS 5 – Management and human resources PRS 7 – Physical and electronic resources and infrastructure ESOS Act Part 2, Division 3, section 9AB (1)(f) NC Standard 14: Staff capability, educational resources and premises
<b>2 Student load</b>	PRS 2 – Financial viability and safeguards PRS 5 – Management and human resources PRS 7 – Physical and electronic resources and infrastructure PCAS 2 – Course resourcing and information is adequate NC Standard 2 – Student engagement before enrolment
<b>3 Attrition rate</b>	PRS 4 – Primacy of academic quality and integrity PRS 5 – Management and human resources PRS 6 – Responsibilities to students PCAS 3 – Admission criteria are appropriate PCAS 4 – Teaching and learning are of high quality PCAS 5 – Assessment is effective and expected learning outcomes are achieved NC Standard 6 – Student support service NC Standard 10 – Monitoring course progress NC Standard 11 – Monitoring attendance
<b>4 Progress rate</b>	See mapping for attrition rate
<b>5 Completions</b>	See mapping for attrition rate

RISK INDICATOR	MAPPING WITH THRESHOLD STANDARDS AND ESOS ACT/NATIONAL CODE (NC)
<b>Student profile and outcomes</b>	
<b>6 Student satisfaction</b>	<p>PRS 3 – Corporate and academic governance</p> <p>PRS 5 – Management and human resources</p> <p>PRS 6 – Responsibilities to students</p> <p>PCAS 2 – Course resourcing and information are adequate</p> <p>PCAS 4 – Teaching and learning are of high quality</p> <p>NC Standard 6 – Student support services</p>
<b>7 Graduate destinations</b>	<p>PRS 3 – Corporate and academic governance</p> <p>PRS 5 – Management and human resources</p> <p>PRS 6 – Responsibilities to students</p> <p>PCAS 5 – Assessment is effective and expected learning outcomes are achieved</p> <p>NC Standard 6 – Student support services</p> <p>NC Standard 14 – Staff capability, educational resources and premises</p>
<b>Staff resources and profile</b>	
<b>8 Senior academic leaders</b>	<p>PRS 4 – Primacy of academic quality and integrity</p> <p>PRS 5 – Management and human resources</p> <p>PCAS 1 – Course design is appropriate and meets the Qualification Standards</p> <p>PCAS 4 – Teaching and learning are of high quality</p>
<b>9 Student to staff ratio</b>	<p>PRS 5 – Management and human resources</p> <p>PRS 6 – Responsibilities to students</p> <p>PCAS 4 – Teaching and learning are of high quality</p> <p>NC Standard 14 – Staff capability, educational resources, and premises</p>
<b>10 Academic staff on casual work contracts</b>	<p>PRS 4 – Primacy of academic quality and integrity</p> <p>PRS 5 – Management and human resources</p> <p>PCAS 1 – Course design is appropriate and meets the Qualification Standards</p> <p>PCAS 4 – Teaching and learning are of high quality</p> <p>NC Standard 14 – Staff capability, educational resources, and premises</p>

RISK INDICATOR	MAPPING WITH THRESHOLD STANDARDS AND ESOS ACT/NATIONAL CODE (NC)
<b>Financial viability and sustainability</b>	
<b>11 Financial viability</b>	PRS 2 — Financial viability and sustainability ESOS Act Part 2, Division 3, section 9AB (1)(f)
<b>12 Financial sustainability</b>	PRS 2 — Financial viability and sustainability NC Standard 14 — Staff capability, educational resources and premises
<b>Other identified risks</b>	Allows for a provider-specific risk, for example as identified by a provider through a Material Change Notification or identified by TEQSA through a recent regulatory review process

## APPENDIX J: SETTING STANDARDS

### The Higher Education Standards Panel

In accordance with the TEQSA Act, the Higher Education Standards Panel (HESP) has been established to provide independent advice to the Minister on making and varying the Higher Education Standards Framework (the framework). TEQSA is responsible for interpreting and implementing the framework for the purposes of quality assuring and regulating higher education providers. In this way, the setting of standards by HESP is clearly separated from the regulatory functions carried out by TEQSA. HESP was formally constituted on 10 January 2012.

### Australian Qualifications Framework Council

The Qualifications Standards include a requirement that all higher education awards must meet specifications described in Levels 5–10 of the Australian Qualifications Framework (AQF). The AQF is the national policy that sets the standards for regulated qualifications in Australia. It defines qualification types and provides descriptors of learning outcomes to be achieved for the particular qualification and pathways to the qualification. The policy is developed and maintained by the Australian Qualifications Framework Council (AQFC).

TEQSA's relationship with the AQFC is similar to its relationship with the HESP, in that TEQSA is responsible only for interpreting and implementing the AQF, rather than for developing it. The AQFC provides advice to the Australian Government on the specifications for higher education awards.

# APPENDIX K: ENGAGEMENT WITH STAKEHOLDERS

Presentations by TEQSA personnel to higher education stakeholder groups in 2013–14

**P** = presentation    **D** = discussion or panel session    **A** = attendance    **W** = workshop

Date	Conference/forum	Type	Attendee
<b>2013</b>			
06/07/2013	National Institute of Dramatic Art Planning Day (Sydney)	P	Ian Hawke
09/07/2013	2013 Council of International Students Australia (Sydney)	P	Carol Nicoll
11/07/2013	Australia India Education Council's Quality Assurance and Qualification Recognition Taskforce and Australia India Vice Chancellors Workshop (Sydney)	P	Carol Nicoll
15/07/2013	Australian Technology Network Regulation and Quality Risk Management Working Group (Melbourne)	D	Carol Nicoll
24/07/2013	Australian Catholic University — Academic Board Meeting (Sydney)	P	Carol Nicoll
26/07/2013	Queensland College of Teachers Board meeting (Brisbane)	P	Ian Hawke
31/07/2013	University of Ballarat — Academic Board (Ballarat)	P	Ian Hawke
09/08/2013	National Learning Outcomes Standards Forum (Melbourne)	P	Michael Wells
19/08/2013	TEQSA organised External Experts Workshop: (Perth)	W	Ian Hawke, Lucy Schulz
20/08/2013	TEQSA organised External Experts Workshop: (Adelaide)	W	Ian Hawke, Lucy Schulz
23/08/2013	IEAA/TEQSA workshop (Brisbane)	P	Dorte Kristoffersen
26/08/2013	TEQSA organised External Experts Workshop: (Brisbane)	W	Ian Hawke, Ian Kimber
27/08/2013	TEQSA organised External Experts Workshop (Sydney)	W	Ian Hawke, Ian Kimber
30/08/2013	Australian Council for Private Education and Training (ACPET) Conference (Adelaide)	P	Carol Nicoll
06/09/2013	Australasian Tertiary Regulatory Strategic Meeting (Canberra)	P	Carol Nicoll
06/09/2013	TEQSA organised External Experts Workshop (Melbourne)	W	Ian Hawke, Lucy Schulz, Ian Kimber
09/09/2013	Fellowship Symposium (Melbourne)	P	Michael Wells
11/09/2013	NEAS (National ELT Accreditation Scheme) (Sydney)	D	Dorte Kristoffersen
12/09/2013	Victoria University Policy Discussion 'The Policy Environment and the Future of Tertiary Education' (Melbourne)	D	Christiana Knapman
18/09/2013	ACPET National Chair (Melbourne)	D	Carol Nicoll

Date	Conference/forum	Type	Attendee
24/09/2013	Australian Qualifications Framework Council (Cairns via videoconference from Brisbane)	A	Ian Hawke
25/09/2013	Australian Qualifications Framework Council (Brisbane)	A	Ian Hawke
27/09/2013	English Australia Conference (Perth)	P	Christiana Knapman
01/10/2013	Regulator/Provider Forum: ASQA, English Australia, ACPET (Melbourne)	D	Dorte Kristoffersen
01/10/2013	Deans of Information Studies Group (Adelaide)	P	Carol Nicoll
09/10/2013	Australian Council of Engineering Deans (Sydney)	P	Carol Nicoll
18/10/2013	ACPET WA Private Provider Forum (Perth)	P	Dorte Kristoffersen
28/10/2013	Universities Australia Plenary (Canberra)	P	Carol Nicoll
11/11/2013	Higher Education Compliance and Quality Network Forum (Melbourne)	P	Ian Hawke
12/11/2013	Professions Australia Workshop on Higher Education Courses for the Professions in the Digital Age (Canberra)	P	Carol Nicoll
25/11/2013	Australian Network of University Planners (Sydney)	P	Carol Nicoll
26/11/2013	Leading Universities Program (Melbourne University)	P	Carol Nicoll
28–29/10/2013	Australasian Higher Education Evaluation Forum (Launceston)	P	Ian Hawke
<b>2014</b>			
22/01/2014	Australian Qualifications Framework Masters Working Group (Canberra)	D	Ian Hawke
19/02/2014	Regulator/Provider Forum: ASQA, English Australia, ACPET (Melbourne)	D	Dorte Kristoffersen
28/02/2014	UA Higher Education Conference — Satellite event for comparing learning outcomes and standards: developing institutional academic quality processes and resources for peer review of assessment (Canberra)	P	Michael Wells
12/03/2014	Chairs of Academic Boards Forum (non-University higher education providers) (Sydney)	P	Ian Kimber
18/03/2014	Seminar — Reconceptualising Tertiary Education (held by the Mitchell Institute for Health and Education Policy) (Melbourne)	A	Michael Wells
02/05/2014	DVC-I Committee Meeting (Canberra)	D	Dorte Kristoffersen
13/05/2014	Council of Private Higher Education (Melbourne)	P	Michael Wells
03/06/2014	TPS Advisory Board Meeting (Canberra)	A	Dorte Kristoffersen
11/06/2014	Office for Learning and Teaching Conference (Sydney)	A	Ian Kimber
30/06/2014	Universities Australia Standing Group on Quality (Melbourne)	D	Dorte Kristoffersen, Michael Wells, Cliff Walsh, Ian Kimber

## Visits to TEQSA in 2013–14

**Note:** This table does not include visits by individual higher education providers

Date	Institution
<b>DOMESTIC</b>	
11/10/2013	Peak Bodies
21/10/2013	Australian Charities and Not for Profit Commission
21/02/2014	Self-accrediting workshop organised by TEQSA with ACPET, COPHE and TDA
03/04/2014	International Education Association of Australia
<b>INTERNATIONAL</b>	
12/07/2013	New Zealand — Tertiary Education Commission
02/09/2013	Japan — National Institution for Academic Degrees and University Evaluation
09/09/2013	Brazil — Secretariat of Regulation and Supervision of Higher Education, Brazilian Ministry of Education
19/09/2013	Malaysia — Malaysian Qualifications Agency
30/09/2013	Canada — Higher Education Quality Council of Ontario
29/10/2013	Myanmar — Parliamentary delegation from Myanmar
09–10/12/2013	Indonesia — National Accreditation Agency for Higher Education
15/01/2014	Republic of Korea — Ministry of Education
12/02/2014	Ethiopia — Ethiopian Higher Education Strategy Centre
04/03/2014	China — China Education Association for International Exchange
02/04/2014	Japan — Ministry of Education, Culture, Sports, Science and Technology
15/05/2014	Vietnam — Ministry of Education and Training

# APPENDIX L: INVOLVEMENT IN INTERNATIONAL FORUMS AND DIALOGUES

## Malaysian Qualifications Agency

On 19 September 2013, TEQSA signed a Memorandum of Arrangement with the Malaysian Qualifications Agency (MQA). MQA is responsible for monitoring and overseeing the quality assurance practices and accreditation of national higher education in Malaysia. This Memorandum of Arrangement will facilitate the regular exchange of information about Australian and Malaysian regulatory approaches and processes, and on particular matters relevant to Australian providers operating in Malaysia.

## Knowledge and Human Development Authority

In November 2013, Ms Lucy Schulz, Executive Director, Regulation and Review, met with staff at the Knowledge and Human Development Authority (KHDA) in Dubai to discuss ways that TEQSA and KHDA might cooperate in the future.

## Collaborative project with the European Association for Quality Assurance in Higher Education

TEQSA has accepted an invitation from the European Association for Quality Assurance in Higher Education (ENQA) to participate in a project on good practice in the quality assurance of transnational education in Europe. The project is sponsored by the Erasmus Mundus program and is one of seven project proposals approved out of a total of 54 applications worldwide. Information on the project is available at [qache.wordpress.com](http://qache.wordpress.com).

## Council for Higher Education Accreditation

Chief Commissioner Carol Nicoll attended the annual conference of the Council for Higher Education Accreditation (CHEA) in Washington, USA from 27–29 January 2014, and in her capacity as a member of the Advisory Council of the CHEA International Quality Group, attended their Annual Meeting from 29–30 of January 2014.

## British Council

Commissioner Dorte Kristoffersen accepted an invitation of the British Council to participate in the Global Education Dialogues Smarter Internationalisation Forum on 3 March 2014 in Jakarta, Indonesia.

## Universities Australia, Deputy Vice-Chancellors International (DVCI)

Commissioner Dorte Kristoffersen spoke at the DVCI forum with Universities Australia in Canberra on 2 May 2014. Commissioner Kristoffersen presented TEQSA's international strategy to the attendees. Her presentation included the following discussion points:

- ▶ TEQSA's role in international regulation and quality assurance
- ▶ Review of the ESOS Framework
- ▶ Quality Assurance of Cross-border Higher Education — ENQA project.

## National Institution for Academic Degrees and University Evaluation

On 20 May 2014, TEQSA signed a Memorandum of Cooperation with the National Institution for Academic Degrees and University Evaluation (NIAD-UE).

NIAD-UE traces its roots to 1991 when its predecessor, NIAD, was established as an academic degree-awarding institution that in 2000 was renamed and reorganised as a new entity charged with evaluating universities, in addition to its existing functions, and to contribute to the further development of higher education in Japan. This Memorandum of Cooperation will allow TEQSA and NIAD-UE to work collaboratively on joint projects and to share relevant information of particular importance to Australian providers operating in Japan.





## SECTION 07

# INDICES AND REFERENCES

.....	
COMPLIANCE INDEX	136
.....	
ACRONYMS	140
.....	
GLOSSARY OF TERMS	142
.....	
ALPHABETICAL INDEX	146

# COMPLIANCE INDEX

Table 7.1 indicates the location of information provided in accordance with the *Requirements for Annual Reports for Departments, Executive Agencies and FMS Act Bodies (Requirements)* issued by the Department of the Prime Minister and Cabinet on 29 May 2014. References in the second column of Table 7.1 refer to the relevant paragraph in the Requirements document.

**Table 7.1: Compliance Index**

REF	DESCRIPTION	*REQ	PAGE
8(3) A.4	Letter of transmittal	M	I
A.5	Table of contents	M	II,III
A.5	Index	M	146
A.5	Glossary	M	142
A.5	Contact officer(s)	M	inside cover
A.5	Internet home page address and internet address for report	M	inside cover
<b>Review by the Chief Commissioner</b>			
9(1)	Review by the departmental secretary	M	2
9(2)	Summary of significant issues and developments	S	2–6
9(2)	Overview of the agency's performance and financial results	S	5, 18–27, 64–118
9(2)	Outlook for the following year	S	6
9(3)	Significant issues and developments — portfolio	S	n/a
<b>Agency overview</b>			
10(1)	Role and functions	M	8
10(1)	Organisational structure	M	15
10(1)	Outcome and programme structure	M	9
10(2)	Where outcome and programme structures differ from Portfolio Budget Statements (PBS)/Portfolio Additional Estimates Statements (PAES) or other portfolio statements, details of variation and reasons for change	M	n/a
10(3)	Portfolio structure	M	n/a
<b>Performance review</b>			
11(1)	Review of performance during the year in relation to programmes and contribution to outcomes	M	18–62
11(2)	Actual performance in relation to deliverables and KPIs set out in PBS/PAES or other portfolio statements	M	23–27
11(2)	Where performance targets differ from the PBS/PAES, details of both former and new targets, and reasons for the change	M	n/a
11(2)	Narrative discussion and analysis of performance	M	30–62
11(2)	Trend information	M	28, 29

REF	DESCRIPTION	*REQ	PAGE
11(3)	Significant changes in nature of principal functions/services	S	n/a
11(3)	Performance of purchaser/provider arrangements	If a, then s	n/a
11(3)	Factors, events or trends influencing departmental performance	S	2–6, 28, 29
11(3)	Contribution of risk management in achieving objectives	S	56
11(4)	Performance against service charter, customer service standards, complaints data, and the agency's response to complaints	If a, then m	23–27, 43, 44, 136
11(5)	Discussion and analysis of the agency's financial performance	M	29
11(6)	Discussion of any significant changes in financial results from the prior year, from budget or anticipated to have a significant impact on future operations.	M	n/a
11(7)	Agency resource statement and summary resource tables by outcomes	M	120
<b>Management and accountability</b>			
<b>Corporate governance</b>			
12(1)	Certification that their agency complies with the 'Commonwealth Fraud Control Guidelines'	M	66
12(2)	Statement of the main corporate governance practices in place	M	54–62
12(3)	Names of the senior executive and their responsibilities	S	10–13
12(3)	Senior management committees and their roles	S	54–56
12(3)	Corporate and operational plans and associated performance reporting and review	S	56, 57
12(3)	Internal audit arrangements including approach adopted to identifying areas of significant financial or operational risk and arrangements to manage those risks	S	55–56
12(3)	Policy and practices on the establishment and maintenance of appropriate ethical standards	S	57
12(3)	How nature and amount of remuneration for SES officers is determined	S	58
<b>External scrutiny</b>			
12(4)	Significant developments in external scrutiny	M	n/a
12(4)	Judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner	M	18
12(4)	Reports by the Auditor-General, a Parliamentary Committee, the Commonwealth Ombudsman or an agency capability review	M	n/a

REF	DESCRIPTION	*REQ	PAGE
<b>Management of human resources</b>			
12(5)	Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	M	58, 59
12(6)	Workforce planning, staff turnover and retention	S	58, 59
12(6)	Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and Australian Workplace Agreements (AWAs)	S	58
12(6)	Training and development undertaken and its impact	S	46, 47, 59
12(6)	Workplace health and safety performance	S	124
12(6)	Productivity gains	S	n/a
12(7)	Statistics on staffing	M	122
12(8)	Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	M	58, 59
12(9) B	Performance pay	M	58
<b>Assets management</b>			
12(10)-(11)	Assessment of effectiveness of assets management	If a, then m	n/a
<b>Purchasing</b>			
12(12)	Assessment of purchasing against core policies and principles	M	60, 61
<b>Consultants</b>			
12(13)-(22)	Summary statement detailing consultancy services contracts let during the year; including a statement noting that information on contracts and consultancies is available through the AusTender website.	M	60, 61
<b>ANAO access clauses</b>			
12(23)	Absence of provisions in contracts allowing access by the Auditor-General	M	60
<b>Exempt contracts</b>			
12(24)	Contracts exempted from publication in AusTender	M	60
<b>Financial statements</b>			
13	Financial statements	M	67-118

REF	DESCRIPTION	*REQ	PAGE
<b>Appendices</b>			
<b>Other mandatory information</b>			
14(1) C.1	Workplace health and safety	M	124
14(1) C.2	Advertising and market research	M	123
14(1) C.3	Ecologically sustainable development and environmental performance (section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i> )	M	123
14(1)	Compliance with the agency's obligations under the Carer Recognition Act 2010	If a, then m	n/a
14(2) D.1	Grant programmes	M	60
14(3) D.2	Disability reporting	M	125
14(4) D.3	Information Publication Scheme statement	M	123
14(5)	Correction of material errors in previous annual report	If a, then m	n/a
14(5) D.4	Spatial reporting – expenditure by program between regional and non-regional Australia	If a, then m	n/a
E	Agency Resource statements and Resources for outcomes	M	120, 121
<b>Indices and References</b>			
F	List of Requirements	M	136

<b>*REQ</b>	Requirements
<b>M</b>	Mandatory
<b>S</b>	Suggested
<b>If a, then m</b>	If applicable, then mandatory
<b>If a, then s</b>	If applicable, then suggested

# ACRONYMS

<b>AAT</b>	Administrative Appeals Tribunal
<b>ACPET</b>	Australian Council for Private Education and Training
<b>APS</b>	Australian Public Service
<b>APS Act</b>	<i>Australian Public Service Act 1999</i>
<b>AQF</b>	Australian Qualifications Framework
<b>AQFC</b>	Australian Qualifications Framework Council
<b>ASA</b>	Agency Security Adviser
<b>ASQA</b>	Australian Skills Quality Authority
<b>ASX</b>	Australian Securities Exchange
<b>AUQA</b>	Australian Universities Quality Agency
<b>AWA</b>	Australian Workplace Agreements
<b>CATP</b>	Consequential Amendments and Transitional Provisions
<b>CEO</b>	Chief Executive Officer
<b>CHEA</b>	Council for Higher Education Accreditation
<b>COPHE</b>	Council of Private Higher Education
<b>Cwlth</b>	Commonwealth
<b>CRICOS</b>	Commonwealth Register of Institutions and Courses for Overseas Students
<b>DEEWR</b>	Department of Education, Employment and Workplace Relations
<b>DIICSRTE</b>	Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education
<b>DVCI</b>	Deputy Vice-Chancellor International
<b>EFTSL</b>	Equivalent Full-time Student Load
<b>ELICOS</b>	English Language Intensive Courses for Overseas Students
<b>ELT</b>	English Language Teaching
<b>ENQA</b>	European Association for Quality Assurance in Higher Education
<b>ESOS</b>	Education Services for Overseas Students
<b>ESOS Act</b>	<i>Education Services for Overseas Students Act 2000</i>
<b>FOI Act</b>	<i>Freedom of Information Act 1982</i>
<b>FMA Act</b>	<i>Financial Management and Accountability Act 1997</i>
<b>GST</b>	Goods and Services Tax
<b>HESA</b>	<i>Higher Education Support Act 2003</i>
<b>HESP</b>	Higher Education Standards Panel
<b>IFA</b>	Individual Flexibility Arrangements
<b>IPS</b>	Information Publication Scheme
<b>KHDA</b>	Knowledge and Human Development Authority
<b>KPI</b>	Key Performance Indicator
<b>MQA</b>	Malaysian Qualifications Agency

<b>NAGHEDI</b>	National Advisory Group on Higher Education Data and Information
<b>National Code</b>	The National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students 2007
<b>NC</b>	National Code
<b>NIAD-UE</b>	National Institution for Academic Degrees and University Evaluation
<b>NSSC</b>	National Skills Standards Council
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>OLT</b>	Office for Learning and Teaching
<b>PAES</b>	Portfolio Additional Estimates Statements
<b>PBS</b>	Portfolio Budget Statements
<b>PCAS</b>	Provider Course Accreditation Standards
<b>PIR</b>	Provider Information Request
<b>PRS</b>	Provider Registration Standards
<b>PSM</b>	Public Service Medal (Australia)
<b>QAA</b>	Quality Assurance Agency for Higher Education (UK)
<b>QACHE</b>	Quality Assurance of Cross-border Higher Education
<b>RAF</b>	Risk Assessment Framework
<b>SES</b>	Senior Executive Service
<b>TAFE</b>	Technical and Further Education
<b>TDA</b>	TAFE Directors Australia
<b>TEQSA</b>	Tertiary Education Quality and Standards Agency
<b>TEQSA Act</b>	<i>Tertiary Education Quality and Standards Agency Act 2011</i>
<b>TEQSA CATP Act</b>	<i>Tertiary Education Quality and Standards Agency (Consequential Amendments and Transitional Provisions) Act 2011</i>
<b>TPA</b>	Third-party Arrangement
<b>TPS</b>	Tuition Protection Service
<b>UA</b>	Universities Australia
<b>VC</b>	Vice-Chancellor
<b>VET</b>	vocational education and training
<b>WCAG</b>	Web Content Accessibility Guidelines
<b>WH&amp;S</b>	Workplace Health and Safety

# GLOSSARY OF TERMS

## Australian Qualifications Framework

The Australian Qualifications Framework (AQF) is Australia's national policy for regulated qualifications. The AQF encompasses higher education, vocational education and training, and school education. It provides for national recognition and a consistent understanding of what defines each qualification type. The Qualification Standards enshrined in the TEQSA Act strongly reflect the AQF, which requires awards issued to be quality assured, protected against fraudulent use, and to serve as pathways for further learning. The Qualification Standards incorporate, by reference, the following AQF policy documents: AQF Levels Criteria and AQF Qualification Type Descriptors; AQF Qualifications Issuance Policy; AQF Qualifications Pathways Policy; AQF Qualifications Register Policy; and AQF Qualification Type Addition and Removal Policy. These documents are available at [aqf.edu.au](http://aqf.edu.au).

## Australian Skills Quality Authority

The Australian Skills Quality Authority (ASQA) is the national regulator for Australia's vocational education and training sector. ASQA regulates courses and training providers to ensure nationally-approved quality standards are met.

## Australian Universities Quality Agency

Prior to the establishment of TEQSA, the Australian Universities Quality Agency (AUQA) was the principal national quality assurance agency in higher education with responsibility for providing public assurance of the quality of Australia's universities and other institutions of higher education, and assisting in enhancing the academic quality of these institutions.

## Commonwealth Register of Institutions and Courses for Overseas Students

Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) is a searchable website managed by the Department of Education. It provides details of Australian education institutions approved to recruit, enrol, and deliver education and training services to overseas students, and details of their courses. TEQSA is responsible for assessing applications for inclusion on CRICOS and for approving the registration of a provider on CRICOS. The database can be searched by course or provider name/number and can be accessed at [cricos.deewr.gov.au/default.aspx](http://cricos.deewr.gov.au/default.aspx).

## Department of Education

The Department of Education is the Australian Government department responsible for national policies and programs that help Australians access quality and affordable child care, early childhood education, school education, post-school, higher education, international education, and academic research. TEQSA operates under the portfolio of the Department of Education.

## Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education

The former Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education (DIICCSRTE) was the Australian Government department with responsibility for administering funding under the *Higher Education Support Act 2003* and for developing and administering higher education policy and programs.

## Education Services for Overseas Students

The *Education Services for Overseas Students (ESOS) Act 2000* (the ESOS Act) and the associated legislation form the legal framework governing delivery of education to overseas students studying in Australia on a student visa. The framework sets out clear roles and responsibilities for providers of education and training to international students, and complements Australia's student visa laws. On 29 January 2012, TEQSA assumed responsibility for regulating international education for higher education under the ESOS Act.

## English Language Intensive Courses for Overseas Students

English Language Intensive Courses for Overseas Students (ELICOS) are courses offered to students studying in Australia on student visas. 'Intensive' denotes full-time study comprising a minimum of 20 scheduled course contact hours per week of face-to-face classes of English language instruction.

## Government Accreditation Authority

Government accreditation authorities were state and territory government accrediting authorities for higher education responsible for accrediting AQF qualifications and authorising non-self-accrediting higher education institutions to issue them. Their functions are now conducted by TEQSA.

## Higher education provider

Higher education provider is defined in the TEQSA Act and means:

- (a) a constitutional corporation that offers or confers a regulated higher education award, or
- (b) a corporation that:
  - (i) offers or confers a regulated higher education award
  - (ii) is established by or under a law of the Commonwealth or a Territory
- (c) a person who offers or confers a regulated higher education award for the completion of a course of study provided wholly or partly in a Territory.

## Higher Education Standards Panel

The Higher Education Standards Panel is responsible for developing and monitoring the Higher Education Standards Framework. Panel members were appointed by the (then) Minister for Tertiary Education, in consultation with the (then) Commonwealth Minister for Research.

## Higher Education Support Act 2003

The *Higher Education Support Act 2003* provides for the Commonwealth Government to give financial support for higher education and certain vocational education and training through: (a) grants and other payments made largely to higher education providers; and (b) financial assistance to students (usually in the form of loans).

## Material change

Under subsection 29(1) of the TEQSA Act, it is a condition of registration that TEQSA is notified of events that happen, or are likely to happen, that will either: (a) significantly affect the provider's ability to meet the Threshold Standards; or (b) require updating the provider's entry on the National Register of higher education providers.

## National Code

The National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students 2007 (the National Code) provides nationally consistent standards for the conduct of registered providers and the registration of their courses. These standards set out specifications and procedures to ensure that registered providers of education and training courses can clearly understand and comply with their obligations under the National Code.

## National Register

The National Register of higher education providers (the National Register) was established and is maintained under section 198 of the *Tertiary Education Quality and Standards Agency Act 2011* (TEQSA Act). It is the authoritative source of information on the status of higher education providers in Australia.

## Provider category

Provider category relates to a category of provider as listed in the Provider Category Standards, available at [comlaw.gov.au/details/F2012L00003](http://comlaw.gov.au/details/F2012L00003).

## Registered higher education provider

This term refers to a higher education provider registered under Part 3 of the TEQSA Act and listed on the National Register under paragraph 198(1)(a) of the Act.

## Regulatory risk

In the context of TEQSA's quality assurance and regulatory operations, regulatory risk refers to actual or potential risk events (regarding a provider's operations and performance) that indicate that the provider may not meet the Threshold Standards (either currently or in the future).

## Risk assessment

The term 'risk assessment' captures the overall process of risk identification, risk analysis, and risk evaluation.

## Risk Assessment Framework (formally titled the Regulatory Risk Framework)

The Risk Assessment Framework outlines TEQSA's approach to undertaking structured risk assessments of registered higher education providers. Risk assessments play a key role in TEQSA's risk-based quality assurance and regulation of the sector by helping to prioritise the Agency's regulatory focus.

## TEQSA case managers

TEQSA case managers are managers employed in the Regulation and Review Group at TEQSA, and who manage activities relating to a higher education provider, through communication and cooperation with provider contacts.

## Tertiary Education Quality and Standards Agency

The Tertiary Education Quality and Standards Agency (TEQSA) is Australia's national regulatory and quality agency for higher education. TEQSA was established under section 132 of the TEQSA Act 2011. The TEQSA Act can be found at [comlaw.gov.au/details/c2011c00582](http://comlaw.gov.au/details/c2011c00582). TEQSA's primary aim is to ensure that students receive a high quality education at any Australian higher education provider.

## Threshold Standards

*Higher Education Standards Framework (Threshold Standards) 2011* (Threshold Standards) are defined as the following:

1. Provider Registration Standards
2. Provider Category Standards
3. Provider Course Accreditation Standards; and
4. Qualification Standards.

Further information can be found at [comlaw.gov.au/details/f2012f00003](http://comlaw.gov.au/details/f2012f00003).

# ALPHABETICAL INDEX

accreditation .....	2, 4–5, 9, 19–20, 22, 27–28, 31, 33–35, 39, 43–50, 76, 118, 121, 124, 129, 131–132, 140–141, 143, 145
re-accreditation assessments .....	2, 4
re-accreditation of courses .....	35, 76, 118
re-accreditation decisions .....	5
renewal of accreditation .....	see re-accreditation
advertising .....	119, 123, 139
Australian Council for Private Education and Training (ACPET) .....	42, 129, 130–131, 140
Australian National Audit Office .....	55, 57, 60, 107
<i>Australian Public Service Act 1999</i> .....	8, 58, 140
Australian Public Service Code of Conduct and Values .....	44, 57
Australian Qualifications Framework (AQF) .....	42, 128, 130, 140, 142
Australian Qualifications Framework Council (AQFC) .....	128, 130, 140
Australian Skills Quality Authority (ASQA) .....	36, 140, 142
Australian Universities Quality Agency (AUQA) .....	11, 142
Charter, Service .....	see Service Charter
Chief Commissioner .....	ii, iii, iv, 1–2, 6, 10–11, 14, 15, 51, 54, 58, 63, 66, 122, 136
Chief Executive Officer .....	10, 14, 56, 60, 140
Chief Finance and Operating Officer .....	14–15, 54–55
Commission .....	10, 13–14, 25, 31, 35, 47, 52, 54, 61, 106, 125, 131
Commissioners .....	ii, iv, 5, 10, 15, 35, 38, 41–43, 54–55, 57–58, 122
Commission meetings .....	54
Commonwealth Procurement Rules .....	60–61
Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) .....	21, 37–38, 49, 140, 142
registration .....	21
re-registration .....	21
communication .....	6, 11, 15, 23, 25, 27, 42, 51, 52, 54–57, 59, 125
complaints handling .....	43, 119, 124

compliance .....	ii, iii, iv, 2, 9, 14, 22–23, 26–27, 30–36, 38, 40, 43, 55–57, 60, 91, 124, 130, 136, 139
consultants .....	iv, 60–61, 87, 138
consultation .....	4, 21, 25–27, 33, 35, 44–45, 48, 56, 143
contract management .....	iv, 15
corporate governance .....	iv, 12, 53, 54, 137
Council of Private Higher Education (COPHE) .....	42, 130–131, 140
data collection .....	4, 23, 25, 34, 46, 48
deliverables .....	18, 22–23, 136
Department of Education .....	14, 21, 25, 32, 34, 42, 140, 142
disability .....	iii, iv, 124–125, 139
Disability Action Plan .....	124–125
disclosure .....	36, 55, 57, 86
of information .....	57
self-disclosure .....	24
discrimination .....	57, 125
Diversity Program .....	124
<i>Education Services for Overseas Services Act 2000 (ESOS Act)</i> ..	14, 18, 21, 23, 30, 38, 54, 59, 126–128, 140, 143
English Australia .....	42, 130
English Language Intensive Courses for Overseas Students (ELICOS) .....	21, 140, 143
Enterprise Risk Management Framework .....	56
Environment Committee .....	123
<i>Environment Protection and Biodiversity Conservation Act 1999</i> .....	123, 139
ethical standards .....	57, 137
Executive Directors .....	14, 15, 54
financial management .....	iv, 8, 15, 52, 60, 66, 76, 116–117, 140
<i>Financial Management and Accountability Act 1997 (FMA Act)</i> .....	8, 66, 76, 116–117, 140

fraud .....	52, 55–57, 137, 142
certification .....	137
Commonwealth Fraud Control Guidelines .....	56, 137
detection .....	56
fraud risk assessment .....	i, 56
fraudulent use .....	142
prevention .....	56
reporting procedures and processes .....	56
freedom of information .....	iii, iv, 59–60, 119, 123, 140
<i>Freedom of Information Act 1982</i> (FOI Act) .....	59–60, 123, 140
Functional Groups .....	ii, 7, 14
Corporate Group .....	15
Legal Group .....	14–15, 60
Regulation and Review Group .....	14–15, 41, 145
Regulatory Risk and Information Group .....	14–15
Government accreditation authorities .....	5, 27, 143
grants .....	60, 144
higher education .....	ii, iv, 2–6, 8–12, 14, 18, 21–30, 32–34, 36–52, 76, 117–118, 121, 124, 128–133, 140–145
higher education providers .....	2–6, 8–9, 14, 18, 20–30, 32–46, 49–51, 54, 57, 76, 117–118, 121, 124, 128, 130–132, 141–145
accreditation of higher education courses .....	iv, 9, 22, 76, 121
registration of higher education providers .....	iv, 9, 22, 76, 121
regulatory arrangements .....	iv, 9, 22, 76, 121
standards and performance .....	iv, 9, 22, 76, 121
Higher Education Standards Framework .....	ii, 3, 9, 17, 22–23, 25–26, 39–40, 128, 143, 145
Provider Category Standards .....	43, 144–145
Provider Course Accreditation Standards .....	141, 145
Provider Registration Standards .....	141, 145
Qualification Standards .....	127, 142, 145
Higher Education Standards Panel .....	4, 25, 27, 39, 128, 140, 143
<i>Higher Education Support Act 2003</i> (HESA) .....	34, 140, 143, 144
human resource management .....	iv, 15

independent regulatory and quality assurance agency .....	8, 76
Information Publication Scheme (IPS) .....	123, 140
innovation .....	iv, 8, 18, 76, 102, 140, 143
international relationships .....	4, 49
international strategy .....	4, 29, 49, 51, 133
international students .....	14, 38, 45, 49, 129, 143
intervention .....	4, 6, 31, 36, 124
investigation .....	9, 22, 56, 76, 121, 124
key performance indicators .....	18, 22–23, 25, 55
legal services .....	iv, 14, 60
legislation .....	18, 21, 27–28, 57, 59, 143
market research .....	iii, 19, 123, 139
material change .....	20, 48, 128, 144
Memoranda .....	27, 29, 50
Memorandum of Arrangement .....	50, 132
Memorandum of Cooperation .....	50, 133
Memorandum of Understanding .....	37–38
Multicultural Plan .....	124
National Code .....	14, 21, 30, 126, 128, 141, 144
National Register .....	32, 43, 45, 144
<i>see also</i> National Register of higher education providers	
National Register of higher education providers .....	32, 43, 144
non-compliance .....	26, 31, 52
Office for Learning and Teaching .....	42–43, 130, 141
Operational Plan .....	18, 54–56, 137
overseas students .....	9, 18, 21, 76, 102, 140–144
<i>see also</i> international students	
peak bodies .....	4, 26, 42, 131
performance indicators .....	18, 22–23, 25, 55–56

performance review .....	ii, iv, 17–18, 136
Portfolio Additional Estimates Statements (PAES) .....	iv, 136, 141
Portfolio Budget Statements (PBS) .....	iv, 9, 18, 22–24, 43, 136, 141
presentations .....	41, 43, 47, 129
<i>Privacy Act 1988</i> (Cwlth) .....	59
Productivity Commission .....	13, 52, 61
professional bodies .....	30
program objectives .....	9, 18, 22, 24, 37, 49–50, 54, 56, 76, 137–138
provider briefing .....	4, 26, 42
Provider Category Standards, Provider Course Accreditation Standards, Provider Registration Standards, Qualification Standards .....	see Higher Education Standards Framework
Provider Information Request .....	14, 25, 32, 34, 141
annual risk assessment .....	2
data collection .....	4, 23, 25, 34, 46, 48
information collection .....	39, 42, 48
quality assessments .....	26, 36, 48
quality assurance networks .....	50–52
Asia-Pacific Quality Network (APQN) .....	11, 50–51
Council for Higher Education Accreditation (CHEA) .....	50, 132, 140
International Network for Quality Assurance Agencies in Higher Education .....	11, 50
quality higher education .....	iv, 5–6, 8–9, 22, 43, 76, 121
reform agenda .....	iv, 26, 42, 48, 56
Register of Experts .....	24, 41, 47
registration .....	2, 5, 9, 18–22, 28, 31, 33–35, 38, 41, 43–44, 48–49, 76, 118, 121, 124, 141–142, 144–145
renewal of registration .....	see re-registration
re-registration .....	3, 19, 21, 28, 32, 35, 37–38, 43–45, 47–48, 76, 118
regulation .....	2, 6, 8–9, 12, 14, 18, 22–23, 28–32, 34, 36–38, 41–42, 46–51, 56, 59, 76, 117, 121, 129, 131–133, 145

regulator .....	ii, 9, 13, 17, 22, 26, 38, 46, 125, 142
regulatory activities .....	14, 18, 21, 26, 34–35, 45
regulatory approach .....	iv, 3, 25, 45–48, 126, 132
regulatory decisions .....	25, 28, 54
regulatory framework .....	23, 25–27, 54
compliance with the Threshold Standards .....	30, 31, 36
engagement .....	iii, 4, 15, 29, 37, 44, 49, 56, 60, 125–126, 129
regulatory necessity .....	8, 23, 31
risk assessments .....	14, 24, 28, 31, 34–35, 145
regulatory functions .....	47, 102, 128
regulatory practice .....	10, 33
regulatory principles .....	8, 23, 25, 31
proportionate regulation .....	6, 8, 31
reflecting risk .....	8, 31
regulatory necessity .....	8, 23, 31
Regulatory Risk Framework (RAF) .....	26, 33, 35, 44, 145
Review of Higher Education Regulation .....	2, 28, 32, 47
Risk Assessment Framework (formerly Regulatory Risk Framework) .....	3, 14, 24–26, 33, 35, 42, 44, 48, 126, 141, 145
risk .....	iii, 2–4, 6, 8, 12, 14, 15, 23–26, 28–36, 42, 44, 46, 48, 51–52, 54–57, 77–78, 81–82, 108–109, 119, 126–129, 137, 141, 144–145
analysis .....	145
assessment .....	2–3, 14, 24–26, 28, 30–31, 33–36, 42, 44, 48, 54, 56, 126, 141, 144–145
risk-based approach .....	26, 28, 56
indicators .....	iii, 119, 125–126
profiles .....	3
register .....	56
Security Committee .....	55
Senior Management Team .....	14, 54, 124
Service Charter .....	24, 26, 43–44, 124, 137
service standards .....	23–24, 26, 43, 137

staffing profile .....	iii, 119, 122
stakeholders .....	iii, 6, 14, 34, 40–41, 43–45, 54, 56–57, 129, 131
standards frameworks .....	ii, 3, 9, 17, 22–23, 25–26, 37, 39–40, 128, 143, 145
standards-based quality framework .....	8, 30
Strategic Internal Audit Plan .....	55
Strategic Plan .....	18, 24–25, 33, 56
students .....	2–3, 8–9, 14, 18, 21, 29–33, 35, 38, 41, 44–45, 49, 76, 102, 126–127, 129, 140–145
domestic students .....	30, 38, 50, 131
international students .....	14, 38, 45, 49, 129, 143
mobility .....	29
TAFE Directors Australia (TDA) .....	42, 141
TEQSA Act .....	8, 14, 18–20, 23, 25–26, 28, 31, 33, 36–39, 56, 58–59, 61, 124, 128, 141–145
Tertiary Education Quality and Standards Agency Act 2011 (TEQSA Act) .....	8, 76, 141, 144
Tertiary Education Quality and Standards Agency (Consequential Amendments and Transitional Provisions) Act 2011 (TEQSA CATP Act) .....	20, 59
Threshold Standards .....	iii, 3–4, 14, 18, 20, 23–24, 30–31, 36, 39, 76, 124, 126, 144–145
compliance .....	ii, iii, iv, 2, 9, 14, 22–23, 26–27, 30–36, 38, 40, 43, 55–57, 60, 91, 124, 130, 136, 139
transnational education (TNE) .....	29, 50–52
Universities Australia .....	42, 130, 133, 141
vision .....	8
Williams Business College Ltd .....	18
<i>Williams v Commonwealth (2014)</i> .....	77
Workplace health and safety .....	iii, 124, 138–139, 141





[WWW.TEQSA.GOV.AU](http://WWW.TEQSA.GOV.AU)