3 June 2021

ENDEAVOUR
College of
Natural Health

TEQSA Cost Recovery team

consultation@teqsa.gov.au

To whom it may concern,

Re: Consultation paper – Fees and charges proposal (cost recovery)

Thank you for the opportunity to provide feedback on TEQSA's proposed cost recovery measures, to be introduced from 2022. As TEQSA is aware, Australian College of Natural Medicine Pty Ltd trading as Endeavour College of Natural Health (Endeavour) has been delivering natural medicine education in Australia for over 50 years, and has been an approved higher education provider since the introduction of legislation in Queensland in the 1990s. The College therefore has a long history with both the State regulators and more recently with TEQSA, and appreciates all that is done to retain the high quality of Australian higher education. Overall, the College does not object to the idea of paying regular fees to ensure this continues.

However the College would like to see some sort of public Service Level Agreement (SLA) published by TEQSA (and defined through further sectoral consultation) which outlines the level of service providers can expect to receive based on the significant extra cost to them for TEQSA's services. This document should include such items as broad timelines on all TEQSA activities (right down to acknowledging provider emails sent to material changes or case managers) and a base number of meetings or formal communications a provider should expect from their case manager as an annual minimum. It should also outline clear levels of service for each costed activity, with possible refunds or discounts on provider fees should TEQSA fail to meet its own SLA.

Another overarching observation made by the College is that the complexity of activity-based costing could become contrary to objectives over time, and tie up key institutional staff in administrative tasks rather than focusing on student outcomes. The College's recommendation would be that more, if not all, of the cost recovery agenda be based on a simple EFTSL levy that is therefore easy to understand and plan for across the sector.

Application-based activities:

The College is happy to continue paying for application-based activities and acknowledges that the cost to TEQSA for these is significant. It is also appreciated that there will be a sliding scale applied based on the size of the institution. However some concerns remain:

- Variable registration fees: given the significant cost of tier 2 and tier 3 re-registration, any business would need to budget carefully for this fee in their annual budget, which is usually prepared and finalised a few months before the new financial year begins (which for Endeavour, is the calendar year and finalised in September for the following year). These costs are particularly impactful for the smaller, non-university providers. It could be necessary for an upcoming cost such as this to be included in a budget well in advance of the application being submitted. Therefore we would like to request that TEQSA consider building in a pre-re-registration assessment process that indicates to providers their 'level' at least one year prior to re-registration application being due (i.e. at least 18 months before registration expiry).

- CRICOS re-registration fee: this proposed fee is more than double that of initial registration for non self-accrediting institutions, which seems unusual. If TEQSA are considering an application for initial CRICOS registration, it should be carefully considering whether or not the institution has the capacity and the appropriate processes in place to accommodate international students in the first place; this should be the application TEQSA is spending more time and money on, with site visits etc. It seems unusual that TEQSA would charge so much more for re-registration when a lot of the work can be done in a desk audit or PRISMS records, websites and submission.

- CRICOS add/relocate delivery site fees: this fee seems particularly high when considering the later proposed rate of $150/hour for TEQSA services. This equates to over 14 days of work for one TEQSA staff member. This might be the case for adding new sites where they have never existed for the provider or in that location, however for a relocation for an existing provider it seems excessive. Given the provider would be aware of the capacity and building requirements and already meet them in the existing space, this would entail consideration of the new space in line with any changed business needs and ensuring it is comparable with the existing space. We would like to request that TEQSA considers splitting these fees into separate categories of 'add' and 'relocate' where a relocation would cost a lot less for existing providers.

Non-application-based activities:

- Provider-specific regulatory activities: The College has particular concerns around the introduction of hourly charges for activities over which, in many instances, it will have no control and could have little warning in terms of allowing for the costs within budget. Of the three activities listed, only 'monitoring of compliance with conditions' can be partly anticipated, although again the final cost will depend on TEQSA as to how long it would take for this to occur. This $150/hour charge could be a good way for any party with a 'grudge' or agenda against an institution to cost the institution a significant amount of money and 'stir up trouble' by raising unfounded concerns with TEQSA and having them investigated.

  In addition, it is of some concern that providers may stop seeking TEQSA advice on matters of concern or simple query if it has the potential to trigger a costly 'investigation'. This could even include matters that should be a material change notification. The possible impost of these additional charges without having any understanding of how much it could be could then directly impact the quality of regulation and in the long term, have a significant impact on the quality of education within the sector (avoidance of the regulators in case of extra costs could lead to issues similar to those seen in the VET sector not too long ago).

  Consultation sessions have outlined that these costs would not be borne by the provider if the investigation finds in favour of the provider; however if the investigation is multi-faceted and finds just one of many issues in favour of the complainant, does that mean that the provider will bear the full brunt of the costs. The parameters around these costs are still particularly vague and would have to be really clearly defined and all possible scenarios considered before coming into place. The College would like to ask TEQSA to consider a different way of looking at these costs using any of these other solutions:

  - Fees for provider-specific activities be estimated and provided to each relevant provider annually (each February or March for those with June financials and each August or September for those with December financials) based on the previous 12 months of provider-specific activities and how much they would have cost TEQSA (with a detailed breakdown of this work). This estimated fee can then be included in the institution's upcoming budget, with an invoice produced at the same time the following year. Any short-fall can be made up in the following year's fees if the provider-specific activities are significantly more than estimated. This option, while providing TEQSA with the fees in a 'lag' situation, ensures that providers can budget for these fees and the business is aware at all times of its financial obligations, while TEQSA does recover its fees within a 2 year period.

    - Fees for provider-specific activities be annualised and split by student EFTSL for each provider (much like the annual provider levy).

    - Additional fees be added to the annual provider levy for all providers to cover these costs. It is understood that this is not ideal based on the government's cost recovery principles, but it would be an option this College would accept over such varied and random, unbudgeted costs coming throughout the year.

- Regulator levy: the College accepts that this is going to be required and would like to reiterate its request for some sort of 'service level agreement' to be adopted by TEQSA to ensure the institutional levies are being spent appropriately. The College is particularly in support of part of the levy being proportionately allocated based on student numbers. However, as with other levies already in place across the sector, it would like to see the annual levy amount released well in advance of the levy being invoiced, for budgeting purposes.

Once again, the College welcomes the opportunity to provide input into this cost recovery process. We understand that this aims to ultimately maintain and even improve the quality of higher education delivery across Australia, and feel that the proposal is relatively appropriate. We appreciate TEQSA taking the time to consider the proposed changes and are keen to see the result of the consultation process.

If there are any further questions regarding the above, please feel free to contact our National Quality, Governance and Compliance Manager, Elissa Holswich directly via email elissa.holswich@endeavour.edu.au or phone (07) 3253 9592.

Yours sincerely,

Rolf Krecklenberg

Managing Director