Australian Council of Professions

Thought Leaders advancing Professions, Professionals and Professionalism

Tertiary Education Quality and Standards Agency
Att: Fees and Charges Review Consultation
GPO Box 1672
MELBOURNE VIC 3001

Via email to: consultation@teqsa.gov.au
collections@teqsa.gov.au
TEQSA-.Consultative@teqsa.gov.au

7 June 2021

Dear TEQSA Consultations,

We refer to your Fees and Charges Consultation Paper where TEQSA requests feedback from the sector on the proposed approach for transitioning to the new cost recovery arrangements, scheduled to commence from 1 January 2022.

The Australian Council of Professions is the unifying alliance of Professional Associations that is acknowledged by the community, industry and government as Thought Leaders in all things professional since 1971. Through our member organisations we represent close to one million Australian professionals.

We have now completed the process of collating feedback on your Consultation Paper from our Member Organisations to provide broad-based input from the sector. We thank you for the deadline extension provided to our organisation. Please find attached our Submission on the Consultation paper.

We would be happy to provide further rationale and detail if required and would be pleased to attend any further stakeholder discussion and review sessions.

Yours sincerely,

A/Prof Klaus D Veil FACHI FHL7 MAICD

President

ACoP Australian Council of Professions

Thought Leaders advancing Professions, Professionals and Professionalism

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Submission on TEQSA 'Fees and Charges Proposal' Consultation Paper

On behalf of its Member Organisations the Australian Council of Professions (ACoP) welcomes the opportunity to provide feedback on TEQSA's 'Fees and Charges Proposal' Consultation Paper.

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SUMMARY

In summary, our feedback on the 'Fees and Charges Proposal' is as follows:

- Our Member Organisations support and advocate for regulatory environments that are transparent, fair, consistent and reduce regulatory burden for providers. We welcome measures that create a regulatory environment that evaluates current performance and accounts for a provider's distinguishing characteristics and track record for a professional approach, high quality delivery and sound ethical governance.
- We understand the concept of cost recovery policies as pursued by the current Government and the intent of the 'Fees and Charges Proposal' in implementing increased cost recoveries for TEQSA's regulatory services, which are to be guided by regulatory necessity, proportionality and minimising risk to Australia's higher education quality.
- Overall, our Member Organisations believe that in order to be sustainable, any cost recovery measures need to be applied fairly, proportionately, consistently and in a manner that does not weaken financial viability for the different higher education providers in the sector.
- After reviewing the various proposed cost recovery components (Course Accreditation and Reaccreditation Fees – Sliding Scale, Registration Renewal Fees, Provider Levy, etc.) we believe that the proposed cost recovery model needs to be adjusted to ensure its implementation is sustainable.
- Specifically, our Member Organisations who are higher education providers believe the following factors need to be included in any new fee-setting:
  - the higher education provider's annual tuition fee revenues as a percentage of annual EFTSL
  - the provider's complexity and overall regulatory costs
  - disproportionate and/or unnecessary duplication of data collection and/or independent assessments
  - the ultimate burden of fulfilling the regulatory requirements set by TEQSA
- Both for their Not-for-profit status and the reliance on their proprietary accreditation processes that act as valuable endorsements of currency of curriculum and therefore the employability of the student, a separate category should be instituted that reflects the additional regulatory burden for Member Organisations.
- The January 2022 commencement date in the current proposal appears to lack the financial stewardship/oversight expected of a government agency as it may invalidate the Board-approved budgets of many higher-ed provider organisations. The introduction of any new fee structure should be delayed to 1 July 2022 and staggered over a 5-year period.
- Finally, the current proposal does not take into account the COVID-19 pandemic and significant impact it has had on higher education providers, in particular through government-mandated travel restrictions recovery efforts of providers that have been significantly impacted by the pandemic begin to take hold, particularly given the sector's critical role in contributing to the Australian economy and the current adverse projections concerning international student enrolments.

On behalf of its Member Organisations, the Australian Council of Professions (ACoP) recommends that TEQSA take into consideration these concerns raised and provide an amended 'Fees and Charges Proposal' for review and comment by its stakeholders.

While these recommendations directly reflect the view of professional organisations who provide higher-education services, ACoP is also concerned that the currently proposed fee structure will compound the financial stress on public and private higher education providers due to the inability of overseas students to attend due to government-mandated travel restrictions. Our Member Organisations have research evidence on the effects of the COVID-19 pandemic on teaching resources[1]. The concern is that the timing of the proposed TEQSA fee increases is untimely and will result in further thinning of teaching resources, with impact on quality and student experience, and closure of smaller specialist programs.

OUR COMMENTS ON

1. TEQSA's proposed approach to implementing increased cost recovery

ACoP understands the issues with increased costs and the current government's concept of cost recovery as 'the cost of doing business' higher education providers[2]. However, TEQSA's approach to implementation may be unduly onerous on professional organisations who provide higher education services given both the quantum and the timetable for introductions set out in the proposed implementation plan.

Our understanding of the proposed new schedule of fees is as follows:

1. Application – based charges
   - Applicable to all institutions
   - Different renewal fees calculated based on institution complexity, risk profile, etc
   - For course accreditation and renewals, a sliding scale fee is applied to providers with less than 5000 EFTSL
2. Activity-based single provider charges
   - Only applicable to providers that are subject to these activities
   - To recover costs from non-application-based activities such as handling of complaints, stakeholder communications, business support, investigations, compliance assessments, conditions monitoring etc.
   - Additional hourly fee may be applicable for compliance assessments, investigations, conditions monitoring, etc.
   - All fees are charged to provider at full cost recovery
3. Annual levy
   - To recover costs from general activities as communications, business support, guidance material, etc.
   - Fees are phased in at 20% on 1 Jan 2022, 50% in 2023 and 100% in 2024.

The increased costs in the proposed the cost recovery approach would ultimately need to be passed on to end-users of the services – mostly students who already have significant financial commitments in relation to their degree studies. These young adults are often at the beginning of their professional career and faced with establishing savings for first homes, supporting young families and are contributors to the Australian economy as taxpayers. An inter-agency consideration of this demographic should be factored into the cost-recovery model proposed.

[1] Report on a Survey of ACS-Accredited Institutions on the Impact of COVID-19 on ICT Higher Education, Australian Computer Society, 24 Sept 2020

[2] There exist differing views on the appropriateness of the 'fiscal principle' of full cost recovery being applied to higher education. It could be argued that the funding of TEQSA should be part of a government's commitment to the development of an educated, competitive and productive workforce. (Refer '*Submission in Response to Consultation Paper: Fees and Charges Proposal - Cost Recovery for Quality Assurance and Regulation of Higher Education*', Institute of Internal Auditors Australia, 3 June 2021) However, this topic is deemed out-of-scope for this submission.

As not for profit entities (NFPs), professional organisations that provide higher education set their course fees considerably lower than commercial providers. As they are funded by member subscriptions, they are also required to return any surpluses into investment in higher quality delivery and in maintaining the currency of the body of knowledge to satisfy the lifelong learning requirements of their professional members.

By their constitutional objectives, professional organisations are invested in raising standards for the profession and the education they offer is at the entry level of professional practice with the qualifications required to certify and/or register. Consequently, it would be tenuous to expect that the proposed increases be funded from either students' fees or member subscriptions.

The qualifications offered by professional organisations are not always optional for aspiring professionals and are often a mandatory requirement for graduates of degree studies to access employment in their chosen field.

Some professional organisations are instrumental in accrediting the curriculum of other education bodies. This practice is a measure of quality of Course Design and relied upon in the Higher Education Standards Framework (Threshold Standards) 2015.[3]

The professional education offered by professional organisations pays particular attention to ethical practice and to raising standards in the sector. It is rarely possible for education providers who do not have work-based or work integrated learning available to achieve the same depth of learning and positive influence on ethical practice as member organisation postgraduate qualifications.

Recommendation

It could be counter-productive to introduce a scheme where the increased costs for graduates may make it prohibitive to attain the qualifications that they require to work and progress their careers.

We believe that any cost recovery measures need to be applied fairly, proportionately, consistently and in a manner that protects the financial viability for the different higher education providers in the sector. We therefore strongly recommend that the proposed cost recovery model be adjusted to ensure its implementation is able to be met by providers and protects the provider's sustainability.

2. TEQSA's proposed approach to attribute application-based costs according to relative regulatory effort and proposed method of adjusting course accreditation fees based on a provider's student numbers

There are multiple regulatory requirements imposed on ACoP member organisations. Professional organisations offering professional qualifications at a postgraduate level also must meet:

- National or international professional standards
- ACNC requirements

The Coalition Government's policy to 'Boost Productivity and Reduce Regulation' [4] was a welcome initiative to reduce the 'red tape' that burdens many professional organisations. To reduce potential duplication and regulatory burdens on professional organisations, we suggest that an additional category be introduced to cover those bodies that are required to meet ASIC, ACNC and the discipline specific national (and international) standards. This would have the effect of reducing effort and risk due to inter-agency reporting (ASIC, ACNC) whilst meeting the quality of teaching and learning that is demanded by the national or international bodies.

All higher education providers have additional human resource costs to support TEQSA accreditations. It is important to reflect and factor in the amount of specialised and expert human resources member organisations need to maintain to meet reporting requirements.

An unintended consequence of increasing costs for smaller providers may be that they are forced to withdraw from registration as higher education providers and to cease offering high quality, vocationally informed, accredited courses

[3] '*3.1.5. Where professional accreditation of a course of study is required for graduates to be eligible to practise, the course of study is accredited and continues to be accredited by the relevant professional body.*' Refer https://www.legislation.gov.au/Details/F2015L01639

[4] The Coalition's Policy to Boost Productivity and Reduce Regulation, July 2013

that have strong employment outcomes. We are concerned that this would diminish the diversity of providers, especially in specialised and niches of emerging expertise.

Recommendation
The approach of recognising the relative regulatory effort and adjusting the quantum of cost recovery is welcomed. However, it is suggested that the adjustment criteria should include a fit-for-purpose approach to minimise duplication and 'red tape' for organisations offering higher education courses that are already subject to regulation by other government agencies.
That TEQSA consider introducing a further category in the funding model that recognises the vital role that membership bodies (being already regulated by multiple agencies) offering higher education contribute to the diversity, currency, quality and specialisations of the Australian higher education sector.

3. The cost of compliance and investigatory activities borne by those providers being investigated

Further to the above mentioned multiple regulatory requirements imposed on ACoP member organisations, those that are registered higher education providers will soon incur further additional regulatory costs due to the new Up-front Payments for Tuition Protection Levy requirements and revisions to their regulatory data collection and reporting requirements. These increases have a compounding effect and are particularly a concern for smaller providers or those that charge significantly lower than sector average course fees as this will necessitate for these providers to recover these additional regulatory costs through significant increases to student course fees and/or by reducing non-essential student services. It is probable that some smaller niche providers may find the regulatory cost increases unsustainable, particularly when combined with the new or increased tuition protection service levies on providers and elect to depart the sector. In time, this could give rise to a less diversified, less globally responsive, and, importantly, a potential reduction in quality and a less regulated sector.

Recommendation
The founding principle of the proposed cost recovery model is that the user pays. ACoP agrees with the proposed approach of charging those providers who are undergoing compliance and investigatory activities be borne by those providers being investigated but only where those investigations that prove non-compliance, and that this decision (on non-compliance) is subject to appeal.

4. **The structure and timing of the proposed new annual levy**

Given the issues that the education sector has faced during the pandemic and the reduced budgets and increased deficits that have resulted from the inability of overseas students to attend tuition in Australia due to the government mandated border closures, it would be onerous and fiscally damaging to introduce a new levy in the next 12 months.

Also, the increases of the fees are significant, in some cases up to 600%. This may force some higher education providers to delay their applications/processes for operation and/or new courses.

We also note that the annual levy is proposed for 1/2022 introduction. The timing of commencing the new levy in January 2022 is problematic given that the 2021-22 budgets, which commence operation in three weeks, have already been approved by their Boards. It would be imprudent to impact on the budgets of a sector already impacted by the pandemic and government restrictions without due notice and time to adjust to the increase regulatory costs.

In light of these circumstances, it is recommended that the introduction of the annual levy be delayed to 1 July 2022 and the introduction be staggered over a 5-year period.

Recommendation
ACoP's position is that the annual levy should be reviewed both in the proposed quantum and timeline for introduction. The introduction of any new fee structure should be delayed to 1 July 2022 and staggered over a 5-year period.

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