



CHARTERED ACCOUNTANTS™
AUSTRALIA • NEW ZEALAND

3 June 2021

Tertiary Education Quality and Standards Agency
GPO Box 1672
Melbourne VIC 3001
Email: consultation@teqsa.gov.au

Dear TEQSA,

CA ANZ Feedback on TEQSA's Fees and Charges Proposal - Consultation Paper

Chartered Accountants Australia and New Zealand (**CA ANZ**) welcomes this opportunity to provide feedback on TEQSA's *Fees and Charges Proposal - Consultation Paper*. CA ANZ's feedback on the Consultation Paper is attached. Information about CA ANZ is provided in the appendix.

CA ANZ supports and advocates for a regulatory environment that is transparent, fair, consistent and reduces 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 high quality delivery, robust governance and strong financial performance.

CA ANZ supports the intent of the TEQSA's Fees and Charges model proposed in the consultation paper. It is our position, however, that further provider specific factors need to be included in the model to ensure that the charges are applied fairly, consistently and proportionately, and are financially tolerable for the differing providers in the sector. CA ANZ also encourages enhanced sector transparency with respect to TEQSA's Registration Renewal application fee levels and highlights several factors which may impact the tenability of the proposed 1 January 2022 commencement date of new TEQSA cost recovery model.

We thank TEQSA for your consideration of our submission. If you have any related queries please contact Jill Woodruff, Head Education Risk and Compliance at jill.woodruff@charteredaccountantsanz.com, phone +61 2 9290 5666.

Yours sincerely,

Simon Hann
Group Executive, Education & Learning, CA ANZ

Jill Woodruff
Head Education Risk and Compliance, CA ANZ



Chartered Accountants Australia and New Zealand feedback on TEQSA's Fees and Charges Proposal - Consultation Paper

Chartered Accountants Australia and New Zealand (**CA ANZ**) welcomes this opportunity to provide feedback on TEQSA's *Fees and Charges Proposal - Consultation Paper*. CA ANZ's feedback is provided in the following. Information about CA ANZ is provided in the appendix.

CA ANZ supports and advocates for a regulatory environment that is transparent, fair, consistent and reduces 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 high quality delivery, robust governance and strong financial performance.

CA ANZ supports the intent of TEQSA's Fees and Charges model proposed in the consultation paper and the proposed approach to implementing the increased cost recovery in line with the Government's policy.

CA ANZ also supports the intent of TEQSA's proposed approach to attributing application-based costs according to relative regulatory effort, inclusive of the proposed application-based charges, single provider charges and annual levy.

It is CA ANZ's position, however, that the proposed approach for determining the Course Accreditation and Reaccreditation fees – sliding scale, Registration Renewal fee levels, and Provider Levy charges needs to be adjusted to incorporate consideration of other provider specific factors (in addition to provider EFTSL) to ensure these fees are applied fairly, consistently and proportionately, and are financially tolerable for the differing providers in the sector.

The other provider specific factors that should be taken into account include (but may not be limited to):

- (a) the provider's annual tuition fee revenues as a percentage of annual EFTSL. The proposed Course Accreditation and Reaccreditation fees – sliding scale appears to assume that all providers charge the same course fee per 1 EFTSL; and
- (b) the provider's complexity and associated regulatory cost for TEQSA. Course accreditation and registration renewal processes, and provider regulatory support activities, are likely to be significantly less complex and less costly for TEQSA where the provider has:
 - a single course program covering a single core discipline area;
 - a course(s) in a single core discipline area(s) and a long history of compliant and successful delivery;
 - a course(s) that has been provisionally or fully professionally accredited prior to consideration by TEQSA as part of a course accreditation or registration renewal application;
 - a course(s) accreditation or registration renewal application that has been fully endorsed by two TEQSA experts prior to submission to TEQSA, as part of the provider's own quality assurance processes; and/or
 - a constitutional basis that is fortified having been established under Royal Charter and/or under an Australian Act of Parliament.

These other factors also highlight the need for TEQSA's regulatory processes to be considered and varied where applicable in light of the finalised fees and charges model. For instance, and consistent with TEQSA's three guiding principles of regulatory necessity, reflecting risk and proportionality, it would seem unnecessary and disproportionate that a provider would be required to pay a fee for TEQSA's engagement of two independent external experts to assess various components in a provider's application where the provider had already evidenced in their application that they had engaged and

comprehensively responded to related report findings and recommendations of two independent TEQSA experts and/or other independent professional bodies or statutory bodies as part of the provider's own internal quality assurance processes, thereby substantially reducing risk.

Full transparency concerning the finer detail of TEQSA's intended approach for assessing and determining a provider's Registration Renewal application fee level will also be important to inspire sector confidence in the fair and consistent assignment of providers to the fee levels and to help further signal TEQSA's quality expectations of providers.

It is CA ANZ's position that the adjustments to TEQSA's proposed Fees and Charges model described above are necessary to address the potential for providers to be unfairly burdened with the unbalanced regulatory charges inherent in the proposed model. Importantly, the finalised model must have regard to ensuring the TEQSA regulatory financial cost burden for each provider is proportionate, as best as reasonably possible, to the provider's regulatory (a) cost per student EFTSL, (b) cost per student tuition fee revenue, and (c) regulatory costs increase as a percentage of student fee revenue. Any significant imbalance across these measures may result in unanticipated negative impacts for students, the professions, industry, the community, and the broader Australian higher education sector. This is 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.

Finally, it is CA ANZ's position that in determining the effective date for the commencement of new TEQSA cost recovery model that consideration needs to be given to ensuring the chosen date enables sufficient time for:

- (a) a genuine sector consultation process to follow the finalisation of the model;
- (b) providers who operate on a financial year basis to fiscally factor in the cost impacts of the finalised model as part their FY23 budget planning processes; and
- (c) the anticipated benefits of the current recovery efforts of providers that have been significantly impacted by COVID-19 pandemic to 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.

Given the above and noting that, with simplicity in mind, the Cost Recovery Implementation Statement (CRIS) would typically be updated at the beginning of each financial year, the proposed implementation date of 1 January 2022 may not be tenable.

Conclusion

In summary, CA ANZ supports the intent of TEQSA's Fees and Charges model proposed in the consultation paper. It is our position, however, that further provider specific factors need to be included across the elements in the model to ensure that the charges are applied fairly, consistently, and proportionately, and are financially tolerable for the differing providers in the sector. CA ANZ encourages TEQSA to make more transparent it's approach to assessing the regulatory effort that will inform a provider's Registration Renewal application fee level, and to consider the factors discussed above in determining a tenable commencement date for the new TEQSA cost recovery model.

Submitted by Chartered Accountants Australia and New Zealand
33 Erskine Street, Sydney NSW 2000 Australia

Contact: jill.woodruff@charteredaccountantsanz.com

03 June 2021



Appendix A

About Chartered Accountants Australia and New Zealand

CA ANZ represents more than 125,000 financial professionals, supporting them to build value and make a difference to the businesses, organisations and communities in which they work and live. Around the world, Chartered Accountants are known for their integrity, financial skills, adaptability and the rigour of their professional education and training.

Our support of the profession extends to affiliations with international accounting organisations. We are a member of the International Federation of Accountants and are connected globally through Chartered Accountants Worldwide and the Global Accounting Alliance.

Chartered Accountants Worldwide brings together members of 13 chartered accounting institutes to create a community of more than 1.8 million Chartered Accountants and students in more than 190 countries. CA ANZ is a founding member of the Global Accounting Alliance which is made up of 10 leading accounting bodies that together promote quality services, share information and collaborate on important international issues. We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents more than 870,000 current and next generation accounting professionals across 179 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications.

CA ANZ is established by Royal Charter¹ with the principal purpose of advancing the theory and practice of accounting education and to do all such things as may advance the professional of accountancy (among other principal purposes). CA ANZ promotes the Chartered Accountant (CA) designation and high ethical standards, delivers world-class services and life-long education to members and advocates for the public good. We protect the reputation of the designation by ensuring members continue to comply with a code of ethics, backed by a robust discipline process. We also monitor Chartered Accountants who offer services directly to the public.

Our Chartered Accountants Program (CA Program) provides the main pathway to becoming a Chartered Accountant. The CA Program combines rigorous education through CA ANZ's TEQSA accredited Graduate Diploma of Chartered Accounting (GradDipCA) course² with three years of mentored practical experience (MPE). CA Program students, many of whom are subsidised in full or in part by their employers, typically study their one year full-time equivalent GradDipCA course part-time while also undertaking MPE and working full time in their discipline. Given our purpose CA ANZ's higher education course fees are set at a significantly lower rate than those of comparable AQF level courses in the sector.

¹ <https://www.charteredaccountantsanz.com/member-services/member-obligations/royal-charter>

² This course includes a nested 'opt-out' exit only Graduate Certificate in Accounting (GradCertAcc)