Submission To:

Tertiary Education Quality and Standards Agency (TEQSA)

Cost Recovery for Quality Assurance and Regulation of Higher Education

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1. **What are your views on TEQSA's proposed approach to implementing increased cost recovery in line with the Government's policy?**

Leaders Institute is a registered higher Education Provider (PRV14078) that specializes in degrees associated with Agribusiness and Accounting. The Institute, which is in its third year of operation, already hosts international students from over 14 countries, majority them of them being from India.

Following high quality standards, Leaders Institute has always supported and paid all fees for the registration, course accreditation and other related fees, as and when requested by TEQSA. Although, at times the timeframe for approval has often varied, the department has mostly been helpful and supportive during the entire process.

The institute intends to offer continual patronage in view of the TEQSA's transition from partial to full cost recovery, as stipulated in the '*Consultation Paper – Fees and Charges Proposal*' issued by the Tertiary Education Quality and Standards Agency (TEQSA), w.e.f. 1 January, 2022. The Government had therein decided that TEQSA will transition from its current partial cost recovery (of around 15 per cent of regulatory costs in 2019) to an average 90 per cent cost recovery, commencing from 1 January 2022 and fully implemented by 1 January 2024.

This newly issued 'Cost Recovery Implementation Statement', in the backdrop of the cost recovery policy has apparently necessitated a huge spate of changes in the higher education sector legislation, regulations, and policy. We, at the Leader Institute fully understand and appreciate the reasoning for this approach.

However, at the same time, we would earnestly want to reiterate and point out that commensurate with the changes, TEQSA should also upgrade and improve the delivery of services, especially to ensure a timely service to the Higher Education industry. In fact, this calls upon for TEQSA to establish and maintain a higher performance benchmark in the industry.

With specific reference to the annual levy fee, the cost will be passed onto the students. Alternatively, there has to be a reduction in education resources or services provided. As we are aware, the world of education is undergoing an unforeseen metamorphosis due to the changing times. This also further implies that the increased cost to students would affect the Institute's ability to be competitive with other larger educational organizations, which might be offering significantly discounted course rates. We hereby call upon this matter to be considered under the Anti Competition Legislation and its impact on the sector.

At this juncture, this cost recovery policy could accommodate the US model of multiple reviewers to reduce the cost and to reduce the burdensome approach (Kelchen, 2017)

Accreditors, largely depend on membership dues and other fees from the colleges they oversee. As a result, the money the nation's 12 main accreditors have available in any given year to spend measuring quality is shockingly small—just $75 million. (https://www.guidestar.org/Home.aspx (last accessed October 2016).

Since accreditation is designed to be a thorough review of Higher Education Providers (HEP), it comes with a high price tag for the institutions. These institutions bear the majority of the financial costs of the process. Accrediting bodies pass their operational costs along to the institutions through the dues these institutions pay, with institutions shouldering the cost for travel and other related costs (SACSCOC, 2017).

In the same backdrop, institutes with track records of meeting the accreditation body's criteria could be subjected to less frequent reviews. This would allow Higher Education Providers to target their time and energy on where the resources are needed to provide a quality education. This would allow accreditation reviews to do random checks on a small percentage of HEPs each year to check on relevant issues, for example, addressing credible complaints about the HEP's processes.

Leaders Institute proposes that instead of single reviewer, there be a public agency in each state responsible for course accreditation of private colleges and institutes. Public agencies could establish standards, policies, procedures and processes to approve the courses. The private educational sector from each state or territory could access the benefit of nominated agencies and get courses approved as shown below in figure 1. This could be an ideal situation for TEQSA, public agencies and private education providers.

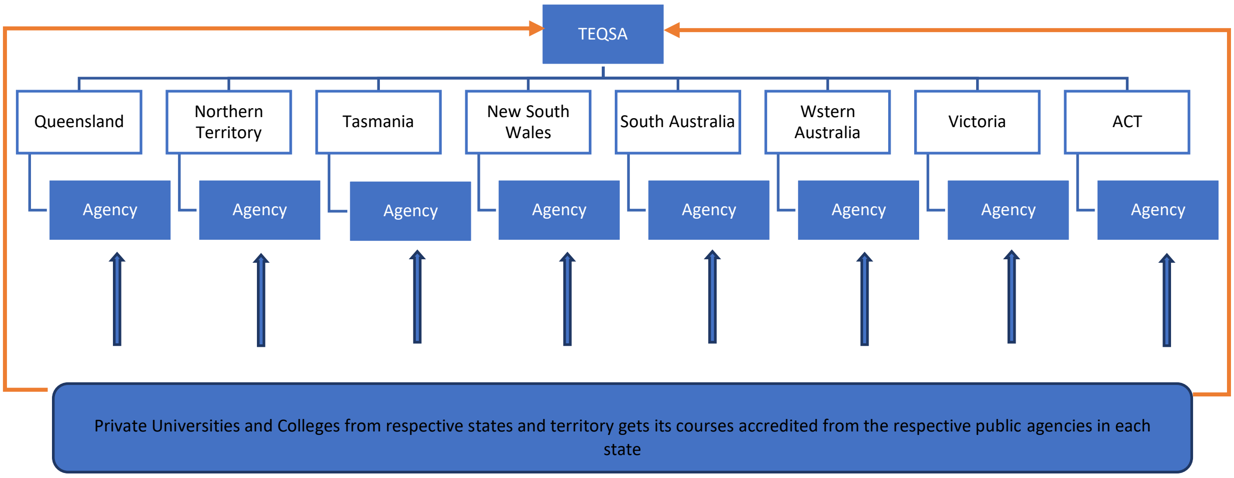

Figure 1. Strategy proposal for Cost recovery (Deseret News, 2014)

Win-Win-Win Strategy		
TEQSA	**Public Agency**	**Private Educational Sector**
Control the quality	Generate revenue	Get courses approved quickly
Reduced time and cost	Foster Innovation	Reduced time and cost
Decentralized review	More reviewers	Timely response
National capacity	Reduced costs	Local connection
Increased timeliness of response	Local connection	Support Local economy

Table 1. Win-Win-Win Strategy

2. **Do you agree or disagree with TEQSA's proposed approach to attribute application-based costs according to relative regulatory effort?**

Leaders Institute does not agree with the proposed approach and strongly believes that our proposed alternative strategy would be beneficial, in the short-term as well as in the longer run.

3. **Do you have any comments on the proposed method of adjusting course accreditation fees based on a provider's student numbers?**

Though TEQSA has been supportive of the use of external reviewers in course accreditation processes, it often requires additional reviewers. Now, under the new fee arrangement, higher inputs maybe required to cover multiple reviewers' costs. Leaders Institute recommends that there should be an approved register of reviewers and/or a standard defined. This will indicate that the reviewer is acceptable for the accreditation process.

Currently, the Institute is experiencing difficulties because of the Australian government's decision to keep the border closed to international students for another year. As a result, there will be severe limitations placed on the Institute, owing to an extremely limited income and NOW, a possible levy expenditure of over $40K to be included in the institute's budget. There may need to be a consideration for Higher Education Providers to be given an exemption or a significant reduction on the levy until the borders reopen. Implementing the above-mentioned strategy will ensure the quality of the courses and also help the private education sector in reducing their costs for the next year or so.

Certainly, several of the criteria placed on small higher education providers are related to the financial variable and identification of risks in this regard. It is self-evident that the risk is escalated by the levy and border closures by the government to international students. Perhaps, the financial variability and risk factors should have a boarder interpretation until the pandemic is considered safe for international student in Australia. Alternatively, the government can also provide a tax-free loan for a short period of time to cover the financial variability issue.

4. **Do you agree or disagree that the cost of compliance and investigatory activities should be borne by those providers being investigated?**

The Leaders Institute disagrees with the overall principle of cost of compliance and investigatory activities that should be borne by those providers being investigated. The Institute argues that although the compliance cost principles have merit, there will always be a disparity between TEQSA's and government's interest regarding investigation of complaints in the higher education sector.

The recent history in the RTO sector has demonstrated this issue as being problematic. A small provider will have to cover the administrative cost for the investigation, as well as the possibility of a substantiated result and its impact on the organization. Perhaps, there is scope, if the result is not substantiated, then a compensation agreement could be provided to the organization involved.

5. **Do you have any comments on the structure of the proposed new annual levy?**

Perhaps the general levy could have the level arrangements offered in the accreditation for smaller higher education providers until they have matured in student numbers or operational years.

References:

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