UNIVERSITY
OF WOLLONGONG
AUSTRALIA

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Email to: consultation@teqsa.gov.au

Submission to TEQSA Consultation on its Cost Recovery Proposal

The University of Wollongong welcomes the opportunity to comment on TEQSA's 'Cost recovery for quality assurance and regulation of higher education' consultation paper.

The University supports the views expressed and the recommendations contained in the submission by Universities Australia (UA). In particular, we share UA's concerns about the Federal Government's imposition of cost recovery measures on a sector that has suffered considerable financial hardship over the past 16 months and one that will continue to face significant financial challenges into the future.

While we note that the Government proposes to phase in the additional charges over three years, it is highly unlikely that this University, and the sector has a whole, will have recovered their pre-COVID financial standing by 2024. This is a period of considerable uncertainty for the sector and we would therefore urge the Government to reconsider its decision to implement full cost recovery on the higher education sector or, at the very least, to delay the proposed changes for a three year period.

The University of Wollongong is a public university of long standing and one that makes a strong economic, social and cultural contribution to its regions (this extends to the far south coast of NSW where UOW has regional campuses). Imposing increased taxation on the University (particularly through the imposition of an annual regulatory levy) means that the University's already-limited resources available to provide quality education to domestic students across regional NSW will be further stretched.

Like all public universities, UOW is already subject to heavy regulation and its associated costs, despite the fact that much of this regulation is attributable to the non-university sector. It is inequitable that low risk providers pay for the cost of compliance work directed largely at high-risk providers. For example, UOW pays over $10,000 annually to the Government in the form of a Tuition Protection Service levy. This means that public universities (and other low risk providers) are paying for the risk that small, mostly private providers may collapse leaving international student out of pocket and unable to complete their course. This is far from being an equitable arrangement.

As Universities Australia has pointed out in its submission, cost recovery cannot satisfy the principles enshrined in the TEQSA Act – namely regulatory necessity, reflecting risk and proportionality. At the same time, we recognise that the application of a more nuanced, risk-based cost recovery model would potentially impose a heavy burden on smaller non-university providers and, by creating an extremely high barrier to any potential new entrants, would threaten the diversity of the sector.

The University has calculated that the annual cost of regulation it currently incurs is already high - at around $92,000 (based on all costs averaged over a seven year registration period). We estimate the additional charges could potentially be in the range of $30,000 - $50,000 per annum. To add to our regulatory cost burden is counter-productive at a time of considerable financial stress.

Application based fees – provider registration renewal

The three level of charges associated with registration renewal are linked to 'regulatory effort' and TEQSA states this will be assessed before a renewal application is submitted in discussion with the provider. However there is a significant cost differential between the three levels proposed and there is no information in the consultation paper on how this will be determined. Nor is it clear to what extent a provider has any say in the determinants of this regulatory effort - namely decisions about the scope of the assessment, the use of external experts or the conduct of site visits. In our experience of the re-registration process, it was apparent that a lot of effort was spent on requests for duplicated evidentiary documents as a result of the inexperience of the TEQSA staff. UOW has had four TEQSA case managers in as many years and this has not led to efficient regulatory activities.

In recent years, TEQSA has granted some low-risk providers an extension of their registration period beyond the seven year term. This was done presumably to reduce the volume of re-registration activity for TEQSA. However, it is not clear on what basis these decisions were made and given the impact on the fees charged, UOW recommends this be made more transparent.

Application based fees – CRICOS

The consultation paper makes reference to the ESOS charges payable to the Department of Education, Skills and Employment (DESE), and the overlap between those charges and the CRICOS charges payable to TEQSA. It notes that the former charges are being reviewed by DESE. There is some confusion about what activities these respective charges cover and we would urge TEQSA and DESE to delay any imposition of new charges until this overlay of charges is clarified.

Charges associated with investigations and compliance checks

With regard to charges associated with provider specific investigations and compliance assessments, UOW supports the notion that no charge will be made where an investigation leads to no adverse finding. This is especially important given that investigations are often initiated after media reports or student complaints which may not present a full or accurate picture of the matter(s) in contention.

Regulatory levy

The levy model proposed is not risk-based and therefore not equitable. All providers will be charged the same for five of the six outputs with the only differential being that larger providers will pay more for 'concern management and resolution' based on student load. This means that a large but low risk provider, such as a large public university, will pay more for this aspect, despite the fact that they generate proportionally fewer student concerns being reported to TEQSA per student load. UOW, like other public universities, has made significant investment in its own internal mechanisms for dealing with student concerns and complaints. A risk-based approach to calculating the regulatory levy would recognise such investments by public universities and encourage further such investment.

The levy model also calculates effort spent in developing and updating guidance notes. These guidance notes often draw on the expertise of university staff and are developed in consultation with the sector. This spirit of collegiality and reciprocity is threatened by the imposition of a charge for this work.

In summary, the University of Wollongong recommends that the full cost recovery model be reconsidered in light of the already high cost of regulation borne by the sector and the inequitable impact of the proposed model on large, low risk public universities.

Kind regards,

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