



Australian Government
Tertiary Education Quality and Standards Agency

TEQSA Annual Report



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Senator the Hon Chris Evans
Minister for Tertiary Education,
Skills, Science and Research
Parliament House
CANBERRA ACT 2600

Dear Minister

I have pleasure in presenting to you the inaugural annual report of the Tertiary Education Quality and Standards Agency (TEQSA) for the year ended 30 June 2012.

TEQSA's annual report has been prepared in accordance with section 165 of the *Tertiary Education Quality and Standards Agency Act 2011* (TEQSA Act). Subsection 165(1) of the TEQSA Act requires the report to be provided to you for presentation to Parliament.

The report has been prepared in compliance with the *Requirements for Annual Reports*, approved by the Joint Committee of Public Accounts and Audit, which apply to prescribed agencies under section 5 of the *Financial Management and Accountability Act 1997*. These requirements include the presentation of a copy of the report before each House of Parliament on or before 31 October in the year in which the report is given.

In addition, I certify that TEQSA:

- (a) has prepared fraud risk assessments and fraud control plans;
- (b) has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet the specific needs of the Agency; and
- (c) has taken all reasonable measures to minimise the incidence of fraud in the Agency, and to investigate and recover the proceeds of fraud against the Agency.

Many people have contributed to the establishment of TEQSA in the past year and, in presenting this report to you, I express my appreciation to the Commissioners and current and former staff of the Agency. I also acknowledge the significant contribution of the higher education sector to the development of TEQSA's key policies and regulatory framework.

Yours sincerely

Dr Carol Nicoll PSM
Chief Executive Officer

5 September 2012

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About this report

The purpose of this report is to inform the Minister for Tertiary Education, Skills, Science and Research, the Parliament of Australia, the Australian higher education community and the general public about the performance of the Tertiary Education Quality and Standards Agency (TEQSA or the Agency) during the financial year ending 30 June 2012.

Prepared according to parliamentary reporting requirements, the report describes TEQSA's establishment as the first national regulator of the Australian higher education sector, and its achievements against the goals set out in TEQSA's 2011–12 Portfolio Budget Statements and Portfolio Additional Estimates Statements. It provides information on TEQSA's performance in relation to its stated outcome:

[To] contribute to a high quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance and dissemination of higher education standards and performance.

Section 1: Review by the Chief Commissioner highlights significant issues and initiatives TEQSA has managed since its establishment, as well as the Chief Commissioner's perspective on future challenges.

Section 2: Agency overview provides information about TEQSA and its Commissioners, reasons for TEQSA's establishment, its roles and functions, and organisational structure.

Section 3: Performance review reports on how TEQSA performed during the reporting period against the outcome and the related program (Program 1.1: Regulation and Quality Assurance). The performance information is based on the outcome and program framework in the 2011–12 Portfolio Budget Statements for the Department of Industry, Innovation, Science, Research and Tertiary Education portfolio.

Section 4: Management and accountability provides information on corporate governance, external and internal scrutiny, human resource management, financial management, purchasing, consultants and contract management, legal services and other activities relevant to the administration of the Agency.

Section 5: Financial report presents audited financial statements for the year ending 30 June 2012.

Section 6: Appendices includes information relating to TEQSA's regulatory regime and its international activities, as well as reporting on TEQSA's staffing and its performance in relation to Australian Government environmental, disability, freedom of information and financial management outcomes.

Section 7: Indices and references assists readers to locate and understand information in the annual report.

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SECTION 1

**Review by
the Chief
Commissioner**

Key developments in the establishment of TEQSA

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TEQSA Chief Commissioner Dr Carol Nicoll PSM

Australia's higher education sector is undergoing significant change. The Australian Government's reform agenda is opening the sector to a new body of students, embracing a diverse and expanding set of providers, and setting clear expectations for the delivery of quality education.

The Tertiary Education Quality and Standards Agency (TEQSA) has a very clear focus – to contribute to a high quality higher education sector through effective and nationally consistent higher education regulation.

The emphasis of regulation is on the performance of providers against a single set of standards rather than on the means by which these standards are met. This emphasis recognises the diversity of the sector, both in terms of academic vision and teaching practice.

As Chief Commissioner of TEQSA, I am privileged to lead and shape the independent statutory body created to assure this outcome for students. There are few challenges in the public sector as exciting as establishing a new agency with a unique and, arguably, ground-breaking mission.

For the first time in Australia, there is a single national regulator for higher education, combining the scope of operations of the former Australian Universities Quality Agency (AUQA) and the state and territory government registration and

accreditation authorities. The body of this report provides a comprehensive account of TEQSA's activities since its establishment on 29 July 2011. This review presents the highlights.

Establishing TEQSA

The two distinct phases in the life of TEQSA to date have been its establishment and transition, and its assumption of regulatory functions. The first phase encompassed the months after TEQSA was established under legislation, but before it assumed its regulatory powers. TEQSA absorbed the national role of AUQA in respect of quality audits of universities and other higher education providers. During this period, the Agency focused on building its foundations and preparing for the assumption of its regulatory powers on 29 January 2012. These regulatory powers gave TEQSA authority over all registered higher education providers.

While the objects of the *Tertiary Education Quality and Standards Agency Act 2011* (the TEQSA Act) are clear, it is the staff of the Agency who must create TEQSA's regulatory framework and its key tools and processes within the scope of the Act. TEQSA's approach to this was to engage closely with the higher education sector and to draw on sector knowledge to build a regulator suited to our higher education system and Australia's circumstances.



The emphasis of regulation is on the performance of providers against a single set of standards rather than on the means by which these standards are met. This emphasis recognises the diversity of the sector, both in terms of academic vision and teaching practice.

Much of this initial work was expertly led by Emeritus Professor Denise Bradley AC, who fulfilled the role of Interim Chair from July 2010 to July 2011, and Mr Ian Hawke who was appointed Interim Chief Executive Officer for the same period. When the TEQSA Act came into operation, Professor Bradley and Mr Hawke were appointed Chief Commissioner and Commissioner respectively, until the full Commission assumed its role in October 2011.

I would also like to acknowledge the substantial input, support and robust advice TEQSA received from key stakeholders in the higher education sector, including peak bodies such as Universities Australia, the Australian Council for Private Education and Training and the Council of Private Higher Education. Key relationships were also built with other bodies including the Australian Skills Quality Authority, the Australian Qualifications Framework Council and the Australian Research Council.

These early days also presented the considerable challenge of setting up the structures and processes needed to support the operations of the new agency. I pay tribute to the enthusiasm, focus and hard work of the TEQSA Taskforce, established initially as a branch within the Department of Education, Employment and Workplace Relations and then as the core of the new agency. The Taskforce was responsible for much of TEQSA's initial recruitment of staff and for developing its operational capability.

Transition

An early task for the Agency was to complete various institutional quality audits for 2011 initiated by AUQA, and to negotiate the transition of business from state and territory governments. It has been a major achievement for TEQSA to have completed the 2011 audits and finalised the majority of their reports, using arrangements of a previous assurance regime, while also establishing a new regulatory relationship with providers consistent with the framework prescribed under the TEQSA Act.

Another important task was the fulfilment of requirements under the *Tertiary Education Quality and Standards Agency (Consequential Amendments and Transitional Provisions) Act 2011*, which included making arrangements with state and territory government registration and accreditation authorities and with providers, to ensure that those providers eligible for automatic registration by TEQSA under transitional provisions were duly registered and advised of their status.

One element of this activity resulted in the publication on 29 January 2012 of the National Register of Higher Education Providers which provides information to the public about all higher education providers registered by TEQSA. This was a significant project involving the sourcing and careful validation of data provided by the states and territories. Over time, more information will be made available to students and the broader community through the National Register.

The TEQSA Commission

The first formal TEQSA Commission meeting was held on 6 October 2011. While each of the Commissioners brings different skills and perspectives to the table, we are a close team. I have benefited enormously from the value we place on independent thought, while also recognising the need to give clear direction and to take considered and decisive action. We have developed a shared understanding of the Higher Education Standards Framework (specifically, the Threshold Standards) and the regulatory principles that guide our deliberations – reflecting risk, proportionate regulation and regulatory necessity. I believe this shared understanding will ensure our decision-making is consistent, fair and robust.

Developing and explaining our regulatory approach

The second phase of TEQSA's establishment began with its assumption of regulatory powers on 29 January 2012.

Since that time the Commission has identified the Agency's strategic priorities, operational objectives and key performance indicators. It also further clarified TEQSA's regulatory framework,

showing how a strong evidence base will support TEQSA's regulatory decision-making. Explaining this framework, including the respective roles and responsibilities of TEQSA and each provider of higher education, has been one of our key tasks in engaging with the higher education sector. The Commissioners have actively participated in higher education forums and conferences to provide direct updates to the sector, including the Universities Australia Annual Conference, the Deputy Vice-Chancellors (Academic) meeting, the Australian International Education Conference, and other major national higher education conferences.

On 27 March 2012, TEQSA held the first of a planned series of provider briefings. The briefing, held at the Melbourne Exhibition Centre, was attended by 330 people from 141 providers. The briefing was well received and gave providers an opportunity to meet with the ten senior case managers and other staff responsible for facilitating their interaction with TEQSA.

Regulatory risk

TEQSA has continued to engage with the sector, conducting consultations on specific aspects of the Regulatory Risk Framework (Risk Framework). During December 2011 and January 2012, TEQSA sought the views of the sector on TEQSA's then proposed Risk Framework, which set out TEQSA's draft policy and processes for identifying and assessing risk in the higher education sector. I would like to acknowledge the constructive contribution provided by peak bodies and representative members during that process. TEQSA's approach to risk will evolve over time, as an evidence-based understanding of the sector is developed, and the character and structure of the sector changes.

A key advantage of the Risk Framework is that it invites dialogue with providers before any formal regulatory intervention. Such an approach supports TEQSA as a preventative and proactive regulator, as well as a responsive regulator when risks materialise or performance issues warrant intervention. As the implications of a demand-driven system become more apparent,

risk assessments will provide an important lens through which TEQSA will monitor ongoing compliance with the Threshold Standards, and ensure the quality of Australian higher education, in Australia and abroad, does not fall as participation increases.

In May 2012, we undertook consultation with the sector on the development of an integrated information collection request to underpin TEQSA's risk assessment processes and regulatory decision-making. We will take much of the feedback received from the sector into consideration in moving forward with this initiative. Over time, TEQSA expects that a national data collection will be established through a cooperative effort between TEQSA, the Department of Industry, Innovation, Science, Research and Tertiary Education and sector stakeholders. A standardised and comprehensive collection of key data sets would support the sector-wide analysis of key trends and risks, and provide a critical foundation on which to build TEQSA's risk-based and proportionate approach to regulation.



TEQSA's approach to risk will evolve over time, as an evidence-based understanding of the sector is developed, and the character and structure of the sector changes.

In line with the development of our knowledge base, TEQSA is investing in advanced and secure methods of data storage and handling to support our decision-making. A key project for the coming year is the creation of a portal to allow providers to access and upload information via the TEQSA website.

A global perspective

We have found that, as TEQSA continues to communicate its direction and expectations of the Australian higher education sector, it is attracting attention from many quality assurance bodies, regulatory agencies and governments around the world. We have received invitations to speak at a number of international conferences concerned with quality in higher education. TEQSA is just beginning to develop partnerships with peer entities in the United Kingdom, United States and Hong Kong, and we are already benefiting from discussion and opportunities for collaboration.

TEQSA recognises that higher education is part of Australia's fourth largest export trade sector.¹ I anticipate our international reputation will help our Australian higher education sector demonstrate to prospective overseas students and governments that a higher education received through the Australian higher education system is of a standard assured by a robust regulatory regime. In January 2012, TEQSA also assumed responsibility for administering the *Education Services for Overseas Students Act 2000*. This means that TEQSA regulates against standards for the provision of education and training to international students, alongside its administration of the TEQSA Act.

Our people

The promise that TEQSA will substantially contribute to better outcomes for all students within the Australian education system is underpinned by a strong focus on capacity building. Since the beginning of 2012, TEQSA has recruited around 40 staff. Over 90 per cent of our staff have specialist skills or knowledge in higher education, regulatory practice or the analysis of risk. They have been drawn from the higher education sector, public sector agencies, and from consulting and business fields. We have also recruited staff from overseas who bring experience of international best practice to the Agency. This diversity is one of our core strengths.

Our regulatory practitioners are guided in their day-to-day work by three Executive Directors who each bring significant experience and expertise to TEQSA. They are responsible for providing advice based on strong evidence and robust analysis to the Commission to support its regulatory decision-making. Together with the Chief Finance and Operating Officer and the Chief Lawyer, the Executive Directors also support me in my responsibility as Chief Executive Officer to effectively and efficiently manage our people and finances.

Financial outcome

TEQSA's financial result during 2011–12 was an operating surplus of \$0.573 million. The surplus has resulted from the need to phase recruitment with the availability of suitable office accommodation.

The future

The year ahead will present the challenges of consolidation and, in particular, managing an expected large volume of regulatory business. TEQSA is also planning more diverse and interactive communication channels with the sector, including an enhanced website.

Ultimately, TEQSA will be judged by the quality of its regulatory decision-making and the perceived impact of its regulatory activities on maintaining and enhancing the quality of Australian higher education. I am sure TEQSA will be able to harness our collective knowledge and professionalism in achieving excellent outcomes for students and the higher education sector as a whole. I thank my fellow Commissioners and all of TEQSA's staff for joining me in this exciting challenge.

Dr Carol Nicoll PSM

¹ "In 2011 the higher education sector generated \$9.9 billion in export income (65.6 per cent of Australia's total on-shore earnings)...", Research Snapshot, May 2012, Australian Education International at <<https://www.aei.gov.au/research/Research-Snapshots/Documents/2011051801.pdf>>.

Key developments in the establishment of TEQSA

► December 2008

The *Review of Australian Higher Education* (the Bradley Review), led by Professor Denise Bradley AC, advocated a shift in higher education funding and proposed a significant re-design of Australia's higher education regulatory environment. The Bradley Review recommended the establishment of an independent national regulator for the sector by 2010.

► 28 April 2010

State, territory and Commonwealth Education Ministers discussed new regulatory and quality assurance arrangements for vocational and higher education.

► November and December 2010

The Department of Education, Employment and Workplace Relations (DEEWR) held consultations with senior delegations from universities, colleges of Technical and Further Education (TAFEs), private institutions and student bodies, as well as senior officials from the state and territory governments, to review draft legislation to establish a new regulatory agency. The draft legislation contained powers for the agency to register providers and accredit courses, undertake quality audits, and intervene where substandard quality is identified.

► 24 February 2011

The Australian Government released for public comment draft legislation to establish the Tertiary Education Quality and Standards Agency (TEQSA).

► 10 May 2011

The Senate Education, Employment and Workplace Relations Committee released its inquiry report on the *Tertiary Education Quality and Standards Agency Bill 2011* and *Tertiary Education Quality and Standards Agency (Consequential Amendments and Transitional Provisions) Bill 2011*. The report supported the establishment of TEQSA as a national regulator for the higher education sector and commended the Australian Government on its extensive consultation process.

► 22 June 2011

Legislation establishing TEQSA passed through Federal Parliament (Royal Assent was granted on 29 June 2011).

► 29 July 2011

TEQSA commenced operations in a quality assurance capacity before assuming full regulatory functions on 29 January 2012.

▶ **6 October 2011**

The first meeting of the TEQSA Commission was held.

▶ **22 December 2011**

The Threshold Standards, comprising the *Provider Standards and Qualification Standards* of the Higher Education Standards Framework, were approved by the Hon Greg Combet, Minister for Industry and Innovation, for Senator the Hon Chris Evans, Minister for Tertiary Education, Skills, Science and Research, and promulgated as an instrument under the *Tertiary Education Quality and Standards Agency Act 2011*.

▶ **29 January 2012**

TEQSA assumed its regulatory responsibilities. TEQSA also assumed responsibility as a designated authority under the *Education Services for Overseas Services Act 2000* (ESOS Act). On this day, TEQSA also released the National Register of Higher Education Providers.

▶ **28 February 2012**

TEQSA released its Regulatory Risk Framework, which sets out the policy, processes and indicators to be used by TEQSA to systematically assess the risk exposure of providers.

▶ **27 March 2012**

TEQSA conducted its first Provider Briefing to inform the higher education sector about the Agency, its requirements for and approach to registration, accreditation and risk assessment. (A second briefing was held in Sydney on 17 August 2012.)

▶ **9 May 2012**

TEQSA released a key consultation paper on its proposed approach to data collection (2012 Provider Information Request) in accordance with section 28 of the TEQSA Act.

▶ **16 May 2012**

The Commission made its first major regulatory decision under the ESOS Act, recommending to the Secretary of DIISRTE that the University of Melbourne be registered under that Act to provide a masters course to overseas students, for a period of five years.

▶ **1 July 2012**

TEQSA assumed full responsibility for making determinations under the ESOS Act.



TEOSA staff as at 30 June 2012



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Agency Overview

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TEQSA's regulatory context

A snapshot of the sector

The character of Australia's higher education sector has changed significantly over recent decades. Once restricted to a small number of publicly funded institutions, it now encompasses both public and private universities, Australian branches of overseas universities, and a wide variety of other private and public higher education providers.

The following information provides an indication of the size and profile of Australia's higher education student body, the focus of TEQSA's regulatory activities:²

- ▶ 1,192,657 domestic and international students were enrolled in higher education
- ▶ 71.9 per cent of all higher education enrolments were domestic students (857 384), an increase of 5.3 per cent from 2009
- ▶ 70.3 per cent of students were studying full-time
- ▶ 93.2 per cent of students were enrolled at public universities; and
- ▶ 31,692 students were enrolled in advanced diplomas, diplomas and other undergraduate award courses.

Why TEQSA was established

A number of reviews were undertaken over the past five years into aspects of the quality and regulation of tertiary education:

- 2007 the Joint Committee on Higher Education (comprising representatives from each state and territory government and the Australian Government) commissioned an inquiry into the desirability of a national higher education accreditation body to promote greater national consistency in accreditation
- 2009 DEEWR released the *Review of Australian Higher Education* (Bradley Review)

2010 Australian Education International released *Supporting International Students: Review of the Education Services for Overseas Students (ESOS) Act 2000* (Baird Review); and

2011 the Department of Immigration and Citizenship (DIAC) released the *Strategic Review of the Student Visa Program 2011 Report* (Knight Review).

Each of these reviews found that, while the quality of education in Australia is generally high, there were weaknesses in the regulatory system and that these weaknesses stem from a lack of enforceable clarity in the standards frameworks and an inconsistency in their application.

The Bradley Review

The report of the 2008 *Review of Australian Higher Education* led by Professor Denise Bradley AC, and released by DEEWR in early 2009, took a long-term view of the role of Australia's higher education system in maintaining Australia's standard of living, economic productivity, as well as its social and democratic values. It argued for access to Australia's higher education to be expanded to a broader base of students and for the quality of higher education to be internationally competitive.³

The more demand-driven, student-entitlement system will require a greater focus on accreditation, quality assurance, evaluation of standards and use of outcomes measures... A national system for accreditation of all higher education providers – both public and private – on a regular cycle is necessary to assure the quality of the deregulated system... An independent, national regulatory agency, with responsibility for all aspects of regulation including that for international students is necessary.

Review of Australian Higher Education (Bradley Review), 12 December 2008, p. xv.

² Based on the most recent data provided by higher education providers under the *Higher Education Support Act (HESA) 2003*, Higher Education Report 2010, Department of Education, Employment and Workplace Relations, 2012, p. viii.

A key recommendation of the Bradley Review was for an independent national regulatory body to be established. The Report did not prescribe a particular model for the delivery of education services, but proposed that regulation should support a diversity of approaches aimed at achieving greater excellence, innovation and accountability within the sector. In a changing education market in which students demand greater choice, flexibility and portable qualifications, national regulation would encourage consistency in quality and ensure the strength and reputation of Australia's higher education system over the long term.

Australian Government reform of the higher education system

The Australian Government, in responding to the Bradley Review in March 2009, committed to significantly expanding student access to the higher education system, and to ensuring that growth in the higher education system would be underpinned by a robust quality assurance and regulatory framework.

...we will have (a) new national regulation and quality assurance system. The system will work on the basis that a student who becomes enrolled at a public university in a course will be entitled to get Commonwealth support for that place. But the quality of that place, the quality of that course, the quality of the teaching and learning will be the subject of rigorous oversight by the new national regulator. This is about empowering students, but also assuring quality in a way that we've never done before.

The Hon. Julia Gillard, Deputy Prime Minister and Minister for Education, 4 March 2009, Universities Australia Conference, Australian Government response to the Bradley Review.

In May 2009, the Australian Government re-affirmed its vision for a more student-centred and accountable higher education system in its publication, *Transforming Australia's Higher Education System*, which responds to the specific recommendations of the Bradley Review. The 2009–10 Federal Budget subsequently

allocated an additional \$5.4 billion over four years to support its higher education reform agenda, including \$60.8 million over four years for the establishment and operations of TEQSA.

The new quality assurance arrangements will ensure that domestic and international students have better information about how our higher education institutions are performing and that taxpayers can see whether value for money is being delivered and the national interest is being well served... [T]his Budget ushers in a new era for quality with the establishment of a national body for regulation and quality assurance. The Tertiary Education Quality and Standards Agency (TEQSA) will enhance the overall quality of the Australian higher education system. It will accredit providers, evaluate the performance of institutions and programs, encourage best-practice, simplify current regulatory arrangements and provide greater national consistency.

Transforming Australia's Higher Education System, May 2009, p. 31.

With the establishment of TEQSA, the number of federal, state and territory regulatory and quality assurance bodies was reduced from nine to one, significantly reducing Australia's regulatory complexity and inconsistency. Also, for the first time, all providers, irrespective of the location or spread of their operations, nationally and internationally, would be assessed from a 'whole of provider' perspective.

³ *Review of Australian Higher Education*, Final Report, December 2008 at <<http://www.deewr.gov.au/HigherEducation/Review/Pages/ReviewofAustralianHigherEducationReport.aspx>>.

Roles and functions

TEQSA's role is to ensure the quality of Australian higher education providers through quality assurance and nationally consistent regulation. The *Tertiary Education Quality and Standards Agency Act 2011* (TEQSA Act) passed in June 2011 is the primary basis of TEQSA's powers. The objects of the TEQSA Act are:

- ▶ To provide for national consistency in the regulation of higher education
- ▶ To regulate higher education using a standards-based quality framework and principles relating to regulatory necessity, risk and proportionality
- ▶ To protect and enhance Australia's reputation for and international competitiveness in higher education, as well as excellence, diversity and innovation in higher education in Australia
- ▶ To encourage and promote a higher education system that is appropriate to meet Australia's social and economic needs for a highly educated and skilled population
- ▶ To protect students undertaking, or proposing to undertake higher education by requiring the provision of quality higher education; and
- ▶ To ensure that students have access to information relating to higher education in Australia.

A short reference guide to the TEQSA Act can be found at Appendix I.

TEQSA is an independent body, subject to the *Financial Management and Accountability Act 1997* (FMA Act) and the *Australian Public Service Act 1999* (APS Act).

TEQSA's outcome and program structure

TEQSA is subject to Australian Government requirements for reporting to Parliament on the annual allocation and expenditure of public monies received to carry out its role and functions. In its Portfolio Budget Statements, TEQSA reports on one outcome and one program.⁴

TEQSA's outcome is:

To contribute to a high quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance and dissemination of higher education standards and performance.

This outcome is delivered through Program 1.1: Regulation and Quality Assurance. The program objectives are to:

- ▶ Assure the quality of Australia's higher education
- ▶ Support the capacity of the sector to understand the nature of compliance with the Higher Education Standards Framework; and
- ▶ Establish TEQSA as an innovative and expert regulator.

TEQSA's vision is to:

Maintain and enhance quality, diversity and innovation in the Australian higher education sector through nationally consistent regulation and quality assurance.

⁴ Refer to *User Guide to the Portfolio Budget Statements*, Department of Finance and Deregulation, <http://www.finance.gov.au/publications/portfolio-budget-statements/12-13/docs/2012-13_Finance_UserGuide_PBS_01.doc>.

TEQSA's Commissioners

The Commission comprises a Chief Commissioner, two full-time Commissioners and two part-time Commissioners. The Commissioners have been appointed on the basis of their expertise in areas relevant to the functions of the Agency, in particular, higher education quality assurance and regulatory practice. They also play an important role in informing the higher education sector about the work of TEQSA and the responsibilities of higher education providers under the government's regulatory regime.



Dr Carol Nicoll PSM

Dr Nicoll is the Chief Commissioner and Chief Executive Officer of TEQSA.

Dr Nicoll has a wealth of experience in the education sector, including as a senior government executive, university academic and secondary school teacher. She has been closely involved in some of the major reforms in higher education over the last decade.

Dr Nicoll has held a number of senior positions in the Commonwealth public service, including head of the team that developed the higher education reform package, Our Universities: Backing Australia's Future; Manager of the Funding Branch in the Higher Education Group; Minister-Counsellor for Education, Science and Training (DEST's senior representative in Europe, based in Brussels); Group Manager of the Industry Skills Development Group; and Group Manager of National Education System Group in the Department of Education, Employment and Workplace Relations.

Dr Nicoll was the Chief Executive Officer of the Australian Learning and Teaching Council from early 2010 until its closure in 2011.

As well as degrees in Arts and Law, a Graduate Diploma in Education and a Master of Educational Administration from The University of Queensland, Dr Nicoll has a doctorate from the University of British Columbia.

She was awarded a Public Service Medal on Australia Day 2004 for outstanding public service.



Ms Dorte Kristoffersen

Ms Dorte Kristoffersen has held executive and senior positions in educational quality assurance agencies around the world since 1992. Prior to her appointment as a Commissioner she was Vice-President for Policy and Research with the Accrediting Commission of Community and Junior Colleges under the Western Association of Schools and Colleges in the United States. Prior to that appointment, she was the Deputy Executive Director of the Hong Kong Council for Accreditation of Academic and Vocational Qualifications.

From 2004 to 2007 Ms Kristoffersen was an Audit Director with the Australian Universities Quality Agency (AUQA). She came to AUQA from a position as Deputy Director and Director of Development at the Danish Evaluation Institute.

Ms Kristoffersen has been a member of several European evaluation agency boards and institutional review panels, and she has chaired several reviews of quality assurance agencies. She has participated in numerous European projects related to the Bologna Process and has been active in international quality assurance networks, including being an elected board member of the International Network for Quality Assurance Agencies in Higher Education and the Asia-Pacific Quality Network.

Ms Kristoffersen holds a Master of Business Administration, Intercultural Communication and Languages from Copenhagen Business School, and is a certified Assessor in the Business Excellence Model.



Mr Michael Beaton-Wells

Mr Michael Beaton-Wells has held senior roles in the higher education and management consulting industries.

From 2009 to 2011, Mr Beaton-Wells was Executive Director, Finance and Planning, at The University of Melbourne, where he was a member of the Senior Executive and responsible for leading the University's annual budget and business planning cycle, strategic risk assessments, management reporting and information stream, and major project gate reviews. Mr Beaton-Wells was also Acting Chief Financial Officer when required, and was a key business adviser to the Finance Committee.

From 2005 to 2008, Mr Beaton-Wells was Director of University Planning at The University of Melbourne, where he was responsible for the accountability cycle, including the planning, reporting and quality assurance cycles of the University. Mr Beaton-Wells was closely involved in the planning and implementation of the Melbourne Model curriculum reforms, including student profile planning, financial modelling and risk analysis.

Prior to joining The University of Melbourne, Mr Beaton-Wells spent ten years in management consulting, with particular focus on marketing-led strategy, forensic marketing and brand valuation. He is admitted to practice as a barrister and solicitor in Victoria, and is a member of the Australian Market and Social Research Society. He holds degrees in arts/economics (BA), law (LLB) and marketing (MMktg).



Mr Ian Hawke

Prior to his appointment as a TEQSA Commissioner, Mr Hawke served as the Interim CEO of TEQSA from July 2010, and on the Commonwealth Government's TEQSA Expert Reference Group.

Mr Hawke has worked as a senior executive in the Queensland Department of Education and Training for the past eight years, as Assistant Director-General (Tertiary and Non-State Education) until August 2012. In this role he had responsibility for the regulation of higher education and vocational education and training providers, the regulation of international education, and the accreditation of non-state schools.

Prior to his engagement with TEQSA, Mr Hawke was a director on the boards of the Australian Universities Quality Agency (five years) and the Queensland Tertiary Admissions Centre (six years). Mr Hawke has served on a number of standing committees of Ministerial Councils, including the Joint Committee on Higher Education and the Joint Committee on International Education, and the National Quality Council in the vocational education and training sector.

Over a period of 18 years prior to this, Mr Hawke worked in senior management roles at Griffith University and the Queensland University of Technology in the areas of strategic planning, higher education policy, academic management and quality assurance.

Mr Hawke holds a Bachelor of Arts from The University of Queensland and a Master of Administration from Griffith University.



Mr Eric Mayne

Mr Eric Mayne was formerly the Chief Supervision Officer of ASX Markets Supervision Pty Ltd and was also the former Chair of the ASX Corporate Governance Council. Mr Mayne is currently an independent member of the Audit Committee of Transport Safety Victoria; Chair of the Ministerial Council on Energy Selection Panel; and a member of the Board of the Motor Neurone Disease Association of Victoria Inc.

Mr Mayne has over 40 years' experience in government regulation and law. He worked for 13 years in the Australian Taxation Office and then practised as a taxation lawyer and litigator at Mallesons Stephen Jaques for more than 20 years. Mr Mayne has extensive management and advisory board experience, having filled a variety of senior management positions at Mallesons Stephen Jaques over a 12-year period, including being a member of the board of partners for two years and National Managing Partner for five years. During 2005 and 2010, Mr Mayne was also a member of the Board of Taxation and a member of the Financial Reporting Council.

TEQSA's Executive

The Commission is supported by a Senior Management Team (SMT) comprising the Chief Commissioner in her capacity as Chief Executive Officer, three Executive Directors, the Chief Finance and Operating Officer and the Chief Lawyer. The SMT is responsible for the management of TEQSA's regulatory business, corporate processes and people.

Senior Leadership Planning Days (28–29 June 2012)

TEQSA's Commissioners and Senior Managers participated in an executive planning meeting in late June to focus on both TEQSA's achievements to date and strategic challenges ahead.

The meeting reviewed key achievements in building the regulatory and corporate capacity of the Agency, including the development of the Regulatory Risk Framework and data collection policies and processes; the preparation of application forms and guides; the establishment of HR, IT and payroll systems; and the continuing recruitment and induction of staff.

The senior leaders of TEQSA see the fostering of a shared vision for the Agency and the development of 'Team TEQSA' as a high priority. They also discussed a number of 'Big Ideas' for TEQSA, which would be progressed as whole-of-Agency 'strategic projects' in 2012–13. The Commissioners will champion projects to: develop TEQSA as a learning organisation; build TEQSA's organisational culture; strengthen TEQSA's engagement with the higher education sector and other key stakeholders; and develop an international strategy.

A number of projects were also identified to increase TEQSA's corporate efficiency and effectiveness. These were: the development of service standards; email management; strategic and business planning; and development and review of a range of corporate policies.

Functional groups

TEQSA is structured according to four main functions. Refer to Figure 2.1: Organisational Structure on page 18.

Regulation and Review Group

The Regulation and Review Group is the largest group within TEQSA and is central to the development and implementation of TEQSA's provider registration and course accreditation processes. It provides advice to the Commission on the compliance of individual providers with the TEQSA Act and the Threshold Standards and possible regulatory actions. The Group is led by two Executive Directors and comprises teams of professionals experienced in higher education and regulation. The teams are responsible for the case management of providers, covering all aspects of regulation and the conduct of quality assessments and thematic reviews. The allocation of providers to each team is based on type of provider, geographic spread, registration expiry date and provider category.

Regulatory Risk and Information Group

The Regulatory Risk and Information Group is responsible for building the Agency's capacity to make expert judgements based on sound evidence. The Group has responsibility for developing and implementing the Regulatory Risk Framework, providing early warning of risks to the quality of higher education, and leading the acquisition, management and analysis of information that is critical to TEQSA's decision-making processes. Staff have significant experience in risk, financial and data analysis, higher education, government and regulatory systems in Australia and overseas.

Legal Group

The Legal Group, led by the Chief Lawyer, is a small team of lawyers proficient in dealing with the legal issues that arise in a Commonwealth regulatory agency. This Group is responsible for all of the legal services required by TEQSA, including providing strategic legal advice, providing training to TEQSA staff on legal issues, and managing claims by or against TEQSA. The Chief Lawyer also attends regulatory meetings of TEQSA's Commission.

Corporate Group

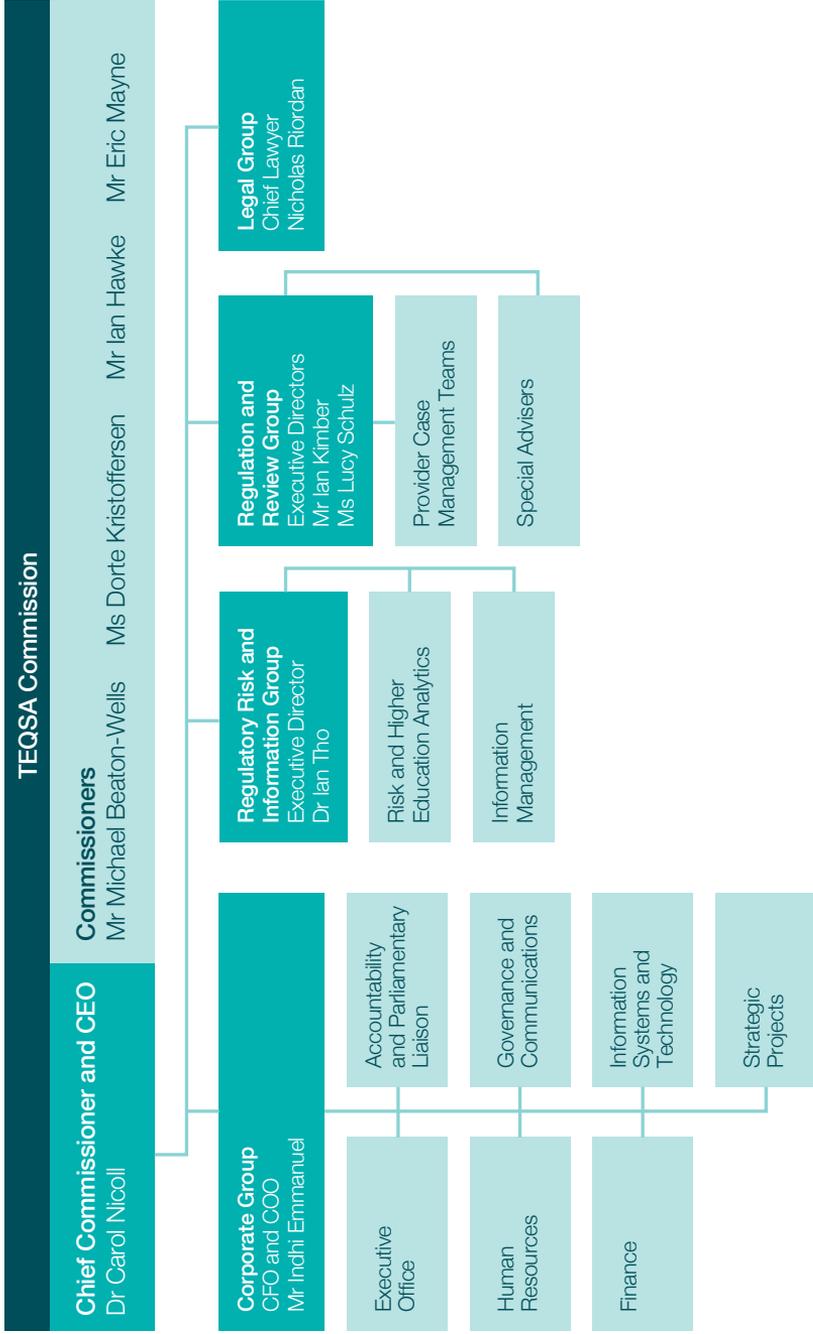
The Corporate Group is headed by the Chief Finance and Operating Officer who reports directly to the Chief Commissioner. The Group supports TEQSA through strategic advice and business governance and planning processes, finance and human resource services, corporate communications, information technology support, protective security policies and procedures, as well as project and property management.

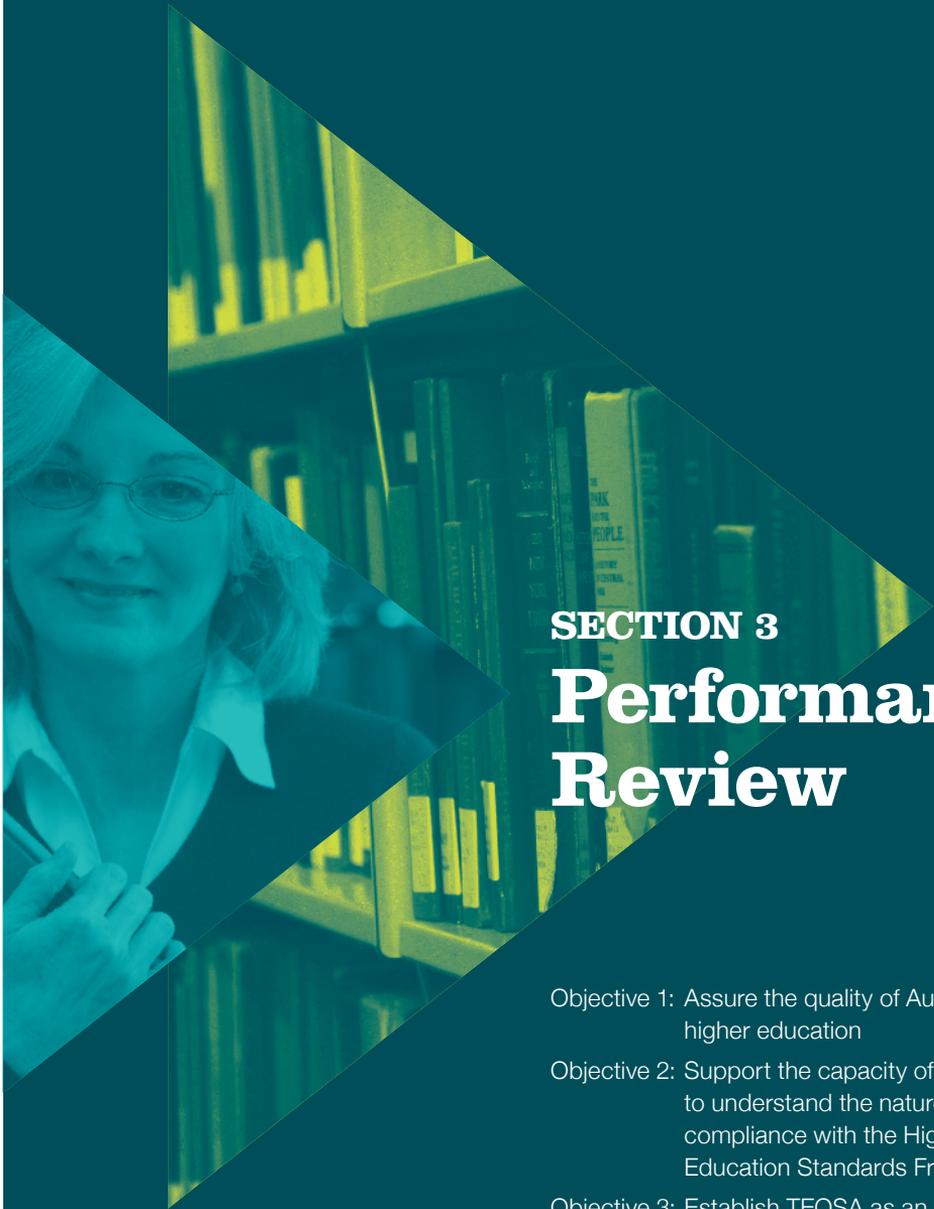
The Corporate Group also includes an Investigations Unit. The role of the Unit is to determine whether formal investigations should be commenced in relation to a referred regulatory matter. The Unit liaises with the Australian Federal Police and the Commonwealth Director of Public Prosecutions, as necessary. It also works closely with TEQSA's Chief Lawyer in relation to proceedings initiated by TEQSA.

Organisational structure

TEQSA's organisational structure is depicted in Figure 2.1 below.

Figure 2.1 TEQSA's organisational structure





SECTION 3

Performance Review

Objective 1: Assure the quality of Australia's higher education	21
Objective 2: Support the capacity of the sector to understand the nature of compliance with the Higher Education Standards Framework	29
Objective 3: Establish TEQSA as an innovative and expert regulator	35
Performance summary for 2011–12 deliverables	38

As required under the *Financial Management and Accountability Act 1997* (FMA Act) and the *Australian Public Service Act 1999* (APS Act), the Agency reports on its performance in 2011–12 in accordance with the performance information framework set out in TEQSA's Portfolio Budget Statements for 2011–12.

TEQSA reports against one outcome:

[To] contribute to a high quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance and dissemination of higher education standards and performance.

The outcome is delivered through **Program 1.1: Regulation and Quality Assurance.**

This section reports on TEQSA's performance in delivering its program objectives, deliverables and performance indicators. A summary of performance is provided at the end of this section (page 38). This summary details results for quantitative deliverables, including performance against legislative requirements, and describes TEQSA's progress in completing work inherited from the states and territories.

Objective 1: Assure the quality of Australia's higher education

Since 29 January 2012, TEQSA has regulated higher education providers against a national set of quality standards known as the Threshold Standards. All providers must meet these standards in order to enter and remain within Australia's higher education system.

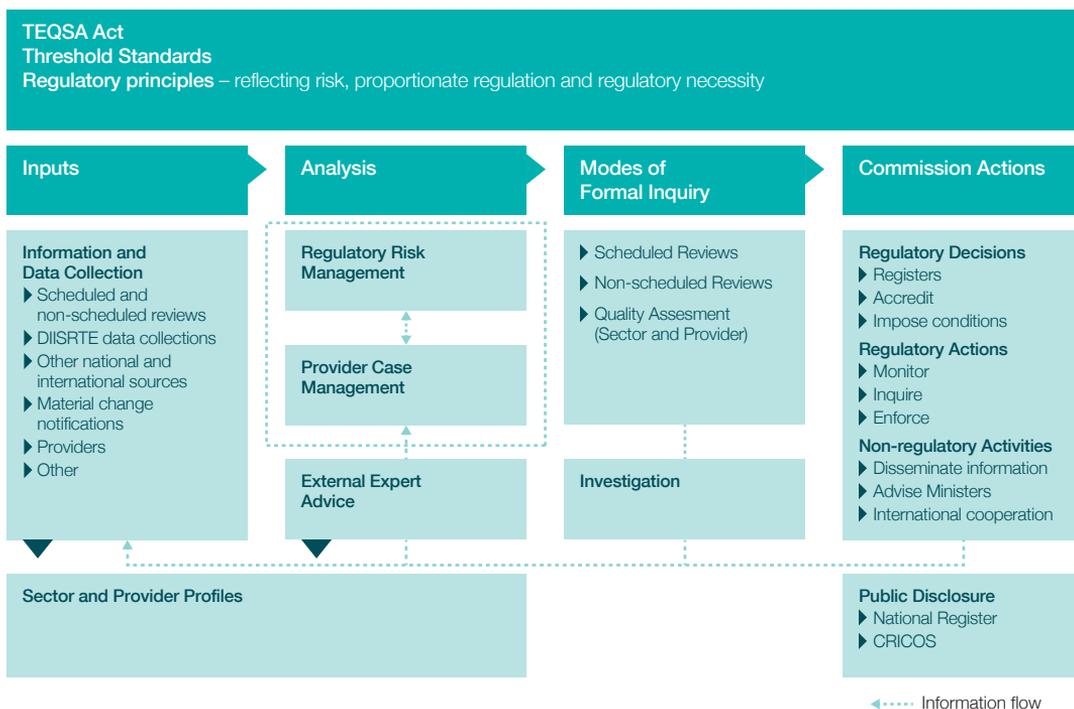
The following review of TEQSA's performance against *Objective 1: Assure the quality of Australia's higher education* details TEQSA's success in developing and implementing a nationally consistent model of quality assurance and regulation. It explains how the model is applied in accordance with the regulatory principles of risk, necessity and proportionality, allowing for flexible and targeted regulatory actions that respond to the unique circumstances of each provider. This section also describes TEQSA's collaborative relationship with the Australian Skills Quality Authority.

Development of TEQSA's regulatory framework

TEQSA's regulatory framework was developed in close consultation with the higher education sector. The sector expressed strong support for TEQSA to implement processes for ensuring regulatory decisions are based on a body of evidence developed using robust data and sound methods of interpretation and analysis.

In February 2012, the Commissioners clarified how TEQSA would give operational effect to its regulatory role. TEQSA's regulatory framework is diagrammatically represented in Figure 3.1 below.

Figure 3.1 TEQSA's regulatory framework



TEQSA's regulatory framework describes the following core processes:

Inputs: Targeted information is collected about the individual provider and the sector as a whole to underpin evidence-based judgements. Information may be collected in response to a particular circumstance or as part of a regular, broad scan of the higher education environment, against a formal set of 'information collection requirements'.

Analysis: Risk analyses, informed by expert advice, are undertaken to develop individual provider and sector profiles.

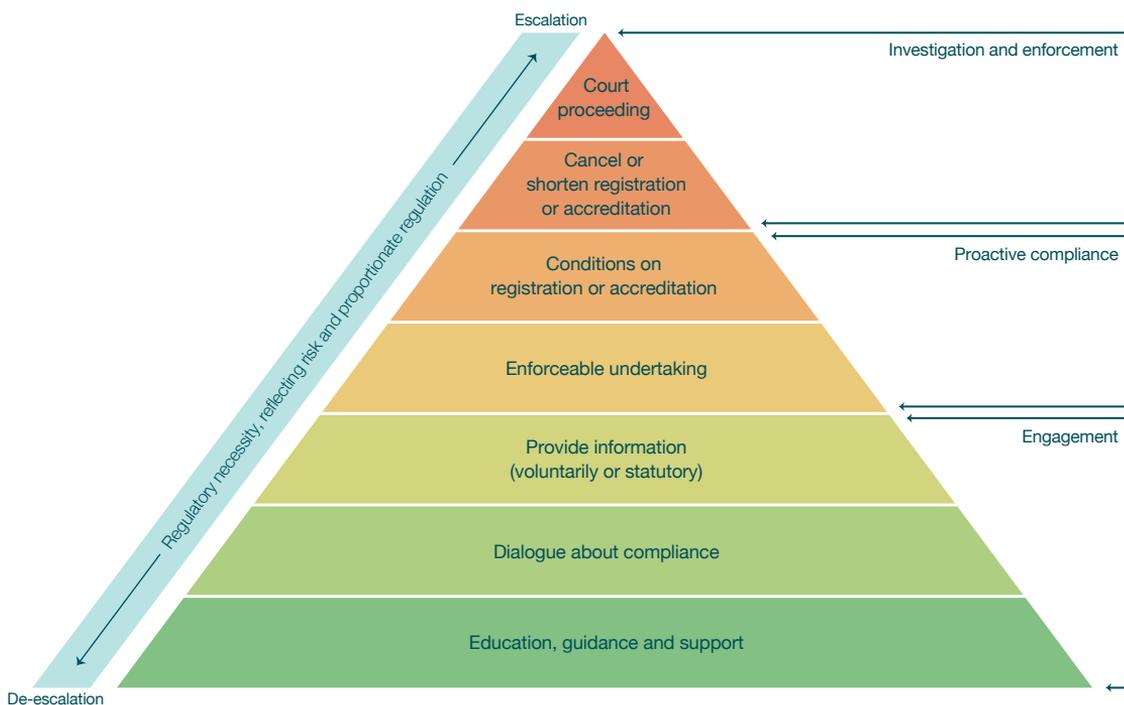
Formal inquiry: TEQSA undertakes scheduled reviews as part of routine re-registration and re-accreditation processes (at least every seven years), as well as for specific quality assurance purposes. TEQSA's consideration of risk may also lead to the instigation of non-scheduled reviews to inform TEQSA's decisions and the broader direction of its effort.

Commission actions: TEQSA has a graduated range of actions available to it to ensure the ongoing compliance of registered providers with the Threshold Standards. This is explained further below.

Graduated compliance outcomes

TEQSA uses a regulatory pyramid to describe its calibrated approach to compliance.⁵ It demonstrates how TEQSA's compliance response to each regulatory case is influenced by the basic principles of regulatory necessity, reflecting risk and of proportionate regulation (the regulatory principles are explained in detail on page 23). When compliance issues arise, TEQSA will always seek to engage the provider to obtain further information to ensure it has an appropriate understanding of the circumstances. TEQSA may adjust its response in line with TEQSA's basic principles of regulation and with consideration of the provider's response to the issues raised.

Figure 3.2 TEQSA's graduated compliance outcomes



⁵ The pyramid of compliance outcomes is based on a model developed by Ian Ayres and John Braithwaite, *Responsive Regulation: Transcending the Deregulation Debate*, Oxford University Press, 1992, p. 35.

Ongoing implementation of TEQSA's regulatory framework

Over the course of 2012–13, TEQSA will implement further key elements of the regulatory framework. Priorities are:

- ▶ further embedding the regulatory principles of reflecting risk, necessity and proportionality in its regulatory practice
- ▶ identifying key areas of risk to quality higher education in line with the Regulatory Risk Framework
- ▶ clarifying TEQSA's approach to the collection and management of data for regulatory purposes
- ▶ collaborating with other government agencies to improve the national consistency and the integrity of data underpinning risk assessments
- ▶ refining TEQSA's graduated scale of regulatory action, consistent with the TEQSA Act; and
- ▶ deepening TEQSA's engagement with the sector, including through the establishment of expert reference groups and the development of the TEQSA website as a key platform for communicating with providers and key stakeholders.

TEQSA will gauge the effectiveness of its approach and the impact of its regulatory activities through feedback from stakeholders and evidence of enhanced levels of compliance within the sector. This will inform any further refinements to the regulatory framework and regulatory processes.

How TEQSA applies the regulatory principles

When exercising its regulatory powers under the TEQSA Act, TEQSA must comply with three basic principles of regulation:

1. regulatory necessity
2. reflecting risk; and
3. proportionate regulation.

Regulatory necessity

TEQSA only intervenes when necessary to uphold the Threshold Standards, taking into account potential impacts and costs. In making its regulatory decisions, the Commission always considers the particular circumstances of a provider in assessing potential breaches of the Threshold Standards, and ensures its regulatory responses are the most effective and the least burdensome means of addressing the provider's compliance with the standards.

Reflecting risk

TEQSA's regulatory framework involves ongoing monitoring of compliance by providers with the Threshold Standards. This is achieved through the analysis of information relevant to a provider's current and future ability to deliver quality higher education. This information may relate to a provider's history of scholarship, teaching and research; its students' experiences; its financial status and capacity; and its history of compliance with the TEQSA Act. Information is used to develop risk profiles which are reviewed in light of any new information received by TEQSA, for example, as a result of an application for the re-accreditation of a course of study. The risk-based approach ensures that TEQSA's resources are directed to areas of higher risk based on validated, quality intelligence about a provider. In aggregate, risk profiles allow a baseline understanding to be developed about the relative 'health' of the higher education sector.

Proportionate regulation

TEQSA must exercise its powers in proportion to any non-compliance, or the risk of future non-compliance, by the provider. TEQSA has a graduated scale of regulatory actions available to it, ranging from monitoring, enquiring and investigating, to imposing conditions or taking enforcement actions. The principle of proportionality requires TEQSA to assess a provider's breach of a Threshold Standard in a way that balances the interests of students with the potential impact of TEQSA's actions on the provider and the reputation of the sector.

All of TEQSA's regulatory processes are designed to reduce the impost of regulation on providers. In sourcing information, for example, TEQSA takes a 'whole-of-government' approach that aligns with existing government collection processes. It only seeks information from a provider directly where this is assessed as critical to achieving a satisfactory regulatory outcome.

Regulation supported by evidence

TEQSA's approach to regulation places a strong emphasis on the use of quality information to support its regulatory decisions. Over the course of 2011–12, TEQSA invested considerable effort in building its knowledge of the Australian higher education sector, and in its longer-term capacity to identify emerging issues and trends relevant to providers' compliance with the Threshold Standards. Sections 27–28 of the TEQSA Act allow the Agency to collect the information needed to fulfil its role effectively, while also ensuring its approach is proportionate.

Development of the Regulatory Risk Framework

Before the establishment of TEQSA, state and territory quality assurance systems provided registration and accreditation of courses for set periods of time, with in-depth monitoring of providers largely restricted to these intervals. Hence, it was difficult for assurance bodies to identify emerging risks and to respond effectively to them.

On 28 February 2012, TEQSA published its Regulatory Risk Framework (the Risk Framework), an important element of TEQSA's overall regulatory framework. It enables TEQSA and higher education providers to understand key areas of risk associated with the provision of educational outcomes within the Australian higher education system.

The Risk Framework is used by TEQSA to gauge whether providers are at risk of not meeting the Threshold Standards. Quantitative and qualitative information is used to develop a risk profile for each provider on TEQSA's National Register of Higher Education Providers. This risk information supports the development of a robust evidence base for any subsequent regulatory action by TEQSA. The Risk Framework allows TEQSA to monitor potential vulnerabilities in the provision of higher education on a continuous basis. Provider risk assessments are not made public, but may be shared with the relevant provider. The risk indicators contained in TEQSA's Risk Framework are detailed in Appendix K.

The development of the Risk Framework involved consultation with higher education experts and peak bodies. Face-to-face consultations were held with TAFE Directors Australia (TDA), the Council of Private Higher Education (COPHE), Universities Australia (UA) and the Australian Council for Private Education and Training (ACPET). Written feedback was received from each of these organisations, and also from the National Tertiary Education Union (NTEU), the National Union of Students (NUS), and the Council of Australian Postgraduate Associations (CAPA) which were invited to comment on the consultation draft.

Development of TEQSA's Provider Information Request

On 9 May 2012, TEQSA released a consultation paper, '2012 Provider Information Request', to the higher education sector on a proposal to collect data relevant to TEQSA's regulatory activities. Areas covered were:

- ▶ student profile
- ▶ staff profile
- ▶ financial reporting; and
- ▶ student surveys.

These areas map closely to key elements of the Threshold Standards and represent core information held by providers to manage their business.

While TEQSA has a primary focus on the quality of education being delivered, it also has a critical interest in the corporate 'health' of providers and long-term sustainability in the provision of education by the sector. This is reflected in the proposed scope of data collection.

The Provider Information Request is a first step in collecting timely, reliable and comparable information from all providers of higher education in Australia. The consultation paper will be followed by a formal request later in 2012. The information to be collected is crucial to TEQSA's ability to conduct an annual risk assessment, which is envisaged for September and October 2012. It will provide the foundation for shaping TEQSA's future regulatory focus and activity.

In developing its approach to information collection, TEQSA will continue to engage closely with the Department of Industry, Innovation, Science, Research and Tertiary Education (DIISRTE), as well as other data collection agencies, to integrate and streamline collection processes wherever possible. Over time, this work will lead to a comprehensive, coherent and reliable information base. A key consideration in moving toward a single national data collection is the need to ensure the sourcing of information from providers is carefully targeted and avoids duplication of effort.



The Provider Information Request is a first step in collecting timely, reliable and comparable information from all providers of higher education in Australia.

Confidentiality

TEQSA will always secure data under its control in accordance with legislative requirements. Under the TEQSA Act, TEQSA may only disclose higher education information under limited circumstances (Division 2 of Part 10). These circumstances include disclosure to the Secretary of DIISRTE for the purposes of administering laws relating to higher education. TEQSA is also bound to apply the Information Privacy Principles in the *Privacy Act 1988* (Cwlth), which restrict the collection, storage, use and disclosure of personal information.

TEQSA is subject to the *Freedom of Information Act 1982* (FOI Act) and is required to respond to requests for access to documents in accordance with the requirements of the FOI Act. The FOI Act has limited exemptions under which TEQSA may withhold the release of information. Details of TEQSA's FOI procedures and TEQSA's FOI Disclosure Log are available at <http://www.teqsa.gov.au/freedom-information>.

Quality assessments

As well as assessing a provider's compliance with the Threshold Standards, TEQSA will, in time, develop an approach to exploring the relative quality of higher education being delivered, over and above minimum requirements for registration. Section 60 of the TEQSA Act allows TEQSA to undertake quality assessments that may involve reviewing a provider's operations to assess the quality of its delivery of higher education, and establish whether any systemic issues relating to a particular course of study or higher education award exist.

The commencement of national regulation

TEQSA's regulatory activities

Between 29 January 2012, when TEQSA assumed its regulatory powers, and 30 June 2012, TEQSA received 160 new regulatory applications or notifications. These included activities relating to TEQSA's responsibilities under the *Education Services for Overseas Students Act 2000* (ESOS Act).

Table 3.1 below details new applications and notifications received by TEQSA from 29 January to 30 June 2012.

Client service

Under the TEQSA Act, TEQSA is obliged to adhere to particular timeframes for communicating with providers in regard to key regulatory processes and their completion. TEQSA manages its relationships with higher education providers in line with the APS Code of Conduct and Values and its own values of transparency and professionalism. Further to this, TEQSA is committed to implementing a Client Service Charter in 2012–13 that provides commitments and undertakings in relation to service standards and complaints resolution.

Table 3.1 Applications and notifications 29 January–30 June 2012

Total	TEQSA Act			ESOS Act
	Initial registration and re-registration	Course accreditation and re-accreditation	Material Change notifications	CRICOS-related
160	2	8	66	84

What is registration?

TEQSA registers entities wishing to become higher education providers in accordance with the provisions of the TEQSA Act. In order for a provider to be registered and maintain registration, TEQSA must be satisfied that the provider meets the Threshold Standards. The Threshold Standards comprise the Provider Standards and the Qualification Standards. TEQSA can register providers for a period up to seven years; all providers gaining registration are then a 'higher education provider'. Providers may be registered within a specific provider category by meeting additional criteria. The specific provider categories are further differentiated as:

- ▶ Australian university
- ▶ Australian university college
- ▶ Australian university of specialisation
- ▶ overseas university
- ▶ overseas university of specialisation.

What is accreditation?

A registered higher education provider must offer at least one accredited course that meets the Provider Course Accreditation Standards and Qualification Standards. TEQSA accredits courses for those providers which do not have authority to self-accredit all or some courses of study leading to a higher education award they offer or confer. Courses of study may be accredited by TEQSA for up to seven years.

National Register of Higher Education Providers

TEQSA released the first version of the National Register of Higher Education Providers (National Register) on the TEQSA website on 29 January 2012, in accordance with section 198 of the TEQSA Act, which requires TEQSA to maintain and publish this Register. The National Register is the authoritative source of information for domestic and international students on the status of registered higher education providers in Australia. A provider's registration by TEQSA signals to the public that the provider is compliant with legislated standards of quality higher education. As such, it fulfils an important objective of regulatory reform, namely, to increase public access to reliable information about providers of higher education in a single, consolidated location.

The Register provides details such as the provider's legal entity name, provider category, Australian Business Number (ABN), address and registration renewal date. Further information, such as details of TEQSA accredited courses, will be made available on the National Register in the future.

As at 30 June 2012, 170 providers were registered as 'higher education providers'. Of these, one was further designated an 'Australian university of specialisation' and two were classed as also being an 'overseas university'.⁶



A provider's registration by TEQSA signals to the public that the provider is compliant with legislated standards of quality higher education.

Regulation of providers of education to overseas students

Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS)

On 29 January 2012, TEQSA assumed responsibilities as a designated authority for the provision of higher education to overseas students under the *Education Services for Overseas Students Act 2000* (ESOS Act). Providers registered under the ESOS Act can be found on the Commonwealth Register of Institutions and Courses to Overseas Students (CRICOS) managed by DIISRTE.

As of 1 July 2012, full registration and compliance responsibilities were delegated to TEQSA under the ESOS Act to be exercised according to TEQSA's sectoral responsibilities. This means that TEQSA now has full regulatory authority to assess and make a final decision on all CRICOS applications for initial provider and course registration, re-registration and changes to scope; and to monitor and enforce compliance with all requirements under the ESOS Act, including the ESOS standards contained in the National Code of Practice 2007.

ELICOS and Foundation Programs

On 1 July 2012, TEQSA assumed full regulatory responsibilities under ESOS for all Foundation Programs, except where delivered in the capacity of a school, and for English Language Intensive Courses for Overseas Students (ELICOS) delivered by or in an entry arrangement with a higher education provider.

TEQSA has worked closely with ASQA and DIISRTE to implement these new regulatory arrangements and to ensure a coordinated approach for multi-sector institutions.

⁶ Provider categories are determined in accordance with the Provider Category Standards specified in the Threshold Standards of the Higher Education Standards Framework (2011).

MoU with the Australian Skills Quality Authority

In December 2011, TEQSA and Australian Skills Quality Authority (ASQA) signed a Memorandum of Understanding (MoU) that records the agencies' intentions to collaborate and cooperate to implement a coordinated regulatory approach for multi-sector providers (those registered by both ASQA as a 'National VET Regulator Registered Training Organisation', and by TEQSA as a 'higher education provider').

The objectives of the MoU are to:

- ▶ streamline the regulation of multi-sector providers to the maximum extent possible, given different and separate regulatory standards frameworks for the higher education and VET sectors
- ▶ reduce the potential for duplication that impacts on the regulatory burden and cost for multi-sector providers; and
- ▶ use a customised regulatory approach that caters for the unique circumstances of each multi-sector provider.

A joint working group has been established including Commissioners from both agencies to develop strategies for cross-agency collaboration and cooperation in order to implement the MoU. The MoU is available at http://www.teqsa.gov.au/sites/default/files/TEQSA_ASQA_mou.pdf.

Objective 2: Support the capacity of the sector to understand the nature of compliance with the Higher Education Standards Framework

TEQSA provides strong assurance to government, students and the broader public that all registered providers of Australian higher education are effectively regulated against the national standards of quality as set out in the Higher Education Standards Framework.

The review of TEQSA's performance against *Objective 2: Support the capacity of the sector to understand the nature of compliance with the Higher Education Standards Framework* describes TEQSA's achievements in promoting the compliance of higher education providers with the Higher Education Standards Framework. TEQSA pursues this aim by:

- ▶ interpreting and applying the Higher Education Standards Framework in its regulation of the higher education sector;
- ▶ fostering strong, positive relationships with providers and communicating its expectations clearly and consistently; and
- ▶ exercising its enforcement powers to ensure that, where appropriate, breaches of the standards are dealt with effectively and expeditiously.

TEQSA is committed to positively shaping and influencing its regulatory relations with providers in ways that will lead to quality outcomes for the students who choose to obtain their education within Australia's higher education system.

The Higher Education Standards Framework

Under section 58 of the TEQSA Act the Commonwealth Minister for Tertiary Education, Skills, Science and Research (the Minister) is able to make the following standards, which are the foundation for TEQSA's regulation of all registered providers of higher education:

1. Provider Registration Standards
2. Provider Category Standards
3. Provider Course Accreditation Standards
4. Qualifications Standards
5. Teaching and Learning Standards
6. Information Standards
7. Research Standards.

On 22 December 2011, the Commonwealth Minister for Industry and Innovation, acting on behalf of the Minister, made the *Higher Education Standards Framework (Threshold Standards) 2011*, which includes the Provider and Qualifications Standards (1–4 above). The Higher Education Standards Panel is currently considering its approach to developing standards for teaching and learning, information and research (5–7 above).

The Threshold Standards

The Threshold Standards draw on previous assurance requirements, the National Protocols for Higher Education Approval Processes, as well as the Australian Qualifications Framework. They encompass:

1. **Provider Registration Standards** – relate to the accountability and corporate viability of a provider and its capacity to deliver academic quality and integrity
2. **Provider Category Standards** – formalise category titles for registered providers that are well understood internationally and which are meaningful to the general public. The category title signals to the public that the provider is a bona fide provider of quality education in Australia
3. **Provider Course Accreditation Standards** – cover the design, resourcing and review of courses, admission criteria, and the quality of teaching, learning and assessment outcomes; and
4. **Qualification Standards** – relate to accreditation and re-accreditation of all higher education awards, the certification of documentation relating to awards and protection against fraudulent use, and processes for recognising prior learning, the transfer of credits and the articulation of the awards.

An overview of the elements which comprise the Threshold Standards can be found at Appendix J. The Threshold Standards can be accessed in entirety at <http://www.comlaw.gov.au/Details/F2012L00003/Download>.

The Higher Education Standards Panel

In accordance with the TEQSA Act, the Higher Education Standards Panel has been established to provide independent advice to the Minister on making and varying the Higher Education Standards Framework (the Framework). TEQSA is responsible for interpreting and implementing the Framework for the purposes of regulating higher education providers. In this way, the setting of standards by the Higher Education Standards Panel is clearly separated from the monitoring

and enforcement functions carried out by TEQSA. The Panel was formally constituted on 10 January 2012. More information about the membership and work of the Panel is at Appendix L.

The specification of standards by the independent Higher Education Standards Panel encourages providers to focus on the delivery of educational outcomes rather than the inputs and processes that lead to them.



...the setting of standards by the Higher Education Standards Panel is clearly separated from the monitoring and enforcement functions carried out by TEQSA.

Relationship with the Australian Qualifications Framework Council

The Qualifications Standards include a requirement that all higher education awards must meet specifications described in Levels 5–10 of the Australian Qualifications Framework (AQF). The AQF is the national policy that sets the standards for regulated qualifications in Australia. It defines qualification types and provides descriptors of learning outcomes to be achieved for the particular qualification and pathways to the qualification. The policy is developed and maintained by the Australian Qualifications Framework Council (AQFC).

TEQSA's relationship with the AQFC is similar to its relationship with the Higher Education Standards Panel, in that TEQSA is responsible only for interpreting and implementing the AQF, rather than for developing it. The AQFC provides advice on the specifications for higher education awards to the Ministerial Council for Tertiary Education and Employment (MCTEE), a function clearly separated from TEQSA's monitoring and enforcement role.

Interpreting and applying the Threshold Standards

The Commission's regulatory decision-making

The Commission held its first meeting on 6 October 2011. During the current reporting period the Commission met a further 36 times, making over 200 Commission decisions. An early focus of the Commission was establishing TEQSA as an agency within the APS, developing regulatory processes, forms and guides, and progressing inherited AUQA Quality Audit Reports. The Commission's decisions were broadly categorised as 'regulatory', 'operational' and 'policy'. Since 29 January 2012, the Commission has made over 100 regulatory decisions to address issues affecting providers across the full spectrum of higher educational institutions.



The requirement for providers to comply with the Threshold Standards does not constrict continuous improvement or innovation... it places an onus on providers to develop resilient governance structures capable of adapting to changing needs and circumstances.

As the Commission began its work, it recognised that the extent to which it could draw on the experiences of earlier quality assurance authorities was limited, as their approaches did not relate to the new legislative requirements for the regulation of higher education. The Commissioners have taken a high degree of care to interpret the Threshold Standards in a manner that is both sensitive to the particular circumstances of an individual provider and consistent in approach, when considered in the context of all Commission decisions to that point.

Decisions are informed by reliable empirical evidence, expert insight and professional judgement, and the accumulated knowledge of decisions made to that point. The regulatory principles allow the Commission to prescribe the minimum level of intervention necessary for restoring provider compliance with the Threshold Standards. In almost all instances, the Commission will request further information to clarify whether regulatory attention is warranted.

The requirement for providers to comply with the Threshold Standards does not constrict continuous improvement or innovation. On the contrary, it places an onus on providers to develop resilient governance structures capable of adapting to changing needs and circumstances in the pursuit of quality outcomes.

Building understanding of the Threshold Standards within TEQSA

Provider case managers participate in Commission meetings when the matters under consideration concern a provider for which they are responsible. This enables them to develop their understanding of the Commission's method of enquiry and the perspectives it brings to determining whether or not a provider is compliant with the Threshold Standards. All regulatory decisions made by the Commission are electronically available to TEQSA staff. Executive Directors are responsible for ensuring that individual case managers are fully informed about the Commission's deliberations and for providing guidance to staff in the implementation of Commission decisions.

TEQSA's regulatory relationship with providers

The effectiveness of the Commission's decision-making is fundamentally influenced by the quality of its regulatory relationship with individual providers. Providers also have an obligation to initiate dialogue with TEQSA through the legislated requirement under section 29(1) of the TEQSA Act to notify TEQSA of any material changes affecting the capacity of a provider to meet the Threshold Standards or the viability of their operations.



It is largely within the control of providers to influence the nature and extent of regulatory intervention.

Enforcement powers

Under the TEQSA Act, TEQSA has a range of powers to assist it in reviewing and monitoring the operations of higher education providers to ensure their ongoing compliance with the Threshold Standards. These powers are exercised by TEQSA in a balanced manner reflecting the regulatory principles of risk, proportionality and necessity. Review and monitoring functions are undertaken within TEQSA by the Regulation and Review Group with assistance in the form of risk assessments and information and analysis from the Regulatory Risk and Information Group. Depending on the seriousness and nature of non-compliance, the Investigations Unit may take steps towards enforcement action.

Possible enforcement outcomes include administrative sanctions, enforceable undertakings by a provider, injunctions and the imposition of civil penalties or, in particular circumstances, an application for the commissioning of a criminal offence.

Engaging with stakeholders

Communicating with providers

TEQSA recognises the importance of regular communication with the higher education sector and, in particular, registered providers, not only to inform them of their obligations under the TEQSA Act, but to promote broad awareness of the long-term objectives of regulation and quality assurance.

Chief Commissioner updates

Immediately after TEQSA assumed its regulatory responsibilities in January 2012, the Chief Commissioner wrote to all providers to inform them of TEQSA's role and activities and to advise them of TEQSA's intention to assign a case manager to each provider to ensure a direct contact point for all day-to-day TEQSA communication with them. The Chief Commissioner provided a second update to providers in June 2012 advising them of progress made by TEQSA in establishing its regulatory functions over the course of its first six months of operations. The Chief Commissioner also wrote separately to all providers in May 2012 to explain to providers their obligation under the TEQSA Act to notify TEQSA of material changes.

Regulatory guides and forms

TEQSA's interpretation of the Threshold Standards underpins all of its regulatory requirements. TEQSA's guides and forms for registration and accreditation processes contain a considerable amount of information about how TEQSA's requirements for provider information relate to the Threshold Standards. Over time, it is likely that providers will develop approaches to collecting and reporting information to TEQSA that make fully transparent how their structures, policies and processes align with key tenets of the standards framework. A greater convergence of understanding between TEQSA and providers about the Threshold Standards will also significantly reduce the impost of regulation.

Provider briefings

TEQSA has initiated provider briefing sessions. More than 330 participants from 141 providers (including all universities; 93 private higher education providers and eight potential new providers) from across Australia attended TEQSA's first provider briefing on 27 March 2012 in Melbourne. The briefing informed the higher education sector about the Agency and its approach for registration, accreditation, data collection and risk assessment. An opportunity was provided during lunch for providers to meet their TEQSA case managers. Presentations were also made available on TEQSA's website.



TEQSA's Commissioners meet with representatives from ACPET, Universities Australia and COPHE.

A second briefing, including information on renewal of registration and course accreditation, was held on 17 August 2012 in Sydney. Further provider briefings will be held in other capital cities, as capacity permits, to enable as many providers as possible to hear firsthand about the ongoing development of TEQSA's policies and processes and its future intentions. The briefings also provide an important opportunity for providers to ask questions of and to offer feedback to TEQSA.

Communicating with the sector

Presentations by the Chief Commissioner and Commissioners

The Chief Commissioner and Commissioners of TEQSA are frequently invited to present at higher education conferences and events. They see speaking engagements as important opportunities to explain and build support for TEQSA's role and to foster the development of constructive relationships with providers and other stakeholders. Over the course of the reporting period, the Chief Commissioner and Commissioners presented at 28 events to explain TEQSA's approach to regulation. Information about presentations to and significant meetings with TEQSA's stakeholders can be found at Appendix M. The Commissioners also hosted 19 visits at TEQSA by senior representatives of providers and stakeholder groups, as well as overseas counterpart agencies. Further information about these meetings is at Appendix N.

Meeting with peak bodies

TEQSA's Commissioners consult regularly with the sector, through meetings, written correspondence and news bulletins. Initial contact by TEQSA included Universities Australia, the Group of Eight Australia (Go8), the Australian Technology Network of Universities, Innovative Research Universities Australia, TDA, English Australia, the Australian Council of Private Higher Education (COPHE) and the Australian Council for Private Education and Training (ACPET). Key relationships have been built with other bodies with an interest in the higher education sector, including the Australian Skills Quality Authority, the Australian Qualifications Framework Council and the Australian Research Council. In 2011 peak bodies participated in an Expert Risk Reference Group established by TEQSA to assist it in the development of its regulatory risk framework.

Communicating with all stakeholders

TEQSA's Public Disclosure Policy

Public statements by TEQSA are an important way of informing registered providers and the general community about TEQSA's regulatory role and activities. They help to maintain the confidence of students, the higher education sector and the public that TEQSA performs its functions fairly, effectively and independently. In June 2012, TEQSA published its public disclosure policy on its website in line with the TEQSA Act's object "to ensure students undertaking, or proposing to undertake, higher education have access to information relating to higher education in Australia".

TEQSA recognises that the general public interest in disclosure needs to be balanced against a number of other considerations. These considerations may include:

- ▶ The need to maintain confidentiality and to effectively investigate an issue
- ▶ The need to afford procedural fairness, including a right to a fair hearing
- ▶ The need to preserve the effectiveness of TEQSA's regulatory procedures
- ▶ The need to protect an individual's right to privacy; and
- ▶ The need to protect commercially sensitive information provided to TEQSA on a confidential basis.

The full text of TEQSA's public disclosure policy can be accessed at <http://www.teqsa.gov.au>.

Website and enquiries and consultation inboxes

The TEQSA website is a key means by which TEQSA communicates important information to those with an interest in the higher education sector. The TEQSA enquiries mailbox has processed over 1100 pieces of electronic correspondence since January 2012. The matters raised through TEQSA's enquiries mailbox in 2011–12 relate to correspondence for case managers; provider briefing queries and feedback; feedback on TEQSA consultations on its Regulatory Risk Framework and Fees Schedule; and CRICOS queries. A separate Consultation Inbox allows stakeholders to electronically receive and respond to consultations undertaken with the sector.

Considerable work is underway to tailor the website more closely to the needs of providers and key stakeholders. It is envisaged that the website will be developed as a portal for the provision of information to providers, enabling them, over time, to access detailed information relating to their registration via a secure portal. In May and June 2012, the communications team commenced a review of content and developed plans for improving the website's navigation and accessibility.

Objective 3: Establish TEQSA as an innovative and expert regulator

Over the short period of time since its establishment, TEQSA has demonstrated a capacity to develop and implement key regulatory processes rapidly and effectively.

The following review of TEQSA's performance against *Objective 3: Establish TEQSA as an innovative and expert regulator* describes the foundations of TEQSA's expertise as a regulator and, specifically, the extent to which it has been successful in:

- ▶ recruiting staff with a wide and expert base of knowledge and experience
- ▶ accessing external sources of sector expertise; and
- ▶ developing best practice regulatory processes supported by the implementation of advanced business systems.

The review also flags TEQSA's engagement with counterpart agencies overseas as an important platform for sharing knowledge on innovative regulatory and quality assurance practice.

The expertise of TEQSA's people

TEQSA has undertaken a significant program of recruitment since its inception with the aim of recruiting the best available 'talent', combining experience in higher education, regulation and professional expertise.

The people who comprise TEQSA's Risk and Information Group come from carefully selected backgrounds in risk, financial analysis, business analytics, higher education and government with experience in the regulatory environment both in Australia and overseas. They have the specialised skills needed to assess information from a range of quantitative and quality sources and to form judgements about its relevance for the regulation of the higher education sector.

TEQSA's Regulation and Review Group has recruited people with longstanding and diverse experience in quality assurance and regulatory processes. Staff continue to develop their knowledge and experience by liaising with professional accreditation bodies, external experts and quality assurance bodies overseas. An internal program of professional development has also been implemented to further enhance staff capacity and expertise.

TEQSA's Register of Experts

TEQSA recognised from the outset that, in performing its regulatory functions, it would benefit from having access to a register of external experts. In January 2012, an Interim Register of Experts (the Register) was established for the 2012 calendar year. The Register was established through a targeted Expression of Interest process open to the pool of individuals previously engaged by the state and territory Government Accrediting Agencies and AUQA for work of this nature. An open selection process in the second half of 2012 will enable the permanent Register to be in place from 1 January 2013.

TEQSA's use of external expertise will differ from that of previous regulatory agencies and AUQA. TEQSA staff will lead the assessment of applications but may use input from external experts to inform their analysis and recommendations to the Commission for decision. Individual external experts will, therefore, provide advice as individuals on specific, identified elements of TEQSA's regulatory reviews.

Expert Reference Groups

TEQSA is establishing three consultative Reference Groups to provide sector feedback and advice to TEQSA on the further development of TEQSA's key regulatory processes, including aspects of the Regulatory Risk Framework; the collection of data and information; and quality assurance functions. The composition of each Reference Group is likely to be influenced by the issue under consideration and individual member's knowledge, experience and capacity to provide authoritative and considered advice.

TEQSA's international relationships

TEQSA has received numerous requests from overseas quality and accreditation agencies for information on Australia's revised approach to regulating the higher education sector. TEQSA's Chief Commissioner and Commissioners have responded to these requests, as time and capacity have allowed. In the future, the Agency sees value in developing its relations with counterparts overseas. TEQSA's international strategy has three main objectives: i) the fostering of cooperative relations with peer regulatory bodies; ii) extending TEQSA's capacity to conduct regulatory activities overseas, where necessary; and iii) building confidence in Australia's higher education sector.

The emphasis of TEQSA's international engagement for this financial year has been on sharing information on best practice regulation with counterpart agencies. This occurs via a wide variety of forums and memberships of international bodies. For example, Commissioner Kristoffersen is a member of the European Quality Assurance Register Committee, a register of quality assurance agencies that comply with a common set of principles for quality assurance.

Over time, TEQSA's international relationships will assist TEQSA to benchmark itself against world best practice in the regulation of higher education. Further detail regarding TEQSA's involvement in international forums and activities is provided at Appendix N.

The development of TEQSA's regulatory capacity

TEQSA's regulatory business processes

Between November 2011 and April 2012, TEQSA developed a set of regulatory business processes to ensure the Agency's decision-making is supported by strong evidence and robust analysis. These processes provide assurance to stakeholders that the Agency is exercising its powers consistently, lawfully and fairly. The initial focus of effort was on developing business guides and detailed processes in relation to provider registration and renewal, course accreditation and renewal, material change, site visits and Commission decisions. Business processes have also been developed for registration of providers and courses under the *Education Services for Overseas Students Act 2000*. TEQSA's business processes are detailed in an internal Regulation and Review Operations Manual used by TEQSA staff in their day-to-day management of regulatory activities.

Guidelines for providers

In 2011–12, TEQSA developed application guidelines and forms for several of TEQSA's regulatory processes and made these available on TEQSA's website. These cover:

- ▶ initial registration as a higher education provider
- ▶ course accreditation
- ▶ material change notifications
- ▶ CRICOS (Commonwealth Register of Institutions and Courses for Overseas Students) registration
- ▶ CRICOS re-registration
- ▶ adding one or more courses of study on CRICOS
- ▶ withdrawing one or more courses of study from CRICOS or cancelling CRICOS registration; and
- ▶ notifying or requesting approval for changes to CRICOS.

Application forms and accompanying guides for renewal of course accreditation and renewal of registration of higher education providers (other than the ten providers with self-accrediting authority applying for renewal of registration during 2012) were made available on 2 July 2012.

Fee schedule

In January 2012, TEQSA held consultations on TEQSA's fee schedule, subsequently determining the fees payable for particular regulatory activities, consistent with Commonwealth Cost Recovery Guidelines and TEQSA's status as a partial cost recovering agency. To determine the fee schedule, TEQSA undertook research and comparative analysis of other agencies, including the state and territory accrediting authorities and AUQA. It also modelled costs such as staff time and travel associated with various functions. TEQSA will review its fees during 2013, informed by ongoing feedback from the sector as well as data collection and analysis of TEQSA's costs. Fees payable as at 30 June 2012 are available at <http://www.comlaw.gov.au/Details/F2012L00086>.

Information management and technology strategy

In 2011–12, TEQSA commenced the development of an Information Management and Technology Strategy to prioritise investment and action over the next three years in systems and technology to support TEQSA's regulatory capacity.

Key projects for which planning has commenced include data warehousing, continued business process automation and content management, records and document management, and enhancement of TEQSA's intranet and website.

Development of TEQSA's Decision Support System (DSS)

TEQSA is making a significant investment in a Decision Support System (DSS) to optimise its ability to collect and manage information, aggregate and analyse data, manage content and engage internal and external stakeholders in gathering and publishing information.

The first two major releases of DSS were completed on schedule during the first half of 2012, with the third major release scheduled for late 2012. The DSS enables TEQSA staff to capture details about providers and more effectively manage their regulatory relationship with providers. In time, the functionality of the DSS will be enhanced to enable providers to directly access their information via a web-based provider portal.

Performance summary for 2011–12 deliverables

Performance against Program 1.1 Deliverables

Table 3.2 Performance against Program 1.1 Deliverables

2011–12 Deliverables	Additional Estimates target	Actual
A robust regulatory framework	Yes	Yes
Regulation that is risk-based and focuses on higher education sector risks and higher risk providers (development and implementation of the Regulatory Risk Framework)	Yes	Yes
Well-defined data collection and communications policies (effective mechanisms for consultation and communicating requirements)	Yes	Partial – some policies and mechanisms are yet to be developed
Provision of timely and relevant information to providers in relation to their obligations under the TEQSA Act	Yes	Yes
Increased awareness of TEQSA's roles and responsibilities in the community	Yes	Yes
Develop and communicate TEQSA's service standards (development of a client service charter, publication of business guides, website)	Yes	Partial – a formal Agency charter is yet to be developed
TEQSA's processes compare positively with regulatory best-practice (positive commentary on TEQSA by overseas governments and relevant agencies)	Yes	Yes
Recruit, develop and retain high quality staff	Yes	Yes

Performance against Program 1.1 Key Performance Indicators

Table 3.3 Performance against Program 1.1 Key Performance Indicators

2011–12 Key performance indicators	Additional Estimates target	Actual
Improved levels of compliance by higher education providers with the Higher Education Standards Framework	Yes	It is too early to be able to gauge this accurately. There is, however, evidence of increased levels of awareness of TEQSA requirements and of an increased focus by providers on 'self-assessing' against the Threshold Standards.
Improved levels of quality assurance among higher education providers	Yes	It is too early to be able to gauge this accurately. TEQSA will place an increased emphasis on guiding the sector on quality assurance in 2012–13.
TEQSA consistently meeting legislated standards for conducting its regulatory activities	100%	100%

Performance against legislative requirements

Under TEQSA's governing legislation, TEQSA has a number of obligations with respect to its regulatory interaction with higher education providers. These obligations refer, in the main, to the requirement for TEQSA to provide particular forms of advice or complete specific regulatory processes within mandatory

timeframes. These performance standards provide assurance to providers that TEQSA will conduct its regulatory activities in a timely, transparent and consistent manner.

For the period 29 January 2012 to 30 June 2012, TEQSA has met all performance measures set out in the TEQSA Act. A summary of TEQSA's performance against each of these requirements appears below.

Table 3.4 Performance against the requirements of the TEQSA Act

Requirement	Reference	Performance
To advise providers that were likely to become registered higher education providers with TEQSA, through automatic registration provisions, of their likely provider category at least three months prior to the transition time.	<i>Consequential Amendments and Transitional Provisions Act 2011</i> (TEQSA CATP Act) Item 3 of Schedule 3	TEQSA wrote to providers about their likely Provider Category in October 2011, based on information held by TEQSA at that time regarding providers likely to transition as registered providers under TEQSA.
To give providers written notice of the provider category in which they were registered no later than 30 days after the transition time of 29 January 2012.	TEQSA CATP Act Item 3 of Schedule 3	TEQSA wrote to providers advising them of their Provider Category in February 2012, based on information held by TEQSA at that time confirming their registration status.
TEQSA has six months in which to finalise applications for registration or re-registration that were pending at the transition time, starting once all requested information has been received from the provider.	TEQSA CATP Act Item 15 of Schedule 3	Not applicable in 2011–12, as TEQSA did not receive all required information for any inherited applications prior to 1 January 2012. Information about the assessment of any inherited applications will be included in future annual reports.
TEQSA has 30 days from receipt of an inherited application to conduct a preliminary assessment of the inherited application for course accreditation or reaccreditation	TEQSA CATP Act Items 15 and 25 of Schedule 3	Not applicable in 2011–12. TEQSA did not receive all required information for any inherited applications prior to 31 May 2012. Information about the assessment of inherited applications will be included in future annual reports.
TEQSA has six months from receipt of an inherited application to finalise the inherited application for course accreditation or reaccreditation	TEQSA CATP Act Items 15 and 25 of Schedule 3	Not applicable in 2011–12. TEQSA did not receive all required information for any inherited applications prior to 1 January 2012. Information about the assessment of inherited applications will be included in future annual reports.
TEQSA must undertake a preliminary assessment of an application for registration within 30 days after an application is made.	TEQSA Act 2011 Section 19	Not applicable in 2011–12 as TEQSA did not receive any complete applications in the reporting period.
TEQSA must make a preliminary assessment of an application for a course of study to be accredited within 30 days after an application is made	TEQSA Act 2011 Section 47	Not applicable in 2011–12 as TEQSA did not receive any complete applications in the reporting period.

Performance in managing the transition to national regulation

TEQSA commenced as the new national regulator of higher education on 29 January 2012 in a complex environment of transition. The extent of regulatory work in TEQSA's early days of operations was considerable, with a significant number of pending cases transferred from previous regulators. TEQSA has progressed 65 cases of inherited business, with ten completed by the end of June 2012. These include applications for registration, re-registration, accreditation and re-accreditation, CRICOS changes, or other relevant higher education approvals transferred to TEQSA for completion, where state and territory government accreditation authorities (GAAs) had either not initiated the review process or not made a decision on these applications before the time of transfer.

In managing the transfer of regulatory work from the states and territories TEQSA successfully:

- ▶ established effective communication with providers on their obligations under the new national framework; and
- ▶ completed assessments of providers commenced under previous quality assurance regimes, applying the Threshold Standards.



TEQSA has progressed 65 cases of inherited business, with ten completed by the end of June 2012.

Transfer of records from the states and territories

The transfer of all GAA regulatory functions and provider data and records, with the exception of Western Australia, was completed in accordance with the requirements of the *Tertiary Education Quality and Standards Agency (Consequential Amendments and Transitional Provisions) Act 2011* (TEQSA CATP Act). Individual transition arrangements between seven of the GAAs and TEQSA set out agreed processes to transition the respective GAA regulatory functions to TEQSA. In the case of Western Australia, TEQSA has acquired historical information, where necessary, by approaching providers directly.

Completion of AUQA audits

At the time of transition of the business of the Australian Universities Quality Agency (AUQA) to TEQSA, a number of audits initiated by AUQA had commenced. TEQSA has progressed the audits scheduled for 2011 (referred to as 'Cycle 2 audits') as follows:

- ▶ 18 audits were commenced in 2011 by AUQA and transitioned to TEQSA
- ▶ 15 audits were completed and audit reports published by TEQSA by end June 2012; and
- ▶ the remaining three audits were nearing completion by end June 2012.

These reports are not assessments under the Higher Education Standards Framework as defined in the TEQSA legislation.

AUQA had scheduled a further ten Cycle 2 audits of universities and self-accrediting institutions in 2012. Under the provisions of the TEQSA CATP Act, these providers were also to undergo renewal of registration by TEQSA in 2012. In November 2011, TEQSA advised these providers and the Australian higher education sector that these scheduled Cycle 2 audits would not proceed. This was to minimise the regulatory burden on the providers, consistent with the principle of proportionate regulation. The ten affected providers were advised of TEQSA's decision on 1 March 2012, and the new application form and guide for the renewal of registration were subsequently provided to them. (Applications are due by 1 October 2012.)

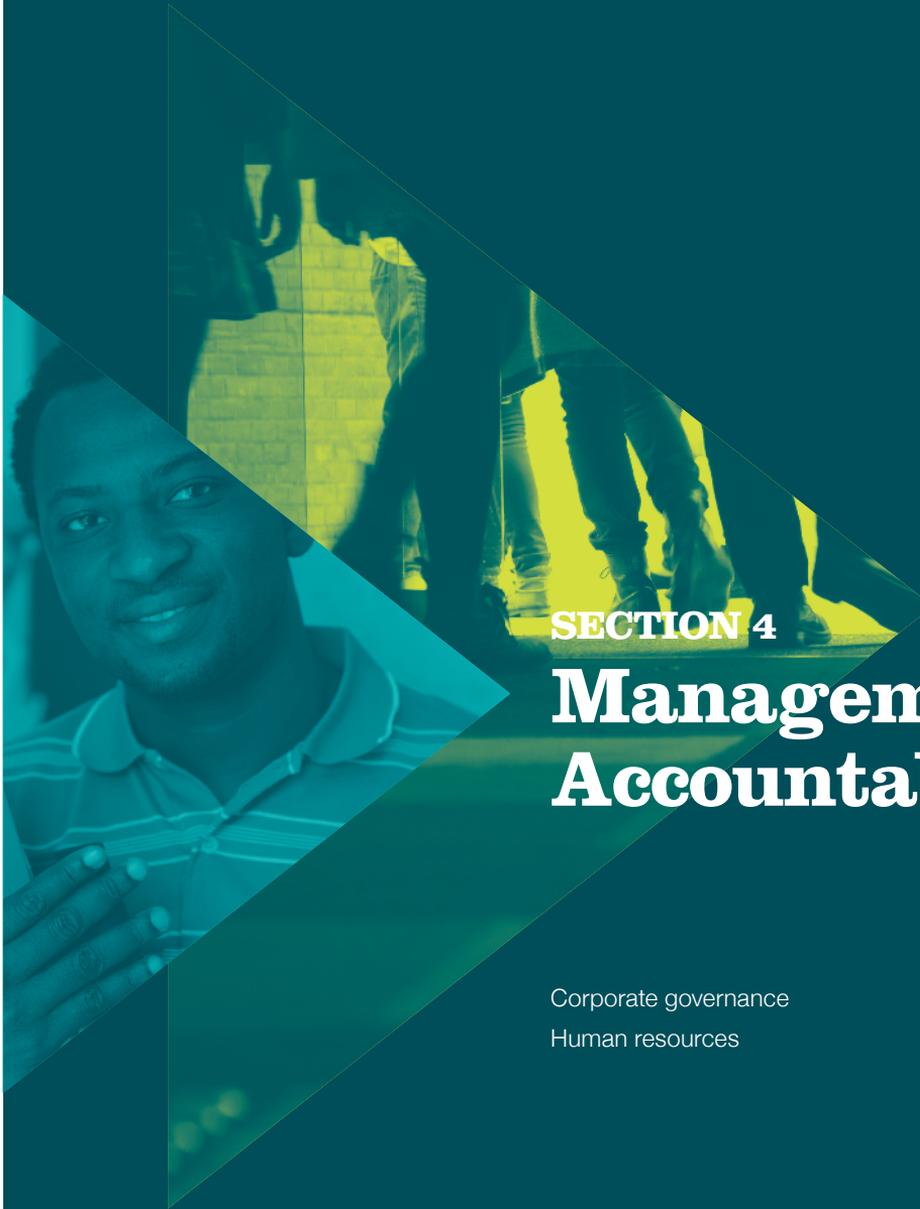
Some further audits of Higher Education Providers under the *Higher Education Support Act 2003* (HESA) had been scheduled by AUQA for 2012. Again, applying the basic principles for proportionate regulation, the Commission decided not to proceed with these audits and providers were notified on 1 March 2012.

Trends

As TEQSA has only been in operation as a regulatory body since 29 January 2012, it is not possible to identify trends in performance. Comparisons with previous Commonwealth, state and territory quality assurance agencies are not appropriate given their different roles and functions. Looking ahead to 2012–13, it is likely that the volume and complexity of TEQSA's regulatory activities will increase as the higher education sector moves to uncapping student places in courses.

Financial summary

TEQSA's financial result in 2011–12 was \$0.573 million. In the 2010–11 Budget, TEQSA was appropriated \$58.8 million for the three years from 2011–12 to 2013–14. Of this, \$7.5 million had been reallocated for capital and \$4.3 million retained by DEEWR for TEQSA 'start up' and the MyUniversity website. TEQSA will deliver \$600 000 in efficiency dividends for the next two years, resulting in an amount of \$46.4 million for the next three years. Of TEQSA's total operating funding, the Agency will spend approximately two-thirds on staff salaries.



SECTION 4

Management and Accountability

Corporate governance

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Human resources

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Corporate governance

TEQSA's corporate governance provides a framework for setting objectives and monitoring and improving performance against those objectives, while ensuring compliance with relevant legislation. The Agency's governance framework includes formal committees, strategic and operational plans and policies.

Committees

TEQSA Commission meetings

The Commission is led by the Chief Commissioner assisted by two full-time Commissioners and two part-time Commissioners. The Commission meets at least fortnightly to make regulatory decisions, set strategic directions, monitor risk in the sector and to decide on matters relating to the development of TEQSA's regulatory framework. It also regularly reviews progress against the milestones set out in TEQSA's 2011–2014 Strategic Plan.

Senior Management meetings

TEQSA has a Senior Management Team (SMT), which is chaired by the Chief Commissioner in her capacity as CEO, and comprises TEQSA's Executive Directors, the Chief Finance and Operating Officer, and the Chief Lawyer. It meets at least fortnightly to guide the ongoing development of TEQSA's management and administration processes and policies and to review TEQSA's performance against the organisational objectives set out in TEQSA's 2011–2014 Strategic and Operational Plans.

TEQSA Audit Committee

The Audit Committee was established on 22 December 2011 and operates under an Audit Charter issued by the CEO. The Audit Charter sets out the role and responsibilities of the Committee, its membership, meeting arrangements and reporting obligations. The Committee comprises a Commissioner (other than the CEO) as chair, the Chief Lawyer and an independent member, appointed by the CEO. TEQSA's Chief Finance and Operating Officer, TEQSA's outsourced internal auditor

and an Australian National Audit Office (ANAO) representative are observers at all Committee meetings. The CEO has a standing invitation to attend Audit Committee meetings but is not a member of the Committee.

The Audit Committee met three times in 2011–12. As part of its work, the Committee:

- ▶ approved the three-year strategic internal audit plan, the annual audit plan for 2011–12 and considered internal audit reviews and outcomes
- ▶ agreed Key Performance Indicators for TEQSA's outsourced Internal Auditor; and
- ▶ considered drafts of TEQSA's Internal Risk Management Policy and Framework and TEQSA's Fraud Control Plan.

In accordance with the Annual Internal Audit Plan for 2011–12, four reviews were commenced by the internal auditor and progress reports provided to the Committee. The final reports of these reviews were scheduled for consideration by the Committee in the first quarter of 2012–13. The reviews were to assess the system of internal controls for business processes in relation to:

- ▶ TEQSA's monthly and financial year statements as well as credit card usage (General Financial Controls Review)
- ▶ TEQSA's payroll data migration, following the introduction of a new payroll system (Payroll Data Migration Review)
- ▶ the IT operations of the Decision Support System (DSS IT Controls); and
- ▶ the identification and assessment of TEQSA's strategic and operational risks (Risk Register Development).



Regulatory Commission meeting, 10 May 2012

Risk management

TEQSA accepts that risk is part of every aspect of its operations and that having an appropriate strategy for risk is critical. TEQSA, therefore, uses a risk-based approach in the conduct of its day-to-day business and is committed to the continuous improvement of its risk management practices in line with the international risk management standard (AS/NZS31000:2009).

In March 2012, TEQSA's internal auditors conducted a workshop involving staff from all areas of the Agency to identify, analyse, evaluate and then plan treatment of the risks associated with the achievement of TEQSA's business objectives. The risk records created in this workshop have been used to establish a risk register and to develop risk treatment plans to mitigate those risks.

The main categories of risk for TEQSA are 'stakeholder management', 'legal and regulatory compliance', 'operational management', 'human resources' and 'information technology'. Risk owners have been identified for each risk, with oversight of TEQSA's internal risk management and internal control one of the key responsibilities of the TEQSA Audit Committee.

Fraud Control Plan

The Commonwealth Fraud Control Guidelines require the Agency to undertake a fraud risk assessment and to establish a fraud control plan to ensure that appropriate fraud prevention, detection, investigation and reporting procedures and processes are in place. Substantial progress has been made in regard to this requirement. The TEQSA Audit Committee considered a draft Fraud Control Plan in March and May 2011, which was approved by the Chief Commissioner on 29 June 2011.

Protective security

TEQSA has appointed an Agency Security Adviser (ASA) to coordinate security functions and arrangements within the Agency and to provide advice to the CEO, management and staff on security matters. The ASA also develops and implements security arrangements and procedures in line with Commonwealth security expectations and practices; monitors compliance with security requirements; and facilitates investigations into security incidents.

Ethical standards

TEQSA has adopted a range of measures to promote ethical standards, including:

- ▶ embracing the Australian Public Service (APS) Values and Code of Conduct. The Agency's various employment agreements contain a commitment from employees to at all times conduct themselves in a manner consistent with the Values and Code of Conduct; and
- ▶ developing a number of specific policies relating to ethical standards which have regard to its own operational context. These policies deal with matters such as email and internet use, discrimination, fraud, disclosure of information, and managing conflicts of interest. The policies are available to all employees. In 2011–12 staff awareness and training sessions were offered in a number of these topics.

Corporate planning

Strategic Plan

TEQSA presented its first three-year strategic plan (2011–14) to Senator the Hon Chris Evans, Minister for Tertiary Education, Skills, Science and Research, on 28 November 2011 in line with section 152 of the TEQSA Act. The Commission updated the plan in March 2012, with the Minister approving it on 17 June 2012.

The Strategic Plan outlines TEQSA's priorities over three years, focusing on 2011–12. It promotes the vision, regulatory and quality assurance approach and decision-making principles of TEQSA.

Operational Plan

TEQSA's Strategic Plan is supported by an Operational Plan that sets out the action TEQSA intends to take to meet the objectives set out in the plan and the performance indicators against which TEQSA's performance is to be assessed. TEQSA submitted its Operational Plan to the Minister on 28 November 2011 in line with section 162 of the TEQSA Act. An updated plan was submitted in March 2012, with the Minister approving it on 17 June 2012.

External scrutiny

This document represents TEQSA's first Annual Report. In accordance with the Australian Government's financial management policy, the Australian National Audit Office undertakes a review of the Agency's financial statements and provides a report to the Minister for Tertiary Education, Skills, Science and Research and to Parliament.

There were no decisions or reports by other external bodies (such as the Commonwealth Ombudsman or parliamentary committees) concerning the Agency during 2011–12. No judicial or administrative decisions about the Agency were handed down during the year.

Human resources

TEQSA's human resource management operates within the context of relevant legislation, government policy and TEQSA-developed policy and practice. Day-to-day management is devolved to senior managers within the overall policy framework.

Recruitment

TEQSA has undertaken an intensive program of recruitment which will continue through until September 2012, with the majority of APS employees having been appointed by the end of the financial year. The specialised nature of TEQSA's work has attracted staff with generally high levels of academic and professional attainment. At 30 June 2012, 90 per cent of TEQSA's staff held a graduate or higher qualification. Eleven staff held a doctoral qualification.

TEQSA assumed its responsibilities for quality assurance on 29 July 2011. At that time, eight staff members transferred from TEQSA's then parent department, the Department of Education, Employment and Workplace Relations, and a further 14 staff from the former Australian Universities Quality Agency. The Chief Financial and Operating Officer was appointed in early November 2011.

The majority of Directors (EL2 level) were in place by the end of January 2012. TEQSA teams are expected to reach full capacity by the end of 2012. In March 2012, the first Executive Director was recruited to lead the Risk and Information Group, with two more Executive Directors appointed in May and June 2012 to lead the Regulation and Review Group.

TEQSA's permanent Human Resource Manager was appointed in March 2012 with responsibility for managing all aspects of recruitment and workforce development. A priority for the Agency has been to establish its first Enterprise Agreement to replace the current Determination under which APS staff are currently employed. Into the future, TEQSA will place a strong emphasis on corporate capacity building, including programs aimed at assisting staff from private and academic backgrounds to understand TEQSA's regulatory role within the APS.

Staffing statistics

As at 30 June 2012, TEQSA employed 63 APS and EL-level staff covered by the subsection 24(1) Agency Determination. Of these, two were employed as non-ongoing employees. Six staff members worked part-time, while the remainder worked full-time. More detailed information is at Appendix B. There were four Senior Executive Service employees covered by individual subsection 24(1) Determinations.

The final proposed TEQSA staffing complement is 95.5 full-time equivalent staff, excluding Commissioners.

As TEQSA is a new agency, information on average staffing levels is not yet available.

Remuneration and other terms and conditions

All employees of TEQSA are engaged under the *Australian Public Service Act 1999* (APS Act).

The conditions of employment for TEQSA APS and EL-level employees in 2011–12 are set out in an interim subsection 24(1) Agency Determination. This Determination will remain in effect until a new Enterprise Agreement (EA) is concluded. Negotiations for the new EA commenced in June 2012 and completion of the process is planned for September 2012.

Commissioners of TEQSA, including the Chief Commissioner, are appointed by the Minister pursuant to section 138 of the TEQSA Act and are paid the remuneration determined by the Remuneration Tribunal. The terms and conditions of employment for members of the Senior Executive Service (SES) are set under individual determinations under subsection 24(1) of the APS Act.

Non-salary benefits

Non-salary benefits provided by the Agency to non-SES employees include superannuation, home-based computer access, professional development, studies assistance, leave flexibilities and airline club memberships. SES employees are able to access vehicle leasing and car-parking arrangements.

Performance pay

The current subsection 24(1) Agency Determination does not include provision for performance pay and specifically excludes salary progression during the life of the Determination. SES employees may be eligible for salary progression linked to performance. During 2011–12, the Agency did not provide any performance bonuses.

Individual Flexibility Arrangements

The current subsection 24(1) Agency Determination does not include provision for Individual Flexibility Arrangements.

Performance assessment

TEQSA has commenced the development of a staff performance assessment system. It is envisaged that the system will be implemented early in 2012–13. In broad terms, the system will assist in:

- ▶ clarifying individual employee work tasks, their responsibilities and the performance standards expected (through performance agreements)
- ▶ providing feedback on performance and improve communication between managers and their staff (through performance appraisals)
- ▶ providing a basis for determining salary advancement within classifications
- ▶ identifying learning and professional development needs and opportunities; and
- ▶ identifying and managing underperformance.

Professional development

As an expert regulatory agency, TEQSA recognises the value of a well-educated workforce which is able to contribute effectively to meeting TEQSA's objectives. It provides staff with learning and development opportunities to develop skills and knowledge for current and future roles and responsibilities. This commitment to professional development will be embedded in TEQSA's performance assessment system due to be implemented in 2012-13.

Induction training

TEQSA's staff come from a wide variety of agencies, both private and public. Upon joining TEQSA, staff members receive tailored induction programs to assist them to understand their responsibilities and obligations as APS employees. Staff are also given an overview of TEQSA, its roles and functions and key organisational policies and processes. More specialised training is provided by senior executive and staff members of the Regulation and Review Group and Regulatory Risk and Information Group to build individual and team capacity to perform their regulatory roles as quickly as possible.

Legal training

TEQSA staff received training on key legal issues relevant to their responsibilities. This includes training in:

- ▶ TEQSA's legislative framework under the TEQSA Act, the TEQSA CATP Act and the ESOS Act
- ▶ key government accountability legislation including the FOI Act and the Privacy Act
- ▶ principles of administrative law in decision-making, including procedural fairness and the importance of evidence-based decision-making; and
- ▶ practical aspects of regulation having regard to TEQSA's status as an independent regulatory agency.

Decision Support Systems training

A majority of staff has received training in a series of sessions to enable them to use TEQSA's key decision support system.

Going forward, TEQSA will expand the learning and development opportunities available to staff to grow skills and knowledge for current and future roles and responsibilities.

Workplace consultative arrangements

The Agency consults regularly with staff through monthly all-staff meetings. These meetings provide an opportunity for staff to gain information about a range of management and operational issues relevant to their work. Special all-staff meetings were held in 2011–12 to inform staff of the implications of the 2011–12 Federal Budget for the higher education sector and for TEQSA, and to provide staff with important information regarding the TEQSA enterprise bargaining process. Staff are also invited to participate in forums aimed at building their understanding of TEQSA's regulatory philosophy and processes, and of trends in quality assurance more generally.

Since May 2012, the Communications Team has issued a fortnightly internal newsletter which regularly canvasses the views of staff on a range of matters affecting their day-to-day experience of the work environment.

While TEQSA does not yet have a formal workplace consultative committee, staff are given the opportunity to provide comment on draft human resource and other corporate policies. It is envisaged that a formal staff consultative committee will be established, as part of the implementation of the Agency's Enterprise Agreement in 2012–13.

Financial management

Grants

TEQSA does not administer a discretionary grants program.

Legal services

TEQSA's Chief Lawyer provides, or arranges for the provision of, legal services in relation to all aspects of TEQSA's operations.

Where necessary, the Chief Lawyer obtains additional legal expertise from the Legal Services Multi-Use List administered by the Attorney-General's Department. TEQSA's Legal Group ensures that TEQSA complies with the Legal Services Directions and other Commonwealth policies or rules relevant to the provision of legal services.

In 2011–12, the Agency obtained external legal advice from Minter Ellison and the Australian Government Solicitor. Expenditure on legal services in 2011–12 was \$47 999. A detailed report on the Agency's sourcing of external legal advice is available from the TEQSA website at <http://www.teqsa.gov.au>.

Competitive tendering and contracting

TEQSA's Chief Executive Instructions (CEIs) and financial guidelines require compliance with Commonwealth Procurement Guidelines.

All contracts worth more than \$10 000 entered into by TEQSA in 2011–12 were lodged on AusTender.

Exempt contracts

No contracts were exempted by the CEO from being published on AusTender on the basis that publication would disclose exempt matters under the *Freedom of Information Act 1982*.

Australian National Audit Office access clauses

No contracts were let during the year for \$100 000 or more with provisions to exempt Australian National Audit Office (ANAO) access to contractor's premises.

TEQSA's support to the community

Community fund-raising activities in 2011–12 included participation in Australia's Biggest Morning Tea to support the Cancer Council Australia. TEQSA staff raised over \$350 for this cause.

TEQSA staff made gold coin donations to attend a hot cross bun morning tea, and donated proceeds to the Royal Children's Hospital Melbourne Good Friday Appeal.

TEQSA staff also supported The Benjamin Andrew Footpath Library (www.footpathlibrary.org) by donating books to homeless and disadvantaged people living in hostels in Melbourne, Sydney and Brisbane. The aim of the initiative is to promote literacy.

Consultancies

Policy on the selection and engagement of consultants

The Agency engages consultants where it lacks specialist expertise or when independent research, review or assessment is required. Consultants are typically engaged to investigate or diagnose a defined issue or problem; carry out defined reviews or evaluations; or provide independent advice, information or creative solutions to assist in the Agency's decision-making.

Prior to engaging consultants, the Agency takes into account the skills and resources required for the task, the skills available internally, and the cost-effectiveness of engaging external expertise. The decision to engage a consultant is made in accordance with the FMA Act and related regulations including the Commonwealth Procurement Guidelines (CPGs) and relevant internal policies.

Consultancy contracts

In 2011–12, the Agency entered into 16 consultancy contracts involving total actual expenditure of \$0.36 million. The main purposes for engaging consultants were to:

- ▶ conduct reviews of processes and mechanisms
- ▶ provide independent assessments, analysis and advice, and apply high-level expertise not otherwise available to the Agency; and
- ▶ undertake research, studies and modelling exercises.

Performance against core purchasing policies

The core policies and principles of the Commonwealth Procurement Guidelines were adhered to throughout the reporting period. An appropriate market approach was made for all procurements covered by the guidelines.

Information technology

At the time of its establishment, TEQSA's information technology (IT) platform and support was provided by the Department of Education, Employment and Workplace Relations. As a result of Machinery of Government changes, TEQSA moved to an outsourced arrangement with the Productivity Commission in May 2012.

In June 2011 TEQSA engaged a contracted provider to host and develop its Decision Support System (DSS) system. A service level agreement with UniDAP Solutions Pty Ltd for the provision of support services commenced on 23 January 2012 for an initial period of three years to 22 January 2015, with an option to extend twice for a period of 12 months each time.

An Information Technology Governance Board comprising two Commissioners and qualified staff members has been established. Its role is to approve a strategy; approve the capital plan arising from the strategy; monitor implementation of the strategy and plan, including risks; authorise change to the strategy and capital plan; and implement cyclic reviews and continuous improvement of the strategy.

As an agency under the FMA Act 1997, TEQSA is also required to comply with the guidance in Australian Government Information Management Office (AGIMO) circular no.2010/005, Implementation of upgraded accessibility standard across Australian Government websites. This requires TEQSA's website to conform to Web Content Accessibility Guidelines (WCAG) version 2.0 (WCAG 2.0) Level A by 31 December 2012, and to conform to WCAG 2.0 Level AA by 31 December 2014. The Agency is working towards conformance with WCAG 2.0 requirements.



SECTION 5

Financial Report

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INDEPENDENT AUDITOR'S REPORT

To the Minister for Tertiary Education, Skills, Science and Research

I have audited the accompanying financial statements of Tertiary Education Quality and Standards Agency for the year ended 30 June 2012, which comprise: a Statement by the Chief Commissioner and Chief Finance Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Administered Schedule of Comprehensive Income; Administered Schedule of Assets and Liabilities; Administered Reconciliation Schedule; Administered Cash Flow; Schedule of Administered Commitments; Schedule of Administered Contingencies; and Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

Chief Commissioner's Responsibility for the Financial Statements

The Chief Commissioner of the agency is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the agency's preparation of the financial statements

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that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Commissioner of the agency, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Tertiary Education Quality and Standards Agency:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Tertiary Education Quality and Standards Agency's financial position as at 30 June 2012 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office



John Jones
Executive Director

Delegate of the Auditor-General

Canberra

5 September 2012

Statement by the Chief Commissioner and Chief Finance Officer

In our opinion, the attached financial statements for the year ended 30 June 2012 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.



Dr Carol Nicoll
Chief Commissioner

 September 2012



Indhi Emmanuel
Chief Finance Officer

 September 2012

Financial Statements

Statement of Comprehensive Income for the Tertiary Education Quality and Standards Agency

for the period ended 30 June 2012

		2012
	Notes	\$'000
EXPENSES		
Employee benefits	3A	5,845
Supplier	3B	4,720
Depreciation and amortisation	3C	199
Finance costs	3D	5
Losses from asset sales	3E	2
Total Expenses		10,771
LESS:		
OWN-SOURCE INCOME		
Own-source revenue		
Sale of goods and rendering of services	4A	239
Other revenue	4B	24
Total own-source revenue		263
Total own-source income		263
Net cost of services		10,508
Revenue from Government	4C	11,081
Total comprehensive income attributable to Australia Government		573

The above statement should be read in conjunction with the accompanying notes.

Balance Sheet for the Tertiary Education Quality and Standards Agency

as at 30 June 2012

	Notes	2012 \$'000
ASSETS		
Financial Assets		
Cash and cash equivalents	5A	120
Trade and other receivables	5B	3,397
Total financial assets		3,517
Non-Financial Assets		
Land and buildings	6A,C	2,329
Plant and equipment	6B,C	711
Intangibles	6D,E	2,079
Other non-financial assets	6F	144
Total non-financial assets		5,263
Total assets		8,780
LIABILITIES		
Payables		
Suppliers	7A	466
Other payables	7B	1,958
Total payables		2,424
Provisions		
Employee provisions	8A	1,358
Other provisions	8B	292
Total provisions		1,650
Total Liabilities		4,074
Net Assets		4,706
EQUITY		
Contributed equity		4,133
Retained surplus		573
Total Equity		4,706

The above statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the Tertiary Education Quality and Standards Agency

for the period ended 30 June 2012

	Retained earnings	Contributed equity	Total equity
	2012	2012	2012
	\$'000	\$'000	\$'000
Opening balance			
Balance carried forward from previous period	-	-	-
Adjusted opening balance	-	-	-
Comprehensive Income			
Other comprehensive income	-	-	-
Surplus for the period	573	-	573
Total comprehensive income	573	-	573
Transactions with owners			
Contributions by owners			
Departmental capital budget	-	3,786	3,786
Restructuring	-	347	347
Sub-total transactions with owners	-	4,133	4,133
Closing balance as at 30 June	573	4,133	4,706

The above statement should be read in conjunction with the accompanying notes.

Cash Flow Statement for the Tertiary Education Quality and Standards Agency

for the period ended 30 June 2012

	2012
	\$'000
Notes	
OPERATING ACTIVITIES	
Cash received	
Appropriations	10,567
Sales of goods and rendering of services	500
Net GST received	324
Total cash received	11,391
Cash used	
Employees	4,242
Suppliers	5,375
Section 31 receipts transferred to OPA	468
Total cash used	10,085
Net cash from (used by) operating activities	1,306
	10
INVESTING ACTIVITIES	
Cash received	
Proceeds from sales of plant and equipment	11
Total cash received	11
Cash used	
Purchase of plant and equipment	3,044
Purchase of internally developed software	1,939
Other	-
Total cash used	4,983
Net cash (used by) investing activities	(4,972)
FINANCING ACTIVITIES	
Cash received	
Contributed equity	3,786
Other	-
Total cash received	3,786
Net cash from financing activities	3,786
Net increase (decrease) in cash held	-
Cash and cash equivalents at the beginning of the reporting period	-
Cash and cash equivalents at the end of the reporting period	120
	5A

The above statement should be read in conjunction with the accompanying notes.

Schedule of Commitments

as at 30 June 2012

	2012
	\$'000
BY TYPE	
Commitments receivable	
Net GST recoverable on commitments	1,154
Total commitments receivable	1,154
Commitments payable	
Capital commitments	
Intangibles	226
Total capital commitments	226
Other commitments	
Operating leases	11,197
Project commitments	1,275
Total other commitments	12,472
Total commitments payable	12,698
Net commitments by type	11,544
BY MATURITY	
Commitments receivable	
Other commitments receivable	
One year or less	164
From one to five years	543
Over five years	447
Total other commitments receivable	1,154
Total commitments receivable	1,154
Commitments payable	
Capital commitments	
One year or less	226
From one to five years	-
Over five years	-
Total capital commitments	226

Schedule of Commitments *Continued*

Operating lease commitments	
One year or less	941
From one to five years	5,342
Over five years	4,914
Total operating lease commitments	11,197
Other commitments	
One year or less	641
From one to five years	634
Over five years	–
Total other commitments	1,275
Total commitments payable	12,698
Net commitments by maturity	11,544

Lease payments are subject to a fixed percentage annual increase in accordance with the lease agreement. The Tertiary Education Quality and Standards Agency current lease for the Melbourne office expires on 30 April 2022, with a five year option.

The above schedule should be read in conjunction with the accompanying notes.

Schedule of Contingencies

as at 30 June 2012

Contingent assets

At 30 June 2012, the Tertiary Education Quality and Standards Agency had no contingent assets.

Contingent liabilities

At 30 June 2012, the Tertiary Education Quality and Standards Agency had no contingent liabilities.

The above schedule should be read in conjunction with the accompanying notes.

Administered Schedule of Comprehensive Income for the Tertiary Education Quality and Standards Agency

for the period ended 30 June 2012

		2012
	Notes	\$'000
Revenue		
Non-taxation revenue		
Fees and fines	16	582
Total non-taxation revenue		582
Total revenue administered on behalf of Government		582

The above statement should be read in conjunction with the accompanying notes.

Administered Schedule of Assets and Liabilities for the Tertiary Education Quality and Standards Agency

as at 30 June 2012

	2012
	\$'000
ASSETS	
Financial assets	
Cash and cash equivalents	–
Total financial assets	–
Total assets administered on behalf of Government	–

The above statement should be read in conjunction with the accompanying notes.

Administered Reconciliation Schedule for the Tertiary Education Quality and Standards Agency

	2012
	\$'000
Opening administered assets less administered liabilities as at 1 July	
Surplus (deficit) items:	
Plus: Administered income	582
Administered transfers to/from Australian Government	
Transfers to OPA	582
Closing administered assets less administered liabilities as at 30 June	–

The above statement should be read in conjunction with the accompanying notes.

Administered Cash Flow for the Tertiary Education Quality and Standards Agency

for the period ended 30 June 2012

		2012
	Notes	\$'000
OPERATING ACTIVITIES		
Cash received		
Fees		582
Net cash flows from operating activities	18	582
Net increase in Cash Held		582
Cash to Official Public Account for:		
Appropriations		(582)
Cash and cash equivalents at the end of reporting period		-

The above statement should be read in conjunction with the accompanying notes.

Schedule of Administered Commitments

as at 30 June 2012

At 30 June 2012, the Tertiary Education Quality and Standards Agency had no Administered commitments.

The above schedule should be read in conjunction with the accompanying notes.

Schedule of Administered Contingencies

as at 30 June 2012

Administered contingent assets

At 30 June 2012, the Tertiary Education Quality and Standards Agency had no Administered contingent assets.

Administered contingent liabilities

At 30 June 2012, the Tertiary Education Quality and Standards Agency had no Administered contingent liabilities.

The above schedule should be read in conjunction with the accompanying notes.

Notes to and forming part of the Financial Statements

Note	Description
1	Summary of Significant Accounting Policies
2	Events after the Reporting Period
3	Expenses
4	Income
5	Financial Assets
6	Non-Financial Assets
7	Payables
8	Provisions
9	Restructuring
10	Cash Flow Reconciliation
11	Contingent Assets and Liabilities
12	Senior Executive Remuneration
13	Remuneration of Auditors
14	Financial Instruments
15	Financial Assets Reconciliation
16	Administered – Income
17	Administered – Balance Sheet
18	Administered – Cash Flow Reconciliation
19	Administered – Contingent Assets and Liabilities
20	Appropriations
21	Compensation and Debt Relief
22	Reporting of Outcomes
23	Cost Recovery
24	Net Cash Appropriation Arrangements

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Tertiary Education Quality and Standards Agency

The Tertiary Education Quality and Standards Agency (TEQSA) is an Australian Government agency. TEQSA is Australia's independent regulatory and quality agency for higher education.

TEQSA was established in July 2011 under Section 132 of the Tertiary Education Quality and Standards Agency Act 2011 with the objective to maintain and enhance quality, diversity and innovation in the Australian higher education sector through quality assurance and nationally consistent regulation. Since 29 January 2012, TEQSA has regulated higher education providers against a national set of quality standards known as the Threshold Standards.

The current financial year represents the period from the date of formation on 29 July 2011 to 30 June 2012. As such, there are no comparatives.

TEQSA is structured to meet one outcome:

Outcome 1: Contribute to a high quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance and dissemination of higher education standards and performance.

The continued existence of TEQSA in its present form and with its present programs is dependent on Government policy and on continuing funding by Parliament for TEQSA's administration and programs.

Activities contributing toward this outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by TEQSA in its own right. Administered activities involve the management or oversight by TEQSA, on behalf of the Government, of items controlled or incurred by the Government.

TEQSA has in place partial cost recovery arrangements for specified services (i.e. registration and re-registration of providers; accreditation and re-accreditation of courses; major variations to registrations and accreditations; and publication and provision of training programs) to higher education providers. All fee revenue from cost recovery arrangements is administered revenue and is returned to the consolidated revenue fund.

1.2 Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 49 of the Financial Management and Accountability Act 1997.

The financial statements have been prepared in accordance with:

- ▶ Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2011; and
- ▶ Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will flow to TEQSA or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in

the schedule of commitments or the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.3 Significant Accounting Judgements and Estimates

No significant accounting assumptions and estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a financial impact, and are not expected to have a future financial impact on TEQSA.

Future Australian Accounting Standard Requirements

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a financial impact, and are not expected to have a future financial impact on TEQSA.

1.5 Revenue

Revenue from the sale of goods is recognised when:

- ▶ the risks and rewards of ownership have been transferred to the buyer;
- ▶ the entity retains no managerial involvement or effective control over the goods;
- ▶ the revenue and transaction costs incurred can be reliably measured; and

- ▶ it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- ▶ the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- ▶ the probable economic benefits associated with the transaction will flow to TEQSA.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when TEQSA gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

Parental Leave Payments Scheme

Amounts received under the Parental Leave Payments Scheme by TEQSA not yet paid to employees were presented gross as cash and a liability (payable). The total amount received under this scheme was \$0.011m.

1.6 Gains

Resources Received Free of Charge

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated.

Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

1.7 Transactions with the Government as Owner

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other Distributions to Owners

The FMOs require that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

1.8 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 Employee Benefits) and termination benefits due within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of TEQSA is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including TEQSA's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by the use of the Australian Government Actuary's shorthand method using the Standard Commonwealth sector probability profile. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The entity recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

No provision has been made for separation and redundancy payments as TEQSA has not formally identified any positions as excess requirements at 30 June 2012.

Superannuation

The majority of TEQSA's staff are members of the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap). PSS is a defined benefit scheme for the Australian Government. The PSSap is a defined contribution scheme.

A considerable number of other staff are members of other employee nominated superannuation funds, with some being members of UniSuper's defined benefit scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance and Deregulation's administered schedules and notes.

TEQSA makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. TEQSA accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final 2012 fortnight of the year.

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

1.10 Borrowing Costs

All borrowing costs are expensed as incurred.

1.11 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include:

- ▶ cash on hand;
- ▶ demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value; and
- ▶ cash held by outsiders.

1.12 Financial Assets

TEQSA classifies its financial assets in the following categories:

- ▶ financial assets at fair value through profit or loss;
- ▶ held-to-maturity investments;
- ▶ available-for-sale financial assets; and
- ▶ loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. TEQSA holds financial assets of loans and receivables only. Financial assets are recognised and derecognised upon trade date.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

Loans and Receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets held at amortised cost – if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

1.13 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other Financial Liabilities

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.14 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the balance sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

1.15 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

1.16 Plant and Equipment

Asset Recognition Threshold

Purchases of plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by TEQSA where there exists an obligation to 'make-good' premises. These costs are included in the value of TEQSA's leasehold improvements with a corresponding provision for the 'make good' recognised.

Revaluations

Fair values for each class of asset are determined as shown below:

Asset class	Fair value measurement
Leasehold improvements	Depreciated replacement cost
Plant and equipment	Market selling price

Following initial recognition at cost, plant and equipment were carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets. TEQSA assets were purchased within the last 12 months and hence no revaluation was conducted as TEQSA is of the view that depreciated purchase cost is a reasonable estimate for fair value.

Revaluation adjustments are made on a class basis. Any revaluation increment was credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets were recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to TEQSA using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2012
Leasehold improvements	10 years
Plant and equipment	3 to 10 years

Impairment

All assets were assessed for impairment at 30 June 2012. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if TEQSA were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

1.17 Intangibles

TEQSA's intangibles comprise internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of TEQSA's software are 3 to 5 years.

All software assets were assessed for indications of impairment as at 30 June 2012.

1.18 Taxation

TEQSA is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- ▶ where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- ▶ for receivables and payables.

Note 2: Events after the Reporting Period

No significant events requiring disclosure in, or adjustment to, these financial statements have occurred subsequent to balance date.

1.19 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Administered Cash Transfers to and from the Official Public Account

Revenue collected by TEQSA for use by the Government rather than TEQSA is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Deregulation. These transfers to the OPA are adjustments to the administered cash held by TEQSA on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

Revenue

All administered revenues are revenues relating to ordinary activities performed by TEQSA on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual Agency that oversees distribution or expenditure of the funds as directed.

Revenue is generated from partial cost recovery arrangements for specified services to higher education providers. Fees are charged on registration and re-registration of providers, accreditation and re-accreditation of courses, major variations to registrations and accreditations, and publications and provision of training programs. TEQSA has recognised administered revenues on an accrual basis.

Receivables

Where receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised through profit or loss. There were no receivables at year end.

Note 3: Expenses

Note 3A Employee Benefits

	2012
	\$'000
Wages and salaries	4,254
Superannuation:	
Defined contribution plans	344
Defined benefit plans	317
Leave and other entitlements	930
Separation and redundancies	–
Total employee benefits	5,845

Note 3B Suppliers

	2012
	\$'000
Goods and services	
Consultants	363
Contractors	907
Travel	346
IT services	855
Other	1,799
Total goods and services	4,270
Goods and services are made up of:	
Provision of goods – related parties	39
Provision of goods – external parties	64
Rendering of services – related entities	919
Rendering of services – external parties	3,248
Total goods and services	4,270
Other supplier expenses	
Operating lease rentals – related parties:	
Minimum lease payments	217
Operating lease rentals – external parties:	
Minimum lease payments	185
Workers compensation premiums	48
Total other supplier expenses	450
Total supplier expenses	4,720

Note 3C Depreciation and Amortisation

	2012
	\$'000
Depreciation:	
Buildings – leasehold improvements	39
Plant and equipment	33
Total depreciation	72
Amortisation:	
Intangibles	127
Total amortisation	127
Total depreciation and amortisation	199

Note 3D Finance Costs

	2012
	\$'000
Unwinding of discount	5
Total finance costs	5

Note 3E Losses from Asset Sales

	2012
	\$'000
Plant and equipment:	
Proceeds from sale	11
Carrying value of assets sold	13
Selling expense	–
Total losses from asset sales	2

Note 4: Income

Own-Source Revenue

Note 4A Sale of Goods and Rendering of Services

	2012
	\$'000
Rendering of services – related entities	21
Rendering of services – external parties	218
Total sales of goods and rendering of services	239

Note 4B Other Revenue

	2012
	\$'000
Resources received free of charge – services	24
Total other gains	24

Revenue from Government

Note 4C Revenue from Government

	2012
	\$'000
Appropriations:	
Departmental appropriations	11,081
Total revenue from Government	11,081

Note 5: Financial Assets

Note 5A Cash and Cash Equivalents

	2012
	\$'000
Cash on hand or on deposit	120
Total cash and cash equivalents	120

Note 5B Trade and Other Receivables

	2012
	\$'000
Appropriations receivable:	
For existing programs	983
Total appropriations receivable	983
Portfolio department/other agencies:	
Receivable	225
Total appropriations receivable from portfolio department/other agencies	225
Other receivables:	
GST receivable from the Australian Taxation Office	297
Lease incentive	1,877
Other	15
Total other receivables	2,189
Total trade and other receivables	3,397
Receivables are expected to be recovered in:	
No more than 12 months	3,397
More than 12 months	-
Total trade and other receivables (net)	3,397
Receivables are aged as follows:	
Not overdue	3,397
Overdue by:	
0 to 30 days	-
31 to 60 days	-
61 to 90 days	-
More than 90 days	-
Total receivables	3,397

No provision for impairment is provided for 30 June 2012.

Note 6: Non-Financial Assets

Note 6A Land and Buildings

	2012
	\$'000
Leasehold improvements	
Fair value	2,368
Accumulated depreciation	(39)
Total leasehold improvements	2,329
Total land and buildings	2,329

No indicators of impairment were found for leasehold improvements.

No leasehold improvements are expected to be sold or disposed of within the next 12 months.

Leasehold improvements represents the fit-out for the new office premises, which was completed on 30 April 2012. Hence, no revaluation was conducted for leasehold improvements as cost was a reasonable estimate for fair value.

Note 6B Plant and Equipment

	2012
	\$'000
Plant and equipment	
Fair value	741
Accumulated depreciation	(30)
Total plant and equipment	711
Total property, plant and equipment	711

No indicators of impairment were found for plant and equipment.

No plant or equipment is expected to be sold or disposed of within the next 12 months.

Note 6C Reconciliation of the Opening and Closing Balances of Plant and Equipment

	Leasehold improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000
As at 1 July 2011			
Gross book value	–	–	–
Accumulated depreciation/amortisation and impairment	–	–	–
Net book value 1 July 2011	–	–	–
Additions:			
By purchase	2,368	676	3,044
Restructuring	–	81	81
Depreciation	(39)	(33)	(72)
Disposals:			
Other	–	(13)	(13)
Net book value 30 June 2012	2,329	711	3,040
Net book value as of 30 June 2012 represented by:			
Gross book value	2,368	741	3,109
Accumulated depreciation and impairment	(39)	(30)	(69)
	2,329	711	3,040

Note 6D Intangibles

	2012
	\$'000
Computer software	
Internally developed – in progress	217
Internally developed – in use	1,966
Purchased	22
Accumulated amortisation	(126)
Total intangibles	2,079

No indicators of impairment were found for intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months.

Note 6E Reconciliation of the Opening and Closing Balances of Intangibles

	Computer software internally developed	Computer software purchased	Total
	\$'000	\$'000	\$'000
As at 1 July 2011			
Gross book value	-	-	-
Accumulated depreciation/amortisation and impairment	-	-	-
Net book value 1 July 2011	-	-	-
Additions:			
By purchase or internally developed	1,917	22	1,939
Restructuring	266	-	266
Amortisation expense	(125)	(1)	(126)
Net book value 30 June 2012	2,058	21	2,079
Net book value as of 30 June 2012 represented by:			
Gross book value	2,183	22	2,205
Accumulated amortisation and impairment	(125)	(1)	(126)
	2,058	21	2,079

Note 6F Other non-financial assets

	2012
	\$'000
Prepayments	144
Total other non-financial assets	144
Total other non-financial assets – are expected to be recovered in:	
No more than 12 months	144
More than 12 months	-
Total other non-financial assets	144

No indicators of impairment were found for other non-financial assets.

Note 7: Payables**Note 7A Suppliers**

	2012
	\$'000
Trade creditors and accruals	466
Total supplier payables	466
Supplier payables expected to be settled within 12 months:	
Related entities	1
External parties	465
Total supplier payables	466

Settlement is usually made within 30 days.

Note 7B Other Payables

	2012
	\$'000
Wages and salaries	212
Superannuation	33
Leases	1,678
Operating lease rentals	33
Other	2
Total other payables	1,958
Total other payables are expected to be settled in:	
No more than 12 months	451
More than 12 months	1,507
Total other payables	1,958

Note 8: Provisions

Note 8A Employee provisions

	2012
	\$'000
Leave	1,358
Total employee provisions	1,358

Employee provisions are expected to be settled in:

No more than 12 months	471
More than 12 months	887
Total employee provisions	1,358

Note 8B Other provisions

	2012
	\$'000
Provision for restoration obligations	292
Total other provisions	292

Other provisions are expected to be settled in:

No more than 12 months	30
More than 12 months	262
Total other provisions	292

	Provision for restoration \$'000
Carrying amount 1 July 2011	–
Additional provisions made	287
Amounts used	–
Unwinding of discount or change in discount rate	5
Closing balance 2012	292

The Agency currently has an agreement for the leasing of premises which has a provision requiring the Agency to restore the premises to its original condition at the conclusion of the lease. The Agency has made provision to reflect the present value of this obligation.

Note 9: Restructuring**Note 9 Departmental Restructuring**

	2012
	Department of Education, Employment and Workplace Relations ¹
FUNCTIONS ASSUMED	
Assets recognised	
Intangibles	266
Plant and equipment	81
Accounts receivable	132
Total assets recognised	479
Liabilities recognised	
Leave provisions	132
Total liabilities recognised	132
Net assets/(liabilities) assumed	347
Income	
Recognised by the receiving entity	263
Total income	263
Expenses	
Recognised by the receiving entity	10,771
Recognised by the losing entity	899
Total expenses	11,670

¹ As a result of the formation of the Agency on 29 July 2011, the Tertiary Education Quality and Standards Agency assumed responsibility for the functions administered by the Department of Education, Employment and Workplace Relations in relation to the Regulatory and Quality Assurance of Higher Education in Australia. The Agency was established under section 132 of the Tertiary Education Quality and Standards Agency Act 2011 to ensure the quality of Australian higher education providers through quality assurance and nationally consistent regulation. On 29 January 2012, the Agency began its regulatory functions.

Note 10: Cash Flow Reconciliation

	2012
	\$'000
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement	
Cash and Cash Equivalents as per:	
Cash Flow Statement	120
Balance Sheet	120
Difference	-
Reconciliation of net cost of services to net cash from operating activities:	
Net cost of services	(10,508)
Add revenue from Government	11,081
Adjustments for non-cash items	
Depreciation/amortisation	199
Loss from sale of asset	2
Change in assets / liabilities:	
(Increase)/decrease in net receivables	(3,397)
(Increase)/decrease in prepayments	(144)
Increase/(decrease) in employee provisions	1,358
Increase/(decrease) in supplier payables	465
Increase/(decrease) in other payables	1,958
Increase/(decrease) in other provisions	292
Net cash from/(used by) operating activities	1,306

Note 11: Contingent Assets and Liabilities

Contingent assets

At 30 June 2012 the Tertiary Education Quality and Standards Agency had no contingent assets.

Contingent liabilities

At 30 June 2012 the Tertiary Education Quality and Standards Agency had no contingent liabilities.

Note 12: Senior Executive Remuneration

Note 12A Senior executive remuneration expense for the reporting period

	2012
	\$
Short-term employee benefits:	
Salary	805,203
Annual leave accrued	58,003
Motor vehicle and other allowances	–
Total short-term employee benefits	863,206
Post-employment benefits:	
Superannuation	101,863
Total post-employment benefits	101,863
Other long-term benefits:	
Long-service leave	2,911
Total other long-term benefits	2,911
Termination benefits	–
Total	967,980

¹ This note includes remuneration of members of the Agency and employees in the Senior Executive Service.

² Note 12A was prepared on an accrual basis.

³ Note 12A excludes acting arrangements and part-year service where remuneration expensed for a senior executive was less than \$150,000.

⁴ During the year the Agency did not pay any termination benefits to senior executives. (2011: nil).

Note 12B Average annual reportable remuneration paid to substantive senior executives during the reporting period

2012						
Average annual reportable remuneration ¹	Senior Executives	Reportable Salary ²	Contributed Superannuation ³	Reportable Allowances ⁴	Bonus paid ⁵	Total
	No.	\$	\$	\$	\$	\$
Total remuneration (including part-time arrangements):						
Less than \$150,000	6	457,421	58,535	–	–	515,956
\$150,000 to \$179,999	–	–	–	–	–	–
\$180,000 to \$209,999	1	182,811	20,198	–	–	203,009
\$210,000 to \$239,999	1	196,780	24,127	–	–	220,907
\$240,000 to \$269,999	1	224,041	27,746	–	–	251,787
\$270,000 to \$299,999	1	253,263	29,791	–	–	283,054
Total	10					

¹ This table reports members of the Commission and substantive senior executives who received remuneration during the reporting period. Each row represents an averaged figure based on headcount for the individuals in the band. Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.

² 'Reportable salary' includes the following:

- (a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
- (b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
- (c) exempt foreign employment income.

³ The 'contributed superannuation' amount is the average actual superannuation contributions paid to senior executives in that reportable remuneration band during the reporting period.

⁴ 'Reportable allowances' are the actual average allowances paid as per the 'total allowances' line on individual's payment summaries.

⁵ At 30 June 2012, there were no bonuses paid for the financial year.

Note 12C Other highly paid staff

At 30 June 2012, the Tertiary Education Quality and Standards Agency did not have other highly paid staff with reportable remuneration at \$150,000 or more for the financial period.

Note 13: Remuneration of Auditors

	2012
	\$'000
Financial statement audit services were provided free of charge to the Agency by the Australian National Audit Office (ANAO).	
The fair value of the services provided was:	
Financial statement audit services	28
Total	28

No other services were provided by the ANAO.

Note 14: Financial Instruments**Note 14A Categories of financial instruments**

	2012
	\$'000
Financial Assets	
Loans and receivables:	
Cash and cash equivalents	120
Trade receivables	2,117
Carrying amount of financial assets	2,237
Financial Liabilities	
At amortised cost:	
Suppliers payables	466
Carrying amount of financial liabilities	466

Note 14B Net Income and Expense from Financial Assets and Liabilities

No income or expense from financial assets and liabilities for the period 30 June 2012.

Note 14C Fair value of financial instruments

The Agency considers the varying amounts of financial statements reported in the balance sheet are a reasonable approximation of fair value at 30 June 2012.

Note 14D Credit Risk

Credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables of \$2.1m. At 30 June 2012, the Agency has assessed the risk of default on payment to be nil as the balances reported at 30 June 2012 are current and not past due nor impaired.

Note 14E Liquidity Risk

The Agency's financial liabilities are suppliers payables. The exposure to liquidity risk is based on the notion that the Agency will encounter difficulty in meeting its obligations associated with financial liabilities.

This is highly unlikely due to appropriation funding and mechanisms available to the Agency (e.g. Advance to the Finance Minister) to ensure it has adequate funds to meet payments as they fall due. In addition, the Agency has policies in place to ensure timely payments are made when due and has no past experience of default.

Maturities for non-derivative financial liabilities 2012

	On demand \$'000
Suppliers payable	466
Total	466

Note 14F Market Risk

The Agency holds basic financial instruments that do not expose the Agency to market risks.

The Agency is not exposed to currency risk, other price risk or interest rate risk.

Note 15: Financial Assets Reconciliation

		2012
	Notes	\$'000
Financial Assets		
Total financial assets as per balance sheet		3,517
Less: non-financial instrument components:		
Appropriations receivable	5B	983
Other receivables	5B	297
Total non-financial instrument components		1,280
Total financial assets as per financial instrument note		2,237

Note 16: Administered – Income

	2012
	\$'000
Non-Taxation Revenue	
Fees and Fines	
Other fees from regulatory services	582
Total fees and fines	582

Note 17: Administered – Balance Sheet

At 30 June 2012 there is no administered balance sheet for the Agency.

Note 18: Administered – Cash Flow Reconciliation

	2012
	\$'000
Reconciliation of cash and cash equivalents as per Administered Schedule of Assets and Liabilities to Administered Cash Flow Statement	
Cash and cash equivalents as per:	
Schedule of administered cash flows	–
Schedule of administered assets and liabilities	–
Difference	–
Reconciliation of net cost of services to net cash from operating activities:	
Net cost of services	582
Net cash from operating activities	582

The above statement should be read in conjunction with the accompanying notes.

Note 19: Administered – Contingent Assets and Liabilities

Contingent assets

At 30 June 2012 the Tertiary Education Quality and Standards Agency had no Administered contingent assets.

Contingent liabilities

At 30 June 2012 the Tertiary Education Quality and Standards Agency had no Administered contingent liabilities.

Note 20: Appropriations

Table A Annual Appropriations ('Recoverable GST' exclusive)

	2011–12 Appropriations						Appropriation applied in 2012 (current and prior years) \$'000	Variance ² \$'000
	Appropriation Act		FMA Act			Total appropriation \$'000		
	Annual Appropriation \$'000	Appropriations reduced ¹ \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 \$'000			
Departmental								
Ordinary annual services	–	(3,786)	–	468	15,000	11,682	1,103	
Other services								
Equity	3,786	–	–	–	–	3,786	–	
Total departmental	3,786	(3,786)	–	468	15,000	15,468	1,103	

Table B Unspent Departmental Annual Appropriations ('Recoverable GST exclusive')

	2012 \$'000
Authority	
DEPARTMENTAL	
Appropriation Act (No. 1)	1,103
Total as at 30 June	1,103

¹ Total appropriation for ordinary annual services differ from the amount reported as Revenue from Government due to the \$0.132m and \$0.468m received for leave liabilities under Section 32 and Section 31 respectively. The variance represents an appropriation receivable of \$0.514m, undrawn Section 31 of \$0.468m and cash balance of \$0.120m.

² The variance is due to less than budgeted expenditure on employee benefits due to delayed recruitment of staff. This was due to accommodation constraints.

Note 21: Compensation and Debt Relief

	2012
	\$
Compensation and Debt Relief - Departmental	
No 'Act of Grace' expenses were incurred during the reporting period.	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the Financial Management and Accountability Act 1997.	-
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period.	-
No ex gratia payments were provided for during the reporting period.	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the Public Service Act 1999 (PS Act) during the reporting period.	-
	-
	2012
	\$
Compensation and Debt Relief - Administered	
No 'Act of Grace' expenses were incurred during the reporting period.	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the Financial Management and Accountability Act 1997.	-
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period.	-
No ex gratia payments were provided for during the reporting period.	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the Public Service Act 1999 (PS Act) during the reporting period.	-
	-

Note 22: Reporting of Outcomes

Note 22 Net Cost of Outcome Delivery

	Outcome 1 2012	Total 2012
	\$'000	\$'000
Departmental		
Expenses	10,771	10,771
Own-source income	263	263
Administered		
Expenses	–	–
Own-source income	582	582
Net cost/(contribution) of outcome delivery	9,926	9,926

Note 23: Cost Recovery

Note 23 Administered Receipts Subject to Cost Recovery Policy

	2012
	\$'000
Other cost recovery arrangements	
Fees for regulation of higher education providers	582
Total Administered receipts subject to Cost Recovery Policy	582

Note 24: Net Cash Appropriation Arrangements

	2012
	\$'000
Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations¹	772
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	199
Total comprehensive income – as per the Statement of Comprehensive Income	573

¹ From 2010–11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expense ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.



SECTION 6

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Appendix A: Summary of resources

Resource Statement

TEQSA's resourcing statement is shown below.

Table A.1 Agency Resource Statement 2011–12

	Actual available appropriation for 2011–12 \$'000 (a)	Payments made 2011–12 \$'000 (b)	Balance remaining 2011–12 \$'000 (a) - (b)
Ordinary Annual Services¹	11,214	10,579	635
S31 Relevant agency receipts ²	468	-	468
Departmental appropriation ³	3,786	3,786	-
Total ordinary annual services	15,468	14,365	1,103
Total resourcing and payments for the Tertiary Education Quality and Standards Agency	15,468	14,365	1,103

Table A.2 Resources for Outcome 1

	Budget* 2011–12 \$'000 (a)	Actual Expenses 2011–12 \$'000 (b)	Variation 2011–12 \$'000 (a) - (b)
Outcome 1: Contribute to a high quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance and dissemination of higher education standards and performance.			
Program 1.1 Regulation and advice			
Departmental expenses			
Ordinary annual services (Appropriation Bill No.1) ⁴	11,081	10,572	509
Revenues from independent sources (Section 31)	-	-	-
Expenses not requiring appropriation in the Budget year	-	199	199
Total Outcome 1	11,081	10,771	310
Average Staffing Level (number)	49		

* Full year budget, including any subsequent adjustments made to the 2011–12 Budget.

¹ Appropriation Bill (No. 1) 2011–12 and Appropriation Bill (no.3) 2011–12.

² Includes an amount of \$0.468m in 2011–12 for section 31 relevant agency receipts.

³ Includes an amount of \$3.786m in 2011–12 for the Departmental Capital Budget. For accounting purposes, this amount has been designated as 'contributions by owners'.

⁴ Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (section 31)'.

Appendix B: Staffing profile

As at 30 June 2012, TEQSA had 63 non-SES employees covered by a subsection 24(1) Agency Determination and four SES employees covered by individual subsection 24(1) Determinations. All employees were located in Melbourne.

Of the Agency's 67 employees:

- ▶ 76 per cent were female and 24 per cent were male; and
- ▶ 97 per cent were ongoing employees with 3 per cent non-ongoing.

Table B.1 Full- and part-time, and ongoing and non-ongoing employees by gender

		Female		Male			
		Ongoing	Non-ongoing	Ongoing	Non-ongoing		
SES 1	Full-time	1	0	3	0	4	
	Part-time	0	0	0	0	0	
EL 2	Full-time	10	2	8	0	20	
	Part-time	0	0	0	0	0	
EL 1	Full-time	11	0	4	0	15	
	Part-time	2	0	0	0	2	
APS 6	Full-time	13	0	2	0	15	
	Part-time	1	0	0	0	1	
APS 5	Full-time	5	0	1	0	6	
	Part-time	1	0	0	0	1	
APS 4	Full-time	1	0	0	0	1	
	Part-time	2	0	0	0	2	
Totals		47	2	18	0	67	

NOTE: Table B.1 excludes the Chief Commissioner, Commissioners and contractors.

Table B.2 Salaries in \$AUD available to TEQSA APS staff under the subsection 24 (1) Agency Determination

SES 1	EL2	EL1	APS 6	APS 5	APS 4	APS 3	APS 2	APS 1	Age rates
219,410	128,987	100,923	81,661	70,619	63,982	57,285	51,511	45,846	(20 yrs)
to	120,777	95,849	76,677	67,462	61,495	54,998	49,248	41,930	38,158
224,180	113,951	93,509	74,260	66,055	59,822				(19 yrs)
	107,455	91,315							33,965
									(18yrs)
									29,351
									(< 18 yrs)
									25,158

Appendix C: Freedom of information

Agencies subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement appears in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements.

In accordance with the IPS requirements, an agency plan indicating published information is accessible from TEQSA's website at <http://www.teqsa.gov.au>.

Appendix D: Ecologically sustainable development and environmental performance

The following information is provided in accordance with section 516 of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act).

TEQSA is committed to progressing towards a sustainable future and continued improvement in reducing our negative impacts on the environment. TEQSA will achieve this by ensuring the efficient use of resources and that the principles outlined in the EPBC Act for ecologically sustainable development (ESD) are considered in its operations. TEQSA understands its responsibility to reducing overall impacts to the natural environment and will take measures to effectively address them.

TEQSA has appointed an Environment Committee which is developing an Environment Management System (EMS) to address the environmental impacts associated with its operations. The TEQSA environment policy will be contained within the EMS and will ensure continual improvement and compliance with section 516A of the EPBC Act. The EMS will detail the steps TEQSA will take to achieving its environmental goals, and this will assist with compliance and reporting requirements under the EPBC Act. The EMS will include recommendations for improvement with a focus on reducing paper consumption, monitoring energy and waste, improving staff awareness and promoting ESD principles in everyday processes.

On 1 May 2012, TEQSA re-located to 530 Collins St, Melbourne, a building which has achieved 5.5 stars under the National Australian Built Environment Rating Scheme (NABERS) and 3 stars for NABERS water. NABERS is a performance-based rating system, measuring building operational impacts on the environment. NABERS environmental measurable categories are: energy use and greenhouse emissions, water use, waste and indoor environment.

Previously shared leasing arrangements with other government agencies meant all environmental factors could not be controlled and, therefore, TEQSA is unable to provide numeric data on its environmental performance for 2011–12. However, TEQSA believes monitoring of numeric data on environmental performance will be a key indicator of TEQSA's commitment to ESD outcomes.

Appendix E: Advertising and market research

During the 2011–12 financial year, TEQSA spent \$0.166 million on advertising. Most of this expenditure was for recruitment-related advertising. TEQSA did not undertake any advertising campaigns.

Two separate amounts over \$11 900 were paid for two job recruitment advertisements as detailed in Table E.1 below.

Table E.1 Expenditure on advertising 2011–12

Date	Purpose	Amount \$ (GST inclusive)
9/11/2011	Recruitment advertisement for Chief Legal Counsel and Chief Finance and Operations Officer positions	13 102
29/02/2012	Recruitment advertisement for various positions in Regulatory and Review Group, Corporate Group and Executive Office	71 054

Appendix F: Workplace health and safety

TEQSA is committed to safeguarding the health, safety and welfare of staff and contractors while they are at work, and to preventing occupational injury. In May 2012, TEQSA formalised its commitment through the development of a TEQSA policy on Workplace Health and Safety (WH&S) and the formation of a WH&S Committee which includes representatives from management and staff. It is envisaged that the Committee will meet regularly in 2012–13 to review the Agency's WH&S policies and arrangements.

As part of the Agency's relocation to 530 Collins Street in May 2012, all employees were offered ergonomic work station assessments, with 49 assessments completed.

No WH&S incidents occurred during the reporting period, and TEQSA was not required to give any notices under the *Work Health and Safety Act 2011* (Cwlth).

Appendix G: Complaints handling

TEQSA has a TEQSA Complaints Inbox (<[http://www.complaints@teqsa.gov.au](mailto:www.complaints@teqsa.gov.au)>), which is monitored daily. TEQSA is not a complaints handling body, and is not able to respond to complainants about any regulatory action taken in relation to the subject matter of a complaint. TEQSA does, however, use the information provided in complaints to assist it in performing its regulatory functions. Where appropriate, TEQSA also refers complainants to the relevant higher education provider or, where a complainant is not satisfied with the way a complaint has been handled by a provider, to an external body such as a state or territory ombudsman.

There was one complaint about TEQSA in 2011–12.

When a complaint is received about TEQSA itself, the complaints officer consults with the appropriate Senior Executive or Commissioner whilst investigating the matter and in preparing a response. A monthly report on complaints is provided to TEQSA's Senior Management Team.

Appendix H: Changes to disability reporting in annual reports

Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service report and the APS statistical bulletin. These reports are available at <<http://www.apsc.gov.au>>. From 2010–11, departments and agencies are no longer required to report on these functions.

The Commonwealth Disability Strategy has been superseded by a new National Disability Strategy, which sets out a 10-year national policy framework for improving life for Australians with a disability, their families and carers. A high-level report to track progress of people with a disability at the national level will be produced by the Standing Council on Community, Housing and Disability Services to the Council of Australian Governments and will be available at <<http://www.fahscia.gov.au>>. The Social Inclusion Measurement and Reporting Strategy agreed by the Government in December 2009 will also include some reporting on disability matters in its regular 'How Australia is faring' report and, if appropriate, in strategic change indicators in agency annual reports. More detail on social inclusion matters can be found at <<http://www.socialinclusion.gov.au>>.

Appendix I: Reference Guide to the TEQSA Act

Principles and Objects

- ▶ Section 3 – Objects of TEQSA Act (national consistency in regulation of higher education)
- ▶ Sections 13 to 17 – Basic principles for regulation (regulatory necessity, reflecting risk and proportionate regulation)
- ▶ Section 134 – Functions of TEQSA (register providers, accredit courses, investigate compliance)

Registration

- ▶ Sections 18 to 23 – Registration (application, preliminary and substantive assessments)
- ▶ Sections 24 to 34 – Conditions of registration (compliance with Threshold Standards, financial information, notifying of material changes, authority to self-accredit)
- ▶ Sections 35 to 37 – Renewing registration (application, decision)
- ▶ Sections 38 to 40 – Changing provider category (TEQSA initiate or application, consultation if 'University')
- ▶ Sections 41 to 42 – Applying to self-accredit (self-accredit courses of study, notify of decision)

Course Accreditation

- ▶ Sections 46 to 51 – Applying for accreditation (application, preliminary and substantive assessments, duration)
- ▶ Sections 52 to 54 – Conditions of accreditation (compliance, conditions and notify of decision)
- ▶ Sections 55 to 57 – Renewing accreditation (application, notify of decision)
- ▶ Standards Panel and Framework
- ▶ Section 58 – Higher education standards framework (making the framework)
- ▶ Sections 59 to 62 – Compliance with the framework (compliance, accreditation and quality assessments)
- ▶ Sections 166 to 169 – Establishment and functions of the Panel

Reviews of Decisions

- ▶ Sections 183 to 187 – Reviews of decisions (internal and external reviews, deadlines)

Information Sharing

- ▶ Section 188 – Offence to disclose or use information without authorisation
- ▶ Sections 189 to 197 – Disclosing information (about regulatory breaches, to professional bodies, the Minister, the public).

Appendix J: Elements of the Threshold Standards

Provider Registration Standards

1. Provider standing
2. Financial viability and safeguards
3. Corporate and academic governance
4. Primacy of academic quality and integrity
5. Management and human resources
6. Responsibilities to student
7. Physical and electronic resources and infrastructure.

Provider Category Standards

1. Higher Education Provider Category
2. Australian University Category
3. Australian University College Category
4. Australian University of Specialisation Category
5. Overseas University Category
6. Overseas University of Specialisation Category.

Provider Course Accreditation Standards

1. Course design is appropriate and meets the Qualification Standards
2. Course resourcing information is adequate
3. Admission criteria are appropriate
4. Teaching and learning are of high quality
5. Assessment is effective and expected student learning outcomes are achieved
6. Course monitoring, review, updating and termination are appropriately managed.

Qualification Standards

1. Higher education awards delivered meet the appropriate criteria
2. Certification documentation issued is accurate and protects against fraudulent use
3. Articulation, recognition of prior learning and credit arrangements meet the appropriate criteria.

Appendix K:

TEQSA's Regulatory Risk Indicators

Forty-six risk indicators have been developed under TEQSA's Regulatory Risk Framework to assist in identifying and assessing risk in relation to a provider's capacity to meet the Threshold Standards. Risk indicators may describe specific risks or a broader array of risk across a provider's scope of operation. They are specifically designed to highlight possible risk events or causal, consequence or likelihood factors associated with particular risk events.

Provider standing

- ▶ Has conditions on or shortened registration
- ▶ Has history of significant breach of standards
- ▶ Has conditions on or shortened registration
- ▶ Has history of significant breach of standards
- ▶ Has history of breach of conditions
- ▶ Fewer than five complete cohorts graduated
- ▶ Directors/officers with convictions/proceedings pending
- ▶ Overseas body corporate.

Financial viability and safeguards

- ▶ Significant decline in student load overall
- ▶ Major year-on-year drop in commencing students or applications in first six months
- ▶ Low/negative revenue growth
- ▶ Low operating profit margin
- ▶ Low/declining revenue per student
- ▶ Capital program is risky because very low or very high
- ▶ Low Net Tangible Asset value in Australia
- ▶ Reduced credit rating/breach bank covenants
- ▶ High proportion of ageing or deteriorating building stock.

Corporate and academic governance

- ▶ Weak academic governance structure
- ▶ Weak corporate governance structure/processes
- ▶ Weak risk management plan/processes.

Primacy of academic quality and integrity

- ▶ Rejection/compliance issues with professional accreditation in last two years
- ▶ Significant reliance on third parties to deliver courses domestically
- ▶ Delivery of courses on-shore
- ▶ Declining publications (if applicable to provider category)
- ▶ Declining research income (if applicable to provider category)
- ▶ Low completion rate Higher Degree Research (HDR) (full-time 5-year) (if applicable)
- ▶ Serious breaches of research ethics
- ▶ Lack of transparency in reporting systems for teaching occurring on a significant scale in non-mainstream campuses

- ▶ Weak academic quality assurance program/culture
- ▶ History of activation of tuition assurance.

Management and human resources

- ▶ Significant reliance on academic staff employed under casual work contracts
- ▶ Low number of senior academic leaders per broad field of education
- ▶ High/increasing student to teaching staff ratio
- ▶ Low ratio of qualified staff, especially in postgraduate (PG) environments.

Responsibilities to students

- ▶ High/volatile international student population
- ▶ Academic/market risk: Declining academic admission standard or lack of academic requirements in admissions policy
- ▶ Significantly high student growth overall
- ▶ Academic risk: Very high or rapidly increasing student attrition rates
- ▶ Academic risk: Very low/very high or rapidly changing student progress rates
- ▶ Academic risk: Very low or rapidly declining unit satisfaction levels
- ▶ Academic risk: Very low or rapidly declining graduate course satisfaction
- ▶ Outcome risk: Very low or rapidly declining graduate employment or further study.

Physical and electronic resources and infrastructure

- ▶ Significant number of serious, substantiated student complaints
- ▶ Physical and electronic resources and infrastructure
- ▶ Inadequate floor space per student, appropriate to discipline(s)
- ▶ Low/declining total information resources (e.g. library) and expenditure per student
- ▶ Low/declining laboratory places per student in Science, Technology, Engineering and Mathematics (STEM) disciplines
- ▶ Poor Occupational Health and Safety (OH&S) record
- ▶ High backlog maintenance.

Other

- ▶ Other identified risk (allows situation specific).

Appendix L: Membership and work of the Higher Education Standards Panel

The current members of the Higher Education Standards Panel are:

- ▶ Emeritus Professor Alan Robson AM CitWA (Chair), former Vice-Chancellor The University of Western Australia;
- ▶ Professor Richard James, Pro Vice-Chancellor (Participation and Engagement) and Director of the Centre for the Study of Higher Education, The University of Melbourne;
- ▶ Ms Adrienne Nieuwenhuis, Director – Quality, Tertiary Education, Science and Research, South Australian Department of Further Education, Employment, Science and Technology; and Member, National Skills Standards Council;
- ▶ Emeritus Professor David Siddle, former Deputy Vice-Chancellor (Research), The University of Queensland; and
- ▶ Professor Joanne Wright, Deputy Vice-Chancellor and Vice President: Academic, University of South Australia.

Panel appointments are for three years. Remuneration and conditions are determined by the Remuneration Tribunal.

The Panel met in February, April, May and June of 2012 and intends to continue to meet every two months or as necessary to undertake its work, while undertaking out-of-session work. The Panel is required to commence a review of the Threshold Standards within 12 months of its establishment and has begun to develop a strategy to undertake this work. This will be a consultative process involving stakeholders across the sector.

TEQSA is required to provide resources to support the work of the Panel, in accordance with section 134 (h) of the TEQSA Act, but the Panel is otherwise independent of TEQSA, reporting directly to the Commonwealth Minister for Tertiary Education, Skills, Science and Research. The Panel is required to consult with TEQSA and mechanisms have been established to do so from time to time. In relation to standards, the Panel is primarily concerned with advising the Commonwealth Minister for Tertiary Education, Skills, Science and Research on developing (and varying) the higher education standards. TEQSA, on the other hand, is concerned primarily with interpreting and applying the standards for the purposes of regulation of higher education providers.

The Higher Education Standards Executive, which provides secretariat assistance and specialised technical expertise to support the Panel, is co-located with TEQSA.

The Panel has invited a TEQSA Commissioner to attend as observer, as appropriate. It has also decided it will meet with the Commissioners collectively from time to time. In 2011–12 this occurred once.

Appendix M: Presentations by TEQSA to higher education stakeholder groups in 2011–12

31 August 2011	University and Tertiary Education Symposium	Sydney	Ian Hawke
18 November 2011	Universities Australia Deputy Vice Chancellor (Academic) Meeting	Sydney	Carol Nicoll
25 November 2011	Australian Learning and Teaching Council (ALTC) Fellows Forum	Melbourne	Carol Nicoll
25 November 2011	Australian Council for Private Education and Training (ACPET)	Brisbane	Carol Nicoll
14 – 15 December 2011	European Commission Conference on Quality Assurance	Brussels	Carol Nicoll
31 January 2012	Australian Technology Network (ATN) Symposium – <i>The Quality and Standards Agenda in Teaching and Learning</i>	Perth	Carol Nicoll
7 February 2012	Address to Academic Board of the University of NSW	Sydney	Carol Nicoll
17 February 2012	Australian Association of Social Workers (AASW) Review Reference Group	Melbourne	Dorte Kristoffersen
28 February 2012	Batchelor Institute of Indigenous Tertiary Education (BIITE)	Darwin	Carol Nicoll
29 February 2012	Charles Darwin University (CDU)	Darwin	Carol Nicoll
2 March 2012	2012 International Education Counsellors' Conference	Canberra	Ian Hawke
8 March 2012	Universities Australia Higher Education Conference 2012	Canberra	Carol Nicoll
9 March 2012	Australian Council of Deans of Education (ACDE)	Canberra	Carol Nicoll
9 March 2012	Chairs of Academic Boards/Senates (CABS)	Canberra	Carol Nicoll
14 – 15 March 2012	Going Global Conference	London	Carol Nicoll
17 April 2012	2012 International Network for Quality Assurance Agencies in Higher Education (INQAAHE) Forum	Melbourne	Dorte Kristoffersen
20 April 2012	Council of Australian Directors of Academic Development (CADAD), University of Queensland	Brisbane	Ian Hawke
3 – 4 April 2012	Informa – Risk Management in Higher Education	Melbourne	Michael Beaton-Wells
15 May 2012	Institutional Performance in Higher Education Criterion Conference	Melbourne	Michael Beaton-Wells
17 May 2012	Queensland University of Technology (QUT) – Senior Staff Conference	Gold Coast	Carol Nicoll
22 May 2012	Professions Australia Annual General Meeting (AGM)	Melbourne	Michael Beaton-Wells
29 May 2012	The Australian Qualifications Framework Council	Melbourne	Carol Nicoll
13 June 2012	Open Universities Australia	Melbourne	Carol Nicoll

13 June 2012	Australian Chamber of Commerce and Industry (ACCI) Higher Education Working Group	Adelaide	Dorte Kristoffersen
21 June 2012	Council of International Students in Western Australia (teleconference)	Perth	Ian Hawke
23 June 2012	Australian College of Theology – Consortium Conference	Sydney	Lucy Schulz
25 June 2012	Universities Australia Deputy Vice-Chancellors Forum	Canberra	Dorte Kristoffersen
25 June 2012	University of Newcastle – Meeting with Senior Executive Group and presentation at the Academic Senate	Newcastle	Carol Nicoll

Appendix N: Visits by stakeholders to TEQSA in 2011–12

Date	Representative	Institution	Host
8 November 2011	CEO	The Australian Psychology Accreditation Council	Dorte Kristoffersen
5 December 2011	Vice-Chancellor	Charles Darwin University	Carol Nicoll and Dorte Kristoffersen
7 December 2011	Senior representative	Swinburne University of Technology	Eric Mayne and Carol Nicoll
11 January 2012	Senior representative	Graduate Careers Australia	Michael Beaton-Wells
2 March 2012	CEO and Chairperson	Australian Nursing and Midwifery Accreditation Council	Carol Nicoll and Ian Hawke
30 March 2012	CEO	Higher Education Services Pty Ltd	Carol Nicoll
2 April 2012	Deputy CEO	Australian Medical Council Pty Ltd	Carol Nicoll
3 April 2012	CEO, Chair of Courses Assessment Committee and Education Manager	Australian Institute of Building	Carol Nicoll
3 April 2012	Executive Director	Regional Universities Network	Carol Nicoll
12 April 2012	Senior representatives	The Quality Assurance Agency for Higher Education (QAA), United Kingdom	Commission
19 April 2012	Deputy Chief Executive Quality Assurance	New Zealand Qualifications Authority	Ian Hawke
23 April 2012	Representatives of the Leadership	National Union of Students	Dorte Kristoffersen
27 April 2012	CEO	Swinburne College	Dorte Kristoffersen and Ian Hawke
11 May 2012	Senior representative	Australian Qualifications Framework Council	Commission
17 May 2012	Deputy Chief Executive	Universities Australia	Michael Beaton-Wells
31 May 2012	President	SP Jain Global School of Management, Singapore	Ian Hawke
12 June 2012	President of the Academic Board and Academic Advisor (Special Projects)	University of NSW	Carol Nicoll
14 June 2012	Vice-President and Executive Director	International Education Association of Australia	Carol Nicoll
19 June 2012	CEO and senior officials	Australian College of Sports Therapy	Dorte Kristoffersen

Appendix O:

TEQSA's involvement in international forums and dialogues in 2011–12

EC Quality Assurance International Conference

TEQSA's Chief Commissioner, Dr Carol Nicoll, was invited to speak at the European Commission's Quality Assurance International Conference in Brussels from 14–15 December 2011. Dr Nicoll's presentation highlighted Australia's new regulatory arrangements which combine external and self-regulation of providers, depending on risk profile, and the shift from a body that has 'powers of persuasion' to one that has 'powers to take action', and to intervene with an escalating series of responses, when poor quality is identified.

Prior to the conference, Dr Nicoll met with the UK Quality Assurance Agency for Higher Education (QAA) in London to update the QAA on TEQSA's development of a Regulatory Risk Framework, and to discuss a QAA White Paper on risk.

EU–Australia Education and Training Policy Dialogue

In March 2012, Dr Nicoll presented at the fourth European Union–Australia Education and Training Policy Dialogue in Brussels as part of a combined Australian Government and sector delegation. The Dialogue centred on international education with particular focus on the quality of provision, the wellbeing of students and mobility.

EU–Australia Education and Training Policy Dialogue

Commissioner Ian Hawke travelled to Canada in March 2012, as part of a federally funded delegation to meet with the Wellington Group, an informal gathering of higher education policy makers and academics from seven English speaking countries – Australia, Canada, England, Ireland, New Zealand, Scotland and the United States.

Commissioner Hawke presented TEQSA's Regulatory Framework as the basis for achieving a consistent, risk-based approach to higher education regulation. The visit provided the Australian delegation with the opportunity to share with similar countries the way regulation and quality assurance is being reformed in Australia, and to highlight that Australian higher education is well regulated, mature and robust.

Going Global Conference

In March 2012, Dr Nicoll presented at the 2012 London Going Global Conference (Theme: Changing Education for a Changing World) on Australia's new national approach to regulating the higher education sector.

INQAAHE, Melbourne

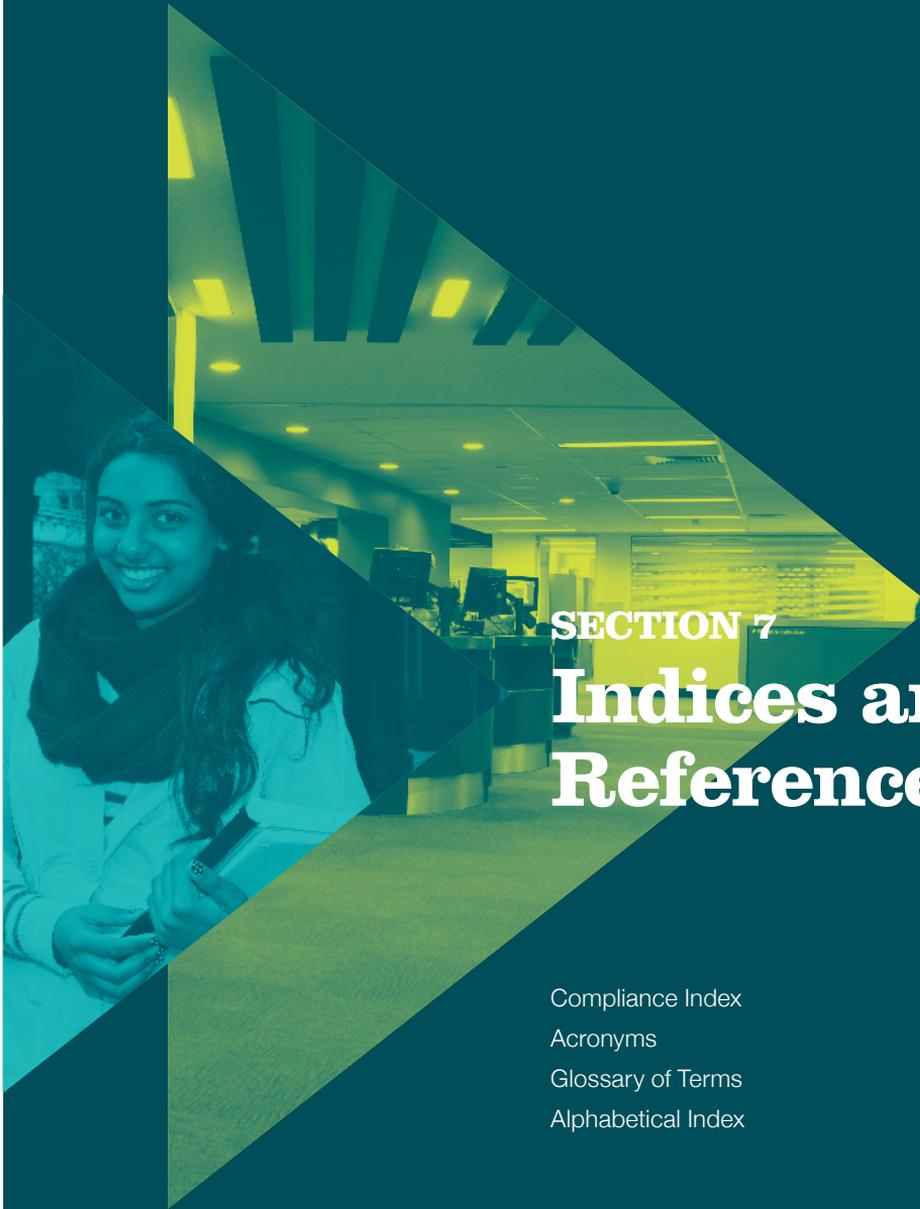
TEQSA hosted the 2012 International Network for Quality Assurance Agencies in Higher Education (INQAAHE) Members' Forum in Melbourne. Commissioner Dorte Kristoffersen presented at the conference and TEQSA provided significant administrative support to the 130 international delegates who attended. The theme of the conference was 'The future of external quality assurance'. In the margins of this forum, TEQSA's Commissioners held meetings with representatives of quality assurance bodies from Japan, China and Singapore.

QAA Videoconference

In April 2012 TEQSA held a videoconference with the Quality Assurance Agency (QAA) for higher education in the United Kingdom. The purpose of the videoconference was to share approaches to risk-based regulation and quality assurance in higher education. Topics of discussion included moving from an audit approach to a regulatory approach, transnational education, measurement of academic risks, and the promotion of quality improvement. The videoconference provided useful learning and insights and TEQSA looks forward to further discussions and sharing opportunities with QAA.

American Association of Collegiate Registrars and Admissions Officers (AACRAO)

On 24 May 2012 Commissioner Michael Beaton-Wells met with a United States/Canadian delegation from the American Association of Collegiate Registrars & Admissions Officers (AACRAO) as part of a high-level study tour of Australian higher education. The delegation was particularly interested in TEQSA's establishment and operation and the extent to which its regulatory approach improves access and success for students from disadvantaged and under-represented backgrounds.



SECTION 7

Indices and References

Compliance Index	108
Acronyms	111
Glossary of Terms	112
Alphabetical Index	114

Compliance Index

Table 7.1 below indicates the location of information provided in accordance with the *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies (Requirements)* issued by the Department of the Prime Minister and Cabinet on 28 June 2012. References in the first column of Table 7.1 are to the relevant paragraph in the Requirements.

Table 7.1 Compliance Index

Reference	Description of requirement	Requirement	Page
8(3) & A.4	Letter of transmittal	Mandatory	i
A.5	Table of contents	Mandatory	ii, iii
A.5	Index	Mandatory	114
A.5	Glossary	Mandatory	112
A.5	Contact officer(s)	Mandatory	inside cover
A.5	Internet home page address and internet address for report	Mandatory	inside cover
9(1)	Review by departmental secretary	Mandatory	1
9(2)	Summary of significant issues and developments	Suggested	1
9(2)	Overview of department's performance and financial results	Suggested	5, 38–41
9(2)	Outlook for following year	Suggested	5
9(3)	Significant issues and developments – portfolio	Suggested	1, 6–7
10(1)	Role and functions	Mandatory	12
10(1)	Organisational structure	Mandatory	18
10(1)	Outcome and program structure	Mandatory	12
10(2)	Where outcome and program structures differ from PB Statements/PAES or other portfolio statements, details of variation and reasons for change	Mandatory	n/a
10(3)	Portfolio structure	Mandatory	n/a
11(1)	Review of performance during the year in relation to programs and contribution to outcomes	Mandatory	19–37
11(2)	Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements	Mandatory	38
11(2)	Where performance targets differ from the PBS/PAES, details of both former and new targets, and reasons for the change	Mandatory	n/a
11(2)	Narrative discussion and analysis of performance	Mandatory	19–37
11(2)	Trend information	Mandatory	41
11(3)	Significant changes in nature of principal functions/services	Suggested	n/a
11(3)	Performance of purchaser/provider arrangements	If applicable, suggested	n/a
11(3)	Factors, events or trends influencing departmental performance	Suggested	41
11(3)	Contribution of risk management in achieving objectives	Suggested	45–46
11(4)	Social inclusion outcomes	If applicable, mandatory	n/a

Reference	Description of requirement	Requirement	Page
11(5)	Performance against service charter customer service standards, complaints data, and the department's response to complaints	If applicable, mandatory	96
11(6)	Discussion and analysis of the department's financial performance	Mandatory	41
11(7)	Discussion of any significant changes from the prior year, from budget or anticipated to have a significant impact on future operations	Mandatory	n/a
11(8)	Agency resource statement and summary resource tables by outcomes	Mandatory	92
12(1)	Certification that their agency complies with the Commonwealth Fraud Control Guidelines	Mandatory	54
12(2)	Statement of the main corporate governance practices in place	Mandatory	44
12(3)	Names of the senior executive and their responsibilities	Suggested	18
12(3)	Senior management committees and their roles	Suggested	44
12(3)	Corporate and operational planning and associated performance reporting and review	Suggested	46
12(3)	Approach adopted to identifying areas of significant financial or operational risk	Suggested	45
12(3)	Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	46
12(3)	How nature and amount of remuneration for SES officers is determined	Suggested	47–48
12(4)	Significant developments in external scrutiny	Mandatory	46
12(4)	Judicial decisions and decisions of administrative tribunals	Mandatory	n/a
12(4)	Reports by the Auditor-General, a Parliamentary Committee or the Commonwealth Ombudsman	Mandatory	n/a
12(5)	Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory	47
12(6)	Workforce planning, staff turnover and retention	Suggested	47
12(6)	Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and AWAs	Suggested	47
12(6)	Training and development undertaken and its impact	Suggested	48–49
12(6)	Workplace health and safety performance	Suggested	95
12(6)	Productivity gains	Suggested	n/a
12(7)	Statistics on staffing	Mandatory	93
12(8)	Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	47
12(9) & B	Performance pay	Mandatory	48
12(10)-(11)	Assessment of effectiveness of assets management	If applicable, mandatory	n/a
12(12)	Assessment of purchasing against core policies and principles	Mandatory	49

Reference	Description of requirement	Requirement	Page
12(13)-(24)	Summary statement detailing consultancy services contracts let during the year; including a statement noting that information on contracts and consultancies is available through the AusTender website.	Mandatory	49
12(25)	Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	49
12(26)	Contracts exempt from the AusTender	Mandatory	49
13	Financial Statements	Mandatory	54–90
14(1) & C.1	Workplace health and safety	Mandatory	95
14(1) & C.2	Advertising and Market Research	Mandatory	95
14(1) & C.3	Ecologically sustainable development and environmental performance (section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	Mandatory	94
14(1)	Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	If applicable, mandatory	n/a
14(2) & D.1	Grant programs	Mandatory	n/a
14(3) & D.2	Disability reporting	Mandatory	96
14(4) & D.3	Information Publication Scheme statement	Mandatory	94
14(5)	Correction of material errors in previous annual report	If applicable, mandatory	n/a
F	List of Requirements	Mandatory	108

Acronyms

AACRAO	American Association of Collegiate Registrars and Admissions Officers	FOI	freedom of information
ABN	Australian Business Number	FMA Act	<i>Financial Management and Accountability Act 1997</i>
AC	Companion of the Order of Australia	FRC	Financial Reporting Council
ACPET	Australian Council for Private Education and Training	GAA	government accreditation authority
AGIMO	Australian Government Information Management Office	IFA	individual flexibility arrangements
ANAO	Australian National Audit Office	IPS	information publication scheme
APS	Australian public service	KPI	key performance indicator
ASA	Agency Security Adviser	HDR	Higher Degree Research
ASQA	Australian Skills and Quality Authority	HEP	higher education provider
AUQA	Australian Universities Quality Agency	HESA	<i>Higher Education Support Act</i>
AWA	Australian workplace agreement	IFA	individual flexibility arrangements
BA	bachelor of arts	IT	information technology
CATP	Consequential Amendments and Transitional Provisions	LLB	bachelor of laws
CEI	chief executive instructions	MoU	Memorandum of Understanding
CEO	chief executive officer	NABERS	National Australian Built Environmental Ratings Scheme
COPHE	Council of Private Higher Education	OH&S	Occupational Health and Safety
CPG	Commonwealth Procurement Guidelines	PBS	Portfolio Budget Statement
CwIth	Commonwealth	PAES	Portfolio Additional Estimates Statement
CRICOS	Commonwealth Register of Institutions and Courses for Overseas Students	PSM	Public Service Medal (Australia)
DEEWR	Department of Education, Employment and Workplace Relations	QAA	Quality Assurance Agency for Higher Education
DIAC	Department of Immigration and Citizenship	SES	senior executive service
DIISRTE	Department of Industry, Innovation, Science, Research and Tertiary Education	SMT	Senior Management Team
DSS	Decision Support System	STEM	Science, Technology, Engineering and Mathematics
EC	European Community	TAFE	Tertiary and Further Education
EL	executive level	TDA	TAFE Directors Australia
ELICOS	English language intensive courses for overseas students	TEQSA	Tertiary Education Quality and Standards Agency
EMS	Environment Management System	TEQSA Act	<i>Tertiary Education Quality and Standards Agency Act 2011</i>
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>	TEQSA CATP Act	<i>Consequential Amendments and Transitional Provisions Act 2011</i>
ESD	ecologically sustainable development	UA	Universities Australia
ESOS	Education Services for Overseas Students	UniDAP	Contractor engaged for the provision of support services to TEQSA
ESOS Act	<i>Education Services for Overseas Students Act 2000</i>	VET	vocational education and training
		WCAG	Web Content Accessibility Guidelines
		WH&S	workplace health and safety

Glossary of Terms

Australian Skills Quality Authority (ASQA)

The Australian Skills Quality Authority (ASQA) is the national regulator for Australia's vocational education and training sector. ASQA regulates courses and training providers to ensure nationally approved quality standards are met.

Australian Qualifications Framework (AQF)

The Australian Qualifications Framework (AQF) is Australia's national policy for regulated qualifications. The AQF encompasses higher education, vocational education and training and school education. It provides for national recognition and a consistent understanding of what defines each qualification type. The Qualification Standards enshrined in the TEQSA Act strongly reflect the AQF which requires awards issued to be quality assured, protected against fraudulent use and to serve as pathways for further learning. The Qualification Standards incorporate by reference the following AQF policy documents: AQF Levels Criteria and AQF Qualification Type Descriptors; AQF Qualifications Issuance Policy; AQF Qualifications Pathways Policy; AQF Qualifications Register Policy; and AQF Qualification Type Addition and Removal Policy. These documents are available at <<http://www.aqf.edu.au>>.

Australian Universities Quality Agency (AUQA)

Prior to the establishment of TEQSA, the Australian Universities Quality Agency (AUQA) was the principal national quality assurance agency in higher education with the responsibility of providing public assurance of the quality of Australia's universities and other institutions of higher education, and assisting in enhancing the academic quality of these institutions.

Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS)

CRICOS is the official Australian Government website that lists all Australian education providers offering courses to people studying in Australia on student visas and the courses offered. CRICOS is a searchable database managed by DIISRTE under the Education Services for Overseas Students (ESOS) legislative framework. It provides details of those Australian education institutions approved to recruit, enrol and deliver education and training services to overseas students and details of the courses that they deliver. TEQSA is responsible for assessing applications for inclusion on the CRICOS and for approving the registration of a provider on CRICOS. The database can be searched by course or provider name/number. It can be accessed at <<http://cricos.deewr.gov.au/default.aspx>>.

Department of Industry, Innovation, Science, Research and Tertiary Education (DIISRTE)

The Department of Industry, Innovation, Science, Research and Tertiary Education (DIISRTE) is the Australian Government department with responsibility for administering funding under the *Higher Education Support Act 2003* and for developing and administering higher education policy and programs.

English Language Intensive Courses for Overseas Students (ELICOS)

ELICOS are courses offered to students studying in Australia on student visas. 'Intensive' denotes full-time study comprising a minimum of 20 scheduled course contact hours per week of face-to-face classes of English language instruction.

Education Services for Overseas Students (ESOS)

The Education Services for Overseas Students (ESOS) Act 2000 (the ESOS Act) and the associated legislation form the legal framework governing delivery of education to overseas students studying in Australia on a student visa. The framework sets out clear roles and responsibilities for providers of education and training to international students and complements Australia's student visa laws. On 29 January 2012, TEQSA assumed responsibility for regulating international education for higher education under the ESOS Act.

Higher education provider (Provider) also (HEP)

Higher education provider is defined in the TEQSA Act and means:

- (a) a constitutional corporation that offers or confers a regulated higher education award, or
- (b) a corporation that:
 - (i) offers or confers a regulated higher education award; and
 - (ii) is established by or under a law of the Commonwealth or a Territory; or
- (c) a person who offers or confers a regulated higher education award for the completion of a course of study provided wholly or partly in a Territory.

Higher Education Standards Panel

The Higher Education Standards Panel is responsible for developing and monitoring the Higher Education Standards Framework. Panel members are appointed by the Minister for Tertiary Education, in consultation with the Commonwealth Minister for Research.

Higher Education Support Act 2003 (HESA)

The *Higher Education Support Act 2003* (HESA) provides for the Commonwealth to give financial support for higher education and certain vocational education and training through: (a) grants and other payments made largely to higher education providers; and (b) financial assistance to students (usually in the form of loans).

Government Accreditation Authority (GAA)

Government Accreditation Authorities (GAAs) referred to state and territory government accrediting authorities for higher education responsible for accrediting AQF qualifications and authorising non-self-accrediting higher education institutions to issue them. Their functions are now conducted by TEQSA.

Material Change

Under section 29(1) of the TEQSA Act, a registered higher education provider is required to notify TEQSA if any of the following events occur or are likely to occur: a) an event that will significantly affect the provider's ability to meet the Threshold Standards; or b) an event that will require the National Register to be updated in respect to the provider. Material changes to an accredited course of study or to the operations of a higher education provider may lead TEQSA to take regulatory action. Any action by TEQSA will be mindful of not discouraging change, innovation and continuous improvement.

National Code

The National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students (National Code) provides nationally consistent standards for the conduct of registered providers and the registration of their courses. These standards set out specifications and procedures to ensure that registered providers of education and training courses can clearly understand and comply with their obligations under the National Code.

National Protocols for Higher Education Approval Processes

National Protocols for Higher Education Approval Processes (National Protocols), developed in 2000 and revised in 2007, were a key element of the national quality assurance framework for Australian higher education. The National Protocols were drafted as guidelines rather than standards and did not contain measures of performance. Aspects of the National Protocols were incorporated into the Threshold Standards.

Provider case manager

Provider case managers are managers employed in the regulation and review area of TEQSA who manage activities relating to a higher education provider.

Provider Category

Provider category relates to a category of provider as listed in the Provider Category Standards, available at <<http://www.comlaw.gov.au/Details/F2012L00003/Download>>.

Register

Refers to the National Register of Higher Education Providers (the Register) was established and is maintained under section 198 of the *Tertiary Education Quality and Standards Agency Act 2011* (TEQSA Act).

Registered higher education provider

This term refers to a higher education provider registered under Part 3 of the TEQSA Act and listed on the Register under paragraph 198(1)(a) of the Act.

Regulatory risk

In the context of TEQSA's regulatory operations, regulatory risk refers to actual or potential risk events (regarding a provider's operations and performance) which indicate that the provider may not meet the Threshold Standards (either currently or in the future).

Regulatory Risk Framework

The Regulatory Risk Framework describes TEQSA's regulatory risk management policy and processes. It enables TEQSA to give effect to the principle of reflecting risk in its regulatory activities, as required under the TEQSA Act.

Risk assessment

The term 'risk assessment' captures the overall process of risk identification, risk analysis and risk evaluation.

Tertiary Education Quality and Standards Agency (TEQSA)

The Tertiary Education Quality and Standards Agency (TEQSA) is Australia's national regulatory and quality agency for higher education. TEQSA was established under section 132 of the TEQSA Act 2011. (The TEQSA Act can be found at <<http://www.comlaw.gov.au/Details/C2011C00582>>). TEQSA's primary aim is to ensure that students receive a high quality education at any Australian higher education provider.

Threshold Standards

Threshold Standards are defined as:

- (a) the Provider Standards, which are:
 - (i) the Provider Registration Standards; and
 - (ii) the Provider Category Standards; and
 - (iii) the Provider Course Accreditation Standards; and
- (b) the Qualification Standards.

Further information can be found at <<http://www.comlaw.gov.au/Details/F2012L00003>>.

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