



# TEQSA's approach to changes of control or ownership of a higher education provider

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## Purpose

The purpose of this policy is to describe the Tertiary Education Quality and Standards Agency's (TEQSA's) approach in responding to a change of control or ownership of a higher education provider (HEP), and describe the reasons for its interest following such an event.

A change of control or ownership occurs when a new entity obtains substantial ownership of a registered HEP (whether or not that is a majority stake in a provider). A change in control or ownership of a HEP has the potential to significantly impact a provider's ability to meet the *Higher Education Standards Framework (Threshold Standards) 2021* (HES Framework), noting the effect that a change in control or ownership can have on a provider's governance arrangements and management.

TEQSA's interest following a change in control or ownership of a HEP will focus primarily on potential risks to the quality of students' educational experience, and a provider's financial viability and sustainability. Examples of events that impact students following a change in control or ownership that would concern TEQSA, while not exhaustive, include:

- a rapid increase in student enrolments in the absence of a planned and managed approach, particularly where there is reliance on growth in single source markets
- course closures in the absence of adequate teach out arrangements
- reductions in staffing (academic and support services) to lower expenses
- reductions in investment in facilities and infrastructure and the financial capacity of the HEP
- reductions in the quality of the learning environment through for example, reductions in senior academic leaders, increases in student to staff ratios, increased rates of academic staff casualisation, or an overreliance on third party teaching/delivery arrangements.

## Scope

This policy relates to providers that have been subject to a change of control or ownership in recent history.

# Principles

1. Before a change of ownership or control of a registered HEP event takes place, TEQSA expects to be provided with notification in accordance with section 29(1)(a) of the TEQSA Act (for further detail, refer to TEQSA's [Material Change Notification Policy](#)). It is not necessary for an acquirer to take a majority ownership stake (i.e. greater than 50 per cent) in a provider in order to exercise effective control.
2. TEQSA's approach in responding to a change in control or ownership of a HEP will be guided by its regulatory principles of reflecting risk, proportionality and necessity. TEQSA's investigations and regulatory intervention will be focussed on key risks arising from the change of control or ownership to the quality of students' educational experience, and the provider's financial viability and sustainability.
3. Where there is a change of control or ownership of a HEP, TEQSA will seek early engagement with the affected provider (and its new owners). The objective of this engagement is to ensure that the provider can continue to meet the requirements of the HES Framework, to address any concerns TEQSA holds with aspects of the provider's operations under its previous control and to confirm the future strategic directions of the HEP.
4. At a minimum, HEPs should expect that TEQSA will request documentation on the nature of the transaction, run a background check on any new shareholders and/or directors, and consider the history of prior tertiary education provision by the acquiring entity or its personnel. TEQSA may also request details of changes to key personnel, governance committees, financial statements, and fit and proper person declarations. Examples of sources TEQSA may refer to in its background checks include Australian Securities and Investments Commission's (ASIC) current and historical company extracts, Equifax's corporate scorecards and company/director credit reports, and the Australian Financial Security Authority's National Personal Insolvency Index.
5. HEPs should also be aware that a change of control or ownership may trigger a compliance assessment if appropriate in the circumstances. A compliance assessment can be initiated at any time before or after the change of control or ownership has taken place.
6. If TEQSA's concerns are not resolved by the provider's response, TEQSA can take other regulatory steps to mitigate the risk that the provider will not meet the HESF. This includes placing conditions on courses and/or registration, or in serious cases shortening or cancelling a provider's registration.
7. TEQSA recognises that it is part of a broader regulatory community and will work with other relevant Commonwealth and/or State and Territory agencies to acquire and share regulatory information, for intelligence purposes and to minimise regulatory burden on providers where they have already submitted information to other agencies.

## Further information

Further information about TEQSA's approach following a change in provider control can be obtained by directing an email enquiry to: [enquiries@teqsa.gov.au](mailto:enquiries@teqsa.gov.au).