



**SUBMISSION OF FEEDBACK ON THE TEQSA CONSULTATION PAPER ON FEES
AND CHARGES**

Western Sydney University feedback on the consultation paper: cost recovery for quality assurance and regulation of higher education, published by TEQSA in April 2021

Western Sydney University welcomes the opportunity to provide feedback on the proposed TEQSA fees and charges. The University understands that the decision to move to full cost recovery (except for a few activities) was a decision of the Australian Government; however, Western Sydney University urges the Government to reconsider this decision. Imposing taxation on universities, that provide a public good to educate Australian students and are non-for-profit charities, is inappropriate.

The consultation paper proposes fees and charges to recover approximately 90 per cent of TEQSA's annual costs. The paper proposes three mechanisms to recover these costs:

1. Direct fees for application-based activities
2. Hourly charges for compliance and investigation activities
3. Annual levy for all providers.

Noting the overall statement that Western Sydney University urges the Government to reconsider its decision, the University's comments on each of these charges is discussed below.

1. Direct fees for application-based activities

TEQSA already charges fees for application-based activities. However, the proposal includes three levels of fees for registration renewal based on the complexity of the activity. The paper notes that based on historical assessments "there are different levels of effort required for assessments, based on the consideration of: a provider's track record in the provision of higher education; financial standing; history of compliance with the standards; assessed risk of current and future non-compliance; and other information and intelligence held by TEQSA." While the University does not disagree with this analysis, we believe the criteria for determining the level of assessment required should be transparent (as required by the Australian Cost Recovery Guidelines (RMG 304), clause 27). The annual risk assessment should be used to determine the level of assessment required. For example, an annual risk assessment with low risk to finance and low risk to students, should require a minimal assessment (level 1), a medium risk to finance and/or to students would require a level 2 assessment, while high risk either finance and/or students would require a more complete assessment (level 3).

The number of days to finalise an assessment report (13 days) seems excessive noting this is following 18 days for the assessment report, 4 days for QA and update report, and 6 days for TEQSA review.

The fee for CRICOS Additional Course (\$355) seems excessive. This fee is equivalent to more than 2 hours of investigative time (proposed to be charged at \$150 per hour). The application form also allows for multiple courses per application. Is it proposed that the \$355 fee would be charged per course?

The CRICOS Add Foundation Course is significantly higher than the CRICOS Additional Course. Why is this fee higher? What activities are included in the costs? If it includes an assessment of the foundation course itself, is it proposed that the CRICOS Add Foundation Course fee (\$20,071) is charged to providers with self-accrediting authority?

There is currently a fee to increase international student capacity. This fee does not appear in the new proposed fees. Is it proposed that there will no longer be a fee to increase international student capacity?

The document includes a proposal to only partially cost recover course accreditation and reaccreditation fees from smaller providers (not applicable to providers with self-accrediting authority, e.g. universities). It is unclear from the consultation paper if the Government is making up the difference in revenue from costs for these activities and Budget-funding or whether other providers are expected to cover these expenses?

2. Hourly charges for compliance and investigation activities

The consultation paper proposes to charge an hourly fee (\$150/hour) for investigations, compliance assessments and monitoring of compliance with conditions to providers that are subject to these activities. This seems at odds with the Australian Cost Recovery Guidelines where compliance activities are included in cost recovery levies (Figure 1: Key government charges and their characteristics).

As noted in the TEQSA Compliance Report, March 2021, TEQSA review material change notifications to identify potential areas of risk and “14 material change notifications received in 2020 warranted closer review resulting in formal compliance assessments.” Thus, introducing an hourly fee for compliance assessments, may result in providers deciding not to notify TEQSA of items that may or may not be material changes to avoid the risk that TEQSA may commence a compliance assessment.

It is very concerning that there is no upper limit on the fee for investigations, compliance assessments and monitoring of compliance with conditions. This means TEQSA could decide to extend an assessment above and beyond what is required to assess and manage the risk. This does not comply with the Australian Cost Recovery Guidelines which state “For cost recovery transparency means documenting key information about the activity ... in an accessible way for those who pay charges and for other stakeholders” (clause 27).

Further, the consultation paper proposes not to charge a fee where an investigation is conducted and there are no adverse findings. Again, this may lead to perverse actions to ensure that an investigation does find compliance issues to ensure a fee can be charged, and to be compliant with the Australian Cost Recovery Guidelines which state agencies must not be systemically over or under recovering costs (clause 37) (i.e. a balanced budget).

Western Sydney University proposes that the charges for investigation and compliance assessments are included in the annual levy. In addition, any fees for monitoring of compliance with conditions should be transparent and include an upper cap.

3. Annual levy for all providers

The consultation paper proposes an annual levy for all providers to recover costs that cannot be directly attributed to a service provided to an individual provider. The total cost to be attributed is \$5.665M. Divided equally across all providers (currently 186 as per the National Register) this would be approximately \$30K per provider per year. If the levy included the costs for investigation complaints etc. proposed to be recovered on an hourly basis (see item 2 above), the total to be recovered would be \$7.559M. This equates to approximately \$41K per provider per year.

The consultation paper proposes to charge concern management and resolution activities proportionally based on number of registered students (EFSTL) at each provider. More detail on the proposed charge is required. It is noted that the total annual cost to be recovered is \$269K (divided equally this would be \$1,446 per provider). It may prove that the cost to collect the charge (individual invoices per provider based on EFSTL) may not be efficient. The fees to produce individual invoices for each provider would increase the cost to be recovered. The Australian Cost Recovery Guidelines state that costs must be collected in an efficient manner.

Western Sydney University welcomes the opportunity to discuss this submission further.