



Australian Government

Tertiary Education Quality and Standards Agency

# TEQSA Fees and Charges Consultation

Cost recovery for quality assurance and regulation of Australian higher education

18 and 20 May 2021

TEQSA



Australian Government

Tertiary Education Quality and Standards Agency



# Acknowledgement of Country

TEQSA acknowledges the Traditional Owners of Country throughout Australia and their continuing connection to land, waters and community. We pay our respects to their Cultures, Country and Elders past, present and emerging.

**TEQSA**





## Event recording

Please note that a video recording will be taken throughout this event.

The recording will be uploaded to TEQSA's fees and charges consultation site.

For information about TEQSA's privacy policy visit [teqsa.gov.au/privacy](https://teqsa.gov.au/privacy)

# Agenda

- Context
- Our proposed approach
- Fees and charges
- Timeline
- Feedback
- Questions



# Context

- Successive governments have had long standing policies of charging the costs of regulation to regulated entities
- The current government instituted cost recovery guidelines and a charging framework in 2015
- Prior to the current fee waivers, TEQSA had been charging fees for some of its services – accounting for around 15 per cent of our overall budget
- The Government's recent announcement is for TEQSA to transition to recovering approximately 90 per cent of its regulatory costs
- The proposal is for a fee structure that includes the phased introduction of some fees and discounts on other fees, based on student load

# Context

The government's policy framework requires that TEQSA develop a Cost Recovery Implementation Statement, or CRIS:

- a public document, made available on TEQSA's website
- includes all activities for which costs are recovered
- updated at the beginning of each financial year and otherwise as necessary
- reviewed annually
- approved by the Minister

The purpose of the current consultation is to finalise a CRIS for 2022



## Consultation paper Fees and charges proposal

Cost recovery for quality assurance  
and regulation of higher education

April 2021

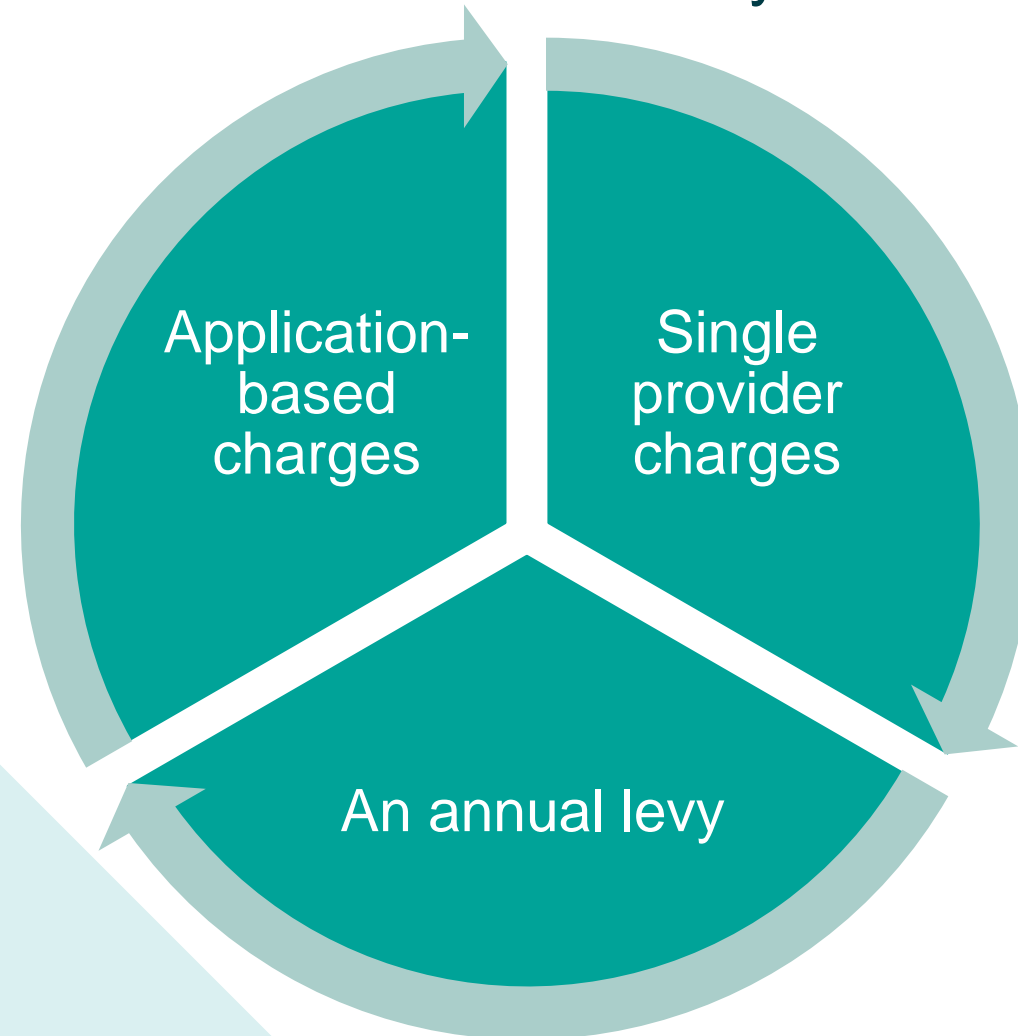
TEQSA

# The consultation paper

Notable features of the proposal

# Our proposed approach

The proposed approach to TEQSA's cost recovery is structured around three key elements:



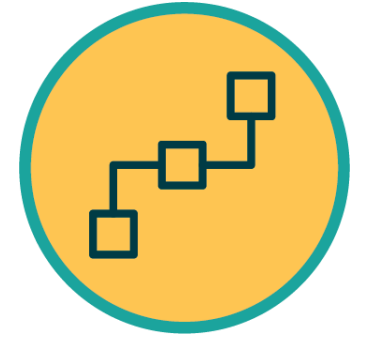


# Our proposed approach

- Overall, the proposed cost recovery model will recover 90 per cent of TEQSA's costs
- Most fees will increase to cover full costs of the particular activity being charged
- Self-evidently, this will result in significant increases in fees for all providers
- Some fees – in particular for course accreditation and re-accreditation – will be discounted on a sliding scale for smaller providers

# Our proposed approach

## For application-based charges



- To charge 100 per cent for **registration and re-registration** costs from 1 January 2022
- To charge discounts for **course accreditation and re-accreditation** costs from 1 January 2022
  - In order to provide relief for smaller providers, based on actual student load
  - With the applied discount ranging from 70 to zero per cent

## Costs recovery bands to be applied

Number of students (Equivalent Full Time Student Load EFTSL)	Reduction in cost recovery applied to course accreditation and re-accreditation fees
0<500	70%
500<1000	60%
1000<1500	50%
1500<2000	40%
2000<3000	30%
3000<4000	20%
4000<5000	10%
5,000 +	0%

# Our proposed approach

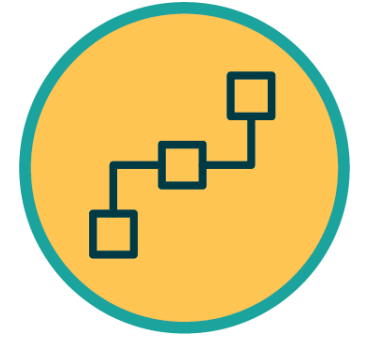
## For an annual levy

- To charge an annual levy for TEQSA's **sector-wide services** (or non-application based regulatory activity) that cannot be attributed to a single provider from 1 January 2022



# Our proposed approach

## For single-provider charges



- To charge 100 per cent for ‘**stand-alone**’ costs (or provider specific non-application based regulatory activity) from 1 January 2022
  - ‘Stand-alone’ activities include investigations, compliance assessments and monitoring of conditions that have been imposed on single providers
  - These charges will be calculated on a per-hour basis

## Summary of Direct and Indirect regulatory costs in 2020-21

Regulatory Activity	Application-based (Assessment) activities (\$'000)	Non-Application based (Sector monitoring and oversight) activities (\$'000)	Total TEQSA Regulatory Expenses (\$'000)	Budget-funded (External Reviews, Admission Transparency and Academic Integrity) activities (\$'000)	Total TEQSA Expenses (\$'000)
Direct costs	\$6,044	\$4,959	\$11,003	\$1,039	\$12,042
Indirect costs	\$3,043	\$2,600	\$5,643	\$539	\$6,182
<b>Total</b>	<b>\$9,087</b>	<b>\$7,559</b>	<b>\$16,646</b>	<b>\$1,578</b>	<b>\$18,224</b>

\* non-application based charges comprise \$5.6m regulatory levy and \$1.9m provider specific regulatory activities

# Estimated and indicative costs

## By provider

- Estimated total fees and charges range from \$40K to \$85K per annum, with the bulk of providers paying \$40K to \$55K.
- Of this total amount:
  - \$15K to \$50K in application-based fees (registration and course accreditation) per annum
  - \$25K - \$35K in the annual levy (once fully implemented) per annum
- The savings from the discounts for accreditation fees, especially for small providers with large numbers of courses, are up to \$50K per year
- Acknowledging that this still represents a significant increase in costs
- Happy to engage individual providers on estimates of costs from the proposed model, including savings made from the discounts on course accreditation

# Timeline

ACTION	DATE
Public consultation commences	Friday 30 April 2021
Public Consultation Event 1	Tuesday 18 May 2021
Public Consultation Event 2	Thursday 20 May 2021
Closing date for consultation period and submissions	Thursday 3 June 2021 at 5:00pm AEST
Consolidate and finalise feedback	Thursday 1 July 2021
Introduction of the proposed TEQSA (Charges) Bill 2021 and TEQSA Amendment (Cost Recovery) Bill 2020 to Parliament of Australia	Winter Parliamentary sitting 2021
Commencement of new TEQSA cost recovery model	Saturday 1 January 2022



# Feedback

Please tell us about the **potential impacts** of the proposed changes on:

- your business
- your students
- quality of higher education
- availability of higher education



Tell us about **potential alternatives** to the proposed changes

# Feedback



Possible questions that could be considered are:

- What are your views on TEQSA's proposed approach to implementing increased cost recovery in line with the Government's policy?
- Do you agree or disagree with TEQSA's proposed approach to attribute application-based costs according to relative regulatory effort?
- Do you have any comments on the proposed method of adjusting course accreditation fees based on a provider's student numbers?
- Do you agree or disagree that the cost of compliance and investigatory activities should be borne by those providers being investigated?
- Do you have any comments on the structure of the proposed new annual levy?

# Feedback



Visit [www.teqsa.gov.au/fees-and-charges-consultation](http://www.teqsa.gov.au/fees-and-charges-consultation)

or

Email [consultation@teqsa.gov.au](mailto:consultation@teqsa.gov.au)

Consultation **ends Thursday 3 June 2021 at 5:00pm AEST**

# Questions and Answers





Australian Government

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# TEQSA Fees and Charges Consultation

More information:

[teqsa.gov.au/fees-and-charges-consultation](https://teqsa.gov.au/fees-and-charges-consultation)

May 2021

TEQSA