

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Industry, Innovation, Science, Research and Tertiary Education Portfolio
Additional Estimates Hearing 2011-12
15 February 2012

AGENCY/DEPARTMENT: TERTIARY EDUCATION QUALITY AND STANDARDS AGENCY (TEQSA)

TOPIC: TEQSA Fee Schedule

REFERENCE: Question on Notice (Page 87, Hansard, 15 February 2012)

QUESTION No.: AI-38

Senator RHIANNON: I understand that prior to the establishment of TEQSA there was concern raised about its fee schedule, given the full cost recovery model in place. What concerns have been raised about TEQSA fees and by which type of providers?

Dr Nicoll: I would like to correct you first of all. We do not have a full cost recovery regime to implement. The way TEQSA has been set up is partial cost recovery. We have put out a fee schedule on 29 January after consultation with the sector, given the fact that cost recovery should be based on an understanding of how costs are derived. We are a brand new agency; we have no data of what the costs are going to be and how we would go about activity costing those. We have had to use historical data, including basing it on the fees of the states and territories, but it is very important to recognise that many of the states and territories significantly subsidised their approaches to this and were not working on full cost recovery. In some states it is fair to say that our fees will be higher. There are other states that were full cost recovery attempted, they were much higher than what we have set. In response to the feedback we had we made changes to the draft schedule that we put out for consultation and we have undertaken to review the fee schedule later next year, after we have had a good year of actual operations—and we will be collecting data from now about how our operations work. It may be that the sector is either pleasantly or unpleasantly surprised by the outcome of that, but we will undertake a review.

Senator RHIANNON: So there is no particular grouping that is complaining at the moment? Is it the case that we have not got to that stage?

Dr Nicoll: We had responses. I can actually go through them.

Senator RHIANNON: I am not asking you to do it now. I was trying to see the trends. I am trying to get my head around how all this works. Is there any particular group in your providers that is exploring this with you and raising concerns?

Dr Nicoll: Given the time restraints of the committee, I would be happy to take it on notice and we could give you a summary of the issues that were raised through the consultation. We would be very happy to provide you with those.

ANSWER

TEQSA released the maximum thresholds for each fee for comment from the higher education sector. TEQSA made this information available on TEQSA's website and invited the public to make submissions on the development of TEQSA's fees instrument. TEQSA also notified the following stakeholders via email to ensure they were aware of the opportunity to provide written comment:

- All Higher Education Providers currently registered under state or territory higher education laws: there are approximately 180 such organisations, including Universities and private providers of varying size and scope.
- Peak Bodies: Australian Council for Private Education and Training (ACPET); Universities Australia (UA); Council of Private Higher Education (COPHE); TAFE Directors Australia (TDA), Council of Australian Postgraduate Associations (CAPA); National Tertiary Education Union (NTEU); and National Union of Students (NUS).

The consultation period ran from Tuesday 3 January 2012 to Tuesday 17 January 2012.

Twenty-five submissions were received, including those from Peak Bodies that represent the majority of higher education providers. The submissions represented a wide range of views. In summary:

- Several submissions indicated that the fee thresholds were reasonable and/or broadly consistent with previous charges issued by the State/Territory accrediting bodies. However, some submissions claimed that TEQSA's fee thresholds are higher than some currently charged by the States/Territories;
- Several submissions raised concerns that charging for processing notifications of "material changes" under section 29 of the *TEQSA Act 2011* could reduce the amount of notifications received by TEQSA under that section;
- Most submissions identified that maximum thresholds do not provide enough clarity for affected organisations to plan their annual budgets;
- The burden of fees on smaller institutions was raised in several submissions with the recommendation that a sliding scale for fees may be appropriate. It was also observed that these fees may present a barrier to smaller providers entering the market and lead to a lack of diversity in the sector;
- There was general consensus that further consultation on the fees is required in the future, once more detailed information about the costs of TEQSA performing its functions becomes available;
- Another consistent element of the submissions was that discounts should be applied to applications for accreditation of multiple, or nested, courses of study;
- A number of submissions suggested that the costs to TEQSA of a re-registration and a re-accreditation will be less than for a registration and an accreditation respectively; and
- A small number of submissions discussed concerns around the differentiation of fees based on provider category, and instead suggested that size, scope and number of students would be a better approach for determining the amount charged.

The Determination incorporates many of these suggestions. In particular:

- TEQSA has determined that the fees associated with applications for registration or renewal of registration in the Higher Education Provider category will be lower than those for other provider categories. This reflects the higher amount of work in verifying compliance with the additional standards imposed on providers in other categories.

- TEQSA has determined that it will not charge for notifications of material changes under section 29 of the *TEQSA Act 2011*.
- TEQSA has determined the fees for applications for accreditation of courses of study in a way which provides discounts where higher education providers submit applications for accreditation, or renewal of accreditation, for more than one course of study.
- TEQSA has determined that fees for Renewal of Registration and Renewal of Accreditation will be lower than those for Registration and Accreditation respectively. This is a reflection of the likely reduction in the amount of work required for subsequent regulatory activity.

TEQSA will review these fees commencing in 2013 having regard to the collected data on costs for performing TEQSA's functions following commencement of TEQSA's regulatory activity. TEQSA will also consult with higher education providers and other stakeholders as part of the review to ensure that these stakeholders have a further opportunity to inform the approach to the development of TEQSA's fee arrangements.