



INDEPENDENT  
HIGHER EDUCATION  
AUSTRALIA

# **IHEA SUBMISSION**

## **THE TERTIARY EDUCATION QUALITY AND STANDARDS AGENCY'S FEES AND CHARGES CONSULTATION**

28 October 2024

## IHEA Submission

# The Tertiary Education Quality Standards Agency's Fees and Charges Consultation

Independent Higher Education Australia appreciates the opportunity to provide feedback on the Tertiary Education Quality and Standards Agency's (TEQSA) Fees and Charges consultation paper, for which submissions are due by 5pm (AEDT) 28 October 2024.

### TEQSA's Service Charter

The consultation paper reflects that earlier in 2024, TEQSA released a consultation paper on its revised Service Charter, which reflects an emphasis on:

- Providing responses and updates in a respectful, courteous and timely way.
- Measuring, and reporting against, our performance in meeting our service targets.
- A commitment to continuous improvement against our Service Charter, service standards and legislated timeframes.

IHEA supports these principles and a Service Charter that ensures a proactive and responsive approach from TEQSA. However, we note that some providers are still subject to decisions from TEQSA that are not well informed or based in evidence; reliant on poor data and information exchange processes with other agencies, such as the Department of Education; and which require significant resources to challenge a decision, including through the Administrative Appeals Tribunal (which was replaced by the Administrative Review Tribunal on 14 October 2024). With respect to the latter, even when a favourable decision is achieved, the time and cost, which can be several hundreds of thousands of dollars, are never recouped. As such, we look forward to the release of the revised Service Charter as a basis for a genuine framework of customer-focused decision making and review that delivers the best outcomes in a transparent manner.

### Establishment of an Enquiries and Provider Liaison Team

The consultation paper reflects that in response to feedback on the draft, revised Service Charter, TEQSA has adjusted its approach to managing enquiries and to dealing with stakeholders, which has led to the establishment of an Enquiries and Provider Liaison Team (the Team). It states that the Team will provide a single point of contact for enquiries, which will be supported by an investment in people and systems to ensure a consistent approach to implementing its Service Charter.

IHEA looks forward to the operation of the Team providing increased service and responsiveness in its interactions with, and enquiries from, higher education providers. We would propose that the Team be tasked with ensuring that all of TEQSA's service standards are not only met but delivered to the highest standards. This will support TEQSA in its stated ambition to continuously improve and to achieve best practice service standards. As previously stated, IHEA recommends that the service targets be updated so that greater than 95 per cent of all communication or enquiries, whether received through the web, email or telephone, are responded to within five business days. As proposed in consultation on the Service Charter, we are concerned that the service standard for answering of telephone calls on the spot has been reduced from 80 per cent to 70 per cent. It is extremely disappointing that this has been reduced. TEQSA should be improving and enhancing its service standards and the increased fees independent higher education providers are paying should translate into more efficient and timely interactions with TEQSA. Additionally, we recommend that 100 per cent of complaints to TEQSA should be substantively resolved within 90 days from the date the complaint is received.

We have previously communicated our concern about the frequency and extent of cost recovery fee increases, which do give the appearance of an efficiency dividend for Government, rather than increases to ensure improved and streamlined processes and outcomes. If in fact it is an efficiency dividend, we would welcome that being

translated into improved timeframes for making decisions and updating customer service standards for enquiries and complaints. These targets, in the context of increased fees will ensure that TEQSA is providing the necessary assurances that it will provide a commensurate level of service, thereby enhancing trust and credibility in the sector. This should occur as part of an annual review of the Service Charter.

### **Proposed adjustment to the cost recovery model**

#### Registered Higher Education Provider (RHEP) Charge

Since 1 January 2023, all higher education providers have been required to pay the annual registered Higher Education Provider (RHEP) charge. The RHEP charge is the sum of:

- A base component, which enables TEQSA to recover costs for delivering regulatory services that benefit the sector that cannot be attributed to individual providers, and
- A compliance component that recovers the cost of compliance activities undertaken by TEQSA in relation to the provider in the preceding calendar year.

The base component includes 2 elements:

- Costs for outputs which are allocated equally across all registered higher education providers.
- Costs which are allocated based on provider size, where the provider's size is likely to determine the proportion of activity which relates to the provider.

TEQSA has determined that the number of formal compliance assessments is lower than anticipated, however, significant compliance work is occurring in reviewing complaints and concerns without requiring a formal compliance assessment. TEQSA has identified that a significant part of its regulatory activity is, and will continue to be, the review of concerns about activities relevant to larger providers, particularly in relation to safety and wellbeing on campus, freedom of speech and academic freedom, and the governance of institutional responses to wage underpayments. Some of these issues will intersect with other Government initiatives, such as the Support for Students Policy, for which the regulator is the Department of Education, and the establishment of the National Student Ombudsman to consider complaints from domestic students. It will be important to ensure that there is not a duplication or double handling of complaints and issues, which will cause uncertainty across the higher education sector and potentially unnecessary costs and burden to providers.

As reflected in the consultation paper, TEQSA has identified that the volume of enquiries and contact with individual providers is principally determined by the provider's number of students and number of courses. As such, TEQSA is proposing to reduce the component of the RHEP charge, which is divided equally across all providers, and to increase the amount which is divided proportionally based on EFTSL. This would increase the total amount of RHEP charge paid by larger providers, and reduce the amount paid by smaller providers. The effect of these changes will be:

- A reduction of \$3,184 (from \$31,691 to \$28,507) to the RHEP base component that is shared equally among all providers.
- An increase in the RHEP variable component that is based on EFTSL from \$0.19 per EFTSL to \$1.06 per EFTSL.

As such, all providers will receive an increase in the RHEP variable component charge, which will mitigate (reduce or even exceed (at around an EFTSL of 3,641) the benefit) of the \$3,184 reduction in the RHEP base component charge that is shared equally among all providers. Notwithstanding the welcome \$3,184, this element of the base takes a one-size-fits-all approach which adversely impacts smaller providers with very low EFTSL counts.

While IHEA welcomes the intent of these reforms in easing the financial burden on smaller, independent higher education providers, we believe there are opportunities to go further. While these costs are more manageable for a large public university, they have a significant impact on smaller, not-for-profit independent higher education providers, which are of a smaller size and scale and which do not receive Government support, such as

Commonwealth Supported Places. As such, they are unable to absorb these costs and will have no choice but to pass them on to their students. Minimising these costs for smaller, independent providers also minimises the debt that students accumulate. In the current climate when the Government has legislation before the Australian Parliament to reduce and limit providers' annual international student commencements, it is important that a holistic approach to minimizing financial burden to providers is taken to ensure continuing diversity in the delivery of higher education, of which a strong and sustainable independent higher education sector is paramount.

Modifying the cost recovery model to be entirely EFTSL-based is a step that would minimise the burden on smaller, independent providers. This would be more proportionate to the size and capacity of higher education providers and would result in larger institutions with higher EFTSL counts contributing more, while smaller institutions with lower EFTSL counts would pay less. While the proposed approach, as outlined in the consultation paper, partly addresses this issue, we believe it can and needs to go further to minimise the impact on independent higher education providers, in particular smaller providers. With this in mind, IHEA welcomes ongoing consideration and reform of the cost recovery model to further move towards a fairer model that is fully based on a provider's EFTSL.

### **Other fees**

TEQSA is not proposing any adjustments to the compliance component of the RHEP charge or application fees in 2025 as they believe that those costs of those are reflected in the current fees and charges. IHEA welcomes this decision to not further increase fees regarding registration/re-registration, course accreditation/re-accreditation and variation or revocation of conditions.

However, TEQSA has stated that they expect to consult with the sector on changes to the assessment processes relating to particular types of applications. Once any such changes to the processes for assessing applications are made, TEQSA will then consider whether the current fees relating to those processes accurately reflect the cost of those processes in the coming months, and will review the impact of those changes on the cost recovery model in 2025. On this basis if the process changes, the associated fees may also change. However, IHEA believes that any changes to the fees should only be to reduce them, not to increase them as a result of efficiencies achieved through the review of assessment processes. Given the fee structures that are already in place we believe that the greatest opportunity is to reduce fees and to make commensurate improvements to TEQSA's timeframes, including statutory timeframes.

### [Applications processes and timeframes](#)

We note that, as articulated in the TEQSA Annual Report 2022–23, which was tabled in Parliament on 20 October 2023,

The TEQSA Annual Report 2023–24 was tabled in Parliament on 10 October 2024 and identifies some key processing times for applications, as outlined below:

- For existing providers, TEQSA made:
  - 111 decisions for course accreditation, with a median processing time of 223 days.
  - 96 decisions for course re-accreditation for existing providers, with a median processing time of 230 days.

TEQSA notes that overall, median processing times for accreditation and reaccreditation applications have increased due to the implementation of the new cost recovery model and an influx of applications, however, they expect to see a reduction in median processing times over the financial year 2024–25, which would be welcomed by the sector.

- For new providers, TEQSA made:

- 12 decisions for registration and initial course accreditation, with a median processing time of 267 days.

TEQSA notes that this is consistent with median processing times for the previous financial year.

For TEQSA's target that 90 per cent of registration and course assessments are concluded within legislated timeframes, and 10 per cent concluded within extension period where this relates to issues outside TEQSA's control:

- As performance against this target was "mostly" met, overall, this means that the target was not achieved.

More than 90 per cent of assessments were completed within legislative deadlines for the period for the following activities:

- Preliminary assessment of registration application (TEQSA Act s19).
- Preliminary assessment of course accreditation application (s47).
- Decision on course accreditation application (s49).
- Decision on review of reviewable decision (s186).

Less than 90 per cent of assessments were completed within legislative deadlines for:

- Decision on registration application (s21).
  - 12 substantive registration assessments were completed for decision: 8 within the legislative timeframe.

TEQSA argues that they observed a significant increase in course accreditation applications in the months prior to the implementation of the new cost recovery model in January 2023. It is TEQSA's opinion that the introduction of cost recovery incentivised some providers to expedite their applications to avoid the fee and this compromised the quality of applications and led to increased assessment timeframes in some instances. That said, the timeframes are in place regardless of costing arrangements. Further, a counter argument is that cost recovery fees have increased while the application timeframes have increased and responsiveness to providers has declined. This is counter to any good service standard and to TEQSA's mission of continuous improvement.

However, we do retain concerns over some of the statutory timeframes and seek that they be reviewed as part of TEQSA's consideration and review around its application processes. There is an opportunity for TEQSA to establish a framework for putting in place best practice service standards for its engagement with providers. As outlined above, median processing times have been in the order of 7 to 8 months plus (223 to 267 days) whereas the upper statutory limit is 9 months (approximately 270 days). Given that the median processing timeframes are approaching the upper statutory limits, providers are waiting significant periods for decisions and responses. This occurs in the absence of communication from TEQSA in relation to the assessment being undertaken. The current and upcoming reviews should focus on implementing a systematic approach to support applications being processed as quickly as possible.

It is also worth noting that while TEQSA's statutory timeframes are upper limits, they do appear to lack nuance and flexibility to be able to account for the different levels of effort that the processes may require. The statutory timeframes for registration of a provider or for accreditation of a course, and their respective renewals, are exactly the same. It is surprising and concerning that these timeframes are identical, and that, for example, TEQSA has up to 9 months to make a decision on the registration of a provider and the accreditation of a single, potentially short course, to be delivered by a registered provider. This seems anomalous and requires further understanding and transparency about each of the processes. As such, it is important for TEQSA to identify the actual processing times and to distinguish between the different types of applications or courses.

We believe that TEQSA needs to distinguish between the actual time it takes to assess and notify applicants of decisions for different categories versus upper, statutory timeframes. This would be an important measure of its

service performance to independent providers and show that TEQSA is committed to delivering its best service standards, and not just relying on meeting potentially lengthy and broadly categorised statutory timelines. As such, we strongly recommend that TEQSA commit to publishing this information.

IHEA and IHEA members look forward to further direct engagement and consultation with TEQSA on issues that impact the independent higher education sector. This will enable TEQSA to hear first-hand the concerns of the independent sector and to proactively address these through the formulation and review of its policies.

## Who We Are

Independent Higher Education Australia Ltd. (IHEA) is a peak body established in 2001 to represent Australian independent (private sector) higher education institutions. Our membership spans independent universities, university colleges and other institutes of higher education, all of which are registered higher education providers accredited by the national higher education regulator, TEQSA or associate members seeking registration.

Our Vision is that: students, domestic and international, have open and equitable access to world class independent higher education in Australia, built on the foundations of equity, choice, and diversity.

Our Mission is to represent independent higher education and promote recognition and respect of independent providers as they contribute to Australian education, the Australian economy, and to society in general. We achieve this by promoting continuous improvement of academic and quality standards within member institutions, by advocating equity for their staff and students, and by delivering services that further strengthen independent providers' reputations as innovative, sustainable, and responsive to the needs of industry and other relevant stakeholders in both higher education and vocational education and training. IHEA's commitment is to excellence, productivity and growth in independent higher education being delivered through a trusted Australian education system underpinned by equity, choice, and diversity.

IHEA members have different missions, scales, and course offerings across the full AQF range (Diplomas to Doctorates). Members comprise:

- Four private universities (Bond University, Torrens University, University of Divinity, Avondale University).
- Six University Colleges (Alphacrucis University College, Moore Theological College, Australian College of Theology, Sydney College of Divinity, SAE University College and the Australian College of Applied Professions ).
- Six self-accrediting institutes of higher education (Griffith College, Kaplan Business School, Marcus Oldham College, Excelsia College, The College of Law, and the Australian College of Applied Professions).
- Seventy two not-for-profit and for-profit institutions of higher education; and related corporate entities.

IHEA members teach approximately 74 percent of the students in the independent sector (i.e., more than 130,000 students) and educate students in a range of disciplines, including law, agricultural science, architecture, business, accounting, tourism and hospitality, education, health sciences, theology, creative arts, information technology, and social sciences.

IHEA holds a unique position in higher education as a representative peak body of higher education providers. Membership in IHEA is only open to providers registered, or seeking registration, with the Australian regulator – TEQSA. However, some IHEA members are dual and multi-sector providers who also deliver VET and/or English Language Intensive Courses for Overseas Students (ELICOS) courses.

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Australian Government

Tertiary Education Quality and Standards Agency

# TEQSA fees and charges consultation

October 2024

TEQSA



# Why we're seeking your feedback

On 1 January 2023, TEQSA implemented an increased cost recovery model to bring the agency in line with the [Australian Government Cost Recovery Policy](#).

In 2024, we've focused on:

- reviewing our cost recovery model to ensure that we consider the feedback from the sector
- ensuring our fees and charges align with the legal and policy requirements of the Australian Government
- ensuring our cost recovery model reflects our budget and resource allocation for 2024–25.

We are seeking your feedback on the changes we're proposing in light of this review.

Feedback gathered from this current consultation may assist TEQSA in further improving cost recovery processes over the longer term.

## Summary of proposed changes

Earlier in 2024, we released a consultation paper on our revised Service Charter. This review reflects our emphasis on:

- providing responses and updates in a respectful, courteous and timely way
- measuring, and reporting against, our performance in meeting our service targets
- our commitment to continuous improvement against our Service Charter, service standards and legislated timeframes.

To reflect feedback around our Service Charter, we've adjusted our approach to managing enquiries and to dealing with stakeholders. This involves the establishment of an Enquiries and Provider Liaison Team, to provide a single point of contact for enquiries, supported by an investment in people and systems to ensure a consistent approach to implementing our Service Charter. As the volume of enquiries and contact with individual providers is principally determined by the provider's number of students and number of courses, we propose to adjust our cost recovery model so these costs are allocated proportionally to providers based on equivalent full-time student load (EFTSL).

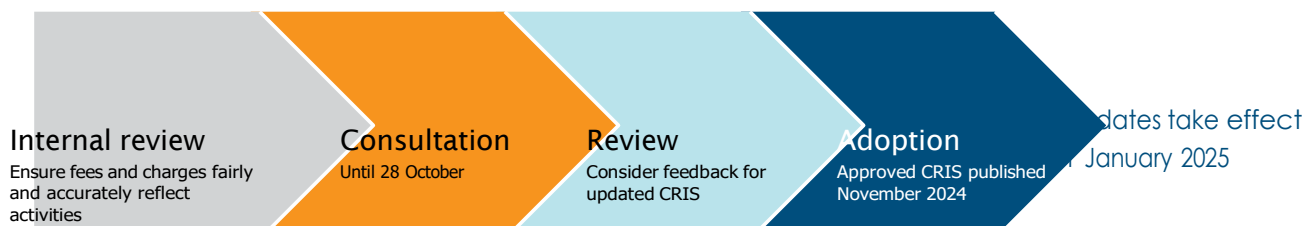
We've also reviewed our approach to managing concerns and to compliance assessments. This showed us that the number of formal compliance assessments is lower than we'd anticipated, but that significant work on compliance occurs in reviewing complaints and concerns without a formal compliance assessment.

Based on this review, we're proposing to reduce the component of the Registered Higher Education Provider charge which is divided equally across all providers, and to increase the amount which is divided proportionally based on EFTSL. The effect of these changes would be to increase the amount of RHEP charge paid by larger providers, and to reduce the amount paid by smaller providers. This reflects that a significant part of TEQSA's regulatory activity is, and will continue to be, the review of concerns about activities relevant to larger providers, particularly in relation to safety and wellbeing on campus, freedom of speech and academic freedom, and the governance of institutional responses to wage underpayments.

Examples which illustrate the projected impact of these changes are provided at Appendix A to this paper.

TEQSA is not proposing any adjustments to application fees, including the discounts on certain application fees for providers with an EFTSL of 5,000 or less. We expect to consult the sector on changes to our application-based processes in the coming months, and will review the impact of those changes on our cost recovery model in 2025, once they've been finalised.

## Consultation and timelines



Feedback on the proposed changes outlined in this consultation paper is open until 5pm (AEDT), Monday 28 October 2024. You can make a submission by email to: [costrecovery@teqsa.gov.au](mailto:costrecovery@teqsa.gov.au)

### Questions?

If you have any questions about this consultation process or the proposed changes to fees and charges, you can email us at [costrecovery@teqsa.gov.au](mailto:costrecovery@teqsa.gov.au). We will update any frequently asked questions on our website at [teqsa.gov.au/costrecovery](https://teqsa.gov.au/costrecovery).

### After feedback closes

Once feedback closes, TEQSA will consider all submissions and make our final fees and charges recommendations to the Minister for Education.

TEQSA will also consider sector feedback to inform our future work and streamline our processes.

Once we have approval on our final fees and charges for 2025, we will release this information through TEQSA's updated Cost Recovery Implementation Statement (CRIS).

We will directly inform all registered providers of this updated version of the CRIS and publish updated information on our website. Our website will also inform you once the relevant legislative instruments have been amended to reflect the updated CRIS.

The fees and charges set out in the updated version of the CRIS will take effect from 1 January 2025. Invoices for the RHEP charge will be issued in early 2025 – further information about this process will be shared with providers later this year.

# Proposed changes to TEQSA's fees and charges

## Registered Higher Education Provider (RHEP) charge

Since 1 January 2023, all higher education providers have been required to pay the annual RHEP charge.

The RHEP charge is the sum of:

- a base component, which enables TEQSA to recover costs for delivering regulatory services that benefit the sector that cannot be attributed to individual providers, and
- a compliance component that recovers the cost of compliance activities undertaken by TEQSA in relation to the provider in the preceding calendar year.

The base component includes 2 elements:

- costs for outputs which are allocated equally across all registered higher education providers
- costs which are allocated based on provider size, where the provider's size is likely to determine the proportion of activity which relates to the provider.

Figure 1: An illustration of the composition of the Registered Higher Education Provider (RHEP) charge



### Proposed changes to the base component of the RHEP charge

Since implementing increased cost recovery, TEQSA continues to strengthen its delivery of our regulatory and quality assurance services to the sector.

Following our review, we are proposing to reduce the amount of the base component of the RHEP charge which is allocated equally amongst providers, and to increase the amount which is allocated based on provider size. This reflects the increased work on complaints and concerns outside of formal compliance assessment processes, and the increased emphasis on providing a consistent and responsive approach to enquiries and provider liaison.

The final amount each provider will pay is dependent on how many providers are registered with TEQSA on 1 January in the relevant year when the charge is calculated and the provider's EFTSL. Appendix A to this consultation paper provides an illustration of how the changes may affect providers.

Consistent with a previous decision of the Australian Government, from 1 January 2025 the full amount of the base component of the RHEP charge will be invoiced to providers. Previous invoices have recovered 25 per cent, and subsequently 50 per cent, of the base component as part of a phased introduction of cost recovery.

**No changes to application fees or to the compliance component of the RHEP charge**

TEQSA considers that its application fees and the compliance component of the RHEP charge reflect the costs of the activities relevant to those fees and charges. As such, TEQSA does not propose any changes to these fees and charges in 2025.

TEQSA expects to consult the sector on changes to its application-based processes in the coming months, and will review the impact of those changes on cost recovery in 2025.

# Appendix A – examples of application of proposed changes to cost recovery

In these examples, TEQSA has made the following assumptions:

1. Number of registered providers: 204 on 1 January 2024 (actual figure), 207 on 1 January 2025 (projected based on actual figure at 1 August 2024).
2. Total sector EFTSL: 1,064,569.60 (2022 figure, used for both 2024 and projected 2025 calculations while 2023 data is pending).

The examples refer to the full amount of the RHEP charge. In the years prior to 2025, the phased introduction of the RHEP charge has meant that providers have been invoiced for a proportion of the RHEP charge (20 per cent in 2023 and 50 per cent in 2024).

## Example 1

Provider A is a university with 22,000 EFTSL. It would pay more for the RHEP charge, because it has a relatively larger number of EFTSL than other providers, which means that the variable component increases from \$4,071 to \$23,312.

	RHEP charge – base component for all providers	RHEP charge – variable component based on EFTSL	Total
2024 RHEP charge	\$31,691	\$4,071	\$35,762
2025 RHEP charge (projected)	\$28,507	\$23,312	\$51,819
Variance	-\$3,184	\$19,241	\$16,057

## Example 2

Provider B is a University College with 5,500 EFTSL. It would pay slightly more for the RHEP charge, because its EFTSL means that the reduction in the amount payable by all providers is offset by an increase in the variable component payable by Provider B from \$1,018 to \$5,828.

	RHEP charge – base component for all providers	RHEP charge – variable component based on EFTSL	Total
2024 RHEP charge	\$31,691	\$1,018	\$32,709
2025 RHEP charge (projected)	\$28,507	\$5,828	\$34,335
Variance	-\$3,184	\$4,810	\$1,626

### Example 3

Provider C is a small independent Institute of Higher Education. Because its EFTSL is 1,500, the variable component of the RHEP charge would increase by \$1,311, which is offset by the reduction in the amount payable by all providers.

	RHEP charge – base component for all providers	RHEP charge – variable component based on EFTSL	Total
2024 RHEP charge	\$31,691	\$278	\$31,969
2025 RHEP charge (projected)	\$28,507	\$1,589	\$30,096
Variance	-\$3,184	\$1,311	-\$1,873

### Example 4

Provider D is a new higher education provider, obtaining registration with TEQSA in 2024. As it had no EFTSL in 2023, it is not required to pay anything for the variable component of the RHEP charge in 2025. As such, the reduction in the amount payable by all providers means the amount it would pay for the RHEP charge is reduced by \$3,184.

	RHEP charge – base component for all providers	RHEP charge – variable component based on EFTSL	Total
2024 RHEP charge	\$31,691	—	\$31,691
2025 RHEP charge (projected)	\$28,507	—	\$28,507
Variance	-\$3,184	—	-\$3,184

The image features a diagonal split background. The top-right portion is a solid orange color, while the bottom-left portion is a solid dark blue color. The text 'TEQSA' is written in a large, white, sans-serif font. Below it, the website address 'teqsa.gov.au' is written in a smaller, white, lowercase sans-serif font.

**TEQSA**  
teqsa.gov.au