

Proposed fees for TEQSA services: IRU response

It is valuable that TEQSA has provided for comment indicative fees for its major services of registration and accreditation.

However, the TEQSA statement provides little information about the basis on which the fees are being set. This raises many questions about the nature of the fees and how TEQSA proposes to operate rather than permit a definite response to the fees proposed. These questions are reflected in the IRU comment below which cover:

- the extent of cost recovery;
- the suite of services for which fees will be charged; and
- the basis on which the fee levels are set.

Until information addressing these issues is available universities will not be able to comment on the reasonableness of the charges proposed.

Cost recovery

The fees are intended to reflect a partial cost recovery approach which the Government has determined will be one element of TEQSA's operations. This follows on from the AUQA charge for its audits and the approach of State regulatory bodies to charge for registration and accreditation services.

The assumption of cost recovery is that providers should share the cost of their regulation and that TEQSA cannot operate effectively within its Government funding envelope.

Without an indication of the expected revenue from the fees is required it is difficult to understand the relative contribution of provider payments to Government resourcing. The 2011-2012 DEEWR Portfolio Budget Statements (Table 2.3.1) indicate that TEQSA's annual Government appropriation will be just over \$20 million. A very approximate estimate, based on the proposed charges, is that TEQSA could raise an additional 5% to 10% through the charges as proposed.

Whether this is a reasonable amount is dependent on the expenditure TEQSA predicts for providing the basic services for which fees are planned against its other responsibilities.

The services for which a fee is set

The fees are predicated on the receipt of particular services. The proposal is to charge for the ongoing, predictable services which all providers require of registration of the provider and, where not able to self-accredit, accreditation of the qualifications to be issued by the provider. These services are not annual but more likely to be at periods some years apart, particularly for universities and other self-accrediting providers.

TEQSA is also responsible for ongoing monitoring of quality outcomes with the potential for interventions in advance of the regular cycle of review. These interventions will put most pressure on the TEQSA budget, through being unpredictable and potentially resource intensive consistent with its guiding remit of proportionate response.

It is not clear whether such interventions will incur a cost for the provider requiring them, other than if it forces an earlier than expected reregistration or re-accreditation process. Since these costs are directly the responsibility of the provider concerned, through creating circumstances requiring

additional TEQSA activity, the additional expenditure should be reflected in charges to such providers.

The basis on which fee levels are set

It is useful for TEQSA to indicate early in 2012 the likely charges it will impose. However, it comes well in advance of certainty about how it will undertake registrations and accreditation, particularly for universities which have not been subject to such requirements previously. The mix of desk audit of existing documents against inspections by TEQSA staff and other external parties will be significant in determining the cost to TEQSA of the registration process.

The charges listed are higher than those previously made by AUQA and the recently gazetted Victorian charges of \$51,190 for an approval of a new university. The State process is particularly comparable to a registration assessment.

The indicative fees seem to reflect:

- size of the institution, hence universities pay much more for a registration than non-universities; and
- the extent of the work for TEQSA, such that each qualification requiring accreditation attracts a fee. For providers requiring accreditation of each qualification this process is likely to be the prime cost.

There is little evidence of the requirement to be proportionate to risk, other than perhaps how the intent that the fee will be 'up to' the proposed amounts is used. Factors that could be relevant include:

- initial assessment or renewal, with initial registration likely to have more risk attached; and
- extent of issues requiring follow up that have emerged during the period of registration.

Conclusion

IRU recommends that TEQSA make more information available concerning:

- the revenue it expects to raise from the fees and its proportion of total TEQSA revenue;
- the likely direct expenditure on a registration process and an accreditation process, as a basis for judging the contribution the university or other provider would make; and
- the factors used to set the fee including how fees less than the maximum will be determined university by university.

With such information available universities will then be able to comment on the reasonableness of the charges proposed.

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