



Australian Government

Tertiary Education Quality and Standards Agency

12/13 | **TEQSA** Annual Report

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The document must be attributed as the TEQSA Annual Report 2012–13.

Contacts

More information about the Tertiary Education Quality and Standards Agency, including electronic versions of this annual report, is available at <<http://www.teqsa.gov.au>>.

Comments and enquiries about this report may be directed to:

Director
Communications and International Engagement
Tertiary Education Quality and Standards Agency
Level 14/530 Collins Street
MELBOURNE VIC 3001

T: 1300 739 585
F: 1300 739 586
E: enquiries@teqsa.gov.au

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This report reflects the efforts of many people. Special thanks go to TEQSA staff involved in contributing and coordinating material.

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Australian Government
Tertiary Education Quality and Standards Agency



GPO Box 1672
Melbourne, Victoria 3001
Level 14, 530 Collins Street
Melbourne, Victoria 3000
T 1300 739 585
F 1300 739 586
www.teqsa.gov.au

The Hon Christopher Pyne MP
Minister for Education
Parliament House
Canberra ACT 2600

Dear Minister

I have pleasure in presenting to you the annual report of the Tertiary Education Quality and Standards Agency (TEQSA) for the year ended 30 June 2013.

TEQSA's annual report has been prepared in accordance with section 63 of the *Public Service Act 1999* and section 165 of the *Tertiary Education Quality and Standards Agency Act 2011* (TEQSA Act). Subsection 165(1) of the TEQSA Act requires the report to be provided to you for presentation to Parliament.

The report has been prepared in compliance with the Requirements for Annual Reports, approved by the Joint Committee of Public Accounts and Audit, which apply to prescribed agencies under section 5 of the *Financial Management and Accountability Act 1997*. These requirements include the presentation of a copy of the report before each House of Parliament on or before 31 October in the year in which the report is given.

In addition, I certify that TEQSA:

- (a) has prepared fraud risk assessments and fraud control plans
- (b) has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet the specific needs of the Agency; and
- (c) has taken all reasonable measures to minimise the incidence of fraud in the Agency, and to investigate and recover the proceeds of fraud against the Agency.

This report describes the progress made over the course of 2012–13 to advance national regulation and quality assurance of the higher education sector. The work continues with my fellow Commissioners, the staff of TEQSA and a range of stakeholders in the higher education sector.

Yours sincerely

Dr Carol Nicoll PSM
Chief Executive Officer
17 September 2013

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About this report

The purpose of this report is to inform the The Hon Christopher Pyne MP, Minister for Education, the Parliament of Australia, the Australian higher education community and the general public about the performance of the Tertiary Education Quality and Standards Agency (TEQSA or the Agency) during the financial year ending 30 June 2013.

Prepared according to parliamentary reporting requirements, the report describes TEQSA's achievements against the goals set out in TEQSA's 2012–13 Portfolio Budget Statements and Portfolio Additional Estimates Statements. It provides information on TEQSA's performance in relation to its stated outcome:

[To] contribute to a high quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance and dissemination of higher education standards and performance.

Section 1: Review by the Chief Commissioner – highlights significant issues and initiatives TEQSA has managed over the past year, as well as the Chief Commissioner's perspective on current and future challenges.

Section 2: Agency Overview – provides information about TEQSA and its Commissioners, its roles and functions, and organisational structure.

Section 3: Performance Review – reports on how TEQSA performed during the reporting period against the outcome and the related program (Program 1.1: Regulation and Quality Assurance). The performance information is based on the outcome and program framework in the 2012–13 Portfolio Budget Statements for the Department of Industry, Innovation, Science, Research and Tertiary Education portfolio.

Section 4: Management and Accountability – provides information on corporate governance, external and internal scrutiny, human resource management, financial management, purchasing, consultants and contract management, legal services and other activities relevant to the administration of the Agency.

Section 5: Financial Report – presents audited financial statements for the year ending 30 June 2013.

Section 6: Appendices – includes information relating to TEQSA's regulatory regime and its international activities, as well as reporting on TEQSA's staffing and its performance in relation to Australian Government environmental, disability, freedom of information and financial management outcomes.

Section 7: Indices and References – assists readers to locate and understand information in the annual report.

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SECTION 01

Review by the Chief Commissioner



Review by the Chief Commissioner

The last year was the first financial year in which the Tertiary Education Quality and Standards Agency (TEQSA) operated with the full responsibilities of a national regulator.

Since TEQSA was established as a regulator on 29 January 2011, we have worked hard to implement an effective regulatory and quality assurance approach. This work continued and expanded in 2012–13. We addressed the substantial volume of applications inherited from the states and territories at the time of transition to national regulation, re-registered eight providers and accredited 46 courses of study. We have drawn valuable lessons from this experience, and we are making adjustments, wherever possible, to reduce the regulatory impost of our application processes.

The Commission has always contemplated progressive change and adjustment toward a system of regulation that balances the needs of all those with a stake in the future development of the sector. To some extent, our intention to take a phased approach to refining the regulatory framework was overtaken by the announcement by the then Minister for Tertiary Education of an independent review of higher education regulation. The review largely sought to respond to concerns in the sector about the administrative burden created by the new regulatory regime.

I welcomed the review and the Commission saw it as an opportunity to not only communicate the progress we have made so far, but to expedite initiatives for scaling back requirements of providers with a strong track record and where no major risks are identified. These initiatives had been planned by TEQSA for implementation when the regulatory approach had reached greater maturity. Our proposed reforms were outlined in the July 2013 edition of our regular update to the sector. I also felt that the review would provide an opportunity to begin resolving some of the misalignments and tensions that exist between different parts of the higher education regulatory system. These problems in the overall architecture of regulation cannot be addressed through changes to TEQSA legislation and regulatory arrangements alone.

We have listened to the views expressed by the sector through the review, and we will be working intensively in coming months to progress our regulatory reforms through open lines of communication with all parts of the sector. A key focus for 2013–14 will be looking for ways to work with the sector to identify opportunities for reducing our regulatory requirements of providers.

Benefits for students and community

Our work touches the lives of over 1.2 million domestic and international students enrolled in higher education courses in Australia. It is their interests in receiving a quality higher education – wherever and however they choose to access this – which lie at the heart of our regulation of the sector. This overarching concern may not always be as obvious to the general community as we would like. Our daily work centres on the many and diverse institutions that deliver higher education, rather than on the students directly.

“ Our work touches the lives of over 1.2 million domestic and international students enrolled in higher education courses in Australia. ”

An important part of our role, however, is letting students know about the standards against which we regulate providers, particularly those standards that specifically address a student’s experience of study. Under Australian law, students can expect a range of services from providers, ranging from access to adequate learning resources and orientation courses to appropriate avenues for complaint. We have made this information

available through our website, via student associations and through participation in student forums. In 2013–14, we want to make sure that the student voice is heard in the ongoing development of our regulatory and quality assurance arrangements. We will be exploring ways of tapping into student views on and ideas about how our approach can better contribute to improving the student experience.

To express our commitment to working with all of our stakeholders, including students and the broader community, we have published an Agency Service Charter. The Charter sets out the principles and specific levels of service that those who TEQSA interact with can expect – including higher education providers, members of the public, current and prospective students, experts and peak bodies. In responding to their enquiries and concerns, our staff genuinely strive to be as helpful as they can within the spirit of the Charter.

Engaging with the sector

Throughout 2012–13, my fellow Commissioners and I have engaged closely with the sector on many aspects of our regulatory approach. Over the past year, TEQSA Commissioners and senior staff presented at, or participated in, over 50 forums focused on developments within higher education. The two Provider Briefings we held in August 2012 and March 2013 were well-attended, with the last briefing attracting over 370 participants.

We believe we can do more in the coming year to engage with the sector on its experiences of regulation and to outline a positive program of reform to address its concerns. We will implement new approaches to dialogue to capture the variety of views that exist in the sector, including through our Case Managers.

Quality assurance

Quality assurance and improvement are integral to the process of regulation. The standards we interpret and apply in the regulation of higher education go to core issues of quality. They address scholarship, knowledge, academic governance, and review and improvement systems.

The objects of the *Tertiary Education Quality and Standards Agency Act 2011* also give TEQSA a mandate to enhance excellence, diversity and innovation in higher education. Over the past year, we have sought to give explicit effect to this by commencing our first quality assessment.

e-Learning

A recent topic of interest to the sector is the opportunities and challenges presented by new approaches to e-learning. In March 2013, TEQSA explained its approach to regulating online modes of delivery. On 4 October 2013, TEQSA will co-host with the Office for Learning and Teaching a higher education forum on quality in e-learning for academic leaders and experts from across the sector.

Our work internationally

International interest in Australia's approach to regulating the higher education sector has been growing among counterpart agencies and other governments. TEQSA recognises the value of participating in international networks and sharing practice and learning with other countries. In February 2013, we released our international strategy, which contributes to Australia's whole-of-government approach to promoting Australian higher education internationally. The strategy extends TEQSA's ability to safeguard the interests of both Australian and international students studying with Australian providers overseas.

In the past year, we have developed close ties with the United Kingdom Quality Assurance Agency, and we have also strengthened our links in Asia. We will continue to pursue opportunities for dialogue with other regulators on practical cooperation in areas of shared interest. We will also be engaging the sector on our intended approach to the regulation of transnational education. This will give certainty to the sector about how TEQSA will support and assure the quality of higher education delivered by Australian providers operating overseas.

Our people

Our staff are drawn from across the higher education sector, federal and state governments and private enterprise. They bring to TEQSA deep knowledge of the sector and skills in analysis and interpretation. They are responsive to the complex realities faced by providers every day in their academic and business enterprise. We have profiled three of our 43 Case Managers in this report.

To develop our people, we initiated a number of projects and training programs in 2012–13 to ensure they are well equipped to fulfil their role. In the coming year we will be placing even greater emphasis on helping our Case Managers to extend their knowledge of and engagement with the sector.

Financial outcome

TEQSA reported an operating deficit of \$1.290 million for the 2012–13 financial year. The deficit mainly comprises depreciation and amortisation expenses of \$1.316 million.¹ The financial result for the appropriated expenses is a small surplus of \$0.026 million.

The future

We are progressing a reform agenda that builds on commitments we have already made and further extends these commitments with the aim of advancing the quality of higher education regulation and safeguarding the interests of all students studying higher education with an Australian provider. TEQSA will be issuing a new three-year Strategic Plan in early 2014 for the period 2014–17.

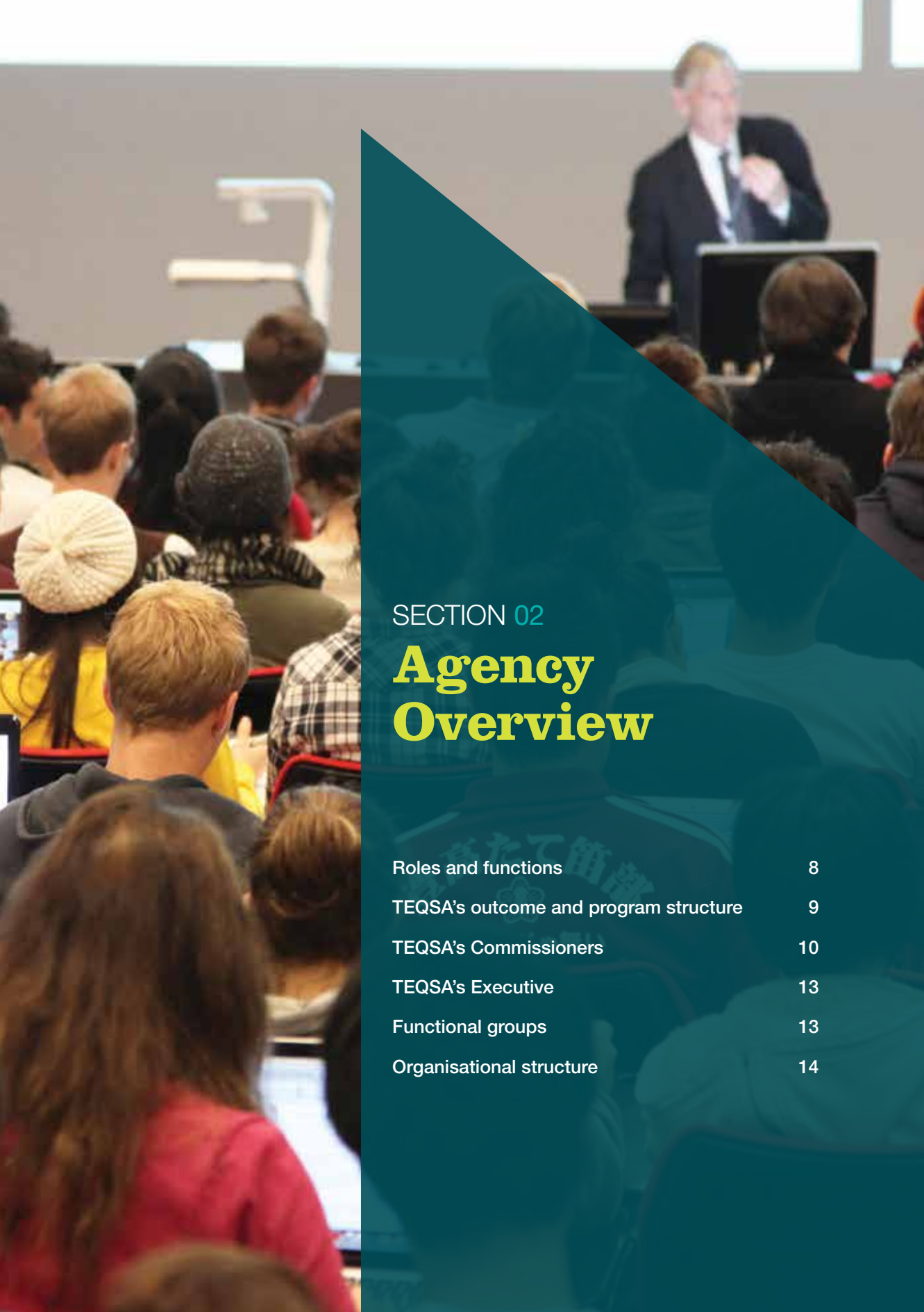
“ In the coming year we will be placing even greater emphasis on helping our Case Managers to extend their knowledge of and engagement with the sector. ”

In the short period of time since our establishment, we have consistently demonstrated a capacity to adapt and grow. We are confident that our experience of 18 months of regulation will help us to manage the challenges of a changing higher education landscape.

I believe the account given in this annual report of our performance in 2012–13 demonstrates that we have the skills and vision to make a significant contribution to the long-term health and quality of Australian higher education.

Dr Carol Nicoll PSM

¹ From 1 July 2010, the Australian Government implemented policies to improve the transparency and accountability of the Budget. One of these policies means that depreciation and amortisation expenses are no longer funded by appropriation from government.



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Agency Overview

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Roles and functions

The role of the Tertiary Education Quality and Standards Agency (TEQSA or the Agency) is to ensure the quality of Australian higher education providers through quality assurance and nationally consistent regulation.

The *Tertiary Education Quality and Standards Agency Act 2011* (TEQSA Act) passed in June 2011, is the primary basis of TEQSA's powers. The objects of the TEQSA Act are:

- ▶ to provide for national consistency in the regulation of higher education
- ▶ to regulate higher education using a standards-based quality framework and principles relating to regulatory necessity, risk and proportionality
- ▶ to protect and enhance Australia's reputation for and international competitiveness in higher education, as well as excellence, diversity and innovation in higher education in Australia
- ▶ to encourage and promote a higher education system that is appropriate to meet Australia's social and economic needs for a highly educated and skilled population
- ▶ to protect students undertaking, or proposing to undertake higher education, by requiring the provision of quality higher education
- ▶ to ensure that students have access to information relating to higher education in Australia.

A short reference guide to the TEQSA Act can be found at Appendix I.

TEQSA is an independent regulatory agency, subject to the *Financial Management and Accountability Act 1997* (FMA Act) and the *Australian Public Service Act 1999* (APS Act).

TEQSA's vision is to:

maintain and enhance quality, diversity and innovation in the Australian higher education sector through nationally consistent regulation and quality assurance.

TEQSA's outcome and program structure

TEQSA is subject to Australian Government requirements for reporting to Parliament on the annual allocation and expenditure of public monies received to carry out its role and functions. In its Portfolio Budget Statements, TEQSA reports on one outcome and one program.¹

TEQSA's outcome is:

to contribute to a high quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance and dissemination of higher education standards and performance.

This outcome is delivered through **Program 1.1: Regulation and Quality Assurance**. The program objectives are to:

- ▶ assure the quality of Australia's higher education
- ▶ support the capacity of the sector to understand the nature of compliance with the Higher Education Standards Framework
- ▶ establish TEQSA as an innovative and expert regulator.

¹ Refer to User Guide to the Portfolio Budget Statements, Department of Finance and Deregulation, <finance.gov.au/publications/portfolio-budget-statements/12-13/docs/2012-13_Finance_UserGuide_PBS_01.doc>.

TEQSA's Commissioners

The Commission comprises a Chief Commissioner, two full-time Commissioners and two part-time Commissioners. The Commissioners have been appointed on the basis of their expertise in higher education, quality assurance and regulatory practice.



Dr Nicoll is the Chief Commissioner and Chief Executive Officer of TEQSA.

Dr Nicoll has a wealth of experience in the education sector, including as a senior government executive, university academic and secondary school teacher. Before joining TEQSA, she held a number of senior positions in the Commonwealth Public Service, leading the development and implementation of major education reforms and programs. She was also the Chief Executive Officer of the Australian Learning and Teaching Council.

As well as degrees in Arts and Law, a Graduate Diploma in Education and a Master of Educational Administration from the University of Queensland, Dr Nicoll has a doctorate from the University of British Columbia. She was awarded a Public Service Medal on Australia Day 2004 for outstanding public service.

Ms Dorte Kristoffersen



Ms Dorte Kristoffersen has held executive and senior positions in educational quality assurance agencies around the world, including the United States, Hong Kong and Denmark. From 2004 to 2007 Ms Kristoffersen was an Audit Director with the Australian Universities Quality Agency (AUQA). Ms Kristoffersen has been a member of several European evaluation agency boards and is currently a member of the

European Quality Assurance Register Committee. She was an elected board member of the International Network for Quality Assurance Agencies in Higher Education and the Asia-Pacific Quality Network. She holds a Master of Business Administration, Intercultural Communication and Languages from Copenhagen Business School, and is a certified Assessor in the Business Excellence Model.

Mr Michael Wells



Before becoming a Commissioner, Mr Michael Wells held senior roles in the higher education and management consulting sectors. From 2005 to 2011, Mr Wells was a member of the Senior Executive Committee at The University of Melbourne, progressively responsible for university quality assurance, planning, reporting and budgeting. He was

closely involved in all aspects of higher education funding and policy reform during this time. Mr Wells is admitted to practice as a barrister and solicitor in Victoria, and is a member of the Australian Market and Social Research Society. He holds degrees in arts/economics (Bachelor of Arts), law (LLB) and business (Masters of Marketing).

Mr Ian Hawke



Prior to his appointment as a Commissioner, Mr Hawke served as the Interim CEO of TEQSA from July 2011 and served as a senior official in education and training with the Queensland Government. During this period, he was a director on the boards of Australian Universities Quality Agency (AUQA) and the Queensland Tertiary Admissions Centre Limited (QTAC). Mr Hawke has extensive experience in auditing universities in Australia and overseas, and has served

on a number of standing committees of Ministerial Councils, including the Joint Committee on Higher Education, the Joint Committee on International Education, and the National Quality Council in the vocational education and training sector. Mr Hawke has also held senior management positions at Griffith University and the Queensland University of Technology and holds a Bachelor of Arts from The University of Queensland and a Master of Administration from Griffith University.

Mr Eric Mayne



Mr Mayne has over 40 years' experience in government regulation and law. Mr Mayne was formerly the Chief Supervision Officer of ASX Markets Supervision Pty Ltd and was also the former Chair of the ASX Corporate Governance Council. He worked for 13 years in the Australian Taxation Office and then practised as a taxation lawyer and litigator at Mallesons Stephen

Jaques. Mr Mayne filled a variety of senior management positions at Mallesons Stephen Jaques over 12 years, including being a member of the board of partners for two years and National Managing Partner for five years. Eric also is an independent member of the Audit and Risk Committee of Transport Safety Victoria.

TEQSA's Executive

The Commission is supported by a Senior Management Team (SMT) comprising the Chief Commissioner in her capacity as Chief Executive Officer, three Executive Directors, the Chief Finance and Operating Officer and the Chief Lawyer. The SMT is responsible for the management of TEQSA's regulatory business, corporate processes and people.

Functional groups

TEQSA is structured according to four main functions.

Regulation and Review Group

The Regulation and Review Group (the Group) is the largest group within TEQSA and is central to the development and implementation of its provider registration and course accreditation processes. It provides advice to the Commission on the compliance of individual providers with the TEQSA Act and the Threshold Standards, the *Education Services for Overseas Students Act 2000* (ESOS Act), National Code² and possible regulatory actions. The Group is led by two Executive Directors and comprises teams of professionals experienced in higher education and regulation. The teams are responsible for the case management of providers, covering all aspects of regulation and quality assurance.

Regulatory Risk and Information Group

The Regulatory Risk and Information Group supports the Agency's capacity to make expert judgments based on sound evidence. The Group has responsibility for leading the acquisition, management and analysis of provider data to guide TEQSA's decision-making processes. This includes developing and implementing TEQSA's Regulatory Risk Framework to systematically monitor risks to the quality of higher education. Staff in the Group have significant experience across risk, financial and data analysis, data modelling and management, higher education, government and regulatory systems in Australia and overseas.

Legal Group

The Legal Group, led by the Chief Lawyer, is a small team of lawyers proficient in dealing with the legal issues that arise in a Commonwealth regulatory agency. The Group is responsible for all legal services required by TEQSA, including providing strategic legal advice, providing training to TEQSA staff on legal issues, and managing claims by or against TEQSA. The Chief Lawyer also attends regulatory meetings of TEQSA's Commission.

² National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students 2007

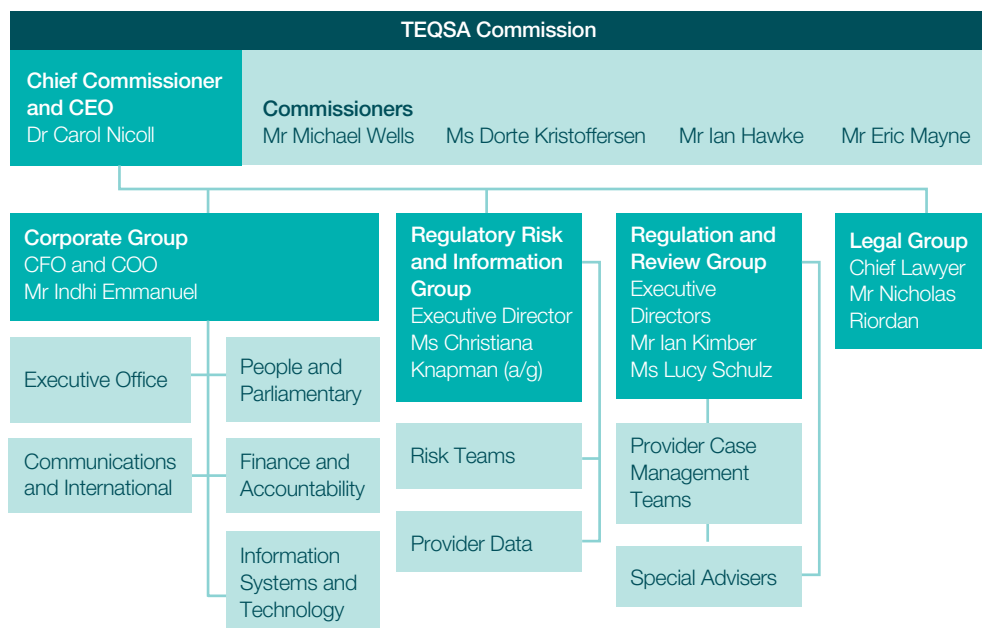
Corporate Group

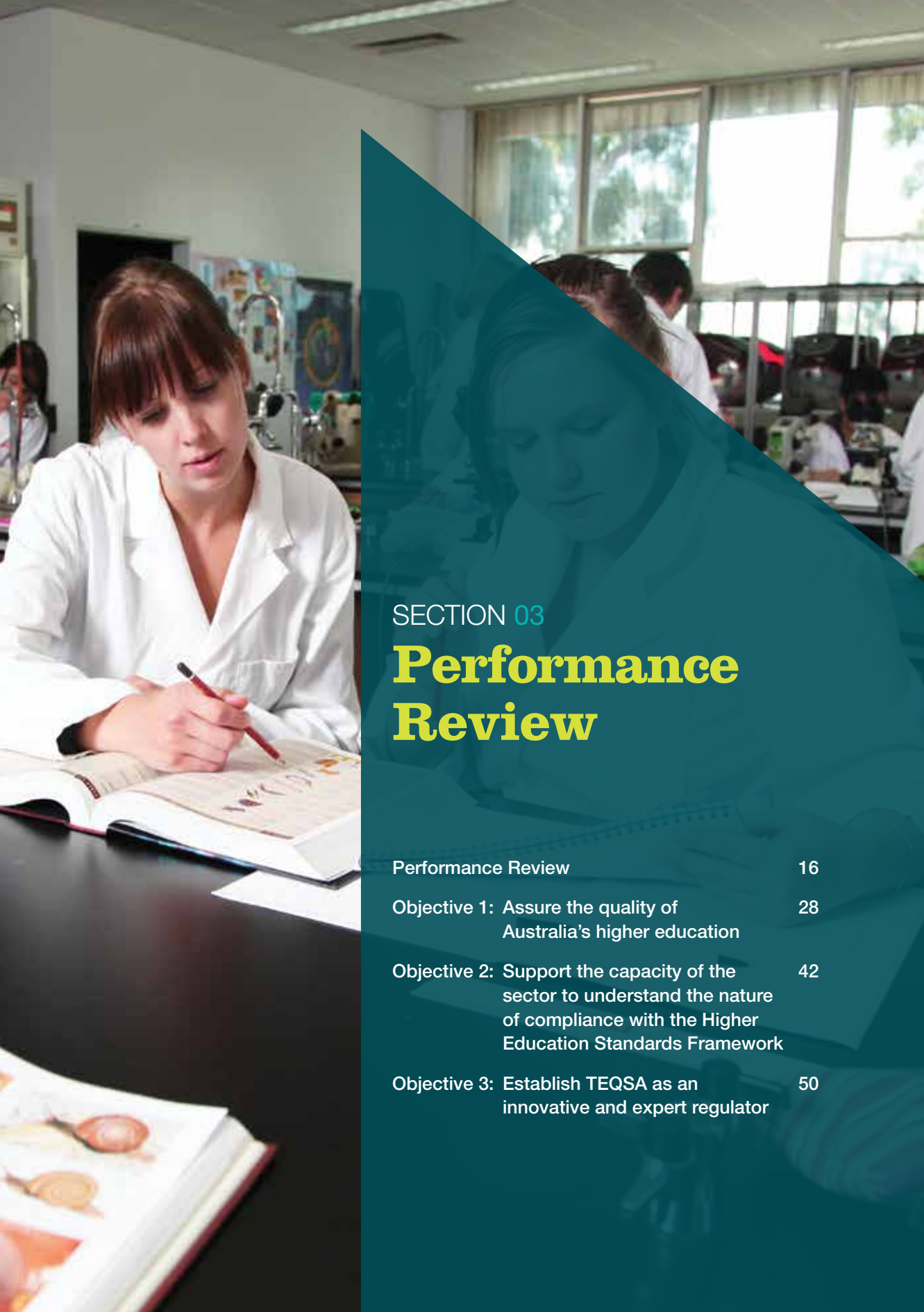
The Corporate Group is headed by the Chief Finance and Operating Officer. The Group supports TEQSA through strategic advice and business governance and planning processes, financial management and reporting, procurement and contract management, human resource management, corporate communications, information, systems and technology support, security management and formal investigations into referred regulatory matters, as well as project and property management.

Organisational structure

TEQSA's organisational structure is depicted in Figure 2.1 below.

Figure 2.1: TEQSA's organisational structure





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Performance Review

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Objective 3: Establish TEQSA as an innovative and expert regulator	50

Performance review

As required under the Financial Management and Accountability Act 1997 (FMA Act) and the Australian Public Service Act 1999 (APS Act), this section provides an account of TEQSA's performance in 2012–13 in accordance with the performance requirements set out in:

- ▶ the TEQSA Act and the *Education Services for Overseas Students Act 2000* (ESOS Act)
- ▶ the TEQSA Strategic Plan 2011–2014 and Operational Plan 2012–13 as specified by sections 160 and 162 of the TEQSA Act
- ▶ the 2012–13 Portfolio Budget Statements for the Department of Industry, Innovation, Science, Research and Tertiary Education (DIISRTE).

This section reports on TEQSA's success in meeting its program objective. It also details results in achieving its deliverables and its performance against legislative requirements and its Key Performance Indicators.

The TEQSA and ESOS Acts

Under its governing legislation TEQSA is obliged to provide particular forms of advice or complete specific regulatory processes within specified timeframes. These performance standards provide assurance to providers that TEQSA will conduct its regulatory activities in a timely, transparent and effective way.

The following section provides an overview of TEQSA's regulatory work under the TEQSA and ESOS Acts in the current reporting period.

Applications under the TEQSA Act

- ▶ Between 1 July 2012 and 30 June 2013 TEQSA received 472 new regulatory applications under the TEQSA Act.
- ▶ TEQSA registered two new providers and renewed the registration of eight providers. In all cases, except for one, TEQSA made decisions to grant the maximum period of seven years' registration provided for under the TEQSA Act.¹
- ▶ TEQSA decided to reject the initial registration applications of two providers. These decisions reflect TEQSA's responsibility to ensure that any potential entrant to the higher education sector meets the requirements for quality prescribed by the Threshold Standards.
- ▶ TEQSA accredited 46 new courses and re-accredited 15 courses for 14 providers.

¹ Under state and territory regulation, providers could only be registered for a period of five years.

- ▶ The average length of time taken by TEQSA to complete an application by a provider to accredit its courses was 204 days.² The TEQSA Act requires TEQSA to make a decision on an application within nine months of receiving payment of the substantive assessment application fee or within a longer period determined by TEQSA if satisfied that, for reasons beyond its control, a decision on the application cannot be made within a nine month period.
- ▶ The average length of time taken by TEQSA to re-accredit a provider's courses was 218 days. There is no legislative requirement that renewal applications be processed within a specified timeframe.

The following tables provide a summary of new applications received and the applications finalised by TEQSA under the TEQSA Act from 1 July 2012 to 30 June 2013.

Table 3.1: Applications received under the TEQSA Act 1 July 2012 – 30 June 2013

Application type	Number	Percentage of total
Initial registration as a provider	2	0.4
Re-registration as a provider	45	9.5
Course accreditation	179	37.9
Course re-accreditation	246	52.2
Total	472	100

Table 3.2: Applications finalised under the TEQSA Act 1 July 2012 – 30 June 2013³

Application type	Number	Percentage of total
Initial registration as a provider	4	5.5
Re-registration as a provider	8	11
Course accreditation	46	63
Course re-accreditation	15	20.5
Total	73	100

Notes: i) Three of the four finalised registrations were inherited from state and territory General Accrediting Agencies.
ii) An application received in one financial year will not necessarily be finalised in that financial year.

Material change notifications

Under subsection 29(1) of the TEQSA Act, a provider is required to notify TEQSA of any material changes to its operations that may significantly affect its capacity to meet the Threshold Standards. Between 1 July 2012 and 30 June 2013 TEQSA received 299 material change notifications.

² This figure represents the average number of days between receipt of the substantive assessment application fee and the date of the final decision for each course accreditation application that was finalised in the 2012-13 financial year. As TEQSA fees are not relevant to inherited matters, such applications have not been included in the calculation of this figure.

³ This records decisions made by the Commission (approved/not approved), but not withdrawals.

Performance against the requirements of the TEQSA Act

Table 3.3 below provides information about the requirements of the TEQSA Act and TEQSA performance in meeting these requirements.

Table 3.3: Performance against the requirements of the TEQSA Act

Requirement	Reference	Performance
TEQSA has six months in which to finalise applications for registration or re-registration that were pending at the transition time, starting once all requested information has been received from the provider.	<i>Tertiary Education Quality and Standards Agency Act (Consequential Amendments and Transitional Provisions) Act 2011</i> (TEQSA CATP Act) Item 15 of Schedule 3	All applications completed by 30 June 2013 for registration or renewal or registration that were pending at the transition time were completed within the relevant timeframe.
TEQSA has 30 days from receipt of an inherited application to conduct a preliminary assessment of the inherited application for course accreditation or reaccreditation.	TEQSA CATP Act Items 15 and 25 of Schedule 3	All applications completed by 30 June 2013 for inherited applications for course accreditation that were pending at the transition time were completed within the relevant timeframe.
TEQSA has six months from receipt of an inherited application to finalise the inherited application for course accreditation or reaccreditation.	TEQSA CATP Act Items 15 and 25 of Schedule 3	All applications for accreditation or renewal of accreditation of a course that were pending at the transition time by 30 June 2013 were completed within the relevant timeframe.
TEQSA must undertake a preliminary assessment of an application for registration within 30 days after an application is made.	TEQSA Act 2011 section 19	TEQSA completed preliminary assessments of all applications for registration within 30 days after an application was made.
TEQSA must make a preliminary assessment of an application for a course of study to be accredited within 30 days after an application is made.	TEQSA Act 2011 section 47	TEQSA completed preliminary assessments of all applications for a course of study to be accredited within 30 days after the applications were made.

Applications under the ESOS Act

TEQSA also monitors and enforces compliance with all requirements under the ESOS Act, including the standards contained in the National Code. Providers registered under the ESOS Act can be found on the Commonwealth Register of Institutions and Courses to Overseas Students (CRICOS) managed by DIICCSRTE. TEQSA has the authority to assess and make a final decision on all CRICOS applications including for:

- ▶ initial provider and course registration; and
- ▶ renewal of registration.

Tables 3.4 and 3.5 below provide summaries of new applications received and applications finalised by TEQSA under the ESOS Act from 1 July 2012 to 30 June 2013.

Table 3.4: Applications received under the ESOS Act 1 July 2012 – 30 June 2013

Initial CRICOS registration	0	0.0%
Renewal of CRICOS registration	44	100%
TOTAL	44	100.0%

Table 3.5: Applications finalised under the ESOS Act 1 July 2012 – 30 June 2013

Initial CRICOS registration	2	11.1%
Renewal of CRICOS registration	16	88.9%
TOTAL	18	100.0%

Note: An application received in one financial year will not necessarily be finalised in that financial year.

Other CRICOS matters

In addition to the Commonwealth Register of Institutions and Courses to Overseas Students (CRICOS) registration, TEQSA has other responsibilities under the ESOS Act,⁴ that relate to adding, varying or withdrawing courses, and varying registration. In 2012-13 financial year TEQSA completed 5,140 separate matters relating to these processes.

ELICOS and Foundation Programs

TEQSA has full regulatory responsibilities under the ESOS Act for all Foundation Programs and for English Language Intensive Courses for Overseas Students (ELICOS) delivered under an entry arrangement with a higher education provider.

⁴ TEQSA has responsibilities under section 14B of the ESOS Act to 'update' the Register. This is interpreted by TEQSA to refer to the overarching legislative requirements relating to the varying/withdrawing of courses and varying registration details.

Portfolio Budget Statements

This annual report provides an overall account of TEQSA's performance against objectives set out in its Portfolio Budget Statements (PBS). TEQSA reports against one outcome:

To contribute to a high quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance and dissemination of higher education standards and performance.

The outcome is delivered through **Program 1.1: Regulation and Quality Assurance**.

The Agency's three objectives are:

Objective 1:

Assure the quality of Australia's higher education

Objective 2:

Support the capacity of the sector to understand the nature of compliance with the Higher Education Framework

Objective 3:

Establish TEQSA as an innovative and expert regulator

This section reports against the deliverables and key performance indicators set out for TEQSA in the Industry, Innovation, Science, Research and Tertiary Education Portfolio Budget Statements 2012–13.

Program 1.1 Key Performance Deliverables

Table 3.6 below sets out TEQSA's performance against the deliverables set out in its PBS.

Table 3.6: Performance against Program 1.1 Deliverables

2012–13 Deliverables	Result	Page references
A robust regulatory framework	Yes	28-33
Regulation that is risk-based and focuses on higher education sector risks and higher risk providers	Yes	29-32
Well-defined data collection and communications policies	Yes	32, 42–49
Provision of timely and relevant information to providers in relation to their obligations under the TEQSA Act	Yes	40–47
Increased awareness of TEQSA's roles and responsibilities in the community	Yes	45
Develop and communicate TEQSA's service standards (<i>development of a client service charter, publication of business guides, website</i>)	Yes	47
TEQSA's processes compare positively with regulatory best-practice	Partial – TEQSA was established in late 2011. Practices will continue to evolve in response to feedback on performance	
Recruit, develop and retain high quality staff	Yes	10, 47, 57, 67, 59

Program 1.1 Key Performance Indicators

Table 3.7 below sets out TEQSA's performance measured against the performance indicators contained in its PBS.

Table 3.7: Performance against Program 1.1 Key Performance Indicators

2012–13 Key performance indicators	Result	Summary
Improved levels of compliance by higher education providers with the Higher Education Standards Framework.	Yes	<p>There is evidence of increased levels of awareness of TEQSA requirements.</p> <p>Historical performance: TEQSA noted in its first annual report (2011–12) that it was, at that point, too early to gauge this accurately.</p>
Improved levels of quality assurance among higher education providers.	Yes	<p>There is evidence of an increased focus by providers on 'self-assessing' against the Threshold Standards. TEQSA risk assessments have been used by many providers as a reference point for testing internal risk controls.</p> <p>Historical performance: TEQSA noted in its first annual report (2011–12) that it was, at that point, too early to gauge this accurately.</p>
TEQSA consistently meeting legislated standards for conducting its regulatory activities.	100%	<p>In one instance the legislative timeline was extended by TEQSA, as provided for under the TEQSA Act.</p> <p>Historical performance: TEQSA noted in its first annual report (2011–12) that its result for this KPI was 100%.</p>

Strategic and Operational Plans

TEQSA has a three-year Strategic Plan which was approved by the then Minister for Tertiary Education on 17 June 2012. The 2012–13 Operational Plan was approved on 14 November 2012.

These Plans direct TEQSA's effort toward achieving the high-level objectives set out in TEQSA's Portfolio Budget Statements. Reporting against these plans is summarised in Table 3.8 on pages 23 to 25.

Table 3.8: Reporting against key performance indicators in TEQSA's Operational Plan 2012–13 and TEQSA Strategic Plan 2011–2014.

TEQSA Operational Plan 2012–13

#	Key performance indicator	Page references
1	TEQSA consistently meets legislated timelines for conducting its regulatory activities.	Yes. 18
2	The annual program of risk assessments commences and is completed, and information generated through this process is used as part of evidence-based regulatory decision-making.	Yes. 29–31
3	TEQSA has established external sources of advice to assist in the development of its regulatory framework.	Yes. TEQSA has established a Register of Experts (51) and three TEQSA Reference Groups (51–52).
4	The purpose and outcomes of Quality Assessments are clearly communicated to the sector. There is positive feedback about the validity and value of Quality Assessments.	Partially. 35–36. The Quality Assessment (QA) commenced in 2012 is not due to be completed until the latter half of 2013. Parts of the higher education sector have responded negatively to the QA.
5	TEQSA has evaluated the renewal of registration process for self-accrediting institutions and implemented improvements.	Yes. 39–40. Providers that have undergone this process have provided feedback. The process is being adjusted, partially in response to this feedback.
6	The regulatory burden of compliance for providers is reduced, where possible, through improvements to TEQSA processes.	Partially. 39–41. TEQSA has made some progress in reducing its regulatory requirements and is continuing to evaluate its processes.
7	Stakeholders provide positive feedback about progressive refinements and improvements to forms, guides and processes.	Yes. 39. Revisions to forms, guides and processes have been positively received, but further work is needed.
8	Duplication is removed from all CRICOS processes, forms and guides.	Partially. 39. Providers can cross-reference evidence already submitted, or speak to their Case Manager about any apparent duplication.
9	High response and satisfaction rating in Provider Briefing surveys and positive responses to presentations given by TEQSA.	Yes. 46
10	Feedback from providers indicates that TEQSA is supplying timely and relevant information and guidance on TEQSA's regulatory role and responsibilities.	Yes. 42–43, 48–49. There is a continuing need to communicate requirements.

#	Key performance indicator	Page references
11	Providers are able to simply and efficiently access TEQSA information, as well as supply data to TEQSA.	Yes. A refreshed website was launched in January 2012 (49) and a secure portal was created to facilitate data transfer (33).
12	A new TEQSA website is launched that provides accurate, up to date information in an attractive, user-friendly and accessible way (meets compliance requirements).	Yes. 49
13	TEQSA is able to demonstrate a high level of efficiency and effectiveness in its regulatory and business processes.	Yes. 37–41, 56. There is an ongoing requirement to develop more streamlined processes.
14	TEQSA has engaged with relevant international higher education regulators to explore exchanging information for the purpose of comparing best practice in higher education regulation.	Yes. 52–55, 141–144
15	Established at least one collaborative project with a peer agency or network.	Yes. 54
16	TEQSA has developed effective policies and practices developed to optimise the recruitment, training and retention of high quality staff. The APS State of the Service survey indicates a high degree of satisfaction among staff with TEQSA's leadership, employment conditions and workplace culture.	Yes. 4, 61, 65–67

TEQSA Strategic Plan 2011–14

#	Key performance indicator	Page references
1	TEQSA's regulatory framework is regarded by the sector as appropriate, efficient and credible.	Partially. 28–31
2	Regulatory effort is directed at areas of higher risk and results in the identification of higher risks and higher risk providers.	Partially. 28–32. It was necessary for TEQSA to conduct at least one risk assessment cycle to provide a basis of evidence for making risk judgements.
3	Regulatory risks identified in respect of providers are appropriately managed in a regulatory sense, in terms of ongoing monitoring, provider communication, and where necessary, regulatory restriction or sanction.	Yes. 28–32, 43

#	Key performance indicator	Page references
4	Regulatory decisions can clearly be linked back to a consistent application of the three (regulatory) principles.	Yes. 29
5	The Higher Education Standards Panel receives regular, evidence-based advice from TEQSA.	Yes. 41
6	TEQSA develops well defined data-collection and communication policies.	Yes. 32
7	TEQSA is able to access a core set of information about all providers in the sector.	Yes. 32–33, 39
8	TEQSA has the ability to acquire, manage and analyse provider information in context.	Yes. 30–31
9	TEQSA communicates timely and relevant information and guidance to providers in relation to their obligations under the TEQSA Act using a variety of channels.	Yes. 49
10	TEQSA participates in and manages sector events to raise and maintain awareness of TEQSA's roles and responsibilities.	Yes. 38, 46, 138–144
11	Improved levels of compliance by higher education providers with the Higher Education Standards Framework.	It is too early to judge this.
12	TEQSA develops and consistently meets its service standards.	Yes. 18. TEQSA has met all legislated timeframes. As the Agency Service Charter was published in June 2013, performance data on service is not yet available.
13	TEQSA implements approaches and processes that compare positively with similar international regulators.	Yes. 86–87. TEQSA's risk-based approach has generated interest among counterpart agencies overseas.
14	TEQSA attracts and develops the quality and capabilities of TEQSA staff.	Yes. 4, 61, 65–67

Completion of inherited work

TEQSA inherited 18 audits commenced by the Australian Universities Quality Agency (AUQA) as part of the transition to the new regulatory regime. The last three of these were completed during 2012–13.

A total of 65 pending applications for a variety of matters were also transferred from previous state and territory government accreditation authorities (GAAs) to TEQSA. These authorities had either not initiated the review process or had not made a decision on the applications before the time of transfer.

By the end of the current financial reporting year there remained only a small number of inherited applications that had not been fully completed by TEQSA. These comprised:

- ▶ two applications for initial registration
- ▶ one application for renewal of registration; and
- ▶ applications from ten providers for initial course accreditation (a number for multiple courses).

In each of these cases, TEQSA has been required to obtain further information from the provider in order to progress its assessment of the application.

Trends

Since TEQSA's first annual report was published in 2012, the profile of work undertaken by the Agency has changed in some particular respects. In the period immediately after transition from state and territory-based regulation to a national approach, TEQSA had two key objectives: i) to establish an appropriate regulatory framework and core processes to enable the commencement of registration and accreditation services for new applicants; and ii) to bring to completion the large body of work inherited from the now-defunct regulators under special legislation applied to transitional business, the *Tertiary Education Quality and Standards Agency (Consequential Amendments and Transitional Provisions Act) 2011*, (TEQSA CAPT Act).

Workflow

While TEQSA has met all statutory time frames for the completion of applications, the period of time required for these processes can span nine months due to the necessarily complex character of higher education operations, as reflected in applications. It is expected that in the period December 2013 to December 2014, TEQSA will receive 35 applications for the renewal of registration, 343 applications for the renewal of course accreditations and an unknown number of applications from potential new entrants to the sector. The time needed to complete these processes is likely to significantly decrease as TEQSA further streamlines its procedures.

Streamlining regulation

In 2012–13, TEQSA intensified its efforts to learn from its early regulatory experiences to identify areas in which it can reduce the regulatory burden on providers. Commitments outlined to the sector in July 2013 will be implemented in 2013–14, with consultations on more tailored and targeted approaches to regulation to occur toward the end of 2013. The momentum for regulatory reform is unlikely to abate in 2014, and the Agency will continue to examine its internal processes and work with other parts of the regulatory system to reduce red-tape for providers.

Sector developments

Over the past 18 months, TEQSA has seen an increasing interest across the sector in new modes of delivery, including the incorporation of e-learning approaches into course delivery. This increased interest is evident from the number of course applications and material change notifications that point to these developments. This trend is likely to continue into 2013–14 and beyond in line with international trends. The Agency has responded to this interest by co-hosting a forum in October 2013 on e-learning with the Office for Learning and Teaching.

Another trend to emerge in the past year has been interest from vocational education and training (VET) providers in being registered as higher education providers. This has highlighted a range of issues faced by providers in developing their institutional capacity to deliver higher education alongside their established VET offerings.

Transnational education is likely to attract a stronger focus in the sector in line with the increasing globalisation of education delivery and the Australian Government's focus on maintaining and expanding Australia's share of the international higher education market. TEQSA will issue its transnational policy for the regulation of offshore delivery by Australian providers in the second half of 2013. This will build on work undertaken throughout 2012–13 to develop cooperative agreements with regulatory and quality assurance agencies in overseas jurisdictions where Australian providers are most active.

Financial summary

As TEQSA commenced regulatory functions on 29 January 2012 and assumed full ESOS responsibilities in July of that year, the 2012–13 financial year represents its first complete period of full operation.

TEQSA's financial result in 2012–13 was a \$1.290 million deficit. Adjusting for \$1.316 million of depreciation and amortisation, TEQSA has a small surplus of \$0.026 million.

TEQSA was appropriated \$17.282 million in 2012–13, and its expenses were \$18.641 million.

TEQSA's approved appropriation budget in 2013–14 is \$18.536 million, and approved capital budget is \$1.250 million. Of TEQSA's total operating funding, the Agency will spend approximately two-thirds on staff salaries. In 2013–14, TEQSA is expected to be under increased cost pressure to manage within the operating appropriations with a significantly increased level of activity and the full budgeted staffing levels. This does not, however, present an ongoing financial sustainability risk for TEQSA.

Objective 1: Assure the quality of Australia's higher education

TEQSA's role is to safeguard the interests of current and future students, both domestic and international, undertaking study within Australia's higher education system. Since 29 January 2012, TEQSA has assured the quality of Australia's higher education by regulating providers using a standards- and risk-based model of regulation.

The following report describes TEQSA's progress in developing and implementing its regulatory framework to achieve *Objective 1: Assure the quality of Australia's higher education*.

Standards and risk-based regulation

The starting point of TEQSA's regulation is the legislation TEQSA is charged with administering – the TEQSA and ESOS Acts. The legislative framework also includes the Higher Education Standards Framework (Threshold Standards) and the National Code that accompanies the ESOS Act.

Australia's regulatory system for higher education is standards- and risk-based, and incorporates a legislated quality assurance role.

Key features of the TEQSA model of regulation

Standards

- ▶ provider entry to and continued operations within Australia's higher education sector is determined by adherence to (Threshold) standards
- ▶ the standards are developed and promulgated independently of TEQSA
- ▶ the standards apply to all providers offering courses leading to an Australian higher education award irrespective of where and how a course is delivered
- ▶ regulation against the standards takes account of different teaching methods and ways of delivering higher education.

Risk

- ▶ a risk-management approach is used by TEQSA to identify specific areas of concern within the sector or within the operations of a provider, and how these risks are controlled
- ▶ regulatory action reflects the nature and scale of risk identified.

The regulatory principles and how they are applied

The TEQSA Act requires that regulation is guided by three regulatory principles – *regulatory necessity*, *reflecting risk* and *proportionate regulation*.

Reflecting risk

TEQSA's risk-based approach helps it to focus on areas of higher risk. Risk assessments inform the level of regulatory monitoring or action that may be necessary.

Proportionate regulation

TEQSA's regulatory actions are in proportion to any non-compliance, or the risk of future non-compliance, by the provider. TEQSA balances the interests of students and the potential impact of TEQSA's actions on the provider and on the reputation of the sector.

Regulatory necessity

TEQSA only intervenes when necessary. In making its regulatory decisions, the Commission considers the particular circumstances of a provider and ensures its regulatory responses are the most effective and the least burdensome means of addressing the provider's compliance with the standards.

The regulatory principles guide TEQSA's:

- ▶ development of regulatory policies and processes
- ▶ interpretation of compliance with standards
- ▶ focus in conducting assessments
- ▶ decisions about levels of intervention; and
- ▶ decisions on applications for registration and accreditation.

All regulatory decisions take into account the three regulatory principles. In providing a statement of reasons for any adverse decision, providers are explicitly informed about how the regulatory principles have informed the decision. Commission decisions about proposed action and compliance activities are also informed by the regulatory principles. This will be made explicit to the community through public reports on the National Register for decisions made on or after 1 July 2013.

Risk-based approach

Regulatory Risk Framework

TEQSA's Regulatory Risk Framework (RRF) was first published in February 2012. It outlines TEQSA's approach to systematically identifying regulatory risk associated with the provision of quality higher education.

The RRF addresses a provider's history and track record of compliance, financial status and capacity, staff profile, and students' experiences. Information obtained through existing data collections, from providers and from a range of other sources is

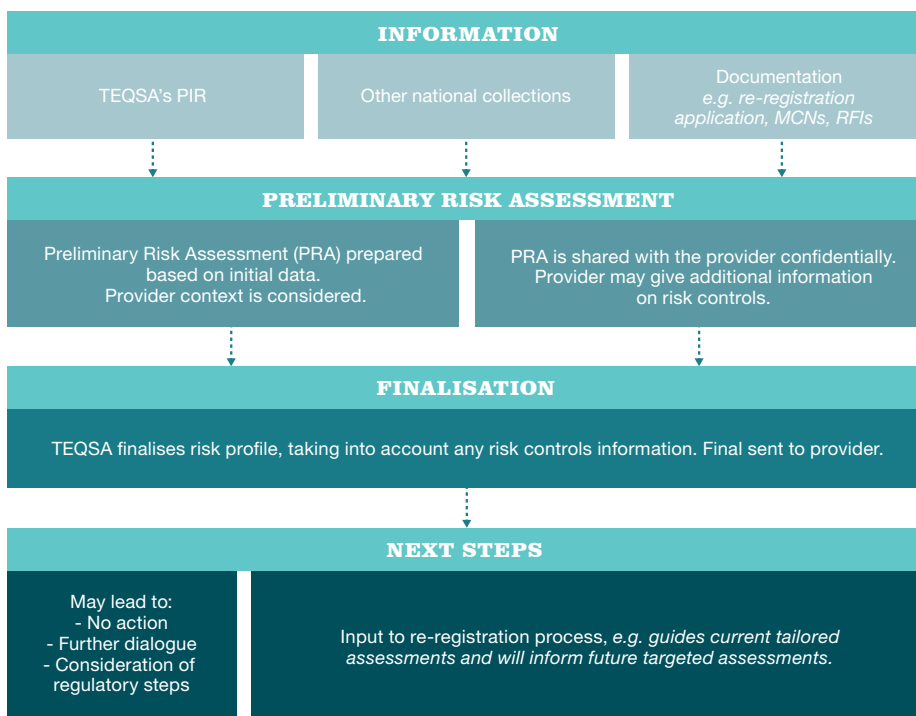
used to develop risk profiles on an annual basis. A provider’s profile may be reviewed if TEQSA receives any significant new information outside the risk assessment cycle, for example, when a provider notifies TEQSA of a material change in its operations that may affect its ability to meet the Threshold Standards. The approach aims to encourage dialogue with the provider, through TEQSA’s Case Managers, about potential risks on a continuous basis. The risk assessment process is explained below and in Figure 3.2.

The first cycle of risk assessments, undertaken in 2012–13, has highlighted the potential value of identifying issues early, not only to alert providers to areas for improvement ahead of regulatory reviews, but also to give TEQSA greater scope to identify emerging risks within the sector.

Annual risk assessment cycle

The first cycle of regulatory risk assessments was initiated in late 2012 and progressively undertaken over the following months. As part of this process, a preliminary assessment was shared with the provider to encourage early dialogue and ensure that TEQSA had the necessary context to appropriately nuance its assessment of risk. Each provider was invited to consider the factual accuracy of the data underpinning the assessment, to advise TEQSA of its own risk management controls, and to offer any other information or context that the provider identified as relevant to finalising the assessment. All Preliminary Risk Assessments were completed by the end of May 2013.

Figure 3.2: TEQSA’s risk assessment cycle



A number of providers provided feedback on the first risk assessment cycle which will be taken into account when TEQSA reviews the RRF and regulatory processes. Some provider comments, reproduced below, provide insight into how some providers are using TEQSA risk profiles in the context of their own approach to risk management:

Positive responses to TEQSA's 2012 risk assessments

We agree that it provides a pretty accurate picture of where we are at as an institution. In light of our recently developed risk strategy document, the categories will be helpful for us in further developing a "dashboard" for the Board to regularly assess exactly where we are and how we need to respond.

We especially valued the ability to engage in a discussion with TEQSA on the ratings and would welcome further dialogue on either [our] overall risk management approach, or on any specific indicator.

[The] University is pleased to respond to TEQSA's first Preliminary Risk Assessment. The University appreciated the opportunity to look at itself through the eyes of data held in national data collections.

We thank TEQSA for the opportunity to make comment on the Preliminary Risk Profile and affirm that this action demonstrates TEQSA's ongoing commitment to dialogue.

Financial assessment

In late 2012, TEQSA developed a framework for assessing a provider's financial position, in line with the TEQSA Act and Threshold Standards. In 2012–13, a high-level financial assessment was conducted for all providers as part of the risk assessment cycle. In addition to this, full financial assessments were completed for five providers seeking registration as a higher education provider and for 16 providers applying for re-registration.

TEQSA considers a range of financial and non-financial Key Performance Indicators (KPIs). The KPIs recognise that provider operations are influenced by a range of factors, such as changes in higher education policy, international and domestic competition for students, changes in industry demand for graduates, and the availability of academic staff. Information obtained through financial assessments will also enable TEQSA to form a view of the sector's financial health as a whole, once data on trends are available.

Financial information is collected through various means designed to minimise the impost on the provider. This includes using information already held by other government departments, rather than requesting this from providers. An information sheet to explain TEQSA's approach to financial assessment was published on the TEQSA website in June 2012 at <www.teqsa.gov.au/sites/default/files/TEQSA%20Infosheet_FinancialAssmnt.pdf>.

Maturing of TEQSA's approach to risk assessment

The Regulatory Risk Framework will be periodically reviewed to improve its effectiveness. The first review of the RRF and its application will be undertaken in late 2013 to consider refinements based on the experience of the first cycle. Areas already identified by TEQSA for improvement include:

- ▶ refining the set of indicators, focusing on the most robust measures
- ▶ strengthening the Framework's focus on education delivered to international students, with reference to the ESOS Act and the National Code
- ▶ improving the approach to communication with providers, with more guidance and information (eg sharing of good practices in relation to risk controls); and
- ▶ using qualitative information relating to a provider category or type, and maturity of operations.

Providers will have an opportunity to offer comment and advice will also be sought from the TEQSA Regulatory Risk Reference Group. In response to concerns raised by the sector about the regulatory burden on providers, TEQSA advised the sector in July 2013 that it would reduce the number of risk indicators to focus on a core set of indicators, based on the experience of the first full round of risk assessments of all providers. The Agency has also confirmed that, from the 2013–14 annual risk cycle onwards, TEQSA will only issue preliminary risk assessments for response by providers if TEQSA has new or continuing concerns about risks or is asked to do so by a provider.

TEQSA's provider data strategy

Risk-based regulation relies on access to core data for each registered provider. TEQSA's provider data strategy supports a number of objectives. It allows the development of individual provider risk profiles annually, and it allows TEQSA to build an in-depth understanding of the sector over time and to monitor significant changes. Access to timely and robust data will increasingly enable TEQSA to use its risk assessments to reduce the regulatory burden on low risk providers. Better coordination of data collection across government will also reduce the reporting burden on providers. An overview of progress made in relation to these objectives in 2012–13 is outlined below.

Provider Information Request

In late 2012, TEQSA implemented its first Provider Information Request (PIR). This was a major step in systematically collecting timely, reliable and comparable information about all providers of higher education in Australia.

Following significant consultation with the sector, the 2012 PIR focused on student and staff data, financial information, and student survey information. These areas map closely to the Threshold Standards, and represent core information that would be held by a provider to manage its higher education operations.

The 2012 PIR was released at the end of August and closed on 30 November 2012. All registered providers that were required to respond to the PIR submitted a response (170 providers).

As the 2012 PIR process was new for both TEQSA and providers, any challenges that arose were resolved through close cooperation between TEQSA and providers. TEQSA has drawn on these experiences to refine the 2013 PIR scheduled for the second half of 2013.

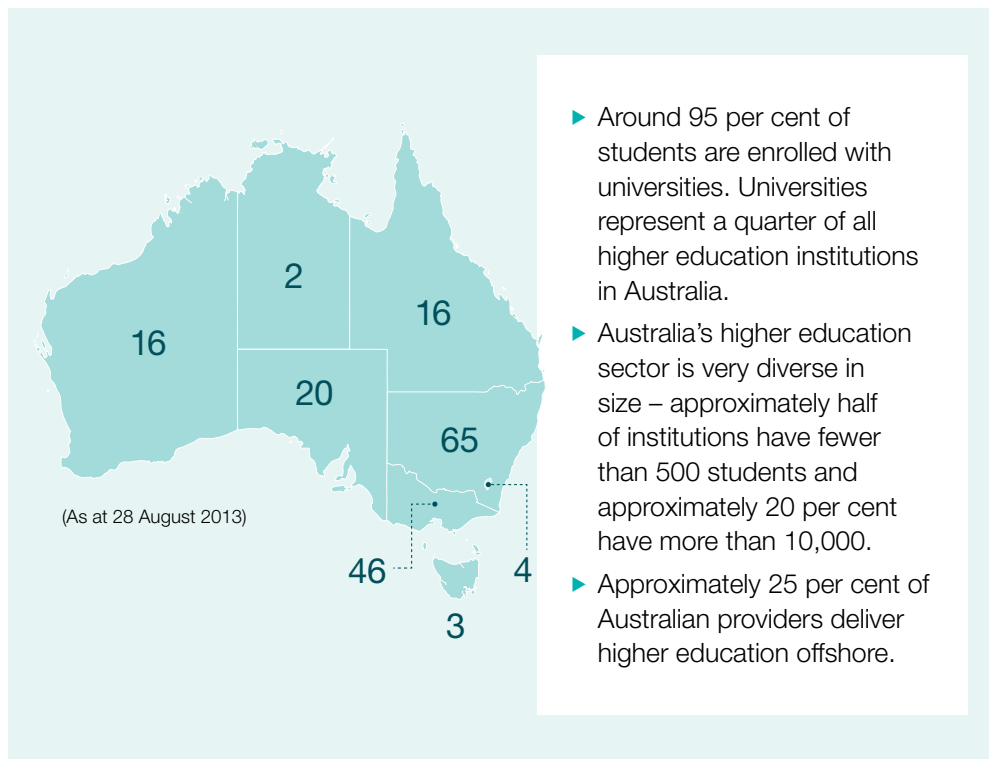
The PIR complements existing data collections in the sector. Where providers already report required data to DIICCS RTE they do not need to report this information under the PIR.

The first PIR included a secure web portal for providers to supply data in a standard format in the last quarter of the 2012 calendar year. Following feedback and a review of the 2012 PIR portal and process, improvements were implemented in preparation for the release of the PIR for 2013.

Australia's higher education sector

The box below provides a snapshot of Australia's higher education sector.

Total number of HE institutions by jurisdiction



Consolidating national data collection

National Advisory Group of Higher Education Data and Information (NAGHEDI)

During sector-wide consultation for the first Provider Information Request in May 2012, many providers argued for a more integrated approach to higher education data collections. They supported the idea of TEQSA working with DIICCSRTE and other departments and agencies, providers and peak bodies, towards the development of a single information collection.

In mid-2012, a National Advisory Group of Higher Education Data and Information (NAGHEDI) was established by the Australian Government (led by DIICCSRTE) with the aim of achieving consensus on approaches to data collection and reporting in the higher education sector. TEQSA was invited to participate in NAGHEDI and is represented by a Commissioner. NAGHEDI also includes representatives from higher education providers, the Australian Research Council, and relevant Australian Government departments.

NAGHEDI has been tasked with providing advice on the development of a National Higher Education Statistics Collection over the longer term, as well as advising on issues pertaining to higher education data collection and dissemination more broadly.

The first meeting of NAGHEDI was held in October 2012.

Interim data sharing arrangements

While work progresses towards the longer-term aim of a single higher education collection, TEQSA and DIICCSRTE continue to engage closely on data sharing arrangements to reduce overlap in reporting requirements for providers.

The Department manages the Higher Education Information Management System (HEIMS). This information includes data on students, staff and finances collected under the Higher Education Statistics Collection (HESC), and research data collected under the Higher Education Research Data Collection (HERDC). The Department is also responsible for managing the Provider Registration and International Students Management System (PRISMS). These data collections are directly relevant to TEQSA's regulatory functions.

Amendments to Higher Education Support Act 2003

On 13 September 2012 amendments were passed to the *Higher Education Support Act 2003* (HESA), which allowed the disclosure of HESA information by the Secretary of DIICCSRTE to TEQSA, the national VET regulator, and to the staff of state and territory agencies, higher education providers and VET providers. Decision 180–15 of HESA now allows the Department to disclose information to TEQSA for the performance of its regulatory functions and to exercise its powers under the TEQSA Act.

Information Guidelines

Under the TEQSA Act, TEQSA may disclose higher education information under limited circumstances (Division 2 of Part 10). These circumstances include disclosures to agencies specified in the *Tertiary Education Quality and Standards Agency (Information) Guidelines 2013*, where this disclosure is necessary to enable or assist the authority to carry out its proper role. These disclosures help TEQSA to avoid duplication of requests for information and to coordinate regulatory processes.

Quality assessments

As well as being a regulator of higher education, section 60 of the TEQSA Act enables TEQSA to conduct quality assessments on its own initiative or as directed by the Minister. Quality assessments are aimed at improving academic, governance and business practices within the sector in areas relating to the Threshold Standards. They may involve reviewing the operations of one or more providers to assess the quality of higher education, and identifying and sharing examples of good practice.

Third Party Arrangements

In April 2013, TEQSA commenced its first quality assessment under section 60 of the TEQSA Act – an examination of third party arrangements (TPAs) within the sector. This was chosen as the first Quality Assessment due to the risks to the sector posed by the increasing prevalence of TPAs.

The aims for the quality assessment were to:

- ▶ assess the quality of higher education practices and processes relating to these arrangements
- ▶ identify good practice models and innovation in meeting the requirements of the TEQSA Act and Threshold Standards; and
- ▶ identify practices that may need to be improved.

The Agency chose to limit the focus of this quality assessment to the delivery of accredited courses, the development of curriculum materials and the provision of student support services – those areas which intersect directly with the student experience.

A national survey of all registered providers was issued in April 2013: phase one of the quality assessment. Phase two of the quality assessment has involved voluntary follow-up interviews with a targeted sample of providers that adopt various approaches to their use of third party arrangements. This commenced in the second half of 2013. A draft report is expected to be issued by the end of 2013 and finalised early in 2014.

Use of third party arrangements in the sector

Third party agreements across Australian higher education number in the many thousands extending over the full spectrum of research collaboration, teaching and learning, student exchange and other service provision. Universities and just over

half of other registered higher education providers – more than 100 providers in total – have some form of collaboration with third parties, either to deliver award courses, design and develop awards, or deliver student support services. There is wide variation between individual providers about the purposes of these arrangements. For some, it is the basis of their establishment. For others, it involves strategic alliances focused on growth in student numbers, improving access for targeted equity groups and growth into new higher education markets. Many providers have extensive activity in all areas of teaching and learning with both domestic and international partners, but, equally, many TPAs established by providers are limited simply to support of practicum placements for students.

Regulation of third party arrangements

Providers are required under the TEQSA Act to demonstrate compliance with a set of national standards of quality, known as the Threshold Standards. Under section 26 of the Act, this requirement is extended to any other entity that delivers a higher education service to the students of the registered provider. This means the awarding body is also responsible for having effective mechanisms in place to assure the quality of these arrangements so that a student enrolled with an Australian provider will receive an award from that university, even if the provider has an arrangement in place for some delivery of a higher education award to be provided by a third party.

English Language Proficiency

In March 2013, TEQSA released terms of reference for a second quality assessment framed by the Course Accreditation Standards that specify the requirement for English Language proficiency (ELP). In response to sector concerns about the conduct of two quality assessments in a calendar year, TEQSA decided to defer its second quality assessment to the latter half of 2014.

Quality of teacher education programs

On 11 March 2013, the then Minister for Tertiary Education announced that TEQSA would be directed to undertake a review of all teaching courses in Australia. This direction was subsequently made on 20 June 2013. The review is to assess and benchmark the quality of the curriculum, the pedagogy, and the organisation and delivery of initial teacher education courses of study in Australia. Terms of Reference and methodology for this assessment will be released during the second half of 2013.

Developments in TEQSA regulation

Regulation involves balancing the need to have assurance that minimum standards are being met and risks are being appropriately managed against the burden that regulation places on individual providers. The overwhelming majority of providers recognise the benefits of protecting the reputation of the sector, domestically and internationally, and participate effectively in the regulatory relationship.

In 2012–13, TEQSA Commissioners and staff continued to make a significant effort to engage the sector and to respond to feedback on the impact of the regulation.

The following section outlines TEQSA's ongoing efforts to make its regulatory practice more efficient, with benefits for all providers. It also highlights actions TEQSA has already scheduled in line with its strategic planning, as well as further actions identified in the context of the government's broader review of higher education regulation.

Review of Higher Education Regulation

A Review of Higher Education Regulation was commissioned by the government May 2013. The reviewers, Professors Kwong Lee Dow and Valerie Braithwaite, argued that TEQSA's regulatory framework needed further changes to ensure that providers are not unnecessarily burdened by regulation. Shortly after releasing the report, the government entered election caretaker mode without having issued a formal response to the report. TEQSA has continued to streamline its processes in line with commitments made during its early phase of regulation and in a letter to the Secretary of DIICCSRTE in June 2013. In the coming year it will give attention to progressing any further priorities for reform conveyed by the incoming government.

TEQSA Action Plan for more effective and efficient regulation

During its first phase of regulation, TEQSA had already implemented actions to minimise the regulatory burden on providers, especially relative to previous requirements of Australian Universities Quality Agency (AUQA), state and territory government accrediting authorities and regulation under the ESOS Act. In response to a request from the Secretary of DIICCSRTE on further actions that TEQSA could undertake to ameliorate concerns in the sector about red tape, the Chief Commissioner outlined action taken to date and put forward an Action Plan to further reduce the regulatory burden. The Action Plan was subsequently communicated to the sector in the July edition of the *TEQSA Update* <www.teqsa.gov.au/sites/default/files/TEQSAUpdateJuly2013.pdf> which was also published on the TEQSA website.



Actions taken since 2011 to reduce the regulatory burden on providers are outlined below.

How TEQSA has reduced red tape in 2012-13

1. TEQSA has created many different opportunities for providers to give feedback:

- ▶ Each registered provider has been allocated a Case Manager as a central point of contact and to ensure open lines of communication and clarity about requirements.
- ▶ In October 2012 and March 2013 major Provider briefings were held and attended by a total of 693 people from all parts of the sector.
- ▶ TEQSA held five ELICOS briefings with the Australian Skills Quality Authority around Australia (Melbourne, Brisbane, Sydney, Adelaide and Perth).
- ▶ Commissioners and Senior Managers presented to or participated in over 60 sector forums.
- ▶ TEQSA conducted three formal consultations on aspects of our regulatory approach.
- ▶ TEQSA has established three Reference Groups (Risk, Information Collection, and Regulation and Quality Assessment) to provide feedback on new policies and processes.
- ▶ TEQSA has sought feedback directly from providers that have undergone a regulatory process (for example, at the completion of a re-registration process) on their experience and invited views on how TEQSA's processes could be improved.
- ▶ TEQSA has invited feedback on regulatory information on TEQSA's website through a website survey.

2. TEQSA has used feedback from the sector to minimise regulatory requirements on providers:

- ▶ In 2012, TEQSA responded to feedback through consultation with the sector and significantly reduced the scope of the first annual Provider Information Request (PIR). In 2012-13, work continued with DIICCSRTE to strengthen data sharing arrangements and identify opportunities to reduce the reporting burden. This enabled further reductions in the 2013 PIR.
- ▶ In July 2012, a substantially streamlined form for CRICOS providers and course registration processes was introduced, reducing the amount of information required. The new arrangements have benefited universities, in particular.

- ▶ In July 2013, TEQSA implemented national CRICOS registration, replacing previously separate state and territory-based registration processes. This has significantly reduced information requirements for providers applying for the renewal of their registration.
- ▶ For providers offering both higher education and VET courses, TEQSA implemented a 'single desk' approach with ASQA to streamline the assessment process for all CRICOS applications from 1 July 2012.

3. TEQSA has reduced the need for providers to provide information more than once to government and to TEQSA:

- ▶ TEQSA introduced policies and arrangements for sharing information with other relevant government agencies, thereby reducing the need for providers to supply the same information to multiple providers.
- ▶ Information provided to TEQSA for one regulatory process does not need to be supplied again for another purpose.
- ▶ TEQSA worked closely with DIICCS RTE on legislative amendment to the *Higher Education Support Act 2003* (HESA) to permit the Department to share data with TEQSA.

Other initiatives to improve regulation

As well as reforming key regulatory processes, TEQSA strives to use feedback from providers on its processes to evaluate and improve them. It also works with other parts of the tertiary system to streamline approaches and to ensure there is due consideration of the potential burden on providers when new policies are being developed. Some of these efforts are described below.

Review of the registration process

In May 2013, TEQSA introduced a formal evaluation form to seek providers' feedback on their experiences with the renewal of registration process. This evaluation form is sent by the Chief Commissioner to the provider at the time a final decision is communicated.

As well as requesting a formal evaluation from relevant providers, feedback was sought through various forums, including a group session with providers in October 2012 and discussion with the Regulation and Quality Assurance Reference Group in February 2013.

In overall terms, there was positive feedback on the case management model and the use of the risk assessment process to inform the re-registration process. Suggestions for improvement centred on a desire for more guidance from TEQSA on the amount of evidence needed to satisfactorily demonstrate that standards were being met; and the need to avoid the same evidence being requested twice, (mostly due to overlap in the standards).

Streamlined regulation for multi-sector providers

In late 2011, a high level ASQA–TEQSA working group was established under a Memorandum of Understanding (MoU) to establish a coordinated ‘whole of provider’ approach to the regulation of multi-sector providers that are registered by both ASQA and TEQSA.

The objectives of the MoU are to:

- ▶ streamline the regulation of multi-sector providers to the maximum extent possible, given the separate regulatory standards frameworks for the higher education and VET sectors
- ▶ reduce the potential for duplication that impacts on the regulatory burden and cost for multi-sector providers; and
- ▶ use a customised regulatory approach that caters for the unique circumstances of each multi-sector provider.

The working group, which includes Commissioners from both agencies, oversees the implementation of the MoU. In July 2012, a joint ASQA–TEQSA clearing house process was introduced to manage CRICOS matters for providers registered with both agencies. This model allows providers to submit a single application form to one agency and to have a single point of contact. The process also facilitates coordination of evidence by both regulators and consistency in approach to assessing common evidence and standards.

TEQSA and ASQA are also working together to develop joint management processes for renewal of registration applications for providers registered with both agencies. By early 2014, joint application forms will be available covering:

- ▶ renewal of registration as an National Vocational Education and Training Regulator (NVR) Registered Training Organisation (RTO), as a higher education provider, and under CRICOS
- ▶ renewal of registration as an NVR RTO and as a higher education provider
- ▶ re-registration under CRICOS only; and
- ▶ initial registration under CRICOS.

Further to this, TEQSA plans to introduce a revised renewal of registration process in 2014 which integrates CRICOS registration as an option for the provider.

Professional bodies

TEQSA recognises the value of professional accreditation and its relevance to regulatory considerations. In 2012–13, the Agency continued to work with professional bodies to harmonise TEQSA course accreditation and professional accreditation to the greatest extent possible. Information Guidelines (required under the Act) have been developed and registered to pave the way for information sharing with professional bodies. Senior managers met with a number of professional bodies to discuss further harmonisation of process and standards.

TEQSA also piloted a complementary accreditation approach for courses in nursing with the Nursing and Midwifery Board of Australia. From this exercise, the Agency will establish principles for future complementary processes aimed at streamlining course accreditations.

Interaction with the Higher Education Standards Panel

While the Higher Education Standards Panel (the Panel) has been established to provide independent advice to the Minister on making and varying the Higher Education Standards Framework (Framework), TEQSA has the capacity under section 58 of the TEQSA Act to offer advice on the making of standards. The Panel has invited one of TEQSA's Commissioners to attend formal meetings of the Panel in an observer capacity.

TEQSA responded to the Panel's call for comment on proposed revisions to the current Threshold Standards, outlined in its discussion paper in the accompanying draft standards for Course Design (Coursework) and Learning Outcomes (Coursework), issued in March 2013. The Chief Commissioner provided views on 16 April 2013 based on TEQSA's 18 months of experience in regulating higher education providers using the Framework. TEQSA emphasised in its advice that any changes to the framework should avoid the imposition of additional requirements on a higher education provider and that it would welcome any opportunities to reduce the regulatory burden for providers, while maintaining quality and protecting a higher education provider's ability to innovate and remain competitive. It also recommended that the Panel consider reducing the number of Threshold Standards.

Objective 2: Support the capacity of the sector to understand the nature of compliance with the Higher Education Standards Framework

TEQSA recognises that regulatory compliance is enhanced when providers fully understand the role of TEQSA and the outcomes it seeks, as well as their obligations and rights in the regulatory relationship.

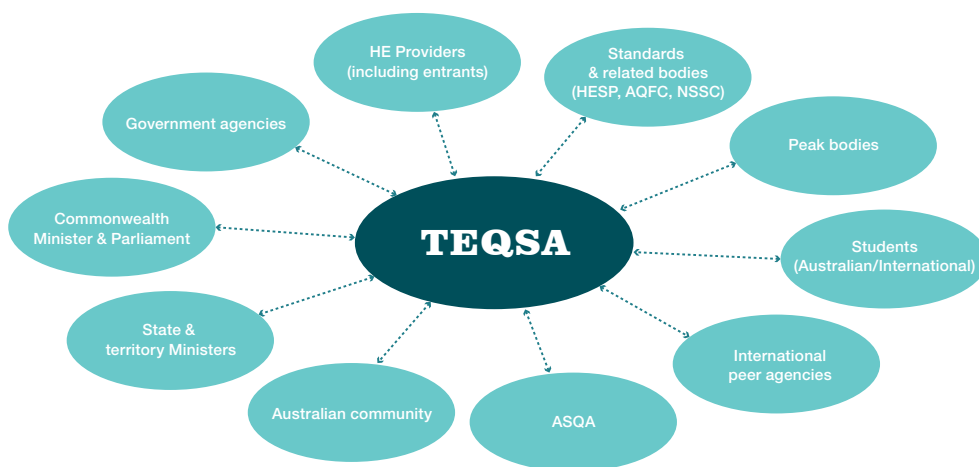
The review of TEQSA's performance against *Objective 2: Support the capacity of the sector to understand the nature of compliance with the Higher Education Standards Framework* describes TEQSA's success in promoting the compliance of higher education providers with the Higher Education Standards Framework. TEQSA pursues this aim by:

- ▶ effectively communicating TEQSA's regulatory requirements; and
- ▶ fostering constructive relationships with providers based on openness and trust.

Dialogue with stakeholders

TEQSA communicates its regulatory approach to a wide range of stakeholders. In 2012–13, TEQSA focused its effort on building an understanding of its role and supporting providers to comply with new regulatory requirements. Figure 3.4 below maps TEQSA's key stakeholder groups.

Figure 3.4: TEQSA's key stakeholder groups



Communication with providers

TEQSA communicates regularly with providers on regulatory requirements through briefings, presentations at conferences, news updates and the TEQSA website. TEQSA regularly undertakes consultations, and Commissioners and senior staff meet with sector peak bodies and government representatives to discuss aspects of TEQSA's regulatory governance and processes. TEQSA has also established three reference groups comprising members of the sector as a 'sounding board' for new policies (refer to pages 51–52 for more information). TEQSA Guides for applications also provide interpretations of the standards and relevant sources of evidence that assist providers in meeting regulatory requirements.

TEQSA's Case Manager model

TEQSA assigns a Case Manager to act as a single point of contact for each higher education provider it regulates, including providers of ELICOS and Foundation Programs regulated by TEQSA.

The Case Manager is responsible for managing the regulatory relationship with the provider, and as part of this, aims to develop a comprehensive understanding of each provider's operations. The Case Manager:

- ▶ ensures the provider is aware of its obligations under the TEQSA and ESOS Acts
- ▶ responds to any queries by the provider accurately and quickly
- ▶ receives and assesses applications and notifications of material change
- ▶ commissions external expert advice, as needed, in the context of applications to TEQSA; and
- ▶ helps to identify any emerging risks and, where appropriate, brings these to the attention of the provider and the Commission.

Case Managers work in teams and are able to draw on a range of sources for guidance and technical advice, including the TEQSA Register of Experts. TEQSA's approach to case management has received consistently positive feedback from the sector.

TEQSA Case Managers



Tricia Roessler AM

“I find the provider perspective particularly interesting, and as the Director of a case management team, I work with a portfolio of providers and, along with my team, help providers to identify and meet their regulatory obligations.

I joined TEQSA because I was interested in backing the quality of higher education in Australia. I have a strong interest in foreign relations and connecting to the world and, having been involved in the establishment of the first foreign university in Vietnam, I’ve seen the wonderful benefits of the internationalisation of study for students.

When I came to TEQSA, I was bringing 20 years’ experience across the higher education sector, both in Australia and internationally, as well as a Masters in Public Administration from Harvard. TEQSA gives me the opportunity to consolidate my experience and contribute to Australia’s standard of higher education.

It’s always a pleasure to meet with providers and see the breadth and diversity of higher education in Australia.”



Danny Wolters

“As a Case Manager, I enjoy getting to know organisations and helping them with their applications. Before I started, I was concerned that the Standards might not be broad enough to accommodate the diversity in our sector. But the opposite has proved to be the case. It’s great being able to work with providers to match up providers’ policies and unique approaches with the Standards.

I joined TEQSA because I’ve long been interested in bringing about quality outcomes for students. I spent six years happily studying for a BA (Hons) in art history, and a BSc in microbiology and botany. Before joining TEQSA and because of my interest in higher education, I worked for the New Zealand education ministry in regulatory and resourcing policy for tertiary education. I also worked on the development of quality e-learning in the sector through government funded research.”



Alexis Arrowsmith

“I saw joining TEQSA as an opportunity to gain better knowledge of the higher education sector in Australia and to use my policy background to implement nationally consistent regulation and improve quality; which would ultimately benefit students.

I have a Bachelor of Arts, a Master of Cultural Heritage, and I’m now studying International Law. Having worked as a teacher and with the State Minister for Education’s office, I was interested in teacher training and quality, and my studies gave me an interest in the quality assurance of higher education.

Setting up new processes and building relationships with the sector presents different challenges each day. TEQSA benefits from a great range of staff with diverse backgrounds, and the capacity to identify workable solutions to improve the Agency, with the ultimate goal of benefiting higher education students in Australia.”

Participation in sector events

The Chief Commissioner and Commissioners of TEQSA are frequently invited to present at higher education conferences and events. In 2012–13, the Chief Commissioner and Commissioners presented at or attended 57 events to explain TEQSA’s approach to regulation. Information about presentations to and significant meetings with TEQSA’s stakeholders can be found at Appendix M.

During the current period, the Commissioners hosted 13 visits to TEQSA by senior representatives of providers, stakeholder groups, or other regulators. TEQSA also hosted 12 delegations from overseas agencies with an interest in the regulation of the Australian higher education sector. Further information about these meetings is at Appendix M.

Meeting with peak higher education and other bodies

TEQSA meets regularly with peak body representatives including the Australian Council for Private Education and Training (ACPET), the Australian Council of Private Higher Education (COPHE), English Australia (EA), TAFE Directors Australia (TDA) and Universities Australia. TEQSA’s reference groups also have representatives from a range of sector bodies.

Relationships have been built with other bodies active within the higher education sector, including ASQA, the Australian Qualifications Framework Council, and the Australian Research Council.

Provider briefings

TEQSA's two major provider briefings in 2012–13 were well attended, and provided an important opportunity for providers to receive more information about TEQSA and to meet Case Managers.

The first, held on 17 August 2012 in Sydney, was attended by 320 participants (including from universities, private higher education and multi-sector providers, and potential new providers). The Sydney briefing included information on TEQSA's material change processes, compliance with the Threshold Standards and key regulatory processes. Special sessions were also held on renewal of registration, course accreditation, and CRICOS registration.

The second briefing, held in Melbourne on 14 March 2013, was attended by 373 participants. This briefing included presentations on TEQSA's evidence-based approach to regulation, the risk assessment process and quality assessments. Providers also had the opportunity to engage with Commissioners in a Q&A session. Edited videos of the presentations were subsequently made available on the TEQSA website.

Both events received positive feedback via a participant survey, with over 90 per cent at each event indicating that the information presented addressed most of their interests.



Image: Provider Briefing, March 2013

National Register of higher education providers

TEQSA maintains and publishes a National Register of higher education providers (National Register). The National Register is the authoritative source of information on the status of registered higher education providers in Australia. A provider's registration by TEQSA signals to the public that the provider is compliant with legislated standards of quality higher education. In September 2012, TEQSA produced the *National Register Guidelines* which sets out the information that must be included on the National Register.⁵ The National Register also includes details of TEQSA accredited courses, including the name of the course of study and accreditation renewal date.

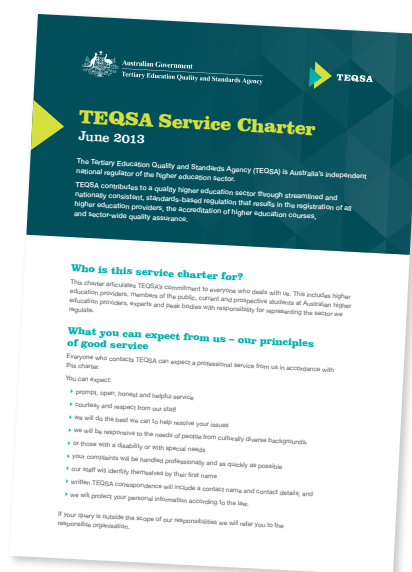
TEQSA has consulted on further approaches to public reporting that accord with regulatory good practice in higher education and will, from 1 July 2013, publish more detailed reports on regulatory decisions and the reasons for them. This will include information on any conditions applied to provider registration or course accreditation.

TEQSA's Service Charter

TEQSA has developed and implemented a Service Charter that makes commitments about service standards and how complaints will be handled. TEQSA believes its regulatory approach should be responsive and service-oriented. The publication of the charter is a 'Deliverable' under TEQSA's Portfolio Budget Statement.

TEQSA reports on its performance against its statutory obligations in its annual report (refer to page 18–19). As the Service Charter was published in June 2013, it is too early to report on the Agency's overall performance in 2012–13 in meeting the Charter's service standards and, in particular, the specific requirement for general enquiries to be responded to within five days. To improve its handling of complaints, TEQSA has significantly revised its approach to ensure students, providers and the general public are aware of their options for making complaints about a provider or TEQSA. More information is contained in this report at Appendix G on page 130.

More broadly, TEQSA manages its relationships with providers in line with the APS Code of Conduct and Values and its own Agency values that emphasise professionalism and accountability.



⁵ Information published on the National Register includes the provider's legal entity name, trading name/s used for higher education operations, provider category, Australian Business Number (ABN), address, website, registration renewal date, self-accrediting authority status and CRICOS registration status.

Consultations

TEQSA's approach to consultation

In November 2012, TEQSA published its approach to conducting consultations at www.teqsa.gov.au/news-publications/current-consultations. TEQSA is committed to consulting with all stakeholders within the higher education sector.

TEQSA endeavours to make its consultation papers easily accessible and to allow enough information and time for the sector and broader public to prepare informed responses. TEQSA publishes a summary of the responses received and explains how the outcome of the consultation is likely to influence TEQSA's policies and arrangements.

Consultations in 2012–13

In 2012–13, TEQSA undertook three formal consultations, as detailed below:

Register Guidelines

In August 2012, TEQSA asked for submissions on the draft of the Register Guidelines. The Register Guidelines set out the information that TEQSA must include on the National Register of higher education providers.

Publication of Regulatory Decisions

In March 2013, TEQSA consulted with the sector on its decision to make more information about its regulatory processes and decisions available to the public in line with regulatory good practice. It published a summary of the 24 responses received in June 2013.

Information Sharing

In March 2013, TEQSA asked for submissions on draft Information Guidelines relating to TEQSA's ability to disclose higher education information to certain government and statutory bodies under sections 189 and 194 of the TEQSA Act. In May 2013, TEQSA published a summary on the outcomes of the consultation. The purpose of this information sharing is to assist TEQSA and other agencies to discharge their responsibilities, and to minimise the regulatory burden on providers by not requiring them to submit the same information to multiple agencies.

Access to information about TEQSA

TEQSA Updates

TEQSA publishes a news brief, *TEQSA Update*, which is distributed to registered higher education providers, other key stakeholders and posted on the Agency's website. *TEQSA Updates* provide information about the Agency's regulatory approach, policies and requirements. They also contain news about recent activities and upcoming events. Updates were sent to the sector and posted online in August and November 2012, and February and April of 2013.

Website

The TEQSA website is a key platform for communicating important information to those with an interest in the regulation of the higher education. In January 2013, TEQSA refreshed its website. The site's branding was updated and its structure and content revised to make information easier to locate. In May and June 2012, further content was published, including a number of Information Sheets for domestic and overseas providers. In May 2013, TEQSA published the first of a series of short videos on TEQSA's role and core functions.

A website survey was launched in late June to gather feedback on user experience of the website and views on the quality of its content and ease of use. Feedback will be used to inform a comprehensive review in January 2014.

Enquiries inbox

In 2012–13, TEQSA's enquiries mailbox received over 2,500 items on a range of issues. Correspondence mainly related to queries for Case Managers, requests for more information about provider briefings, CRICOS matters and issues of interest to domestic and international students. Just over a third of all enquiries were from students, with a further third from providers. The remaining queries were from TEQSA stakeholders, people seeking employment with TEQSA, potential entrants to the higher education sector along with a number of misdirected calls.

Guidelines for providers

TEQSA'S application forms and accompanying guides for regulatory processes are available on TEQSA's website. As TEQSA fully implements a risk-based approach to registration and accreditation it will revise its application documentation. TEQSA has committed to revising its renewal of registration approach and process in consultation with the sector in early 2014.

Objective 3: Establish TEQSA as an innovative and expert regulator

Since 29 January 2011, TEQSA has embraced the challenges of creating a leading-edge framework of regulation and of harnessing a wide range of expertise to implement it.

The following review of TEQSA's performance against Objective 3: Establish TEQSA as an innovative and expert regulator describes the development of TEQSA's expertise as a regulator and, specifically, the extent to which it has been successful in:

- ▶ recruiting staff with a wide and expert base of knowledge and experience
- ▶ accessing external sources of sector expertise; and
- ▶ developing best practice regulatory processes supported by effective business systems.

This report also describes TEQSA's efforts in 2012–13 to establish links with counterpart agencies overseas. As well as extending TEQSA's capacity to regulate Australian offshore activities, these relationships support the sharing of knowledge and ideas on new approaches to regulatory and quality assurance.

The expertise of TEQSA's people

TEQSA continued to recruit highly skilled staff during 2012–13, focusing on people with a range of knowledge and expertise in higher education, regulation and risk management. Some have come from higher education institutions and the private sector while others were public servants with relevant subject matter expertise from Commonwealth or state governments.

A total of 38 staff joined TEQSA during 2012–13 of whom 32 have postgraduate qualifications including three with PhDs.

The people in TEQSA's Risk and Information Group have backgrounds in risk, financial analysis and business analytics. They have specialised skills in assessing complex quantitative and qualitative information and judging its relevance for the regulation of the higher education.

The Regulation and Review Group has recruited people with experience in quality assurance and regulation, as well as knowledge of higher education. Staff develop their knowledge and experience by liaising with professional accreditation bodies, external experts and quality assurance bodies overseas.

TEQSA as a learning organisation

TEQSA recognises the importance of being a 'learning organisation' and ensuring its staff have every opportunity to develop their knowledge internally and externally.

In recognition of this, and following staff consultation, TEQSA established a Learning Committee chaired by a Commissioner and comprised predominantly of staff volunteers. A Learning Program has been developed that offers formal and informal learning, individual and group-based activities, and internal as well as external expertise.

On a more informal basis, Case Managers draw on each other's expertise and experience. This mentoring approach has helped to expand staff knowledge of the sector.

TEQSA also arranges talks by staff and invites external speakers from the sector, as well as other regulatory agencies, to discuss topics of professional interest to TEQSA staff. International delegations hosted by TEQSA are encouraged to share information about their country's approach to higher education quality assurance and regulation.

External sources of advice

TEQSA's Register of experts

TEQSA recognised from the outset that, to perform its regulatory functions effectively, it would need to access a register of external experts. Initially, an Interim Register of Experts was established drawing mainly from the pool of individuals previously engaged by the state and territory Government Accrediting Authorities and AUQA for work of this nature. An open selection process in the second half of 2012 enabled the establishment of a permanent Register. The Register will be updated periodically through open selection processes to ensure the expertise available to TEQSA is comprehensive and current.

TEQSA's use of external expertise differs from that of previous regulatory agencies and AUQA. Case managers lead the assessment of applications, but may use input from external experts to inform their analysis and recommendations to the Commission for decision.

TEQSA Reference Groups

In late 2012, TEQSA established three consultative reference groups, each chaired by a Commissioner, to act as a 'sounding-board' in the development and implementation of its regulatory policies and processes. The reference groups will not replace sector consultation. TEQSA will continue to canvas sector-wide views and feedback through public consultations on major policy issues.

The composition of each group reflects individual members' knowledge, experience and capacity to provide authoritative and considered advice. Nominees with relevant expertise were invited by TEQSA, including from the four peak bodies (Universities Australia, Australian Council for Private Education and Training, Council of Private Higher Education and TAFE Directors Australia). The reference groups held their inaugural meetings over the course of the last financial year.

Regulatory Risk Reference Group

The Regulatory Risk Reference Group supports the further development of TEQSA's Regulatory Risk Framework through advice on issues relating to risk in higher education, risk analytics and risk-based regulatory approaches. The group comprises experts in the fields of regulatory risk, risk analytics, higher education sector risk and, more generally, in the areas of risk management, mitigation and measurement. The Group's first meeting was on 8 March 2013.

Information Reference Group

The Information Reference Group provides expert advice on issues relating to information collection and data used to inform TEQSA's regulatory activities. The Group provides views to TEQSA on the application of data collection; data curation and use; data analytics in the higher education sector; application of allied areas including privacy, access and security; and the use of public data and information. The group also contributes to improving TEQSA's information collecting and planning.

The Group's first meeting was on 11 February 2013. Members discussed data collection by TEQSA, including the 2012 PIR, and plans for the upcoming 2013 PIR. Progress made by NAGHEDI and broader issues relating to data and reporting in the higher education sector were also discussed.

Regulation and Quality Assessment Reference Group

The Regulation and Quality Assessment Reference Group provides feedback to TEQSA on issues relating to regulation and quality assurance of higher education. The Group will assist TEQSA in implementing consistent and effective processes and practices. It comprises experts in various areas of higher education, including international education, ELICOS and teaching and learning.

The Group's first meeting was held on 22 February 2013. It discussed TEQSA's approach to renewal of registration; quality assessments, including Third Party Arrangements; public reporting of decisions and TEQSA's International Strategy. The second meeting is planned for September 2013.

International relationships

TEQSA's International Strategy

In February 2013, TEQSA published its first two-year international strategy. *TEQSA's International Strategy 2013–15* has three main objectives:

- ▶ the fostering of cooperative relations with counterpart overseas regulatory bodies
- ▶ extending TEQSA's capacity to regulate Australian providers operating offshore; and
- ▶ building confidence in Australia's higher education sector.

The strategy encompasses all international activity, including transnational delivery, engagement with other countries, higher education provision to international students

and the internationalisation of Australian education. It takes into consideration overall Australian Government objectives and policies. TEQSA's primary engagement through this strategy is with overseas quality assurance agencies and government bodies or related bodies with a focus on countries where Australian institutions are active.

Over time, TEQSA's international relationships will assist TEQSA to benchmark itself against world best practice in the regulation of higher education. The strategy can be found at: <www.teqsa.gov.au/about/international-engagement>. Further detail regarding TEQSA's involvement in international forums and activities in 2012–13 is provided at Appendix N.

Support to whole-of-government policy

A key objective of TEQSA's international strategy is for overseas governments and students to view registration by TEQSA as a mark of quality in Australian higher education.

TEQSA is a member of the inter-governmental Joint Committee on International Education (JCIE). One of TEQSA's Commissioners attended its 6 May 2013 meeting, chaired by Michael Chaney, to contribute to its discussion of the report of the International Education Advisory Council, *Australia – Educating Globally*, and its associated proposal for a five-year international strategy. TEQSA formally contributed to the Australian Government's response to the report.

Throughout 2012–13, TEQSA actively sought to strengthen ties with Austrade and Australian Education International (AEI) to promote awareness of TEQSA's role and its international strategy. In 2013, TEQSA published a one page overview of TEQSA for use by these networks. The *TEQSA Snapshot* is available in English and Mandarin on TEQSA's website.



Image: TEQSA signed a Memorandum of Cooperation with Singapore's Council for Private Education (CPE) on 4 February 2013. Photo shows TEQSA Commission and CEO and senior representatives of CPE.

Memoranda of Cooperation

In February 2013, TEQSA signed a Memoranda of Cooperation (MoC) with the Quality Assurance Agency for Higher Education (QAA) in the United Kingdom and the Council for Private Education (CPE) in Singapore. This was followed in April 2013 by the signing of a MoC with the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ). These memoranda record a commitment of the parties to pursue cooperation in the interests of better regulation and quality assurance in higher education in each of our respective countries. TEQSA plans to conclude similar agreements with counterpart agencies of other countries in Australia's nearer region.

International networks

TEQSA is a member of the following organisations: the Asia-Pacific Quality Network (APQN); the Council of Higher Education Accreditation (CHEA) International Quality Group; and the International Network for Quality Assurance Agencies in Higher Education (INQAAHE).

Chief Commissioner Carol Nicoll is a member of the CHEA International Quality Group Advisory Council, a forum for colleges, universities, and accrediting and quality assurance organisations to address issues relating to quality and quality assurance in an international setting. Commissioner Kristoffersen is a member of the European Quality Assurance Register Committee, a register of quality assurance agencies that comply with the European Standards and Guidelines – a common set of standards for quality assurance agencies.

Visits

In 2012–13 TEQSA hosted a number of delegations from countries in the Asia-Pacific region interested in learning more about TEQSA's model of regulation. An example was the visit in February 2013 of 32 delegates from 10 Asia-Pacific countries auspiced by the LH Martin Institute under its Capacity Building in Quality Assurance in Higher Education program. For more details about these visits, see Appendix N on page 142.

In April 2013, Dr Nicoll participated in a strategic dialogue on Australian higher education hosted by the American Lumina Foundation in Washington. She was invited to share Australian perspectives on the role of regulation and quality assurance in protecting the quality of higher education, and to explain Australia's standards and risk-based approach to regulation. During her visit Dr Nicoll also met with Dr Judith Eaton, President of CHEA; Ms Kay Gilcher, Director of the Accreditation Group with the US Department of Education; Ms Molly Corbett Broad of the American Council of Education; and Dr Jim Cibulka of the National Council for the Accreditation of Teacher Education.

Also in April 2013, Mr Ian Kimber, Executive Director of Regulation and Review, visited China to initiate linkages with key national and provincial regulatory and quality assurance agencies to further cooperation in mutual areas of interest. TEQSA

will explore options for formalising linkages with relevant agencies in late 2013, after consulting with Australian providers active in China, members of the TEQSA Regulation and Quality Assurance Reference Group and Australian Education International.

Regulation of offshore delivery

TEQSA's international strategy commits it to developing "a rigorous approach to offshore provision, including overseas site visits where necessary, and developing cooperative relationships with overseas quality assurance agencies/governments regarding offshore issues". In accordance with this commitment, TEQSA is developing a comprehensive framework for assessing and quality assuring higher education delivered offshore, with a focus on protecting Australia's reputation and the interests of students.

TEQSA's Regulatory Risk Framework incorporates a focus on offshore delivery, including identifying if a provider has any offshore provision and consideration of the history and context of delivery. The Agency's approach to identifying risks associated with offshore provision will evolve and be strengthened over time as it builds its understanding about Australian offshore delivery. It will also be informed by Australia's lengthy history of offshore delivery of higher education through offshore campuses, partnerships and other third party arrangements. TEQSA's transnational policy on offshore regulation will be released toward the end of 2013.

Cooperation with agencies

As a small Commonwealth agency located in Melbourne, TEQSA recognises the need to cooperate with its portfolio Department and other Commonwealth agencies to tap into and share knowledge, expertise and resources.

TEQSA works cooperatively with the portfolio Department at various levels and has benefitted from having access to its well established policies, procedures and practices. The Department has also assisted TEQSA with the development and hosting of its website.

In preparation for a review of its regulatory fees, TEQSA sought the assistance of IP Australia, a prescribed agency within the portfolio Department, whose officers have generously assisted with the early stages of development of an activity-based costing model and in sharing their knowledge and expertise in cost recovery.

TEQSA entered into a shared services arrangement with the Productivity Commission for information and communications technology (ICT) and payroll services in 2012. The arrangement has proven to be beneficial for both agencies and particularly for TEQSA in terms of better service and significantly reduced costs.

TEQSA recognises the role and expertise of the Australian Public Service Commission (APSC) and engages with the APSC on human resources and workplace relations matters.

TEQSA has also shared its expertise and provided assistance to other small agencies on financial management, risk management, and fraud and security awareness.

Efficient business systems

TEQSA understands that administrative efficiency supports consistent and timely regulatory outcomes and strengthens confidence in TEQSA's regulatory approach. With the appointment of a dedicated IT Director in November 2012, TEQSA was able to significantly progress the major business and IT improvement programs described below.

Business process review

Between July 2012 and May 2013, TEQSA continued to consolidate its regulatory business processes with a focus on documenting business processes and finalising business and communication templates to ensure staff follow approved procedures and provide consistent outputs. An internal Business Process Working Group was established to identify areas where there is a lack of clarity regarding processes or templates and, where required, recommend and implement improvements. Improvements made so far include the creation of standard templates to reduce re-work and consolidation of internal regulatory documents required for decision-making.

Development of TEQSA's case management system

TEQSA has focused on improving its case management system to optimise functionality. As TEQSA develops and consolidates its business processes, it is essential that its IT systems support its business processes and enhance staff productivity.

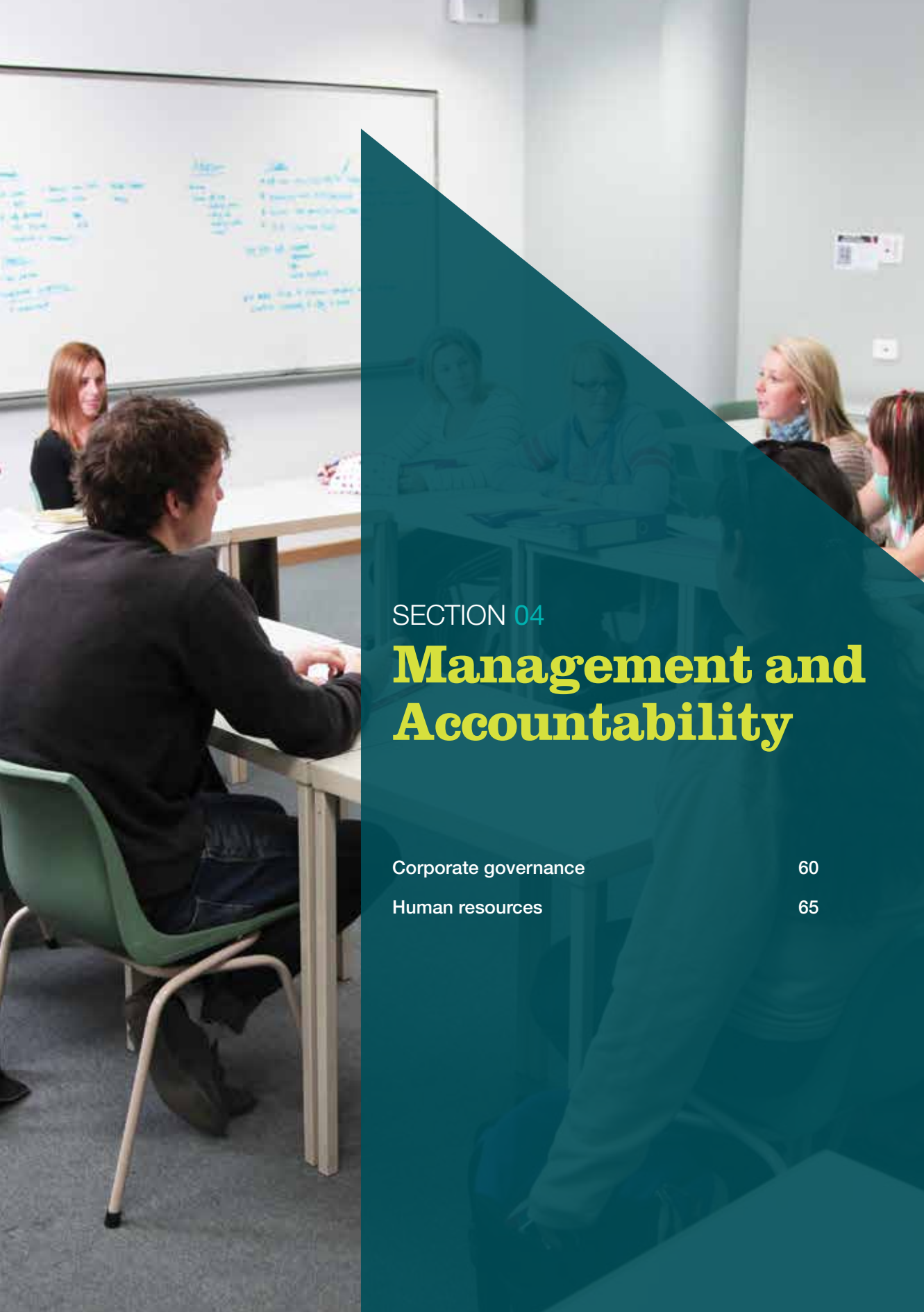
A key business requirement for the case management solution is the inclusion of web portals for external experts and providers, so they can directly engage with TEQSA online. Development for these portals has commenced. They are expected to be operational in late 2013-14.

TEQSA has identified other key initiatives for 2013–2014, including electronic records management and enhanced business reporting. These are part of a three-year plan to implement leading information technology infrastructure and services.

Library, research and information services

Since its inception, TEQSA has steadily worked to develop a library to support its regulatory work. In 2012–13 TEQSA expanded its specialist collection of print and online resources on Australian and international higher education and, particularly, in the area of quality assurance. The collection includes monographs, higher education reports, journals, conference proceedings and international materials. Library services include:

- ▶ information and research service for TEQSA staff
- ▶ document searches
- ▶ a library catalogue available to staff to aid location of print materials and online ‘grey literature’ produced by research, academic or government institutions
- ▶ management and oversight of national and international newsletters; and
- ▶ in-house training in managing large amounts of information (Adobe Indexes) and online resource use (AEI Country Education Profiles).



SECTION 04

Management and Accountability

Corporate governance

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Human resources

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Corporate governance

TEQSA's corporate governance framework incorporates regulatory and management decision-making bodies; an integrated planning framework; systems, policies and directives, such as the enterprise risk management framework, the internal control framework, and chief executive instructions (CEIs); an ethical and accountable organisational culture; and transparency in public reporting.

Decision forums and committees

TEQSA Commission meetings

The Commission is led by the Chief Commissioner assisted by two full-time Commissioners and two part-time Commissioners. The Commission is responsible for making regulatory decisions, setting strategic directions, monitoring risk in the sector and deciding on matters relating to the development of TEQSA's regulatory framework. It also regularly reviews progress against the milestones set out in TEQSA's 2011–2014 Strategic Plan.

The Commission's focus is to:

- ▶ interpret and apply the provisions of the TEQSA and ESOS Acts consistent with their objects
- ▶ determine strategic directions for the development of regulatory policy
- ▶ make regulatory decisions concerning individual providers
- ▶ manage strategic relations with key stakeholders
- ▶ oversee external and internal communications; and
- ▶ protect and promote TEQSA's reputation.

The Commission meets on a weekly basis. The agenda is largely determined by issues arising from the regulatory business of the day which require consideration by the Commission. The issues are partly determined by regular cycles of activity (for example, registrations, the TEQSA Provider Information Request and risk assessment processes).

Senior Management Team meetings

TEQSA has a Senior Management Team (SMT), which is chaired by the Chief Commissioner in her capacity as CEO, and comprises TEQSA's Executive Directors, the Chief Finance and Operating Officer, and the Chief Lawyer. It meets at least fortnightly to guide the ongoing development of TEQSA's management and administration processes and policies and reviews TEQSA's performance against the organisational objectives set out in TEQSA's Strategic and Operational Plans.

The focus of the SMT is:

- ▶ to ensure organisational capacity to deliver the provisions of the TEQSA and ESOS Acts consistent with their objects
- ▶ operational planning and review of progress against the Operational Plan
- ▶ review and/or approve corporate policies
- ▶ budget review and monitoring
- ▶ workforce planning
- ▶ review of risk management and legislative compliance
- ▶ whole of agency coordination, communication and capacity building; and
- ▶ to act as a clearing house or testing ground for key initiatives.

The agenda is largely focused on issues with ‘whole of agency’ implications and/or which may affect the effective and efficient operations of TEQSA.

A detailed ‘Corporate Update’ is distributed with meeting papers to provide status reporting on regular business activities of Corporate Group.

Senior Leadership Team meeting

The Senior Leadership Team (SLT) meeting is chaired by the Chief Commissioner and comprises the Commission and the Senior Management Team. The focus of the SLT is:

- ▶ strategic planning and monitoring of strategic level risks for TEQSA
- ▶ identification and oversight of strategic projects
- ▶ contributing to the development of TEQSA’s Strategic and Operational Plans
- ▶ performance reporting (financial and non-financial) by the SMT to the Commission and progress against the Operational Plan; and
- ▶ shaping of the Agency’s culture.

In 2012–13, the SLT met on a quarterly basis. At each meeting it considered a Performance Report on progress against the TEQSA Operational Plan, and further high-level information concerning the Agency’s budgetary position; people management; stakeholder relations and Agency risk and protective security.

TEQSA Audit Committee

The Audit Committee operates under an Audit Committee Charter issued by the CEO. The Audit Committee Charter sets out the role and responsibilities of the Committee, its membership, meeting arrangements and reporting obligations. The Committee comprises a Commissioner (other than the CEO) as the chair, a senior staff member (currently, the Chief Lawyer) and an independent member who is appointed by the CEO. TEQSA’s Chief Finance and Operating Officer, TEQSA’s outsourced internal auditor and a representative from the Australian National Audit Office (ANAO) are observers at all Committee meetings. The CEO has a standing invitation to attend all Audit Committee meetings in an observation role.

The Audit Committee met four times in 2012–13. As part of its work, the Committee:

- ▶ reviewed the Strategic Internal Audit Plan, considered reviews and resource allocation
- ▶ agreed to key performance indicators for the provision of internal audit; and
- ▶ endorsed the implementation of TEQSA's Enterprise Risk Management Framework and Internal Control Framework.

In accordance with the Strategic Internal Audit Plan and the Enterprise Risk Management Framework, four reviews were commenced by the internal auditors:

- ▶ Delegations of Authority review to assess the appropriateness of TEQSA's financial delegations framework
- ▶ IT General Controls review completed in two phases to assess the adequacy and the effectiveness of the controls designed to manage TEQSA's IT environment
- ▶ Decision Support System (DSS) review to assess the system of internal controls supporting business processes in relation to IT operations of the DSS; and
- ▶ Legislative Compliance review to assess the adequacy and appropriateness of TEQSA's legislative compliance framework.

Security committee

In 2012–13, TEQSA established a Security Committee, as required under the Protective Security Policy Framework. The committee consists of the Chief Finance and Operating Officer, the Agency Security Adviser, the Director Information Systems and Technology, and the Director Finance and Accountability. The committee meets biannually and focuses on all aspects of protective security affecting the Agency, and assists in the Agency in meeting its compliance, risk management and reporting requirements.

Corporate planning

Strategic Plan

TEQSA presented its first three-year strategic plan (2011–2014) to Senator the Honorable Chris Evans, the then Minister for Tertiary Education, Skills, Science and Research on 28 November 2011 in accordance with section 152 of the TEQSA Act. TEQSA updated the plan in March 2012, with the Minister approving it on 17 June 2012. A new three-year plan (2014–17) is being developed for submission to the Minister by 31 January 2014. The Strategic Plan promotes the vision, regulatory and quality assurance approach and decision-making principles of TEQSA.

Operational Plan

TEQSA's Strategic Plan is supported by an annual Operational Plan that sets out the actions TEQSA intends to take to meet the objectives set out in the plan and the performance indicators against which TEQSA's performance is to be assessed. TEQSA submitted its most recent annual Operational Plan to the Minister on 26 April

2013 in line with section 162 of the TEQSA Act, with the Minister approving it on 28 May 2013.

Enterprise risk management

TEQSA accepts that risk is part of every aspect of its operations and that having an appropriate strategy for risk is critical. TEQSA, therefore, uses a risk-based approach in the conduct of its day-to-day business and is committed to the continuous improvement of its risk management practices.

In 2012, TEQSA implemented an Enterprise Risk Management Framework in line with the Comcover Better Practice Guide: Risk Management and the International Risk Management Standard ISO31000:2009 principles and guidelines. The framework is underpinned by a strong organisational culture, a Risk Management Policy, an Enterprise Risk Register, a Risk Appetite Statement, an Internal Control Framework, TEQSA Fraud Control Plan and arrangements for consultation, communication and performance reporting.

Risk Management training is offered to TEQSA employees as part of their corporate induction. Designated risk management resources including the identification of risk owners and risk managers, via the Enterprise Risk Register, facilitate the use of risk management methodologies in day-to-day business practices. The Director Governance and Accountability reports regularly and directly to the CEO, Audit Committee and Senior Management Team on the status of Agency risks.

Fraud Control Plan

TEQSA's Fraud Control Plan was reviewed by the Audit Committee and approved by the Chief Commissioner in June 2012. The Commonwealth Fraud Control Guidelines require the Agency to undertake a fraud risk assessment, including the establishment of a fraud control plan to ensure appropriate fraud prevention, detection, investigation and reporting procedures and processes are in place. The Director, Governance and Accountability is responsible for the implementation of the Fraud Control Plan and reports directly to the Chief Executive Officer and Audit Committee. TEQSA has implemented quarterly in-house reviews under the Fraud Control Plan and has provided mandatory fraud and corruption awareness training to employees.

Protective security

TEQSA's Agency Security Adviser (ASA) is responsible for the coordination and arrangements of security functions within the Agency and provides advice to the CEO, management and staff on security matters. In 2012–13, TEQSA implemented the requirements under the *Protective Security Policy Framework (PSPF)*, established a Security Committee, facilitated the security clearance process with the Australian Government Security Vetting Agency, and provided training on security awareness to TEQSA employees. The ASA monitors compliance with security requirements and where required, completes investigations into security incidents.

Business Continuity Planning

In 2012–13, TEQSA developed a Business Continuity Plan and tested it. TEQSA's business continuity arrangements address possible events such as an IT collapse, fraud, pandemic event or a fire which severely damages TEQSA's ability to carry out its functions.

Major Incident Management Framework

In 2012–2103, TEQSA developed a Major Incident Management Framework to manage a range of potential risks (or crises) relating to TEQSA's regulatory role. These crises are limited to events of an extraordinary nature which TEQSA expects have a low likelihood of occurrence but would possibly have a significant impact on TEQSA's functions and operations or have an impact on the operations of a small number of providers and/or the reputation of the sector.

Should they occur, these events will be managed through an internal Major Incident Management Committee (MIMC) overseen by two Commissioners. Appropriate processes and procedures and communication and reporting protocols have been established to support the management of a particular crisis.

Ethical standards

TEQSA has adopted a range of measures to promote ethical standards within the Agency, including:

- ▶ providing training for all staff in fraud awareness and conflicts of interest
- ▶ developing a number of specific policies relating to ethical standards and behaviour relevant to TEQSA's operational context (for example, email and internet use, discrimination, fraud, and disclosure of information); and
- ▶ building adherence to the Australian Public Service (APS) Code of Conduct and Values into a staff member's individual Performance and Development Plan.

External scrutiny

TEQSA is subject to external scrutiny by the Office of the Commonwealth Ombudsman, the Australian National Audit Office (ANAO), the Administrative Appeals Tribunal, the Attorney-General's Department, the Office of the Australian Information Commissioner, and parliamentary committees. During 2012–13, the ANAO, the Commonwealth Ombudsman and parliamentary committees did not issue any reports on the operations of TEQSA. No judicial decisions or decisions of administrative tribunals in 2012–13 had a significant impact on the operations of TEQSA. During 2012–13, TEQSA appeared at parliamentary committee hearings for budget supplementary estimates on 17 October 2012, additional estimates on 13 February 2013 and budget estimates on 3 June 2013.

Human resources

TEQSA's first TEQSA Enterprise Agreement 2012–14 (EA) was negotiated in 2012 and came into effect on 2 November 2012 with 96 per cent of the staff voting in support of it.

At 30 June 2013, TEQSA had achieved the planned complement of 96 full-time equivalent staff (excluding Commissioners) through sustained and successful recruitment activity. The focus for 2013–14 will be on learning and development for staff across the Agency.

Staffing statistics

As at 30 June 2013, TEQSA employed 91 APS and EL-level staff under its EA. Of these, three were employed as non-ongoing employees and eight staff members worked part-time. More detailed information is at Appendix B. There were four Senior Executive Service (SES) employees covered by individual determinations under section 24 of the *Australian Public Service Act 1999*.

Remuneration and other terms and conditions

The conditions of employment for APS and EL-level employees are set out in the EA. It offers competitive terms and conditions of employment including reimbursement of up to \$3,000 per calendar year to assist with the cost of relevant professional development.

Commissioners of TEQSA, including the Chief Commissioner, are appointed by the Minister pursuant to section 138 of the TEQSA Act and are paid the remuneration determined by the Remuneration Tribunal. The terms and conditions of employment for members of the SES are set under individual determinations under subsection 24(1) of the APS Act.

Non-salary benefits

Non-salary benefits provided by the Agency to non-SES employees include superannuation, home-based computer access, professional development and studies assistance, leave flexibilities and airline club memberships. SES employees are able to access vehicle leasing and car-parking arrangements.

Performance pay

TEQSA's EA does not include provision for performance pay for non-SES staff.

Under TEQSA's SES Performance Planning and Review Scheme, SES employees are eligible for salary progression, which is linked to their performance against business and leadership outcomes. In 2012–13, three SES employees received salary progressions of 6 per cent. One SES employee received a one off performance based payment of \$7,500.

Performance assessment

TEQSA introduced a staff performance assessment system in 2012. The approach assists in:

- ▶ clarifying individual employee work tasks, their responsibilities and the performance standards expected (through performance agreements)
- ▶ providing feedback on performance and improving communication between managers and their staff (through performance appraisals)
- ▶ providing a basis for determining salary advancement within classifications
- ▶ identifying learning and professional development needs and opportunities; and
- ▶ identifying and managing underperformance.

Professional development

TEQSA recognises the value of a well-educated workforce and provides staff with learning and development opportunities to develop skills and knowledge for current and future roles and responsibilities.

TEQSA provides access for all staff to an annual reimbursement of up to \$3,000 for the cost of relevant professional development, including fees associated with an approved course of study.

In 2012–13 an induction program and handbook were developed to assist new staff to gain a better understanding of the Agency and their responsibilities as TEQSA employees. The induction program included an overview of TEQSA, its roles and functions and key organisational policies and processes. Specialised training relating to TEQSA regulatory practice was provided by the senior executive and staff members of each of the Groups.

Training on legal issues relevant to TEQSA's regulatory responsibilities covered:

- ▶ TEQSA's legislative framework under the TEQSA Act, the TEQSA CATP Act and the ESOS Act
- ▶ key government accountability legislation including the *Freedom of Information Act 1982* (FOI Act) and the *Privacy Act 1988* (Cwlth)
- ▶ principles of administrative law in decision-making, including procedural fairness and the importance of evidence-based decision-making; and
- ▶ practical aspects of regulation having regard to TEQSA's status as an independent regulatory agency.

IT training

Business systems and operational systems (Microsoft Office) training has been provided on an ongoing basis to TEQSA employees. Since February 2012, Microsoft Office sessions have been provided to groups every fortnight. The sessions commenced with general functionality, but staff are now invited to nominate preferred topics to cover existing gaps. Group sessions (up to 15 people) are offered to cover specific tasks as the need arises.

Workplace consultative arrangements

The Agency consults regularly with staff through a number of forums. Monthly all-staff meetings update staff on a range of management and operational issues. Each group within the Agency holds regular meetings that give staff an opportunity to raise issues and put forward ideas for improving their work environment.

One of the provisions of the TEQSA Enterprise Agreement (EA) was the establishment of a Staff Consultative Committee (SCC). Convened in September 2012, the SCC is consulted on the development or review of TEQSA policies, guidelines or other corporate documents relating to matters covered by the EA, and to monitor the implementation of the Enterprise Agreement (EA).

Following a process of nomination and election, the membership of the SCC comprises:

- ▶ a Chair nominated by the Chief Commissioner
- ▶ one Senior Management Representative nominated by the Chief Commissioner
- ▶ four staff representatives elected by TEQSA employees
- ▶ a CPSU workplace delegate; and
- ▶ a CPSU representative.

Staff satisfaction

The 2012 APS State of the Service employee census was conducted when TEQSA was in the early stages of its formation. The census indicated that employees had a strong commitment to their work, the Agency was seen as being very ethical, committed to workplace health and safety, and managers and staff adhered to the APS Values and Code of Conduct.

Areas in which TEQSA employees were less satisfied included access to learning and development, performance management and internal communication. These have been addressed through the introduction of a Performance Assessment System, provisions in the EA to support professional development, and better internal communication. Internal communication and staff input are facilitated through regular all-staff meetings and the Staff Consultative Committee.

Financial management

Grants

TEQSA does not administer a discretionary grants program.

Legal services

TEQSA's Chief Lawyer provides, or arranges for the provision of, legal services in relation to all aspects of TEQSA's operations.

Where necessary, the Chief Lawyer obtains additional legal expertise from the Legal Services Multi-Use List administered by the Attorney-General's Department. TEQSA's Legal Group ensures that TEQSA complies with the Legal Services Directions and other Commonwealth policies or rules relevant to the provision of legal services.

In 2012–13, the Agency obtained external legal advice from Minter Ellison and the Australian Government Solicitor. Expenditure on legal services in 2012–13 was \$0.068 million.

Competitive tendering and contracting

TEQSA's Chief Executive Instructions, Procurement Manual and Operational Guidelines require compliance with the Commonwealth Procurement Rules.

All contracts worth more than \$10,000 entered into by TEQSA in 2012–13 were lodged on AusTender.

Exempt contracts

No contracts were exempted by the CEO from being published on AusTender on the basis that publication would disclose exempt matters under the *Freedom of Information Act 1982*.

Australian National Audit Office access clauses

No contracts were let during the year for \$100,000 or more with provisions to exempt Australian National Audit Office (ANAO) access to contractor's premises.

Consultancies

Policy on the selection and engagement of consultants

The Agency engages consultants where it lacks specialist expertise or when independent research, review or assessment is required. Consultants are typically engaged to investigate or diagnose a defined issue or problem; carry out defined reviews or evaluations; or provide independent advice, information or creative solutions to assist in the Agency's decision-making.

Prior to engaging consultants, the Agency takes into account the skills and resources required for the task, the skills available internally, and the cost-effectiveness of engaging external expertise. The decision to engage a consultant is made in accordance with the FMA Act and related regulations including the Commonwealth Procurement Rules (CPRs) and relevant internal policies.

Consultancy contracts

In 2012–13, the Agency entered into eight new consultancy contracts involving total actual expenditure of \$0.141 million (GST inclusive). In addition, one ongoing consultancy contract was active during the 2012–13 year, involving total actual expenditure of \$0.034 million (GST inclusive).

The main purposes for engaging consultants were to:

- ▶ provide independent assessments, analysis and advice, and apply high-level expertise not otherwise available to the Agency; and
- ▶ undertake research, studies and modelling exercises.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website <www.tenders.gov.au>.

Performance against core purchasing policies

The core policies and principles of the Commonwealth Procurement Rules were adhered to throughout the reporting period. An appropriate market approach was made for all procurements covered by the guidelines.

Review of Fees

TEQSA operates on a cost-recovery basis, consistent with Commonwealth Cost Recovery Guidelines. The legislative basis for this can be found under Part 8, Division 6 of the TEQSA Act, which states that TEQSA may determine fees for things done in the performance of its functions. Fees collected by TEQSA under cost recovery arrangements are returned to the Australian Government's consolidated revenue.

TEQSA developed its initial fee schedule based on parameters set by the Australian Government in 2011. Research, modelling and comparative analysis were undertaken of other agencies including the former GAAs and AUQA. TEQSA is in the process of undertaking an activity-based costing exercise to gather data on time and resources involved in undertaking its regulatory activities. This will inform a review of the fees schedule.

Fees payable as at 30 June 2013 are available at <www.comlaw.gov.au/Details/F2013L00438>.

Information technology

At the time of its establishment, TEQSA's information technology (IT) platform and support was provided by the Department of Education, Employment and Workplace Relations (DEEWR). TEQSA moved to an outsourced arrangement with the Productivity Commission in May 2012, as part of its relocation to new office premises.

As an agency under the FMA Act, TEQSA is required to comply with the guidance in Australian Government Information Management Office (AGIMO) Circular no. 2010/005, *Implementation of upgraded accessibility standard across Australian Government websites*. This requires TEQSA's website to conform to Web Content Accessibility Guidelines (WCAG) version 2.0 (WCAG 2.0) Level A by 31 December 2012, and to conform to WCAG 2.0 Level AA by 31 December 2014. The Agency is working towards conformance with WCAG 2.0 requirements.



SECTION 05

Financial Report

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INDEPENDENT AUDITOR'S REPORT

To the Minister for Higher Education

I have audited the accompanying financial statements of Tertiary Education Quality and Standards Agency for the year ended 30 June 2013, which comprise: a Statement by the Chief Commissioner and Chief Financial Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Administered Schedule of Comprehensive Income; Administered Schedule of Assets and Liabilities; Administered Reconciliation Schedule; Administered Cash Flow Statement; Schedule of Administered Commitments; Schedule of Administered Contingencies; and Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

Chief Commissioner's Responsibility for the Financial Statements

The Chief Commissioner of the Tertiary Education Quality and Standards Agency is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Tertiary Education Quality and Standards Agency's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tertiary Education Quality and

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

Standards Agency's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Commissioner of the Tertiary Education Quality and Standards Agency, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Tertiary Education Quality and Standards Agency:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Tertiary Education Quality and Standards Agency's financial position as at 30 June 2013 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office



John Jones
Executive Director

Delegate of the Auditor-General

Canberra

28 August 2013

Statement by the Chief Commissioner and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2013 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.



Dr Carol Nicoll
Chief Commissioner

28 August 2013



Indhi Emmanuel
Chief Financial Officer

28 August 2013

Financial statements

Statement of Comprehensive Income for the Tertiary Education Quality and Standards Agency

for the period ended 30 June 2013

		2013	2012
	Notes	\$'000	\$'000
EXPENSES			
Employee benefits	3A	12,264	5,845
Supplier	3B	4,992	4,720
Depreciation and amortisation	3C	1,316	199
Finance costs	3D	9	5
Write-down and impairment of assets	3E	60	-
Losses from asset sales	3F	-	2
Total Expenses		18,641	10,771
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	21	239
Other revenue	4B	45	24
Total own-source revenue		66	263
Total own-source income		66	263
Net cost of services		18,575	10,508
Revenue from Government	4C	17,282	11,081
Surplus (Deficit) attributable to the Australian Government		(1,293)	573
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to profit or loss			
Changes in asset revaluation surplus		3	-
Total comprehensive income (loss) attributable to the Australian Government		(1,290)	573

The above statement should be read in conjunction with the accompanying notes.

Balance Sheet for the Tertiary Education Quality and Standards Agency

as at 30 June 2013

		2013	2012
	Notes	\$'000	\$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	160	120
Trade and other receivables	5B	5,724	3,397
Total financial assets		5,884	3,517
Non-Financial Assets			
Land and buildings	6A,C	2,197	2,329
Property, plant and equipment	6B,C	774	711
Intangibles	6D,E	2,076	2,079
Other non-financial assets	6F	224	144
Total non-financial assets		5,271	5,263
Total assets		11,155	8,780
LIABILITIES			
Payables			
Suppliers	7A	307	466
Other payables	7B	2,067	1,958
Total payables		2,374	2,424
Provisions			
Employee provisions	8A	2,499	1,358
Other provisions	8B	410	292
Total provisions		2,909	1,650
Total liabilities		5,283	4,074
Net Assets		5,872	4,706
EQUITY			
Contributed equity		6,589	4,133
Reserves		3	-
Retained surplus (accumulated deficit)		(720)	573
Total Equity		5,872	4,706

The above statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the Tertiary Education Quality and Standards Agency

for the period ended 30 June 2013

	Retained Earnings		Asset Revaluation Surplus		Contributed Equity/Capital		Total Equity	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance								
Balance carried forward from previous period	573	-	-	-	4,133	-	4,706	-
Adjusted opening balance	573	-	-	-	4,133	-	4,706	-
Comprehensive income								
Other comprehensive income	-	-	3	-	-	-	3	-
Surplus (Deficit) for the period	(1,293)	573	-	-	-	-	(1,293)	573
Total comprehensive income	(1,293)	573	3	-	-	-	(1,290)	573
Transactions with owners								
Contributions by owners								
Departmental Capital Budget	-	-	-	-	556	-	556	-
Restructuring	-	-	-	-	-	347	-	347
Equity Injection – Appropriation	-	-	-	-	1,900	3,786	1,900	3,786
Sub-total transactions with owners	-	-	-	-	2,456	4,133	2,456	4,133
Closing balance as at 30 June	(720)	573	3	-	6,589	4,133	5,872	4,706

The above statement should be read in conjunction with the accompanying notes.

Cash Flow Statement for the Tertiary Education Quality and Standards Agency

for the period ended 30 June 2013

		2013	2012
	Notes	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		16,131	10,567
Sales of goods and rendering of services		73	500
Net GST received		837	324
Total cash received		17,041	11,391
Cash used			
Employees		11,113	4,242
Suppliers		3,686	5,375
Section 31 receipts transferred to OPA		3,356	468
Total cash used		18,155	10,085
Net cash from (used by) operating activities	10	(1,114)	1,306
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		-	11
Total cash received		-	11
Cash Used			
Purchase of property, plant and equipment		229	3,044
Purchase of intangibles		964	1,939
Other		109	-
Total cash used		1,302	4,983
Net cash (used by) investing activities		(1,302)	(4,972)
FINANCING ACTIVITIES			
Cash received			
Contributed Equity		2,456	3,786
Total cash received		2,456	3,786
Net cash from financing activities		2,456	3,786
Net increase in cash held		40	120
Cash and cash equivalents at beginning of the reporting period		120	-
Cash and cash equivalents at the end of the reporting period	5A	160	120

The above statement should be read in conjunction with the accompanying notes.

Schedule of Commitments

as at 30 June 2013

	2013	2012
	\$'000	\$'000
BY TYPE		
Commitments receivable		
Net GST recoverable on commitments	1,299	1,154
Total commitments receivable	1,299	1,154
Commitments payable		
Capital commitments		
Intangibles	186	226
Total capital commitments	186	226
Other commitments		
Operating leases	11,668	11,197
Project commitments	630	1,275
Other commitments	1,798	-
Total other commitments	14,096	12,472
Total commitments payable	14,282	12,698
Net commitments by type	12,983	11,544
BY MATURITY		
Commitments receivable		
Commitments receivable		
One year or less	255	164
From one to five years	671	543
Over five years	373	447
Total Commitments receivable	1,299	1,154
Commitments Payable		
Capital Commitments		
One year or less	186	226
From one to five years	-	-
Over five years	-	-
Total capital commitments	186	226

Schedule of Commitments *Continued*

Operating lease commitments		
One year or less	1,190	941
From one to five years	6,410	5,342
Over five years	4,068	4,914
Total operating lease commitments	11,668	11,197
Other commitments		
One year or less	1,427	641
From one to five years	965	634
Over five years	36	–
Total other commitments	2,428	1,275
Total commitments payable	14,282	12,698
Net commitments by maturity	12,983	11,544

The Tertiary Education Quality and Standards Agency's current lease for the Melbourne office expires on 30 April 2022, with a five year option.

During 2012-13, TEQSA entered into two new leases. A lease was entered into for additional office space in Melbourne with an expiry date of 14 May 2017 and includes two further options of five years each, and a lease in Brisbane which expires on 30 May 2014.

The above schedule should be read in conjunction with the accompanying notes.

Schedule of Contingencies

as at 30 June 2013

Contingent assets

At 30 June 2013, the Tertiary Education Quality and Standards Agency has no contingent assets.

Contingent liabilities

At 30 June 2013, the Tertiary Education Quality and Standards Agency has no contingent liabilities.

The above schedule should be read in conjunction with the accompanying notes.

Administered Schedule of Comprehensive Income for the Tertiary Education Quality and Standards Agency

for the period ended 30 June 2013

		2013	2012
	Notes	\$'000	\$'000
OWN-SOURCE INCOME			
Own-source revenue			
Non-taxation revenue			
Fees	16	4,486	582
Total non-taxation revenue		4,486	582
Total own-source revenue administered on behalf of Government		4,486	582

The above schedule should be read in conjunction with the accompanying notes.

Administered Schedule of Assets and Liabilities for the Tertiary Education Quality and Standards Agency

as at 30 June 2013

		2013	2012
		\$'000	\$'000
ASSETS			
Financial assets			
Cash and cash equivalents		-	-
Total financial assets		-	-
Total assets administered on behalf of Government		-	-
Net Assets		-	-

The above schedule should be read in conjunction with the accompanying notes.

Administered Reconciliation Schedule for the Tertiary Education Quality and Standards Agency

		2013	2012
		\$'000	\$'000
Opening administered assets less administered liabilities as at 1 July		-	-
Surplus (deficit) items:			
Plus: Administered income		4,486	582
Administered transfers to/from Australian Government:			
Transfers to OPA		4,486	582
Closing administered assets less administered liabilities as at 30 June		-	-

The above schedule should be read in conjunction with the accompanying notes.

Administered Cash Flow Statement for the Tertiary Education Quality and Standards Agency

for the period ended 30 June 2013

		2013	2012
	Notes	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Fees		4,486	582
Total cash received		4,486	582
Net cash flows from operating activities	18	4,486	582
Net increase in cash held		4,486	582
Cash from Official Public Account for:			
Appropriations		237	–
		237	–
Cash to Official Public Account for:			
Appropriations		(4,723)	(582)
		(4,723)	(582)
Cash and cash equivalents at the end of the reporting period		–	–

This schedule should be read in conjunction with the accompanying notes

Schedule of Administered Commitments

as at 30 June 2013

As at 30 June 2013, the Tertiary Education Quality and Standards Agency has no Administered commitments.

The above schedule should be read in conjunction with the accompanying notes.

Schedule of Administered Contingencies

as at 30 June 2013

Administered contingent assets

As at 30 June 2013, the Tertiary Education Quality and Standards Agency has no Administered contingent assets.

Administered contingent liabilities

As at 30 June 2013, the Tertiary Education Quality and Standards Agency has no Administered contingent liabilities.

The above schedule should be read in conjunction with the accompanying notes.

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Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Tertiary Education Quality and Standards Agency

The Tertiary Education Quality and Standards Agency (TEQSA) is an Australian Government agency. TEQSA is Australia's independent regulatory and quality agency for higher education.

TEQSA was established in July 2011 under Section 132 of the *Tertiary Education Quality and Standards Agency Act 2011* with the objective to maintain and enhance quality, diversity and innovation in the Australian higher education sector through quality assurance and nationally consistent regulation. Since 29 January 2012, TEQSA has regulated higher education providers against a national set of quality standards known as the Threshold Standards. Since 1 July 2012, TEQSA has fully regulated providers in accordance with its responsibilities under the *Education Services for Overseas Students Act 2000*.

TEQSA is structured to meet one outcome:

Outcome 1: Contribute to a high quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance and dissemination of higher education standards and performance.

The continued existence of TEQSA in its present form and with its present programs is dependent on Government policy and on continuing funding by Parliament for TEQSA's administration and programs.

Activities contributing toward this outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by TEQSA in its own right. Administered activities involve the management or oversight by TEQSA, on behalf of the Government, of items controlled or incurred by the Government.

TEQSA has in place partial cost recovery arrangements for specified services (i.e. registration and re-registration of providers; accreditation and re-accreditation of courses; major variations to registrations and accreditations; and publication and provision of training programs) to higher education providers. All fee revenue from cost recovery arrangements is administered revenue and is returned to the consolidated revenue fund.

1.2 Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 49 of the *Financial Management and Accountability Act 1997*.

The financial statements have been prepared in accordance with:

- ▶ Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2012; and
- ▶ Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will flow to TEQSA or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth (2012) 288 ALR 410*, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

1.3 Significant Accounting Judgements and Estimates

TEQSA conducted a review of the useful life estimate of its regulatory system - the Decision Support System (DSS) – at the end of 2012-13 as required by AASB 138.104, and has decided to change the amortisation period from the current 5 years to 3 years.

The Standard requires the amortisation period and the amortisation method for an intangible asset with a finite useful life to be reviewed at least at the end of each annual reporting period. If the expected useful life of the asset is different from previous estimates, the amortisation period shall be changed accordingly. If there has been a change in the expected pattern of consumption of the future economic benefits embodied in the asset, the amortisation method shall be changed to reflect the changed pattern. Such changes shall be accounted for as changes in accounting estimates in accordance with AASB 108.

TEQSA has been investing in DSS during 2012-13 to enhance its functionalities and improve the usability of the system. These system improvements are to be introduced in August 2013. The enhancements currently underway will allow DSS to ensure process integrity and capture all types of applications and fee receipts, and will to a large part address the system issues experienced to date.

TEQSA has however made the decision to cease further development work on DSS due to concerns about it not being able to effectively meet all of the agency's needs in the longer term. TEQSA has decided to explore the feasibility of developing a flexible and cost effective alternative system.

DSS will continue to be used, in fact to a greater degree than is currently used as a result of the new enhancements, until and unless a decision is made at a future point to discontinue its use and switch over to a new system. All regulatory application and related information currently not held in DSS will be entered into the system to ensure completeness of information in a single source, with the process managed and tested independently by the Information Systems and Technology Team.

Whilst TEQSA has not made a definitive decision on how long it will continue to use DSS, it considers that the useful life of DSS is more likely to be 3 years to 2015 rather than the current 5 years to 2017.

TEQSA has hosting and support contracts in place for DSS that will apply until the beginning of 2015. In the event that a new system is not implemented or any decision to change systems is delayed, hosting and support contracts for the DSS will be able to be extended beyond 2015.

No other significant accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

Of the new standards, amendments to standards and interpretations issued prior to the sign-off date, none have had a material financial impact on TEQSA.

Other new standards/revised standards/interpretations/amending standards that were issued prior to the sign-off date and are applicable to the current reporting period did not have a financial impact, and are not expected to have a future financial impact on TEQSA.

Future Australian Accounting Standard Requirements

Of the new standards, amendments to standards and interpretations that were issued by the Australian Accounting Standards Board prior to the sign-off date which are applicable to future periods, none have had a material financial impact on TEQSA.

Other new standards/revised standards/interpretations/amending standards that were issued prior to the sign-off date and are applicable to the future reporting period are not expected to have a future financial impact on TEQSA.

1.5 Revenue

Revenue from the sale of goods is recognised when:

- ▶ the risks and rewards of ownership have been transferred to the buyer;
- ▶ the entity retains no managerial involvement or effective control over the goods;
- ▶ the revenue and transaction costs incurred can be reliably measured; and
- ▶ it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- ▶ the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- ▶ the probable economic benefits associated with the transaction will flow to TEQSA.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when TEQSA gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

Parental Leave Payments Scheme

Amounts received under the Parental Leave Payments Scheme by TEQSA not yet paid to employees were presented gross as cash and a liability (payable). The total amount received under this scheme was \$0.021m (2012 was \$0.011m).

1.6 Gains

Resources Received Free of Charge

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

1.7 Transactions with the Government as Owner

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other Distributions to Owners

The FMOs require that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

1.8 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of TEQSA is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including TEQSA's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by the use of the Australian Government Actuary's shorthand method using the Standard Commonwealth sector probability profile. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The entity recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

No provision has been made for separation and redundancy payments as TEQSA has not formally identified any positions as excess requirements at 30 June 2013.

Superannuation

The majority of TEQSA's staff are members of the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The PSS is a defined benefit scheme for the Australian Government. The PSSap is a defined contribution scheme.

A small number of other staff are members of other employee nominated superannuation funds, with some being members of UniSuper's defined benefit scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance and Deregulation's administered schedules and notes.

TEQSA makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. TEQSA accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

1.10 Borrowing Costs

All borrowing costs are expensed as incurred.

1.11 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include:

- ▶ cash on hand;
- ▶ demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value;

- ▶ cash held by outsiders; and
- ▶ cash in special accounts.

1.12 Financial Assets

TEQSA classifies its financial assets in the following categories:

- ▶ financial assets at fair value through profit or loss;
- ▶ held-to-maturity investments;
- ▶ available-for-sale financial assets; and
- ▶ loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. TEQSA only holds financial assets of loans and receivables. Financial assets are recognised and derecognised upon trade date.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets held at amortised cost - if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

1.13 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.14 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the balance sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

1.15 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

1.16 Leasehold Improvements and Plant and Equipment

Asset Recognition Threshold

Purchases of leasehold improvements, and plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by TEQSA where there exists an obligation to restore the property to its original condition. These costs are included in the value of TEQSA's leasehold improvements with a corresponding provision for the 'make good' recognised.

Revaluations

Fair values for each class of asset are determined as shown below:

Asset class	Fair value measurement
Leasehold improvements	Depreciated replacement cost
Plant and equipment	Market selling price

Following initial recognition at cost, leasehold improvements and plant and equipment were carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments were made on a class basis. Any revaluation increment was credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets were recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable leasehold improvements and plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to TEQSA using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2013	2012
Leasehold improvements	Lease term	Lease term
Plant and equipment	3 to 10 years	3 to 10 years

Impairment

All assets were assessed for impairment at 30 June 2013. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if TEQSA were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of leasehold improvements, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

1.17 Intangibles

TEQSA's intangibles comprise purchased and internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of TEQSA's software are 3 to 5 years (2011-12: 3 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2013.

1.18 Taxation

TEQSA is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

- ▶ Revenues, expenses and assets are recognised net of GST except:
- ▶ where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- ▶ for receivables and payables.

1.19 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Administered Cash Transfers to and from the Official Public Account

Revenue collected by TEQSA for use by the Government rather than TEQSA is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Deregulation. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by TEQSA on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

Revenue

All administered revenues are revenues relating to ordinary activities performed by TEQSA on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed.

Revenue is generated from partial cost recovery arrangements for specified services to higher education providers. Fees are charged on registration and re-registration of providers, accreditation and re-accreditation of courses, major variations to registrations and accreditations, and publications and provision of training programs. TEQSA has recognised administered revenues on an accrual basis.

Receivables

Where receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised through profit or loss.

Note 2: Events After the Reporting Period

No significant events requiring disclosure in, or adjustment to, these financial statements have occurred subsequent to balance date.

Note 3: Expenses

Note 3A: Employee Benefits

	2013	2012
	\$'000	\$'000
Wages and salaries	9,299	4,254
Superannuation:		
Defined contribution plans	787	344
Defined benefit plans	805	317
Leave and other entitlements	1,373	930
Separation and redundancies	–	–
Total employee benefits	12,264	5,845

Note 3B: Suppliers

	2013	2012
	\$'000	\$'000
Goods and services		
Consultants	159	363
Contractors	478	907
Travel	473	346
IT Services	987	855
Other	1,827	1,799
Total goods and services	3,924	4,270
Goods and services are made up of:		
Provision of goods – related parties	15	39
Provision of goods – external parties	189	64
Rendering of services – related parties	605	919
Rendering of services – external parties	3,115	3,248
Total goods and services	3,924	4,270
Other supplier expenses		
Operating lease rentals – related parties:		
Minimum lease payments	–	217
Operating lease rentals – external parties:		
Minimum lease payments	976	185
Workers compensation premiums	92	48
Total other supplier expenses	1,068	450
Total supplier expenses	4,992	4,720

Note 3C: Depreciation and Amortisation

	2013	2012
	\$'000	\$'000
Depreciation		
Buildings – leasehold improvements	239	39
Plant and equipment	111	33
Total depreciation	350	72
Amortisation		
Intangibles	966	127
Total amortisation	966	127
Total depreciation and amortisation	1,316	199

Note 3D: Finance Costs

	2013	2012
	\$'000	\$'000
Unwinding of discount	9	5
Total finance costs	9	5

Note 3E: Write-Down and Impairment of Assets

	2013	2012
	\$'000	\$'000
Asset write-down and impairment from:		
Revaluation decrement – leasehold improvements	60	–
Total write-down and impairment of assets	60	–

Note 3F: Losses from Asset Sales

	2013	2012
	\$'000	\$'000
Plant and equipment:		
Proceeds from sale	–	11
Carrying value of assets sold	–	13
Selling expense	–	–
Total losses from asset sales	–	2

Note 4: Income

Own-Source Revenue

Note 4A: Sale of Goods and Rendering of Services

	2013	2012
	\$'000	\$'000
Rendering of services – related parties	19	21
Rendering of services – external parties	2	218
Total sales of goods and rendering of services	21	239

Note 4B: Other Revenue

	2013	2012
	\$'000	\$'000
Resources received free of charge - services	45	24
Total other revenue	45	24

Revenue from Government

Note 4C: Revenue from Government

	2013	2012
	\$'000	\$'000
Appropriations:		
Departmental appropriations	17,282	11,081
Total revenue from Government	17,282	11,081

Note 5: Financial assets

Note 5A: Cash and Cash Equivalents

	2013	2012
	\$'000	\$'000
Cash on hand or on deposit	160	120
Total cash and cash equivalents	160	120

Note 5B: Trade and Other Receivables

	2013	2012
	\$'000	\$'000
Appropriations receivable		
For existing programs	5,553	983
Total appropriations receivable	5,553	983
Portfolio department/other agencies		
Receivable	18	225
Total receivable from portfolio department/other agencies	18	225
Other receivables		
GST receivable from the Australian Taxation Office	139	297
Lease incentive	-	1,877
Other	14	15
Total other receivables	153	2,189
Total trade and other receivables	5,724	3,397
Receivables are expected to be recovered in:		
No more than 12 months	5,724	3,397
More than 12 months	-	-
Total trade and other receivables (net)	5,724	3,397
Receivables are aged as follows:		
Not overdue	5,724	3,397
Overdue by:		
0 to 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	-	-
Total receivables	5,724	3,397

No provision for impairment is provided for as at balance date.

Note 6: Non-Financial Assets

Note 6A: Land and Buildings

	2013	2012
	\$'000	\$'000
Leasehold improvements		
Fair value	2,246	2,368
Accumulated depreciation	(49)	(39)
Total leasehold improvements	2,197	2,329
Total land and buildings	2,197	2,329

A revaluation of leasehold improvement (including makegood) was conducted in accordance with the revaluation policy stated at Note 1. The Australian Valuation Office conducted a revaluation as at 31 May 2013.

As a result a revaluation decrement of \$59,801 was debited to the expense section of the comprehensive income statement.

No indicators of impairment were found for leasehold improvements.

No leasehold improvements are expected to be sold or disposed of within the next 12 months.

Note 6B: Plant and Equipment

	2013	2012
	\$'000	\$'000
Plant and equipment		
Fair value	782	741
Accumulated depreciation	(8)	(30)
Total plant and equipment	774	711
Total plant and equipment	774	711

A revaluation of plant and equipment was conducted in accordance with the revaluation policy stated at Note 1. The Australian Valuation Office conducted a revaluation as at 31 May 2013.

As a result a revaluation increment of \$3,188 for plant and equipment asset class was credited to the asset revaluation reserve section of the balance sheet.

No indicators of impairment were found for plant and equipment.

No plant or equipment is expected to be sold or disposed of within the next 12 months.

Note 6C: Reconciliation of the Opening and Closing Balances of Leasehold Improvements and Plant and Equipment 2013

	Leasehold improvements	Plant & equipment	Total
	\$'000	\$'000	\$'000
As at 1 July 2012			
Gross book value	2,368	741	3,109
Accumulated depreciation and impairment	(39)	(30)	(69)
Net book value 1 July 2012	2,329	711	3,040
Additions:			
By purchase	58	171	229
Restructuring	-	-	-
Revaluations recognised in other comprehensive income	-	3	3
Revaluations recognised in the operating result	(60)	-	(60)
Depreciation expense	(239)	(111)	(350)
Other Movements			
Makegood provision	109	-	109
Disposals:			
Other	-	-	-
Net book value 30 June 2013	2,197	774	2,971
Net book value as of 30 June 2013 represented by:			
Gross book value	2,246	782	3,028
Accumulated depreciation and impairment	(49)	(8)	(57)
Net book value 30 June 2013	2,197	774	2,971

Note 6C: Reconciliation of the Opening and Closing Balances of Leasehold Improvements and Plant and Equipment 2012 *continued*

	Leasehold improvements	Plant & equipment	Total
	\$'000	\$'000	\$'000
As at 1 July 2011			
Gross book value	-	-	-
Accumulated depreciation and impairment	-	-	-
Net book value 1 July 2011	-	-	-
Additions:			
By purchase	2,368	676	3,044
Restructuring	-	81	81
Depreciation expense	(39)	(33)	(72)
Disposals:			
Other	-	(13)	(13)
Net book value 30 June 2012	2,329	711	3,040
Net book value as of 30 June 2012 represented by:			
Gross book value	2,368	741	3,109
Accumulated depreciation and impairment	(39)	(30)	(69)
Net book value 30 June 2012	2,329	711	3,040

Note 6D: Intangibles

	2013	2012
	\$'000	\$'000
Computer software		
Internally developed – in progress	542	217
Internally developed – in use	2,440	1,966
Purchased	187	22
Accumulated amortisation	(1,093)	(126)
Total computer software	2,076	2,079
Total intangibles	2,076	2,079

TEQSA conducted an internal review of the useful life of its regulatory system as required by AASB 138.104, resulting in a revision of the amortisation period from 5 years to 3 years.

No other indicators of impairment were found for intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months.

Note 6E: Reconciliation of the Opening and Closing Balances of Intangibles 2013

	Computer software internally developed	Computer software purchased	Total
	\$'000	\$'000	\$'000
As at 1 July 2012			
Gross book value	2,183	22	2,205
Accumulated amortisation and impairment	(125)	(1)	(127)
Net book value 1 July 2012	2,058	21	2,079
Additions:			
By purchase or internally developed	799	165	964
Restructuring	-	-	-
Amortisation expense	(935)	(32)	(966)
Net book value 30 June 2013	1,922	154	2,076
Net book value as of 30 June 2013 represented by:			
Gross book value	2,982	187	3,169
Accumulated amortisation and impairment	(1,060)	(33)	(1,093)
Net book value 30 June 2013	1,922	154	2,076

Note 6E: Reconciliation of the Opening and Closing Balances of Intangibles

2012 *continued*

	Computer software internally developed	Computer software purchased	Total
	\$'000	\$'000	\$'000
As at 1 July 2011			
Gross book value	-	-	-
Accumulated amortisation and impairment	-	-	-
Net book value 1 July 2011	-	-	-
Additions:			
By purchase or internally developed	1,917	22	1,939
Restructuring	266	-	266
Amortisation expense	(125)	(1)	(127)
Net book value 30 June 2012	2,058	21	2,079
Net book value as of 30 June 2012 represented by:			
Gross book value	2,183	22	2,205
Accumulated amortisation and impairment	(125)	(1)	(127)
	2,058	21	2,079

Note 6F: Other non-financial assets

	2013	2012
	\$'000	\$'000
Other Non-financial assets		
Prepayments	224	144
Total other non-financial assets	224	144
Total other non-financial assets – are expected to be recovered in:		
No more than 12 months	224	144
More than 12 months	-	-
Total other non-financial assets	224	144

No indicators of impairment were found for other non-financial assets.

Note 7: Payables

Note 7A: Suppliers

	2013	2012
	\$'000	\$'000
Suppliers payables		
Trade creditors and accruals	307	466
Total supplier payables	307	466
Supplier payables expected to be settled within 12 months:		
Related parties	2	1
External parties	305	465
Total supplier payables	307	466

Settlement is usually made within 30 days.

Note 7B: Other Payables

	2013	2012
	\$'000	\$'000
Wages and salaries	274	212
Superannuation	43	33
Lease incentive	1,507	1,678
Operating lease payable	237	33
Other	6	2
Total other payables	2,067	1,958
Total other payables expected to be settled within:		
No more than 12 months	730	451
More than 12 months	1,337	1,507
Total other payables	2,067	1,958

Note 8: Provisions

Note 8A: Employee provisions

	2013	2012
	\$'000	\$'000
Leave	2,499	1,358
Total employee provisions	2,499	1,358
Employee provisions are expected to be settled in:		
No more than 12 months	753	471
More than 12 months	1,746	887
Total employee provisions	2,499	1,358

Note 8B: Other provisions

	2013	2012
	\$'000	\$'000
Provision for restoration obligations	410	292
Total other provisions	410	292
Other provisions are expected to be settled in:		
No more than 12 months	–	30
More than 12 months	410	262
Total other provisions	410	292

	Provision for restoration
	\$'000
Carrying amount 1 July 2012	292
Additional provisions made	109
Amounts used	–
Unwinding of discount or change in discount rate	9
Closing balance 2013	410

TEQSA currently has 2 (2012: 1) agreements for the leasing of premises which have a provision requiring TEQSA to restore the premises to their original condition at the conclusion of the lease. TEQSA has made provision to reflect the present value of this obligation.

Note 9: Restructuring

Note 9: Departmental Restructuring

	2013	2012
	Department of Industry, Innovation, Climate Change, Science, Research, and Tertiary Education ¹	Department of Education, Employment and Workplace Relations ²
	\$'000	\$'000
FUNCTIONS ASSUMED		
Assets recognised		
Intangibles	–	266
Plant and equipment	–	81
Accounts receivable	63	132
Total assets recognised	63	479
Liabilities recognised		
Leave provisions	63	132
Total liabilities recognised	63	132
Net assets/(liabilities) assumed	–	347
Income		
Recognised by the receiving entity	304	263
Recognised by the losing entity	–	–
Total income	304	263
Expenses		
Recognised by the receiving entity	169	10,771
Recognised by the losing entity	–	899
Total expenses	169	11,670

¹ The transfer of designated and delegated regulatory functions under the *Education Services for Overseas Students Act 2000 (ESOS)* was assumed from the Department of Industry, Innovation, Climate Change, Science, Research, and Tertiary Education on 1 July 2013.

² As a result of the formation of the Agency on 29 July 2011, the Tertiary Quality and Standards Agency assumed responsibility for the functions administered by the Department of Education, Employment and Workplace Relations in relation to the Regulatory and Quality Assurance of Higher Education in Australia. The Agency was established under section 132 of the *Tertiary Education Quality and Standards Agency Act 2011* to ensure the quality of Australian higher education providers through quality assurance and nationally consistent regulation. On 29 January 2012, the Agency began its regulatory functions.

Note 10: Cash Flow Reconciliation

	2013	2012
	\$'000	\$'000
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Cash and cash equivalents as per:		
Cash flow statement	160	120
Balance sheet	160	120
Difference	-	-
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	(18,575)	(10,508)
Add revenue from Government	17,282	11,081
Adjustments for non-cash items		
Depreciation / amortisation	1,316	199
Loss from sale of assets	-	2
Net writedown of assets	60	-
Resources received free of charge	45	24
Changes in assets / liabilities		
(Increase) / decrease in net receivables	(2,326)	(3,397)
(Increase) / decrease in prepayments	(80)	(144)
Increase / (decrease) in employee provisions	1,141	1,358
Increase / (decrease) in suppliers payables	(204)	441
Increase / (decrease) in other payables	109	1,958
Increase / (decrease) in other provisions	118	292
Net cash from (used by) operating activities	(1,114)	1,306

Note 11: Contingent Assets and Liabilities

Contingent assets

At 30 June 2013 the Tertiary Education Quality and Standards Agency has no contingent assets.

Contingent liabilities

At 30 June 2013 the Tertiary Education Quality and Standards Agency has no contingent liabilities.

Note 12: Senior Executive Remuneration

Note 12A: Senior Executive Remuneration Expenses for the Reporting Period

	2013	2012
	\$	\$
Short-term employee benefits:		
Salary	1,945,847	805,203
Annual leave accrued	140,109	58,003
Total short-term employee benefits	2,085,956	863,206
Post-employment benefits:		
Superannuation	320,634	101,863
Total post-employment benefits	320,634	101,863
Other long-term employee benefits		
Long-service leave	68,916	2,911
Total other long term employee benefits	68,916	2,911
Total senior executive remuneration expenses	2,475,506	967,980

Notes:

- ¹ This note includes remuneration of members of the Agency and employees in the Senior Executive Service.
- ² Note 12A was prepared on an accrual basis.
- ³ Note 12A excludes acting arrangements and part-year service where remuneration expensed for a senior executive was less than \$180,000.
- ⁴ During the year the Agency paid \$nil in termination benefits to senior executives (2012: \$nil).

Note 12B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives during the Reporting Period

Average Annual Reportable Remuneration Paid to Substantive Senior Executives in 2013						
Average annual reportable remuneration ¹	Substantive senior executives	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total reportable remuneration
	No.	\$	\$	\$	\$	\$
Total remuneration (including part-time arrangements):						
Less than \$179,999	2	276,732	38,645	-	-	315,377
\$180,000 to \$209,999	1	171,028	21,513	-	-	192,541
\$210,000 to \$239,999	3	590,826	81,907	-	-	672,733
\$240,000 to \$269,999	1	215,729	27,036	-	-	242,765
\$270,000 to \$299,999	-	-	-	-	-	-
\$300,000 to \$329,999	2	572,063	71,229	-	-	643,291
\$330,000 to \$359,999	-	-	-	-	-	-
\$360,000 to \$389,999	1	340,194	48,195	-	-	388,389
Total number of substantive senior executives	10					

Note 12B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives during the Reporting Period
continued

Average Annual Reportable Remuneration Paid to Substantive Senior Executives in 2012						
Average annual reportable remuneration ¹	Substantive senior executives	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total reportable remuneration
	No.	\$	\$	\$	\$	\$
Total remuneration (including part-time arrangements):						
Less than \$179,999	6	464,201	51,755	-	-	515,956
\$180,000 to \$209,999	1	182,811	20,198	-	-	203,009
\$210,000 to \$239,999	1	196,780	24,127	-	-	220,907
\$240,000 to \$269,999	1	224,041	27,746	-	-	251,787
\$270,000 to \$299,999	1	253,263	29,791	-	-	283,054
Total number of substantive senior executives	10					

Notes:

- This table reports members of the Commission and substantive senior executives who received remuneration during the reporting period. Each row represents an averaged figure based on headcount for the individuals in the band.
- 'Reportable salary' includes the following:
 - gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
 - reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes);
 - exempt foreign employment income; and
 - salary sacrificed benefits.
- The 'contributed superannuation' amount is the average cost to the entity for the provision of superannuation benefits to substantive senior executives in that reportable remuneration band during the reporting period.
- 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individual's payment summaries.
- 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commenting with or leaving the entity during the financial year.
- There were no bonuses paid during the financial year (2012: \$nil).

Note 12C: Other highly paid staff

At 30 June 2013, the Tertiary Education Quality and Standards Agency did not have other highly paid staff with reportable remuneration at \$180,000 or more for the financial period (2012: Nil).

Note 13: Remuneration of Auditors

	2013	2012
	\$'000	\$'000
Financial statement audit services were provided free of charge to the entity by Australian National Audit Office (ANAO)		
Fair value of the services provided:		
Financial statement audit services	45	28
Total	45	28

No other services were provided by the ANAO.

Note 14: Financial Instruments**Note 14A: Categories of Financial Instruments**

	2013	2012
	\$'000	\$'000
Financial Assets:		
Loans and receivables:		
Cash and cash equivalents	160	120
Trade receivables	32	2,117
Carrying amount of financial assets	192	2,237
Financial Liabilities:		
At amortised cost:		
Suppliers payable	307	466
Carrying amount of financial liabilities	307	466

Note 14B: Net Income and Expense from Financial Assets

There was no income or expense from financial assets for the period ended 30 June 2013 (2012: Nil).

Note 14C: Net Income and Expense from Financial Liabilities

There was income or expense from financial liabilities for the period ended 30 June 2013 (2012: Nil).

Note 14D: Fair Value of Financial Instruments

TEQSA considers the carrying amounts of financial instruments reported in the balance sheet are a reasonable approximation of fair value at 30 June 2013.

Note 14E: Credit Risk

Credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables of \$0.032m (2012: \$2.1m). At 30 June 2013, TEQSA has assessed the risk of default on payment to be nil as the balances reported at 30 June 2013 are current and not past due nor impaired.

Note 14F: Liquidity Risk

TEQSA's financial liabilities are suppliers payables. The exposure to liquidity risk is based on the notion that TEQSA will encounter difficulty in meeting its obligations associated with financial liabilities.

This is highly unlikely due to appropriation funding and mechanisms available to TEQSA (eg. Advance to the Finance Minister) to ensure it has adequate funds to meet payments as they fall due. In addition, TEQSA has policies in place to ensure timely payments are made when due and has no pasts experience of default.

Maturities for non-derivative financial liabilities 2013

	On demand \$'000
Suppliers payable	307
Total	307

Maturities for non-derivative financial liabilities 2012

	On demand \$'000
Suppliers payable	466
Total	466

Note 14G: Market Risk

TEQSA holds basic financial instruments that do not expose TEQSA to market risks.

TEQSA is not exposed to currency risk, other price risk or interest rate risk.

Note 15: Financial Assets Reconciliation

		2013	2012
	Notes	\$'000	\$'000
Financial Assets			
Total financial assets as per balance sheet		5,884	3,517
Less: non-financial instrument components:			
Appropriation receivable	5B	5,553	983
Other receivables	5B	139	297
Total non-financial instrument components		5,692	1,280
Total financial assets as per financial instrument note		192	2,237

Note 16: Administered - Income

		2013	2012
		\$'000	\$'000
Non-Taxation Revenue			
Fees			
Fees from regulatory services		4,486	582
Total fees		4,486	582

Note 17: Administered – Balance Sheet

At 30 June 2013, there is no Administered balance sheet for TEQSA (2012: nil).

Note 18: Administered – Cash flow reconciliation

		2013	2012
		\$'000	\$'000
Reconciliation of cash and cash equivalents as per Administered Schedule of Assets and Liabilities to Administered Cash Flow Statement			
Cash and cash equivalents			
Schedule of administered cash flows		-	-
Schedule of administered assets and liabilities		-	-
Difference		-	-
Reconciliation of net cost of services to net cash from operating activities:			
Net cost of activities		4,486	582
Net cash from operating activities		4,486	582

Note 19: Administered – Contingent Assets and Liabilities

Contingent assets

As at 30 June 2013, the Tertiary Education Quality and Standards Agency had no Administered contingent assets (2012: nil).

Contingent liabilities

As at 30 June 2013, the Tertiary Education Quality and Standards Agency had no Administered contingent liabilities (2012: nil).

Note 20: Administered – Financial Instruments

As at 30 June 2013, the Tertiary Education Quality and Standards Agency had no Administered Financial Instruments (2012: nil).

Note 21: Appropriations

Table A: Annual Appropriations ('Recoverable GST exclusive')

	2013 Appropriations						Appropriation applied in 2013 (current and prior years)	Variance ²
	Appropriation Act		FMA Act			Total appropriation		
	Annual Appropriation \$'000	Appropriations reduced ¹ \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 \$'000			
DEPARTMENTAL								
Ordinary annual services	16,978	-	-	2,783	367	20,128	3,529	
Other services								
Equity	1,900	-	-	-	-	1,900	486	
Total departmental	18,878	-	-	2,783	367	22,028	4,014	

¹ Appropriations reduced under Appropriation Acts (Nos. 1, 3 & 5) 2012-13; sections 10, 11, 12 and 15, and under Appropriation Acts (Nos. 2, 4 & 6) 2012-13; sections 12, 13, and 14 and 17. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.

² The variance is due to less than budgeted expenditure on employee benefits and the receipt of section 31 funds. Section 31 funding mainly comprises lease incentive of \$1.877m and leave entitlements of staff transferring in from other Commonwealth agencies.

Table A: Annual Appropriations ('Recoverable GST exclusive') continued

	2012 Appropriations						Appropriation applied in 2012 (current and prior years)	Variance ²
	Appropriation Act		FMA Act			Total appropriation		
	Annual Appropriation	Appropriations reduced ¹	Section 30	Section 31	Section 32			
DEPARTMENTAL								
Ordinary annual services	–	(3,786)	–	468	15,000	11,682	1,103	
Other services								
Equity	3,786	–	–	–	–	3,786	–	
Total departmental	3,786	(3,786)	–	468	15,000	15,468	1,103	

¹ Appropriations reduced under Appropriation Acts (Nos. 1 & 3) 2011-12: sections 10, 11, and 12 and under Appropriation Acts (Nos. 2 & 4) 2011-12: sections 12, 13, and 14. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. On 20 January 2012, the Finance Minister issued a determination to reduce departmental appropriations following a request by the Minister for Tertiary Education, Skills, Jobs and Workplace Relations. The amount of the reduction under Appropriation Act (No.1) 2011-12 was: \$3.786m with this amount re-appropriated as equity injection.

² The variance is due to less than budgeted expenditure on employee benefits due to delayed recruitment of staff. This was due to accommodation constraints.

Table B: Departmental Capital Budgets ('Recoverable GST exclusive')

	2013 Capital Budget Appropriations			Capital Budget Appropriations applied in 2013 (current and prior years)			
	Appropriation Act		FMA Act	Total Capital Budget Appropriations \$'000	Payments for non-financial assets ³ \$'000	Payments for other purposes \$'000	Total payments \$'000
	Annual Capital Budget \$'000	Appropriations reduced ² \$'000	Section 32 \$'000				
DEPARTMENTAL							
Ordinary annual services - Departmental Capital Budget¹	556	-	-	556	-	-	-
							Variance ⁴ \$'000
							556

¹ Departmental Capital Budgets are appropriated through Appropriation Acts (Nos. 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.

² Appropriations reduced under Appropriation Acts (1, 3, 5) 2012-13: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.

³ Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of financial leases.

⁴ Variance due to asset purchases being funded via Capital Injection appropriated by Act 2 and delays in development of software.

Table B: Departmental Capital Budgets ('Recoverable GST exclusive') continued

	2012 Capital Budget Appropriations			Capital Budget Appropriations applied in 2012 (current and prior years)		
	Appropriation Act		FMA Act Section 32	Total Capital Budget Appropriations \$'000	Payments for non-financial assets ³ \$'000	Payments for other purposes \$'000
	Annual Capital Budget \$'000	Appropriations reduced ² \$'000	Section 32 \$'000			
DEPARTMENTAL						
Ordinary annual services - Departmental						
Capital Budget ¹	-	-	-	-	-	-

¹ Departmental Capital Budgets are appropriated through Appropriation Acts (Nos. 1, 3, 5) . They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.

² Appropriations reduced under Appropriation Acts (1, 3, 5) 2011-12: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.

³ Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of financial leases.

Table C: Unspent Departmental Annual appropriations ('Recoverable GST exclusive')

Authority	2013	2012
	\$'000	\$'000
DEPARTMENTAL		
2011-12 Appropriation Act (No. 1)	–	1,103
2012-13 Appropriation Act (No. 1)	4,671	–
2012-13 Appropriation Act (No. 2) – Equity Injection	486	–
2012-13 Departmental Capital Budget Appropriation Act (No. 1)	556	–
Total	5,713	1,103

Table D: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2013	2012
			\$'000	\$'000
Financial Management and Accountability Act 1997 s.28(2), Administered	Refund	To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and apart from this section there is no specific appropriation for the repayment.	(237)	–
Total			(237)	–

Compliance with Statutory Conditions or Payments from Consolidation Revenue Fund

During 2012-13 additional legal advice was received that indicated there could be breaches of Section 83 under certain circumstances with payments for long service leave, goods and services tax and payments under determinations of the Remuneration Tribunal. TEQSA has reviewed its processes and controls over payments for these items to minimise the possibility for future breaches as a result of these payments. TEQSA has determined that there is a low risk of the certain circumstances mentioned in the legal advice applying to the department. TEQSA is not aware of any specific breaches of Section 83 in respect of these items.

Note 22: Compensation and Debt Relief

	2013	2012
	\$'000	\$'000
Compensation and Debt Relief - Departmental		
No 'Act of Grace' expenses were incurred during the reporting period.	-	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the Financial Management and Accountability Act 1997.	-	-
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period.	-	-
No ex-gratia payments were provided for during the reporting period.	-	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the Public Service Act 1999 (PS Act) during the reporting period.	-	-
	2013	2012
	\$'000	\$'000
Compensation and Debt Relief - Administered		
No 'Act of Grace payments' were expended during the reporting period.	-	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the Financial Management and Accountability Act 1997.	-	-
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period.	-	-
No ex-gratia payments were provided for during the reporting period.	-	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the Public Service Act 1999 (PS Act) during the reporting period.	-	-

Note 23: Reporting of Outcomes

Note 23: Net Cost of Outcome Delivery

Outcome 1	2013	2012
	\$'000	\$'000
Departmental		
Expenses	18,641	10,771
Own-source income	66	263
Administered		
Expenses	-	-
Own-source income	4,486	582
Net cost/(contribution) of outcome delivery	14,089	9,926

Note 24: Cost Recovery

Note 24: Administered Receipts Subject to Cost Recovery Policy

	2013	2012
	\$'000	\$'000
Other cost recovery arrangements		
Fees for regulation of higher education providers	4,486	582
Total Administered receipts subject to Cost Recovery Policy	4,486	582

Note 25: Net Cash Appropriation Arrangements

	2013	2012
	\$'000	\$'000
Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations¹	26	772
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	1,316	199
Total comprehensive (loss) – as per the Statement of Comprehensive Income	(1,290)	573

¹ From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expense ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.



SECTION 06

Appendices

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Appendix A: Summary of resources

Resource Statement

TEQSA's resourcing statement is shown below.

Table A.1: Agency Resource Statement 2012–13

	Actual available appropriation for 2012–13 \$'000 (a)	Payments made 2012–13 \$'000 (b)	Balance remaining 2012–13 \$'000 (a) - (b)
Ordinary Annual Services¹	21,391	16,720	4,671
Departmental appropriation ²	556	-	556
Total ordinary annual services	21,947	16,720	5,227
Other Services ³			
Departmental non-operating			
Equity Injections	1,900	1,414	486
Total	1,900	1,414	486
Total resourcing and payments for the Tertiary Education Quality and Standards Agency	23,847	18,134	5,713

¹ Appropriation Bill (No 1) 2012–13 and Appropriation Bill (No.3) 2011–12; includes Prior Year departmental appropriation and S.31 relevant agency receipts

² Includes an amount of \$0.556m in 2012–13 for the Departmental Capital Budget. For accounting purposes, this amount has been designated as 'Contributions by owners'.

³ Appropriation Bill (No 2) 2012-13

Table A.2: Resources for Outcome 1

	Budget* 2012–13 \$'000 (a)	Actual Expenses 2012–13 \$'000 (b)	Variation 2012–13 \$'000 (a) – (b)
Outcome 1: Contribute to a high quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance and dissemination of higher education standards and performance.			
Program 1.1 Regulation and advice			
Departmental expenses			
Ordinary annual services (Appropriation Bill No.1) ¹	17,282	17,271	11
Revenues from independent sources (Section 31)	-	-	-
Expenses not requiring appropriation in the Budget year	566	1,370	(804)
Total Outcome 1	17,848	18,641	(793)
Average Staffing Level (number)	90		

* Full year budget, including any subsequent adjustments made to the 2012–13 Budget.

¹ Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (section 31)'.

Appendix B: Staffing profile

As at 30 June 2013, TEQSA had 91 non-SES employees and four SES employees located in Melbourne.

Of the Agency's 91 non-SES employees:

- ▶ 74 per cent were female and 26 per cent were male; and
- ▶ 97 per cent were ongoing employees with 3 per cent non-ongoing.

Table B.1: Full- and part-time, and ongoing and non-ongoing employees by gender

		Female		Male		Total
		Ongoing	Non-ongoing	Ongoing	Non-ongoing	
SES 1	Full-time	2	0	2	0	4
	Part-time	0	0	0	0	0
EL 2	Full-time	12	1	8	0	21
	Part-time	0	1	1	0	2
EL 1	Full-time	16	0	7	0	23
	Part-time	1	0	0	0	1
APS 6	Full-time	21	0	8	0	29
	Part-time	1	0	0	0	1
APS 5	Full-time	7	0	0	0	7
	Part-time	2	0	0	0	2
APS 4	Full-time	3	0	0	0	3
	Part-time	2	0	0	0	2
Totals		67	2	26	0	95

Note: Table B.1 excludes the Chief Commissioner, Commissioners and contractors.

Table B.2: Salaries in \$AUD available to TEQSA APS staff from commencement of the 2012-2014 TEQSA Enterprise Agreement (EA).

Note: The first and only salary increase for 2012-13 under the EA occurred on 1 December 2012.

EL2	EL1	APS 6	APS 5	APS 4	APS 3	APS 2	APS 1	Age rates
132,857	103,951	84,111	72,738	65,901	59,004	54,054	47,221	(20 yrs) 39,303
124,400	98,724	78,977	69,486	63,340	56,648	53,056	43,188	(19 yrs) 34,984
117,370	96,314	76,488	68,037	61,617		50,725		(18 yrs) 30,232
110,679	94,054							(Under 18 yrs) 25,913

SES Remuneration

The salary range in \$AUD available to TEQSA SES staff under the section 24 of the *Public Service Act 1999* is \$165,000 to \$180,200 as at 30 June 2013.

Correction of information provided in the *TEQSA Annual Report 2011–12*

The SES1 annual salary figures provided in the 2011–12 annual report represented the total salary package (i.e. including superannuation and allowances) while other reported staff salaries represented only base salaries. The figures reported for SES1 should have been for base salaries – \$165,000–\$170,000.

Appendix C: Freedom of information

Agencies subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement appears in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements.

In accordance with these IPS requirements, an agency plan indicating published information is accessible from TEQSA's website at www.teqsa.gov.au/about/information-publication-scheme.

Appendix D: Ecologically sustainable development and environmental performance

The information provided is in accordance with section 516 of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). TEQSA is committed to progressing towards a sustainable future and continued improvement in reducing negative impacts on the environment.

TEQSA moved to its permanent location at 530 Collins St, Melbourne, in May 2012, having previously shared leasing arrangements with other government agencies. This meant that it was not able to provide numeric data on its environmental performance. TEQSA has actively complied with environmental initiatives, participating in all the available recycling initiatives offered by the 530 Collins St building management over the last 12 months, with a focus on reducing general waste as much as possible.

Building management weigh all waste and recycling at 530 Collins St, and can offer gross data on environmental performance for the building. The building management are not able to analyse the waste collection data and offer tenant-specific data. The building has achieved high credentials – 5.5 stars under National Australian Built Environment Rating Scheme (NABERS) Energy, and 3 stars under NABERS Water (information current at March 2013). NABERS is a performance-based rating system, measuring building operational impacts on the environment. NABERS environmental measurable categories are: energy use and greenhouse emissions, water use, waste and indoor environment. Refer to www.530collinsstreet.com.au/Core/Content/Sustainability/Content3036.aspx.

Other recycling initiatives subscribed to by TEQSA include toner recycling. TEQSA also participated in Earth Hour 2013 (8.30–9.30pm on Saturday, 23 March 2013) and staff made a conscious effort to turn off all non-essential power on that Friday evening. Building management reported a reduction of 15 per cent of power usage over that weekend.

In late 2012, the 530 Collins St building offered battery and hard waste recycling on a quarterly basis. As TEQSA was a recently formed agency, it did not require this initiative at the time but, with its rapid growth, will participate in both initiatives in the 2013–2014 financial year.

TEQSA has an Environment Committee (formed in 2012) which has developed an Environmental Management System (EMS) and an Environmental Policy (approved in May 2013). The TEQSA Environment Policy will ensure the agency strives towards continual improvement and compliance with section 516A of the EPBC Act. The EMS details the steps TEQSA will take to achieving its environmental goals and compliance and reporting requirements under the EPBC Act. The EMS includes recommendations for improvement, with a focus on reducing paper consumption, monitoring energy and waste, improving staff awareness and promoting ESD principles in everyday processes.

Appendix E: Advertising and market research

During the 2012–13 financial year, TEQSA spent \$0.012 million on advertising. This expenditure was for recruitment-related advertising. TEQSA did not undertake any advertising campaigns. No advertising expenditure was over \$12,100 (GST inclusive).

Appendix F: Workplace health and safety

TEQSA is committed to safeguarding the health, safety and welfare of staff and contractors while they are at work, and to preventing occupational injury. TEQSA has formalised its commitment through the development of a TEQSA policy on Workplace Health and Safety (WH&S) and the establishment of a WH&S Committee in June 2013. This Committee includes representatives from management and staff.

No reportable WH&S incidents occurred during 2012–2013, and TEQSA was not required to give any notices under the *Work Health and Safety Act 2011* (Cwlth).

TEQSA is currently developing its Rehabilitation Management System, which will assist it to meet its rehabilitation objectives and to prepare it for both internal and external audits of the system. TEQSA is committed to preventing serious and/or long-term injuries through early intervention and case management of both non-compensable and compensable matters.

TEQSA has also commenced an early intervention approach to reduce the risk of high-cost psychological injury claims. This approach uses the services of providers, including its Employee Assistance Provider to provide mediation, coaching and other services to TEQSA managers and staff. This approach has proven to be successful.

Appendix G: Complaints handling

Complaints about higher education providers

TEQSA monitors the compliance of higher education providers with the TEQSA Act and a set of quality standards, known as the Threshold Standards. TEQSA's website <www.teqsa.gov.au/complaints> provides information on options for making a complaint about a registered higher education provider. This website includes links to Commonwealth and state and territory ombudsman offices.

The website states that any complaints TEQSA receives in writing about a provider are retained and considered when it assesses if a provider is meeting its obligations under the Act. TEQSA also assesses any complaints about a provider in relation to possible false or misleading statements about its registration and accreditation status. The website makes clear the circumstances under which TEQSA may be unable to address a complaint.

In 2012–13, TEQSA received complaints about higher education providers through its Complaints Inbox (<complaints@teqsa.gov.au>), Enquiries Inbox and through formal correspondence. In accordance with TEQSA's Service Charter, TEQSA will endeavour to respond within five days of receiving a complaint.

Complaints about TEQSA

When a complaint is received about TEQSA itself, the Complaints Officer consults with the appropriate Senior Executive or Commissioner whilst investigating the matter and in preparing a response. A monthly report on complaints is provided to TEQSA's Senior Management Team.

During 2012–13, TEQSA received one complaint. A letter was sent to the complainant by the Chief Commissioner clarifying TEQSA's capacity to address the complaint.

Appendix H: Changes to disability reporting in annual reports

Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service Report and the APS Statistical Bulletin. These reports are available at <www.apsc.gov.au>. From 2010–11, departments and agencies are no longer required to report on these functions.

More detail on social inclusion matters can be found at <www.socialinclusion.gov.au>.

The Commonwealth Disability Strategy has been overtaken by a new National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with a disability, promote participation and create a more inclusive society. A high-level two-yearly report will track progress against each of the six outcome areas of the Strategy and present a picture of how people with disability are faring. The first of these reports will be available in 2014, and will be available at <www.fahcsia.gov.au>.

The Social Inclusion Measurement and Reporting Strategy, agreed by the Australian Government in December 2009, will also include some reporting on disability matters in its regular 'How Australia is Faring' report and, if appropriate, in strategic change indicators in agency annual reports. More detail on social inclusion matters can be found at <www.socialinclusion.gov.au>.

TEQSA Disability Plan

TEQSA commenced the development of an Agency Disability Action Plan in 2012–13, publishing it in July 2013. The Plan sets out the Agency's commitment to the inclusion, support and engagement of people with a disability. It aims to promote the equitable participation of staff with a disability in the workplace and to remove barriers and provide improved access and services to people with a disability.

The Plan focuses on four key priority areas:

- ▶ physical accessibility
- ▶ technological accessibility
- ▶ employment; and
- ▶ communication and community engagement.

The Plan was developed in accordance with the provisions of the *Disability Discrimination Act 1992* and was informed by the National Disability Strategy 2010–2020. It can be found at <www.teqsa.gov.au/sites/default/files/DisabilityActionPlan.pdf>.

Appendix I: Reference Guide to the TEQSA Act

Principles and objects

- ▶ Section 3 – Objects of TEQSA Act (national consistency in regulation of higher education)
- ▶ Sections 13–17 – Basic principles for regulation (regulatory necessity, reflecting risk and proportionate regulation)
- ▶ Section 134 – Functions of TEQSA (register providers, accredit courses, investigate compliance)

Registration

- ▶ Sections 18–23 – Registration (application, preliminary and substantive assessments)
- ▶ Sections 24–34 – Conditions of registration (compliance with Threshold Standards, financial information, notifying of material changes, authority to self-accredit)
- ▶ Sections 35–37 – Renewing registration (application, decision)
- ▶ Sections 38–40 – Changing provider category (TEQSA initiate or application, consultation if 'University')
- ▶ Sections 41–42 – Applying to self-accredit (self-accredit courses of study, notify of decision)

Course accreditation

- ▶ Sections 46– 51 – Applying for accreditation (application, preliminary and substantive assessments, duration)
- ▶ Sections 52– 54 – Conditions of accreditation (compliance, conditions and notify of decision)
- ▶ Sections 55– 57 – Renewing accreditation (application, notify of decision)

Higher Education Standards panel and framework

- ▶ Section 58 – Higher education standards framework (making the framework)
- ▶ Sections 59–62 – Compliance with the framework (compliance, accreditation and quality assessments)
- ▶ Sections 166–169 – Establishment and functions of the Panel

Reviews of decisions

- ▶ Sections 183–187 – Reviews of decisions (internal and external reviews, deadlines)

Information sharing

- ▶ Section 188 – Offence to disclose or use information without authorisation
- ▶ Sections 189–197 – Disclosing information (about regulatory breaches, to professional bodies, the Minister, the public)

Appendix J: The Higher Education Standards Framework

Under section 58 of the TEQSA Act, the Commonwealth Minister for Tertiary Education, Skills, Science and Research (the Minister) is able to make the following standards, which are the foundation for TEQSA's regulation of all registered providers of higher education.

1. Provider Registration Standards
2. Provider Category Standards
3. Provider Course Accreditation Standards
4. Qualifications Standards
5. Teaching and Learning Standards
6. Information Standards
7. Research Standards.

On 22 December 2011, the Commonwealth Minister for Industry and Innovation, acting on behalf of the Minister, made the *Higher Education Standards Framework (Threshold Standards) 2011*, which includes the Provider and Qualifications standards (1–4 above). The Higher Education Standards Panel is currently considering its approach to developing standards for teaching and learning, information and research (points 5–7 above).

The Threshold Standards can be accessed in their entirety at www.comlaw.gov.au/Details/F2012L00003/Download.

Provider Registration Standards

1. Provider standing
2. Financial viability and safeguards
3. Corporate and academic governance
4. Primacy of academic quality and integrity
5. Management and human resources
6. Responsibilities to students
7. Physical and electronic resources and infrastructure.

Provider Category Standards

1. Higher Education Provider Category
2. Australian University Category
3. Australian University College Category
4. Australian University of Specialisation Category
5. Overseas University Category
6. Overseas University of Specialisation Category.

Provider Course Accreditation Standards

1. Course design is appropriate and meets the Qualification Standards
2. Course resourcing information is adequate
3. Admission criteria are appropriate
4. Teaching and learning are of high quality
5. Assessment is effective and expected student learning outcomes are achieved
6. Course monitoring, review, updating and termination are appropriately managed.

Qualification Standards

1. Higher education awards delivered meet the appropriate criteria
2. Certification documentation issued is accurate and protects against fraudulent use
3. Articulation, recognition of prior learning and credit arrangements meet the appropriate criteria.

Appendix K: TEQSA's Regulatory Risk Indicators

Forty-six risk indicators have been developed under TEQSA's Regulatory Risk Framework (RRF) to assist in identifying and assessing risk in relation to a provider's capacity to meet the Threshold Standards. Risk indicators may describe specific risks or a broader array of risk across a provider's scope of operation. The risk indicators are specifically designed to highlight possible risk events or causal, consequence or likelihood factors associated with particular risk events.

The provider risk indicators are as follows:

Provider standing

- ▶ Has conditions on or shortened registration
- ▶ Has history of significant breach of standards
- ▶ Has conditions on or shortened registration
- ▶ Has history of significant breach of standards
- ▶ Has history of breach of conditions
- ▶ Fewer than five complete cohorts graduated
- ▶ Directors/officers with convictions/proceedings pending
- ▶ Overseas body corporate.

Financial viability and safeguards

- ▶ Significant decline in student load overall
- ▶ Major year-on-year drop in commencing students or applications in first six months
- ▶ Low/negative revenue growth
- ▶ Low operating profit margin
- ▶ Low/declining revenue per student
- ▶ Capital program is risky because very low or very high
- ▶ Low Net Tangible Asset value in Australia
- ▶ Reduced credit rating/breach bank covenants
- ▶ High proportion of ageing or deteriorating building stock.

Corporate and academic governance

- ▶ Weak academic governance structure
- ▶ Weak corporate governance structure/processes
- ▶ Weak risk management plan/processes.

Primacy of academic quality and integrity

- ▶ Rejection/compliance issues with professional accreditation in last two years
- ▶ Significant reliance on third parties to deliver courses domestically

- ▶ Delivery of courses onshore
- ▶ Declining publications (if applicable to provider category)
- ▶ Declining research income (if applicable to provider category)
- ▶ Low completion rate Higher Degree Research (HDR) (full-time 5-year) (if applicable)
- ▶ Serious breaches of research ethics
- ▶ Lack of transparency in reporting systems for teaching occurring on a significant scale in non-mainstream campuses
- ▶ Weak academic quality assurance program/culture
- ▶ History of activation of tuition assurance.

Management and human resources

- ▶ Significant reliance on academic staff employed under casual work contracts
- ▶ Low number of senior academic leaders per broad field of education
- ▶ High/increasing student-to-teaching staff ratio
- ▶ Low ratio of qualified staff, especially in postgraduate (PG) environments.

Responsibilities to students

- ▶ High/volatile international student population
- ▶ Academic/market risk: Declining academic admission standard or lack of academic requirements in admissions policy
- ▶ Significantly high student growth overall
- ▶ Academic risk: Very high or rapidly increasing student attrition rates
- ▶ Academic risk: Very low/very high or rapidly changing student progress rates
- ▶ Academic risk: Very low or rapidly declining unit satisfaction levels
- ▶ Academic risk: Very low or rapidly declining graduate course satisfaction
- ▶ Outcome risk: Very low or rapidly declining graduate employment or further study

Physical and electronic resources and infrastructure

- ▶ Significant number of serious, substantiated student complaints
- ▶ Physical and electronic resources and infrastructure
- ▶ Inadequate floor space per student, appropriate to discipline(s)
- ▶ Low/declining total information resources (eg library) and expenditure per student
- ▶ Low/declining laboratory places per student in Science, Technology, Engineering and Mathematics (STEM) disciplines
- ▶ Poor Occupation Health and Safety (OH&S) record
- ▶ High backlog of maintenance.

Other

- ▶ Other identified risk (allows situation specific).
- ▶ Review of RRF
- ▶ TEQSA intends to review the RRF in 2013-14 to refine its approach ahead of the next cycle of annual risk assessments. It is intended that an update of the RRF will be released in late 2013, following consultation with the sector.

Appendix L: The setting of standards

The Higher Education Standards Panel (HESP)

In accordance with the TEQSA Act, the Higher Education Standards Panel (HESP) has been established to provide independent advice to the Minister on making and varying the Higher Education Standards Framework (the Framework). TEQSA is responsible for interpreting and implementing the Framework for the purposes of regulating higher education providers. In this way, the setting of standards by the Higher Education Standards Panel is clearly separated from the monitoring and enforcement functions carried out by TEQSA. The Panel was formally constituted on 10 January 2012.

Australian Qualifications Framework Council (AQFC)

The Qualifications Standards include a requirement that all higher education awards must meet specifications described in Levels 5–10 of the Australian Qualifications Framework (AQF). The AQF is the national policy that sets the standards for regulated qualifications in Australia. It defines qualification types and provides descriptors of learning outcomes to be achieved by for the particular qualification and pathways to the qualification. The policy is developed and maintained by the Australian Qualifications Framework Council (AQFC).

TEQSA's relationship with the AQFC is similar to its relationship with the Higher Education Standards Panel, in that TEQSA is responsible only for interpreting and implementing the AQF, rather than for developing it. The AQFC provides advice on the specifications for higher education awards to the Standing Council for Tertiary Education, Skills and Employment (SCOTESE), a function clearly separated from TEQSA's monitoring and enforcement role.

Appendix M: TEQSA engagement with stakeholders

Presentations by TEQSA personnel to higher education stakeholder groups in 2012–13

P = presentation

D = discussion or panel session

A = attendance

Date	Conference/Forum	Type	Attendee
2012			
2/7/2012	Australian Council of Deans of Information and Communication Technology (ACDICT) – Annual Meeting	P	Ian Hawke
3/7/2012	National Skills Standards Council (NSSC) review of standards for the regulation of VET	P	Carol Nicoll
6/7/2012	Education Visa Consultative Committee	P	Carol Nicoll
10/7/2012	Council of International Students Australia (CISA) National Conference	P	Ian Hawke
16/7/2012	Discipline Scholars	P	Carol Nicoll
20/7/2012	Innovative Research Universities (IRU) Senior Staff Forum - Griffith University	P	Carol Nicoll
26/7/2012	Academic Board 'Conversation Q & A Panel Session – University of Technology Sydney	D	Carol Nicoll
1/8/2012	Academic Board – The University of Adelaide	P	Carol Nicoll
3/8/2012	National Forum on Harmonising Professional Accreditation and Higher Education Quality Assurance	P	Carol Nicoll
9/8/2012	12th Australian Government Leadership Network Victoria Annual Conference	A	Carol Nicoll and Commissioners
29/8/2012	Independent Chairs of Academic Boards of Non-Self-Accrediting Higher Education Providers (NSA–HEPS) Forum	P	Ian Hawke
31/8/2012	Australian Council for Private Education and Training (ACPET) Conference – Sydney	P	Ian Hawke
14/9/2012	Australasian Council of Deans of Arts, Social Sciences and Humanities (DAASH) Conference	P	Carol Nicoll
18/9/2012	Tertiary Education Management Conference (TEMC)	P	Dorte Kristoffersen
20/9/2012	12th English Australia Conference	P	Dorte Kristoffersen
2/10/2012	Deakin University Academic Board	P	Dorte Kristoffersen
5/12/2012	Australian International Education Conference (AIEC)	P	Dorte Kristoffersen

Date	Conference/Forum	Type	Attendee
8/10/2012	University of Queensland Academic Senate	P	Ian Hawke
9/10/2012	Australian Council of Engineering Deans (ACED)	P	Ian Hawke
10/10/2012	Association of Australian University Secretaries meeting	P	Ian Hawke
12/10/2012	Association for Tertiary Education Management (ATEM) Western Region 12th Conference	P	Dorte Kristoffersen
19/10/2012	LH Martin Institute Tertiary Education Leadership Program	P	Carol Nicoll
22/10/2012	Office for Learning and Teaching (OLT) Symposium	A	Carol Nicoll
24/10/2012	Professions Australia Forum	P	Ian Hawke
26/10/2012	Society of University Lawyers	P	Eric Mayne
31/10/2012	12th Student Engagement Conference	P	Ian Hawke
2/11/2012	Australian Business Deans Council (ABDC)	P	Ian Hawke
2/11/2012	University Finance Officer Group Forum	P	Michael Wells
6/11/2012	Festival of Learning and Teaching – University of Adelaide	P	Carol Nicoll
9/11/2012	University of Western Sydney (UWS) Quality Forum	P	Carol Nicoll
9/11/2012	12th Australasian Practical Legal Education Council	P	Eric Mayne
12–13/11/2012	Australasian Association for Institutional Research Forum	P	Michael Wells
14/11/2012	Council of Deans and Directors of Graduate Studies – Victoria University	N/A	Carol Nicoll
16/11/2012	TAFE Directors Australia – Board Meeting	P	Carol Nicoll
16/11/2012	Deans of Law	P	Ian Hawke
16/11/2012	Higher Education Compliance and Quality Network Forum	P	Michael Wells
19/11/2012	12th Australian Awards for University Teaching	A	Carol Nicoll
20/11/2012	Universities Australia's Deputy and Pro Vice-Chancellors (Research) Committee Meeting – RMIT University	P	Carol Nicoll
21/11/2012	Central Queensland (CQ) University Australia Academic Board (video conference)	P	Ian Hawke
23/11/2012	Symposium on Higher Education – RMIT University	A	Carol Nicoll and Ian Hawke
30/11/2012	Health Professions Accreditation Council's Forum	D	Carol Nicoll

Date	Conference/Forum	Type	Attendee
2013			
10/2/2013	Australian Business Deans Council (ABDC) International Network – Brisbane	P	Ian Hawke
19/2/2013	Australian Nursing and Midwifery Accreditation Council	P	Eric Mayne
25/2/2013	International Education Association of Australia (IEAA) and Australian Education International (AEI) National Symposium	D	Dorte Kristoffersen
27/2/2013	Universities Australia Higher Education Conference	P	All Commissioners
28/2/2013	Meeting of Chairs of Academic Boards/Senates (CABS) – Canberra	P	Ian Hawke
1/3/2013	Council of Deans Summit	D	Carol Nicoll
1/3/2013	Australian Education International (AEI) Policy Briefing	A	Carol Nicoll
25/3/2013	Forward Quality Agenda for Tertiary Education Forum	P	Dorte Kristoffersen
12/4/2013	Tertiary Education Leadership Program – LH Martin Institute	P	Dorte Kristoffersen
15/4/2013	Council of Australian Directors of Academic Development (CADAD) – Victoria University	P	Carol Nicoll
19/4/2013	Academic Senate – University of Tasmania	P	Carol Nicoll
19/5/2013	Australian Osteopathic Association (AOA) – Osteopathic Education Roundtable	P	Eric Mayne
3/5/2013	Testing Together Conference – The University of Queensland	P	Carol Nicoll
8/5/2013	Curtin University Council – Curtin University	P	Carol Nicoll
16/5/2013	National ELT Accreditation Scheme (NEAS) Conference	D	Dorte Kristoffersen
20–21/5/2013	Universities Australia DVC (Academic)	P	Carol Nicoll
30–31/5/2013	2nd Education Services for Overseas Students (ESOS) Conference	P	Michael Wells
17/6/2013	2013 NSW Council of Deans of Education Teacher Education Conference	P	Carol Nicoll
24/6/2013	Medical Deans Australia New Zealand National Meeting on Assessment of Medical Student Learning Outcomes	P	Michael Wells

Visits by stakeholders to TEQSA in 2012–13

Note: This table does not include visits by individual institutions

Date	Institution
Domestic	
3/7/2012	Australian Skills Quality Authority
10/7/2012	Navitas Limited
12/7/2012	English Australia
17/7/2012	Business/Higher Education Round Table
18/7/2012	TAFE Directors Australia
3/8/2012	Australian Prudential Regulation Authority
7/8/2012	Indigenous Higher Education Advisory Council (IHEAC)
13/8/2012	National ELT Accreditation Scheme (NEAS)
3/4/2013	National Union of Students
24/5/2013	Meeting with peak bodies (ACPET, UA, COPHE)
International	
3/8/2012	University Alliance UK Group
28/8/2012	Singapore Council for Private Education
20–24/9/2012	Zimbabwe Council for Higher Education
24/9/2012	University of the South Pacific
25/9/2012	Australia-India Education Council
26/9/2012	Chinese Ministry of Education
3/10/2012	Hong Kong Council for Accreditation of Academic and Vocational Qualifications, Federation for Continuing Education in Tertiary Institutions and the Education Bureau (Hong Kong)
27/11/2012	Belgian Higher Education (Belgium)
25/2/2013	Capacity Building in Quality Assurance in Higher Education Program (LH Martin Institute)
15/3/2013	University of Bologna, Italy
22/5/2013	TEQSA–QAA UK videoconference
22/6/2013	Ministry of Higher Education and the Ministry of Youth Affairs and Skills Development (Sri Lanka)
25/3/2013	University Alliance, UK Group
28/3/2013	Japan University Accreditation Association (JUAA)

Appendix N: TEQSA's involvement in international forums and dialogues in 2012–13

OECD/IMHE Conference

The Chief Commissioner, Dr Nicoll presented at the Organisation for Economic Co-operation and Development (OECD)/ Programme on Institutional Management in Higher Education (IMHE) Conference in Paris in September 2012.

Meeting with QAA UK

On 20 November 2012, TEQSA Commissioner Kristoffersen met with the Head of Quality Assurance Agency (QAA) UK's Head of Networks and Partnerships. The key points discussed in this meeting were the two agencies' international priorities, matters relating to transnational education, and the development of a framework of cooperation between TEQSA and QAA. This subsequently led to the establishment of a Memorandum of Cooperation between the two agencies in February 2013.

FINHEEC International Advisory Board meeting

On 22 November 2012, Commissioner Kristoffersen attended the Advisory Board meeting of the Finnish Higher Education Evaluation Council (FINHEEC) meeting. The Board is composed of international experts to assist in the operation and development of the Council as well as to enhance international cooperation.

European Quality Assurance Forum (EQAF)

From 22 to 24 November 2012, Commissioner Kristoffersen attended the European Quality Assurance Forum (EQAF), and presented on the topic of 'New international policy developments in QA'. During the same visit she also attended the 7th European Quality Assurance Forum (EQAF) Pre-Conference meeting.

Meeting with European Consortium of Accreditation Secretariat

On 29 November 2012, Commissioner Kristoffersen met with the Accreditation Association of the Netherlands and Flanders (NVAO). The European Accreditation Consortium (ECA) Secretariat is housed within the NVAO offices in The Netherlands. Discussions centred on ECA initiatives and the focus of NVAO's quality assurance work.

ENQA meeting

On 29 November 2012, Commissioner Kristoffersen met with the Head of the European Association for Quality Assurance in Higher Education (ENQA) Secretariat. The meeting focused on a TNE project application which was submitted under the Erasmus Mundus Programme.

European Quality Assurance Register for Higher Education (EQAR) Committee meeting

On 1 December 2012, Commissioner Kristoffersen attended the 9th European Quality Assurance Register for Higher Education (EQAR) Committee meeting in Portugal. She also participated in the 10th Register Committee Meeting in Berlin on 2 May 2013. The EQAR Register is a register of quality assurance agencies in Europe that comply with a common set of principles for quality assurance in Europe, namely the European Standards and Guidelines.

HKCAAVQ meeting

On 4 December 2012, Commissioner Kristoffersen met with the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ). The main purpose of the meeting was to discuss cooperation between the two agencies.

Lumina Foundation Strategic Dialogue

Chief Commissioner, Dr Nicoll, participated in the Lumina Foundation Strategic Dialogue in Washington on 11 April 2013. She presented on 'Regulation and Quality Assurance of Higher Education in Australia'.

USA/Canada

In addition to attending the Lumina Foundation Strategic Dialogue, Dr Nicoll also met representatives of the National Council for the Accreditation of Teacher Education (NCATE); the Council for Higher Education Accreditation (CHEA); Accreditation Group, US Department of Education; the American Council of Education; and the US Higher Learning Commission.

INQAAHE Forum and APQN Conference

The International Network for Quality Assurance and Accreditation in Higher Education (INQAAHE) held its annual forum in Taipei in April 2013. The Asia-Pacific Quality Network (APQN) held its annual forum in conjunction with the INQAAHE Forum. Mr Ian Kimber, Executive Director, Regulation and Review attended both events.

China

In April 2013, Executive Director Ian Kimber visited a number of Chinese quality assurance agencies. Chinese counterpart agency representatives expressed a significant level of interest in, and support for the TEQSA model, particularly the integration of regulation, quality assurance and risk, and the inclusion of ESOS in TEQSA's functions. Discussions helped to increase understanding that Australia's regulatory framework also encompasses offshore operations. The visits also allowed policy discussion on broadening the recognition of Australian higher education by China's Ministry of Education.

TEQSA–QAA UK videoconference

On 22 May 2013, the TEQSA Commission and Executive Directors met via videoconference with senior officials from the United Kingdom Quality Assurance Agency (UK QAA). The purpose of the meeting was to discuss three joint projects focused on: approaches to transnational education; the integration of regulation and risk; and student engagement.



SECTION 07

Indices and References

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Compliance index

Table 7.1 below indicates the location of information provided in accordance with the *Requirements for Annual Reports for Departments, Executive Agencies and FMS Act Bodies (Requirements)* issued by the Department of the Prime Minister and Cabinet on 28 June 2012. References in the first column of Table 7.1 below are to the relevant paragraph in the Requirements document.

Table 7.1: Compliance index

Ref	Description	*Req	Page
8(3) A.4	Letter of transmittal	M	i
A.5	Table of contents	M	ii, iii
A.5	Index	M	157
A.5	Glossary	M	153
A.5	Contact officer(s)	M	inside cover
A.5	Internet home page address and internet address for report	M	inside cover
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9(1)	Review by departmental secretary	M	2
9(2)	Summary of significant issues and developments	S	2–5
9(2)	Overview of department's performance and financial results	S	16–26, 5, 75–121
9(2)	Outlook for following year	S	5, 27
9(3)	Significant issues and developments – portfolio	S	n/a
Agency overview			
10(1)	Role and functions	M	8
10(1)	Organisational structure	M	14
10(1)	Outcome and program structure	M	9
10(2)	Where outcome and program structures differ from Portfolio Budget Statements (PBS)/Portfolio Additional Estimates Statements (PAES) or other portfolio statements, details of variation and reasons for change	M	n/a
10(3)	Portfolio structure	M	n/a
Report on performance			
11(1)	Review of performance during the year in relation to programs and contribution to outcomes	M	16–57
11(2)	Actual performance in relation to deliverables and KPIs set out in PBS/PAES or other portfolio statements	M	21–22

Ref	Description	*Req	Page
11(2)	Where performance targets differ from the PBS/ PAES, details of both former and new targets, and reasons for the change	M	n/a
11(2)	Narrative discussion and analysis of performance	M	28–57
11(2)	Trend information	M	26
11(3)	Significant changes in nature of principal functions/ services	S	n/a
11(3)	Performance of purchaser/provider arrangements	If applicable, S	n/a
11(3)	Factors, events or trends influencing departmental performance	S	2–5, 25–27
11(3)	Contribution of risk management in achieving objectives	S	63
11(4)	Social inclusion outcomes	If applicable, M	n/a
11(5)	Performance against service charter, customer service standards, complaints data, and the department's response to complaints	If applicable, M	21, 25, 47
11(6)	Discussion and analysis of the department's financial performance	M	27
11(7)	Discussion of any significant changes from the prior year, from budget or anticipated to have a significant impact on future operations.	M	n/a
11(8)	Agency resource statement and summary resource tables by outcomes	M	124
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12(2)	Statement of the main corporate governance practices in place	M	60–63
12(3)	Names of the senior executive and their responsibilities	S	10–14
12(3)	Senior management committees and their roles	S	60–62
12(3)	Corporate and operational planning and associated performance reporting and review	S	62–64
12(3)	Approach adopted to identifying areas of significant financial or operational risk	S	63–64
12(3)	Policy and practices on the establishment and maintenance of appropriate ethical standards	S	64
12(3)	How nature and amount of remuneration for SES officers is determined	S	65

Ref	Description	*Req	Page
External scrutiny			
12(4)	Significant developments in external scrutiny	M	n/a
12(4)	Judicial decisions and decisions of administrative tribunals	M	n/a
12(4)	Reports by the Auditor-General, a Parliamentary Committee or the Commonwealth Ombudsman	M	n/a
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12(5)	Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	M	50–51, 66–67
12(6)	Workforce planning, staff turnover and retention	S	65, 126
12(6)	Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and AWAs (Australian Workplace Agreements)	S	65
12(6)	Training and development undertaken and its impact	S	66–67
12(6)	Workplace health and safety performance	S	129
12(6)	Productivity gains	S	n/a
12(7)	Statistics on staffing	M	126
12(8)	Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	M	65
12(9) B	Performance pay	M	65
Assets management			
12(10)–(11)	Assessment of effectiveness of assets management	If applicable, M	n/a
Purchasing			
12(12)	Assessment of purchasing against core policies and principles	M	69
Consultants			
12(13)–(24)	Summary statement detailing consultancy services contracts let during the year; including a statement noting that information on contracts and consultancies is available through the AusTender website.	M	68
ANAO access clauses			
12(25)	Absence of provisions in contracts allowing access by the Auditor-General	M	68
Exempt contracts			
12(26)	Contracts exempt from the AusTender	M	68

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13	Financial statements	M	75–121
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14(1) C.1	Workplace health and safety	M	129
14(1) C.2	Advertising and Market Research	M	129
14(1) C.3	Ecologically sustainable development and environmental performance (section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	M	128
14(1)	Compliance with the agency's obligations under the Carer Recognition Act 2010	If applicable, M	n/a
14(2) D.1	Grant programs	M	n/a
14(3) D.2	Disability reporting	M	131
14(4) D.3	Information Publication Scheme statement	M	127
14(5)	Correction of material errors in previous annual report	If applicable, M	127
14(5) D.4	Spatial reporting – expenditure by program between regional and nonregional Australia	If applicable, M	n/a
E	Agency Resource statements and Resources for outcomes	M	124–125
F	List of Requirements	M	146

*Req	Requirements
M	Mandatory
S	Suggested

Acronyms

AACRAO	American Association of Collegiate Registrars and Admissions Officers
ABN	Australian Business Number
ACDICT	Australian Council of Deans of Information and Communication Technology
ACPET	Australian Council for Private Education and Training
AGIMO	Australian Government Information Management Office
AM	Member of the Order of Australia
ANAO	Australian National Audit Office
APQN	Asia-Pacific Quality Network
APS	Australian public service
APS Act	<i>Australian Public Service Act 1999</i>
APSC	Australian Public Service Commission
AQF	Australian Qualifications Framework
ASA	Agency Security Adviser
ASQA	Australian Skills and Quality Authority
AUQA	Australian Universities Quality Agency
AWA	Australian workplace agreement
BA	Bachelor of Arts
CAPT	Consequential Amendments and Transitional Provisions
CEI	Chief Executive Instructions
CEO	Chief Executive Officer
CHEA	Council for Higher Education Accreditation
COPHE	Council of Private Higher Education
CPR	Commonwealth Procurement Rules
Cwith	Commonwealth
CRICOS	Commonwealth Register of Institutions and Courses for Overseas Students
DEEWR	Department of Education, Employment and Workplace Relations
DIAC	Department of Immigration and Citizenship
DIICCSRTE	Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education
EA	English Australia
EC	European Community
ECA	European Accreditation Consortium
EL	Executive level
ELICOS	English language intensive courses for overseas students
EMS	Environment Management System
ENQA	European Association for Quality Assurance in Higher Education
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
EQAF	European Quality Assurance Forum
EQAR	European Quality Assurance Register for Higher Education
ESD	ecologically sustainable development

ESOS	Education Services for Overseas Students
ESOS Act	<i>Education Services for Overseas Students Act 2000</i>
FINHEEC	Finnish Higher Education Evaluation Council
FOI	freedom of information
FMA Act	<i>Financial Management and Accountability Act 1997</i>
FRC	Financial Reporting Council
GAA	Government Accreditation Authority
Go8	Group of Eight Australia
HDR	Higher Degree Research
HEP	higher education provider
HESA	<i>Higher Education Support Act 2003</i>
HKCAAVQ	Hong Kong Council for Accreditation of Academic and Vocational Qualifications
ICT	Information and communication technology
IFA	individual flexibility arrangements
IMHE	Programme for Institutional Management in Higher Education
INQAAHE	International Network for Quality Assurance and Accreditation in Higher Education
IPS	information publication scheme
IT	information technology
JCIE	Joint Committee on International Education
KPI	key performance indicator
LLB	Bachelor of Laws
MoC	Memorandum of Cooperation
MoU	Memorandum of Understanding
NABERS	National Australian Built Environmental Ratings Scheme
NCATE	National Council for the Accreditation of Teacher Education
NCUG	National Conference on University Governance
NVAO	Accreditation Association of the Netherlands and Flanders
OECD	Organisation for Economic Co-operation and Development
OH&S	occupation health and safety
PBS	Portfolio Budget Statement
PAES	Portfolio Additional Estimates Statement
PIR	Provider Information Request
PSM	Public Service Medal (Australia)
QAA	Quality Assurance Agency for Higher Education
RRF	Regulatory Risk Framework
SES	senior executive service
SMT	Senior Management Team
STEM	Science, Technology, Engineering and Mathematics
TAFE	Tertiary and Further Education
TDA	TAFE Directors Australia
TEQSA	Tertiary Education Quality and Standards Agency

TEQSA Act	<i>Tertiary Education Quality and Standards Agency Act 2011</i>
TEQSA CAPT Act	<i>Tertiary Education Quality and Standards Agency (Consequential Amendments and Transitional Provisions) Act 2011</i>
TPA	third party arrangement
UA	Universities Australia
UniDAP	Contractor engaged for the provision on support services to TEQSA
VET	vocational education and training
WCAG	Web Content Accessibility Guidelines
WH&S	workplace health and safety

Glossary of terms

Australian Skills Quality Authority (ASQA)

The Australian Skills Quality Authority (ASQA) is the national regulator for Australia's vocational education and training sector. ASQA regulates courses and training providers to ensure nationally-approved quality standards are met.

Australian Qualifications Framework (AQF)

The Australian Qualifications Framework (AQF) is Australia's national policy for regulated qualifications. The AQF encompasses higher education, vocational education and training, and school education. It provides for national recognition and a consistent understanding of what defines each qualification type. The Qualification Standards enshrined in the TEQSA Act strongly reflect the AQF which requires awards issued to be quality-assured, protected against fraudulent use and to serve as pathways for further learning. The Qualification Standards incorporate, by reference, the following AQF policy documents: AQF Levels Criteria and AQF Qualification Type Descriptors; AQF Qualifications issuance Policy; AQF Qualifications Pathways Policy; AQF Qualifications Register Policy; and AQF Qualification Type Addition and Removal Policy. These documents are available at <www.aqf.edu.au>.

Australian Universities Quality Agency (AUQA)

Prior to the establishment of TEQSA, the Australian Universities Quality Agency (AUQA) was the principal national quality assurance agency in higher education with the responsibility of providing public assurance of the quality of Australia's universities and other institutions of higher education, and assisting in enhancing the academic quality of these institutions.

Case Manager

Case Managers are managers employed in the regulation and review area of TEQSA who manage activities relating to a higher education provider.

Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS)

CRICOS is the official Australian Government website that lists all Australian education providers offering courses to people studying in Australia on student visas and the courses offered. CRICOS is a searchable database managed by Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education (DIICCSRTE) under the Education Services for Overseas Students (ESOS) legislative framework. It provides details of those Australian education institutions approved to recruit, enrol and deliver education and training services to overseas students and details of the courses that they deliver. TEQSA is responsible for assessing applications for inclusion on the CRICOS and for approving the registration of a provider on CRICOS. The database can be searched by course or provider name/number and can be accessed at <www.cricos.deewr.gov.au/default.aspx>.

Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education (DIICCSRTE)

The Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education (DIICCSRTE) is the Australian Government department with responsibility for administering funding under the *Higher Education Support Act 2003* and for developing and administering higher education policy and programs.

English Language Intensive Courses for Overseas Students (ELICOS)

ELICOS are courses offered to students studying in Australia on student visas. 'Intensive' denotes full-time study comprising a minimum of 20 scheduled course contact hours per week of face-to-face classes of English language instruction.

Education Services for Overseas Students (ESOS)

The *Education Services for Overseas Students (ESOS) Act 2000* (the ESOS Act) and the associated legislation form the legal framework governing delivery of education to overseas students studying in Australia on a student visa. The framework sets out clear roles and responsibilities for providers of education and training to international students and complements Australia's student visa laws. On 29 January 12, TEQSA assumed responsibility for regulating international education for higher education under the ESOS Act.

Government Accreditation Authority (GAA)

Government Accreditation Authorities (GAAs) referred to state and territory government accrediting authorities for higher education responsible for accrediting AQF qualifications and authorising non-self-accrediting higher education institutions to issue them. Their functions are now conducted by TEQSA.

Higher education provider (Provider) also (HEP)

Higher education provider is defined in the TEQSA Act and means:

- (a) a constitutional corporation that offers or confers a regulated higher education award, or
- (b) a corporation that:
 - (i) offers or confers a regulated higher education award; and
 - (ii) is established by or under a law of the Commonwealth or a Territory; or
- (c) a person who offers or confers a regulated higher education award for the completion of a course of study provided wholly or partly in a Territory.

Higher Education Standards Panel

The Higher Education Standards Panel is responsible for developing and monitoring the Higher Education Standards Framework. Panel members are appointed by the Minister for Tertiary Education, in consultation with the Commonwealth Minister for Research.

Higher Education Support Act 2003 (HESA)

The *Higher Education Support Act 2003* (HESA) provides for the Commonwealth Government to give financial support for higher education and certain vocational education and training through: (a) grants and other payments made largely to higher education providers; and (b) financial assistance to students (usually in the form of loans).

Material change

Under section 29(1) of the TEQSA Act, a registered higher education provider is required to notify TEQSA if any of the following events occur or are likely to occur: a) an event that will significantly affect the provider's ability to meet the Threshold Standards; or b) an event that will require the National Register to be updated in respect to the provider. Material changes to an accredited course of study or to the operations of a higher education provider may lead TEQSA to take regulatory action. Any action by TEQSA will be mindful of not discouraging change, innovation and continuous improvement.

National Code

The National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students (National Code) provides nationally consistent standards for the conduct of registered providers and the registration of their courses. These standards set out specifications and procedures to ensure that registered providers of education and training courses can clearly understand and comply with their obligations under the National Code.

National Protocols for Higher Education Approval Processes

National Protocols for Higher Education Approval Processes (National Protocols), developed in 2000 and revised in 2007, were a key element of the national quality assurance framework for Australian higher education. The National Protocols were drafted as guidelines rather than standards and did not contain measures of performance. Aspects of the National Protocols were incorporated into the Threshold Standards.

Provider Category

Provider category relates to a category of provider as listed in the Provider Category Standards, available at <www.comlaw.gov.au/Details/F12L00003/Download>.

Register

The National Register of Higher Education Providers (the Register) was established and is maintained under section 198 of the *Tertiary Education Quality and Standards Agency Act 2011* (TEQSA Act).

Registered higher education provider

This term refers to a higher education provider registered under Part 3 of the TEQSA Act and listed on the Register under paragraph 198(1)(a) of the Act.

Regulatory risk

In the context of TEQSA's regulatory operations, regulatory risk refers to actual or potential risk events (regarding a provider's operations and performance) which indicate that the provider may not meet the Threshold Standards (either currently or in the future).

Regulatory Risk Framework

The Regulatory Risk Framework describes TEQSA's regulatory risk management policy and processes. It enables TEQSA to give effect to the principle of reflecting risk in its regulatory activities, as required under the TEQSA Act.

Risk assessment

The term 'risk assessment' captures the overall process of risk identification, risk analysis and risk evaluation.

Tertiary Education Quality and Standards Agency (TEQSA)

The Tertiary Education Quality and Standards Agency (TEQSA) is Australia's national regulatory and quality agency for higher education. TEQSA was established under section 132 of the TEQSA Act 2011. (The TEQSA Act can be found at www.comlaw.gov.au/Details/C2011C00582). TEQSA's primary aim is to ensure that students receive a high quality education at any Australian higher education provider.

Threshold Standards

Threshold Standards are defined as:

- (a) the Provider Standards, which are:
 - (i) the Provider Registration Standards
 - (ii) the Provider Category Standards
 - (iii) the Provider Course Accreditation Standards; and
- (b) the Qualification Standards.

Further information can be found at www.comlaw.gov.au/Details/F12L00003.

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