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Tertiary Education Quality and Standards Agency
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Via email: costrecovery@teqsa.gov.au

28 October 2024

Submission to the Tertiary Education Quality and Standards Agency: Fees and Charges Consultation Paper

Dear Mary

Deakin University thanks the Tertiary Education Quality and Standards Agency (TEQSA) for the opportunity to comment on, and provide feedback regarding, the proposed shifts in fees, charges and cost recovery.

Deakin recognises the importance of a transparent, balanced, and fair fees and charges model for TEQSA, reflecting its work across a sector of significant complexity and differentiation. Likewise, in a period of considerable policy and regulatory change, we note the importance of a properly resourced TEQSA, equipped to fulfil its role in a timely manner, to the highest of standards.

While Deakin notes the outlined driver behind the new model – one reflecting institutional scale and matching cost to size – as well as the argument that this presents as a fair evolution of costing, we raise several points and issues that require further consideration and interrogation.

Risk over size

The reduction in base payment and increase in variable pricings per institutional scale is a model designed to lessen the costs on smaller institutions, while increasing the costs on larger institution.

Notably, the proposed model ignores risk as an inherent factor in pricing. Though a generalisation, it may be proposed that:

- Various institutions, often though not uniformly smaller institutions, due to a variety of factors including those often discussed in the context of higher education policy and reform, more readily present as higher risk, with increased TEQSA regulatory attention; and
- In contrast, often though not uniformly larger institutions have seen less TEQSA regulatory attention due to an often lower risk profile.

In this case, the proposed pricing model would have the inverse outcome of those institutions of higher risk, and hence more likely to consume greater resources from TEQSA, meeting less of the cost burden. Such cross-subsidisation may be considered to fail to meet the fairness criteria across the sector.

Timing and assumed budget capacity

Inherent in the proposed model design is the assumption that larger institutions are better placed to absorb any cost increases, with capacity to pay. However, in the current policy reform environment, such an assumption is not readily supported in all cases.

The sector is in a situation of considerable budgetary pressures at present. Ongoing budget implications of the COVID-19 pandemic, tightening international education conditions and regulations, as well as the continued need to support research costs at scale beyond research funding streams makes for a difficult operating environment. In addition, costs regarding infrastructure investment for core teaching and learning activity are also increasingly subsidised beyond CSP and similar funding streams.

While we readily acknowledge that the proposed sums are relatively small, they come at a poor time in the budgetary and policy review cycle.

Alternative model

In line with the above, Deakin would propose any changes to the fees and charges model utilised by TEQSA align to risk, rather than scale, as a relative measure.

Such a model may be applied via the development and application of an internal TEQSA risk rating system using regulatory data over a rolling two-to-three-year period. In turn, those with a higher risk rating would have an increased fee applied, reflecting the likelihood that regulatory engagement between said provider and TEQSA would be of greater burden on TEQSA resources than lower risk institutions and providers.

Such a model, with the rolling timeframe, would also enable universities to work with TEQSA to understand risk-related areas, and improve practices to lower their risk levels, and in turn fees.

Concluding remarks

Deakin once again thanks TEQSA for the opportunity to contribute to consideration of shifts in the fees and charges model applied to the sector. We acknowledge the importance of any model meeting a definition of fairness and reflecting the differences and breadth of the sector makeup. In this case, however, we would suggest an alternative measure to meet such definitions, namely risk over scale.

We also note that Deakin supports the comments made by the Australian Technology Network in their contribution.

We would welcome the opportunity to clarify and expand on the above. Please do not hesitate to contact me on either 0421 566 098 or david.reeves@deakin.edu.au to enable such an opportunity.

Yours sincerely

David Reeves

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