



Queensland University of Technology
response to the
Tertiary Education Quality and Standards Agency
Fees and Charges Consultation 2024

QUT welcomes the opportunity to respond to the Tertiary Education Quality and Standards Agency (TEQSA) Fees and Charges Consultation, which proposes a change in how the base component of the Registered Higher Education Provider (RHEP) charge is calculated.

TEQSA proposes to reduce the amount of the base component that is levied identically on all providers – the unit charge – and to increase the amount levied on the basis of provider size, calculated on Equivalent Full Time Student Load (EFTSL) – the volume charge.

This base component is separate from fees levied relating to either compliance activities or registration / re-registration, which are not the subject of this consultation.

There are two considerations in play with respect to the present proposal:

1. Whether it is reasonable to reduce the emphasis on the unit charge, offset by increasing the volume charge; and
2. Whether, given the increased emphasis on the volume charge, it is reasonable to calculate institution size solely on EFTSL, when the remit of TEQSA oversight extends to matters (especially research) that are not a function of total student enrolments.

QUT notes that the TEQSA Consultation paper argues from a rationale that the Agency's funding basis ought to be determined in relation to the types of enquiries it receives rather than on the basis of its full regulatory purview. The paper characterises these enquiries as "*principally determined by the provider's number of students and number of courses*". QUT regards this rationale to be conceptually flawed, because TEQSA is responsible to the Government and the Parliament for a much broader range of provider activities than those relating to the size of the student body.

By its own account TEQSA routinely monitors and, on occasion, initiates its own inquiries concerning that full range of activities. The proposal's designation of the student-facing, complaint-handling activities as the sole determinant of this portion of the cost recovery funding model has implications for both considerations mentioned above.

On the first point, QUT holds that it is reasonable for TEQSA to continue to levy a portion of the base component equally on all providers on the grounds that, simply by virtue of being a provider, each provider places a burden on the regulatory system: looked at another way, each provider represents a risk to the reputation of the Australian higher education system as a whole, simply by operating in the higher education sector. A unit charge is therefore warranted as part of the base component. We note that TEQSA does indeed propose the retention of the unit charge, albeit in a reduced form.

From TEQSA's inception, there has been a recognition that universities enjoy an elevated degree of trust due to their extensive track records and their highly developed policies and processes. This trust and confidence is the reason that universities' authority to self-accredit courses of study was automatically transferred to the new regulatory environment upon the establishment of TEQSA, and explicitly recognised in the Provider Standards. It is our recollection of the policy landscape of the time that it was not questions about the performance of the universities that prompted Government to establish TEQSA, in order to guarantee the quality and standards of the Australian higher education sector.

While we accept that the sheer size of universities does produce a volume effect that should be reflected to some extent in the base component, we argue that it is important to retain the unit charge within the base component to prevent universities from bearing the vast majority of the responsibility for funding the base operation of TEQSA, since they are not the primary rationale for the Agency's existence.

The present proposal does retain the unit charge as an element of the base component, in accordance with this argument, so the question becomes the point at which the balance is fair and equitable: at the current unit charge, or the proposed reduced unit charge? This is a matter of judgement that is difficult to make in the absence of data and other supporting evidence.

Recommendation 1

QUT accepts the proposal to realign the calculation of the base component to a modest extent away from the unit charge towards the volume charge. However, we argue there would not be any valid justification to drive that shift further in future, given the baseline regulatory burden that each provider imposes on the system simply by virtue of being a provider. QUT therefore recommends that the present proposal be implemented on the understanding that this rebalancing is final.

On the second point, QUT argues that the use of EFTSL as a proxy for the quantum of issues warranting regulatory engagement is flawed. To begin with, the implied proposition that there is a constant ratio of complaints, grievances and across the entire scale range of higher education providers is implausible – while any problems with governance, management or administration in larger institutions obviously affects more students, we submit that such issues are more likely to arise in smaller providers with fewer resources and sometimes less experience, capacity and/or capability. However, we do recognise the difficulty in making a more accurate appraisal of the size of the impost upon TEQSA attributable to a student body, so we are comfortable leaving this imperfect measure in place, as long as it is not the sole determinant of institutions' fair contribution to the volume charge in the base component.

Of greater importance to the present consultation is the range of other considerations beyond EFTSL that determine the size of a provider for the purposes of TQESA oversight, outside specific compliance investigations and (re-)registration processes. In particular, the research mission of universities (and, where applicable, university colleges and institutes of higher education) is a significant contributor to any given institution's volume of activity that must be monitored by, or could cause it to come to the attention of, the regulator. The

Threshold Standards within the Provider Category Standards constitute one obvious area of interest to TEQSA, but academic freedom, research integrity, research training, the stewardship of national research infrastructure, research commercialisation and other research-related activities all constitute significant components of the regulated activity of providers in certain categories. Indeed, legislation governing the sector holds that research is integral to the very meaning of the word *university*, including considerations of volume, breadth and quality.

In the view of QUT, the integral importance of research to higher education warrants the inclusion of a research factor alongside EFTSL in the calculation of the volume portion of the base component. This will ensure that institutions with higher research activity have that greater exposure to regulatory interest factored into their fair contributions to the volume measure. This modification will not affect providers who do not conduct research, since their returns for this component will simply be zero. The use of a research element will also help dilute the distorting effect of imputing a straight-line learning and teaching-related regulatory burden relative to EFTSL when calculating the volume charge.

Recommendation 2

QUT recommends that an existing, transparent, widely accepted volume measure of research – such as research income – be incorporated alongside and with equal weighting to EFTSL in the calculation of each institution's volume charge in the base component.

We hope this feedback is helpful to TEQSA, and would be happy to expand on any of these points should that be of assistance.

Contact officer:

Dr John Byron

Principal Policy Adviser

john.byron@qut.edu.au

0410 557 157