



Australian Government

Tertiary Education Quality and Standards Agency

TEQSA

Annual Report

2018–2019



TEQSA Annual Report 2018–19

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The electronic version of this report can be found at

teqsa.gov.au/about-us/publications.

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ACKNOWLEDGEMENTS

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



Letter to the Minister

The Hon Dan Tehan MP
Minister for Education
Parliament House
CANBERRA ACT 2600

30 September 2019

Dear Minister,

As the accountable authority of the Tertiary Education Quality and Standards Agency (TEQSA), we have pleasure in presenting to you the agency's annual report for the year ended 30 June 2019.

TEQSA's annual report has been prepared in accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013* (the PGPA Act). Subsection 46(1) of the PGPA Act requires the accountable authority of the entity to give an annual report to the entity's responsible Minister for presentation to Parliament.

In addition, we, as the accountable authority of TEQSA, present the 2018-19 annual performance statements of TEQSA, as required under paragraph 39(1)(a) of the PGPA Act. In our opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the entity, and comply with subsection 39(2) of the PGPA Act.

Furthermore, we certify that TEQSA:

- a. has prepared fraud risk assessments and fraud control plans
- b. has in place appropriate fraud prevention, detection, investigation and reporting mechanisms that meet the specific needs of the agency
- c. has taken all reasonable measures to appropriately deal with fraud relating to the agency.

This report describes the progress made over the course of 2018-19 to advance national action to assure the quality of higher education in Australia. This work continues through the staff of TEQSA and a range of stakeholders in the higher education sector.

Yours sincerely,

Professor Nicholas Saunders, AO
Chief Commissioner

Professor Joan Cooper
Commissioner

Dr Linley Martin
Commissioner

Professor Cliff Walsh
Commissioner

About this report

This report informs The Hon Dan Tehan 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 2019.

Prepared according to parliamentary reporting requirements, the report describes TEQSA's achievements against the objectives and actions set out in the *TEQSA Corporate Plan 2018-22* and in *TEQSA's 2018-19 Portfolio Budget Statements*.

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Review by the accountable authority

- Review of the year by the TEQSA accountable authority

Section 1: Review by the accountable authority

This is the eighth annual report of the Tertiary Education Quality and Standards Agency (TEQSA); it describes the performance and achievements of the agency over 2018–19.

Australians can be rightly proud of the strength and quality of our higher education system: the commitment of our higher education providers and universities to the achievement of positive outcomes for their students; the scholarship and research they undertake and the knowledge and understanding this contributes to their education programs; and the willingness they demonstrate to engage constructively with their stakeholders, including TEQSA, in the interests of quality assurance and enhancement. This is the positive environment that TEQSA oversees and regulates in the interests of all higher education students and the reputation of the sector as a whole.

The additional \$24.3 million of funding over four years provided in the 2018–19 Budget to ensure the ongoing financial sustainability of the agency and increase its permanent staffing, meant that 2018–19 was a period of significant re-growth for TEQSA.

Substantial time and resources were required to recruit, select and train new staff. A comprehensive training program was developed and delivered to train new assessment staff. The impact from the increase in ongoing staff to undertake assessments assisted with reducing the time taken to assess and make decisions on applications. Improvements in the timeliness of TEQSA's work was mainly achieved in the latter part of the year and resulted in a 24 per cent reduction overall in the time taken to reach decisions on applications compared to the previous year and a substantial improvement in meeting legislative timeframes.

Providers continued to rate the agency highly in the 2018–19 stakeholder survey with 76 per cent rating TEQSA's performance as good or excellent in assuring the quality of Australian higher education.

Information, guidance and engagement

Providing information and guidance for higher education providers about achieving compliance with the quality standards not only supports their achievement of the Higher Education Standards Framework, but also supports the internal quality assurance of providers.

TEQSA continued to utilise a diverse range of approaches to engage with the sector, including through provision of information on quality issues and the annual TEQSA conference. The sector rated many aspects of TEQSA's communication highly, with 77 per cent rating TEQSA's performance during 2018–19 as good or excellent. TEQSA is focused on further improving our communication and engagement with the sector.

Twelve of TEQSA's guidance notes were released or updated and there were close to 21 000 views of the guidance note webpage during the year. New guidance notes addressed academic leadership and ELICOS direct entry. The popularity of the guidance notes is reflected in the stakeholder survey where 88 per cent of providers rated the usefulness of the information on the Higher Education Standards Framework as good or excellent.

Work on sector-wide issues continued in 2018-19, with a report published in January 2019 on the sector's response to the findings of the Australian Human Rights Commission's *Change the Course: National Report on Sexual Harassment at Australian Universities* (2017). TEQSA's work on admissions transparency also continued with the development of a good practice note and scoping of the second evaluation of providers' websites to be reported to the Minister in early 2020.

Regulatory policy

The agency was involved in a number of policy related activities throughout the year. This included development of regulatory policies to extend the period of the existing registration or course accreditation of providers that met the policy requirements. The policy reflects TEQSA's greater level of information and understanding of providers' operations and our commitment to streamlining regulation of the sector in a proportionate and risk reflective manner.

TEQSA also contributed to the review of the Australian Qualifications Framework and considerations by the Higher Education Standards Panel on the Review of Higher Education Provider Category Standards. The advice provided by TEQSA focused on the impacts of proposed changes on the regulation of the sector and issues with the current requirements.

Assessment and compliance activities

There was a tripling in the number of applications from prospective entrants received during the 2018-19 compared to the previous year. Of the 17 applications assessed, eight applicants withdrew after initial assessment by TEQSA, four were rejected and five applicants were granted registration by TEQSA.

Over the year, TEQSA continued to develop its compliance and investigation capabilities, and executed its first warrant in partnership with a number of government agencies. While most higher education providers are meeting the requirements of the Higher Education Standards Framework, TEQSA will act swiftly to protect student interests and the reputation of the sector where serious or wilful wrongdoing is occurring.

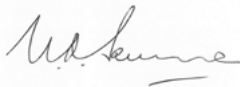
To address delays in the monitoring and assessment of compliance with conditions, a review of conditions previously imposed on registrations and accreditations was undertaken. Following the completion of 162 assessments of compliance with conditions, 178 decisions were made to revoke or vary previously imposed conditions or impose new conditions.

Looking forward

The feedback from providers through various fora has contributed to the development of the *2019–23 Corporate Plan*. TEQSA's main challenge over the next year will be managing the increased workload and ensuring continued improvement in timeliness of decision making, while maintaining effective oversight of the sector. Initiatives to further improve the efficiency of the agency are already underway. Significant improvements to the information management of the agency will also contribute to the efficiency of the agency and enhance the regulatory experience for providers.

In the 2018–19 Mid-Year Economic and Fiscal Outlook, the commencement of TEQSA's transition to full cost recovery was revised by the Government to 1 January 2020. Consultation on arrangements for cost recovery of TEQSA's expenditure and implementation of them remain important activities in the coming year.

TEQSA will commence further work with the sector in relation to academic integrity and in particular, contract cheating. In addition to enforcing compliance with the new legislation to address the provision of cheating services, TEQSA will deliver a series of workshops to identify the barriers providers face in addressing this threat and the development of a toolkit to build on the existing support for providers.



Professor Nicholas Saunders AO
Chief Commissioner on behalf of the accountable authority

▲▲ TEQSA's purpose is to protect student interests and the reputation of the higher education sector by assuring the quality of Australian higher education through a proportionate risk-reflective approach that supports diversity, innovation and excellence.



Agency overview

- About TEQSA
- Purpose
- Legislative framework
- Organisational structure

Section 2: Agency overview

About TEQSA

TEQSA is Australia's independent national quality assurance and regulatory agency for higher education. TEQSA commenced operations on 29 January 2012 under the *Tertiary Education Quality and Standards Agency Act 2011* (TEQSA Act).

All providers that offer higher education qualifications in or from Australia must be registered by TEQSA. Providers that do not have self-accrediting authority (SAA) must also have their courses of study accredited by TEQSA.

Purpose

TEQSA's purpose is to protect student interests and the reputation of the higher education sector by assuring the quality of Australian higher education through a proportionate risk-reflective approach that supports diversity, innovation and excellence.

In the *2018–19 Portfolio Budget Statements*, TEQSA reported on one outcome and one program. The *TEQSA Corporate Plan 2018–22* identifies four objectives for delivering the agency's purpose.

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 QUALITY ASSURANCE – OBJECTIVE

Regulation and quality assurance ensure that quality standards are being met by all higher education providers so that the interests of students and the reputation of Australia's higher education sector are promoted and protected. This occurs by reference to the Higher Education Threshold Standards, which are determined by the Minister for Education on advice from an independent Higher Education Standards Panel. A risk-based approach to planning and implementing assessments of provider compliance with those Standards is used.

1. TEQSA will quality assure and regulate the sector in a timely, transparent and risk reflective manner.

2. TEQSA will support providers to deliver high quality higher education, protect student interests and enhance the reputation and competitiveness of Australia's higher education sector.

3. TEQSA will provide advice and information to inform decisions about the appropriateness and quality of higher education.

4. TEQSA will take prompt and effective action to address substantial risks to students or the sector's reputation.

Legislative Framework

TEQSA regulates higher education providers against the TEQSA Act, and, for the providers that also offer courses to students in Australia on a student visa, against the *Education Services for Overseas Students Act 2000* (ESOS Act). Taken together, the legislative frameworks of these Acts incorporate the following quality standards:

- > the *Higher Education Standards Framework (Threshold Standards) 2015* (HES Framework)
- > the *National Code of Practice for Providers of Education and Training to Overseas Students 2018* (National Code)
- > the *Foundation Program Standards* (Foundation Standards)
- > the *ELICOS Standards 2018* (ELICOS Standards).

In addition, the agency has responsibilities under several other Acts and Rules. See Appendix A: Legislative Framework for more information about these responsibilities.

Organisational structure

Figure 1: TEQSA's organisational structure



Commissioners

TEQSA currently has four Commissioners; a part-time Chief Commissioner and three part-time Commissioners. Commissioners are appointed by the Minister for Education based on their expertise in higher education, quality assurance, and regulatory practice. Commissioners are responsible for making regulatory decisions, setting strategic directions, monitoring risk in the sector, and deciding on matters relating to the development of the agency's quality assurance and regulatory framework. The Commissioners are also collectively the accountable authority for TEQSA.

Professor Nicholas Saunders AO, Chief Commissioner

Professor Saunders joined the agency as Acting Chief Commissioner and Chief Executive Officer in September 2014. He was appointed by the then Minister responsible for higher education as TEQSA Chief Commissioner in March 2015 and this appointment was renewed in March 2018.

Professor Saunders was previously Provost and Deputy Vice-Chancellor of Bond University and prior to that Vice-Chancellor of the University of Newcastle, Australia. During his career, Professor Saunders has been Chair of the National Health and Medical Research Council and Chair of the Committee of Deans of Australian Medical Schools. He was also a member of: the Higher Education Council; the Prime Minister's Science, Engineering and Innovation Council; the Australian Research Council; and the Aboriginal and Torres Strait Islander Health Council. Professor Saunders was also a member of the Board of Universities Australia and Lead Vice-Chancellor for research and international activities.

Professor Joan Cooper, Commissioner

Professor Cooper was appointed as a TEQSA Commissioner in April 2019.

Professor Cooper's most recent work involved delivering a variety of higher education consultancy services to higher education private providers in Australia. Her roles and services included chairing governance committees; reviews of operational areas; and reviews and preparation for TEQSA registration, renewal of registration, and course accreditation. She has chaired a number of Governing Councils and Academic Boards for private providers, including TAFE NSW.

She also has wide-ranging experience both nationally and internationally in tertiary education accreditation and quality audits. She was previously Pro-Vice Chancellor (Students) of the University of New South Wales. Her other senior academic executive positions include Deputy Vice-Chancellor (Academic) at Flinders University, and Dean of Informatics at the University of Wollongong where she served as Chair of the University Senate (Academic Board).

Dr Linley Martin, Commissioner

Dr Martin was appointed as a TEQSA Commissioner in February 2015. Her appointment was renewed in February 2018.

Previously, Dr Martin was the Head of University Services and Vice-Principal (Major Projects) at the University of Melbourne, where she had also held the position of Vice Principal and Academic Registrar. She has held a number of senior positions at universities including as the Vice-President and Council Secretary at Deakin University.

Dr Martin was also a senior adviser to the Review of Australian Higher Education (the Bradley Review) which was pivotal to the establishment of TEQSA.

Professor Cliff Walsh, Commissioner

Professor Walsh was appointed as a TEQSA Commissioner in February 2014 and this appointment was renewed in February 2018.

He has held professorial appointments at the University of Adelaide and the Australian National University, and visiting appointments at universities in Canada, the US and the UK.

His teaching, research, publications and advisory specialities have included: public sector economics and public policy; regulatory theory and its application to economic, social and environmental issues; and economic and social evaluation of public sector programs and regulatory regimes.

Professor Walsh has also been a member of the quasi-judicial Australian Competition Tribunal, which reviews, on appeal, decisions of Australia's competition regulator, the Australian Competition and Consumer Commission.

He is currently Emeritus Professor of Economics at the University of Adelaide, and a Visiting Research Fellow in the School of Economics.

Mr Anthony McClaran, Chief Executive Officer

The Chief Executive Officer (CEO) is a full-time position, appointed by the Minister and with responsibility for the management and administration of TEQSA. Mr McClaran commenced at the agency in October 2015.

Before joining TEQSA, Mr McClaran was the Chief Executive of the UK's Quality Assurance Agency for Higher Education for six years, and prior to that the Chief Executive of the UK's national agency for higher education admissions, the Universities and Colleges Admissions Service.

Mr McClaran has held several leadership positions in the higher education sector, including as Academic Registrar, and Acting Registrar and Secretary at the University of Hull. He was Chair of Council and Pro-Chancellor of the University of Gloucestershire from 2007 to 2009.

Mr McClaran has served on the boards of the European Association for Quality Assurance in Higher Education and the International Network of Quality Assurance Agencies in Higher Education (INQAAHE), and has served on the Advisory Council of the US Council for Higher Education Accreditation (CHEA) International Quality Group since 2016. He is a member of the Audit Committee of the Australian Accounting Standards Board (AASB) and the Auditing and Assurance Standards Board (AUASB).

Ms Prue Monument, Executive Director, Regulatory Operations

Ms Monument commenced at the agency in June 2019 as the Executive Director, Regulatory Operations. This role oversees all of TEQSA's assessment activities such as provider registrations, course accreditations, CRICOS assessments, compliance and investigations.

Prior to joining TEQSA, Ms Monument was the Director of Compliance at the Australian Charities and Not-for-profits Commission (ACNC) where she was responsible for the ACNC's Compliance directorate, focused on identifying and investigating abuse and mismanagement in Australia's charity sector.

Ms Monument holds an Executive Master of Public Administration and has over 18 years of public sector experience, including with the Australian Border Force and the Department of Immigration and Border Protection in Australia, China and Lebanon, with a focus on program integrity, compliance and caseload fraud prevention.

Senior Management Team

The Senior Management Team (SMT) comprises the CEO, TEQSA senior managers, and the Executive Director, Regulatory Operations. The role of the SMT is to support the CEO in discharging his statutory role and provide collective operational leadership for the agency in relation to TEQSA's operational priorities, including business planning and the management of resources. The SMT reports to the accountable authority through the CEO.

Functional Groups

TEQSA's highly skilled staff possess a range of knowledge and expertise in higher education, quality assurance, regulation, risk management and the public sector. Staff members build on their knowledge and experience through regular interactions with providers, professional accreditation bodies, TEQSA experts and overseas quality assurance bodies.

TEQSA's staff come from diverse backgrounds, including in higher education delivery, data collection, data analysis, risk management, financial analysis, regulation and government. They apply their specialised skills in assessing complex qualitative and quantitative information, with a focus on protecting the interests of students and the reputation of the higher education sector, by:

- > ensuring that higher education providers meet the HES Framework
- > promoting good practice
- > improving the quality of the Australian higher education sector.

The functional groups that make up the agency, as at 30 June 2019, are summarised in the following section.

Assessment and Investigations Group and Assurance Group

The Assurance Group and the Assessment and Investigations Group are responsible for delivering TEQSA's core business of undertaking regulatory assessment under the TEQSA Act (using the HES Framework) and the ESOS Act (using the National Code, ELICOS Standards and Foundation Program Standards). This work is critical to ensuring higher education providers meet the HES Framework, and monitoring and improving the quality of the Australian higher education sector.

The Assessment and Investigations Group is responsible for assessing applications for initial provider registration; assessing applications made under the ESOS Act; managing complaints about providers; and compliance and investigations.

The Assurance Group is responsible for material changes and assessing applications for: re-registration; accreditation and re-accreditation of courses; authority to self-accredit one or more courses; and provider category change.

Legal Group

TEQSA's Legal Group, led by the General Counsel, is responsible for legal services required by TEQSA as a Commonwealth regulatory agency, including providing TEQSA staff with strategic legal advice and training on legal issues, managing claims by or against TEQSA, and managing Administrative Appeals Tribunal (AAT) matters.

Policy and Analysis Group

The Policy and Analysis Group is responsible for the enhancement of TEQSA's regulatory outcomes and future direction through ongoing improvements to regulatory policy, business improvement, strategic projects, and quantitative and qualitative analysis.

The Policy and Analysis Group also coordinates strategic projects, provider risk analysis, financial assessment of providers, and the collection, storage and integration of sector data. Working closely with the Commissioners, CEO and Senior Management Team, the Policy and Analysis Group provides information and analysis relevant for reporting against the Corporate Plan, Regulator Performance Framework (RPF), and to support the quality, consistency and robustness of regulatory decisions.

Corporate Group

The Corporate Group provides strategic management of TEQSA's resources, which include: finance, human resources, information and communications technology, and accommodation.

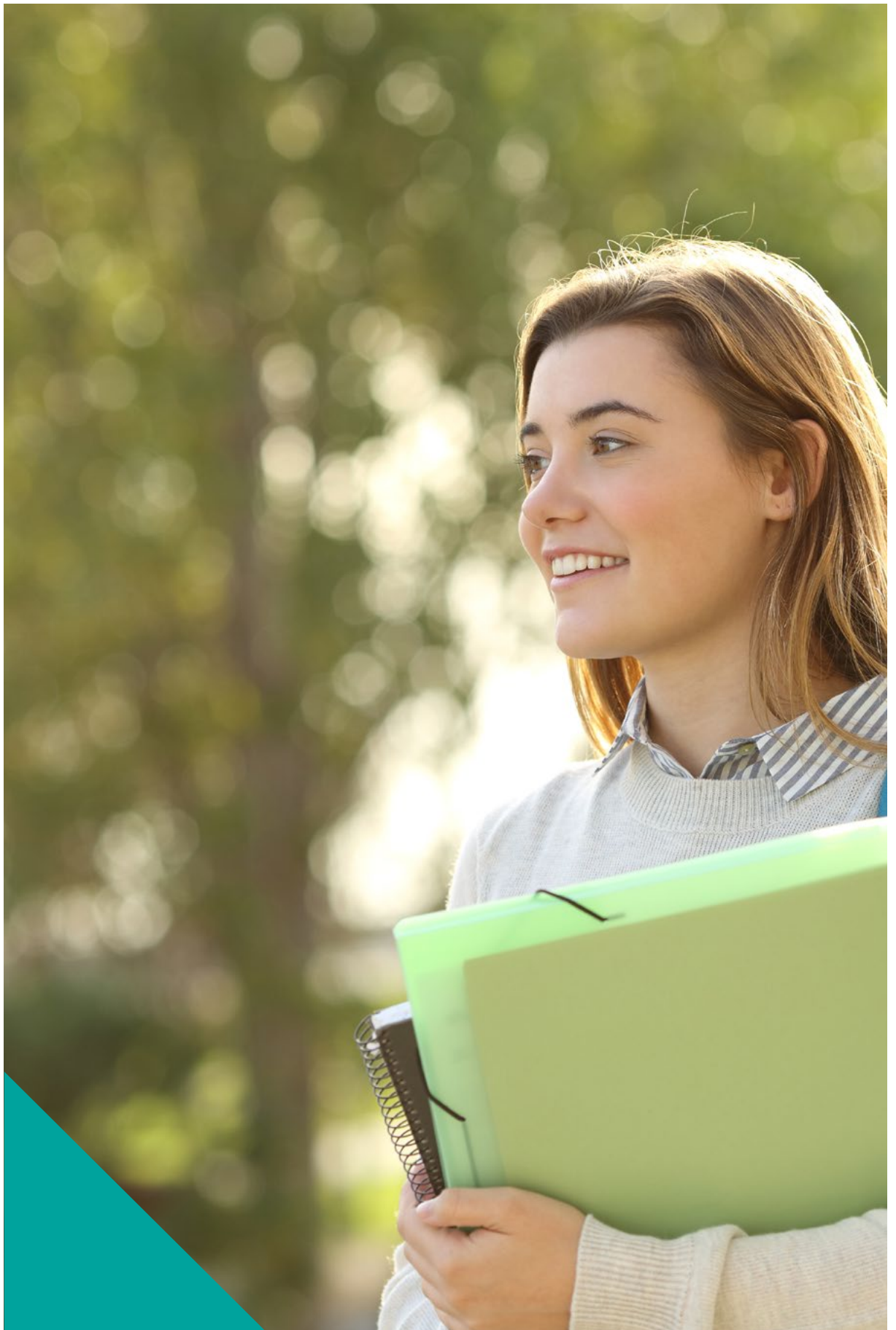
Engagement Group

The Engagement Group is responsible for maintaining and growing relationships with the sector and other higher education stakeholders. TEQSA stakeholders include peak bodies, regulatory beneficiaries (students, employers and the Australian public), other regulators, professional accreditation bodies, international agencies (including quality assurance agencies of other countries), and the media. The Engagement Group delivers TEQSA's Annual Conference, and manages all internal and external communications, sector assessments, the TEQSA Experts database, and expert engagement activity.

Executive Office

The Executive Office has primary responsibility for coordinating overall agency activities, including liaising with government and public service stakeholders, including the Minister's Office, the Department of Education and the Higher Education Standards Panel (HESP).

The Executive Office is responsible for: managing the development of, and reporting against, the Corporate Plan, the Annual Report and the RPF; preparing for Senate Estimates appearances; coordinating enterprise risk management; and providing executive and administrative support to the Commissioners, CEO, accountable authority, the SMT and other internal committees.



Performance review

- Performance against objectives
- Analysis of TEQSA's financial performance

Section 3: Performance review

Introductory statement

We, the TEQSA Commissioners, as the accountable authority of the Tertiary Education Quality and Standards Agency (TEQSA), present the 2018–19 annual performance statements of TEQSA, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In our opinion, these annual performance statements are based on properly maintained records, accurately present the performance of the entity, and comply with subsection 39(2) of the PGPA Act.

TEQSA'S purpose

TEQSA's purpose is to protect student interests and the reputation of the higher education sector by assuring the quality of Australian higher education through a proportionate risk-reflective approach that supports diversity, innovation and excellence.

TEQSA'S objectives 2018–22

The *TEQSA Corporate Plan 2018–22* sets out TEQSA's proposed actions over a four-year period under four objectives:

1. Quality assure and regulate the sector in a timely, transparent and risk-reflective manner.
2. Support providers to deliver high quality higher education, protect student interests and enhance the reputation and competitiveness of Australia's higher education sector.
3. Provide advice and information to inform decisions about the appropriateness and quality of higher education.
4. Take prompt and effective action to address substantial risks to students or the reputation of the sector.

Performance against objectives

Objective 1: Quality assure and regulate the sector in a timely, transparent and risk reflective manner

Action 1.1 Improve the case management approach.

Source:	
2018–22 Corporate Plan, p. 16	
Regulator Performance Framework KPI 5	
Performance Indicator:	
TEQSA's dealings with higher education providers are open, transparent and consistent.	Seventy-three per cent of providers rated TEQSA as good or excellent in relation to the agency being open, transparent and consistent in dealings with their organisation in 2018–19.
Deliverables:	
Review, develop and implement a revised case management approach to regulation with enhanced use of a partnership model. <i>(Timeframe: 2018–20)</i>	The project to review the case management approach commenced in 2018–19.
Develop a contemporary approach to quality assurance of the sector in line with policy changes. <i>(Timeframe: 2018–22)</i>	Advice and feedback on the possible changes to the AQF and the review of provider categories was provided to the review teams and HESP.
Target:	
The majority of providers rate the case management approach as good or excellent.	Sixty-nine per cent of providers rated the overall approach to case management as good or excellent in 2019 compared to 53 per cent in 2018.
Overall result: Achieved	

Evolving the approach to assessment

During 2018–19, TEQSA commenced a project to document, review and recommend changes to the case management approach that has been in place since the commencement of operations in 2012. The project was initiated in response to feedback from providers, at forums and through the stakeholder survey, asking for a move to an enhanced partnership model of regulation.

Policy changes

The review of the Australian Qualifications Framework (AQF) by the Department of Education has the potential to impact the shape and type of qualifications within the regulatory scope of TEQSA and, in particular, those qualifications that are common to both higher education and vocational education and training. During 2018-19, TEQSA provided advice to the AQF Review Panel and the HESP on the operation of the AQF from a regulatory perspective and the impact of potential changes to the HES Framework.

TEQSA also provided advice to the HESP in relation to: the review of Part B: Criteria for Higher Education Providers of the HES Framework; the implementation by higher education providers of the recommendations for the transparency of admissions; and provider responses to the Australian Human Rights Commission's *Change The Course: National Report on Sexual Assault and Sexual Harassment at Australian Universities (2017)*.

Action 1.2 Implement mechanisms to ensure efficient assessment of applications.

Source:	
2018-22 Corporate Plan, p. 16	
2018-19 Portfolio Budget Statements, p. 172	
Regulator Performance Framework KPI 1	
Performance Indicator:	
Quality assurance and regulation does not unnecessarily impede the efficient operation of higher education providers.	Fifty-nine per cent of providers rated TEQSA as good or excellent in assuring and regulating the sector without unnecessarily impeding the efficient operation of higher education providers.
Deliverable:	
Reduce the time taken to make decisions about applications where the risk of non-compliance is low. (<i>Timeframe: 2018-22</i>)	Overall median processing time for all application types (excluding CRICOS other) reduced by 24 per cent.
Targets:	
Ninety per cent or more of decisions about applications for re-registration from low-risk providers are made within six months in 2018-19 with further improvements to timeliness in 2019-20.	None of the nine decisions about applications for re-registration from low-risk providers were made within six months.
Ninety per cent or more of decisions about applications for accreditation from low-risk providers are made within three months in 2018-19 with further improvements in timeliness in 2019-20.	Eighty per cent of decisions about applications for accreditation from low-risk providers were made within three months.
Overall result: Partially achieved	

Caseload in 2018-19

In 2018-19, TEQSA received an increased number of applications. Under the TEQSA Act, the maximum period for registration of providers and accreditation of courses is seven years. The applications received in 2018-19 consisted of: renewal of registrations or accreditations granted less than seven years since 2012; registrations that were part of the transitional arrangements at the commencement of operations in 2012; and renewal of registrations or accreditation that were first assessed in 2012. The caseload also included a tripling in the number of applications from prospective entrants to the sector compared to the previous year. Table 1 sets out TEQSA's caseload over the last three years.

Table 1: TEQSA's caseload

Caseload stage	2016-17	2017-18	2018-19
Assessments carried over from the previous financial year	288	211*	141*
Applications received (including initial registration applications)	294 (28)	193 (7)	260 (22)
Completed assessments	374	269	255

*As a result of a change to the reporting of internal reviews in 2018-19, the figures provided in last year's annual report of the number of assessments the carried forward into 2017-18 changed from 208 to 211 assessments and consequently, the residual caseload carried forward to 2018-19 changed from 132 to 141 assessments.

Table 2 sets out the total number of assessments completed and decisions made in 2018-19. The decrease in the number of assessments completed is largely due to the receipt of applications in the later part of 2018-19, which had not yet been completed by the end of the operational year. In 2018-19, 255 assessments were completed, including 69 applications withdrawn by applicants. Most withdrawals occurred after TEQSA had completed assessment of the application but before a decision was made.

In addition to the assessments shown in Table 2, TEQSA completed 625 other assessments of applications made under the ESOS Act.

Table 2: Completed assessments and decisions

	2016-17	2017-18	2018-19
Decisions	296	192	186
Withdrawn	78	77	69
TOTAL (completed assessments)	374	269	255

Meeting caseload timeframes

In 2018-19, there was an improvement in the median processing time for most types of applications as shown in Table 3. The improvement was partly due to the reduced caseload for some types of applications but also due to the commencement of new staff to undertake assessments in the latter part of the year.

Table 3: Number of assessments decided and number of days to decision

	2016-17	2017-18	2018-19
Number of assessments decided	296	192	186
Average number of days to decision	303	290	273
Median number of days to decision	295	299	226

Table 4 shows the median number of days for processing. The increase in the median processing time for applications for course re-accreditation was primarily caused by assessments for which the decisions were delayed due to: associated decisions involving compliance assessments; cases before the AAT; or priority being given to new accreditations to support providers getting new courses to market.

Table 4: Median number of days for processing of applications from submission to decision

	2016-17	2017-18	2018-19
Registration	349	419	231
Re-registration	377	399	397
Course accreditation (registered and prospective providers)	244	303	154
Course accreditation (registered providers)	160	299	147
Course re-accreditation	363	247	413

In relation to the processing time for applications from low risk providers, the target of 90 per cent of assessments completed within six months for renewal of registration was not achieved primarily due to the impact of assessments carried forward from previous operating years. For applications for accreditation of new courses from low risk providers, 80 per cent of decisions were made within the target period of three months.

Under its governing legislation, TEQSA is obliged to provide particular forms of advice or complete certain processes within specified timeframes. Table 5 contains information about TEQSA's performance in meeting legislative deadlines required by the TEQSA Act. In 2018-19, the agency met the majority of its legislative deadlines.

Table 5: Performance in 2018-19 against the requirements of the TEQSA Act

Requirement	Performance
<p>Section 19</p> <p>TEQSA must undertake a preliminary assessment of an application for registration within 30 days after an application is made</p>	<p>Mostly achieved</p> <p>Nineteen of 20 assessments undertaken in 2018-19 were completed within 30 days.</p>
<p>Section 21</p> <p>TEQSA must make a decision on an application for registration within nine months of receiving it or, if TEQSA is satisfied for reasons beyond its control that a decision cannot be made within the nine months, TEQSA may determine a longer period not exceeding a further nine months, within which it must make a decision on the application</p>	<p>Achieved</p> <p>All nine decisions on applications for registration were made within nine months.</p>
<p>Section 47</p> <p>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.</p>	<p>Achieved</p> <p>All 114 assessments undertaken in 2018-19 were completed within 30 days.</p>
<p>Section 49</p> <p>TEQSA must make a decision on an application for accreditation of a course of study within nine months of receiving it, or if TEQSA is satisfied for reasons beyond its control that a decision cannot be made within the nine months, TEQSA may determine a longer period not exceeding a further nine months, within which it must make a decision on the application.</p>	<p>Achieved</p> <p>All 59 decisions on applications for accreditation of courses were made within nine months.</p>
<p>Section 186</p> <p>TEQSA must make a decision on a review of a reviewable decision within 90 days after receiving the application for review.</p>	<p>Achieved</p> <p>All eight decisions on a review of reviewable decisions were made within 90 days.</p>

Adverse decisions

TEQSA informs applicants of proposed adverse decisions, including the reasons for those proposed decisions, and no decision is made until the applicant has had an opportunity to respond to the basis for the proposed decision. In the 2019 stakeholder survey, 74 per cent of providers rated TEQSA as good or excellent in relation to providing opportunities to address matters relevant to a regulatory decision, prior to a final decision being made. This compares with 64 per cent in 2018.

In 2018-19, the proportion of re-registration assessments with an adverse decision decreased compared with the last two years. Adverse decisions include the imposition of conditions, cancellation of registration, or rejection of an application. In 2018-19, 38 per cent of decisions about re-registration were adverse compared with 56 per cent in 2017-18.

Table 6: Percentage of assessments of re-registration applications with an adverse decision

Year	Adverse (%)
2016-17	50
2017-18	56
2018-19	38

Applications from prospective entrants

In 2018-19, a total of 17 applications from prospective entrants to the sector were assessed. Eight applications were withdrawn by the applicants before a decision was made, five applications were granted registration (but all were granted less than the maximum seven-year period for registration, in line with the TEQSA Initial Provider Registration Policy) and four applications were rejected. Of the four applications rejected, two applied for external review in the AAT during 2018-19.

External review matters

In 2018-19, TEQSA was a party in 12 external review matters in the AAT relating to regulatory decisions.

In addition to eight matters carried over from 2017-18, four new matters commenced in the AAT in 2018-19. Seven matters were resolved by agreement, one matter was dismissed following withdrawal by the applicant and four matters were carried into 2019-20. As in past years, the most common areas of the HES Framework in relation to the matters under appeal involved corporate governance and staffing (including teaching staff, academic leadership and support staff). Other issues related to academic governance, course content, staff scholarship and professional development, and financial viability.

In 2018-19, matters resolved in the AAT took an average of 276 days.

Action 1.3 Ensure regulation of the sector is reflective of the risks to students and the sector.

Source:	
2018-22 Corporate Plan, p. 17 2018-19 Portfolio Budget Statements, p. 172-173 Regulator Performance Framework KPI 4	
Performance Indicator:	
TEQSA's compliance and monitoring approaches are streamlined and coordinated.	Fifty-four per cent of providers rated TEQSA good or excellent in relation to compliance and monitoring approaches being streamlined and coordinated.
Deliverables:	
Engage with providers about areas for improvements in TEQSA's approach using feedback from the stakeholder surveys. <i>(Timeframe: Annual)</i>	A revised engagement strategy has been developed to take account of feedback from stakeholder survey.
Streamline evidence requirements further for providers that demonstrate sustained low risk of non-compliance with standards. <i>(Timeframe: 2018-20)</i>	Policies for the renewal of registration and extension of existing registrations and accreditations for low-risk providers were developed.
Work with the department, ASQA, other agencies, professional bodies and international quality agencies to improve targeting of regulation. <i>(Timeframe: 2018-22)</i>	In addition to ongoing work with other agencies, a forum was held with professional accreditation bodies to examine strategies to streamline requirements.
Undertake cross border regulatory activity through engagement with quality agencies. <i>(Timeframe: 2018-22)</i>	TEQSA entered into an agreement with INQAAHE to develop a toolkit for quality agencies to address contract cheating incidents.
Targets:	
There is a demonstrated positive correlation between the risk rating of providers and assessment outcomes for each year.	Strong alignment between the risk profile of a provider and the outcomes of regulatory decisions was demonstrated.
Undertake two joint projects in 2018-21 with international partner agencies in accordance with memoranda of cooperation.	A project with INQAAHE was initiated on how quality assurance agencies should respond to contract cheating incidents.
Overall result: Achieved	

Stakeholder engagement approach

In 2018-19, TEQSA reviewed its stakeholder engagement strategy to take account of feedback from the 2018 stakeholder survey and events held in 2017-18. The strategy identified areas for targeted consultation, feedback mechanisms and areas for focus in 2018-19.

Regulatory policies

During 2018-19, the agency released and implemented a policy for extending the period of provider registration or course accreditation. The policy reflects the greater level of information and understanding of providers' operations and describes the basis on which TEQSA will offer extensions to registration and course accreditation periods to selected providers, including consideration of risk ratings and regulatory history. The policy reflects the agency's commitment to streamlining regulation of the sector in a proportionate and risk-reflective manner.

In 2018-19, seven providers were offered extensions to their existing registration periods. Six providers accepted the offers, and the subsequent decisions by TEQSA were published on the National Register of Higher Education Providers.

A policy on the approach to the renewal of registration of providers that have been identified as low risk was also developed during 2018-19 for implementation in 2019-20. The policy seeks to maximise use of the provisions of the HES Framework requiring an independent review of governance.

Risk Assessment Framework

TEQSA's Risk Assessment Framework is a key aspect of how TEQSA assesses risk. The Risk Assessment Framework provides a snapshot of higher education providers to help prioritise TEQSA's focus in undertaking its assurance activities.

In March 2019, the agency updated the Risk Assessment Framework to clarify the reporting of senior academic leaders. Cycle 6 of the annual risk assessment was completed during 2018-19 using data validated by the Department of Education from the Higher Education Information Management System (HEIMS). As in past years, all providers were sent a risk assessment report from Cycle 6.

The risk reflective approach to assessment means that the agency varies evidence requirements based on all available information about each registered provider's organisational characteristics and risk profile, and seeks to ensure that the agency's and provider's resources are targeted to areas of concern.

Analysis of TEQSA's regulatory decisions demonstrates a strong alignment between the risk profile of a provider and the outcomes of regulatory decisions, as demonstrated in Table 7.

Table 7: Risk ratings and outcomes for re-registration

	Provider risk rating	Adverse outcome* (per cent)	Positive outcome (per cent)
2016-17	Moderate to high	81	19
	Low	0	100
2017-18	Moderate to high	75	25
	Low	0	100
2018-19	Moderate to high	71	29
	Low	11	89

*Condition, rejection of application or < 7 years of registration

Table 8 demonstrates the relationship between the risk profile of a provider and the outcome of regulatory decisions about course accreditation and re-accreditation applications. TEQSA only accredits or re-accredits courses for providers without self-accrediting authority. Notwithstanding the smaller sample size, the analysis shows a good relationship between risk ratings and regulatory outcomes in 2016-17 and 2018-19. In 2017-18 the small sample size was very small and no relationship between risk rating and outcome was evident.

Table 8: Risk ratings and outcomes for course accreditation and re-accreditation

	Provider risk rating	Adverse outcome* (per cent)	Positive outcome (per cent)
2016-17	Moderate to high	66	34
	Low	0	100
2017-18	Moderate to high	50	50
	Low	58	42
2018-19	Moderate to high	64	36
	Low	25	75

*Condition, rejection of application or < 7 years of accreditation

Collaborating with other agencies

TEQSA works closely with relevant Commonwealth, State and Territory agencies, in particular, the Department of Education, HESP and the Australian Skills Quality Authority. This collaboration includes the regular exchange of information about providers that operate in both the higher education and the vocational education and training sectors.

The responsibilities of the HESP include developing and monitoring the operation of the HES Framework. During 2018-19, TEQSA Commissioners, the CEO and senior staff attended each meeting of the HESP to progress important sector matters such as:

- > TEQSA's work in relation to assessing and monitoring the response of higher education providers to the prevention of sexual assault and sexual harassment
- > an analysis of complaints to TEQSA about higher education providers
- > a report on the assessment outcomes of applications
- > changes to TEQSA charges arising from the Australian Government cost recovery policy
- > evolving the approach to assessment of applications
- > the Australian Qualifications Framework Review
- > the Review of the Higher Education Provider Category Standards
- > addressing risks to academic integrity
- > monitoring of overseas operations of registered providers
- > the review of freedom of speech provisions
- > engagement with the sector in relation to the Risk Assessment Framework
- > progress of the Admissions Transparency Project
- > monitoring of compliance with English language admission standards.

Working with peak and professional bodies

TEQSA currently has 36 agreements in place with industry bodies. During 2018-19, TEQSA signed or renewed agreements with the organisations listed in Table 9. As part of the goal of further streamlining evidence requirements for low-risk providers, a forum with professional accreditation bodies with which TEQSA has a Memorandum of Understanding (MoU) was held in late 2018. The forum covered the following areas:

- > how TEQSA and professional accreditation bodies could work more effectively together
- > dealing with variations in legislation and requirements
- > reducing duplication
- > adopting a risk-based approach.

The outcomes of the forum were used by TEQSA to further streamline assessment processes.

Table 9: MoUs with professional bodies signed or renewed in 2018-19

Organisation	Date signed or renewed
Safety Institute of Australia (SIA)	8 October 2018
Australasian Supply Chain Institute (ASCI)	18 October 2018
Health Professions Accreditation Collaborative Forum	8 November 2018
National Aboriginal and Torres Strait Islander Higher Education Consortium (NATSIHEC)	16 November 2018
Australian Physiotherapy Council	18 December 2018
Australian Health Practitioner Regulation Agency (AHPRA)	1 February 2019
Australian Community Workers Association (ACWA)	19 February 2019
Australian Library and Information Association (ALIA)	6 March 2019
Australian Society of Dermal Clinicians (ASDC)	18 March 2019
Australian Dental Council	25 March 2019
Council on Chiropractic Education Australasia (CCEA)	8 May 2019

Working with international quality agencies

TEQSA is an active member of a number of global higher education quality assurance networks, including the:

- > International Network for Quality Assurance Agencies in Higher Education (INQAAHE)
- > Council for Higher Education Association International Quality Group (CIQG)
- > Asia Pacific Quality Network (APQN)
- > Quality Beyond Boundaries Group (QBBG).

TEQSA's membership and contribution to these groups allow the agency to play an important role in protecting, enhancing and promoting the quality and integrity of Australia's higher education sector internationally.

During 2018-19, the agency continued its engagement with international quality assurance agencies and networks through various activities, including:

- > regular teleconferences with its international Memorandum of Cooperation (MoC) partners
- > TEQSA's International Quality Assurance Staff Exchange Program, in which:
 - TEQSA hosted delegates from the Office of Higher Education Commission Thailand (July and August 2018); NIAD-QE Japan (October 2018); Hong Kong Council for Accreditation of Academic and Vocational Qualifications, and SkillsFuture Singapore (December 2018); Higher Education Evaluation and Accreditation Council of Taiwan (March 2019); and the Endeavour Leadership Program, Vietnam (May 2019)
 - TEQSA staff members were hosted by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ) (March 2019).
- > participation in the QBBG annual meeting in Dubai in November 2018
- > participation in the EFMD/HUMANE Asian Summer School in Hong Kong in October 2018
- > participation in the Council of Higher Education (CHEA) and CHEA International Quality Group (CIQG) meetings in Washington, United States of America in January 2019
- > participation in the East Asia forum on joint quality assurance in transnational education in Kuala Lumpur in November 2018
- > participation in INQAAHE annual conference in Sri Lanka in March 2019.

Staff from a variety of international agencies were welcome visitors to TEQSA during 2018-19, including visitors from the Japan University Accreditation Association, Ministry of Education and Training Vietnam, Myanmar Ministry of Education, Saudi Arabian Cultural Mission, RISTEKDIKTI Indonesia, Japan Institution for Higher Education Evaluation, the Afghanistan Higher Education Exposure visit, Office of the Higher Education Commission Thailand, and the Australian China Culture and Education Exchange Centre.

TEQSA has established a strong and positive reputation globally, and plays a key role in working with international quality assurance partners to develop international approaches to shared quality risks.

During 2018-19, TEQSA signed or renewed MoCs with the organisations listed in Table 10. TEQSA also entered into an agreement with the International Network for Quality Assurance Agencies in Higher Education (INQAAHE) to develop a resource for quality agencies to address incidents of contract cheating.

Table 10: MoCs signed or renewed in 2018-19

Organisation	Date signed or renewed
Higher Education Evaluation and Accreditation Council of Taiwan (HEEACT)	20 July 2018
Fiji Higher Education Commission	15 August 2018
New Zealand Qualifications Authority	21 August 2018

Action 1.4 Enhance TEQSA's approach to monitoring, assessment and management of risks.

Source:

2018-22 Corporate Plan, p. 17

Performance Indicator:

Improved identification of high risk providers; reduced administrative cost burden for low risk providers; and improved evidence base for decisions about any required regulatory action.

Deliverables:

Engage with individual providers with high risk ratings to determine the progress and the effectiveness of providers' risk treatment plans. *(Timeframe: Annual)*

Providers with high risk ratings were identified and met with TEQSA to discuss their management of the risks identified.

The approach to scoping assessments aligns with TEQSA's risk appetite. *(Timeframe: 2018-19)*

Work has commenced on developing a risk appetite statement for assessments.

Incorporate broader and more timely sources of information about risks in monitoring of the sector. *(Timeframe: 2018-22)*

Work has commenced on the enhancement of TEQSA's monitoring framework.

Overall result: Achieved

Managing risk

Following the completion of the Cycle 6 risk assessments, TEQSA met with each provider with a high risk rating to discuss the results of their risk assessment and how the risks were being managed. Following the meetings, action plans were developed for those providers where TEQSA had residual concerns.

In 2018-19, TEQSA commenced a project to develop a specific risk appetite statement for regulatory assessment. The project included consultation with assessment managers and regulatory decision makers and consideration of the risk appetite statements of other regulators. The new risk appetite statement will be implemented in 2019-20.

In 2018-19, work to incorporate broader and more timely sources of information to monitor risks to the sector commenced, including improvements in the handling of complaints about providers. A program of workshops and consultation with the sector on TEQSA's current Risk Assessment Framework was finalised and necessary changes will be implemented in 2019-20.

The suite of projects that are part of the monitoring framework include: enhancing the risk categorisation of providers; environmental scanning; and improved analysis of complaints data and monitoring of social media activity.

Complaints

In 2018-19, TEQSA received a total of 445 complaints about providers. Approximately 102 of the complaints about providers were not within TEQSA's remit (relating, for example, to providers offering only vocational education and training) or did not contain enough information for TEQSA to identify the provider. Of the remaining complaints, 168 complaints related to universities, 137 complaints related to other higher education providers, 35 complaints related to providers that offered awards without TEQSA registration, and three complaints related to ELICOS providers that are regulated by TEQSA.

TEQSA improved its procedures for managing complaints about providers (including complaints about responses by providers to incidents of sexual assault and sexual harassment). Further improvements to TEQSA's complaints-handling procedures are currently underway and will be implemented in 2019-20.

Objective 2: Support providers to deliver quality higher education, protect student interests and enhance the reputation and competitiveness of Australia’s higher education sector

Action 2.1 Consult with stakeholders and identify issues and delivery strategies where guidance is required.

Source:	
2018–22 Corporate Plan, p. 18 Regulator Performance Framework KPI 6	
Performance Indicator:	
The quality assurance and regulatory framework continues to be improved in consultation with relevant stakeholders.	Sixty-seven per cent of providers rated TEQSA as good or excellent in relation to the improvement of the quality assurance and regulatory framework is undertaken in consultation with relevant stakeholders.
Deliverables:	
Establish a program for delivery of information about quality enhancement based on identified needs and evidence of good practice. <i>(Timeframe: 2018–20)</i>	A program of work about quality enhancement is underway in the areas of online learning, addressing sexual assault and sexual harassment, improving retention of students, addressing contract cheating and improving the transparency of admissions.
Consult relevant stakeholders in implementing legislative and other changes arising from the review of the impact of the TEQSA Act. <i>(Timeframe: 2018–22)</i>	The amendment Bill is currently before the Parliament.
Consult the sector on application fees and the annual levy in light of the Government policy on cost recovery. <i>(Timeframe: 2018–19)</i>	The commencement date for the levy and revised charges was revised by the Government in the 2018–19 MYEFO to 1 January 2020.
Overall result: Achieved	

Quality enhancement

During 2018–19, TEQSA focused on developing tools and resources to support the sector to enhance quality in five main areas: quality assurance of online learning, preventing and responding to sexual assault and sexual harassment, improving retention of students, preventing and addressing contract cheating, and improving the transparency of admission processes.

In November 2018, a forum was held to examine the quality assurance landscape and emerging trends associated with online learning and its delivery in the Australian higher education sector. It was also an opportunity to discuss the role of TEQSA in supporting the quality assurance and enhancement of online courses. The forum was attended by 135 stakeholders from the sector and included a student panel

discussion on the opportunities and challenges experienced by students studying online. Over 85 per cent of respondents to a post-event survey rated the event as very good or excellent. A report on the forum and the outcomes is available on the TEQSA website at teqsa.gov.au/latest-news/publications/occasional-forum-series-quality-assurance-online-learning.

Following a request from the then Minister for Education and Training that all higher education providers report to TEQSA on how they are responding to the findings of the Australian Human Rights Commission *Change the Course: National Report on Sexual Assault and Sexual Harassment at Australian Universities*, TEQSA published a report on the sector's response in January 2019. This report is available on the TEQSA website at teqsa.gov.au/latest-news/publications/report-minister-education-higher-education-sector-response-issue-sexual. TEQSA has commenced the development of a good practice note on preventing and responding to sexual assault and sexual harassment.

In May 2018, the then Minister for Education and Training wrote to TEQSA regarding the recommendations of a report from the HESP on *Improving retention, completion and success in higher education*. The recommendations accepted by the government included the development of a good practice note by TEQSA on effective strategies used by providers to lift performance in student retention. Providers are required to respond by October 2019. TEQSA has commenced developing the good practice note for publication in 2019-20.

In April 2019, TEQSA engaged an expert to prepare a good practice note on making higher education admissions transparent for prospective students. The *Good Practice Note: Making higher education admissions transparent for prospective students* builds on TEQSA's *Advice on Admissions Transparency* report which was released in 2017-18 and aims to further support and promote the quality assurance approaches of providers in relation to admissions transparency. The good practice note was published in July 2019 on the TEQSA website at teqsa.gov.au/latest-news/publications/good-practice-note-making-higher-education-admissions-transparent.

TEQSA recognises that risks to academic integrity such as contract cheating can be highly sophisticated and difficult for providers to detect and mitigate. TEQSA is focused on supporting the sector and is soon to deliver workshops and a toolkit to support providers address the risks to academic integrity from contract cheating.

Changes from the Review of the TEQSA Act

The Review of the TEQSA Act recommended some amendments to the Act that are designed to: improve the Act's administration, strengthen TEQSA's regulatory role, and better reflect the evolution of the role of the HESP as the statutory advisory body established under the Act. Other non-legislative recommendations were made to improve the function and efficiency of TEQSA. The *Tertiary Education Quality and Standards Agency Amendment Bill 2018* was introduced to the House on 5 December 2018 but lapsed with the calling of the election. The Bill was subsequently listed for introduction on the Winter/Spring sittings for 2019.

Changes arising from the government policy on cost recovery

In the 2018–19 Budget, the Australian Government announced that the TEQSA would receive additional funding of \$24.3 million over four years to increase its capacity to monitor and address threats to quality and integrity in a complex higher education delivery environment. The government also announced that TEQSA would transition from partial to full cost recovery arrangements during 2021–22 for its regulatory activities.

As part of the move to full cost recovery, it was also announced in the 2018–19 Budget that a sector-wide levy would be introduced in order to recover the costs of TEQSA's non-application based activities.

In the 2018–19 Mid-Year Economic and Fiscal Outlook (MYEFO), the commencement of TEQSA's transition to full cost recovery was revised by the government to 1 January 2020.

Section 158 of the TEQSA Act gives TEQSA the authority to determine fees that it may charge for things done in the performance of its functions. Before a legislative instrument can be made by TEQSA, the proposed schedule of fees must be approved by the Minister for Education. The current Determination of Fees is available at legislation.gov.au/Series/F2013L02162.

Action 2.2 Publish information about quality assurance and regulatory matters.

Source:

2018–22 Corporate Plan, p. 18
2018–19 Portfolio Budget Statements,
p. 173
Regulator Performance Framework KPI 2

Performance Indicator:

TEQSA's communication with higher education providers is clear, targeted and effective.

Sixty-five per cent of providers rated TEQSA as good or excellent for clear, targeted and effective communication.

Deliverables:

Develop further guidance notes and communicate to providers to support compliance with the 2015 Higher Education Standards Framework.
(Timeframe: 2018–22)

Twelve guidance notes were revised or released in 2018–19.

A new approach to supporting prospective entrants was initiated in 2018–19.

Target

80 per cent or more of stakeholders surveyed each year rate TEQSA's communication as good or excellent.

Seventy-seven per cent of providers rated TEQSA's communication overall as good or excellent.

Overall result: Partially achieved

Guidance notes

During 2018–19, TEQSA released or updated 12 guidance notes to provide greater clarity for providers in the interpretation and application of selected standards. Guidance notes were prepared by drawing on the regulatory experience of the agency and the knowledge of experts in the higher education sector.

A number of guidance notes that were released following the transition to the HES Framework 2015 were revised in 2018–19 based on feedback from stakeholders. These included guidance notes addressing research and research training, grievance and complaint handling, credit and recognition of prior learning, workforce planning, financial assessment, financial standing, technology enhanced learning, scholarship, academic integrity and external referencing. New guidance notes released in 2018–19 addressed academic leadership and ELICOS direct entry.

During 2018–19, TEQSA also released updated guidance for providers applying for renewal of registration or self-accrediting authority.

In 2018–19, TEQSA's guidance notes webpage received close to 21 000 views.

Support for prospective entrants

During 2018–19, TEQSA enhanced its engagement with prospective entrants to the sector. This was based on the findings of the *Assessment Insights* report released in September 2018 that found that applications for initial registration were generally failing to meet multiple standards relating to corporate and academic governance. There were also common issues relating to financial sustainability and viability and academic leadership and staffing. TEQSA representatives now meet each applicant following the successful completion of the preliminary assessment stage, to talk through areas of focus and improvement, and to help prospective entrants better understand and navigate the registration requirements.

Stakeholder survey results regarding communication

In the 2019 stakeholder survey, 77 per cent of providers rated the agency as good or excellent in relation to a range of aspects. Specifically:

- > 89 per cent of providers rated TEQSA as good or excellent in relation to the usefulness of TEQSA's regulatory policies and processes provided through the website and newsletters.
- > 71 per cent rated the information provided on the National Register as good or excellent.
- > 71 per cent rated the use of a variety of media and channels to communicate sector-wide updates as good or excellent.
- > 88 per cent rated the usefulness of the information on the HES Framework as good or excellent.
- > 79 per cent rated the usefulness of TEQSA-facilitated workshops and webinars to discuss regulatory requirements as good or excellent.
- > 65 per cent rated the usefulness of the TEQSA conference as good or excellent.

Objective 3: Provide advice and information to inform decisions about the appropriateness and quality of higher education

Action 3.1 Enhance engagement with students.

Source:	
2018–22 Corporate Plan, p. 19 Regulator Performance Framework KPI 6	
Performance Indicator:	
The quality assurance and regulatory framework continues to be improved in consultation with stakeholders.	See Action 2.1.
Deliverables:	
Hold three meetings of the Student Expert Advisory Group to discuss and identify sector wide issues for students and to develop strategies for the deeper integration of students with TEQSA's regulatory work. (<i>Timeframe: Annual</i>)	Four meetings were held during 2018–19 and key issues and strategies were discussed.
Overall result: Achieved	

Student engagement

TEQSA values the insights and experience contributed by the Student Expert Advisory Group. Meetings with TEQSA's Student Expert Advisory Group were held in July 2018, November 2018, February 2019 and June 2019. The group includes representatives from the major student representative bodies – the National Union of Students, the Council of International Students Australia, the Council of Australian Postgraduate Associations, the National Aboriginal and Torres Strait Islander Postgraduate Association, the Union of Aboriginal and Torres Strait Islander Students and the Australian Queer Students Network. During 2018–19 discussions included various topics such as: sexual assault and sexual harassment, improvements to admissions transparency and combating contract cheating.

More information on the Student Expert Advisory Group is available on the TEQSA website at teqsa.gov.au/student-engagement.

TEQSA has also presented at student meetings and has met with individual student representatives to discuss the involvement of students in TEQSA's monitoring of the sector. In 2018–19, the agency commenced planning for engaging students in regulatory assessments. A joint project with the Singapore quality assurance agency was initiated in 2018–19 to survey students studying at Australian providers in Singapore.

In 2018–19, TEQSA also formalised its relationship with the Union of Aboriginal and Torres Strait Islander Students (UATSIS) by signing an MoU on 9 July 2018.

Action 3.2 Provide information about the sector to inform policy development, good practice and student choice.

Source:	
2018-22 Corporate Plan, p. 20	
Performance Indicator:	
Policy makers and other stakeholders are provided with an evidence base for decision making in relation to particular issues.	
Deliverables:	
Publish key data used or collected by the agency. <i>(Timeframe: Annual)</i>	Fifth edition of the Statistics report, fourth edition of the key financial metrics report and a report on assessment insights released.
Prepare reports on the international activity of Australian higher education providers. <i>(Timeframe: Annual)</i>	Monitoring of the international activities of providers commenced.
Publish the review of the transparency of admissions processes. <i>(Timeframe: 2018-19)</i>	The second evaluation of transparency of admissions processes is due in 2019-20.
Report on the analysis of the sector's response to sexual assault and sexual harassment. <i>(Timeframe: 2018-19)</i>	The report on the sector response to sexual assault and sexual harassment was released.
Contribute to the Higher Education Standards Panel review of provider categories. <i>(Timeframe: 2018-19)</i>	Advice and submissions have been provided to the HESP and the Review of the Provider Category Standards.
Promote information about recent regulatory decisions on the National Register of Higher Education Providers. <i>(Timeframe: 2018-19)</i>	The National Register search facilities and presentation format were enhanced.
Contribute to the work of the Department of Education and Training in relation to: <ul style="list-style-type: none"> > the review of the Australian Qualifications Framework > implementing the recommendations of the review of professional accreditation > improving retention, completion and success in higher education > developing legislation to make the provision of contract cheating services illegal. <i>(Timeframe: 2018-22)</i>	Advice and submissions have been provided to the Department of Education and Australian Qualifications Framework Review.
Overall result: Achieved	

Publication of data

In August 2018, TEQSA released the *Statistics report on TEQSA registered higher education providers 2018*. This is the fifth report in the series and uses data from 2016 to provide high-level information about providers, students, academic staff and finance. The report includes data from previous years where available to enable reporting of trends. This year the report included a special focus on the analysis of international student data. The report was published on the TEQSA website at teqsa.gov.au/latest-news/publications/statistics-report-teqsa-registered-higher-education-providers-2018.

In September 2018, TEQSA released its *Assessment Insights* report which examined the assessment outcomes for applications received up to 31 December 2016 (prior to the HES Framework 2015 coming into effect) and the issues which were regularly encountered. The report included a range of information which might assist existing and prospective providers with better understanding how they might improve the results of their applications to TEQSA. The report was published on the TEQSA website at teqsa.gov.au/latest-news/publications/assessment-insights.

In December 2018, the fourth edition of the *Key financial metrics on Australia's higher education sector* report was released. The report provided a snapshot of key financial metrics across the sector, which are important in measuring the capacity and capability of providers to deploy financial resources in a way that supports quality in the delivery of higher education. The fourth edition also included a special focus topic of dual sector providers, as nearly half of all registered higher education providers also deliver vocational education and training as registered training organisations. The report was published on the TEQSA website at teqsa.gov.au/latest-news/publications/key-financial-metrics-australias-higher-education-sector-4th-edition.

During 2018-19, the agency commenced a project to enhance reports on the international activity of Australian higher education providers. The development of public reporting on this topic has commenced.

Review of sector response to sexual assault and sexual harassment

Following a request from the then Minister for Education and Training that all higher education providers report to TEQSA about how they are responding to the findings of the Australian Human Rights Commission *Change the Course: National Report on Sexual Assault and Sexual Harassment at Australian Universities*, TEQSA published a report on the sector's response in January 2019. The report is available on the TEQSA website at teqsa.gov.au/latest-news/publications/report-minister-education-higher-education-sector-response-issue-sexual.

Contributing to reviews impacting higher education regulation

During 2018-19, a number of reviews were underway or completed by the HESP that were of relevance to the work of the agency. These included:

- > the Review of the Higher Education Provider Category Standards
- > the Australian Qualifications Framework Review
- > the recommendations arising from the review of professional accreditation
- > the recommendations of the *Improving retention, completion and success in higher education* report.

In the case of each of these reviews or reports, TEQSA provided its experience, insights, advice and feedback to the review teams and the HESP.

TEQSA also worked directly with the Department of Education on the development of legislation to make the provision of contract cheating services illegal, and on the review of feedback on the consultation draft.

National Register of Higher Education Providers

TEQSA is required by section 198 of the TEQSA Act to establish and maintain a national register. The National Register of Higher Education Providers (National Register) provides stakeholders with useful information about all registered providers and TEQSA's regulatory action. Regulatory decisions and reasons for those decisions are provided on the TEQSA website at teqsa.gov.au/national-register.

During 2018-19, the National Register was refreshed to improve the search tools and the presentation of information about each provider. During the year, TEQSA also published summary reports of the decisions published on the National Register each quarter.

In 2018-19, nine new providers were added to the National Register, including four registration decisions made by the AAT. As of 30 June 2019, 174 providers were registered with TEQSA as per Table 11 and 1653 TEQSA accredited courses were listed.

Table 11: National Register breakdown as at 30 June 2019

Provider Category	Providers with SAA (full or partial)	Providers with no SAA	TOTAL
Higher Education Provider*	12	119	131
Australian University	40	0	40
Australian University of Specialisation	1	0	1
Overseas University	2	0	2
Total providers	55	119	174

In 2018-19, the National Register received close to 67,000 page views.

Objective 4: Take prompt and effective action to address substantial risks to students or the reputation of the sector

Action 4.1 Undertake compliance assessments of those providers that continue to present substantial risks to students.

Source:	
2018-22 Corporate Plan, p. 21 Regulator Performance Framework KPI 3	
Performance Indicator:	
Regulatory actions undertaken by TEQSA are proportionate to the risks being managed.	Sixty-three per cent of providers rated TEQSA as good or excellent in relation to regulatory actions being proportionate to the risks being managed.
Deliverable:	
Ensure compliance assessments involve prompt, targeted action about substantial risks to students or the reputation of the sector. (<i>Timeframe: 2018-22</i>)	Findings of compliance assessments were used to inform decisions about applications for renewal of registrations from providers under investigation.
Overall result: Achieved	

Compliance assessments

In 2018-19, the dedicated Compliance and Investigations Team established in May 2018 undertook new compliance assessments that contributed to decisions about the renewal of registration of the providers under investigation. The agency also continued to work on compliance assessments carried over from 2017-18, and to build the investigation capability through the development of internal procedures and reporting processes.

Action 4.2 Take enforcement action against entities in cases involving extensive non-compliance with the legislation administered by TEQSA.

Source:	
2018–22 Corporate Plan, p. 21	
Performance Indicator:	
TEQSA is effective in maintaining the quality of the sector.	
Deliverables:	
Report on enforcement action taken as a result of investigations and compliance assessments. <i>(Timeframe: Annual)</i>	TEQSA investigated Elite Education Institute Pty Ltd which has resulted in the imposition of a condition.
Ensure enforcement action effectively reduces the risk of non-compliance. <i>(Timeframe: 2018–22)</i>	TEQSA cancelled the registration of Parapharm Pty Ltd and informed affected students of options. A review of current conditions was undertaken for a project on the effectiveness of conditions.
Target:	
The majority of stakeholders rate TEQSA's performance over the last 12 months in assuring the quality of Australian higher education as good or excellent.	Seventy-six per cent of providers rated TEQSA as good or excellent in assuring the quality of Australian higher education.
Overall result: Achieved	

Enforcement action

In 2018–19, TEQSA conducted an investigation of Elite Education Institute Pty Ltd (Elite), in partnership with other relevant Commonwealth agencies. On 20 June 2019, TEQSA imposed a condition on Elite's registration under the ESOS Act in light of substantial concerns about Elite's arrangements for the delivery of courses to overseas students. The condition imposed a time-limited restriction on the capacity of Elite to enrol or commence new students, while TEQSA finalises its ongoing investigation of the concerns it has identified.

During 2018–19, the registration of Parapharm Pty Ltd was cancelled and TEQSA worked with relevant agencies to provide students with their records and information on options available to them. In addition to information made available through the TEQSA website, information was also provided through approximately 130 emails and phone calls to students.

Impact of conditions and treatment plans


With the commencement of new resources in 2018–19, the agency decided that a project to review the impact of conditions and treatment plans was required. In order to prepare data for the project, a review of compliance with all the existing conditions on registrations or accreditations was undertaken. In total, 162 assessments of compliance with conditions were commenced or completed in 2018–19. This work resulted in 87 conditions being revoked, eight conditions varied and 82 new conditions being imposed.

Analysis of TEQSA's financial performance

For the 2018-19 financial year, the agency recorded a surplus of \$0.74 million compared with a deficit of \$0.53 million in 2017-18.

The *2018-19 Portfolio Budget Statements* estimated an operating deficit of \$0.89 million, which reflects the unfunded depreciation and amortisation expense.

The achievement of an operating surplus in 2018-19 is primarily attributable to the timing of recruitment activities. This has been partially offset by an increase in supplier expenses associated with contractors, experts and IT expenditure. The agency engages contractors and experts to support application-based activities, and to temporarily fill positions arising from staff movements and timing of recruitment activities.



Australians can be rightly proud of the strength and quality of our higher education system: the commitment of our higher education providers and universities to the achievement of positive outcomes for their students; the scholarship and research they undertake and the knowledge and understanding this contributes to their education programs; and the willingness they demonstrate to engage constructively with their stakeholders, including TEQSA, in the interests of quality assurance and enhancement.



Management and accountability

- Corporate governance
- Human resources
- Corporate services
- Financial management

Section 4: Management and accountability

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 and accountable authority instructions
- > an ethical and accountable organisational culture
- > transparency in public reporting.

Decision forums and committees

Commission

The TEQSA 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 quality assurance and regulatory framework, and its management of strategic relationships with key stakeholders.

In 2018-19, the Commissioners met on a fortnightly basis to consider and make decisions on regulatory matters.

Accountable authority

Section 132 of the TEQSA Act establishes the Commissioners as the accountable authority for the purposes of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). This confers various responsibilities and powers on the accountable authority to promote high standards of accountability and performance. As the accountable authority, TEQSA Commissioners are responsible for the governance of TEQSA's operations under the PGPA Act.

In 2018-19, Commissioners met on a quarterly basis as the accountable authority to review performance against the corporate plan and received monthly reports on the assessment workload and financial performance.

The appointment of Commissioners also includes their role as the accountable authority of TEQSA. Table 12 lists the members of the accountable authority and their period of tenure in the role.

Table 12: Details of accountable authority during 2018–19

Name	Position title/ Position held	Period as the accountable authority or member	
		Commencement date	Cessation date
Professor Nicholas Saunders	TEQSA Chief Commissioner, accountable authority	6-Sep-2014	28-Feb-2021
Professor Joan Cooper	TEQSA Commissioner, accountable authority	15-Apr-2019	14-Apr-2024
Dr Linley Martin	TEQSA Commissioner, accountable authority	1-Feb-2015	31-Jan-2020
Professor Cliff Walsh	TEQSA Commissioner, accountable authority	3-Feb-2014	2-Feb-2022

Senior Management Team

The Senior Management Team (SMT) comprises the Chief Executive Officer (CEO), the Executive Director, Regulatory Operations and senior managers. The role of the SMT is to: provide advice to the CEO in discharging their statutory role; provide collective operational leadership for the agency; provide advice regarding decisions about TEQSA's operational requirements, strategic planning and risk management; and develop, for the consideration and approval of the accountable authority, drafts of the agency's corporate plan, annual report and annual budget. The SMT reviews TEQSA's performance against the objectives set out in the corporate plan and makes regular reports to the Commission as the accountable authority.

In 2018–19, the SMT met fortnightly and received regular reports, including quarterly progress reports against the operational plan.

Audit and Risk Committee

TEQSA's Audit and Risk Committee has been established in compliance with section 42 of the PGPA Act and operates under an Audit and Risk Committee

Charter approved by the accountable authority. In 2018–19 the committee comprised two external members (including the Chair) appointed by the accountable authority, and a TEQSA Commissioner.

The Audit and Risk Committee's role is to provide independent assurance to the accountable authority on TEQSA's financial and non-financial performance reporting responsibilities, risk oversight, and management. This includes reviewing the proposed internal audit coverage to ensure the approach is focused on TEQSA's key areas of financial and operational risk.

In 2018–19, two internal audits were carried out:

- > Provider Registration and Course Accreditation Review
- > Provider Risk Assessment and Compliance Monitoring Review.

In 2018–19, the Audit and Risk Committee met on a quarterly basis.

Security Committee

In 2018–19, TEQSA's Security Committee comprised the CEO (as Chief Security Officer), the Director Corporate, the Agency Security Advisor and the Information Technology Security Advisor. The committee met quarterly, to review all aspects of protective security affecting the agency, and assist the agency to meet its compliance, risk management, business continuity management and reporting requirements under the Australian Government *Protective Security Policy Framework*.

Planning and management

Corporate Planning

The *TEQSA Corporate Plan 2018–22* was:

- > submitted to the then Minister on 16 August 2018
- > approved on 22 August 2018
- > published on the TEQSA website by 28 August 2018
- > provided to the Minister for Finance.

Enterprise Risk Management Framework

TEQSA accepts that there may be risk in any aspect of its operations and that having an appropriate strategy for risk is critical. TEQSA uses a risk-based approach for its day-to-day business and is committed to the continuous improvement of risk management practices in line with the *Commonwealth Risk Management Policy* and the Department of Finance *Resource Management Guide 211 (ISO 31000:2009)*.

TEQSA's Enterprise Risk Management Framework is underpinned by a strong organisational culture, a deep understanding of risk in relation to regulatory matters, a risk management policy and risk appetite statement, an enterprise risk register, a Fraud Control and Anti-Corruption Plan, and arrangements for staff training and support.

Protective security

TEQSA's Agency Security Advisor is responsible for coordinating security functions in the agency and providing advice to the Chief Security Officer, management and staff on security matters. In 2018-19, TEQSA applied appropriate protective security measures, based on its risk profile, to ensure compliance with the majority of the mandatory requirements under the *Protective Security Policy Framework*. Mitigation plans have been established to address the remainder.

Ethical standards

TEQSA's measures to promote ethical standards within the agency include:

- > providing training for all staff in fraud awareness and conflicts of interest
- > maintaining policies relating to ethical standards and behaviour relevant to TEQSA's operational context; for example, in relation to email, internet use, fraud and disclosure of information
- > building adherence to the Australian Public Service (APS) Code of Conduct and Values into the individual performance and development plans of TEQSA staff.

External scrutiny

TEQSA is subject to external scrutiny by:

- > the Office of the Commonwealth Ombudsman
- > the Australian National Audit Office
- > the Administrative Appeals Tribunal
- > the Attorney-General's Department
- > the Office of the Australian Information Commissioner
- > parliamentary committees.

During 2018-19, the Commonwealth Ombudsman and parliamentary committees did not issue any reports on the operations of TEQSA. No judicial decisions, decisions of administrative tribunals, or decisions by the Australian Information Commissioner in 2018-19 had a significant impact on the operations of TEQSA.

The Australian National Audit Office is undertaking an audit of the agency's 2018-19 performance and will report its findings in 2019-20.

During 2018-19, TEQSA officials appeared at parliamentary committee hearings for:

- > 2018-19 Supplementary Budget Estimates (25 October 2018)
- > 2018-19 Additional Estimates (21 February 2019).

Fraud control

The Commonwealth Fraud Control Policy requires that accountable authorities provide an annual report about fraud to their Minister. Section 10 of the *Public*

Governance Performance and Accountability Rule 2014 requires the agency to take all reasonable measures to prevent, detect and deal with fraud, including by undertaking fraud risk assessments and establishing a fraud-control plan.

TEQSA's Fraud and Anti-Corruption Plan sets out TEQSA's policy and approach to fraud control, procedures to effectively manage fraud and corruption risks and incidents, and relevant reporting obligations. The plan, reviewed annually by TEQSA's Audit and Risk Committee, also provides for appropriate training and awareness-raising activities to support TEQSA staff in understanding their responsibilities in relation to fraud control.

TEQSA employees are subject to a robust employment screening process. It is compulsory for staff commencing with TEQSA to complete fraud awareness training. Staff with financial delegation are vetted by the Australian Government Security Vetting Agency (AGSVA) to a minimum of a baseline security clearance. As part of the vetting process, a financial history check is completed by AGSVA.

TEQSA adopts a zero-tolerance approach toward fraud and corruption, and aims to manage the fraud risk to a level as low as is reasonably practicable. TEQSA has no incidents of fraud to report for 2018-19. TEQSA remains committed to a proactive approach in fraud management, prevention and detection, in accordance with the Commonwealth Fraud Control Policy.

Service Charter

TEQSA is committed to excellence in service delivery and stakeholder engagement. The *TEQSA Service Charter* articulates the agency's approach to engaging with stakeholders, its service standards and how it handles complaints. TEQSA works hard to ensure its quality assurance and regulatory approach is responsive and service-oriented. To ensure good practice in its handling of complaints, TEQSA ensures students, providers and the general public are informed of options for making complaints about a provider or about TEQSA. More information is contained in this report at Appendix H: Complaints handling. TEQSA has begun a review of its arrangements for handling complaints about providers, with the intention of further improving this area of service.

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

For more information about the Service Charter is available at teqsa.gov.au/for-providers/resources/teqsa-service-charter.

Human resources

The terms and conditions of employment for non-Senior Executive Service (SES) TEQSA employees are set out in the *Tertiary Education Quality and Standards Agency Enterprise Agreement 2018-2021*. This enterprise agreement was voted up by staff in December 2017, approved by the Fair Work Commission, and came into effect on 18 May 2018.

TEQSA maintains a shared-services arrangement with the Productivity Commission for information and communications technology, and payroll services. The arrangement is beneficial for both agencies and for TEQSA's service delivery, significantly reducing costs.

Staffing statistics

As at 30 June 2019, TEQSA employed 53 APS and 30 executive-level staff, including one SES officer and five Office Holders. All were based in Victoria.

More information on TEQSA's staffing profile is included at Appendix C: Staffing Profile.

Remuneration and other terms and conditions

The conditions of employment for APS and executive-level employees are set out in the enterprise agreement. It offers competitive terms and conditions of employment, including financial assistance for relevant professional development.

TEQSA Commissioners, 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 CEO of TEQSA is also appointed by the Minister and the CEO's remuneration is determined by the Remuneration Tribunal.

Non-salary benefits

Non-salary benefits provided by the agency to employees include superannuation, home-based computer access, professional development and studies assistance, and flexible working arrangements.

Performance pay

TEQSA's enterprise agreement does not include provision for performance pay.

Performance assessment

TEQSA has a formal performance management system in place for staff. This assists in:

- > clarifying individual employee work tasks, responsibilities and performance
- > setting performance expectations and providing feedback
- > 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.

Learning committee

The Learning Committee is driven by a community of staff, focusing on information sharing by enhancing understanding and knowledge of strategic and emerging issues in the higher education sector. In 2018-19, TEQSA's Learning Committee facilitated 15 interactive sessions for staff with presenters from peak bodies, international agencies and internal experts of TEQSA.

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. In 2018-19, TEQSA provided staff with the following professional development:

- > health and wellbeing workshops
- > targeted management and leadership skills development

TEQSA's enterprise agreement also provided access for all staff to an annual reimbursement of up to \$3000 for the cost of relevant professional development, including fees associated with an approved course of study.

Staff induction, training and development program

In 2018, TEQSA commenced an extensive program of recruitment and training for 42 new or existing staff. The program consisted of internal subject matter experts delivering 30 modules over four months that included core induction information as well as case management fundamentals. Feedback from participants was very positive and the content of the program was made available to all staff through the agency intranet.

Workplace consultative arrangements

The agency consulted regularly with staff through a number of fora. Regular all-staff meetings provided staff with updates on a range of management and operational issues. Each group within the agency held regular meetings to raise issues and put forward ideas for improving the work environment. In addition, staff were able to provide comment and feedback through the TEQSA Staff Consultative Committee.

TEQSA Experts

In undertaking regulatory assessments, TEQSA uses external experts in a range of discipline areas and in specialised higher education learning and teaching methodologies. The agency maintains a Register of Experts that staff use to identify relevant experts. These engagements are primarily for course accreditation or renewal of accreditation applications and the advice of the experts informs the assessment of applications and the development of recommendations for decision makers.

In 2017-18, TEQSA commenced a review of the management of its Register of Experts and approach to engagement with TEQSA experts. As part of this review, in 2018-19 the agency completed a review of the selection and management of TEQSA experts to ensure a diversity of experts in relevant fields. TEQSA also commenced the following aspects of the project:

- > development of an enhanced database and a review program for the Register of Experts to better support TEQSA's assessment processes
- > establishment and support of a community of practice to update TEQSA experts on assessment requirements and share best-practice approaches.

Table 13: Work assignments completed by experts

Financial year	Completed work assignments
2016-17	191
2017-18	191
2018-19	138

In 2018-19, a total of 121 experts were engaged by TEQSA.

Corporate services

Legal services

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

Where necessary, the Legal Group obtains additional legal expertise from external legal service providers. The Legal Group ensures that TEQSA complies with the Legal Services Directions and other Commonwealth policies or rules relevant to the provision of legal services.

For more information about TEQSA's legal services expenditure teqsa.gov.au/our-contracts-senate-order-listing.

Information technology

TEQSA's information technology infrastructure and support is provided by the Productivity Commission under a shared-services agreement.

TEQSA is required to comply with the guidance from the Australian Government Information Management Office *Implementation of upgraded accessibility standard across Australian Government websites*. This requires TEQSA's website to conform to Web Content Accessibility Guidelines version 2.0 (WCAG 2.0).

Financial management

Fees

TEQSA operates on a partial cost-recovery basis, consistent with Commonwealth Cost Recovery Guidelines. Section 158 of the TEQSA Act 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 cannot determine fees without the Minister's approval.

TEQSA developed its initial fee schedule based on parameters set by the Australian Government in 2011 and TEQSA's status as a partial cost recovery agency. In the 2018-19 Budget it was announced that TEQSA will progressively transition from partial cost recovery to a full cost recovery model over a four-year period. Refer to *Section 3: Performance review Action 2.1* for further details.

Fees payable as at 30 June 2019 are available at legislation.gov.au/Details/F2013L02162.

Performance against core purchasing policies

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

Competitive tendering and contracting

TEQSA's Accountable Authority Instructions and Procurement Manual require compliance with the Commonwealth Procurement Rules.

All contracts worth more than \$10 000 entered into by TEQSA in 2018-19 were lodged on AusTender.

Procurement initiatives to support small business

TEQSA supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website.

TEQSA's procurement practices support small and medium enterprises by using:

- > the Commonwealth Contracting Suite for low-risk procurements valued under \$200 000
- > the Small Business Engagement Principles to effectively engage and communicate with small businesses
- > electronic systems to ensure invoices are paid on time and within the 30-day payment terms.

Exempt contracts

No contracts in excess of \$10 000 (inclusive of GST) or standing offers 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 \$10,000 or more with provisions to exempt Australian National Audit Office access to contractors' premises.

Consultancies

The agency engages consultants where it requires 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.

The selection and engagement of consultants was conducted in accordance with the PGPA Act, Commonwealth Procurement rules and internal policies and procedures. Table 14 states the number of new and ongoing contracts during 2018-19 and the expenditure on them.

Table 14: Number and expenditure on consultants, 2018-19

	Total
Number of new contracts entered into during the period	7
Total actual expenditure during the period on new contracts (including GST)	\$209,663
Number of ongoing contracts engaging consultants that were entered into during a previous period	4
Total actual expenditure during the period on ongoing contracts (including GST)	\$199,986

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 at [tenders.gov.au](https://www.tenders.gov.au).

Grants

TEQSA does not administer a discretionary grants program.



Financial report

- Independent Auditor's report
- Statement by the accountable authority and Chief Financial Officer
- Financial statement



INDEPENDENT AUDITOR'S REPORT

To the Minister for Education

Opinion

In my opinion, the financial statements of the Tertiary Education Quality and Standards Agency ('the Entity') for the year ended 30 June 2019:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2019 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Commissioners are responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Commissioners are also responsible for such internal control as the Commissioners determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioners are responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Commissioners are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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 Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Peter Kerr

Executive Director

Delegate of the Auditor-General

Canberra

29 August 2019

Section 5: Financial report

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STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2019 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Tertiary Education Quality and Standards Agency will be able to pay its debts as and when they fall due.



Professor Nicholas Saunders, AO
Chief Commissioner
on behalf of the Accountable Authority
29 August 2019



Robert Oliphant
Chief Financial Officer
29 August 2019

Tertiary Education Quality and Standards Agency
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget ¹ \$'000
NET COST OF SERVICES				
Expenses				
Employee Benefits	1.1A	8,231	6,894	11,656
Suppliers	1.1B	7,971	7,266	6,512
Depreciation and amortisation	3.2A	1,075	873	896
Finance Costs		80	12	86
Write-Down and Impairment of Other Assets		6	-	-
Losses from asset disposals		236	1	-
Total expenses		17,599	15,046	19,150
Own-Source Income				
Own-source revenue				
Rendering of Services		87	123	5
Rental Income	1.2A	266	255	258
Resources received free of charge		46	54	53
Total own-source revenue		399	432	316
Gains				
Reversal of write-downs and impairment		-	11	-
Total gains		-	11	-
Total own-source income		399	443	316
Net (cost of)/contribution by services		(17,200)	(14,603)	(18,834)
Revenue from Government	1.2B	17,938	14,072	17,938
Surplus/(Deficit) attributable to the Australian Government		738	(531)	(896)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		16	-	-
Total other comprehensive income		16	-	-
Total comprehensive income/(loss)		754	(531)	(896)

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

¹Original Budget reflects the figures in the 2018-19 Portfolio Budget Statements (PBS).

Tertiary Education Quality and Standards Agency
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2019

Budget Variances Commentary
Statement of Comprehensive Income

Affected line items	Explanations of major variances
<i>Expenses</i> <i>Employee Benefits</i>	Employee benefits expense is lower than budget due to the timing of recruitment activities during the year.
<i>Expenses</i> <i>Suppliers</i>	Supplier expenses is greater than budget due to expenses associated with contractors, experts and IT expenditure. TEQSA engages contractors and experts in application-based activities and to temporarily fill positions due to staff movements and timing of recruitment activities. IT related expenditure has increased due to the CRM re-development project.
<i>Expenses</i> <i>Depreciation and amortisation</i>	The increase can be attributable to the timing of intangible asset rollouts from the prior year, which has resulted in a full year of amortisation being recognised in 2018-19. Additional unplanned purchases of computer and IT equipment during the year has also contributed to depreciation being higher than budget.
<i>Expenses</i> <i>Losses from asset disposals</i>	Losses from asset disposals is greater than budget due to unplanned disposals. A number of items were identified as obsolete as part of the stocktake and impairment review of TEQSA's tangible and intangible assets.

Tertiary Education Quality and Standards Agency
STATEMENT OF FINANCIAL POSITION
as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget ¹ \$'000
ASSETS				
Financial assets				
Cash and Cash Equivalents	3.1A	289	160	112
Trade and Other Receivables	3.1B	9,913	6,248	7,152
Total financial assets		10,202	6,408	7,264
Non-financial assets				
Buildings - Leasehold Improvements	3.2A	618	816	837
Plant and Equipment	3.2A	425	461	332
Intangibles - Computer Software	3.2A	998	1,684	2,178
Other Non-Financial Assets		302	174	174
Total non-financial assets		2,343	3,135	3,521
Total assets		12,545	9,543	10,785
LIABILITIES				
Payables				
Suppliers	3.3A	628	494	327
Other Payables	3.3B	1,164	1,265	1,104
Total payables		1,792	1,759	1,431
Provisions				
Employee Provisions	6.1	2,060	1,490	2,799
Other Provisions	3.4A	825	826	722
Total provisions		2,885	2,316	3,521
Total liabilities		4,677	4,075	4,952
Net assets		7,868	5,468	5,833
EQUITY				
Contributed equity		13,060	11,414	13,060
Reserves		16	-	-
Retained surplus/(Accumulated deficit)		(5,208)	(5,946)	(7,227)
Total equity		7,868	5,468	5,833

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

¹Original Budget reflects the figures in the 2018-19 Portfolio Budget Statements (PBS).

Tertiary Education Quality and Standards Agency
STATEMENT OF FINANCIAL POSITION
as at 30 June 2019

Budget Variances Commentary
Statement of Financial Position

Affected line items	Explanations of major variances
<i>Cash and Cash Equivalents</i>	The increase in cash holdings can be attributable to ticket sales for the TEQSA 2019 conference which was not captured in the original budget.
<i>Trade and Other Receivables</i>	Trade and other receivables is higher than budget due to the increase in appropriation receivables balance. The appropriation receivables amount reflects the unspent operating and capital funding that is available to TEQSA.
<i>Buildings - Leasehold Improvements</i>	The net book value of leasehold improvements is below budget as it was anticipated that TEQSA would take on additional office space. Additional accommodation was found during the year, however leasehold improvements were not required to the site. The original budget amount reflects the costs associated with the new lease only.
<i>Plant and Equipment</i>	The net book value of plant and equipment is greater than budget due to additional purchases and increases to the net book value of assets following the revaluation.
<i>Intangibles - Computer Software</i>	The net book value of intangible assets is below budget due to the nature, timing and progress of the CRM re-development project. In addition, the impairment review identified a number of intangible assets as obsolete which was disposed during the year.
<i>Other Non-Financial Assets</i>	Other non-financial assets reflects the prepayments held by TEQSA. Other non-financial assets is above budget due to the timing of payments.
<i>Suppliers</i>	Supplier payables is greater than budget due to higher than expected IT, legal and system development expenditure.
<i>Employee Provisions</i>	Employee provisions is below budget due to a revision of the assumptions used in calculating the provision; in particular timing, salary growth rate and unwinding discount applied.

Tertiary Education Quality and Standards Agency
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2019

	2019 \$'000	2018 \$'000	Original Budget ¹ \$'000
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	11,414	10,463	11,414
Transactions with owners			
Contributions by owners			
Equity injection - Appropriations	-	100	-
Departmental capital budget	1,646	851	1,646
Total transactions with owners	<u>1,646</u>	<u>951</u>	<u>1,646</u>
Closing balance as at 30 June	<u>13,060</u>	<u>11,414</u>	<u>13,060</u>
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	(5,946)	(5,415)	(6,331)
Comprehensive income			
Surplus/(Deficit) for the period	738	(531)	(896)
Total comprehensive income	<u>738</u>	<u>(531)</u>	<u>(896)</u>
Closing balance as at 30 June	<u>(5,208)</u>	<u>(5,946)</u>	<u>(7,227)</u>
ASSET REVALUATION RESERVE			
Opening balance			
Balance carried forward from previous period	-	-	-
Comprehensive income			
Other comprehensive income	16	-	-
Total comprehensive income	<u>16</u>	<u>-</u>	<u>-</u>
Closing balance as at 30 June	<u>16</u>	<u>-</u>	<u>-</u>
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	5,468	5,048	5,083
Comprehensive income			
Surplus/(Deficit) for the period	738	(531)	(896)
Other comprehensive income	16	-	-
Total comprehensive income	<u>754</u>	<u>(531)</u>	<u>(896)</u>
Transactions with owners			
Contributions by owners			
Equity Injection - Appropriations	-	100	-
Departmental capital budget	1,646	851	1,646
Total transactions with owners	<u>1,646</u>	<u>951</u>	<u>1,646</u>
Closing balance as at 30 June	<u>7,868</u>	<u>5,468</u>	<u>5,833</u>

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

Original Budget reflects the figures in the 2018-19 Portfolio Budget Statements (PBS).

Tertiary Education Quality and Standards Agency
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2019

Accounting Policy

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

Budget Variances Commentary

Statement of Changes in Equity

Major budget variances for balances contained in the Statement of Changes in Equity have been included in the budget variances commentary for the Statement of Comprehensive Income and the Statement of Financial Position.

Tertiary Education Quality and Standards Agency

CASH FLOW STATEMENT

for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget ¹ \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		16,855	14,976	16,795
Rendering of services		317	358	263
GST received		687	708	313
Other		204	-	51
Total cash received		<u>18,063</u>	<u>16,042</u>	<u>17,422</u>
Cash used				
Employees		7,639	6,689	10,239
Suppliers		8,967	8,186	6,599
GST paid		1	-	283
Other - section 74 receipts transferred to OPA		1,360	1,174	396
Total cash used		<u>17,967</u>	<u>16,049</u>	<u>17,517</u>
Net cash from/(used by) operating activities		<u>96</u>	<u>(7)</u>	<u>(95)</u>
INVESTING ACTIVITIES				
Cash used				
Purchase of plant and equipment and intangibles		378	863	1,551
Total cash used		<u>378</u>	<u>863</u>	<u>1,551</u>
Net cash (used by) investing activities		<u>(378)</u>	<u>(863)</u>	<u>(1,551)</u>
FINANCING ACTIVITIES				
Cash received				
Other - contributed equity		411	918	1,646
Total cash received		<u>411</u>	<u>918</u>	<u>1,646</u>
Net cash from financing activities		<u>411</u>	<u>918</u>	<u>1,646</u>
Net increase in cash held		129	48	-
Cash and cash equivalents at the beginning of the reporting period		160	112	112
Cash and cash equivalents at the end of the reporting period	3.1A	<u>289</u>	<u>160</u>	<u>112</u>

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

¹Original Budget reflects the figures in the 2018-19 Portfolio Budget Statements (PBS).

Tertiary Education Quality and Standards Agency

CASH FLOW STATEMENT

for the period ended 30 June 2019

Budget Variances Commentary

Cash Flow Statement

Affected line items	Explanation of major variances
<i>Operating activities</i> <i>GST received</i>	GST received is higher than budget due to increase in supplier expenses, which has resulted in TEQSA paying more GST during the financial year.
<i>Operating activities</i> <i>Other (cash received)</i>	Cash received is higher than budget due to ticket sales for the TEQSA 2019 conference which was not captured in the original budget. Other miscellaneous cash receipts received during the year include: 2018 TEQSA conference recoveries and per diem fees received for TEQSA staff speaking at external conferences.
<i>Operating activities</i> <i>Employees</i>	Cash used for employees is lower than budget due to the timing of recruitment. This is reflected in the lower than expected employee benefits expense for the financial year.
<i>Operating activities</i> <i>Suppliers</i>	Cash paid to suppliers has exceed budget due to the higher than anticipated utilisation of contractors, experts and IT related expenditure. This is reflected in the increase in supplier expenses for the financial year.
<i>Operating activities</i> <i>GST paid</i>	GST paid is lower than budget as TEQSA does not charge GST on rental income as the leasee is a related entity. Majority of TEQSA's miscellaneous receipts do not attract GST.
<i>Operating activities</i> <i>Other - section 74 receipts transferred to OPA</i>	Section 74 receipts is higher than budget due to increase in miscellaneous receipts during the year.
<i>Investing activities</i> <i>Purchase of property, plant and equipment and intangibles</i>	Cash used for asset purchases was lower than budget due to the timing of acquisitions and project phases for intangible assets. Capital expenditure associated with the additional accommodation was not required.
<i>Financing activities</i> <i>Other - contributed equity</i>	Cash received is lower than budget due to the timing of acquisitions, project phases and payments for intangible assets.

Tertiary Education Quality and Standards Agency
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the period ended 30 June 2019

		2019	2018	Original Budget ¹
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Income				
Revenue				
Non-taxation revenue				
Fees	2.2A	1,969	2,307	4,194
Total non-taxation revenue		<u>1,969</u>	<u>2,307</u>	<u>4,194</u>
Total revenue		<u>1,969</u>	<u>2,307</u>	<u>4,194</u>
Total income		<u>1,969</u>	<u>2,307</u>	<u>4,194</u>

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

¹Original Budget reflects the figures in the 2018-19 Portfolio Budget Statements (PBS).

Budget Variances Commentary

Administered Schedule of Comprehensive Income

Affected line items	Explanation of major variances
<i>Non-taxation revenue</i> <i>Fees</i>	Administered fee revenue is lower than budget due to the new fee structure following a review of TEQSA's cost recovery arrangements. It was anticipated that the new fee structure would commence on 1 January 2019, however this has been revised to 1 January 2020.

Tertiary Education Quality and Standards Agency
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2019

TEQSA returns all administered revenue to the Consolidate Revenue Fund and does not have any administered assets or liabilities. Therefore, the Administered Schedule of Asset and Liabilities is not presented.

Tertiary Education Quality and Standards Agency
ADMINISTERED RECONCILIATION SCHEDULE
for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Opening assets less liabilities as at 1 July		-	-
Net contribution by services			
Income		1,970	2,307
Transfers (to)/from the Australian Government			
Appropriation transfers from Official Public Account			
Special appropriations (unlimited)			
Payments to entities other than corporate Commonwealth entities		6	47
Appropriation transfers to OPA			
Transfers to OPA		<u>(1,976)</u>	<u>(2,354)</u>
Closing assets less liabilities as at 30 June		<u>-</u>	<u>-</u>

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

Accounting Policy

Administered Cash Transfers to and from the Official Public Account

Revenue collected by the entity for use by the Government rather than the entity is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. 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 the entity on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

Tertiary Education Quality and Standards Agency
ADMINISTERED CASH FLOW STATEMENT
for the period ended 30 June 2019

	2019	2018
	\$'000	\$'000
OPERATING ACTIVITIES		
Cash received		
Fees	1,976	2,354
Total cash received	<u>1,976</u>	<u>2,354</u>
Cash used		
Refunds to higher education providers	6	47
Total cash used	<u>6</u>	<u>47</u>
Net cash from/(used by) operating activities	<u>1,970</u>	<u>2,307</u>
Cash from Official Public Account		
Appropriations	6	47
Total cash from official public account	<u>6</u>	<u>47</u>
Cash to Official Public Account		
Appropriations	(1,976)	(2,354)
Total cash to official public account	<u>(1,976)</u>	<u>(2,354)</u>
Cash and cash equivalents at the end of the reporting period	<u>-</u>	<u>-</u>

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

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Overview

The Basis of Preparation

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The financial statements have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- b) Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements 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.

New 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. There have been no other new, revised or amended standards or interpretations issued by the Australian Accounting Standards Board prior to the sign off date that are applicable to the current reporting period that have a material effect, or that are expected to have a future material effect, on the Agency's financial statements.

Future Australian Accounting Standard Requirements

The following new, revised, amended standards and/or interpretations were issued by the Australian Accounting Standards Board prior to the signing of the statements by the Accountable Authority and Chief Financial Officer. They are expected to have a financial impact on the Agency's financial statements for future reporting periods.

Standard / Interpretation	Application date for TEQSA	Nature of impending change/s in accounting policy and likely impact on initial application
AASB 16 <i>Leases</i>	1 July 2019	<p>Nature: The revised standard replaces AASB 117 <i>Leases</i> and provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with AASB 16's approach to lessor accounting substantially unchanged from its predecessor, AASB 117.</p> <p>Likely Impact: Expected to have an impact on the recognition, measurement and disclosure of lessee accounting.</p>

All other new, revised, amended standards and/or interpretations that were issued prior to the sign-off date and are applicable to future reporting period(s) are not expected to have a future material impact on the Agency's financial statements.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Accounting Policies

Other non-financial assets

Other non-financial assets consist of prepayments which are expected to be consumed within the next 12 months.

Finance Costs

All borrowing costs are expensed as incurred.

Rendering of Services

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

- a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- b) 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 (2018: 30 days), 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.

Taxation

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

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, 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.

Events After the Reporting Period

Departmental

There were no subsequent events that had the potential to significantly affect the ongoing structure and financial activities of TEQSA.

Administered

There were no subsequent events that had the potential to significantly affect the ongoing structure and financial activities of TEQSA.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Financial Performance

This section analyses the financial performance of the Tertiary Education Quality and Standards Agency for the year ended 2019.

1.1 Expenses

	2019	2018
	\$'000	\$'000
1.1A: Employee Benefits		
Wages and salaries	6,366	5,409
Superannuation		
Defined contribution plans	691	534
Defined benefit plans	324	322
Leave and other entitlements	850	629
Total employee benefits	8,231	6,894

Accounting Policy

Accounting policies for employee related expenses is contained in the People and Relationships section.

1.1B: Suppliers

Goods and services supplied or rendered

Consultants	372	386
Contractors	2,882	2,684
Travel	420	370
IT services	799	542
Expert fees	598	494
Legal fees	337	420
Recruitment and training	317	236
Property operating expenses	213	181
Other	687	693
Total goods and services supplied or rendered	6,625	6,006

Goods supplied	371	137
Services rendered	6,254	5,869
Total goods and services supplied or rendered	6,625	6,006

Other suppliers

Operating lease rentals	1,271	1,172
Workers compensation expenses	75	88
Total other suppliers	1,346	1,260
Total suppliers	7,971	7,266

Leasing commitments

TEQSA has two operating leases in relation to office accommodation for its Melbourne offices. The main lease commenced in 2011-12 and expires on 30 April 2022, with a five year option. The second lease commenced in May 2019 and expires in June 2020.

Lease payments are subject to annual fixed percentage increases in accordance with the lease agreements.

Tertiary Education Quality and Standards Agency

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2019	2018
	\$'000	\$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	2,356	1,659
Between 1 to 5 years	3,776	5,110
Total operating lease commitments (inc. GST)	<u>6,132</u>	<u>6,769</u>

Note: Commitments are GST inclusive where relevant.

Accounting Policy

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

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.2 Own-Source Revenue and Gains

2019	2018
\$'000	\$'000

Own-Source Revenue

1.2A: Rental Income

Operating lease		
Sublease rental	<u>266</u>	<u>255</u>
Total rental income	<u>266</u>	<u>255</u>

Subleasing rental income commitments

TEQSA in its capacity as lessor sublets office accommodation. The sublease commenced on 21 September 2015 and expires on 28 February 2022.

Lease receipts are subject to a fixed percentage annual increase in accordance with the sublease agreement.

Commitments for sublease rental income receivables are as follows:

Within 1 year	315	283
Between 1 to 5 years	<u>557</u>	<u>797</u>
Total sublease rental income commitments	<u>872</u>	<u>1,080</u>

Note: Commitments are GST inclusive where relevant.

1.2B: Revenue from Government

Appropriations		
Departmental appropriations	<u>17,938</u>	<u>14,072</u>
Total revenue from Government	<u>17,938</u>	<u>14,072</u>

Accounting Policy

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.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2. Income and Expenses Administered on behalf of Government

This section analyses the activities that the Tertiary Education Quality and Standards Agency does not control but administered on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

2.1 Administered - Expenses

For the year ended 30 June 2019, no administered expenses had been incurred by TEQSA (2018: Nil).

2.2 Administered - Income

	2019	2018
	\$'000	\$'000
Revenue		
Non-Taxation Revenue		
<u>2.2A: Fees</u>		
Fees from regulatory services	<u>1,969</u>	<u>2,307</u>
Total fees	<u>1,969</u>	<u>2,307</u>

Accounting Policy

All administered revenues are revenues relating to ordinary activities performed by TEQSA on behalf of the Australian Government.

Revenue is generated from partial cost recovery arrangements for specific services to higher education providers. Fees are charged on registration and re-registration of providers, accreditation and re-accreditation of courses, and major variations to registrations and accreditations. Administered revenue is recognised on receipt of applications from the higher education providers.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. Financial Position

This section analyses the Tertiary Education Quality and Standards Agency assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

3.1 Financial Assets

	2019 \$'000	2018 \$'000
3.1A: Cash and Cash Equivalents		
Cash at bank	174	160
Cash - third party accounts	115	-
Total cash and cash equivalents	289	160

Accounting Policy

Cash and cash equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents include cash on hand and deposits in bank accounts.

3.1B: Trade and Other Receivables

Goods and services receivables

Goods and services	21	14
Total goods and services receivables	21	14

Appropriations receivables

Appropriation receivable	9,497	5,819
Total appropriations receivables	9,497	5,819

Other receivables

GST receivable from the Australian Taxation Office	204	178
Sublease incentive	73	100
Operating sublease receivable	99	123
Other	19	14
Total other receivables	395	415

Total trade and other receivables (net)

9,913	6,248
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Credit terms for goods and services were within 30 days (2018: 30 days).

Accounting Policy

Financial assets

Trade receivables, loans and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest, that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.2 Non-Financial Assets

3.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

	Buildings - Leasehold Improvements \$'000	Plant and Equipment \$'000	Intangibles - Computer Software ¹ \$'000	Total \$'000
As at 1 July 2018				
Gross book value	1,158	658	3,550	5,366
Accumulated depreciation, amortisation and impairment	(342)	(197)	(1,866)	(2,405)
Total as at 1 July 2018	816	461	1,684	2,961
Additions				
Purchase	-	150	21	171
Internally developed	-	-	210	210
Revaluations and impairments recognised in other comprehensive income	14	(4)	-	10
Depreciation and amortisation	(212)	(167)	(696)	(1,075)
Other movements	-	-	-	-
Disposals	-	(15)	(221)	(236)
Total as at 30 June 2019	618	425	998	2,041
Total as at 30 June 2019 represented by				
Gross book value	618	482	3,426	4,526
Accumulated depreciation, amortisation and impairment	-	(57)	(2,428)	(2,485)
Total as at 30 June 2019	618	425	998	2,041

¹ The carrying amount of computer software includes \$27,513 of purchased software and \$970,382 of internally generated.

All items of plant and equipment and intangible assets were assessed for indications of impairment as at 30 June 2019 and no indicators of impairment were found.

No property, plant and equipment or intangibles are expected to be sold or disposed of within the next 12 months.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Accounting Policy

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.

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, 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

Following initial recognition at cost, property, plant and equipment are 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.

TEQSA's leasehold improvements and property, plant and equipment are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation. The fair value measurements of TEQSA's leasehold improvements and plant and equipment as at 30 June 2019 were performed by Jones Lang LaSalle (JLL). JLL have appropriate experience in the fair value measurement of similar assets in the Government sector.

Revaluation adjustments are made on a class basis. Any revaluation increment is 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 are 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 is restated to the revalued amount.

Depreciation

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

Asset Class	2019	2018
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 2019. 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 of disposal 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.

Accounting Policy (continued)

Fair Value

All leasehold improvements and plant and equipment are measured at their estimated fair value in the Statement of Financial Position. All leasehold improvements and plant and equipment held by TEQSA are categorised under Level 3 in accordance with the hierarchy listed in AASB 13. TEQSA's policy is to recognise transfers into and out of the fair value hierarchy levels as at the end of the reporting period.

Level 3 measurements use inputs to estimate fair value where there are no observable market prices for the assets being valued. The future economic benefits of TEQSA's leasehold improvements and property, plant and equipment are not primarily dependent on their ability to generate cash flows. TEQSA has not disclosed quantitative information about the significant unobservable inputs for the level 3 measurements in these classes.

Derecognition

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

Intangibles

TEQSA's intangibles comprise of 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 (2018: 3 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2019.

Accounting Judgements and Estimates

The estimated fair value of leasehold improvements, plant and equipment is determined by an independent valuer and is subject to management assessment on an annual basis.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.3 Payables

	2019	2018
	\$'000	\$'000
3.3A: Suppliers		
Trade creditors and accruals	628	494
Total suppliers	<u>628</u>	<u>494</u>

Settlement is usually made within 30 days (2018: 30 days).

3.3B: Other Payables

Salaries and wages	75	50
Superannuation	10	7
Lease incentive	483	654
Operating lease payable	480	553
Unearned income	115	-
Other	1	1
Total other payables	<u>1,164</u>	<u>1,265</u>

Accounting Policy

Accounting policies for payables is contained in the Managing Uncertainties section.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.4 Other Provisions

3.4A: Other Provisions

	Provision for restoration ¹	Provision for onerous contracts ²	Total
	\$'000	\$'000	\$'000
As at 1 July 2018	469	357	826
Additional provisions made	47	-	47
Amounts used	-	(76)	(76)
Amounts reversed	-	(5)	(5)
Unwinding of discount or change in discount rate	11	22	33
Total as at 30 June 2019	527	298	825

¹ TEQSA currently has 1 (2018: 1) agreement for the leasing of office space which requires the premises to be restored to their original condition at the conclusion of the lease. TEQSA has made a provision to reflect the present value of this obligation.

² TEQSA currently has 1 (2018: 1) sublease agreement whereby the economic benefit of the rental income derived is less than the operating lease expense incurred. TEQSA has made a provision to reflect the present value of the expected costs to be incurred that are in excess of the economic benefit expected to be derived from the lease.

Accounting Judgements and Estimates

Provision for onerous contracts

TEQSA has made a provision for its onerous obligations under non-cancellable operating leases where the rental expense is in excess of the rental income received. When the present value of the future cash flows receivable from the operation of leased assets is less than the present value of the rental payments to which TEQSA is committed, TEQSA applies the shortfall firstly against the carrying amount of the assets, and then provides for any further onerous element of the contract.

4. Assets and Liabilities Administered on behalf of Government

This section analyses assets used to conduct operations and the operating liabilities incurred which the Tertiary Education Quality and Standards Agency does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

4.1 Administered - Assets

As at 30 June 2019, TEQSA held no administered assets (2018: Nil).

4.2 Administered - Liabilities

As at 30 June 2019, TEQSA held no administered liabilities (2018: Nil).

5. Funding

This section identifies the Tertiary Education Quality and Standards Agency funding structure.

5.1 Appropriations

5.1A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2019

	Annual Appropriation ¹	Adjustments to appropriation ²	Total appropriation	Appropriation applied in 2019 (current and prior years)	Variance ³
	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental					
Ordinary annual services	17,938	1,360	19,298	17,266	2,032
Capital Budget ⁴	1,646	-	1,646	411	1,235
Other services	-	-	-	-	-
Equity Injections	-	-	-	-	-
Total departmental	19,584	1,360	20,944	17,677	3,267

¹ In 2018-19, there were no appropriations which have been withheld (Section 51 of the PGPA Act) and quarantined for administration purposes.

² In 2018-19, adjustments to appropriation comprises of \$1.360 million of PGPA Act Section 74 receipts.

³ In 2018-19, the variance between total appropriation and appropriation applied in 2019 for ordinary annual services relates to payments funded from unspent prior year appropriation items.

⁴ Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Annual Appropriations for 2018

	Annual Appropriation ¹	Adjustments to appropriation ²	Total appropriation	Appropriation applied in 2018 (current and prior years)	Variance ³
	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental					
Ordinary annual services	14,072	1,174	15,246	14,928	318
Capital Budget ⁴	851	-	851	918	(67)
Other services					
Equity Injections	100	-	100	-	100
Total departmental	15,023	1,174	16,197	15,846	351
Administered					
Ordinary annual services	-	-	-	-	-
Capital Budget ⁴	-	-	-	-	-
Administered items	-	-	-	-	-
Other services	-	-	-	-	-
Total administered	-	-	-	-	-

¹ In 2017-18, there were no appropriations which have been withheld (Section 51 of the PGPA Act) and/or quarantined for administration purposes.

² In 2017-18, adjustments to appropriation comprised \$1.174 million of PGPA Act Section 74 receipts.

³ In 2017-18, the variance between total appropriation and appropriation applied in 2018 for Ordinary Annual Services relates to additional funding allocated at the 2017-18 MYEFO budget round which has not been fully utilised.

⁴ Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2019 \$'000	2018 \$'000
5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')		
Departmental		
Appropriation Act (No. 1) - Capital Budget (DCB) 2016-17 ¹	504	504
Supply Act (No. 1) - Capital Budget (DCB) 2016-17 ¹	115	115
Appropriation Act (No. 1) 2017-18	-	2,283
Appropriation Act (No. 1) - Capital Budget (DCB) 2017-18	440	851
Appropriation Act (No. 2) - Equity Injection 2017-18	100	100
Appropriation Act (No. 3) 2017-18	-	2,126
Appropriation Act (No. 1) - Operating 2018-19	6,866	-
Appropriation Act (No. 1) - Capital Budget (DCB) 2018-19	1,646	-
Total departmental	9,671	5,979

¹ Funding from budget year 2016-17 lapsed on 1 July 2019 with the repeal of *Supply Act (No. 1) 2016-17* and *Appropriation Act (No. 1) 2016-17*.

5.1C: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation Applied	
			2019 \$'000	2018 \$'000
<i>Public Governance, Performance and Accountability Act 2013</i>	Refund	To provide for payments under s.77 of the PGPA Act. All transactions under this Act are recognised as Administered items.	6	47
Total special appropriations applied			6	47

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5.2 Regulatory Charging Summary

	2019 \$'000	2018 \$'000
Amounts applied		
Departmental		
Annual appropriations	17,174	10,124
Total amounts applied	<u>17,174</u>	<u>10,124</u>
Expenses		
Departmental	16,408	9,613
Total expenses	<u>16,408</u>	<u>9,613</u>
External revenue		
Administered	1,969	2,307
Total external revenue	<u>1,969</u>	<u>2,307</u>

Regulatory charging activities:

TEQSA has in place partial regulatory charging for specified services to higher education providers including: registration and re-registration of providers; accreditation and re-accreditation of courses; and major variations to registrations and accreditations.

All fee revenue from regulatory charging activities is administered revenue and is returned to the Consolidated Revenue Fund. TEQSA does not have any administered expenses.

Documentation (Cost Recovery Implementation Statement) for the above activities is available at <https://www.teqsa.gov.au/fees>.

5.3 Net Cash Appropriation Arrangements

Total comprehensive income/(loss) less depreciation/ amortisation expenses previously funded through revenue appropriations	1,829	342
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(1,075)	(873)
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	<u>754</u>	<u>(531)</u>

6. People and Relationships

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people.

6.1 Employee Provisions

	2019 \$'000	2018 \$'000
6.1: Employee Provisions		
Leave	2,060	1,490
Total employee provisions	2,060	1,490

Accounting Policy

Liabilities for short-term employee benefits and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts. 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. 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 the entity'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 reference to the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR) 24.1(a)* using the shorthand method. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Superannuation

The entity's staff are members of the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government. The PSS is a defined benefit schemes for the Australian Government. The PSSap is a defined contribution 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's administered schedules and notes.

TEQSA makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government, and 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.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

6.2 Key Management Personnel Remuneration

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of TEQSA, directly or indirectly, including any director (whether executive or otherwise) of TEQSA.

TEQSA has determined KMP to be the Commissioners and the Chief Executive Officer. KMP remuneration is reported in the table below:

	2019	2018
	\$'000	\$'000
Short-term employee benefits	917	1,608
Post-employment benefits	48	181
Other long-term employee benefits	14	126
Total key management personnel remuneration expenses¹	979	1,915

The total number of key management personnel that are included in the above table is 5 (2018: 10). The Chief Financial Officer and Directors are no longer classified as Key Management Personnel.

1. The above KMP remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by TEQSA.

6.3 Related Party Disclosures

Related party relationships:

TEQSA is an Australian Government controlled entity. Related parties to TEQSA are those identified as Key Management Personnel including the Portfolio Minister.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. These transactions have not been separately disclosed in this note.

The following transactions with parties related to KMP occurred during the financial year:

- Anthony McClaran (Chief Executive Officer) is an Audit Committee Member of the Australian Accounting Standards Board (AASB). TEQSA subleases office space to AASB under a MOU arrangement. The value of the transaction for the 2018-19 financial year is \$265,887 (2018: \$254,780).

None of the above KMP played any role in Agency decisions in relation to their related party transactions noted above.

7. Managing Uncertainties

This section analyses how the Tertiary Education Quality and Standards Agency manages financial risks within its operating environment.

7.1 Contingent Assets and Liabilities

7.1A: Contingent Assets and Liabilities

TEQSA had no departmental contingent assets or liabilities at 30 June 2019 (2018: Nil).

7.1B: Administered - Contingent Assets and Liabilities

TEQSA had no administered contingent assets or liabilities at 30 June 2019 (2018: Nil).

7.2 Financial Instruments

	2019	2018
	\$'000	\$'000
7.2A: Categories of Financial Instruments		
Financial Assets under AASB 139		
Loans and receivables		
Cash and cash equivalents		160
Trade and other receivables - goods and services		28
Total loans and receivables		<u>188</u>
Financial Assets under AASB 9		
Financial assets at amortised cost		
Cash and cash equivalents	289	
Trade and other receivables - goods and services	40	
Total Financial assets at amortised cost	<u>329</u>	
Total financial assets	<u>329</u>	<u>188</u>
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors and accruals	628	494
Total financial liabilities measured at amortised cost	<u>628</u>	<u>494</u>
Total financial liabilities	<u>628</u>	<u>494</u>

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.2A: Categories of Financial Instruments - Continued

Classification of financial assets on the date of initial application of AASB 9

Financial assets class	Note	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Cash and cash equivalents	3.1A	Held-to-maturity	Amortised Cost	160	160
Trade and other receivables - goods and services	3.1B	Held-to-maturity	Amortised Cost	28	28
Total financial assets				188	188

Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9

	AASB 139 carrying amount at 30 June 2018 \$'000	Reclassifica- tion \$'000	Remeasure- ment \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Financial assets at amortised cost				
Loans and receivables				
Cash and cash equivalents	160	160	-	160
Trade and other receivables - goods and services	28	28	-	28
Total amortised cost	188	188	-	188

7.2A: Categories of Financial Instruments - Continued

Accounting Policy

Financial assets

With the implementation of AASB 9 *Financial Instruments* for the first time in 2019, TEQSA classifies its financial assets in the following category:

- financial assets measured at amortised cost.

The classification depends on both TEQSA's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised and derecognised upon trade date. Comparatives have not been restated on initial application.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria's:

- (1) the financial asset is held in order to collect the contractual cash flows; and
- (2) the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

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 Amortised Cost

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 interest basis.

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).

8. Other Information

8.1 Aggregate Assets and Liabilities

	2019 \$'000	2018 \$'000
8.1A: Aggregate Assets and Liabilities		
Assets expected to be recovered in:		
No more than 12 months	8,686	6,582
More than 12 months	<u>3,859</u>	<u>2,961</u>
Total assets	<u>12,545</u>	<u>9,543</u>
Liabilities expected to be settled in:		
No more than 12 months	2,321	2,997
More than 12 months	<u>2,356</u>	<u>1,078</u>
Total liabilities	<u>4,677</u>	<u>4,075</u>

8.1B: Administered - Aggregate Assets and Liabilities

As at 30 June 2019, TEQSA held no administered assets or liabilities (2018: Nil).

- ▲ The additional \$24.3 million of funding over four years provided in the 2018-19 Budget to ensure the ongoing financial sustainability of the agency and increase its permanent staffing, meant that 2018-19 was a period of significant re-growth for TEQSA.



Appendices

- Appendix A: Legislative Framework
- Appendix B: Summary of resources
- Appendix C: Staffing Profile
- Appendix D: Freedom of Information
- Appendix E: Ecologically-sustainable development and environmental performance
- Appendix F: Advertising and market research
- Appendix G: Workplace health and safety
- Appendix H: Complaints handling
- Appendix I: Disability reporting

Section 6: Appendices

Appendix A: Legislative Framework

The TEQSA Act is the primary basis of TEQSA's powers. The objects of the Act are to:

- > provide for national consistency in the regulation of higher education
- > regulate higher education using a standards-based quality framework and principles relating to regulatory necessity, risk and proportionality
- > protect and enhance Australia's reputation for quality higher education, the international competitiveness of Australia's higher education sector, as well as excellence, diversity and innovation in higher education
- > 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
- > protect students undertaking, or proposing to undertake higher education in Australia, by requiring the provision of quality higher education
- > ensure that students have access to information relating to higher education in Australia.

TEQSA assures the quality of registered higher education providers through nationally consistent regulation and meets the objects of the TEQSA Act through performing functions including:

- > registering providers and accrediting courses of study in accordance with the TEQSA Act
- > investigating whether the TEQSA Act has been or is being complied with, including by conducting compliance assessments
- > collecting, analysing, interpreting and disseminating information relating to higher education providers, regulated higher education awards, quality assurance practice and improvement in higher education and the HES Framework
- > cooperating with counterparts in other countries.

The agency also has responsibility under the *Education Services for Overseas Students Act 2000* (ESOS Act) to register providers and courses on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) and make changes to registration, including the addition of courses and changes in student capacity, for the following providers:

- > higher education providers registered under the TEQSA Act
- > English Language Intensive Courses for Overseas Students (ELICOS) providers, if they have an entry arrangement with a registered higher education provider
- > Foundation program providers.

TEQSA is also subject to several other acts and legislative instruments including (but not limited to) the:

- > *Public Governance, Performance and Accountability Act 2013* (PGPA Act)
- > *Public Service Act 1999*
- > *Work Health and Safety Act 2011*
- > *Safety, Rehabilitation and Compensation Act 1988*
- > *Freedom of Information Act 1982*.

Appendix B: Summary of resources

Table B.1: Entity Resource Statement 2018-19

	Actual available appropriation - current year (a)	Payments made (b)	Balance remaining (a)-(b)
	\$'000	\$'000	\$'000
Departmental			
Annual appropriations - ordinary annual services	27,248	17,677	9,571
Annual appropriations - other services - non-operating	100	-	100
Total departmental annual appropriations	27,348	17,677	9,671
Total departmental resourcing (A)	27,348	17,677	9,671
Administered			
Administered special appropriations	-	6	-
Total administered special appropriations	-	6	-
Total administered resourcing (B)	-	6	-
Total resourcing and payments for TEQSA (A + B)	27,348	17,683	-

Table B.2: Expenses for Outcome 1

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.	Budget	Actual expenses	Variation
	2018-19	2018-19	2018-19
	\$'000	\$'000)	\$'000
Program 1.1: Regulation and Quality Assurance			
Departmental expenses			
Departmental appropriation	18,201	16,478	1,723
Expenses not requiring appropriation in the budget year	949	1,121	(172)
Total for Program 1.1	19,150	17,599	1,551
Outcome 1 totals by appropriation type			
Departmental expenses			
Departmental appropriation	18,201	16,478	1,723
Expenses not requiring appropriation in the budget year	949	1,121	(172)
Total expenses for Outcome 1	19,150	17,599	1,551
	2018-19	2018-19	
Average staffing level (number)	93	62	31

Appendix C: Staffing Profile

As at 30 June 2019, TEQSA employed 53 Australian Public Service (APS) and 30 executive-level staff. TEQSA also had 22.4 FTE (full-time equivalent) contractors. All were located in Victoria.

Table C.1: Employment type by classification and gender, 2018-19

Classification		Female		Male		Grand total
		Ongoing	Non-ongoing	Ongoing	Non-ongoing	
SES 1	Full-time	1	-	-	-	1
	Part-time	-	-	-	-	-
EL2	Full-time	1	-	5	-	6
	Part-time	-	-	-	1	1
EL1	Full-time	11	-	4	1	16
	Part-time	1	-	-	-	1
APS6	Full-time	25	1	7	1	34
	Part-time	6	-	-	-	6
APS5	Full-time	6	-	3	-	9
	Part-time	1	-	1	-	2
APS4	Full-time	1	-	-	-	1
	Part-time	1	-	-	-	1
Other	Full-time	1	-	-	-	1
	Part-time	1	-	-	-	1
TOTALS		54	3	20	6	83

TEQSA had no staff that are recorded in the human resources information system as Indeterminate.

Table C.2: Employment type by classification and gender, 2017-18

Classification		Female		Male		Grand total
		Ongoing	Non-ongoing	Ongoing	Non-ongoing	
SES 1	Full-time	-	-	-	-	-
	Part-time	-	-	-	-	-
EL2	Full-time	1	-	4	-	5
	Part-time	-	-	-	-	-
EL1	Full-time	8	-	8	-	16
	Part-time	1	-	-	-	1
APS6	Full-time	16	-	3	-	19
	Part-time	3	-	1	-	4
APS5	Full-time	4	-	-	-	4
	Part-time	2	-	-	-	2
APS4	Full-time	-	-	1	1	2
	Part-time	-	-	-	-	1
Other	Full-time	-	-	-	-	-
	Part-time	-	-	-	-	-
TOTALS		35	-	14	1	53

TEQSA had no staff that are recorded in the human resources information system as Indeterminate.

Table C.3: Ongoing and non-ongoing Aboriginal and Torres Strait Islander staff, 2018-19

	Total
Ongoing	1
Non-Ongoing	-
Total	1

Table C.4: Ongoing and non-ongoing Aboriginal and Torres Strait Islander staff, 2017-18

	Total
Ongoing	1
Non-Ongoing	-
Total	1

Table C.5: Employment arrangements for SES and non-SES staff, 2018-19

	SES	Non-SES	Total
Section 24(1) determinations	1	5	6
Enterprise Agreement	-	65	65
Individual Flexibility Arrangement	-	12	12
Total	1	82	83

Table C.6: Salary ranges by employment classification, 2018-19

	Minimum Salary	Maximum Salary
EL 2	121,923	146,354
EL 1	103,609	114,512
APS 6	84,259	92,657
APS 5	74,950	80,127
APS 4	67,877	72,596
APS 3	62,404	64,999
APS 2	55,878	59,546
APS 1	47,575	52,018
Other	28,545	43,295

Table C.7: Information about remuneration for key management personnel

Name and position title	Short-term benefits				Post-employment benefits			Other long-term benefits		Total remuneration
	Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave	Other long-term benefits	Other long-term benefits	Other long-term benefits		
Professor Nicholas Saunders, Chief Commissioner ¹	\$216,027	\$-	\$-	\$20,523	\$-	\$-	\$-	\$-	\$236,550	
Professor Cliff Walsh Commissioner ¹	\$144,180	\$-	\$-	\$13,697	\$-	\$-	\$-	\$-	\$157,877	
Dr Linley Martin Commissioner ¹	\$121,321	\$-	\$-	\$11,526	\$-	\$-	\$-	\$-	\$132,847	
Professor Joan Cooper Commissioner ¹	\$24,882	\$-	\$-	\$2,364	\$-	\$-	\$-	\$-	\$27,246	
Mr Anthony McClaran ² Chief Executive Officer	\$410,505	\$-	\$-	\$-	\$14,061	\$-	\$-	\$-	\$424,566	
Total	\$916,915	\$-	\$-	\$48,110	\$14,061	\$-	\$-	\$-	\$979,086	

¹ No leave entitlements are paid or accrued for the Chief Commissioner and Commissioners.

² No super contributions have been made as amounts are taken up as salary.

Table C.8: Information about remuneration for senior executives

Total remuneration bands	No. of senior executives	Short-term benefits			Ave. other benefits and allowances	Post-employment benefits		Other long-term benefits		Total remuneration
		Ave. base salary	Ave. bonuses	Ave. other benefits		Ave. superannuation contributions	Ave. long service leave	Ave. other long-term benefits	Ave. total remuneration	
\$0 - \$220,000	1	\$19,721	\$-	\$-	\$-	\$2,268	\$582	\$-	\$22,572	

Table C.9: Information about remuneration for other highly paid staff

Total remuneration bands	No. of other highly paid staff	Short-term benefits			Ave. other benefits and allowances	Post-employment benefits		Other long-term benefits		Total remuneration
		Ave. base salary	Ave. bonuses	Ave. other benefits		Ave. superannuation contributions	Ave. long service leave	Ave. other long-term benefits	Ave. total remuneration	
\$220,001 - \$245,000	1	\$187,212	\$-	\$-	\$-	\$27,033	\$5,985	\$-	\$220,229	

Appendix D: Freedom of Information

Entities subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information 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 a plan on its website 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 teqsa.gov.au/information-publication-scheme.

Appendix E: Ecologically-sustainable development and environmental performance

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

In 2018-19, TEQSA complied with environmental initiatives, participating in recycling initiatives offered by the 530 Collins Street building management. This comprises paper, cardboard, co-mingled organic matter and hard waste recycling; e-waste recycling; and battery recycling. TEQSA is committed to reducing contamination of waste streams and reducing its general waste stream. TEQSA provided all staff with individual under-desk, co-mingled recycling bins.

TEQSA also continued its commitments to other recycling initiatives not provided by building management, including printer toner and waste cartridge recycling.

Appendix F: Advertising and market research

TEQSA did not conduct any advertising campaigns during 2018-19.

Appendix G: Workplace health and safety

TEQSA is committed to safeguarding the health, safety and welfare of staff and visitors and to preventing occupational injury. TEQSA has a Workplace Health and Safety (WHS) Committee that includes representatives from management and staff. TEQSA provides staff with access to an Employee Assistance Program and annual flu vaccinations.

No reportable WHS incidents occurred during 2018-19 and TEQSA was not required to give any notices under the *Work Health and Safety Act 2011*.

Appendix H: Complaints handling

Complaints about TEQSA

TEQSA's complaints page teqsa.gov.au/complaints-about-teqsa and public interest disclosure page teqsa.gov.au/public-interest-disclosure also provide information about complaints about TEQSA.

In 2018-19, TEQSA received six complaints about TEQSA. The main theme in these complaints related to TEQSA's responsiveness in its dealings with stakeholders (including the time taken to respond to complaints about a provider).

Complaints about higher education providers

TEQSA monitors complaints about higher education providers. The complaints page on TEQSA's website teqsa.gov.au/complaints provides information for the public on options for making a complaint to TEQSA about a registered higher education provider. This website includes links to Commonwealth and state and territory ombudsman offices.

In accordance with the *TEQSA Service Charter*, TEQSA endeavours to respond within five business days of receiving a complaint.

Refer to *Section 3: Performance review Action 1.4* for information about the work undertaken by TEQSA on complaints about providers in 2018-19.

Appendix I: Disability reporting

The *National Disability Strategy 2010-2020* sets out a 10-year national policy framework for improving the lives of people with disability, promoting participation and creating a more inclusive society. A key initiative of the strategy is the introduction of a periodic high-level report tracking progress against each of the six outcome areas of the strategy for people with disability in Australia. The reports use trend data based on the six outcome areas of the strategy, and are available on the Department of Social Services website.



Indices and references

- Acronyms and abbreviations
- Glossary of terms
- Compliance index
- Alphabetical index

Section 7: Indices and references

Acronyms and abbreviations

APS	Australian Public Service
AQF	Australian Qualifications Framework
ASL	Average Staff Level
ASQA	Australian Skills Quality Authority
CEO	Chief Executive Officer
CRICOS	Commonwealth Register of Institutions and Courses for Overseas Students
CRIS	Cost Recovery Implementation Statement
ELICOS	English Language Intensive Courses For Overseas Students
ESOS	Education Services for Overseas Students
ESOS Act	<i>Education Services for Overseas Students Act 2000</i>
FOI Act	<i>Freedom of Information Act 1982</i>
HEIMS	Higher Education Information Management System
HESP	Higher Education Standards Panel
IPS	Information Publication Scheme
MoC	Memorandum of Cooperation
MoU	Memorandum of Understanding
PBS	Portfolio Budget Statements
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
QBBG	Quality Beyond Boundaries Group
SAA	Self-accrediting authority
SES	Senior Executive Service
SME	Small and Medium Enterprises
SMT	Senior Management Team
TAFE	Technical and Further Education
TEQSA	Tertiary Education Quality and Standards Agency
TEQSA Act	<i>Tertiary Education Quality and Standards Agency Act 2011</i>
WHS	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.

While TEQSA does not determine the content of the AQF, the agency has regard to the specifications and guidelines throughout the AQF. The HES Framework includes the requirement that the learning outcomes of all higher education qualifications at Levels 5-10 of the AQF must be consistent with the level of the course, which TEQSA will assess against the corresponding specifications for levels in the AQF. TEQSA will also take into consideration the relevant qualification type descriptors in the AQF.

Core+

Under the Core+ model of assessment, providers with a sound history of higher education delivery and no significant compliance or risk concerns benefit from a reduced scope of assessment (requiring less evidence and information at the time of application), compared with those with a limited track record of higher education delivery or with compliance or risk concerns. The model allows applicants to address a sub-set of quality standards and provide a minimum core of evidence relating to the standards.

Any extension beyond the core set of standards (the +) is based on risk. The Core+ model was introduced for assessment of re-registration applications in late 2013 and for course accreditation applications in September 2015.

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

Commonwealth Register of Institutions and Courses for Overseas Students 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 Education under the ESOS legislative framework. It provides details of 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 cricos.education.gov.au.

Department of Education

The Australian Government Department of Education is responsible for national policies and programs that help Australians to access quality early childhood education, school education, higher education, vocational education and training, international education and research.

English Language Intensive Courses for Overseas Students (ELICOS)

English Language Intensive Courses for Overseas Students 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* (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 2012, TEQSA assumed responsibility for regulating international education for higher education under the ESOS Act.

Higher education provider

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
 - (ii) is established by or under a law of the Commonwealth or a Territory
- (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 Framework (HES Framework)

The *Higher Education Standards Framework (Threshold Standards) 2011* (HES Framework 2011) was made by the responsible Minister on the advice of the Department of Industry, Innovation, Science, Research and Tertiary Education and commenced on 5 January 2012. The *Higher Education Standards Framework (Threshold Standards) 2015* (HES Framework 2015) was determined by the Minister for Education and Training on advice from the independent HESP and commenced on 1 January 2017.

For more information about the HES Framework 2015 legislation.gov.au/Details/F2015L01639.

For more information about the HES Framework 2011 legislation.gov.au/Details/F2013C00169.

Higher Education Standards Panel (HESP)

The Higher Education Standards Panel (HESP) is responsible for developing and monitoring the HES Framework. HESP members are appointed by the Minister, in consultation with the responsible Minister for Research. Since 1 January 2015, the HESP has been supported by the Department of Education.

Material change

Under subsection 29(1) of the TEQSA Act, it is a condition of registration that TEQSA is notified of events that happen, or are likely to happen, that will either:

- > significantly affect the provider's ability to meet the Higher Education Standards Framework
- > require updating the provider's entry on the National Register of Higher Education Providers.

National Code of Practice for Providers of Education and Training to Overseas Students (National Code)

The 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 Register of Higher Education Providers (National Register)

The National Register was established and is maintained under section 198 of the TEQSA Act. The National Register is available at teqsa.gov.au/national-register.

Provider category

Provider category relates to a category of provider as listed in the Criteria for Classification of Higher Education Provider Categories, available in Part B of the HES Framework at legislation.gov.au/Details/F2015L01639.

Registered higher education provider

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

Regulatory risk

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

Risk assessment

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

Risk Assessment Framework

TEQSA's Risk Assessment Framework outlines TEQSA's approach to undertaking structured risk assessments of registered higher education providers. Risk assessments play a key role in TEQSA's risk-based quality assurance and regulation of the sector by helping to prioritise TEQSA's regulatory focus.

More information about TEQSA's Risk Assessment Framework is available at teqsa.gov.au/risk-assessment-framework.

Standards-based regulation

Australia's regulatory system for higher education uses a standards-based quality framework and TEQSA's approach reflects the risks to the sector and those particular to each provider. The *Higher Education Standards Framework (Threshold Standards) 2011* (HES Framework 2011) was made by the responsible Minister on the advice of the Department of Industry, Innovation, Science, Research and Tertiary Education and commenced on 5 January 2012.

The *Higher Education Standards Framework (Threshold Standards) 2015* (HES Framework 2015) was determined by the Minister for Education and Training (the Minister) on advice from the independent Higher Education Standards Panel (HESP) and commenced on 1 January 2017.

TEQSA case managers

TEQSA case managers are assessment staff employed in the Assurance Group and Assessment and Investigations Group of TEQSA who manage activities relating to higher education providers, through communication and cooperation with provider contacts.

TEQSA stakeholder survey 2019

In July 2019, TEQSA undertook a sector-wide survey for 2018-19, to increase TEQSA's accountability, better understand its impact on higher education providers, and improve its performance. The assessment was against the key performance indicators in outlined in TEQSA's Regulator Performance Framework. Relevant peak, professional and student bodies were also invited to participate in the survey.

Compliance index

Table 15 indicates the location of information provided in accordance with paragraph 17AJ(d) of the PGPA Act. References in the first column of the Compliance index are to the relevant paragraph in the PGPA Act.

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AD(g)	Letter of transmittal		
17AI	Letter of transmittal	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h)	Aids to access		
17AJ(a)	About this report	Table of contents.	Mandatory
17AJ(b)	Alphabetical index	Alphabetical index.	Mandatory
17AJ(c)	Acronyms and abbreviations	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	Compliance index	List of requirements.	Mandatory
17AJ(e)	Contacts	Details of contact officer.	Mandatory
17AJ(f)	Contacts	Entity's website address.	Mandatory
17AJ(g)	Accessing this report online	Electronic address of report.	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AD(a)	Review by accountable authority		
17AD(a)	Section 1: Review by the accountable authority	A review by the accountable authority of the entity.	Mandatory
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	About TEQSA	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	Organisational structure	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	Purpose	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	Purpose	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	Corporate governance	Name of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(ii)	Corporate governance	Position title of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(iii)	Corporate governance	Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory
17AE(1)(b)	N/A	An outline of the structure of the portfolio of the entity.	Portfolio departments - mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AE(2)	N/A	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, mandatory
17AD(c) Report on the Performance of the entity			
ANNUAL PERFORMANCE STATEMENTS			
17AD(c)(i); 16F	Performance against objectives	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii) Report on Financial Performance			
17AF(1)(a)	Analysis of TEQSA's financial performance	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	Appendix B: Summary of resources	A table summarising the total resources and total payments of the entity.	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AF(2)	N/A	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, mandatory.

17AD(d) Management and Accountability

CORPORATE GOVERNANCE

17AG(2)(a)	Corporate governance	Information on compliance with section 10 (fraud systems).	Mandatory
17AG(2)(b)(i)	Letter of transmittal	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	Letter of transmittal	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AG(2)(b)(iii)	Letter of transmittal	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	Corporate governance	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	N/A	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, mandatory

EXTERNAL SCRUTINY

17AG(3)	Corporate governance	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	N/A	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AG(3)(b)	N/A	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, mandatory
17AG(3)(c)	N/A	Information on any capability reviews on the entity that were released during the period.	If applicable, mandatory

MANAGEMENT OF HUMAN RESOURCES

17AG(4)(a)	Human resources	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	Appendix C: Staffing Profile	<p>Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following:</p> <ul style="list-style-type: none"> a. statistics on full-time employees; b. statistics on part-time employees; c. statistics on gender; d. statistics on staff location. 	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AG(4)(b)	Appendix C: Staffing Profile	<p>Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following:</p> <ul style="list-style-type: none"> > statistics on staffing classification level > statistics on full-time employees > statistics on part-time employees > statistics on gender > statistics on staff location > statistics on employees who identify as Indigenous. 	Mandatory
17AG(4)(c)	Appendix C: Staffing Profile	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)	Appendix C: Staffing Profile	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AG(4)(c)(ii)	Appendix C: Staffing Profile	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	Appendix C: Staffing Profile	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	Human resources	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	Appendix C: Staffing Profile	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	Appendix C: Staffing Profile	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)	Appendix C: Staffing Profile	Information on aggregate amount of performance payments.	If applicable, Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
ASSETS MANAGEMENT			
17AG(5)	N/A	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory
PURCHASING			
17AG(6)	Financial management	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory
CONSULTANTS			
17AG(7)(a)	Financial management	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AG(7)(b)	Financial management	A statement that <i>“During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million].”</i>	Mandatory
17AG(7)(c)	Financial management	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)	Financial management	A statement that <i>“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.”</i>	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
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AUSTRALIAN NATIONAL AUDIT OFFICE ACCESS CLAUSES

17AG(8)	N/A	If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, mandatory
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EXEMPT CONTRACTS

17AG(9)	N/A	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, mandatory
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PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
SMALL BUSINESS			
17AG(10)(a)	Financial management	A statement that “[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.”	Mandatory
17AG(10)(b)	Financial management	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	N/A	If the entity is considered by the Department administered by the Finance Minister as material in nature— a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”	If applicable, mandatory
FINANCIAL STATEMENTS			
17AD(e)	Section 5: Financial report	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
EXECUTIVE REMUNERATION			
17AD(da)	Appendix C: Staffing Profile	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory
17AD(f)	Other Mandatory Information		
17AH(1)(a)(i)	N/A	If the entity conducted advertising campaigns, a statement that <i>"During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website."</i>	If applicable, mandatory
17AH(1)(a)(ii)	Appendix F: Advertising and market research	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, mandatory
17AH(1)(b)	N/A	A statement that <i>"Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."</i>	If applicable, mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AH(1)(c)	Appendix I: Disability reporting	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	Appendix D: Freedom of Information	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	N/A	Correction of material errors in previous annual report.	If applicable, mandatory
17AH(2)	Section 6: Appendices	Information required by other legislation.	Mandatory

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