

# TEQSA fees and charges consultation Paper

Navitas submission

October 2023

## Navitas' response to the consultation paper: TEQSA fees and charges consultation paper

Navitas welcomes the opportunity to respond to the consultation paper *TEQSA fees and charges*. This is in response to implementation of the cost recovery model for TEQSA fees and charges in 2021 and the requirement for an annual review of the Cost Recovery Implementation Statement (CRIS).

Navitas owns and operates eleven Institutes of Higher Education (IHEs). This includes the Australian College of Applied Professions (ACAP), SAE Institute, Deakin College, Griffith College, La Trobe College Australia, Sydney Institute of Business and Technology (SIBT), Curtin College, Edith Cowan College, South Australia Institute of Business and Technology (SAIBT), Western Sydney University International College (WSUIC) and Eynesbury College. It also delivers programs through its joint ventures with Taylors College Sydney and University of Canberra College.

The following submission outlines Navitas' feedback on the proposed fees and charges for 2024, as outlined in the consultation paper.

### The proposed TEQSA fees and charges for 2024 includes fee increases across the majority of processes

Navitas notes that the application fee has increased across the majority of processes for 2024. TEQSA is proposing increases on 21 application-based fees to reflect the cost to assess those applications. According to the consultation paper, this reflects learnings from the first eight months of operation of its cost recovery model where costs were underestimated in the 2022 version of the CRIS. This includes increases to fees for renewal of registration, course accreditation and renewal and CRICOS registration / renewal.

The current TEQSA Cost Recovery Implementation Statement (CRIS) provides information on how TEQSA implements cost recovery for quality assurance and regulation of higher education. In preparing the CRIS, TEQSA has stated it reviewed and assessed the regulatory effort required for each application-based activity and the costs and attribution for all non-application-based activities.<sup>1</sup>

The consultation paper has not provided sufficient detail to understand the basis for the fee increases in 2024. The basis for the fee revisions is not clear and there is no reference to the work estimations that informed the original CRIS calculations. The reason for change that have been provided by TEQSA do not provide clarity.

Navitas recommends that further detail is provided on the rationale for the changes proposed, including with reference to the work estimations for each process.

### Navitas providers' experience has been that the "core only" regulatory requirements have significantly reduced

Several Navitas Institute of Higher Education (IHEs) have been in the process of preparing for and submitting renewals of registrations across 2023. Through these experiences, we have identified that for each Confirmed Evidence Table for each application, the 'core only' regulatory requirements have significantly reduced.

TEQSA in a recent scoping letter for a forthcoming renewal of registration refers to this as a 'revised approach to pre-submission scoping' which is intended to 'reduce the volume and scope of evidence that it requires'. This has included submission of a Self-Assurance Report of no more than ten pages, together with 4 to 7 documents.<sup>2</sup> Additional documents can be subsequently requested if required.

Navitas is very supportive of this reduction in regulatory burden and evidentiary requirements. This reflects the organisations' mature, low risk operating environment.

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<sup>1</sup> Section 3.2 of the CRIS describes TEQSA's current position with respect to its charges for registration renewal and the differences between a 'core' and a 'core plus' assessment.

<sup>2</sup> Attachments and appendices are allowed as they relate to 'independent corporate and academic governance reviews' and 'actions plans demonstrating the implementation of improvements'.

## **It is not clear that the TEQSA work effort associated with this new approach aligns with the proposed increased cost recovery costs**

Navitas assumes that TEQSA used the work effort calculations in the current CRIS as a baseline or reference point to inform the revised work effort calculation for regulatory activity. It is highly likely that this assessment of work effort was based on assessment of a significantly larger volume of evidence than under the revised evidence requirements. A significant reduction in work effort for TEQSA would be expected from the introduction of the revised, more streamlined assessment process. It would therefore be expected that the cost associated with a renewal of registration assessment would also be reduced. This is not the case.

Navitas supports a risk-based approach to application evidence, and subsequently, cost recovery. During the provider briefing, TEQSA noted that the reduced submission requirements were at a trial stage. Navitas would expect that at a minimum this reduced work effort would be considered as part of the 2024 CRIS review.

Below we provide more specific feedback on different proposed fees and charges.

### **Fees for re-registration**

Re-registration evidence under the new revised evidence requirements is likely to be 4 to 7 documents in total. It is therefore unclear how:

- the application, review and completeness check is six days or more, or
- the review of evidence, engaging with providers and preparing the report is equivalent to 32 days or more

It is therefore not clear why with the significant reduction in evidence for a 'core' renewal of registration assessment, there is not a subsequently significant reduction in TEQSA work effort and therefore cost for the associated application fee.

Navitas also notes that the new 'core' evidence requirements for a re-registration assessment are comparable to the evidence required for a CRICOS assessment (re-registration for a provider with self-accrediting authority). In this process, TEQSA relies on the independent external audit as a key part of the TEQSA re-registration process.<sup>3</sup> The evidence required by TEQSA to assess a provider with self-accrediting authority for CRICOS registration is typically:

- a copy of the most recent ESOS independent audit
- action plan/s demonstrating the implementation of improvements arising from review recommendations and the most recent progress reports against those action plans.

Except for the additional 10 page Self-Assurance Report, the new evidence requirements for re-registration are similar to the evidence requirements for self-accrediting authority providers seeking a renewal of their CRICOS re-registration. Accordingly, the 'effort' to assess the evidence is likely to be similar. The proposed costs however differ significantly. Fees for self-accrediting authority providers are approximately 25 per cent of those for a 'core' renewal of registration assessment for TEQSA. The rationale for this considerable discrepancy is not clear.

### **Fees for course accreditation and re-accreditation**

Similar to what has been outlined above, TEQSA has significantly reduced the evidence required for a renewal of accreditation assessment. There does not however appear to have been a significant reduction in the assessed TEQSA work effort to assess this evidence (based on no material reduction in the proposed application fees).

Navitas also understands that TEQSA has included in its fees estimates for the use of expert assessments and the costs associated with those assessments. TEQSA has publicly signalled to the sector its intention to place greater reliance on providers' own self-assurance, including obtaining its own independent experts for course accreditation and re-accreditation processes.

The fees structure proposed, however does not appear to provide any financial incentive for a provider to obtain their own expert reports. There is also no incentive for TEQSA to engage its own experts when a provider has submitted an expert report. Navitas believes there would be benefits in removing assumptions

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<sup>3</sup> Based on current TEQSA CRIS.

around expert assessment and review activities in course assessments. Instead, where an expert assessment by TEQSA is warranted, these are separately charged to the provider for which they relate. This approach would both financially incentivise all providers to utilise high quality expert opinion in its course development and review activities, as well as reducing TEQSA's default and sometimes unnecessary reliance on using its own experts.

## Navitas makes four recommendations to the proposed TEQSA fees and charges

A summary of the recommendations proposed by Navitas are included below.

Figure 1 | Summary of recommendations made by Navitas

Recommendations
<b>Recommendation 1.</b> TEQSA provide further detail on the rationale for the proposed changes to the fees and charges, with reference to the work estimations for each application process.
<b>Recommendation 2.</b> TEQSA reconsiders the fees for re-registration, considering the fees proposed for CRICOS registration and re-registration for providers with self-accrediting authority.
<b>Recommendation 3.</b> TEQSA reconsiders the fees for course accreditation and re-accreditation, considering the reduced evidence requirements.  TEQSA removes the charges and work effort associated with expert assessments from the overall course accreditation and re-accreditation fee, instead applying it only as required, to incentivise providers to engage experts in the course development stage and ensure a more diligent consideration by TEQSA of the need to engage experts.
<b>Recommendation 4.</b> Ensure that the CRIS review for 2025 acknowledges the likely full implementation of the reduced submission requirements for re-registration, which should result in reduced work effort from TEQSA and subsequently reduced fees for providers.

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