



Australian Government

Tertiary Education Quality and Standards Agency

TEQSA

Annual Report

2017-2018



TEQSA ANNUAL REPORT 2017–18

ISSN 2200-9671



With the exception of the Commonwealth Coat of Arms, TEQSA's logo, any material protected by a trade mark and where otherwise noted, all material presented in this document is provided under a Creative Commons Attribution 3.0 Australia licence creativecommons.org/licenses/by/3.0/au/

The details of the relevant licence conditions are available on the Creative Commons website (accessible using the links provided) as is the full legal code for the CC BY 3.0 AU licence creativecommons.org/licenses/by/3.0/au/legalcode

The document must be attributed as the TEQSA Annual Report 2017–18.

Contacts

More information about the Tertiary Education Quality and Standards Agency, including electronic versions of this annual report, is available at teqsa.gov.au/about-us/publications

Comments and enquiries about this report may be directed to:
Manager, Executive Office
Tertiary Education Quality and Standards Agency
Level 14/530 Collins Street
MELBOURNE VIC 3001

T: 1300 739 585

E: enquiries@teqsa.gov.au

Acknowledgements

This report reflects the efforts of many people. Special thanks go to 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

31 August 2018

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 2018.

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 2017–18 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 2017–18 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 Cliff Walsh
Commissioner

Dr Linley Martin
Commissioner



CONTENTS

About this Report	IV
Section 1: Review by the accountable authority	1
Review of the year by the TEQSA accountable authority	2
Section 2: Agency overview	5
About TEQSA	6
Purpose	6
Legislative framework	7
Sector reviews	7
Organisational structure	9
Section 3: Performance review	15
Performance against goals	18
Goal 1: Effective oversight of the quality and reputation of Australian higher education	26
Goal 2: Efficient, effective, responsive, risk-based quality assurance and regulatory activities	30
Goal 3: Constructive and collaborative relationships with governments, higher education providers and other stakeholders	43
Analysis of TEQSA's financial performance	49
Section 4: Management and accountability	51
Corporate governance	52
Human resources	56
Financial management	57



Section 5: Financial report	61
Independent Auditor’s report	62
Statement by the accountable authority and Chief Financial Officer	65
Financial statement	66
Section 6: Appendices	105
Appendix A: Legislative framework	106
Appendix B: Summary of resources	107
Appendix C: Staffing profile	109
Appendix D: Freedom of information	110
Appendix E: Ecologically-sustainable development and environmental performance	110
Appendix F: Advertising and market research	111
Appendix G: Workplace health and safety	111
Appendix H: Complaints handling	111
Appendix I: Disability reporting	112
Section 7: Indices and references	115
Acronyms and abbreviations	116
Glossary of terms	117
Compliance index	120
Alphabetical index	134



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 2018.

Prepared according to parliamentary reporting requirements, the report describes TEQSA's achievements against the goals and indicators set out in the *TEQSA Corporate Plan 2017–21* and in TEQSA's *2017–18 Portfolio Budget Statements*.

The Annual Report provides information on TEQSA's performance in relation to its stated outcome in the Portfolio Budget Statements:

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

Section 1:

Review by the accountable authority—reflects on the past year, highlighting significant issues faced by TEQSA and initiatives undertaken, as well as current and future challenges.

Section 2:

Agency overview — provides information about TEQSA and its governance, roles and functions and organisational structure, as well as its approach to risk- and standards-based regulation.

Section 3:

Performance review — reports on how TEQSA performed during the reporting period against the goals set out in the *TEQSA Corporate Plan 2017–21*, and against its stated outcome and program deliverables contained in the *2017–18 Portfolio Budget Statements*.

Section 4:

Management and accountability — provides information on corporate governance, external and internal accountability, human resource management, financial management, purchasing, consultants and contract management, legal services and other activities relevant to the administration of the agency.

Section 5:

Financial report — presents audited financial statements for the year ending 30 June 2018.

Section 6:

Appendices — includes information relating to TEQSA's staffing and its performance in relation to Australian Government environmental, disability, freedom of information and financial management outcomes.

Section 7:

Indices and references — assists readers to locate and understand information in the annual report.

Acronyms and abbreviations
page 116

Glossary of terms
page 117

Compliance index
page 120

Alphabetical index
page 134





REVIEW BY THE ACCOUNTABLE AUTHORITY

1



Review of the
year by the TEQSA
accountable authority

SECTION 1: REVIEW BY THE ACCOUNTABLE AUTHORITY

Review of the year by the TEQSA accountable authority

This is TEQSA's seventh annual report, which analyses the performance of the agency against the *TEQSA Corporate Plan 2017–21*.

The performance of the agency in 2017–18 continued to reflect the impact of resourcing constraints from previous years. However, the year also included the welcome announcement in the Australian Government's 2018–19 Budget of an additional \$24.3 million over four years to ensure the ongoing financial sustainability of the agency and an increase in permanent staffing. There was also continued endorsement of the overall performance of the agency, with approximately 70 per cent of provider respondents to the 2018 stakeholder survey rating TEQSA's performance as a regulator as good or excellent. This is particularly the case for those providers that are rated as a low risk to students, where 87 per cent of these providers rated TEQSA as good or excellent.

As in past years, the proportion of applications from prospective providers that were rejected remained high, with only three applications for registration granted from those applications that reached the decision stage. There was also a significant number of applications assessed by the agency during 2017–18 that were withdrawn by the applicants before a decision was made. In the case of those applications that were rejected, a majority of applicants chose to challenge the decision and 2017–18 saw a sharp rise in the number of decisions subject to external review by the Administrative Appeals Tribunal (AAT).

In addition to TEQSA's core functions of quality assessment and regulatory decision making, the agency undertook significant activity in response to requests from the Minister in relation to the transparency of providers' admissions processes, the management by providers of incidents of sexual assault and sexual harassment, and the continuing threat to academic integrity posed by contract cheating. The activities of the agency associated with these sector-wide issues have focused on: reviewing evidence of compliance with the Higher Education Standards Framework, identifying areas of risk and developing relevant support materials based on the analysis of risk, and taking regulatory action where necessary.

The agency continued to receive positive feedback to its enhanced program of engagement that was initiated in 2016–17. In 2017–18, this program included:

- ▲ the second annual TEQSA conference
- ▲ meetings with individual providers to discuss their management of risks identified through TEQSA's annual risk assessment process
- ▲ briefings with provider groups that raised issues through the *TEQSA Stakeholder Survey 2017*, in order to explore what TEQSA could do to address their concerns
- ▲ the establishment of the Student Expert Advisory Group and inclusion of students in the annual TEQSA Conference
- ▲ the introduction of a quality enhancement forum series on topics of key interest to providers, commencing with forums on student attrition and contract cheating.

The time taken in 2017–18 to assess and make decisions about applications continued to deteriorate for most types of applications. The deterioration was due to a number of factors noted in the last annual report, including high staff turnover. However, 2017–18 also saw a sharp increase in the number of compliance assessments initiated by the agency in response to immediate threats to quality or risks to students. This work required the diversion of resources from application-based work but will now be addressed by a dedicated team, established with new resources that will also manage student complaints about providers.

For the targets related to the Australian Government Regulator Performance Framework (RPF), all but one of TEQSA's targets were achieved in 2017–18. In the case of KPI 1 'Quality assurance and regulation does not unnecessarily impede the efficient operation of higher education providers', this was only partially achieved because the stakeholder survey results show a small decrease in the percentage of respondents that rated the agency as good or excellent compared with 2016–17.

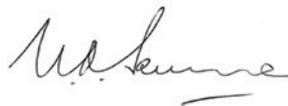
Looking forward

With the additional funding and staffing from the 2018–19 Budget, the key challenge over the coming year will be on rebuilding the required resourcing and enhancing our systems to improve the agency's performance. Consultation around the arrangements for cost recovery of TEQSA's expenditure, and then their implementation, will be important activities for 2018–19.

The coming year, in which TEQSA will begin its eighth year of operation, will also see the beginnings of the assessment of 'Cycle 2' applications for accreditation and registration. This will require the agency to evolve its regulatory approach to reflect the maturing relationship with providers and our deeper knowledge of their operations.

Policy reviews underway that will impact on the higher education sector will also be a key driver of the agency's work over the coming year. Reviews of the Australian Qualifications Framework (AQF), the higher education provider categories in the Higher Education Standards Framework, and the arrangements for accreditation by professional bodies are likely to require further adjustment of TEQSA's approach to assessment and allow further opportunities for the agency to provide guidance and support to the sector.

The *TEQSA Corporate Plan 2018–22* has taken on board the performance results for 2017–18 and the key messages delivered through the 2018 stakeholder survey. The plan highlights the need to improve the timeliness of our decision making, to review our approach to case management, to ensure our actions reflect risk to students and the reputation of the sector, and to build our capability in regulatory policy.



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





AGENCY OVERVIEW

2



About TEQSA

Purpose

Legislative framework

Sector reviews

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

To safeguard student interests and the reputation of the higher education sector by assuring the quality of Australian higher education through a proportionate risk-reflective approach which allows higher education providers to pursue their individual missions and encourages diversity, innovation and excellence.

In the *2017–18 Portfolio Budget Statements*, TEQSA reported on one outcome and one program. The *TEQSA Corporate Plan 2017–21* identifies three key goals 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 and Training 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.

GOAL 1

Effective oversight of the quality and reputation of Australian higher education.

GOAL 2

Efficient, effective, responsive, risk-based quality assurance and regulatory activities.

GOAL 3

Constructive and collaborative relationships with governments, higher education providers and other stakeholders.

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 for more information about these responsibilities.

Sector reviews

In 2017–18, the agency continued to support the Higher Education Standards Panel (the HESP), the Department of Education and Training (the department) and the sector in relation to admissions transparency, academic integrity, and student wellbeing and safety.

Admissions transparency

In 2016, the Minister for Education and Training (the Minister) asked the HESP for options to improve the transparency of higher education student admissions policies. Following consultation, the HESP delivered 14 recommendations that the government accepted in December 2016. In early 2017, the

department established the Admissions Transparency Implementation Working Group, with TEQSA's Chief Executive Officer as a member.

See Performance Indicator 3.4 for more information about the work undertaken by TEQSA in 2017–18 to implement the HESP's recommendations on admissions transparency.

For more information on TEQSA's thematic review of admissions transparency

www.teqsa.gov.au/admissions-transparency

Academic integrity

Academic integrity issues since 2014 have highlighted the need for increased vigilance to protect the integrity of Australia's higher education system.

Recent issues have included:

- ▲ 'degree mills' at non-genuine universities
- ▲ contract cheating, including essay writing services
- ▲ the alleged sale of forged qualifications
- ▲ allegations of third parties sitting exams, or taking entire subjects, for students
- ▲ concerns about the security of student academic records.

While there is currently no legislation in Australia that permits action to be taken against parties that provide contract cheating services or fake documentation, the HES Framework requires higher education providers to have appropriate policies and measures in place to prevent, detect and address academic misconduct.



In 2017–18, TEQSA continued to monitor the issue of academic integrity through both its ongoing regulatory activities and its risk assessments of providers, and as part of the response to the issue of contract cheating, which first arose with the MyMaster incident in 2014, TEQSA released a *Good Practice Note: Addressing contract cheating to safeguard academic integrity*. The release of the good practice note was accompanied by a forum in October 2017 on the topic of contract cheating. The forum was attended by over 130 participants from across the sector and received positive feedback, with participants calling for workshops on the issue.

The good practice note, which complements TEQSA's existing *Guidance Note: Academic Integrity*, was developed in collaboration with leading academic integrity expert Professor Tracey Bretag to provide practical advice and examples of good practice to guide higher education operations in relation to contract cheating. The good practice note is the first in a new series of materials to support and promote quality assurance approaches of higher education providers. The note provides specific advice in five critical areas:

- ▲ policies to promote academic integrity
- ▲ policies and procedures to address breaches
- ▲ actions to mitigate risks
- ▲ the provision of academic integrity guidance
- ▲ good practices to maintain academic integrity.

For more information on the good practice note www.teqsa.gov.au/latest-news/articles/teqsa-outlines-ways-cut-contract-cheating

See Performance Indicator 3.1 for more information on the academic integrity and contract cheating forum. The forum presentation is available at

www.teqsa.gov.au/presentations

Student wellbeing and safety

All providers registered by TEQSA must meet the requirements of the HES Framework, which includes specific standards relating to student wellbeing and safety, such as the need for:

- ▲ promotion and fostering of a safe learning environment
- ▲ support services for students who need assistance with personal circumstances which may be having an adverse effect on their education
- ▲ formal complaints-handling policies and procedures.

In August 2017, the Australian Human Rights Commission (AHRC) released *Change the Course: National Report on Sexual Assault and Sexual Harassment at Australian Universities (2017)*. The Minister wrote to all 39 Australian universities and to the peak bodies for all other higher education providers, seeking responses to the AHRC's recommendations in the report. TEQSA wrote directly to the remaining 129 higher education providers. The Minister also asked TEQSA to monitor and report on higher education provider responses to incidents of sexual assault and sexual harassment.

In addressing the Minister's request, TEQSA commenced a project to support providers with implementing actions to ensure the wellbeing and safety of students. The project involves:

- ▲ providing advice and sharing good practice with the sector
- ▲ requesting and analysing information about providers' activities in relation to allegations of sexual assault and sexual harassment
- ▲ receiving and responding to complaints about providers' response to incidents of alleged sexual assault and sexual harassment.

The agency undertook a review of the responses received by the 168 providers in March 2018 and will report to the Minister on the outcome of the review in 2018–19, with advice to the sector and examples of good practice to follow.

For more information on TEQSA’s work in relation to the issue of sexual assault and sexual harassment www.teqsa.gov.au/how-does-teqsa-respond-sector-wide-issues

In January 2018, following consultation with providers, students and key advocacy groups, the agency released a revised guidance note on wellbeing and safety to clarify TEQSA’s expectations when assessing providers’ compliance with these requirements of the HES Framework. The response to the revised guidance note

from key advocates was very positive. In late 2017–18, TEQSA included the standards on wellbeing and safety (in Section 2.3 of the HES Framework 2015) in the scope of all of its assessments against applications for renewal of registration (re-registration).

The guidance note on wellbeing and safety is available at www.teqsa.gov.au/latest-news/publications/guidance-note-wellbeing-and-safety

Complaints and media reports of incidents of alleged sexual assault and sexual harassment are used by TEQSA to identify areas of risk to the provision of quality higher education in Australia, and thereby protect the interests of students.

See Performance Indicator 1.1 for more information about TEQSA’s complaint-handling process.

Organisational structure

Figure 1: TEQSA’s organisational structure.



Commissioners

TEQSA currently has three Commissioners; a part-time Chief Commissioner and two part-time Commissioners. Commissioners are appointed by the Minister 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 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 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. His other senior academic roles have included: Dean of Medicine, Nursing and Health Sciences at Monash University (1998–2003); Head of the Faculty of Health Sciences and Dean of Medicine, Flinders University (1993–98); Professor of Medicine at the University of Newcastle (1983–93); and positions at McMaster University, Canada, and Harvard University, USA.

Professor Saunders holds a medical degree with first-class honours from the University of Sydney and has been influential in the advancement of medical education and research through his extensive contribution to, and participation on, many higher education, research and health care national committees, councils and state government bodies.

During his career, Professor Saunders has been Chair of the National Health and Medical Research Council; 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; Chair of the Committee of Deans of Australian Medical Schools; Chair of the Postgraduate Medical Council of NSW; member of the Board of Universities Australia and Lead Vice-Chancellor for research and international activities; and member of the Victorian Premier's Council for Knowledge, Innovation, Science and Engineering, and the 2011 Ministerial Review of Health and Medical Research in NSW.

Professor Saunders currently holds the part-time position of Chair of the Repatriation Medical Authority of Australia.

In 2012 he was appointed an Officer in the Order of Australia in recognition of his contribution and distinguished service to medicine and higher education.

Dr Linley Martin, Commissioner

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

Previously, she was the Head of University Services and Vice-Principal (Major Projects) at the University of Melbourne from 2009–11, where she had also held the position of Vice Principal and Academic Registrar from 2001–05.

From 2005 to 2008 she was Vice President and Council Secretary at Deakin University and has held many other senior positions at the University of New South Wales, RMIT University, Flinders University and the University of South Australia.

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.

As well as being a part-time Commissioner at TEQSA, during 2016 Dr Martin was also the part-time Ombuds at RMIT University, an independent reviewer of unresolved student and staff complaints. In 2016 Dr Martin was awarded her Doctor of Philosophy by the University of Melbourne for her thesis on the measurement of student learning outcomes in higher education.

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 been in public sector economics and public policy; regulatory theory and its application to economic, social and environmental issues; economic and social evaluation of public sector programs and regulatory regimes; and intergovernmental economic, political and administrative relations.

Professor Walsh has also been an adviser to a Prime Minister and State Premiers; an Associate Commissioner for several Productivity Commission Inquiries; an expert adviser to the European Commission and the World Bank; a member of numerous committees of inquiry into public sector policies and programs; and 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. He holds a first class honours degree in English and American Literature from the University of Kent.

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 previously a member of the Board of the European Association for Quality Assurance in Higher Education. He has held a number of governance roles at all levels of education and was Chair of Council and Pro-Chancellor of the University of Gloucestershire from 2007 to 2009.

Mr McClaran was a member of the Board of the International Network of Quality Assurance Agencies in Higher Education (INQAAHE) until May 2018 and has been on the Advisory Council of the US Council for Higher Education Accreditation (CHEA) International Quality Group since 2016. He is currently on the steering group for My eQuals, serves on the Expert Panel for the National Review of Teacher Registration, and is a member of the Audit Committee of the Australian Accounting Standards Board (AASB) and the Auditing and Assurance Standards Board (AUASB).



Senior management team

The Senior Management Team (SMT) comprises the CEO and TEQSA senior managers. 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 minimum standards
- ▲ promoting best practice
- ▲ improving the quality of the Australian higher education sector.

To respond to ongoing workload pressures and funding arrangements, TEQSA commenced a rebalancing in 2018, and finalised a new organisational structure in April 2018. The rebalancing, which included a staff consultation process, enabled better management of the assessment load and the establishment of a specialised

compliance and investigation capability. A summary of the changes which took effect progressively in 2017–18 are as follows:

- ▲ establishment of a dedicated Compliance and Investigations Team
- ▲ establishment of a dedicated ESOS/CRICOS Team
- ▲ expansion of the Initial Registration Assessment Team (to incorporate course accreditation assessments linked to initial registration applications)
- ▲ expansion of the Assurance Group to include responsibility for the case management of all registered higher education providers
- ▲ transfer of risk responsibility from the assessment groups to the Policy and Analysis Team (Executive Office).

The functional groups that make up the agency, as at 30 June 2018, are summarised in the following section.

Assessment and Investigations Group and Assurance Group

The Assessment and Investigations Group and the Assurance Group are responsible for delivering TEQSA's core business of undertaking regulatory assessments under the TEQSA Act (using the HES Framework) and the ESOS Act (using the National Code, ELICOS Standards and Foundation Standards). The groups also work in collaboration with the Executive Office's Policy and Analysis Team to prepare risk profiles of each registered provider.

The Assessment and Investigations Group has responsibility for: handling complaints about providers; ESOS assessments; initial registrations; compliance assessments; and cases requiring investigations and sanctions (under both the TEQSA and ESOS Acts). Specialisation within the group is structured around assessment of applications for initial

registration, and investigations. Within the group are staff with technical expertise in relation to ESOS obligations. Towards the end of 2017–18, additional resourcing allowed for the establishment of a dedicated team with responsibility for compliance investigations and complaints handling.

The Assurance Group has responsibility for managing and assessing applications from higher education providers for re-registration and for accreditation of their courses (where providers do not have SAA). This group is also responsible for assessing applications from registered higher education providers for authority to self-accredit one or more courses and applications for change of provider category to one of the University categories.

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 AAT matters.

Corporate Group

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

The Information Management Team within the Corporate Group is responsible for scoping and collecting provider data, developing and enhancing reporting capability, and analysing and reporting on information required to support regulatory activity. The team is also responsible for managing TEQSA's annual Provider Information Request (PIR).

Engagement Group

The Engagement Group is responsible for managing the agency's relationship with its stakeholders including: provider, student and industry professional bodies; other regulators; and international agencies.

The Engagement Group manages TEQSA's annual conference, and the agency's internal and external communication, as well as its external experts.

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 and the HESP). The Executive Office is made up of two teams; the Governance Team, and the Policy and Analysis Team.

The Governance Team is responsible for: managing development of, and reporting against, the Corporate Plan, the Annual Report and the RPF; supporting the maintenance of internal procedures of regulatory assessments; preparing for Senate Estimates appearances; coordinating agency security and enterprise risk management; and providing executive and administrative support to the Commissioners, CEO, accountable authority, Senior Management Team and other internal committees.

The Policy and Analysis Team is responsible for: undertaking risk analysis, including financial risk analysis; and undertaking quantitative and qualitative analysis that contributes to regulatory policies.





PERFORMANCE REVIEW

3



Performance against goals

Goal 1: Effective oversight of the quality and reputation of Australian higher education

Goal 2: Efficient, effective, responsive, risk-based quality assurance and regulatory activities

Goal 3: Constructive and collaborative relationships with governments, higher education providers and other stakeholders

Analysis of TEQSA's financial performance

SECTION 3: PERFORMANCE REVIEW

Statement of preparation

We, the TEQSA Commissioners, as the accountable authority of the Tertiary Education Quality and Standards Agency (TEQSA), present the 2017–18 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

The *TEQSA Corporate Plan 2017–21* sets out TEQSA's performance indicators over a four-year period under three goals:

1. Effective oversight of the quality and reputation of Australian higher education.
2. Efficient, effective, responsive, risk-based quality assurance and regulatory activities.
3. Constructive and collaborative relationships with governments, higher education providers and other stakeholders.

TEQSA works toward safeguarding student and provider interests by assuring the quality of Australian higher education. TEQSA's strategies during 2017–21 are to:

- ▲ identify, monitor and respond to significant trends, incidents and risks to higher education that is delivered in or from Australia
- ▲ promote the role, importance and effectiveness of Australia's quality assurance and regulatory system in maintaining the reputation of Australian higher education nationally and internationally
- ▲ maintain a strong focus on the educational experience and outcomes for students
- ▲ continue to implement a program of improvement of quality assurance and regulatory approaches involving key stakeholders
- ▲ strengthen the collaborative relationship with the Australian Skills Quality Authority (ASQA), the Australian Institute for Teaching and School Leadership (AITSL), the HESP and other agencies with mutual interests both in Australia and internationally
- ▲ optimise TEQSA's application of the HES Framework to enhance internal quality assurance of providers.

TEQSA regulator performance framework report 2016–17

The *TEQSA Regulator Performance Framework Report 2016–2017* (RPF Report) was published in December 2017 and the *TEQSA Stakeholder Survey Report 2017: Report of Overall Findings* was released in March 2018. The RPF Report discussed the results of the stakeholder survey in the context of the performance indicators required for the RPF and included analysis of the correlation between the risk profile of providers and the outcome of assessments of applications.

For more information on the *TEQSA Regulator Performance Framework Report 2016–2017* www.teqsa.gov.au/latest-news/publications/teqsa-regulator-performance-framework-report-2016-2017

For more information on the *TEQSA Stakeholder Survey Report 2017: Report of Overall Findings* www.teqsa.gov.au/latest-news/publications/teqsa-stakeholder-survey-2017-report-overall-findings

TEQSA stakeholder survey 2018

The principal contact of each provider (including some prospective providers) and the contact of each Australian body or agency that has a Memorandum of Understanding (MoU) with TEQSA were invited to participate in the 2018 stakeholder survey of TEQSA's performance in 2017–18. Where relevant, performance information references results from the 2018 stakeholder survey. The principal contact participation rate for the 2018 survey was 66 per cent, compared with a response rate of 74 per cent for the 2017 survey.

The *TEQSA Corporate Plan 2017–21* integrated the performance indicators of the RPF. TEQSA's annual performance statement below reports a summary of results achieved in 2017–18 and includes cross-references to the *2017–18 Portfolio Budget Statements*, the *2017–21 Corporate Plan* and the 2017–18 RPF Key Performance Indicators.



Performance against goals

Goal 1

EFFECTIVE OVERSIGHT OF THE QUALITY AND REPUTATION OF AUSTRALIAN HIGHER EDUCATION			
SOURCE	PERFORMANCE INDICATOR	TARGET	ANNUAL RESULT AGAINST THE TARGET
2017–21 Corporate Plan, p.14 2017–18 Portfolio Budget Statements, p.226	1.1 TEQSA has effective mechanisms to identify, monitor and respond to risks to higher education across the sector. See page 26.	New mechanisms are implemented to manage out-of-cycle regulatory work, including responding to emerging risks to quality and the assessment of applications received from prospective entrants.	Achieved
		An approach is established on enhanced monitoring, sector intelligence gathering and analysis of risk, with a correspondingly targeted approach to assessment.	Partially achieved
		Further integration of risk analysis and regulatory decision making is achieved, through the use of comprehensive datasets to inform risk analysis and regulatory interventions.	Achieved
2017–21 Corporate Plan, p.14	1.2 Enhanced levels of information about the sector are made available to stakeholders and the sector. See page 27.	Aggregate observations of performance and risks are published including: annual statistics on registered higher education providers, key financial metrics, assessment outcomes reporting, and the role of risk analyses in assessment outcomes.	Partially achieved

EFFECTIVE OVERSIGHT OF THE QUALITY AND REPUTATION OF AUSTRALIAN HIGHER EDUCATION

SOURCE	PERFORMANCE INDICATOR	TARGET	ANNUAL RESULT AGAINST THE TARGET
2017–21 Corporate Plan, p.14	1.3 TEQSA engages in regular, constructive dialogue with international quality agencies to contribute to the development of transnational policy.	Cross border regulatory activity is strengthened and streamlined through engagement with international quality agencies.	Achieved
2017–18 Portfolio Budget Statements, p.226	See page 28.	TEQSA's understanding and effectiveness in international higher education, and contribution to development of transnational policy is increased through signing or re-signing MoUs for the sharing of information with international quality agencies including provider visits and staff exchanges.	Achieved



Goal 2

EFFICIENT, EFFECTIVE, RESPONSIVE, RISK-BASED QUALITY ASSURANCE AND REGULATORY ACTIVITIES			
SOURCE	PERFORMANCE INDICATOR	TARGET	ANNUAL RESULT AGAINST THE TARGET
2017–21 Corporate Plan, p.15 Regulator Performance Framework KPI 1	2.1 Quality assurance and regulation does not unnecessarily impede the efficient operation of higher education providers. See page 30.	Tailored and proportionate approaches are applied to all assessments undertaken during the year, based on risks and performance data about providers.	Achieved
		TEQSA's efficient and effective administration of regulatory functions is reflected in the positive results of the 2017–18 survey of providers.	Partially achieved
2017–21 Corporate Plan, p.15	2.2 TEQSA's decisions are provided in a timely manner, clearly articulating the reasons for decisions, and TEQSA gives all higher education providers a reasonable opportunity to address matters relevant to a decision by TEQSA before TEQSA makes a decision that affects the provider. See page 31.	Decisions are made in a timely manner and providers are informed in accordance with legislative timeframes.	Not achieved
		Where an adverse decision is proposed, a draft summary of findings is sent to providers to allow providers a reasonable opportunity to respond.	Achieved

EFFICIENT, EFFECTIVE, RESPONSIVE, RISK-BASED QUALITY ASSURANCE AND REGULATORY ACTIVITIES

SOURCE	PERFORMANCE INDICATOR	TARGET	ANNUAL RESULT AGAINST THE TARGET
2017–21 Corporate Plan, p.15 Regulator Performance Framework KPI 3	2.3 Quality assurance and regulatory actions undertaken by TEQSA are proportionate to the risks being managed. See page 37.	The risk framework and risk analysis process is publicly available, and changes undertaken in consultation with providers.	Achieved
		The risk status of providers is identified and timely and meaningful responses to risks are determined and actioned.	Achieved
		The three principles of necessity, risk and proportionality are applied in the tailoring of scope of assessment and regulatory decisions, resulting in reduced burden for low-risk providers.	Achieved
		For providers ready to seek self-accrediting authority, support and guidance is made available.	Achieved
2017–21 Corporate Plan, p.15 Regulator Performance Framework KPI 4	2.4 TEQSA's compliance and monitoring approaches are streamlined and coordinated. See page 40.	Collaboration with the Department of Education and Training continues to be strengthened, data collection from providers is automated and data access and sharing is enhanced.	Achieved
		Collaboration with industry professional bodies to share data reduces the burden of regulatory requirements.	Achieved
		Cooperation with international quality agencies is utilised where necessary for regulation of Australian providers operating internationally.	Achieved



EFFICIENT, EFFECTIVE, RESPONSIVE, RISK-BASED QUALITY ASSURANCE AND REGULATORY ACTIVITIES

SOURCE	PERFORMANCE INDICATOR	TARGET	ANNUAL RESULT AGAINST THE TARGET
2017–21 Corporate Plan, p.15	2.5 Effective implementation of the requirements of regulatory responsibilities is achieved, including the TEQSA and ESOS Acts. See page 41.	Respond to outcomes of the review of the impact of the TEQSA Act.	Achieved
		Implement changes to support transition to the revised National Code in the ESOS Framework.	Achieved
2017–21 Corporate Plan, p.15 Regulator Performance Framework KPI 6	2.6 The quality assurance framework continues to be improved in consultation with stakeholders. See page 42.	Specific consultation with the sector is undertaken before proposed changes to TEQSA’s practices are made.	Achieved



Goal 3

CONSTRUCTIVE AND COLLABORATIVE RELATIONSHIPS WITH GOVERNMENTS, HIGHER EDUCATION PROVIDERS, STUDENTS AND OTHER STAKEHOLDERS			
SOURCE	PERFORMANCE INDICATOR	TARGET	ANNUAL RESULT AGAINST THE TARGET
2017–21 Corporate Plan, p.16 Regulator Performance Framework KPI 2	3.1 TEQSA's communication with higher education providers is clear, targeted and effective. See page 43.	Information is conveyed to stakeholders regularly and is readily accessible including via an improved TEQSA website.	Achieved
		Issues of concern to the sector and stakeholders are included in the program of annual TEQSA Conference.	Achieved
		The majority of providers surveyed rate TEQSA's communication as good or excellent.	Achieved
2017–21 Corporate Plan, p.16	3.2 TEQSA has enhanced engagement with students in consultation with peak student bodies, and other stakeholders. See page 44.	Direct communication and consultative links with peak student bodies are established.	Achieved
		Engagement with TEQSA experts is enhanced.	Achieved
		Consultative channels to employers are opened up and developed.	Achieved



CONSTRUCTIVE AND COLLABORATIVE RELATIONSHIPS WITH GOVERNMENTS, HIGHER EDUCATION PROVIDERS, STUDENTS AND OTHER STAKEHOLDERS

SOURCE	PERFORMANCE INDICATOR	TARGET	ANNUAL RESULT AGAINST THE TARGET
2017–21 Corporate Plan, p.16 Regulator Performance Framework KPI 5	3.3 TEQSA’s dealings with higher education providers are open, transparent and consistent.	Providers are kept informed of the approach to assessment through the publication of the assessment framework, application guides and guidance notes.	Achieved
	See page 46.	The National Register of Higher Education Providers is enhanced as a public record of regulatory decisions.	Achieved
		Increased engagement with private providers and their peak bodies takes place in response to the findings of the stakeholder survey undertaken in 2016.	Achieved
2017–21 Corporate Plan, p.16	3.4 Increased synergies are developed with other agencies and contributions to collaborative goals.	Information relevant to risks to quality, protection of students and reputation of the sector is shared with Commonwealth agencies and the regulatory agencies of other countries.	Achieved
	See page 47.	Work is undertaken with the Higher Education Standards Panel to implement the Government response to Report on the Transparency of Admissions Processes for Higher Education, including a formative evaluation of the current position and good practice guidance on meeting the Standards in this area.	Achieved



**CONSTRUCTIVE AND COLLABORATIVE RELATIONSHIPS WITH GOVERNMENTS,
HIGHER EDUCATION PROVIDERS, STUDENTS AND OTHER STAKEHOLDERS**

SOURCE	PERFORMANCE INDICATOR	TARGET	ANNUAL RESULT AGAINST THE TARGET
2017–21 Corporate Plan, p.16	3.5 Providers are supported in implementing the 2015 Higher Education Standards Framework. See page 49.	Further support material is developed for providers in the transition to the requirements of the 2015 Higher Education Standards Framework.	Achieved



Goal 1: Effective oversight of the quality and reputation of Australian higher education

Performance Indicator 1.1

TEQSA has effective mechanisms to identify, monitor and respond to risks to higher education across the sector.

In 2017–18, TEQSA sought to enhance its mechanisms to manage risks to the higher education sector (particularly for prospective providers) and to address emerging risks to the sector. Major developments for TEQSA in achieving this in 2017–18 were:

- ▲ the development of the *TEQSA high risk provider policy*
- ▲ the development of the *TEQSA initial provider registrations policy*
- ▲ the establishment of a dedicated Compliance and Investigations Team.

As part of further integration of risk analysis and regulatory decision making, TEQSA will continue to enhance its risk analysis approach to determine the focus of regulatory activity in 2018–19.

See Performance Indicator 2.1 and www.teqsa.gov.au/for-providers/resources/teqsa-high-risk-provider-policy for information about the high risk provider policy.

Initial provider registrations

In October 2017, an initial provider registrations policy was developed to establish clear expectations for prospective providers and for TEQSA case managers. The policy established a set of principles to inform decision making in relation to initial provider registrations and is intended to address the absence of a track record in higher education for prospective providers.

For more information about the TEQSA initial provider registrations policy www.teqsa.gov.au/for-providers/resources/teqsa-initial-provider-registrations-policy

Compliance investigations

Additional funding arising from the Mid-Year Economic and Fiscal Outlook (MYEFO) 2017–18 allowed TEQSA to establish a dedicated Compliance and Investigations Team, the responsibilities of which include undertaking future compliance assessments, monitoring of conditions on providers, and complaints handling. The team commenced work in May 2018 with an initial focus on reviewing student complaints about providers and, in particular, those complaints that relate to sexual assault and sexual harassment.

TEQSA's complaints process

In 2017–18, the agency received over 400 complaints about Australian higher education providers. TEQSA manages complaints about registered higher education providers in relation to their compliance with the HES Framework, the ESOS Act and the National Code. This information contributes to TEQSA's monitoring of the sector.

Following a review in the previous financial year, in 2017–18 TEQSA revised its approach to handling complaints in line with the agency’s strategic priorities. The revised approach included the establishment of complaints–handling principles and development of procedures, as well as exploration of opportunities for staff training to efficiently and effectively capture, respond to, and report on complaints made to TEQSA about registered higher education providers.

A new online form for submitting complaints via the TEQSA website was launched in 2017–18. TEQSA also accepts complaints made by telephone, email and written correspondence.

See Appendix H: Complaints Handling and www.teqsa.gov.au/complaints for more information about TEQSA’s complaints process.

Enhanced monitoring

During 2017–18, in addition to information gathered as part of the formative evaluation of providers’ implementation of improved admissions transparency and as part of the review of responses to the AHRC *Change the Course* report, TEQSA commenced an enhanced monitoring project. The aim of the project is to improve the way the agency uses information to quality assure and regulate higher education providers. In 2017–18, the project scope focused on enhancing the risk categorisation of providers, horizon scanning, and the use of complaints and social media for intelligence gathering.

Performance Indicator 1.2:

Enhanced levels of information about the sector are made available to stakeholders and the sector.

Almost 60 per cent of provider respondents to the 2018 stakeholder survey rated TEQSA as good or excellent in terms of availability of information on trends and observations on sector performance.

In 2017–18, TEQSA continued its efforts to make enhanced levels of information available to the sector with the publication of reports. The third edition of the *Key financial metrics on Australia’s higher education sector* was released in November 2017.

Further reports will be released in early 2018–19, including the 2018 statistics report on TEQSA registered higher education providers and a report on the assessment insights gathered from the analysis of assessment outcomes from 2014 to 2017.

For more information about the *Key financial metrics on Australia’s higher education sector* www.teqsa.gov.au/for-providers/resources/key-financial-metrics-australias-higher-education-sector-3rd-edition

Performance Indicator 1.3:

TEQSA engages in regular, constructive dialogue with international quality agencies to contribute to the development of transnational policy.

The agency is involved in 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 active participation in these groups, allows the agency to play an important role in protecting, enhancing and promoting the quality and integrity of Australia's higher education sector internationally.

During 2017–18, in addition to TEQSA's participation in regular teleconferences with its international Memorandum of Cooperation (MoC) partners, the agency continued its engagement with international quality assurance agencies and networks, through various activities including:

- ▲ participation in the University Quality Assurance Forum, hosted by the National Institution for Academic Degrees and Quality Enhancement of Higher Education (NIAD-QE) in August 2017
- ▲ TEQSA's International Quality Assurance Staff Exchange Program, in which TEQSA:

- ▶ hosted delegates from the Chinese Service Center for Scholarly Exchange (August 2017), the Malaysian Qualifications Agency (September 2017), the Council of Private Education/SkillsFuture Singapore (November 2017) and the New Zealand Qualifications Authority in (November 2017)
- ▶ staff members were hosted by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ) and NIAD-QE, Japan (November 2017)
- ▲ participation in the QBBG annual meeting in Hong Kong in October 2017
- ▲ participation in the Council of Higher Education (CHEA) and CHEA International Quality Group (CIQG) meetings in Washington, United States of America in January 2018
- ▲ participation in INQAAHE Biennial Forum and Board Meeting in Mauritius in May 2018
- ▲ participation in the annual Going Global conference, for leaders of international education, in Kuala Lumpur, Malaysia in May 2018
- ▲ participation in the Australia India Education Council's workshop on online education, in June 2018.

Staff from agencies in China, Indonesia, Japan, Malaysia, New Zealand, Singapore, Sweden, Thailand, and the Philippines were also welcomed for visits to TEQSA during 2017–18.

The agency has established a strong reputation in the sector worldwide, and works with its international quality assurance partners on a regular basis to build capacity.

TEQSA signed or renewed MoCs with a number of peak international bodies in 2017–18, as listed in Table 1.

Table 1: MoCs signed or renewed in 2017–18

ORGANISATION	DATE ESTABLISHED
Advance HE, United Kingdom	May 2018
China Education Association for International Exchange	May 2018
Department of Higher Education, Research, Science and Technology, Papua New Guinea	May 2018
Knowledge and Human Development Authority, United Arab Emirates	January 2018
National Institute for Academic Degrees and Quality Enhancement of Higher Education (previously NIAD-UE), Japan	August 2017
Non-local Courses Registry of the Education Bureau, Hong Kong	August 2017
Ras Al Khaimah Economic Zone, United Arab Emirates	July 2017

More detail on collaboration with stakeholders can be found under Goal 3: Constructive and collaborative relationships with governments, higher education providers, students and other stakeholders.

For more information about TEQSA’s *International Engagement Strategy 2016–20* www.teqsa.gov.au/for-providers/resources/teqsa-international-engagement-strategy



Goal 2: Efficient, effective, responsive, risk-based quality assurance and regulatory activities

Approximately 70 per cent of provider respondents to the 2018 stakeholder survey rated TEQSA's performance as a regulator over the last 12 months as good or excellent.

When the risk ratings of providers are compared with their responses, 87 per cent of the providers rated as low risk to students responded that TEQSA's overall performance was good or excellent. Of the providers rated as high or moderate risk to students, only 62 per cent rated TEQSA's overall performance as a regulator as good or excellent.

Performance Indicator 2.1

Quality assurance and regulation does not unnecessarily impede the efficient operation of higher education providers.

High risk providers

In October 2017, the agency published the *TEQSA high risk provider policy*, which was developed using comprehensive datasets to guide risk analysis and regulatory interventions.

The policy establishes a set of principles to inform TEQSA's regulation of providers identified as high risk in relation to students or financial position — at the point of identification, as well as in the course of accreditation, renewal of accreditation (re-accreditation) and re-registration assessments. The policy elaborates upon and further specifies the principle, published in *TEQSA's Risk Assessment Framework*, that TEQSA may take various forms of action in relation to providers being identified as high risk.

The principles that comprise this policy are intended to ensure that identified provider risk levels drive differential treatment of providers, in line with established good practice in risk-based regulation, and consistent with the basic principles for regulation included in TEQSA's establishing legislation.

Where a provider is not identified as high risk, reduced evidence requirements apply in subsequent assessments in accordance with TEQSA's Core+ approach.

For more information about the *TEQSA high risk provider policy* www.teqsa.gov.au/for-providers/resources/teqsa-high-risk-provider-policy

Stakeholder survey results

In the 2018 stakeholder survey, 56 per cent of provider respondents rated TEQSA as good or excellent in relation to regulation not impeding efficient operation. This is a decrease from 66 per cent in the *TEQSA Stakeholder Survey 2017*. However, 94 per cent of peak, professional and student bodies surveyed in 2018 rated TEQSA as good or excellent. This is an improvement from 92 per cent in 2017.

It is worth noting that there was a significant difference in the response of providers based on their risk rating in relation to students. Of provider respondents with a low risk rating, 63 per cent rated TEQSA as good or excellent in relation to streamlining to reduce burden. However, of the provider respondents with a high or moderate risk rating, 38 per cent rated TEQSA as good or excellent on that measure.

The main reasons given for the deterioration in stakeholder satisfaction were: slow response times, the high turnover in case managers, and the regulator-provider relationship in the case of some providers. The turnover in case managers was primarily a result of previous reductions in average staffing level and continued reliance on contract staff to sustain the agency's core work. As in 2016–17, TEQSA experienced a high turnover of contract staff and a continued loss of corporate memory and experience through turnover of permanent staff.

Performance Indicator 2.2:

TEQSA's decisions are provided in a timely manner, clearly articulating the reasons for decisions, and TEQSA gives all higher education providers a reasonable opportunity to address matters relevant to a decision by TEQSA before TEQSA makes a decision that affects that provider.

In 2017–18, the number of assessments decided decreased compared with 2016–17, and although the overall number of days to decision did not deteriorate noticeably from the previous year, there was a marked increase in the time taken to make decisions on applications for re-registration of existing providers and accreditation of new courses from registered providers.

The main factors influencing these results were: the diversion of assessment staff to manage the increased number of compliance assessments, the workload related to matters under consideration by the AAT, the continuing loss of experienced assessment staff and turnover of contractors, and the time taken for staff to familiarise themselves with operationalising the HES Framework 2015.

Caseload in 2017–18

In 2017–18, the decrease in the number of applications received resulted in a reduced number of assessments (132) carried over into 2018–19, in comparison with the 208 assessments carried over into 2017–18. Table 2 sets out TEQSA's caseload over the last three years.

Table 2: TEQSA's caseload

CASELOAD STAGE	2015-16	2016-17	2017-18
Assessments carried over from the previous financial year	194	288	208
Applications received (including initial registration applications)	475 (29)	294 (28)	193 (7)
Completed assessments	381	374	269

Table 3: Completed assessments and decisions

	2015-16	2016-17	2017-18
Decisions	298	296	192
Withdrawn/cancelled	83	78	77
TOTAL (completed assessments)	381	374	269

Table 3 sets out the total number of assessments completed and decisions made in 2017-18. The decrease in the number of assessments completed in 2017-18 is partly a reflection of the decrease in the caseload for the year. In 2017-18, 269 assessments were completed, consisting of 192 decisions made and 77 applications that were either withdrawn by the applicant or cancelled by TEQSA. Most of the withdrawals occurred after TEQSA had completed its assessment but before a decision was made.

Six CRICOS registration assessments and 11 CRICOS re-registration assessments were also completed in 2017-18.

In addition, TEQSA completed 605 other assessments of applications made under the ESOS Act, such as changes to student capacity and relocation/new delivery site, compared with 685 assessments of this type in 2016-17.

Meeting caseload timeframes

In 2017-18, although the overall median processing time did not deteriorate markedly compared with 2016-17, this was primarily due to the reduced caseload for the year and an improvement in the time taken for decisions about re-accreditation of existing courses.

Table 4: Number of assessments decided and number of days to decision

	2015–16	2016–17	2017–18
Number of assessments decided	298	296	192
Average number of days to decision	202	303	290
Median number of days to decision	165	295	299

Table 5: Median number of days for processing of applications from submission to decision

	2015–16	2016–17	2017–18
Registration	245	349	419
Re-registration	245	377	399
Course accreditation (registered and prospective providers)	193	244	303
Course accreditation (registered providers)	165	160	299
Course re-accreditation	182	363	247

Table 4 provides information regarding the time taken for assessments where a decision was made in 2017–18, in comparison with previous years.

In 2017–18, the overall time taken to make decisions was consistent with 2016–17. However, this was largely due to a reduced caseload and an improvement in the time taken for decisions regarding applications for re-accreditation. In the case of all other assessment types, the median processing time increased (see Table 5).

Regarding applications for registration and accreditation of courses from prospective providers, the increase in the median processing time was primarily a consequence of the need in late 2017 to extend the legislative deadline for nine decisions under section 21 of the TEQSA Act and 26 decisions under section 49. The extensions to legislative deadlines were due to the continuing impact of the large influx of applications submitted prior to the commencement of the HES Framework 2015.

For accreditation of new courses from registered providers, the timeframe for decisions is set in legislation and the time taken increased substantially in 2017–18 compared with 2016–17.

The increase in the median processing time for applications for course accreditation from existing providers was primarily due to the result of the need to divert assessment staff to undertake an increase in the number of compliance assessments, the adjustment by both providers and assessment staff to the HES Framework 2015 and continuing turnover of assessment staff.

Under its governing legislation, TEQSA is obliged to provide particular forms of advice or complete specific processes within specified timeframes. Table 6 contains information about TEQSA's performance in meeting legislative deadlines required by the TEQSA Act.



Table 6: Performance in 2017–18 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>Achieved</p>
<p>Section 21</p> <p>TEQSA must make a decision on the application for registration within 9 months of receiving it, or if TEQSA is satisfied for reasons beyond its control that a decision cannot be made within the 9 months, TEQSA may determine a longer period not exceeding a further 9 months, within which it must make a decision on the application</p>	<p>Not achieved</p> <p>TEQSA made 13 decisions on applications for registration in 2017–18.</p> <p>For reasons beyond TEQSA's control, it extended the legislative deadline for nine of the 13 decisions.</p> <p>One decision was not made within the legislative deadline.</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>Not achieved</p> <p>TEQSA completed preliminary assessment for 58 out of 65 applications for a course of study to be accredited within 30 days after the applications were made.</p> <p>For seven applications, TEQSA did not complete the preliminary assessment within 30 days after the applications were made.</p>
<p>Section 49</p> <p>TEQSA must make a decision on the application for accreditation of a course of study within 9 months of receiving it, or if TEQSA is satisfied for reasons beyond its control that a decision cannot be made within the 9 months, TEQSA may determine a longer period not exceeding a further 9 months, within which it must make a decision on the application.</p>	<p>Not achieved</p> <p>TEQSA made 103 decisions on applications for accreditation in 2017–18.</p> <p>For reasons beyond TEQSA's control, it extended the legislative deadline for 26 of the 103 decisions.</p> <p>10 decisions were not made within the legislative deadline.</p>



REQUIREMENT	PERFORMANCE
<p>Section 186</p> <p>TEQSA must make its decision on review reviewable decision within 90 days after receiving the application for review.</p>	<p>Not achieved</p> <p>TEQSA made decisions on 16 out of 19 internal review applications within the required timeframe.</p> <p>For three applications, decisions were not made within 90 days after receiving the application for review.</p>

There was a slight improvement in the ratio of APS staff to contractors in the assessment teams compared with the previous financial year from 1.5 APS staff for each contractor to 1.7 APS staff for each contractor. There was also a slight improvement in staff tenure in the assessment teams with 74 per cent of staff having been with the agency for 12 months or more as at 30 June 2018, compared with 53 per cent with 12 months of experience or more as at 30 June 2017.

The continuing deterioration in the time taken to make key decisions is reflected in the 2018 stakeholder survey results in the falling satisfaction of providers, where 52 per cent of principal contact respondents rated TEQSA in relation to timeliness of information after making a decision as good or excellent. This compared with 55 per cent in the 2017 survey and 77 per cent in the 2016 survey.

See the discussion about Human Resources in Section 4: Management and accountability for more information about TEQSA's staff turnover.



Increase in the number of compliance assessments

In 2017–18, in addition to assessing applications, TEQSA undertook nine compliance assessments of registered higher education providers as a result of increased risk of non-compliance with the HES Framework or the National Code. Compliance assessments were initiated by the agency where it considered there were serious risks to student interests or the reputation of the sector. As of 30 June 2018, seven of these compliance assessments were ongoing.

Prior to late 2017, there was no dedicated team in the agency to undertake compliance assessments and therefore resources were diverted as necessary from the application-based assessment areas. Following the additional funding announced in the MYEFO 2017–18 and a review of workload across assessment groups of the agency, a dedicated team was established to undertake compliance assessments and to manage student complaints about providers.

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 proposed adverse decision. In the 2018 stakeholder survey, close to 64 per cent of all respondents rated TEQSA as good or excellent in terms of providing a reasonable opportunity to address matters relevant to a regulatory decision.

In 2017–18, the proportion of re-registration assessments with an adverse decision increased compared with the last three years (Table 7). Adverse decisions include imposition of conditions, cancellation of registration, or rejection of an application. In 2017–18, 56 per cent of TEQSA's decisions about re-registration were adverse compared with 50 per cent in 2016–17.

Table 7: Percentage of assessments of re-registration applications with an adverse decision

YEAR	ADVERSE (%)	POSITIVE (%)
2015–16	45	55
2016–17	50	50
2017–18	56	44

In addition, although six out of the nine decisions made on applications for re-registration (66 per cent) in 2017–18 were to grant the renewal for the maximum seven-year period, two of these decisions included the imposition of conditions on the registration of the providers.

In relation to applications from prospective providers, only three applicants were granted registration and all were granted less than the maximum seven-year period. A total of 30 applications from prospective providers were assessed during 2017–18, with 17 applications withdrawn by the applicants and 10 applications rejected. Of the 10 applications rejected, eight applied for external review in the AAT during 2017–18.

External review matters

In 2017–18, TEQSA was a party in 17 external review matters in the AAT relating to regulatory decisions.

In addition to two matters carried over from 2016–17, 15 new matters commenced in the AAT in 2017–18. Six of the matters were resolved by agreement with the applicant, three matters were dismissed following withdrawal by applicants for initial registration and eight matters were carried into 2018–19. The most common areas of the HES Framework in relation to the matters involved corporate and academic governance and staffing (including teaching staff), academic leadership, and support staff. Other issues related to course content, staff scholarship/professional development and financial viability.

These external review matters are the agency’s most resource-intensive work, involving case managers and the Legal Group. In 2017–18, matters resolved in the tribunal took an average of 172 days, with withdrawn matters taking less time (73 days) than matters resolved by agreement (214 days).

Performance Indicator 2.3:

Quality assurance and regulatory actions undertaken by TEQSA are proportionate to the risks being managed.

Risk Assessment Framework

TEQSA’s *Risk Assessment Framework* represents a robust approach to assessing risk. The framework is a key tool for providing effective oversight of the quality and reputation of Australian higher education.

In 2017–18, the agency reviewed and made technical changes to the risk assessment framework, process, risk tools and systems to align with the HES Framework 2015. TEQSA published its updated *TEQSA’s Risk Assessment Framework* in April 2018. As at 30 June 2018, the revised risk assessment framework on the TEQSA website had been viewed over 1,800 times.

For more information about TEQSA’s *Risk Assessment Framework*

www.teqsa.gov.au/latest-news/publications/risk-assessment-framework

Cycle 5 annual risk assessment

In late 2017, TEQSA completed the Cycle 5 annual risk assessment using Higher Education Information Management System (HEIMS) data from the department that had been validated. All providers were sent a risk assessment report for this risk cycle.

In 2018, a combination of factors contributed to TEQSA’s decision to delay risk assessments for standalone ELICOS and Foundation Studies providers including: the decision to establish a new ESOS/CRICOS team, the release of revised ELICOS Standards (which took effect in January 2018), and the timing of CRICOS re-registration for over 25 per cent of providers.

The agency varies the evidence requirements for its assessments based on all available information about each registered provider’s organisational characteristics and risk profile. Analysis of TEQSA’s regulatory decisions has demonstrated a strong alignment between the risk profile of a provider and the outcomes of regulatory decisions.

Table 8: Risk ratings and outcomes for re-registration

	PROVIDER RISK RATING	ADVERSE OUTCOME* (PER CENT)	POSITIVE OUTCOME (PER CENT)
2015–16	Moderate to high	70	30
	Low	14	86
2016–17	Moderate to high	81	19
	Low	0	100
2017–18	Moderate to high	75	25
	Low	0	100

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

Table 9: Risk ratings and outcomes for course accreditation and re-accreditation

	PROVIDER RISK RATING	ADVERSE OUTCOME* (PER CENT)	POSITIVE OUTCOME (PER CENT)
2015–16	Moderate to high	28	72
	Low	0	100
2016–17	Moderate to high	66	34
	Low	0	100
2017–18	Moderate to high	50	50
	Low	58	42

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

Table 8 demonstrates the relationship between the risk profile of a provider and the outcome of regulatory decisions about re-registration applications for 2015–16, 2016–17 and 2017–18. The analysis reveals a strong correlation between the risk ratings of providers and the outcomes of assessment of re-registration applications.

Table 9 demonstrates the relationship between the risk profile of a provider and the outcome of regulatory decisions about

course accreditations and re-accreditation applications for 2015–16, 2016–17 and 2017–18. In the case of course accreditations and re-accreditations, there was a very small number of applications for course accreditation or re-accreditation in 2017–18 from providers that are low risk and do not have the authority to accredit their own courses. As a result, the small dataset has impacted the robustness of the analysis.

Stakeholder survey results

In the 2018 stakeholder survey, 52 per cent of provider respondents rated TEQSA as good or excellent in relation to whether regulatory actions are proportionate to risks. This is a decrease from 57 per cent in the *TEQSA Stakeholder Survey 2017*.

It is worth noting that there was a significant difference in the responses of providers based on their risk rating in relation to students. In the case of provider respondents with a low risk rating, 73 per cent rated TEQSA as good or excellent in relation to regulatory action being proportionate to risk and in the case of provider respondents with a high or moderate risk rating, 30 per cent rated TEQSA as good or excellent on that measure.

Although the overall provider survey responses show a deterioration in relation to actions being proportionate to risks, over 93 per cent of peak, professional and student bodies surveyed rated TEQSA as good or excellent.

Regulatory principles

In assessing applications and making regulatory decisions, TEQSA takes the three basic principles for regulation under the TEQSA Act into consideration: necessity, risk and proportionality. In 2017–18, the agency developed further guidance to support case managers in applying these regulatory principles.

Self-accrediting authority

In 2017–18, the first courses that had previously been assessed by TEQSA were submitted for re-accreditation. In order to reduce duplication of evidence requirements and assessment of re-accreditation applications on closely-related courses, the agency implemented a course renewal rationalisation plan and developed advice for providers seeking to apply for SAA. A related objective is to support providers that have a track- record of reliably developing and approving courses that do not to raise material issues in TEQSA's assessments and encouraging those providers to apply for at least partial SAA.

In 2017–18, TEQSA granted one provider partial SAA.

In order for TEQSA to monitor significant changes and identify any emerging issues in relation to protecting student interests and the reputation of the sector, a core set of data is required for all providers in the sector. The use of a core set of data by multiple areas of government also helps reduce the regulatory burden on providers.

Working with the department

In order to monitor the risks to students, TEQSA collects data submitted through the department's HEIMS. For providers that do not report through HEIMS, TEQSA collects information through a PIR under section 28 of the TEQSA Act. In 2017–18, TEQSA staff continued to participate in meetings with the department to ensure the national data collection is fit for purpose and available when required for annual risk assessments.



Performance Indicator 2.4:

TEQSA's compliance and monitoring approaches are streamlined and coordinated.

Working with the Higher Education Standards Panel

The HESP is responsible for developing and monitoring the operation of the HES Framework. The TEQSA Commissioners and CEO met regularly with the HESP members during 2017–18, and discussions included:

- ▲ the regulatory impact on providers in relation to professional accreditation
- ▲ the sector responses to allegations of sexual assault and sexual harassment
- ▲ the review of the impact of the TEQSA Act.

The HESP also provided external validation of TEQSA's self-assessment of its 2016–17 performance against the RPF.

Working with peak and professional bodies

TEQSA currently has 25 agreements in place with industry bodies. Agreements with the following bodies were signed or renewed in 2017–18:

- ▲ Australian and New Zealand Podiatry Accreditation Council
- ▲ Australian Psychology Accreditation Council
- ▲ CPA Australia Limited
- ▲ Financial Planning Education Council – Financial Planning Association of Australia
- ▲ Optometry Council of Australia and New Zealand
- ▲ The Financial Adviser Standards and Ethics Authority
- ▲ Universities Admissions Centre.

In 2017–18, the agency continued its quarterly meetings with CPA Australia Limited to share information about providers of accounting courses.

The agency also contributed to discussions on professional accreditation with the HESP and submitted a response to the *Independent Review of the National Registration and Accreditation Scheme for health professions* with a view to further developing models of professional accreditation that reduce duplication in requirements for providers.

Working with international quality agencies

In late 2017, TEQSA participated in the assessment of a course by the HKCAAVQ. The course, offered by an Australian university, was delivered through a third party in Hong Kong.

The joint assessment represented a pilot program aimed at determining the equivalency of the accreditation processes of the two agencies and the information gathered during this exercise will contribute to TEQSA's assessment of the university's application for re-registration, to be undertaken in 2018. It also provided an opportunity to share information and learn from international counterparts as part of TEQSA's ongoing commitment to continuous improvement.

Performance Indicator 2.5:

Effective implementation of the requirements of regulatory responsibilities is achieved, including the TEQSA and ESOS Acts.

Review of the impact of the TEQSA Act

Throughout 2017–18, TEQSA provided the department with further advice in relation to the review of the impact of the TEQSA Act. The agency is awaiting finalisation of the Australian Government's response to the report of the review.

Amendments to legislation

In 2017–18, there were a number of important changes to legislation affecting TEQSA.

In August 2017, the *Education Legislation Amendment (Provider Integrity and Other Measures) Act 2017* commenced, which amended the TEQSA Act, ESOS Act and *Higher Education Support Act 2003* to improve TEQSA's ability to assure the quality of Australian higher education by:

- ▲ enabling TEQSA to take account of the history of related entities, as well as the history of a provider's education delivery
- ▲ introducing a requirement that all registered higher education providers, and key personnel for those providers, must be fit and proper persons
- ▲ clarifying the definition of 'vocational education and training course' to make clear that courses which lead to Diplomas, Advanced Diplomas, Graduate Diplomas and Graduate Certificates are required to be accredited under the TEQSA Act or under vocational education laws
- ▲ clarifying that TEQSA may delegate its functions or powers to the Chief Executive Officer
- ▲ improving information-sharing arrangements under the ESOS Act
- ▲ introducing more stringent requirements for applications to access FEE-HELP
- ▲ strengthening compliance requirements for FEE-HELP in relation to marketing, admissions and financial viability.

On 1 January 2018, amended versions of the ESOS National Code and the ELICOS Standards commenced. This occurred after extensive consultation between the department, education quality assurance agencies (including TEQSA), other government agencies and peak bodies representing education providers.

In 2017–18, TEQSA established a new team specialising in ESOS/CRICOS assessments and that team has developed an implementation plan to address the key changes made by these amendments, including staffing and admissions arrangements for ELICOS, improving the information provided to international students and reflecting up-to-date methods of educational delivery.

In the 2018 stakeholder survey, 52 per cent of provider respondents rated TEQSA good or excellent in relation to whether it has a streamlined and coordinated approach. This is a decrease from 55 per cent in the *TEQSA Stakeholder Survey 2017*. However, 80 per cent of peak, professional and student bodies surveyed in 2018 rated TEQSA as good or excellent. This is a decline from 85 per cent in 2017.

Performance Indicator 2.6:

The quality assurance framework continues to be improved in consultation with stakeholders.

In 2017–18, the agency continued to seek opportunities for continuous improvement of its regulatory processes. Consultation with stakeholders was a valuable tool for not only gathering feedback, but also for seeking the sector's view on any proposed changes.

Following consultation with the higher education sector on TEQSA's proposed changes to its approach to public reporting on the National Register of Higher Education Providers (National Register), the agency announced in late 2017 that the proposed changes would take effect from 1 January 2018. These changes aimed to improve transparency of TEQSA's regulatory decision, and included:

- ▲ the publication of decisions to reject applications for initial registration and initial course accreditation prior to the commencement of any external review of the decisions
- ▲ the publication of news announcements or media releases about decisions
- ▲ corresponding changes to the TEQSA National Register Guidelines.

For more information about the policy on public reporting of TEQSA's decisions www.teqsa.gov.au/for-providers/resources/policy-public-reporting-regulatory-decisions

In October 2017, TEQSA consulted with the higher education sector on proposed changes to matters that TEQSA may take into account when determining whether a person or provider is fit and proper, and expects to finalise its new approach early in 2018–19.

In the 2018 stakeholder survey, 57 per cent of provider respondents rated TEQSA as good or excellent in relation to whether it continues to improve its regulatory framework. This is a decrease from 61 per cent in the *TEQSA Stakeholder Survey 2017*. However, 79 per cent of peak, professional and student bodies surveyed in 2018 rated TEQSA as good or excellent. This is an improvement from 67 per cent in 2017.

Goal 3: Constructive and collaborative relationships with governments, higher education providers and other stakeholders

Performance Indicator 3.1:

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

During 2017–18, the agency engaged with the higher education sector through its website, annual conference and other activities.

TEQSA website

In November 2017, the new TEQSA website was successfully launched, incorporating feedback from external stakeholders including current and prospective providers, students, and peak/professional bodies, as well as internal stakeholders.

From the website's launch to 30 June 2018, there were over 600,000 page views and close to 90,000 visitors.

In 2017–18, TEQSA also engaged with the sector through:

- ▲ a monthly external newsletter, with a subscriber count of 3,100
- ▲ social media channels, including Twitter and LinkedIn.

TEQSA conference and other sector engagement events

The second TEQSA Conference, with the theme of *Students, Quality, Success*, was held from 28 November to 1 December 2017. The conference program was well received with strong representation across all areas of the higher education sector, including peak bodies, international agencies and students. Feedback about the 2017 conference was very positive, with over 80 per cent of provider respondents to the stakeholder survey rating the program, quality of speakers, relevance of material and opportunity for interaction as good or excellent.

The conference received 784 registrations over the three days and a total of 115 presenters participated in 70 plenary and concurrent sessions. Delegates came from 225 organisations, including 65 student delegates and nine international delegates. Students also featured prominently in the conference sessions, adding a student perspective to discussions.

In 2017–18, TEQSA commenced an occasional forum series, with the first on student attrition attracting over 200 attendees. A second forum on combatting contract cheating attracted 130 attendees. Both events received positive feedback with requests for more forum and workshop events.

In 2017–18, the agency also held the first of two Higher Education Provider Roundtable events that addressed the areas TEQSA could improve on, as identified in the *TEQSA Stakeholder Survey 2017*. This engagement was focused on non-university higher education providers and allowed an open discussion with members of the TEQSA Commission and senior management staff on key concerns for these providers in relation to:

- ▲ timeliness of decision making
- ▲ inconsistency in case manager approach
- ▲ appropriateness of the approach to the annual risk assessment
- ▲ standing of the TEQSA guidance notes.

The roundtable also gave providers an opportunity to suggest improvements to TEQSA's processes. Feedback related in particular to engagement with TEQSA assessment staff and the selection of experts from a broader cross-section of the sector.

TEQSA Commissioners and senior staff were frequently invited to present at higher education conferences and events in 2017–18. Agency representatives presented at, or attended, more than 30 events to discuss TEQSA's approach to quality assurance and regulation.

Stakeholder survey results

In the 2018 stakeholder survey, 64 per cent of provider respondents rated TEQSA good or excellent in relation to whether its communication with higher education providers is clear, targeted and effective. This is a decrease from 72 per cent in the 2017 stakeholder survey. However, 87 per cent of peak, professional and student bodies surveyed in 2018 rated TEQSA as good or excellent. This is an improvement from 85 per cent in 2017.

Performance Indicator 3.2:

TEQSA has enhanced engagement with students in consultation with peak student bodies, and other stakeholders.

In 2017–18, the agency continued to strengthen relationships with students, peak student bodies and other stakeholders.

Over 85 per cent of peak, professional and student body respondents to the 2018 stakeholder survey rated TEQSA's communication with their organisation as good or excellent.

Engagement with student representatives

In late 2017, TEQSA established the Student Expert Advisory Group, which aims to provide the agency with advice on approaches and strategies to engage students in regulatory and quality assurance activities. The inaugural meeting of the group was held in March 2018 where the topics discussed included: addressing the issue of sexual assault and sexual harassment at Australian higher education providers, the role of TEQSA and international student complaints, and how the agency can continue to engage with the wider higher education student community.

The feedback from the meeting was used to develop a student engagement strategy, which will assist TEQSA to meet key objects of the TEQSA Act (which include protecting student interests and ensuring students have access to information relating to higher education in Australia).

For more information on the Student Expert Advisory Group www.teqsa.gov.au/student-engagement

In 2017–18, TEQSA also formalised a number of relationships with major student representative bodies by signing MoUs with the:

- ▲ National Union of Students on 21 September 2017
- ▲ Council of Australian Postgraduate Associations on 10 November 2017
- ▲ Council for International Students Australia on 29 November 2017
- ▲ National Aboriginal and Torres Strait Islander Postgraduate Association on 30 November 2017.

Engagement of external experts

When undertaking assessments, TEQSA staff may engage external expertise in a range of discipline areas and in specialised higher education learning and teaching methodologies. To enable engagement of sector expertise, TEQSA established a Register of Experts that staff use to identify subject matter experts to assist in assessing course accreditation applications. In 2017–18, the agency also sought advice from experts in some registration assessments. Table 10 shows the number of work assignments completed by experts in 2017–18 compared with previous years.

Table 10: Work assignments completed by experts

FINANCIAL YEAR	COMPLETED WORK ASSIGNMENTS
2015–16	178
2016–17	191
2017–18	191

In 2017–18, the agency continued its work on a project to review the TEQSA Register of Experts, which will consider all aspects of engagement with this group, as well as improve the quality and efficiency of TEQSA’s interactions with experts.

Consultation with peak and professional student bodies

TEQSA has engaged with peak and professional bodies through an ‘MoU approach’.

TEQSA and professional bodies with links to Australian higher education have a mutual interest in maintaining and improving the quality and reputation of the sector and, in 2017–18, TEQSA signed MoUs with 36 organisations.

The agency and its MoU partners aim to work together to share data, intelligence and accreditation loads, reduce duplication and streamline processes and undertake joint assessments where possible.

For more information about TEQSA’s engagement with professional bodies www.teqsa.gov.au/engagement-professional-bodies

See Performance Indicator 2.4 for more information about TEQSA’s interactions with peak and professional bodies.



Performance Indicator 3.3:

TEQSA's dealings with higher education providers are open, transparent and consistent.

Publication of regulatory decisions

From January 2018, the agency began publishing its decisions to reject applications for initial registration on the TEQSA website www.teqsa.gov.au/unsuccessful-applications. TEQSA also began publishing decisions to reject new course applications by registered providers on the National Register.

See Performance Indicator 2.6 for more information on changes to TEQSA's approach to public reporting.

National Register of Higher Education Providers

TEQSA is required by section 198 of the TEQSA Act to establish and maintain a National Register, which lists TEQSA's regulatory decisions and reasons for those decisions, on the TEQSA website www.teqsa.gov.au/national-register.

In 2017–18, four new providers were added to the National Register, including one registration decision made by the AAT. As of 30 June 2018, there were 168 providers registered with TEQSA as per Table 11 and there were 1,593 TEQSA-accredited courses listed on the National Register.

As of 30 June 2018, there were 168 providers registered with TEQSA as per Table 11 and there were 1,593 TEQSA-accredited courses listed on the National Register.

Table 11: National Register breakdown as at 30 June 2018

PROVIDER CATEGORY	PROVIDERS WITH SAA (FULL OR PARTIAL)	PROVIDERS WITH NO SAA	TOTAL
Higher Education Provider*	12	113	125
Australian University	40	0	40
Australian University of Specialisation	1	0	1
Overseas University	2	0	2
Total providers	55	113	168

* includes for-profit, not-for-profit and TAFE providers

Almost 75 per cent of provider respondents to the 2018 stakeholder survey rated the quality of information provided on the National Register of Higher Education Providers as good or excellent. As at 30 June 2018, the National Register had been viewed more than 230,000 times since the launch of the new TEQSA website in November 2017.

For-profit, not-for-profit and TAFE providers

In 2017–18, in addition to the Higher Education Provider Roundtable session reported under Performance Indicator 3.1, TEQSA’s Commissioners, CEO and staff met with for-profit, not-for-profit, and TAFE providers, both individually and with their peak bodies. These providers have also been invited to TEQSA events, including the 2017 TEQSA Conference and occasional forums.

In the 2018 stakeholder survey, 62 per cent of provider respondents rated TEQSA as good or excellent in relation to whether it is open, transparent and consistent in its dealings. This is a decrease from 68 per cent in the *TEQSA Stakeholder Survey 2017*. However, 91 per cent of peak, professional and student bodies surveyed in 2018 rated TEQSA as good or excellent. This is a slight improvement from 89 per cent in 2017.

Performance Indicator 3.4:

Increased synergies developed with other agencies and contributions to collaborative goals.

Information sharing

In 2017–18, TEQSA continued to strengthen collaboration with Commonwealth agencies and regulatory agencies of other countries through the sharing of information relevant to regulation. The agency participated in meetings of the Education Regulatory Immigration Committee (ERIC) and the working group to exchange information about providers, prospective providers and their related entities.

See Performance Indicator 1.3 for more information about the agency’s MoCs with international regulatory agencies.

Collaboration with ASQA

TEQSA and ASQA continued to work together in 2017–18 to share information about existing dual-sector providers and about VET providers seeking entry into the higher education sector. The two agencies also progressed joint policy positions, exchanged intelligence, and oversaw the execution of joint strategic initiatives. Although TEQSA and ASQA are required to assess providers under different sets of quality standards, the two agencies continued to apply coordinated approaches to manage all CRICOS-related matters for dual-sector providers and this has now expanded to the sharing of increased information on providers registered with both agencies.

In 2017–18, a revised approach for coordinated assessment of dual-sector providers was negotiated with ASQA to focus on a streamlined model with periodic sharing of findings rather than joint assessment.

TEQSA and ASQA have a joint register of the risk profiles of dual-sector providers. The register is used by agency staff to establish evidence requirements and inform the scope of assessment. In 2017–18, the joint ASQA-TEQSA risk register was actively maintained and utilised to further inform TEQSA's risk-based regulatory approach.

Admissions transparency

Following the release of the HESP report *Improving the Transparency of Higher Education Admissions* in October 2016, the Admissions Transparency Implementation Working Group, a sector-led working group, developed the Admissions Transparency Implementation Plan to respond to the Higher Education Standards Panel's recommendations. In 2017–18, the Implementation Working Group delivered an implementation plan.

In the 2017–18 Budget, TEQSA was provided with \$3.3 million over four years for the monitoring of improved transparency of admissions processes, including a formative evaluation. TEQSA completed the formative evaluation of providers' implementation of improved admissions transparency in October 2017 and published *Advice on Admissions Transparency* for providers in February 2018.

The agency has engaged with the sector on good practice guidance for meeting the relevant standards relating to admissions transparency through:

- ▲ the publication of *Advice on Admissions Transparency* in February 2018
- ▲ forums held in Adelaide, Melbourne, Perth, Sydney and Brisbane in March and April 2018 for administrators responsible for the implementation of admissions transparency
- ▲ the release of a checklist, which was developed in response to provider requests, to support the implementation of admissions transparency.

Further work to monitor and report on admissions transparency in the higher education sector, with a comprehensive review and evaluation of the sector's response to the HESP's recommendation, will be completed in future years.

For more information about TEQSA's work in relation to admissions transparency www.teqsa.gov.au/admissions-transparency

Performance Indicator 3.5:

Providers are supported in implementing the 2015 Higher Education Standards Framework.

In 2017–18, the agency continued its efforts to monitor and support providers in implementing the HES Framework 2015. In particular, TEQSA engaged with prospective providers through:

- ▲ a joint workshop with Council of Private Higher Education (COPHE) on applying for registration, held to assist prospective providers to prepare applications of the required quality
- ▲ targeted individual meetings with all prospective providers that had indicated an intention to apply for registration in 2018.

Guidance notes

TEQSA endeavours to provide advice and greater clarity for providers when interpreting and applying the HES Framework 2015 through its publication of guidance notes. In 2017–18, TEQSA published three new guidance notes. Between the launch of the new TEQSA website in November 2017 to 30 June 2018, there were over 40,000 page views of information about TEQSA guidance notes.

Over 80 per cent of provider respondents to the 2018 stakeholder survey rated TEQSA's guidance and support materials as good or excellent in terms of the relevance, usefulness, quality and quantity of the information as well as the ease of access to that information.

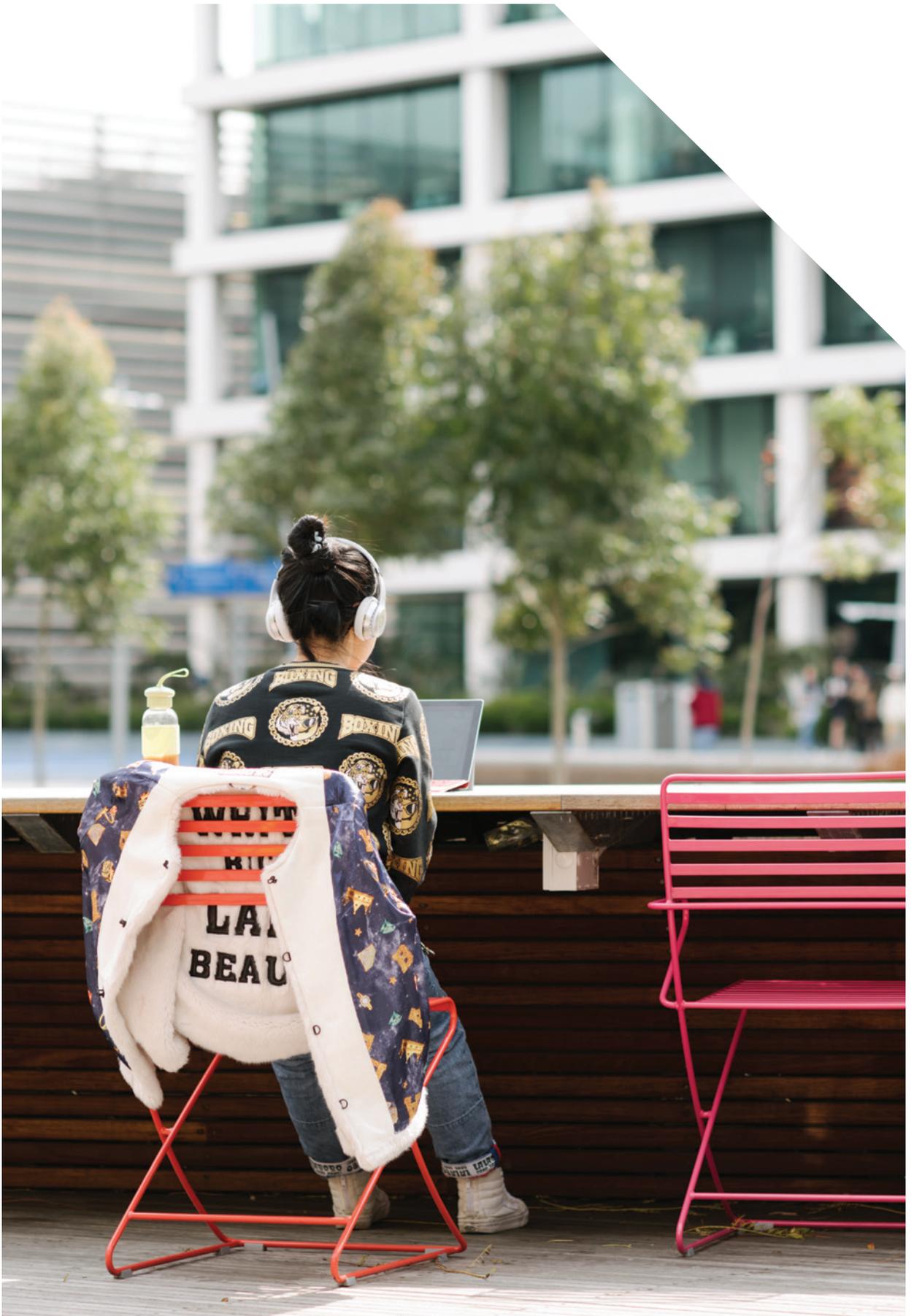
For more information about TEQSA's guidance notes www.teqsa.gov.au/guidance-notes

Analysis of TEQSA's financial performance

For the 2017–18 financial year, the agency recorded a total comprehensive loss of \$0.53 million, which is \$0.59 million or 52.7 per cent lower than the deficit of \$1.12 million in 2016–17. The decrease in operating deficit is primarily attributed to the timing of the commencement of the compliance and investigations function associated with the additional funding of \$1.9 million given in the MYEFO 2017–18.

The 2017–18 operating deficit is only \$0.15 million lower than the estimated deficit of \$0.68 million as set out in the *2017–18 Portfolio Budget Statements*. Despite the additional funding given at MYEFO, supplier expense has increased due to legal expenditure associated with more applications for review of TEQSA decisions in the AAT, higher than expected utilisation of contractors and external experts to address the increased workload, and the backlog of assessments from 2016–17. This resulted in the small variance between the actual and estimated operating deficit.

Excluding the unfunded depreciation and amortisation expenses of \$0.87 million, TEQSA achieved an operating surplus of \$0.34 million as against an operating deficit of \$0.51 million in 2016–17.



MANAGEMENT AND ACCOUNTABILITY

4



Corporate governance

Human resources

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, the internal control framework, and accountable authority instructions
- ▲ an ethical and accountable organisational culture
- ▲ transparency in public reporting.

Decision forums and committees

Accountable authority

Section 132 of the TEQSA Act establishes the Commissioners as the accountable authority for the purposes of the 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 2017–18, Commissioners met regularly as the accountable authority to review performance against the corporate plan and received monthly reports on the assessment workload and financial performance.

Commission meetings

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 2017–18, the Commissioners met on a fortnightly basis to consider and make decisions on regulatory matters.

Senior management team meetings

The Senior Management Team (SMT) comprises the Chief Executive Officer (CEO) and senior managers. The role of the SMT is to guide the ongoing development of TEQSA's management and administration processes and policies. It is also responsible for developing, implementing, coordinating and overseeing the agency's corporate plan and operational activities and projects. 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.

Additionally, the SMT is responsible for:

- ▲ the development, management and monitoring of the TEQSA Budget, including capital investments
- ▲ advising Commissioners on developments, including amendments to and implementation of, regulatory approaches and processes
- ▲ the development and approval of corporate policies and procedures for the recruitment, training, development, management and performance of the agency's staff.

In 2017–18, the Senior Management Team met fortnightly and received regular reports, including quarterly progress reports against the operational plan.

Audit committee

TEQSA's Audit Committee has been established in compliance with section 42 of the PGPA Act and operates under an Audit Committee Charter approved by the accountable authority. The committee comprised two external members (including the Chair) appointed by the accountable authority and a TEQSA Commissioner.

The Audit 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 and system of internal control. 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 2017–18, two internal audits were carried out:

- ▲ a review of the implementation and integration of TEQSA's procurement framework throughout the agency
- ▲ a review of TEQSA's provider registration and course accreditation processes.

In 2017–18, the Audit Committee met on a quarterly basis.

Security committee

TEQSA's Security Committee comprises the CEO, the Director Corporate, the Agency Security Adviser and the Information Technology Security Adviser. The committee meets quarterly, focuses on all aspects of protective security affecting the agency, and assists 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 2017–21* was:

- ▲ submitted to the Minister by 30 April 2017, as required under the TEQSA Act
- ▲ approved in May 2017
- ▲ published on the TEQSA website by 31 August 2017
- ▲ 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 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 internal control framework, an enterprise risk register, a Fraud Control and Anti-Corruption Plan, and arrangements for staff training and support.

In 2017–18, a mandatory training program was rolled out for staff to complete an updated course on security essentials, as well Australian Government eLearning modules on Fraud Awareness, Introduction to Cyber Security, and Introduction to Risk in the Commonwealth. The agency's Risk Adviser also undertook more detailed training with Comcover.

Protective security

TEQSA's Agency Security Adviser is responsible for coordinating security functions in the agency and providing advice to the CEO, management and staff on security matters. In 2017–18, 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 AAT
- ▲ the Attorney-General's Department
- ▲ the Office of the Australian Information Commissioner
- ▲ parliamentary committees.

During 2017–18, the Australian National Audit Office, 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 2017–18 had a significant impact on the operations of TEQSA.

During 2017–18, TEQSA officials appeared at parliamentary committee hearings for:

- ▲ 2017–18 Supplementary Budget Estimates (26 October 2017)
- ▲ 2017–18 Additional Estimates (1 March 2018)
- ▲ 2018–19 Budget Estimates (31 May 2018).

Fraud control

The Commonwealth Fraud Control Policy requires that accountable authorities provide a report about fraud annually 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 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. Ongoing staff commencing with TEQSA are required to be vetted by the Australian Government Security Vetting Agency to obtain a baseline national security clearance.

TEQSA adopts a zero-tolerance policy towards fraud and corruption, and aims to manage the fraud risk to a level as low as is reasonably practicable. The success of the fraud initiatives undertaken by TEQSA to date is reflected in the fact that no fraud incidents occurred during 2017–18. TEQSA will continue to take a proactive role in fraud management, prevention and detection, based on its risk profile and in accordance with the Commonwealth Fraud Control Policy.

Service charter

The *TEQSA Service Charter* articulates the agency's commitment to engaging with stakeholders, its service standards and how it handles complaints. TEQSA believes its quality assurance and regulatory approach should be 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. TEQSA has begun a review of its arrangements for handling complaints 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.

In 2017–18, the *TEQSA Service Charter* was reviewed.

For more information about the Service Charter www.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 new 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 2018 TEQSA employed 31 APS and 26 executive-level staff, including four Office Holders. All were based in Melbourne.

In 2017–18, the agency continued to experience a high attrition rate for APS staff with a turnover rate of 13.3 per cent compared with an APS average of about 7 per cent. In relation to contractors, although the attrition rate improved from the 136 per cent reported for 2016–17, it remained high at 70.7 per cent.

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

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 2017–18, 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 2017–18, TEQSA provided staff with the following professional development:

- ▲ leadership training for senior managers
- ▲ information sessions on the HES Framework 2015
- ▲ training in legal writing
- ▲ case management system training.

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.

Workplace consultative arrangements

The agency consulted regularly with staff through a number of forums. 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.

Financial management

Grants

TEQSA does not administer a discretionary grants program.

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 www.teqsa.gov.au/our-contracts-senate-order-listing



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 2017–18 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 were exempted by the CEO from being published on AusTender on the basis that publication would disclose exempt matters under the *Freedom of Information Act 1982*.

Australian national audit office access clauses

No contracts were let during the year for \$100 000 or more with provisions to exempt Australian National Audit Office access to contractors' premises.

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.

Fees payable as at 30 June 2018 are available at www.legislation.gov.au/Details/F2016C00677

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).

Consultancies

Policy on selecting and engaging consultants

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.

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

In 2017–18, the main purposes for engaging consultants were to:

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

Annual reports contain information about actual expenditure on contracts for consultancies.

Information on the value of contracts and consultancies is available on the AusTender website at www.tenders.gov.au

Consultancy contracts

During 2017–18, ten new consultancy contracts were entered into, involving total actual expenditure of \$274 028 (GST inclusive).

In addition, four ongoing consultancy contracts were active during the period, involving a total expenditure of \$149 930 (GST inclusive).





FINANCIAL REPORT

5



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 for the year ended 30 June 2018:

- (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 Tertiary Education Quality and Standards Agency as at 30 June 2018 and its financial performance and cash flows for the year then ended.

The financial statements of the Tertiary Education Quality and Standards Agency, which I have audited, comprise the following statements as at 30 June 2018 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 Tertiary Education Quality and Standards Agency 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 Tertiary Education Quality and Standards Agency, the Commissioners are responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Commissioners are also responsible for such internal control as the Commissioners determine is necessary to enable the preparation and fair presentation 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 Tertiary Education Quality and Standards Agency's ability 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 those charged with governance 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

31 August 2018



SECTION 5: FINANCIAL REPORT

Contents

Certification	65		
Primary financial statement			
Statement of Comprehensive Income	66	4. Assets and Liabilities Administered on Behalf of Government	
Statement of Financial Position	68	4.1 Administered – Financial Assets	91
Statement of Changes in Equity	70	4.2 Administered – Payables	91
Cash Flow Statement	72	5. Funding	
Administered Schedule of Comprehensive Income	74	5.1 Appropriations	92
Administered Schedule of Assets and Liabilities	75	5.2 Regulatory Charging Summary	95
Administered Reconciliation Schedule	76	5.3 Net Cash Appropriation Arrangements	96
Administered Cash Flow Statement	77	6. People and Relationships	
Notes to the financial statements		6.1 Employee Provisions	97
Overview	78	6.2 Key Management Personnel Remuneration	98
1. Department Financial Performance		6.3 Related Party Disclosures	99
1.1 Expenses	80	7. Managing Uncertainties	
1.2 Own–Source Revenue and Gains	82	7.1 Contingent Assets and Liabilities	100
2. Income and Expenses Administered on Behalf of Government		7.2 Financial Instruments	101
2.1 Administered – Expenses	84	7.3 Administered – Financial Instruments	102
2.2 Administered – Income	84	7.4 Fair Value Measurement	103
3. Departmental Financial Position		7.5 Administered – Fair Value Measurement	103
3.1 Financial Assets	85		
3.2 Non–Financial Assets	86		
3.3 Payables	89		
3.4 Other Provisions	90		

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2018 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

31 August 2018



Robert Oliphant
Chief Financial Officer

31 August 2018



Statement of Comprehensive Income for the Tertiary Education Quality and Standards Agency
for the period ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	6,894	5,804	6,959
Suppliers	1.1B	7,266	6,519	5,551
Depreciation and amortisation	3.2A	873	617	676
Finance costs		12	10	-
Losses from asset sales		1	10	-
Total expenses		15,046	12,960	13,186
Own-Source Income				
Own-source revenue				
Sale of goods and rendering of services	1.2A	123	86	5
Rental income	1.2B	255	316	255
Resources received free of charge		54	53	52
Total own-source revenue		432	455	312
Gains				
Reversal of write-downs and impairment		11	22	-
Total gains		11	22	-
Total own-source income		443	477	312
Net (cost of)/contribution by services		(14,603)	(12,483)	(12,874)
Revenue from Government	1.2C	14,072	11,359	12,198
Surplus/(Deficit) attributable to the Australian Government		(531)	(1,124)	(676)
OTHER COMPREHENSIVE INCOME				
Total other comprehensive income		-	-	-
Total comprehensive loss attributable to the Australian Government		(531)	(1,124)	(676)

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

Original Budget reflects the figures in the 2017-18 Portfolio Budget Statements (PBS).

Budget Variances Commentary

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

Suppliers

The ASL capping has resulted in the reliance on contractors and experts to address the higher than anticipated regulatory workload and the backlog of assessments from 2016-17. In addition, legal expenditure has risen due to increased legal workload associated with an increased number of applications for review of TEQSA decisions in the Administrative Appeals Tribunal. As a consequence, actual supplier expenses were \$1.715 million (31%) higher than budgeted.

Depreciation and amortisation

Capital expenditure on computer equipment and internally developed software was greater than the allocated budget, resulting in actual depreciation and amortisation being \$0.197 million (29%) higher than anticipated.

Revenue from Government

Additional funding of \$1.874 million was allocated in the 2017-18 MYEFO budget round to enable TEQSA to enhance its compliance capabilities and address immediate resourcing needs associated with an increase in regulatory workload.



**Statement of Financial Position for the Tertiary Education Quality and Standards Agency
as at 30 June 2018**

	Notes	2018 \$'000	2017 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents		160	112	109
Trade and other receivables	3.1A	6,248	5,982	5,096
Total financial assets		6,408	6,094	5,205
Non-financial assets				
Buildings - leasehold improvements	3.2A	816	1,006	1,045
Plant and equipment	3.2A	461	367	568
Intangibles - computer software	3.2A	1,684	1,599	2,197
Other non-financial assets		174	180	247
Total non-financial assets		3,135	3,152	4,057
Total assets		9,543	9,246	9,262
LIABILITIES				
Payables				
Suppliers	3.3A	494	533	222
Other payables	3.3B	1,265	1,478	1,311
Total payables		1,759	2,011	1,533
Provisions				
Employee provisions	6.1A	1,490	1,297	1,456
Other provisions	3.4A	826	890	913
Total provisions		2,316	2,187	2,369
Total liabilities		4,075	4,198	3,902
Net assets		5,468	5,048	5,360
EQUITY				
Contributed equity		11,414	10,463	11,414
Retained surplus/(Accumulated deficit)		(5,946)	(5,415)	(6,054)
Total equity		5,468	5,048	5,360

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

Original Budget reflects the figures in the 2017-18 Portfolio Budget Statements (PBS).

Budget Variances Commentary

Statement of Financial Position for the Tertiary Education Quality and Standards Agency

Trade and other receivables

Trade and other receivables were \$1.152 million (23%) higher than original budget mainly attributed to the undrawn appropriation from the additional funding allocated in the 2017-18 MYEFO budget round.

Property, plant and equipment (PPE) and Intangibles

The net carrying value of PPE and Intangibles were \$0.849 million (22%) less than the forecasted net value due to the higher opening balances for the gross book value and accumulated depreciation & amortisation reflected in the budget. As a result, budgeted depreciation was also higher.

Supplier payables

The increase in supplier payables of \$0.272 million (123%) was driven by the higher than budgeted accrued expenses mainly in respect of the higher than anticipated utilisation of contractors and legal expenditure.



Statement of Changes in Equity for the Tertiary Education Quality and Standards Agency
for the period ended 30 June 2018

	2018 \$'000	2017 \$'000	Original Budget \$'000
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	10,463	9,599	10,463
Opening balance	10,463	9,599	10,463
Transactions with owners			
Contributions by owners			
Equity injection - Appropriation	100	-	100
Departmental capital budget	851	864	851
Total transactions with owners	951	864	951
Closing balance as at 30 June	11,414	10,463	11,414
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	(5,415)	(4,291)	(5,378)
Opening balance	(5,415)	(4,291)	(5,378)
Comprehensive income			
Surplus/(Deficit) for the period	(531)	(1,124)	(676)
Total comprehensive income	(531)	(1,124)	(676)
Closing balance as at 30 June	(5,946)	(5,415)	(6,054)
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	5,048	5,308	5,085
Opening balance	5,048	5,308	5,085
Comprehensive income			
Surplus/(Deficit) for the period	(531)	(1,124)	(676)
Other comprehensive income	-	-	-
Total comprehensive income	(531)	(1,124)	(676)
Transactions with owners			
Contributions by owners			
Equity Injection - Appropriation	100	-	100
Departmental capital budget	851	864	851
Total transactions with owners	951	864	951
Closing balance as at 30 June	5,468	5,048	5,360

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

Original Budget reflects the figures in the 2017-18 Portfolio Budget Statements (PBS).

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 for the Tertiary Education Quality and Standards Agency****Surplus/Deficit for the period**

The increase in expenditure matched the additional funding allocated in the 2017-18 MYEFO budget round. This resulted in a lower deficit of \$0.145 million (21%) than budgeted.



Cash Flow Statement for the Tertiary Education Quality and Standards Agency
for the period ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000	Original Budget \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		14,976	14,346	11,944
Sales of goods and rendering of services		358	427	233
Net GST received		708	581	485
Total cash received		16,042	15,354	12,662
Cash used				
Employees		6,689	6,836	7,016
Suppliers		8,186 ^a	7,259	5,961
Section 74 receipts transferred to OPA		1,174	1,176	-
Total cash used		16,049	15,271	12,977
Net cash from/(used by) operating activities		(7)	83	(315)
INVESTING ACTIVITIES				
Cash used				
Purchase of property, plant and equipment and intangibles		863	912	636
Total cash used		863	912	636
Net cash (used by) investing activities		(863)	(912)	(636)
FINANCING ACTIVITIES				
Cash received				
Contributed equity		918	825	951
Total cash received		918	825	951
Net cash from financing activities		918	825	951
Net increase/ (decrease) in cash held		48	(4)	-
Cash and cash equivalents at the beginning of the reporting period		112	116	109
Cash and cash equivalents at the end of the reporting period		160	112	109

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

Original Budget reflects the figures in the 2017-18 Portfolio Budget Statements (PBS).

Budget Variances Commentary

Cash Flow Statement for the Tertiary Education Quality and Standards Agency

Cash received - Appropriations and Cash used - Section 74 receipts transferred to OPA

The appropriations received and cash used for the transfer of Section 74 receipts to the Official Public Account (OPA), were not separately identified but presented on a net basis in the original budget. Net appropriation drawdown was higher than budget by \$1.858 million (16%) mainly attributed to increase in supplier expenses.

Cash received - Sales of goods and rendering of services

The higher level of cash received from sales of goods and rendering of service of \$0.125 million (54%) was mainly due to the TEQSA 2017 Conference, which was not included in the budget.

Cash received - Net GST received

The increase in net GST received of \$0.223 million (46%) was primarily due to the higher GST paid to suppliers in line with the increased supplier expenses.

Cash used - Suppliers

Cash paid to suppliers was higher than budget by \$2.225 million (37%) due to a higher than anticipated utilisation of contractors and legal expenditure as well as fluctuations with the timing of payment to suppliers.

Cash used - Purchase of property, plant and equipment and intangibles

Higher than anticipated costs incurred on the replacement of computer equipment, the TEQSA website redevelopment as well as the CRM system enhancements resulted in the increase in cash used by \$0.227 million (36%).



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

for the period ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Income				
Revenue				
Non-taxation revenue				
Fees	2.2A	2,307	2,829	3,643
Total non-taxation revenue		2,307	2,829	3,643
Total income		2,307	2,829	3,643

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

Original Budget reflects the figures in the 2017-18 Portfolio Budget Statements (PBS).

Budget Variances Commentary

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

Fees

Fees was \$1.336 million (37%) lower than budget due to variations in the estimates of initial registration and course accreditation applications.



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

as at 30 June 2018

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



Administered Reconciliation Schedule for the Tertiary Education Quality and Standards Agency

	2018 \$'000	2017 \$'000
Opening assets less liabilities as at 1 July	-	-
Net contribution by services		
Income	2,307	2,829
Transfers (to)/from the Australian Government		
Appropriation transfers from Official Public Account (OPA)		
Special appropriations (limited)		
Payments to entities other than corporate Commonwealth entities	47	26
Appropriation transfers to OPA		
Transfers to OPA	(2,354)	(2,855)
Closing assets less liabilities as at 30 June	-	-

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

Administered Cash Flow Statement for the Tertiary Education Quality and Standards Agency
for the period ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
OPERATING ACTIVITIES			
Cash received			
Fees		2,354	2,855
Total cash received		2,354	2,855
Cash used			
Refunds to higher education providers		47	26
Total cash used		47	26
Net cash from operating activities		2,307	2,829
Net increase in cash held		2,307	2,829
Cash and cash equivalents at the beginning of the reporting period		-	-
Cash from Official Public Account			
Appropriations		47	26
Total cash from official public account		47	26
Cash to Official Public Account			
Appropriations		(2,354)	(2,855)
Total cash to Official Public Account		(2,354)	(2,855)
Cash and cash equivalents at the end of the reporting period		-	-

This schedule should be read in conjunction with the accompanying notes.



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

All new, revised, amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on TEQSA's financial statements.

Except for AASB 116 *Leases* which is operative from 1 January 2019, all other new, revised, amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to future reporting periods are not expected to have a future material impact on TEQSA's financial statements.

Cash and Cash Equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents include cash on hand, deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Other Non-Financial Assets

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

Taxation

TEQSA 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 was no subsequent event that had the potential to significantly affect the ongoing structure and financial activities of TEQSA.

Administered

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



Financial Performance

This section analyses the financial performance of the Tertiary Education Quality and Standards Agency for the year ended 2018

1.1 Expenses

	2018 \$'000	2017 \$'000
1.1A: Employee Benefits		
Wages and salaries	5,409	4,703
Superannuation		
Defined contribution plans	534	469
Defined benefit plans	322	336
Leave and other entitlements	629	218
Separation and redundancies	-	78
Total employee benefits	6,894	5,804

Accounting Policy

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

1.1B: Suppliers

Goods and services supplied or rendered

Consultants	386	201
Contractors	2,684	2,587
Travel	370	370
IT services	542	483
Other	2,024	1,691
Total goods and services supplied or rendered	6,006	5,332

Goods supplied	137	100
Services rendered	5,869	5,232
Total goods and services supplied or rendered	6,006	5,332

Other suppliers

Operating lease rentals	1,172	966
Workers compensation expenses	88	221
Total other suppliers	1,260	1,187
Total suppliers	7,266	6,519

Leasing commitments

TEQSA in its capacity as lessee holds one office accommodation lease for its Melbourne office. The lease, which commenced in 2011-12 expires on 30 April 2022, with a five year option.

Lease payments are subject to a fixed percentage annual increase in accordance with the lease agreement.

	2018 \$'000	2017 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	1,659	1,574
Between 1 to 5 years	5,110	6,663
Total operating lease commitments	6,769	8,237

Note: Commitments are GST inclusive where relevant.

Accounting Policy

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



1.2 Own-Source Revenue and Gains

	2018	2017
	\$'000	\$'000

Own-Source Revenue

1.2A: Sale of Goods and Rendering of Services

Rendering of services	123	86
Total sale of goods and rendering of services	123	86

Accounting Policy

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

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

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

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

1.2B: Rental Income

Operating lease		
Sublease rental	255	316
Total rental income	255	316

Subleasing rental income commitments

TEQSA in its capacity as lessor sublets office accommodation for its surplus office space. 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	283	302
Between 1 to 5 years	797	1,222
Total sublease rental income commitments	1,080	1,524

1.2C: Revenue from Government

Appropriations:

Departmental appropriations	<u>14,072</u>	11,359
Total revenue from Government	<u>14,072</u>	<u>11,359</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.



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 administers 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 2018, no administered expenses had been incurred by TEQSA (2017: nil).

2.2 Administered - Income

	2018 \$'000	2017 \$'000
Revenue		
Non-Taxation Revenue		
<u>2.2A: Fees</u>		
Fees from regulatory services	2,307	2,829
Total fees	2,307	2,829

Accounting Policy

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

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

Financial Position

This section analyses the Tertiary Education Quality and Standards Agency's 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

	2018 \$'000	2017 \$'000
3.1A: Trade and Other Receivables		
Goods and services receivables		
Goods and services	14	11
Total goods and services receivables	14	11
Appropriations receivables		
Appropriation receivable	5,819	5,516
Total appropriations receivables	5,819	5,516
Other receivables		
GST receivable from the Australian Taxation Office	178	166
Sublease incentive	100	127
Operating sublease receivable	123	140
Other	14	22
Total other receivables	415	455
Total trade and other receivables (gross)	6,248	5,982

Credit terms for goods and services were within 30 days (2017: 30 days).

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

Accounting Policy

Trade and Other Receivables

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

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

3.2 Non-Financial Assets

3.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles for 2018

	Buildings - Leasehold Improvements \$'000	Plant and Equipment \$'000	Intangibles - Computer Software ¹ \$'000	Total \$'000
As at 1 July 2017				
Gross book value	1,142	493	2,922	4,557
Accumulated depreciation, amortisation and impairment	(136)	(126)	(1,323)	(1,585)
Total as at 1 July 2017	1,006	367	1,599	2,972
Additions				
Purchase	16	219	18	253
Internally developed	-	-	610	610
Depreciation and amortisation	(206)	(124)	(543)	(873)
Disposals				
Other	-	(54)	-	(54)
Write back of accumulated depreciation and amortisation	-	53	-	53
Total as at 30 June 2018	816	461	1,684	2,961
Total as at 30 June 2018 represented by				
Gross book value	1,158	658	3,550	5,366
Accumulated depreciation, amortisation and impairment	(342) ⁿ	(197) ⁿ	(1,866)	(2,405)
Total as at 30 June 2018	816	461	1,684	2,961

1. The carrying amount of computer software includes \$0.023 million of purchased software and \$1.661 million of internally generated software.

No indicators of impairment were found when assessing property, plant and equipment and intangible assets.

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

Contractual commitments for the acquisition of property, plant and equipment and intangible assets

There were no significant contractual commitments for the acquisition of property, plant and equipment and intangible assets as at balance date.

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. Non-financial assets are initially measured at their fair value plus transaction costs where appropriate.

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

Asset Recognition Threshold

Purchases of leasehold improvements, 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, leasehold improvements, 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 do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depend upon the volatility of movements in market values for the relevant assets.

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 reverses 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 reverse a previous revaluation increment for that class.

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

Depreciation

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

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

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

	2018	2017
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 2018. 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.

Derecognition

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

Intangibles

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

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of TEQSA's software are 3 to 5 years (2017: 3 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2018.

Accounting Judgements and Estimates

The fair value of non-financial assets has been taken to be the market value of similar assets as determined by management assessment.



3.3 Payables

	2018 \$'000	2017 \$'000
3.3A: Suppliers payables		
Trade creditors and accruals	494	533
Total suppliers payables	494	533

Settlement is usually made within 30 days.

All supplier payables are expected to be settled within 12 months.

Liabilities are recognised to the extent that the goods or services have been received (irrespective of having been invoiced).

3.3B: Other Payables

Salaries and wages	50	36
Superannuation	7	10
Lease incentive	654	825
Operating lease payable	553	578
Prepayments received/uneared income	-	28
Other	1	1
Total other payables	1,265	1,478



3.4 Other Provisions

3.4A: Other Provisions

	Provision for restoration ¹ \$'000	Provision for onerous contracts ² \$'000	Total \$'000
As at 1 July 2017	470	420	890
Additional provisions made	-	6	6
Amounts used	-	(71)	(71)
Amounts reversed	(11)	-	(11)
Unwinding of discount or change in discount rate	10	2	12
Total as at 30 June 2018	469	357	826

1. TEQSA currently has 1 (2017: 1) agreement for the leasing of premises, which has a provision requiring TEQSA to restore the premises 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 (2017: 1) agreement for the leasing of accommodation, which is surplus to its requirements. 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

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.

TEQSA has made a provision for its onerous obligations under non-cancellable operating leases where the leased property is vacant and where the rental expense is in excess of income. Determining the amount of such provision requires estimating the future net cash flows receivable, and in particular, cases where the leased property is vacant, this requires assessing the likely period for which the property will remain vacant, the cost of any works required to enhance its marketability and the rental income receivable when the property is sublet. To the extent that actual cash flows received differ from those estimated, the amount of provision recognised could differ materially.

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 - Financial Assets

As at 30 June 2018, TEQSA held no administered financial assets (2017: nil).

4.2 Administered - Payables

As at 30 June 2018, TEQSA held no administered payables (2017: nil).



Funding

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

5.1 Appropriations

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

Annual Appropriations for 2018

	Annual Appropriation ¹ \$'000	Adjustments to appropriation ² \$'000	Total appropriation \$'000	Appropriation applied in 2018 (current and prior years) \$'000	Variance ³ \$'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 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.

Annual Appropriations for 2017

	Annual Appropriation ¹ \$'000	Adjustments to appropriation ² \$'000	Total appropriation \$'000	Appropriation applied in 2017 (current and prior years) \$'000	Variance ³ \$'000
Departmental					
Ordinary annual services	11,359	1,176	12,535	14,350	(1,815)
Capital Budget ⁴	864	-	864	825	39
Other services	-	-	-	-	-
Equity Injections	-	-	-	-	-
Total departmental	12,223	1,176	13,399	15,175	(1,776)
Administered					
Ordinary annual services	-	-	-	-	-
Capital Budget ⁴	-	-	-	-	-
Administered items	-	-	-	-	-
Other services	-	-	-	-	-
Total administered	-	-	-	-	-

1. In 2016-17, there were no appropriations which have been withheld (Section 51 of the PGPA Act) and quarantined for administration purposes.
2. In 2016-17, adjustments to appropriation comprised \$1.176 million of PGPA Act Section 74 receipts.
3. In 2016-17, the variance between total appropriation and appropriation applied in 2017 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.



5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2018	2017
	\$'000	\$'000
Departmental		
Appropriation Act (No. 1) - Capital Budget (DCB) 2015-16	-	673
Appropriation Act (No. 1) 2016-17	-	4,091
Appropriation Act (No. 1) - Capital Budget (DCB) 2016-17	504	504
Supply Act (No. 1) - Capital Budget (DCB) 2016-17	115	360
Appropriation Act (No. 1) 2017-18	2,283	-
Appropriation Act (No. 1) - Capital Budget (DCB) 2017-18	851	-
Appropriation Act (No. 2) - Equity Injection 2017-18	100	-
Appropriation Act (No. 3) 2017-18	2,126	-
Total departmental	5,979	5,628

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

Authority	Type	Purpose	Appropriation applied	
			2018	2017
			\$'000	\$'000
<i>Public Governance, Performance and Accountability Act 2013 s77, Administered</i>	Refund	To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and the Finance Minister is satisfied that, apart from this section, there is no specific appropriation for the repayment.	47	26
Total special appropriations applied			47	26

5.2 Regulatory Charging Summary

	2018 \$'000	2017 \$'000
Amounts applied		
Departmental		
Annual appropriations	10,124	10,038
Total amounts applied	10,124	10,038
Expenses		
Departmental		
Total expenses	9,613	8,573
External revenue		
Administered	2,307	2,829
Total external revenue	2,307	2,829

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

	2018 \$'000	2017 \$'000
Total comprehensive income/(loss) less depreciation/amortisation expenses previously funded through revenue appropriations	342	(507)
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(873)	(617)
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	(531)	(1,124)

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

	2018 \$'000	2017 \$'000
6.1A: Employee Provisions		
Leave	1,490	1,297
Total employee provisions	1,490	1,297

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 TEQSA's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

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

Separation and Redundancy

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

Superannuation

TEQSA's staff are members of the Public Sector Superannuation Scheme (PSS), or the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government.

The PSS is a defined benefit scheme 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. TEQSA accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions.

6.2 Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. TEQSA has determined the key management personnel to be the Commissioners, Chief Executive Officer, Chief Financial Officer and Directors. Key management personnel remuneration is reported in the table below:

	2018 \$'000	2017 \$'000
Short-term employee benefits	1,608	1,542
Post-employment benefits	181	191
Other long-term employee benefits	126	147
Total key management personnel remuneration expenses¹	1,915	1,880

The total number of key management personnel that are included in the above table is 10 (2017: 9).

1. The above key management personnel 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 Key Management Personnel including the Portfolio Minister and Executive.

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.

Giving consideration to relationships with related parties, and transactions entered into during the reporting period by TEQSA, it has been determined that there are no related party transactions that require disclosure.



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 contingencies at 30 June 2018 (2017: nil).

7.1B: Administered - Contingent Assets and Liabilities

TEQSA had no administered contingencies at 30 June 2018 (2017: nil).

Accounting Policy

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

7.2 Financial Instruments

	2018 \$'000	2017 \$'000
7.2A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables		
Cash and cash equivalents	160	112
Trade and other receivables	28	33
Total loans and receivables	188	145
Total financial assets	188	145
Financial Liabilities		
Financial liabilities measured at amortised cost		
Suppliers payables	494	533
Total financial liabilities measured at amortised cost	494	533
Total financial liabilities	494	533

Accounting Policy

Financial assets

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

Effective Interest Method

Income is recognised on an effective interest rate basis.

Impairment of Financial Assets

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

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

Financial liabilities

Financial liabilities are classified as other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Other Financial Liabilities

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

7.2B: Net Gains or Losses on Financial Assets

There were no gains or losses on financial assets - loans and receivables for the year ended 30 June 2018 (2017: nil)

7.2C: Net Gains or Losses on Financial Liabilities

There were no gains or losses on other financial liabilities for the year ended 30 June 2018 (2017: nil)

7.3 Administered - Financial Instruments

TEQSA had no administered financial instruments as at 30 June 2018 (2017: nil).



7.4 Fair Value Measurement

Accounting Policy

TEQSA engaged Australian Valuation Solutions (AVS) to conduct a detailed external valuation of its non-financial assets during the 2015-16 financial year and has relied upon the results of this external valuation when establishing the carrying amounts of non-financial assets. AVS had provided written assurance to TEQSA that the valuation models developed are compliant with AASB 13.

An annual assessment is undertaken to determine whether the carrying amount of the assets are materially different from their fair value. Comprehensive valuations are carried out at least once every three years.

TEQSA's policy is to recognise transfers into and transfers out of the fair value hierarchy levels as at the end of the reporting period.

7.4A: Fair Value Measurement

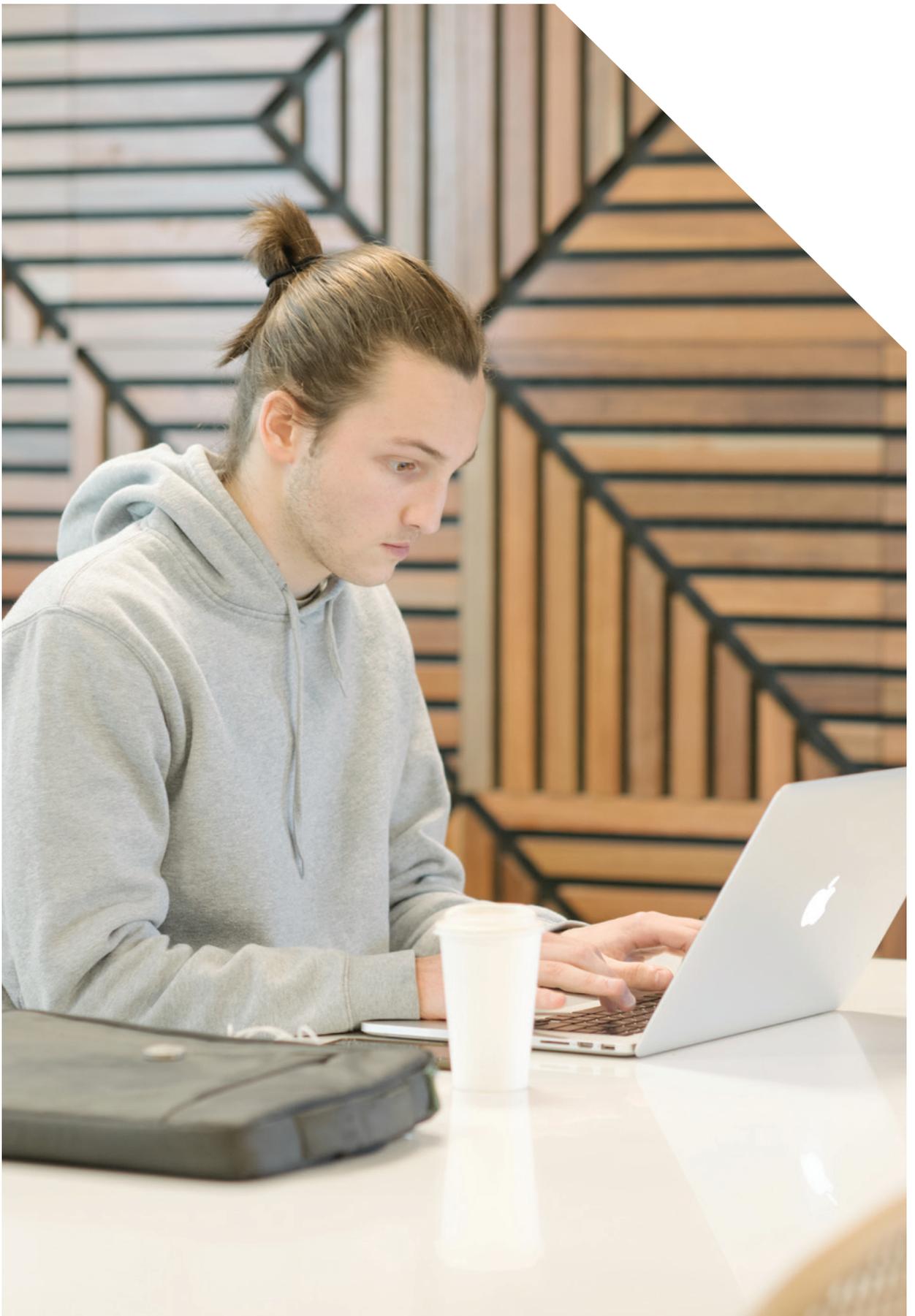
	Fair value measurements at the end of the reporting period	
	2018 \$'000	2017 \$'000
Non-financial assets²		
Buildings - Leasehold improvements ¹	816	1,006
Plant and equipment ¹	461	367

1. No non-financial assets were measured at fair value on a non-recurring basis as at 30 June 2018 (2017: Nil).

2. TEQSA's assets are held for operational purpose and not held for the purposes of deriving a profit. The current use of all non-financial assets is considered their highest and best use.

7.5 Administered - Fair Value Measurement

TEQSA had no administered assets and liabilities as at 30 June 2018 (2017:nil), hence fair value measurement is not applicable.





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 2017–18

ENTITY RESOURCE STATEMENT 2017–18				
		Actual available appropriation for 2017–18 \$'000	Payments made for 2017–18 \$'000	Balance remaining 2017–18 \$'000
		(a)	(b)	(a)–(b)
Ordinary annual services¹				
Departmental appropriation ²		21 725	15 846	5879
Total ordinary annual services	A	21 725	15 846	5879
Other services³				
Departmental non-operating				
Equity injections		100	–	100
Total other services	B	100	–	100
Total available annual appropriations and payments		21 825	15 846	5979
Special appropriations				
Special appropriations limited by criteria/entitlement				
<i>Public Governance, Performance and Accountability Act 2013 – s77</i>			47	
Total special appropriations	C		47	
Total resourcing and payments for TEQSA	A + B + C	21 825	15 893	

1. Appropriation Act (No. 1) 2017–18 and Appropriation Act (No. 3) 2017–18. This also include prior-year departmental appropriation and section 74 retained revenue receipts.
2. Includes an amount of \$0.851m in 2017–18 for the departmental capital budget. For accounting purposes, this amount has been designated as 'contributions by owners'.
3. Appropriation Act (No. 2) 2017–18.

Table B.2: Expenses for Outcome 1

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
	2017–18	2017–18	2017–18
	\$'000	\$'000	\$'000
	(a)	(b)	(a)–(b)
Program 1.1: Regulation and Quality Assurance			
Departmental expenses			
Departmental appropriation ¹	14 332	14 119	213
Expenses not requiring appropriation in the budget year	728	927	(199)
Total for Program 1.1	15 060	15 046	14
Outcome 1 totals by appropriation type			
Departmental expenses			
Departmental appropriation ¹	14 332	14 119	213
Expenses not requiring appropriation in the budget year	728	927	(199)
Total expenses for Outcome 1	15 060	15 046	14
	2017–18	2017–18	
Average staffing level (number)	51	51	

* Full-year budget, including any subsequent adjustment made to the 2017–18 budget at Additional Estimates.

1. Departmental appropriation combines ordinary annual services (Appropriation Act Nos. 1, 3 and 5) and retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*.

Appendix C: Staffing profile

As at 30 June 2018, TEQSA employed 31 APS and 26 executive-level staff, including four Office Holders. All were based in Melbourne.

Of these employees:

- 63 per cent were female and 37 per cent were male

- 91 per cent were ongoing employees, and nine per cent were non-ongoing
- at 30 June 2018, TEQSA had one ongoing staff member who identified as Indigenous.

As at 30 June 2018, TEQSA had 24.8 (full-time equivalent) contractors.

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

ONGOING		FEMALE		MALE		GRAND TOTAL
		ONGOING	NON ONGOING	ONGOING	NON ONGOING	
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	–	–	–	–	–
TOTALS		35	–	14	1	53

NB: Includes all ongoing and non-ongoing employees (active and long-term leave). Excludes Chief Commissioner, Commissioners, CEO and contractors.

Table C.2: Salaries, as at 30 June 2018, in \$A available to TEQSA APS staff from commencement of the 2018–2021 TEQSA Enterprise Agreement.

EL2	EL1	APS 6	APS 5	APS 4	APS 3	APS 2	APS 1	AGE RATES
143 484	112 267	90 840	78 556	71 173	63 724	58 378	50 998	(20 years) 42 446
134 351	106 621	85 295	75 045	68 406	61 180	57 300	46 643	(19 years) 37 782
126 759	104 019	82 607	73 480	66 546		54 783		(18 years) 32 650
119 533	101 578							(under 18 years) 27 985

SES remuneration

TEQSA currently has no SES employees.

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 www.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 2017–18 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 provides 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 2017–18.

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.

TEQSA also implements a Wellbeing Workshop series, a Disability Action Plan, a Multicultural Plan and a Diversity Program to support staff wellbeing.

No reportable WHS incidents occurred during 2017–18 and TEQSA was not required to give any notices under the *Work Health and Safety Act 2011*.

Appendix H: Complaints handling

Complaints about higher education providers

TEQSA monitors complaints about higher education providers registered with TEQSA as they relate to compliance with the HES Framework and, if applicable, the ESOS Act and National Code.

The HES Framework represents the minimum acceptable requirements for the provision of higher education by higher education providers registered under the TEQSA Act.

In 2017–18, TEQSA reviewed its approach to the handling of complaints to improve the recording of, response to, and reporting of complaints made to TEQSA about registered higher education providers.

The complaints page on TEQSA's website www.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.

The website states that complaints received about a provider are gathered to assist TEQSA in regulating the sector. The website makes clear that only complaints about the compliance of higher education providers with the HES Framework, the ESOS Act and the National Code can be accepted by TEQSA. The website provides advice to domestic and international students as well as other stakeholders in relation to resolving complaints.

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

Complaints about TEQSA

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



Appendix I: Disability reporting

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

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

TEQSA’s disability action plan

TEQSA’s Disability Action Plan sets out the agency’s commitment to the inclusion, support and engagement of people with a disability. It aims to promote the equitable participation of staff with a disability in the workplace and to remove barriers and provide improved access and services to people with a disability.

The plan focuses on four key priority areas:

- ▲ physical accessibility
- ▲ technological accessibility
- ▲ employment
- ▲ communication and community engagement.

The plan was developed in accordance with the provisions of the *Disability Discrimination Act 1992* and was informed by the National Disability Strategy 2010–2020.

For more information about TEQSA’s Disability Action Plan www.teqsa.gov.au/latest-news/publications/disability-action-plan

This page intentionally left blank



INDICES AND REFERENCES

7



Acronyms and
abbreviations

Glossary of terms

Compliance index

Alphabetical index

SECTION 7: INDICES AND REFERENCES

Acronyms and abbreviations

ACPET	Australian Council for Private Education and Training
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
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
HITS	HELP IT System
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
QILT	Quality Indicators for Learning and Teaching
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 accreditations 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 and Training 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 and Training

The Australian Government Department of Education and Training (the department) 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* (the ESOS Act) and the associated legislation form the legal framework governing delivery of education to overseas students studying in Australia on a student visa. The framework sets out clear roles and responsibilities for providers of education and training to international students and complements Australia's student visa laws. On 29 January 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

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 www.legislation.gov.au/Details/F2015L01639

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

Higher Education Standards Panel

The HESP is responsible for developing and monitoring the Higher Education Standards Framework. HESP members are appointed by the Minister, in consultation with the responsible Minister for Research. As of 1 January 2015, the HESP has been supported by the department.

Higher Education Support Act (HES Act)

The *Higher Education Support Act 2003* provides for the Commonwealth Government to give financial support for higher education and certain vocational education and training through:

- ▲ grants and other payments made largely to higher education providers
- ▲ financial assistance to students (usually in the form of loans).

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

The *National Code of Practice for Providers of Education and Training to Overseas Students 2018* (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

The National Register of Higher Education Providers (National Register) was established and is maintained under section 198 of the TEQSA Act. The National Register is available at www.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 www.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.

For more information about TEQSA's Risk Assessment Framework www.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 2018

In June 2018, TEQSA undertook a sector-wide survey for 2017–18, 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 outlined in TEQSA's Regulator Performance Framework. Relevant peak, professional and student bodies were also invited to participate in the survey.

Compliance index

Table 12 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.

Table 12: List of requirements

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE NUMBER
17AD(g)	Letter of transmittal			
17AI		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	I
17AD(h)	Aids to access			
17AJ(a)		Table of contents.	Mandatory	II–II
17AJ(b)		Alphabetical index.	Mandatory	134–141
17AJ(c)		Glossary of abbreviations and acronyms.	Mandatory	116–120
17AJ(d)		List of requirements.	Mandatory	121–133
17AJ(e)		Details of contact officer.	Mandatory	Inside front cover
17AJ(f)		Entity’s website address.	Mandatory	Inside front cover
17AJ(g)		Electronic address of report.	Mandatory	Inside front cover
17AD(a)	Review by accountable authority			
17AD(a)		A review by the accountable authority of the entity.	Mandatory	2–3
17AD(b)	Overview of the entity			



PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE NUMBER
17AE(1)(a)(i)		A description of the role and functions of the entity.	Mandatory	6
17AE(1)(a)(ii)		A description of the organisational structure of the entity.	Mandatory	9–13
17AE(1)(a)(iii)		A description of the outcomes and programs administered by the entity.	Mandatory	6
17AE(1)(a)(iv)		A description of the purposes of the entity as included in corporate plan.	Mandatory	6
17AE(1)(b)		An outline of the structure of the portfolio of the entity.	Portfolio departments mandatory	n/a
17AE(2)		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	n/a
17AD(c)	Report on the Performance of the entity			

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE NUMBER
ANNUAL PERFORMANCE STATEMENTS				
17AD(c)(i); 16F		Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	16–49
17AD(c)(ii)	Report on Financial Performance			
17AF(1)(a)		A discussion and analysis of the entity’s financial performance.	Mandatory	49
17AF(1)(b)		A table summarising the total resources and total payments of the entity.	Mandatory	107–108
17AF(2)		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	n/a
17AD(d)	Management and Accountability			



PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE NUMBER
CORPORATE GOVERNANCE				
17AG(2)(a)		Information on compliance with section 10 (fraud systems).	Mandatory	55
17AG(2)(b)(i)		A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	I
17AG(2)(b)(ii)		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	I
17AG(2)(b)(iii)		A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	I
17AG(2)(c)		An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	52–55

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE NUMBER
17AG(2)(d) – (e)		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 noncompliance.	If applicable, Mandatory	n/a
EXTERNAL SCRUTINY				
17AG(3)		Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	54
17AG(3)(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	n/a
17AG(3)(b)		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	n/a
17AG(3)(c)		Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory	n/a



PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE NUMBER
MANAGEMENT OF HUMAN RESOURCES				
17AG(4)(a)		An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	56–57
17AG(4)(b)		<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 fulltime employees; ▲ Statistics on parttime employees; ▲ Statistics on gender; ▲ Statistics on staff location; ▲ Statistics on employees who identify as Indigenous. 	Mandatory	109
17AG(4)(c)		Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the Public Service Act 1999.	Mandatory	56–57

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE NUMBER
17AG(4)(c)(i)		Information on the number of SES and nonSES employees covered by agreements etc identified in paragraph 17AD(4) (c).	Mandatory	110
17AG(4)(c)(ii)		The salary ranges available for APS employees by classification level.	Mandatory	110
17AG(4)(c)(iii)		A description of non-salary benefits provided to employees.	Mandatory	56
17AG(4)(d)(i)		Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory	n/a
17AG(4)(d)(ii)		Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory	n/a
17AG(4)(d)(iii)		Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory	n/a
17AG(4)(d)(iv)		Information on aggregate amount of performance payments.	If applicable, Mandatory	n/a



PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE NUMBER
ASSETS MANAGEMENT				
17AG(5)		An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory	n/a
PURCHASING				
17AG(6)		An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory	58
CONSULTANTS				
17AG(7)(a)		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	59

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE NUMBER
17AG(7)(b)		A statement that “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].”	Mandatory	59
17AG(7)(c)		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	59
17AG(7)(d)		A statement that “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.”	Mandatory	59



PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE NUMBER
AUSTRALIAN NATIONAL AUDIT OFFICE ACCESS CLAUSES				
17AG(8)		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	n/a
EXEMPT CONTRACTS				
17AG(9)		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	n/a

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE NUMBER
SMALL BUSINESS				
17AG(10)(a)		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	58
17AG(10)(b)		An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	58
17AG(10)(c)		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	n/a



PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE NUMBER
FINANCIAL STATEMENTS				
17AD(e)		Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	66–103
17AD(f)	Other Mandatory Information			
17AH(1)(a)(i)		If the entity conducted advertising campaigns, a statement that “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.”	If applicable, Mandatory	n/a
17AH(1)(a)(ii)		If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory	111
17AH(1)(b)		A statement that “Information on grants awarded to [name of entity] during [reporting period] is available at [address of entity’s website].”	If applicable, Mandatory	n/a

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE NUMBER
17AH(1)(c)		Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	112
17AH(1)(d)		Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	Back cover
17AH(1)(e)		Correction of material errors in previous annual report.	If applicable, Mandatory	n/a
17AH(2)		Information required by other legislation.	Mandatory	n/a



Alphabetical index

A

- academic integrity 2, 7–8
- accountable authority 52, 65
 - review by 2–3
 - see *also* Chief Commissioner; Saunders, Prof Nicholas
- Accountable Authority Instructions and Procurement Manual 58
- accreditation see course accreditation
- acronyms and abbreviations 116
- additional funding from MYEFO budget 3, 26, 36, 49
- Administrative Appeals Tribunal 31, 54
 - review matters 2, 37
- admissions transparency 2, 7, 27, 48
 - agency engagement with the sector 48
- Admissions Transparency Implementation Working Group 7, 48
- adverse decisions 36
- advertising and market research 111
- Advice on Admissions Transparency* 48
- Agency Security Adviser 53, 54
- annual performance statement 15–49
- applications and assessments 2
 - adverse decisions 36
 - completed 32
 - course accreditation 33
 - CRICOS assessments 32
 - initial registration 12, 32, 37, 42, 46
 - made under ESOS Act 32
 - median processing time 33
 - number carried over from previous year 31, 32
 - number decided and number of days to decision 33
 - performance against requirements of TEQSA Act 33–5
 - provider compliance assessments 3, 36
 - ratio of APS staff to contractors in assessment teams 35
 - received 32
 - risk assessment 30, 37–8, 119
 - timeliness of assessments 3, 32–5
 - withdrawn 2, 32
- APS Code of Conduct and Values 54, 55
- Asia Pacific Quality Network (APQN) 28
- Assessment and Investigations Group 9, 12–13
- assessments see applications and assessments
- Assurance Group 9, 12, 13
- Attorney-General’s Department 54
- Audit Committee 53
- AusTender 58, 59
- Australian and New Zealand Podiatry Accreditation Council 40
- Australian Government Information Management Office, *Implementation of upgraded accessibility standard across Australian Government websites* 59
- Australian Government Security Vetting Agency 55
- Australian Human Rights Commission, *Change the Course: National Report on Sexual Assault and Sexual Harassment at Australian Universities* 8, 27
- Australian Institute for Teaching and School Leadership (AITSL) 16
- Australian National Audit Office 54
 - access clauses 58
 - independent auditor’s report 62–3

- Australian Psychology Accreditation Council 40
- Australian Public Service Commission's State of the Service Report 112
- Australian Qualifications Framework (AQF) 117
 - review 3
- Australian Skills Quality Authority (ASQA) 16, 117
 - collaboration with 47–8
 - coordinated approach to managing dual-sector providers 47
 - joint risk register of dual-sector providers 48

- B**
- Bretag, Tracey 8

- C**
- case managers (TEQSA) 26, 31, 37, 39, 120
- caseload 31–2
 - meeting time frames 32–5
- cash flow statement 72–3
- Chief Commissioner i, 10
 - review 2–3
- Chief Executive Officer 9, 11, 40, 52
- Chief Financial Officer 65
- collaboration with ASQA 47–8
- Commission
 - meetings 52
 - responsibilities 52
- Commissioners i, 10–11, 16, 40
 - as accountable authority 2–3, 52, 65
 - presentations 44
 - remuneration 56, 98
 - roles and responsibilities 10, 53
- committees 52–3, 57
- Commonwealth Cost Recovery Guidelines 58
- Commonwealth Disability Strategy 112
- Commonwealth Fraud Control Policy 55
- Commonwealth Ombudsman 54
- Commonwealth Procurement Rules 58
- Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) 106, 117
 - assessments 32
 - re-registration 37
 - TEQSA–ASQA approach to managing 47
- competitive tendering and contracting 58
- complaints process 26–7
 - complaints about higher education providers 26, 111
 - complaints about TEQSA 111
- Compliance and Investigations Team 12, 26
- compliance assessments 3, 36
- compliance index 120–33
- compliance investigations 26
- consultancies
 - contracts 59
 - policy on selecting and engaging consultants 59
- consultation with peak and professional student bodies 45
- contract cheating 2, 7, 8
- contractors (staff) 35, 56
- Core+ 30, 117
- Corporate Group 9, 13
- Corporate Plan 2017–21* 2, 3, 6, 16, 17, 18–25, 53
- corporate planning 53–5
- Council for Higher Education Association International Quality Group (CIQG) 28
- Council for International Students Australia 45
- Council of Australian Postgraduate Associations 45



Council of Higher Education (CHEA)
meetings 28

course accreditation 3, 33, 38

 Cycle 2 applications 3

 see also re-accreditation

CPA Australia Limited 40

CRICOS see Commonwealth Register
of Institutions and Courses for
Overseas Students

Cycle 5 annual risk assessment 37–8

D

Department of Education and Training 118
 working with 39

Disability Action Plan 111, 112

Disability Discrimination Act 1992 112

disability reporting 112

Diversity Program 111

dual-sector providers

 AQSA–TEQSA coordinated approach
 to managing 47

 ASQA–TEQSA risk register 48

E

ecologically-sustainable development
and environmental performance 110

*Education Legislation Amendment
(Provider Integrity and Other Measures)
Act 2017* 41

Education Regulatory Immigration
Committee (ERIC) 47

*Education Services for Overseas Students
Act 2000* (ESOS Act) 7, 26, 41, 106, 111, 118
 assessments made under 32

 National Code see National Code of
 Practice for Providers of Education
 and Training for Overseas Students

ELICOS see English Language Intensive
Courses for Overseas Students

Employee Assistance Program 111

engagement see stakeholder engagement

Engagement Group 9, 13

English Language Intensive Courses for
Overseas Students (ELICOS) 37, 42, 106, 118

 ELICOS Standards 7, 37, 42

enhanced monitoring project 27

Enterprise Agreement 57, 110

Enterprise Risk Management Framework
52, 54

entity resource statement 107

*Environment Protection and Biodiversity
Conservation Act 1999* 110

ESOS/CRICOS assessment team 12, 37, 42

ethical standards 54

Executive Office 9, 13

exempt contracts 58

external experts

 engagement with 45

 work assignments completed 45

external review matters 37

external security 54–5

F

fake documentation 7

fees 58

finance, additional funding from MYEFO
3, 26, 36, 49

Financial Adviser Standards and Ethics
Authority 40

financial management 57–9

financial performance 49

Financial Planning Education Council
– Financial Planning Association
of Australia 40

financial statements 66–77

 notes to 78–103

for-profit providers 47

Foundation Program Standards 7

Foundation Studies providers 37

fraud control 55
Fraud Control and Anti-Corruption Plan
54, 55
freedom of information 110
Freedom of Information Act 1982 58, 110
full cost-recovery model 58
functional groups (TEQSA) 12–13

G

General Counsel 13
glossary 117–20
goals
Goal 1: Effective oversight of the quality and reputation of Australian higher education, performance against goals 6, 18–19, 26–9
Goal 2: Efficient, effective, responsive, risk-based quality assurance and regulatory activities 6, 20–2, 30–42
Goal 3: Constructive and collaborative relationships with governments, higher education providers, students and other stakeholders 6, 23–5, 43–9
Good Practice Note: Addressing contract cheating to safeguard academic integrity 8
grants 57
guidance notes 49
guide to the report iv–v

H

high risk provider policy 26, 30
Higher Education Information Management System (HEIMS) data 37, 39
Higher Education Provider Roundtable events 44, 47

higher education providers 118
2018 statistics report 27
complaints about 26, 111
compliance assessments 3, 36
enhanced monitoring 27
higher education sector
engagement with 43–6
managing risks to 26, 30, 37–8
Higher Education Standards Framework (HES Framework) 2, 7, 9, 16, 26, 36, 111, 118
2015 edition 33, 37
agency monitoring and support in implementing 49
review 3
Higher Education Standards Panel (HESP) 7, 16, 119
Improving the Transparency of Higher Education Admissions 48
working with 40
Higher Education Support Act 2003 41, 119
Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ) 28, 41
human resources
Enterprise Agreement 56, 57, 110
non-salary benefits 56
performance assessment 56
performance pay 56
professional development 57
shared services with Productivity Commission 56
staff attrition and turnover 56
workplace consultative arrangements 57
see also staff



I

- independent auditor's report 62–3
- Independent Review of the National Registration and Accreditation Scheme for health professionals*, submission to 40
- Indigenous staff 109
- Information Publication Scheme (IPS)
 - 110 information sharing 47
- information technology
 - compliance with Australian Government Information Management Office guidance 59
 - shared with Productivity Commission 56, 59
- Information Technology Security Adviser 53
- initial provider registration policy 26
- initial registration 12, 26, 32, 37, 42, 46
- International Engagement Strategy 2016–20 29*
- international higher education quality assurance network activities 28–9
- International Network for Quality Assurance Agencies in Higher Education (INQAAHE) 28
- international quality agencies, working with 41
- International Quality Assurance Staff Exchange Program 28
- international visitors 28

K

- Key financial metrics on Australia's higher education sector*, 3rd edition 27

L

- Learning Committee 57

- Legal Group 9, 13, 57
- legal services 57
- Legal Services Directions 57
- legislation amendments affecting TEQSA 41–2
- legislative framework 7, 106
- letter of transmittal i
- list of requirements 120–33
- looking forward 3

M

- McClaran, Anthony (Chief Executive Officer) 11
- management and accountability 52–9
- Martin, Dr Linley (Commissioner) i, 10–11
- material change 119
- Memorandum of Cooperation (MoCs), signed or renewed 28–9
- Memorandum of Understanding (MoUs), with student representative bodies 45
- Minister for Education and Training i, 7, 8–9
- Multicultural Plan 111

N

- National Aboriginal and Torres Strait Islander Postgraduate Association 45
- The National Code of Practice for Providers of Education and Training to Overseas Students 2018* (National Code) 7, 26, 36, 42, 111, 119
- National Disability Strategy 2010–2020* 112
- National Institution for Academic Degrees and Quality Enhancement of Higher Education (NIAD-QE) 28
- National Register Guidelines 42
- National Register of Higher Education Providers (National Register) 46–7, 119
 - accredited courses 46
 - breakdown 46

- changes to public reporting on 42, 46
- new providers added 46
- publication of regulatory decisions 46

National Union of Students 45

non-salary benefits 56

not-for-profit providers 47

O

Office of the Australian Information
Commissioner 54

Optometry Council of Australia
and New Zealand 40

organisational structure 9

- Commissioners, CEO and
Senior Management Team 10–11

- functional groups 12–13

- rebalancing 12

outcome and program statement 6

- expenses 108

- see *also* goals

overview of the agency 6–13

P

parliamentary committees,
appearance before 55

payroll services, shared with
Productivity Commission 56

peak and professional bodies, working with
40

peak and professional student bodies,
consultation with 45

performance against goals

- Goal 1: Effective oversight of the
quality and reputation of Australian
higher education 18–19, 26–9

- Goal 2: Efficient, effective, responsive,
risk-based quality assurance and
regulatory activities 20–2, 30–42

- Goal 3: Constructive and collaborative
relationships with governments,
higher education providers, students
and other stakeholders 23–5

performance assessment 56

performance pay 56

performance review 16–49

- performance against goals 18–49

- statement of preparation 16

- TEQSA Regulator Performance
Framework Report 2016–17*

- TEQSA stakeholder survey 2018* 2, 17, 31,
35, 39, 42, 44, 47, 120

- timeliness performance against
TEQSA Act 33–5

- Portfolio Budget Statements 2017–18* 6, 17,
18–25

procurement 58

- initiatives to support small business 58

Productivity Commission 56, 59

professional development 54, 57

program see outcome and
program statement

protective security 54

- Protective Security Policy Framework* 53, 54

provider category 46, 119

- Public Governance, Performance and
Accountability Act 2013* i, 16, 52, 55, 106

publications

- Advice on Admissions Transparency* 48

- Key financial metrics on Australia'
higher education sector* 27

Q

Quality Beyond Boundaries Group (QBBG) 28

quality enhancement forum series 2, 43



R

re-accreditation 38, 39
re-registration 33, 38
recycling 110
Register of Experts 45
registered higher education providers 119
 see also higher education provider
registration
 Cycle 2 applications 3
 median days for processing applications 33
 see also initial registration;
 re-registration
Registration Assessment Team 12
Regulator Performance Framework KPIs 3, 20–4
regulatory decisions
 changes to reporting 42
 publication of 46
regulatory principles 39
regulatory risk 119
remuneration
 Commissioners 56, 98
 staff 56, 110
risk assessment 119
 Cycle 5 annual risk assessment 2, 37–8
 framework 30, 37
Risk Assessment Framework 30, 37, 119
risk management
 TEQSA 52, 54
 to higher education sector 26, 30, 37–8
risk ratings and outcomes
 for course accreditation
 or re-accreditation 38
 for re-registration 38

S

Saunders, Prof Nicholas
(Chief Commissioner) i, 2–3, 10
sector reviews 2, 7–9, 40, 44, 48

Security Committee 53
self-accrediting authority (SAA) 39
Senior Management Team (SMT) 12, 52
 meetings 53
 role and responsibilities 52–3
Service Charter 55, 111
sexual assault and sexual harassment
 at higher education providers 2, 8–9, 40, 44
small business, procurement initiatives
 to support 58
social media 43
staff 109
 attrition and turnover rate 56
 contractors 56
 employment screening 55
 Enterprise Agreement 56, 57, 110
 non-salary benefits 56
 numbers 56, 109
 performance assessment 56
 professional development and training 54, 57
 salaries 56, 110
 workplace health and safety 111
 see also human resources
Staff Consultative Committee 57
stakeholder engagement
 with external experts 45
 with higher education sector 2, 43–6
 with student representatives 2, 44–5
 see also collaboration
stakeholder survey 2018 2, 17, 31, 35, 39, 42, 44, 47, 120
standards-based regulation 120
statement by the Accountable Authority
 and Chief Financial Officer 65
statement of changes in equity 70–1
statement of comprehensive income 66–7
statement of financial position 68–9
student attrition 2, 43
Student Expert Advisory Group 2, 44

student representatives, engagement with 44–5

student wellbeing and safety 8–9, 40, 44

T

TAFE providers 47

Tehan, Hon Dan i, iv

TEQSA Conference 2, 43

TEQSA high risk provider policy 26, 30

TEQSA initial provider registrations policy 26

TEQSA Regulator Performance Framework Report 2016–2017 17

TEQSA Stakeholder Survey 2017 2, 17, 31, 35, 39, 42, 44, 47, 120

Tertiary Education Quality and Standards Agency (TEQSA)

committees 6, 52–3, 57

corporate governance 52–5

legislative amendment impacts 41–2

legislative framework 7, 106

organisational structure 9–13

outcome and program statement 6, 108

overview 6–13

purpose 6, 16–17

review by the accountable authority 2–3

Tertiary Education Quality and Standards Agency Act 2011 (TEQSA Act) 6, 7, 39, 40, 41, 44, 52, 56, 58, 106

performance against TEQSA Act requirements 34–5

review of the impact of 41

Tertiary Education Quality and Standards Agency Enterprise Agreement 2018–2021 56, 57, 110

timeliness of assessments 3, 32–5

training 54, 57

U

Universities Admissions Centre 40

University Quality Assurance Forum 28

W

Walsh, Prof Cliff (Commissioner) i, 11

website 59

complaints process 27

conformity 59

engagement with higher education sector 43

guidance notes 49

Wellbeing Workshop series 111

Work Health and Safety Act 2011 111

workplace health and safety 111

Workplace Health and Safety (WHS) Committee 111



TEQSA

teqsa.gov.au