



Australian Government

Tertiary Education Quality and Standards Agency

ANNUAL REPORT

2014-2015

TEQSA Annual Report 2014–15

ISSN 2200-9671



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The document must be attributed as the TEQSA Annual Report 2014–15.

Contacts

More information about the Tertiary Education Quality and Standards Agency, including electronic versions of this annual report, is available at <<http://www.teqsa.gov.au/news-publications/annual-reports/2015>>.

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Acknowledgements

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



Australian Government
Tertiary Education Quality and Standards Agency



TEQSA

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Senator The Hon Simon Birmingham
Minister for Education and Training
Parliament House
CANBERRA ACT 2600

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 2015.

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.

The report has been prepared in compliance with the *Requirements for Annual Reports for Departments, Executive Agencies and other Non-Corporate Commonwealth Entities*, approved by the Joint Committee of Public Accounts and Audit, under subsections 63(2) and 70(2) of the *Public Service Act 1999*. These requirements include the presentation of a copy of the report before each House of Parliament on or before 31 October in the year in which the report is given.

In addition, 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 2014–15 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
1 October 2015

Ms Linley Martin
Commissioner
1 October 2015

Professor Cliff Walsh
Commissioner
1 October 2015

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ABOUT THIS REPORT

This report informs Senator the Hon. Simon Birmingham, Minister for Education and Training, 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 2015.

Prepared according to parliamentary reporting requirements, the report describes TEQSA's achievements against the goals set out in TEQSA's 2014–15 Portfolio Budget Statements (PBS) and Portfolio Additional Estimates Statements. It provides information on TEQSA's performance in relation to its stated outcome:

[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 Chief Commissioner — reflects on the past year, highlighting significant issues TEQSA has faced and initiatives it has undertaken, as well as the Chief Commissioner's perspective on current and future challenges.

Section 2: Agency overview — provides information about TEQSA and its governance, its roles and functions, and organisational structure.

Section 3: Performance review — reports on how TEQSA performed during the reporting period against its stated outcome (above) and the program framework contained in the 2014–15 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 2015.

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.

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SECTION 01
REVIEW BY
THE CHIEF
COMMISSIONER

A portrait of an older man with white hair, wearing a dark suit, white shirt, and a red and blue striped tie. He is smiling and looking towards the camera. The background is a light blue gradient.

REVIEW BY THE CHIEF COMMISSIONER

*Following a year of consolidation and achievement,
TEQSA now faces fresh challenges*

I am very pleased to be presenting my first, and TEQSA's fourth, Annual Report. The 2014-15 year has been one of great change for TEQSA, with the separation of the Chief Commissioner and Chief Executive Officer roles, the appointment of two new Commissioners (Ms Lin Martin and myself), an interim Chief Executive Officer (Mr Ben Johnson), reduction and re-organisation of staff in the Corporate and Assessment areas in response to budget reductions, and amendment of the TEQSA Act 2011.

TEQSA'S PROGRESS CONTINUES

Significant progress has been made in the quality assurance of the higher education sector since TEQSA's establishment in 2012. Achievements include the development of a tailored approach to the assessment of provider applications, development and refinement of a risk assessment framework and the establishment of collaborative relationships with stakeholders in Australia and internationally.

After three years of operation, TEQSA has gained considerable insights into the range of providers in the Australian higher education sector and an understanding of the issues confronting them. This has been achieved through the design and refinement of our assessment processes, including a case management approach, annual risk assessments, Provider Information Requests and formal assessments for provider registration and course accreditation purposes.

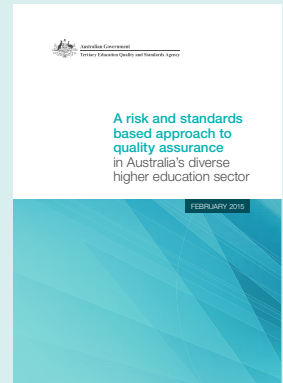
Our experience now allows us to focus and streamline our assessment processes, thereby reducing the amount of evidence a provider is required to submit and tailoring the scope of an assessment against particular standards, based on a provider's risk profile.

A NEW APPROACH, A CLEAR PHILOSOPHY

2014-15 has been a period of consolidation and review for TEQSA. In discussion with higher education stakeholders, we continued to review and adapt our approach in order to further reduce the regulatory burden on providers and shorten the time taken for assessment in line with the Government's deregulation agenda and the Minister for Education and Training's expectations. A series of guidance notes was produced to support providers in developing and implementing their own quality assurance processes and the provider portal was made available for electronic submission of applications, evidence and information requests, allowing providers greater control and flexibility over the documents submitted to TEQSA.

The publication in February 2015 of *"A risk and standards based approach to quality assurance in Australia's diverse higher education sector"* informed the sector about TEQSA's approach to tailoring assessments and the particular characteristics of a provider that give us confidence in a provider and guide our quality assurance and assessment work. In 2014-15 TEQSA introduced the streamlined 'Core+' approach to the assessment of registration renewals. The success of this development has led us to develop, in consultation with providers, a 'Core+' approach to the accreditation of courses. TEQSA has also responded to the Government's new Regulators Performance Framework (RPF) and has established, in consultation with the higher education peak bodies, the evidence requirements to measure our performance under the RPF.

This tailored approach allowed TEQSA to meet its legislated requirements for processing times for registration and accreditation activities and indeed, 51.3% of re-registrations and course accreditations and re-accreditations were able to be completed within six months. Meeting these targets consistently in the future will be a significant challenge following the reduction in TEQSA's resourcing.



51.3%
re-registrations,
course accreditations
and re-accreditations
completed within six
months



KEEPING THE SECTOR INFORMED

TEQSA has used the information it collects from the Australian higher education sector through the annual Provider Information Request and through its agreements with the Department of Education and Training to improve the sector's understanding of the diverse nature of higher education providers.

In 2014-15, TEQSA released this information in an overview of the Australian higher education sector entitled "*Statistics report on TEQSA registered higher education providers*". This report is the first whole of sector statistical view of higher education provision in Australia that covers all provider types and will be produced annually by TEQSA. We have also undertaken to analyse and release further information to the sector in support of implementing benchmarking and quality improvement measures.

In 2014-15 TEQSA undertook a series of consultations and pilot projects with stakeholders to develop and implement further assessment initiatives. The case manager model continues to foster a close working relationship with providers and informs ongoing improvements in tailoring our assessments to the profile of each provider. This has been a feature of our quality assurance operations since commencement and it will continue.

We are committed to ongoing consultation and discussion with our key stakeholders including Universities Australia, the Australian Council for Private Education and Training (ACPET), the Council of Private Higher Education (COPHE), TAFE Directors Australia (TDA), the International Education Association of Australia and individual higher education providers as an essential component in reviewing, strengthening and improving TEQSA's processes.

FINANCIAL OUTLOOK AND CHALLENGES AHEAD

TEQSA's budget appropriation in 2014-15 was \$15.608 million and its expenses were \$16.304 million. The Agency's budget has been heavily reduced, with the 2014-15 cut of \$3.388 million being followed by reductions of \$7.596 million in 2015-16, \$9.999 million in 2016-17 and \$10.097 million in 2017-18.

While we can look back on 2014-15 with a sense of pride and satisfaction in our achievements, the significant reduction of TEQSA's resources in the period ahead poses a great challenge to our ability to deliver the same high standard of quality assurance in a timely manner to protect the educational experience of students and the reputation of Australian higher education.



Professor Nicholas Saunders AO
Chief Commissioner

SECTION 02

AGENCY OVERVIEW

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ROLES AND FUNCTIONS

TEQSA assures the quality of registered higher education providers through nationally consistent regulation.

The *Tertiary Education Quality and Standards Agency Act 2011* (TEQSA Act) is the primary basis of TEQSA's powers. The objects of the TEQSA 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 and international competitiveness in higher education, as well as excellence, diversity and innovation in higher education in Australia
- ▶ 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, by requiring the provision of quality higher education
- ▶ ensure that students have access to information relating to higher education in Australia.

TEQSA is an independent quality assurance and regulatory agency, subject to several Acts and legislative instruments including (but not limited to) the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), *Public Service Act 1999* (PS Act), *Work Health and Safety Act 2011* (WHS Act), *Safety, Rehabilitation and Compensation Act 1988* (SRC Act) and *Freedom of Information Act 1982* (FOI Act).

TEQSA's vision:

TEQSA is recognised in Australia and internationally for its effective, responsive and risk-reflective approach to standards-based quality assurance and for the contribution it makes to sustaining the reputation of Australian higher education.

OUTCOME AND PROGRAM STRUCTURE

TEQSA is subject to Australian Government requirements for reporting to Parliament on the annual allocation and expenditure of public monies received to carry out its role and functions. In the *2014-15 Portfolio Budget Statements*, TEQSA reports on one outcome and one program¹.

This outcome is delivered through Program 1.1: Regulation and Quality Assurance. The program objectives, explained in more detail in section 3, are to:

- ▶ assure the quality of Australian higher education through a standards-based and risk-based approach
- ▶ protect students by requiring providers to meet minimum standards for quality higher education provision in an expanding higher education system
- ▶ facilitate higher education providers to pursue their individual missions and encourage diversity, excellence and innovation in the sector.

TEQSA's outcome is:

“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.”

¹ Refer to <http://www.docs.education.gov.au/system/files/doc/other/2014-15_education_pbs_10_teqsa.pdf>.

ORGANISATIONAL STRUCTURE

COMMISSIONERS

The TEQSA Commission is currently comprised of the part time Chief Commissioner and two part-time Commissioners. Commissioners are appointed by the Minister for Education and Training (the Minister) based on their expertise in higher education, quality assurance and regulatory practice.

PROFESSOR NICHOLAS SAUNDERS AO (PART-TIME)

Professor Saunders joined the Agency as Acting Chief Commissioner and Chief Executive Officer in September 2014 and was appointed by the then Minister as TEQSA Chief Commissioner in March 2015.

Professor Saunders was previously Provost and Deputy Vice-Chancellor of Bond University and Vice-Chancellor of the University of Newcastle, Australia. His other senior academic roles include: 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 (1993-1998); Professor of Medicine at the University of Newcastle (1983-1993); 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.

MS LINLEY MARTIN (PART-TIME)

Ms Martin joined TEQSA in February 2015 and brings extensive knowledge and experience of the Australian higher education sector.

From 2009 – 2011 she was the Head of University Services and Vice-Principal (Major Projects) at the University of Melbourne, where she had also held the position of Vice Principal and Academic Registrar from 2001-2005.

From 2005 – 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.

Ms Martin was also a senior advisor 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, Ms Martin is also the part-time Ombuds at RMIT University, an independent reviewer of unresolved student and staff complaints. She is also completing her PhD on the *Measurement of student learning outcomes in higher education* at the University of Melbourne.

PROFESSOR CLIFF WALSH (PART-TIME)

Professor Walsh joined TEQSA in February 2014. 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 advisor to a Prime Minister and State Premiers; an Associate Commissioner for several Productivity Commission Inquiries; an expert advisor 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, and a (honorary) Visiting Research Fellow in the School of Economics at the University of Adelaide.

COMMISSION DEPARTURES IN 2014-15

Mr Ian Hawke (part-time)

Commissioner Hawke resigned from TEQSA in December 2014.

Ms Dorte Kristoffersen (full-time)

Ms Kristoffersen acted as TEQSA's Chief Commissioner and Chief Executive Officer from March 2014 until September 2014. She left the Agency in September 2014.

Dr Carol Nicoll PSM (full-time)

Dr Nicoll, former Chief Commissioner and Chief Executive Officer, resigned from the Agency in December 2014.

Mr Michael Wells (full-time)

Commissioner Wells resigned from TEQSA in January 2015.

INTERIM CHIEF EXECUTIVE OFFICER

Ben Johnson

Mr Johnson joined TEQSA as the Interim Chief Executive Officer in March 2015. Prior to this, he worked in the Commonwealth Department of Education and Training for over 18 years, building extensive experience of the higher education sector including as Acting Group Manager for the Quality and Student Support Group within the Higher Education, Research and International Cluster.

EXECUTIVE

During 2014-15 the Senior Management Team was adjusted. It now comprises the Interim Chief Executive Officer and TEQSA Senior Managers. The Senior Management Team is responsible for managing TEQSA's regulatory business, corporate processes, and people and reports to the Accountable Authority.

FUNCTIONAL GROUPS

In 2014-15 TEQSA was structured according to four main functions. Figure 2.1 shows TEQSA's organisational structure.

Regulation and Review Group

Regulation and Review Group is central to TEQSA's quality assurance activities and requirements under the TEQSA Act and also the *Education Services for Overseas Students Act 2000* (ESOS Act), which under the TEQSA Act regulates the delivery of education services to international students in Australia. The group is made up of case management teams allocated to individual higher education providers. The group makes recommendations to the Commission about regulatory actions based on assessment of providers' compliance with the TEQSA Act, Threshold Standards, the ESOS Act the National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students (National Code).

Regulatory Risk and Information Group

Regulatory Risk and Information Group supports the Agency's capacity to prioritise regulatory activity to safeguard the interests of students and the reputation of the sector, while minimising regulatory burden. The group's risk assessments of individual providers allows TEQSA to streamline its processes for low-risk providers and to direct resources to where there are substantial risks to academic standards and the student experience. The group develops and implements TEQSA's Risk Assessment Framework, creating a risk profile for every provider, undertaking financial compliance assessments and supporting data sharing arrangements with the (former) Department of Education and other stakeholders. The Regulatory Risk and Information Group are also responsible for managing TEQSA's annual Provider Information Request (PIR).

Legal Group

TEQSA's lawyers, led by the General Counsel, are responsible for all legal services required by TEQSA as a Commonwealth regulatory agency, including providing strategic legal advice, providing training to TEQSA staff on legal issues, and managing claims by or against TEQSA. The General Counsel attends regulatory meetings of TEQSA's Commission and is a member of the Audit Committee.

Corporate Group

The Corporate Group provides the following services: strategic advice; business governance and planning processes; financial management and reporting; human resource management; corporate communications and stakeholder engagement; international engagement, systems and technology support; and security management.

ORGANISATIONAL STRUCTURE

TEQSA's organisational structure at 30 June 2015 is depicted in Figure 2.1.

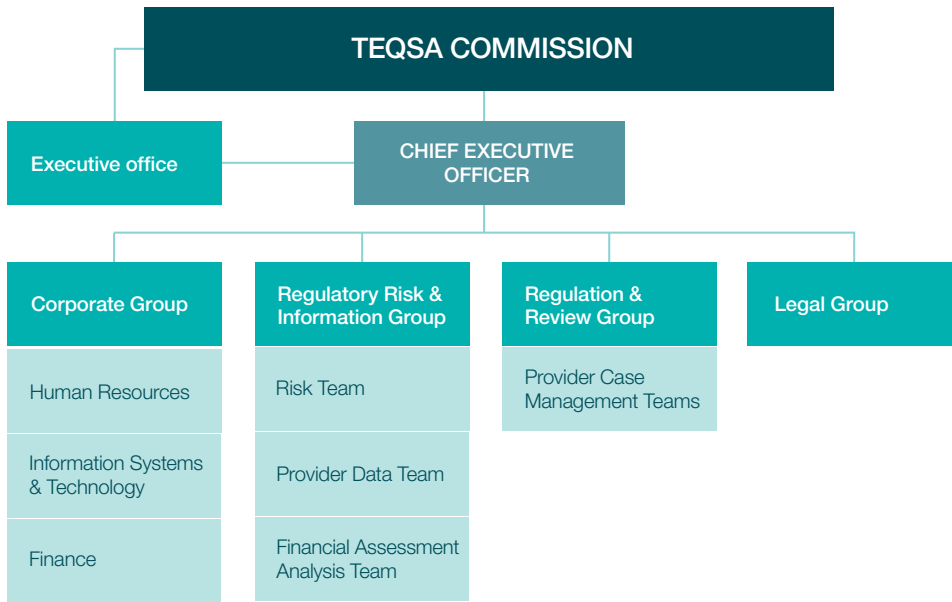


Figure 2.1: TEQSA's organisational structure

SECTION 03

PERFORMANCE REVIEW

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OBJECTIVE 2: PROTECT STUDENTS BY REQUIRING PROVIDERS TO MEET MINIMUM STANDARDS FOR QUALITY HIGHER EDUCATION PROVISION IN AN EXPANDING HIGHER EDUCATION SYSTEM	31
OBJECTIVE 3: FACILITATE HIGHER EDUCATION PROVIDERS TO PURSUE THEIR INDIVIDUAL MISSIONS, AND ENCOURAGE DIVERSITY, EXCELLENCE AND INNOVATION IN THE SECTOR	35

PERFORMANCE REVIEW

This section reports on TEQSA's performance in meeting its program objectives in accordance with the *2014-15 Portfolio Budget Statements*. TEQSA reports on one program: *Program 1.1: Regulation and Quality Assurance*. This section also details TEQSA's results in achieving its deliverables and its performance against legislative requirements and Key Performance Indicators.

As required under the PGPA Act, this annual report provides an account of TEQSA's performance in 2014-15 in accordance with the performance requirements set out in:

- ▶ the TEQSA Act and the ESOS Act
- ▶ the TEQSA Operational Plan 2014-15 as specified by section 162 of the TEQSA Act¹
- ▶ the 2014-15 Portfolio Budget Statements for the (then) Department of Education

The Tertiary Education Quality and Standards Agency Act and the Education Services for Overseas Students Act

Under its governing legislation, TEQSA is obliged to provide particular forms of advice or complete specific processes, within specified timeframes. These performance standards provide assurance to higher education providers that TEQSA will conduct its quality assurance and regulatory activities in a timely, transparent and effective way.

The following section provides an overview of TEQSA's activities under the TEQSA and ESOS Acts in the 2014-15 reporting period.

Applications under the Tertiary Education Quality and Standards Agency Act

The TEQSA Act requires TEQSA to make a decision on an application for initial registration or course accreditation within nine months of receiving payment of the substantive assessment application fee or within a longer period determined by TEQSA if satisfied that, for reasons beyond its control, a decision cannot be made within a nine month period.

The average length of time taken by TEQSA to complete an application to register a new higher education provider during this period was 201 days.²

The average length of time taken by TEQSA to complete an application to renew a higher education provider's registration was 272 days. There is no legislative requirement that renewal applications are processed within a specified timeframe.

¹ The strategic plan provision in TEQSA Act (s160) was repealed on 1 July 2014 and replaced with a corporate plan provision in the December 2014 TEQSA Act Amendment Bill.

² This figure represents the number of days between the commencement of the substantive assessment and the date of the final decision for each registration and renewal of registration application decided on in the 2014-15 financial year.

The average length of time taken by TEQSA to complete an application to accredit a provider's courses during this period was 150 days.¹

The average length of time taken by TEQSA to complete an application to re-accredit a provider's courses was 263 days. There is no legislative requirement that renewal applications are processed within a specified timeframe.

In 2014-15, TEQSA registered four higher education providers and nine provider registrations ceased.

Table 3.1 and Table 3.2 provide a summary of the number of new applications received and the number of applications finalised by TEQSA under the TEQSA Act from 1 July 2014 to 30 June 2015.

Table 3.1: Applications received under the Tertiary Education Quality and Standards Agency Act 1 July 2014 – 30 June 2015

Application type	Number	Percentage of total
Initial registration as a provider	10	3.3%
Re-registration as a provider	38	12.3%
Withdraw registration	3	1.0%
Self-accrediting authority	4	1.3%
Provider category change	1	0.3%
Course accreditation	150	48.7%
Course re-accreditation	98	31.8%
Vary/revoke conditions	3	1.0%
Internal review	1	0.3%
Total	308	100%

¹ This figure represents the number of days between the commencement of the substantive assessment and the date of the final decision for each course accreditation application decided on in the 2014–15 financial year.

Table 3.2: Applications decided under the Tertiary Education Quality and Standards Agency Act 1 July 2014 – 30 June 2015

Application type	Number	Percentage of total
Initial registration as a provider	4	1.4%
Re-registration as a provider	34	11.9%
Withdraw registration	3	1.0%
Self-accrediting authority	3	1.0%
Provider category change	0	0.0%
Course accreditation	96	33.6%
Course re-accreditation	141	49.3%
Vary/revoke conditions	3	1.0%
Internal review	2	0.7%
Total	286	100%

Performance against the requirements of the Tertiary Education Quality and Standards Agency Act

Table 3.3 contains information about the requirements of the TEQSA Act and TEQSA's performance in meeting these requirements.

Table 3.3: Performance against the requirements of the Tertiary Education Quality and Standards Agency Act

Requirement	Reference	Performance
TEQSA must undertake a preliminary assessment of an application for registration within 30 days after an application is made.	TEQSA Act 2011 section 19	TEQSA completed preliminary assessments of all applications for registration within 30 days after an application was made.
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.	TEQSA Act 2011 section 47	TEQSA completed preliminary assessments of all applications for a course of study to be accredited within 30 days after the applications were made.

Applications under the Education Services for Overseas Students Act

TEQSA also regulates against the ESOS Act and its associated legislation, which includes the National Code, the English Language Intensive Courses for Overseas Students (ELICOS) National Standards and the National Standards for Foundation Programs. Providers registered under the ESOS Act are listed on the Commonwealth Register of Institutions and Courses to Overseas Students (CRICOS), which is managed by the Department of Education and Training. TEQSA has the authority to assess and make a final decision on all ESOS regulatory activities, including:

- ▶ initial registration and renewal of registration by a provider
- ▶ changes to registration, including the addition of courses and changes in student capacity.

TEQSA has full regulatory responsibilities under the ESOS Act for all higher education providers, all providers of Foundation Programs (except where delivered in a school) and for ELICOS delivered under an entry arrangement with a higher education provider.

Tables 3.4 and 3.5 summarise the number of initial registration and re-registration applications received and the number finalised by TEQSA under the ESOS Act from 1 July 2014 to 30 June 2015.

Table 3.4: Applications received under the Education Services for Overseas Students Act 1 July 2014 – 30 June 2015

Initial CRICOS registration	4	7.5%
Renewal of CRICOS registration	49	92.5%
TOTAL	53	100.0%

Table 3.5: Applications finalised under the Education Services for Overseas Students Act 1 July 2014 – 30 June 2015

Initial CRICOS registration	6	10.9%
Renewal of CRICOS registration	49	89.1%
TOTAL	55	100.0%

PORTFOLIO BUDGET STATEMENTS

This annual report provides an overall account of TEQSA's performance against objectives set out in its Portfolio Budget Statements. TEQSA reports against one outcome:

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.

The outcome is delivered through **Program 1.1: Regulation and Quality Assurance**.

The Agency's three objectives are to:

OBJECTIVE 1: ▶ Assure the quality of Australian higher education through a standards-based and risk-based regulatory approach

OBJECTIVE 2: ▶ Protect students by requiring providers to meet minimum standards for quality higher education provision in an expanding higher education system

OBJECTIVE 3: ▶ Facilitate higher education providers to pursue their individual missions, and encourage diversity, excellence and innovation in the sector

Program 1.1 Key Performance Deliverables

Table 3.6 sets out TEQSA's performance against the deliverables in the 2014-15 Portfolio Budget Statement.

Table 3.6: Performance against Program 1.1 deliverables

2014-15 deliverables	Result	Page references
A robust regulatory framework.	Yes	26-30
Standards-based regulation guided by the principles of regulatory necessity, reflecting risk and proportionate regulation.	Yes	3, 26-27
Streamlined regulatory processes and improved timelines for decision making taking into account risk and provider history.	Yes	20-23
Provision of timely and relevant information to providers in relation to their obligations under the TEQSA Act and the ESOS Act.	Yes	32-34
Increased awareness of TEQSA's roles and responsibilities in the community.	Yes	20-21, 32-33
Improved organisational capability and organisational efficiency.	Yes	22, 40-45

Program 1.1 Key Performance Indicators

Table 3.7 sets out TEQSA's performance measured against the key performance indicators contained in its Portfolio Budget Statements.

Table 3.7: Performance against Program 1.1 key performance indicators

2014-15 Key performance indicators	Summary
Improved levels of compliance by higher education providers with the Higher Education Standards Framework and relevant ESOS requirements	<p>There is evidence of increased levels of awareness of TEQSA requirements demonstrated by:</p> <ul style="list-style-type: none"> ▶ applications from providers containing satisfactory information ensuring faster assessment ▶ less evidence required in TEQSA's information requests for applications under s(28) of the TEQSA Act ▶ informed responses to consultation on introduction of 'Core+' course accreditation model ▶ case management model promotes greater understanding of the Threshold Standards.
Improved levels of quality assurance among higher education providers	<p>There is evidence of an increased focus by providers on 'self-assuring' against the Threshold Standards, demonstrated by:</p> <ul style="list-style-type: none"> ▶ provider responsiveness to conditions and requests for information ▶ providers considering and improving processes in response to TEQSA's guidance notes (e.g. chairs of academic boards contributing to and responding to guidance note on course accreditation) ▶ improved applications for course accreditation, responding to feedback from TEQSA about previous applications ▶ response to annual Provider Information Request (PIR) ▶ evidence supplied by sector to TEQSA request for information on the processes in place to protect against plagiarism and fraudulent degrees ▶ continued self-disclosure of issues by some providers ▶ providers addressing issues identified by TEQSA in summary of findings. <p>TEQSA's Risk Assessment Framework and risk assessments continue to be used as reference materials by a number of providers when considering and enhancing internal risk processes and controls.</p>
Increased stakeholder confidence in TEQSA meeting its objectives	<p>Feedback from higher education peak bodies indicates high levels of satisfaction with TEQSA's approach to its quality assurance and regulatory activities</p> <p>Responses to 'Core+' process for (re)accreditation consultation show satisfaction with TEQSA approach</p> <p>Frequent positive comments from providers during networking at conferences</p>
TEQSA consistently meeting its service standards	TEQSA has met all timelines as set out in its service charter.

TEQSA Operational Plan

In 2014-15 the Agency published the *TEQSA Operational Plan 2014–2015*. This plan directs TEQSA's efforts toward achieving the objectives set out in TEQSA's Portfolio Budget Statements. Reporting against the plan is summarised in Table 3.8.

Table 3.8: Reporting against key strategic priorities in TEQSA’s Operational Plan 2014-15

Key strategic priority	Reporting		
<p><i>Deliver efficient, effective and responsive regulation</i></p>	<ul style="list-style-type: none"> ▶ Achieved - Publication of process guides, new online forms and guidance notes support streamlined provider applications. ▶ There is evidence of increased levels of awareness of TEQSA requirements demonstrated by a further reduction of Requests For Information to providers and higher quality applications, leading to faster assessment. ▶ Case managers are a key avenue of communication between TEQSA and providers. These relationships give TEQSA a ‘direct line’ to providers. ▶ The application of the three regulatory principles continue to be articulated in every assessment and recommendation to the Commission and in the Summary of Reasons documents sent to providers. ▶ Target times for regulatory processes are met: 		
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%; padding: 5px;"><i>40% of registration renewals completed within 6 months</i></td> <td style="width: 40%; padding: 5px;">Achieved – 45.5%</td> </tr> </table>	<i>40% of registration renewals completed within 6 months</i>	Achieved – 45.5%
	<i>40% of registration renewals completed within 6 months</i>	Achieved – 45.5%	
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%; padding: 5px;"><i>60% of initial accreditation completed within 6 months</i></td> <td style="width: 40%; padding: 5px;">Achieved – 65.6%</td> </tr> </table>	<i>60% of initial accreditation completed within 6 months</i>	Achieved – 65.6%
	<i>60% of initial accreditation completed within 6 months</i>	Achieved – 65.6%	
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%; padding: 5px;"><i>70% of reaccreditations completed within 6 months</i></td> <td style="width: 40%; padding: 5px;">Not achieved – 48.9%. Following a significant resource reduction during 2014-15, TEQSA re-prioritised its work to focus on meeting its statutory timeframes for its regulatory activities. Reaccreditation activities do not have statutory timeframes.</td> </tr> </table>	<i>70% of reaccreditations completed within 6 months</i>	Not achieved – 48.9%. Following a significant resource reduction during 2014-15, TEQSA re-prioritised its work to focus on meeting its statutory timeframes for its regulatory activities. Reaccreditation activities do not have statutory timeframes.
<i>70% of reaccreditations completed within 6 months</i>	Not achieved – 48.9%. Following a significant resource reduction during 2014-15, TEQSA re-prioritised its work to focus on meeting its statutory timeframes for its regulatory activities. Reaccreditation activities do not have statutory timeframes.		
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%; padding: 5px;"><i>At least 20% reduction in evidence requirements for course accreditations and renewals</i></td> <td style="width: 40%; padding: 5px;"> <p>Achieved - Evidence requirements are discussed with individual providers prior to submission of application.</p> <p>Current evidence already in the provider’s library is not required to be re-submitted.</p> </td> </tr> </table>	<i>At least 20% reduction in evidence requirements for course accreditations and renewals</i>	<p>Achieved - Evidence requirements are discussed with individual providers prior to submission of application.</p> <p>Current evidence already in the provider’s library is not required to be re-submitted.</p>	
<i>At least 20% reduction in evidence requirements for course accreditations and renewals</i>	<p>Achieved - Evidence requirements are discussed with individual providers prior to submission of application.</p> <p>Current evidence already in the provider’s library is not required to be re-submitted.</p>		
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%; padding: 5px;"><i>Implementing demonstrable reduction in evidence requirements for renewal of registration for low risk providers</i></td> <td style="width: 40%; padding: 5px;"> <p>Achieved - The application form for renewal of registration has been reduced from 55 pages to 14 pages. The new form requires 18 pieces of evidence, compared to 55 in the previous form.</p> <p>The previous course accreditation form was 51 pages with 47 evidence requirements and the previous renewal form was 52 pages with 51 evidence requirements. The updated versions of these forms have 8 and 14 evidence sections respectively.</p> </td> </tr> </table>	<i>Implementing demonstrable reduction in evidence requirements for renewal of registration for low risk providers</i>	<p>Achieved - The application form for renewal of registration has been reduced from 55 pages to 14 pages. The new form requires 18 pieces of evidence, compared to 55 in the previous form.</p> <p>The previous course accreditation form was 51 pages with 47 evidence requirements and the previous renewal form was 52 pages with 51 evidence requirements. The updated versions of these forms have 8 and 14 evidence sections respectively.</p>	
<i>Implementing demonstrable reduction in evidence requirements for renewal of registration for low risk providers</i>	<p>Achieved - The application form for renewal of registration has been reduced from 55 pages to 14 pages. The new form requires 18 pieces of evidence, compared to 55 in the previous form.</p> <p>The previous course accreditation form was 51 pages with 47 evidence requirements and the previous renewal form was 52 pages with 51 evidence requirements. The updated versions of these forms have 8 and 14 evidence sections respectively.</p>		

Key strategic priority	Reporting
<p><i>Engage and consult with providers and higher education stakeholders</i></p>	<ul style="list-style-type: none"> ▶ Achieved - The sector provides ongoing feedback on the implementation of quality assurance processes and TEQSA's regulatory approach. ▶ Regular meetings are held with sector peak bodies and the Department of Education and Training. ▶ TEQSA consulted with the sector on the 'Core+' assessment model for course accreditation in 2015. ▶ Guidance notes are a key method of engagement and consultation and have received positive feedback. ▶ TEQSA communicates requirements to providers using a range of tools, including process guides, news updates and operating 'helpdesks' for the Provider Information Request (PIR) and online portals.
<p><i>Protect the quality of Australian higher education and its reputation domestically and overseas</i></p>	<ul style="list-style-type: none"> ▶ Achieved. TEQSA's quality assurance and regulation focuses on assessment of provider risk, track record, and regulatory history to guide regulatory response.
<p><i>Continue to grow organisational capability and achieve operational efficiency</i></p>	<ul style="list-style-type: none"> ▶ TEQSA began a restructuring process in 2014 to align resources with its updated regulatory and quality assurance approach. Professional development policies are regularly monitored and improved. TEQSA has an active Learning Committee which provides staff with opportunities for professional development.

TEQSA timeframes and workflow

TEQSA met all statutory timeframes for the completion of applications in 2014-15 as TEQSA implemented its revised risk-based processes for re-registration, course accreditation and course re-accreditation. This approach featured reduced evidence requirements for providers assessed as 'low risk' and introduced a 'core' set of standards for re-registration. Processes for initial registration applications are still assessed against the full range of Threshold Standards to ensure a 'high front gate' for potential entrants to the Australian higher education sector.

Tailored quality assurance processes, which are based on TEQSA's risk assessments and providers' track record of higher education provision and regulatory history, resulted in 139 of 271 (51.3 per cent) re-registrations and course accreditations/re-accreditations being completed within six months.

Despite TEQSA consolidating its regulatory approach, the Agency anticipates that processing times may increase over the next two years due to resourcing reductions announced in the 2014 Budget which significantly reduced the Agency's budget through to the 2017-18 financial year.

Longer processing times for applications (in some cases the full period of time possible under the legislation) generally reflect issues such as the level of complexity of a provider's operations or a decision jointly taken by TEQSA and a provider to bundle applications for

concurrent assessment. TEQSA must also allow time for procedural fairness in the event of adverse findings, giving providers sufficient time to respond to or address issues raised by TEQSA before a final decision is made.

Sector developments in registration and accreditation

In 2014-15, TEQSA saw the following trends:

- ▶ a continuing interest by existing vocational education and training providers to expand their operations through establishing as a provider of higher education.
- ▶ an increase in the number of non-university providers seeking to deliver PHD level courses
- ▶ an increase in the number of non-university providers seeking self-accrediting authority
- ▶ innovation in degree formats and delivery models, including pathway programs and joint delivery arrangements.

Transnational education

TEQSA's international engagement, detailed in *TEQSA's International Strategy 2013–15*, promotes greater international understanding of, and confidence in, Australian higher education quality assurance and regulation and supports the recognition of qualifications, employability of graduates, and mobility of students.

TEQSA applies a rigorous, risk-reflective approach to regulating offshore provision of higher education including ensuring equivalence of outcomes for offshore and onshore students. It also develops cooperative relationships with overseas regulatory and quality assurance agencies, governments and other related bodies to share information and protect the reputation of Australian higher education and the interests of students.

During 2014-15 TEQSA hosted 13 delegations from overseas agencies interested in the quality assurance and regulation of the Australian higher education sector.

TEQSA has in place memoranda of cooperation or understanding with nine overseas regulatory and quality assurance agencies. These agreements are targeted towards relevant agencies in countries where Australian providers are most active. In 2014-15 TEQSA signed agreements with:

- ▶ China Education Association for International Exchange (CEAIE)
- ▶ Office of Higher Education, Papua New Guinea
- ▶ University Quality Assurance International Board of the Knowledge and Human Development Authority, United Arab Emirates

Collaborative project with the European Association for Quality Assurance in Higher Education

TEQSA is a participant in the European Association for Quality Assurance in Higher Education's *Quality Assurance of Cross-border Higher Education* project, examining good practice in the quality assurance of transnational education in Europe. The project is funded by the Erasmus Mundus Programme. Information on the project is available at <http://qache.wordpress.com/>.

TEQSA's contribution to the project focuses on sharing information about Australia's approach to quality assurance and regulation of offshore delivery of higher education. The project complements TEQSA's implementation of its policy on transnational education, supporting the Australian Government's objectives to expand the participation of higher education providers in international education and providing guidance for Australian higher education providers operating offshore.

International networks

TEQSA is a member of the following international networks:

- ▶ International Network for Quality Assurance Agencies in Higher Education
- ▶ Asia-Pacific Quality Network

Financial summary

TEQSA's financial result in 2014-15 was a \$0.632 million operating deficit. Adjusting for \$0.788 million of depreciation and amortisation, TEQSA has a surplus of \$0.156 million.

TEQSA was appropriated \$15.608 million in 2014-15, and its expenses were \$16.304 million.

TEQSA's approved appropriation budget in 2015-16 is \$11.461 million, and approved capital budget is \$0.867 million. Of TEQSA's total operating funding, the Agency will spend approximately 75% on staff salaries. In 2015-16, TEQSA is expected to be under further increased cost pressures to manage within operating appropriations with a significantly increased level of quality assurance activity in the context of a significantly reduced budget.

OBJECTIVE 1:

ASSURE THE QUALITY OF AUSTRALIAN HIGHER EDUCATION THROUGH A STANDARDS-BASED AND RISK-BASED REGULATORY APPROACH

TEQSA's role is to safeguard the interests of current and future students, both domestic and international, who study within Australia's higher education system. Since 29 January 2012, TEQSA has assured the quality of Australia's higher education by regulating providers using a standards and risk-based model of regulation.

The following section describes TEQSA's progress in developing and implementing its framework to achieve Objective 1 of Program 1.1: Regulation and Quality Assurance.

STANDARDS-BASED AND RISK-REFLECTIVE REGULATION

Australia's regulatory system for higher education uses a standards-based quality framework and is risk-based. The TEQSA and ESOS Acts provide the legislative framework for TEQSA's work. The legislative framework for both acts incorporates the use of standards: the Threshold Standards and the National Code.

THE REGULATORY PRINCIPLES AND HOW THEY ARE APPLIED

Under the TEQSA Act, TEQSA must comply with three regulatory principles:

REGULATORY NECESSITY	TEQSA only intervenes when necessary. In making its decisions, the Commission considers the particular circumstances of a provider and ensures its regulatory responses are the most effective and the least burdensome means of addressing the provider's compliance with the Standards.
REFLECTING RISK	TEQSA's decisions reflect the risk of non-compliance with the Threshold Standards. Its risk-reflective approach helps TEQSA to focus on areas of higher risk and reduce compliance burden on the sector where possible. Risk assessments inform the level of monitoring or regulatory action that may be necessary.
PROPORTIONATE REGULATION	TEQSA's regulatory actions are in proportion to any non-compliance, or risk of future non-compliance, by a provider. TEQSA balances the interests of students and the potential impact of TEQSA's actions on the provider and on the reputation of the sector.

These three regulatory principles guide TEQSA's:

- ▶ development of quality assurance and regulatory policies and processes
- ▶ interpretation of compliance with standards
- ▶ focus in conducting assessments
- ▶ decisions about levels of intervention; and
- ▶ decisions on applications for registration and accreditation.

TEQSA'S REGULATORY PROCESSES

In February 2015, TEQSA released “A risk and standards based approach to quality assurance in Australia’s diverse higher education sector”¹, a detailed explanation of its approach to assuring higher education standards across the sector. The publication outlines TEQSA’s revised processes which were developed in close consultation with the sector over 2013-14. It explains TEQSA’s risk-based approach to how assurance of quality is applied in practice, and aims to facilitate a shared understanding of how TEQSA takes into account relevant organisational characteristics which give TEQSA confidence that strong internal quality assurance arrangements are in place.

In practice, this approach means that any provider with:

- ✔ A strong record of delivery of higher education
- ✔ Sound financial standing
- ✔ No history of non-compliance with the standards
- ✔ A low risk of future non-compliance with the standards



‘Tailored’ engagement
with TEQSA, involving a lower burden of evidence of compliance with the standards.

Conversely, a provider that has:

- ✘ A limited or no record of delivery of quality higher education
- ✘ Weak financial standing
- ✘ A history of non-compliance
- ✘ A high risk of future non-compliance with the standards



‘Full’ engagement
with TEQSA, to provide a greater level of assurance that the provider will continue to meet the standards. For providers applying for initial registration, TEQSA will always undertake an assessment against the full range of Threshold Standards.

¹ Available at <<http://www.teqsa.gov.au/sites/default/files/publication-documents/RiskStandardsSectorPaperFeb2015.pdf>>

Provider Information Requests

TEQSA uses provider data for risk assessment, quality assurance and regulatory action. In order to support these activities, TEQSA accesses most of the required data from existing sector sources, predominantly the Department of Education and Training's national collections and Australian Graduate Surveys (run by Graduate Careers Australia). In order to ensure that a core data set is available across the whole sector, TEQSA supplements the main data sources with a tailored annual request for information, known as the Provider Information Request (PIR), from those registered higher education providers that do not submit data (in whole or in part) to the national collections. In 2015, approximately 130 providers provided data through the PIR.

TEQSA's PIR and National Register data, together with data from the Department of Education and Training's national collection, are key data inputs into TEQSA's 'Statistics Report on TEQSA registered Higher Education Providers'. The latest report presents data on providers, students, staff and finances for 2013. In 2015, the Agency finalised arrangements with the Council of Private Higher Education (COPHE) to enable aggregate data sharing for the purposes of benchmarking and quality improvement activity.

Further information on TEQSA's PIR is available at

<http://www.teqsa.gov.au/for-providers/provider-obligations/data-collection>.

Risk assessment framework

TEQSA's Risk Assessment Framework (RAF) represents a simplified and robust approach to assessing risk. The RAF and use of risk assessments provides TEQSA with both an overview of risks in the sector as a whole and information about individual providers. It also:

- ▶ reduces regulatory burden by using risk assessments to inform a differentiated approach to evidence and reporting requirements in regulatory processes
- ▶ strengthens the protection of students' interests and the sector's reputation by monitoring key aspects of providers' operations during registration periods
- ▶ supports TEQSA case managers and providers in early discussions about emergent issues prior to any formal compliance review
- ▶ supports quality improvement activities through the sharing of information with providers about potential risks and good practices in the sector.

The Framework is available on the TEQSA website at

<http://www.teqsa.gov.au/regulatory-approach/risk-assessment-framework>.

Information sheets for providers relating to the risk assessment process are on TEQSA's website at <http://www.teqsa.gov.au/for-providers/provider-resources>.

An overview of the key steps in TEQSA's risk assessment process is shown in Figure 3.9.

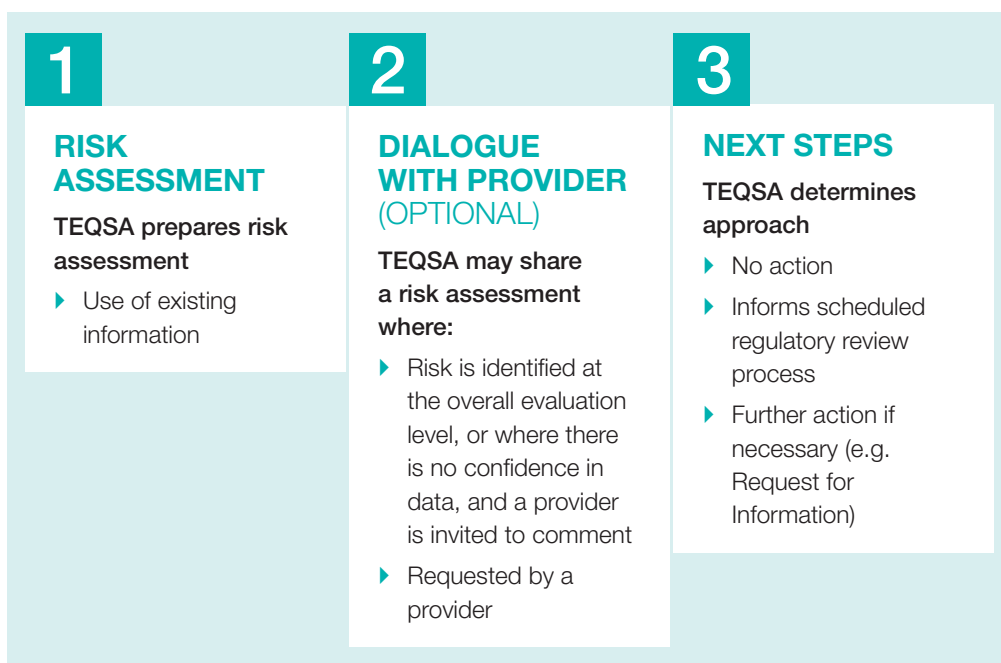


Figure 3.9: Key steps in the risk assessment process

Information guidelines

Under the TEQSA Act (Division 2 of Part 10), TEQSA may disclose higher education information under limited circumstances. These circumstances include disclosures to agencies such as ASQA and the Department of Immigration and Border Protection, specified in the *Tertiary Education Quality and Standards Agency (Information) Guidelines 2013*, where this disclosure is necessary to enable or assist the authority to carry out its proper role. These disclosures help TEQSA to avoid duplicating requests of providers for information and to coordinate quality assurance and regulatory processes.

Other initiatives to improve regulation

As part of its continual review of key regulatory processes, TEQSA uses feedback from providers to evaluate and improve its quality assurance and regulatory activities. This feedback is sourced through the Provider Information Request (PIR), TEQSA's case management model and a feedback survey completed by providers at the completion of a regulatory process.

Streamlined regulation for multi-sector providers

The ASQA-TEQSA Reference Group, co-chaired by Commissioners from both agencies, oversees the implementation of a Memorandum of Understanding to:

- ▶ streamline the regulation of multi-sector providers to the maximum extent possible, given the separate quality assurance and regulatory standards frameworks for the higher education and VET sectors
- ▶ reduce the potential for duplication that impacts on the compliance burden and cost for multi-sector providers, and
- ▶ use a customised approach that caters for the unique circumstances of each multi-sector provider.

Under the Memorandum, TEQSA and ASQA worked together in 2014 to develop streamlined renewal of registration processes for multi-sector providers registered by both ASQA as registered training organisations (RTO) and TEQSA as higher education providers (HEP). The pilot of the joint management of the RTO, HEP and CRICOS registration of a multi-sector provider was completed early in 2015. Both agencies will continue to coordinate assessments from multi-sector providers in response to requests from a provider.

The two agencies continue to apply 'clearing house' processes to manage CRICOS matters for providers registered with both agencies. This model allows providers to submit a single application to one agency with a single point of contact. The process also facilitates coordination of evidence by both agencies and consistency in approach to assessing common evidence and standards.

Professional bodies

TEQSA recognises the value of professional accreditation and its relevance to regulatory considerations. In 2014-15 the Agency signed Memoranda of Understanding with two professional bodies – the Australian Dental Council and CPA Australia. These agreements allow TEQSA and the professional bodies to share information and harmonise TEQSA course accreditation and professional accreditation. TEQSA will continue to seek out opportunities for further agreements.

OBJECTIVE 2:

PROTECT STUDENTS BY REQUIRING PROVIDERS TO MEET MINIMUM STANDARDS FOR QUALITY HIGHER EDUCATION PROVISION IN AN EXPANDING HIGHER EDUCATION SYSTEM

TEQSA recognises that benefit to students is enhanced by provider compliance with the Standards. This is only possible when providers fully understand TEQSA's role and the outcomes it seeks, as well as their own obligations and rights.

The review of TEQSA's performance against Objective 2 describes TEQSA's success in pursuing this aim by:

- ▶ effectively communicating TEQSA's quality assurance and regulatory requirements
- ▶ maintaining constructive relationships with providers based on openness and trust.

National Register of higher education providers

TEQSA maintains and publishes a National Register of higher education providers (the National Register). The National Register is the authoritative source of information on the status of registered higher education providers in Australia. A provider's registration and subsequent inclusion on the register by TEQSA signals to the public that the provider is compliant with legislated standards of quality higher education. The *National Register Guidelines* set out the information that must be included on the National Register¹. The National Register also includes details of TEQSA accredited courses, including the name of the course of study and accreditation renewal date, and reports on any conditions TEQSA may have applied to a provider's registration or course accreditation.

Stakeholder engagement

TEQSA communicates its approach to its core functions to a wide range of stakeholders. In 2014-15, TEQSA focused its effort on:

- ▶ outlining the Agency's approach to its work and building confidence in its capacity
- ▶ increasing provider understanding of their quality assurance obligations and compliance with them, to support a culture of self-assurance in the sector, and
- ▶ supporting the development of policies and processes to reduce the regulatory burden for providers, and promoting international recognition of TEQSA expertise to assure the quality of Australian international education and reduce provider effort.

TEQSA actively seeks opportunities for stakeholder engagement and reflecting on feedback received. In undertaking all of our roles and functions, we aim to be:

- ▶ transparent
- ▶ consistent
- ▶ collaborative
- ▶ responsive
- ▶ trustworthy
- ▶ fair

¹ Information published on the National Register includes the provider's legal entity name, trading name/s used for higher education operations, Australian Business Number (ABN), provider category, self-accrediting authority status, registration status, address, website, registration renewal date, duration of registration, and courses provided for non self-accrediting providers.

TEQSA's case manager model

TEQSA uses a case management model to manage its relationship with providers, assigning staff as liaison for all quality assurance and regulatory processes. Regulation and Review Group staff work in 'provider teams', responsible for the quality assurance and regulatory assessment of between 20 and 30 providers.

The provider team arrangements enable providers to have contact with more than one staff member, allowing greater responsiveness and consistency of advice. Allocation of providers to teams is changed periodically to promote impartial assessment.

Case managers draw on a range of sources for guidance and technical advice, including the TEQSA Register of Experts. TEQSA's approach to case management continues to receive positive feedback from the sector.

Case teams regularly meet with representatives from providers and conduct provider visits as part of their activities.

Provider teams are also allocated to liaise with entities seeking to apply for initial registration, to advise about application requirements and to assess the application.

Participation in sector events

TEQSA Commissioners and senior staff are frequently invited to present at higher education conferences and events. In 2014-15, Commissioners presented at or attended 15 events to explain and discuss TEQSA's approach to quality assurance and regulation.

TEQSA consults regularly with the sector, in meetings and via written correspondence. TEQSA meets regularly with peak body representatives including Universities Australia, the Australian Council for Private Education and Training (ACPET), the Australian Council of Private Higher Education (COPHE), TAFE Directors Australia, English Australia and the International Education Association of Australia.

Sector consultations

Consultation with the Australian higher education sector is a crucial component in maintaining TEQSA's relations with stakeholders and improving quality assurance processes. TEQSA's approach to consultation is set out on its website (at http://www.teqsa.gov.au/sites/default/files/TEQSAs_Approach_to_Consultation_web_131112.pdf).

In 2014-15 TEQSA consulted on topics including:

- ▶ academic integrity and 'contract cheating'
- ▶ fraudulent academic documentation
- ▶ changes to the information displayed on the National Register
- ▶ extension of the 'Core+' streamlined approach to course accreditation and reaccreditation

When undertaking consultations, TEQSA ensures that consultation papers are easily accessible, the sector and the broader public are allowed sufficient time to prepare responses and any questions are addressed promptly and shared publicly.

After the closure of a consultation period, TEQSA publishes a summary of the submissions received and explains how the findings from the consultation are likely to influence policies and arrangements.

Website

TEQSA uses its website <<http://www.teqsa.gov.au>> as the key tool for communicating important information to the higher education sector and those with an interest in Australian higher education. During 2015-16 TEQSA intends to review and refresh the content and structure of the website, to ensure that the information on the website remains relevant, clear, and accessible for users.

Cooperation with the Department of Education and Training

TEQSA collaborates with the Department of Education and Training and other Australian Government agencies to access and share knowledge, expertise, and resources.

TEQSA works at various levels with the Department and has benefited from having access to sector expertise. Senior TEQSA staff and Commissioners regularly meet with relevant areas of the Department to discuss common issues and identify opportunities for cooperation.

OBJECTIVE 3:

FACILITATE HIGHER EDUCATION PROVIDERS TO PURSUE THEIR INDIVIDUAL MISSIONS, AND ENCOURAGE DIVERSITY, EXCELLENCE AND INNOVATION IN THE SECTOR.

TEQSA's role is to assure that quality standards are being met by all registered higher education providers, balanced with a strong emphasis on promoting and facilitating a culture of effective self-assurance by providers.

The following review of TEQSA's performance against Objective 3 describes the development of TEQSA's expertise and specifically, the extent to which it has been successful in:

- ▶ maintaining a wide and expert base of staff knowledge and experience
- ▶ accessing external sources of sector expertise, and
- ▶ developing best practice quality assurance and regulatory processes supported by effective business systems.

Staff expertise

TEQSA has highly skilled staff with a range of knowledge and expertise in higher education, regulation, risk management and the public sector.

TEQSA staff understand quality assurance and regulation and have experience in higher education delivery. Staff build on their knowledge and experience through dealing with providers, professional accreditation bodies, external experts and quality assurance bodies overseas.

TEQSA staff have diverse backgrounds, from data collection and analysis, risk management, financial analysis, higher education regulation and government. They have specialised skills in assessing complex quantitative and qualitative information and judging its relevance for the quality assurance and regulation of higher education.

Service Charter

The TEQSA Service Charter articulates the Agency's commitment to engaging with stakeholders, its service standards and complaints handling. TEQSA believes its quality assurance and regulatory approach should be responsive and service-oriented. To ensure good practice in TEQSA's handling of complaints, TEQSA ensures students, providers and the general public are aware of options for making complaints about a provider or about TEQSA. More information is contained in this report at Appendix G.

More broadly, TEQSA manages its relationships with providers in line with the Australian Public Service Code of Conduct and Values, and its own Agency values, which emphasise professionalism and accountability.

EXTERNAL SOURCES OF ADVICE

Interaction with the Higher Education Standards Panel

The Higher Education Standards Panel was established under section 166 of the TEQSA Act to provide independent advice to the Minister on making and varying the Higher Education Standards Framework. The Panel's work is independent of monitoring and enforcement functions carried out by TEQSA. Under section 58 of the TEQSA Act, the Minister must have regard to draft standards developed by the Panel and any advice or recommendations given by TEQSA on the making of standards.

Throughout the review of the existing Higher Education Standards Framework, TEQSA engaged with the Panel and provided feedback on the proposed revised Framework. The Panel's review included advice to TEQSA on the application of the proposed Higher Education Standards Framework for regulatory purposes. TEQSA attended the Panel's meetings as an observer during the review and the Agency's feedback is published on the Higher Education Standards Panel website at <https://submissions.education.gov.au/forms/archive/call-for-comment-number-three/pages/index>.

Following conclusion of the term of the members of the inaugural Panel in December 2014, the Minister appointed the members of the TEQSA Advisory Council as the new Higher Education Standards Panel in February 2015, disbanding the Council.

Register of Experts

TEQSA recognises that to perform its regulatory functions effectively, access to external expertise in a range of discipline areas and in specialised higher education learning and teaching methodologies is necessary. To facilitate this, TEQSA maintains a Register of Experts which TEQSA case managers can engage when necessary. There are over 200 individuals on the Register of Experts.

Individuals interested in being listed on the Register of Experts can apply to TEQSA for inclusion. When assessing applications from potential experts, TEQSA considers whether they have appropriate qualifications, as well as relevant and recent professional experience. This ensures the expertise available to TEQSA is comprehensive and current.

Effective business systems

TEQSA uses an online case management system to enhance staff productivity and to provide key performance data.

The system assists TEQSA's quality assurance and regulatory work by simplifying internal management of applications, providing an authoritative, single source of data, and the ability to source in-depth reporting and analysis.

TEQSA also maintains an online provider portal, allowing providers to:

- ▶ upload applications online
- ▶ link evidence to multiple applications
- ▶ work progressively on TEQSA and CRICOS applications, with CRICOS applications integrated into provider re-registration applications
- ▶ submit documents over time and reuse documents already submitted to TEQSA in other applications or information requests.

Cooperation with other agencies

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 particularly for TEQSA for service delivery, significantly reducing costs.

TEQSA engages with the Australian Public Service Commission on human resources and workplace relations matters.

TEQSA has also shared its expertise and provided assistance to other agencies, such as ASQA, in the areas of financial management, risk management and fraud and security awareness.



SECTION 04

MANAGEMENT & ACCOUNTABILITY

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HUMAN RESOURCES 44

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 chief executive instructions; an ethical and accountable organisational culture; and transparency in public reporting.

DECISION FORUMS AND COMMITTEES

Accountable Authority

Section 132 of the TEQSA Act specifies 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. The general duties imposed on Commissioners as the Accountable Authority by the PGPA Act are to:

- ▶ govern TEQSA consistently with the proper use and management of public resources, the purposes of TEQSA and the financial sustainability of TEQSA
- ▶ establish and maintain systems relating to risk and control
- ▶ encourage cooperation with others to achieve common objectives
- ▶ take into account the relevant risks and effects when imposing requirements on others for the use or management of public resources
- ▶ keep the Minister and Finance Minister informed of various listed matters.

Commission meetings

The TEQSA Commission is also 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.

The Commission's focus is to:

- ▶ interpret and apply the provisions of the TEQSA and ESOS Acts consistent with their objects
- ▶ determine strategic directions for the development of regulatory policy
- ▶ make decisions concerning individual providers
- ▶ manage strategic relations with key stakeholders
- ▶ oversee external and internal communications
- ▶ take necessary action to protect and promote TEQSA's reputation.

Senior management team meetings

The Senior Management Team guides the ongoing development of TEQSA's management and administration processes and policies. It also reviews TEQSA's performance against the objectives set out in TEQSA's Strategic and Operational Plans and makes monthly reports to the Commission as Accountable Authority.

The focus of the Senior Management Team is:

- ▶ to ensure organisational capacity to deliver the provisions of the TEQSA and ESOS Acts consistent with their objects
- ▶ operational planning and review of progress against the Operational Plan
- ▶ budget review and monitoring
- ▶ workforce planning
- ▶ review of risk management and legislative compliance
- ▶ whole of agency coordination, communication and capacity testing and building
- ▶ workplace health and safety (WHS) management.

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 has two external members appointed by the Commission (including the Chair) and a senior TEQSA staff member (currently, the General Counsel).

The Audit Committee's role is to provide independent assurance to the Commission on TEQSA's financial and 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.

Three internal audits were undertaken in 2014-15:

- ▶ a system vulnerability assessment of core components of the TEQSA IT network and system
- ▶ a review of TEQSA's compliance with key obligations under the *Public Governance, Performance and Accountability Act 2013*
- ▶ a review of TEQSA's current processes and controls around fraud and corruption to benchmark TEQSA's practices against Commonwealth fraud control requirements and best practice.

Security Committee

TEQSA's Security Committee comprises the Chief Executive Officer, Director Corporate, the Agency Security Adviser and the Information Technology Security Adviser. The Committee meets biannually and 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 Protective Security Policy Framework.

2014-15 CORPORATE PLANNING

Strategic Plan

The strategic plan provision in the TEQSA Act (s160) was repealed on 1 July 2014 and replaced with a Corporate Plan provision in the December 2014 TEQSA Act Amendment Bill.

Operational Plan

TEQSA's annual Operational Plan sets out the actions TEQSA intends to take to meet the objectives set out and the performance indicators against which TEQSA's performance is to be assessed. TEQSA submitted its most recent annual Operational Plan to the then Minister on 23 April 2015 in line with section 162 of the TEQSA Act.

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 international risk management standard (ISO31000:2009).

TEQSA's Enterprise Risk Management Framework is underpinned by a strong organisational culture, a Risk Management Policy, an Enterprise Risk Register, a Risk Appetite Statement, an Internal Control Framework, TEQSA's Fraud Control and Anti-Corruption Plan and arrangements for consultation, communication and performance reporting.

Protective security

TEQSA's Agency Security Adviser is responsible for the coordination and arrangements of security functions within the Agency and provides advice to the CEO, management and staff on security matters. In 2014-15 TEQSA applied appropriate protective security measures, based on its risk profile, to ensure compliance with the 36 mandatory requirements under the Protective Security Policy Framework.

Ethical standards

TEQSA's range of measures to promote ethical standards within the Agency include:

- ▶ providing training for all staff in fraud awareness and conflicts of interest
- ▶ developing a number of specific policies relating to ethical standards and behaviour relevant to TEQSA's operational context, for example, email and internet use, fraud and disclosure of information
- ▶ building adherence to the Australian Public Service Code of Conduct and Values into staff's Individual Performance and Development Plans.

External scrutiny

TEQSA is subject to external scrutiny by the Office of the Commonwealth Ombudsman, the Australian National Audit Office, the Administrative Appeals Tribunal, the Attorney-General's Department, the Office of the Australian Information Commissioner and parliamentary committees. During 2014-15, the Australian National Audit Office, the Commonwealth Ombudsman and parliamentary committees did not issue any reports on the operations of TEQSA. No judicial decisions or decisions of administrative tribunals in 2014-15 had a significant impact on the operations of TEQSA. During 2014-15, TEQSA appeared at parliamentary committee hearings for

- ▶ Higher Education and Research Reform Amendment Bill 2014 (7 October 2014),
- ▶ Supplementary Estimates (22 October 2014),
- ▶ Additional Estimates (25 February 2015) and
- ▶ Budget Estimates (3 June 2015).

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 is reviewed annually by TEQSA's Audit Committee. In 2014-15, the review of TEQSA's Fraud and Anti-Corruption Plan was informed by the results of an internal audit which benchmarked TEQSA's practices against Commonwealth fraud control requirements and best practice.

TEQSA's Fraud and Anti-Corruption Plan also provides for training to support TEQSA staff in understanding their responsibilities in relation to fraud control. In April-June 2015, all ongoing TEQSA staff completed mandatory fraud and corruption awareness training.

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 (AGSVA) 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 2014-15. 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 Framework.

HUMAN RESOURCES

TEQSA's first *TEQSA Enterprise Agreement 2012-14* was negotiated in 2012 and came into effect on 2 November 2012. The Enterprise Agreement covers all non-Senior Executive Service (SES) staff and provides flexibility for additional terms and conditions of employment for high performing non-SES employees through individual flexibility arrangements.

Staffing statistics

As at 30 June 2015, TEQSA employed 24 APS and 34 executive level staff under its Enterprise Agreement. Of these staff, two were employed as non-ongoing employees and six staff members worked part-time. More detailed information is at Appendix B. In 2014-15, TEQSA recruited one non-ongoing staff member at the APS6 level. TEQSA does not currently have any SES level staff.

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 reimbursement of up to \$3000 per calendar year to assist with the cost of relevant professional development.

Commissioners of TEQSA, 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 non-SES employees include superannuation, home-based computer access, professional development and studies assistance, leave flexibilities and airline club memberships.

Performance pay

TEQSA's Enterprise Agreement does not include provision for performance pay for non-SES staff.

Under TEQSA's SES Performance Planning and Review Scheme, SES employees are eligible for salary progression, which is linked to their performance against business outcomes and leadership outcomes.

Performance assessment

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

- ▶ clarifying individual employee work tasks, their responsibilities and the performance standards expected (through performance agreements)
- ▶ providing feedback on performance and 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
- ▶ identifying and managing underperformance.

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.

TEQSA's Enterprise Agreement provides 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.

Training was provided to TEQSA staff on legal issues relevant to TEQSA's regulatory responsibilities including:

- ▶ TEQSA's legislative framework under the TEQSA Act and the ESOS Act
- ▶ key government accountability legislation including the *Freedom of Information Act 1982* (FOI Act) and the *Privacy Act 1988* (Cwlth)
- ▶ principles of administrative law in decision making, including procedural fairness and the importance of evidence-based decision making
- ▶ practical aspects of regulation having regard to TEQSA's status as an independent quality assurance and regulatory agency.

Workplace consultative arrangements

The Agency consults regularly with staff through a number of forums. Regular all-staff meetings also update staff on a range of management and operational issues. Each group within the Agency holds regular meetings to give staff an opportunity to raise issues and put forward ideas for improving their work environment.

FINANCIAL MANAGEMENT

Grants

TEQSA does not administer a discretionary grants program.

Legal services

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

Where necessary, the General Counsel obtains additional legal expertise from the Legal Services Multi-Use List administered by the Attorney-General's Department. TEQSA's Legal Group ensures that TEQSA complies with the Legal Services Directions and other Commonwealth policies or rules relevant to the provision of legal services.

TEQSA spent \$0.548 million on legal services in 2014-2015. This amount was comprised of \$0.130 million in external legal services expenditure and \$0.418 million in internal legal services.

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 2014-15 were lodged on AusTender.

Exempt contracts

No contracts were exempted by the Chief Executive Officer 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 contractor's premises.

Procurement initiatives to support small business

The Agency 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:

<http://www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts/>

CONSULTANCIES

Policy on the selection and engagement of 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.

Consultancy contracts

In 2014-15, the Agency entered into three new consultancy contracts involving total actual expenditure of \$0.090 million (GST inclusive). There were no ongoing consultancy contracts active during the 2014-15 year.

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 <<http://www.tenders.gov.au>>.

Performance against core purchasing policies

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

Fees

TEQSA operates on a partial cost-recovery basis, consistent with Commonwealth Cost Recovery Guidelines. The legislative basis for this can be found under part 8, division 6 of the TEQSA Act, which 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. Research, modelling and comparative analysis were undertaken of other agencies, including the former Government Accreditation Authorities and AUQA.

Fees payable as at 30 June 2015 are available at www.comlaw.gov.au/Details/F2013L02162.

INFORMATION TECHNOLOGY

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

TEQSA is required to comply with the guidance in Australian Government Information Management Office Circular no.2010/005, 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). The planned updates to the TEQSA website in 2015-16 will continue compliance with WCAG 2.0 requirements.



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INDEPENDENT AUDITOR'S REPORT

To the Minister for Education and Training

I have audited the accompanying annual financial statements of the Tertiary Education Quality and Standards Agency for the year ended 30 June 2015, which comprise:

- 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;
- Schedule of Commitments;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement;
- Schedule of Administered Commitments; and
- Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

Accountable Authority's Responsibility for the Financial Statements

The Commissioners of the Tertiary Education Quality and Standards Agency 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 and the rules made under that Act. The Commissioners are also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial

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statements 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

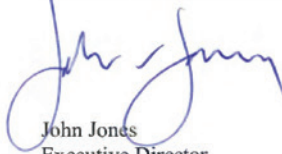
In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Tertiary Education Quality and Standards Agency:

- (a) comply with Australian Accounting Standards 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 2015 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



John Jones
Executive Director

Delegate of the Auditor-General

Canberra

2 October 2015

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2015 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.



Prof Nicholas Saunders, AO

For and behalf of
TEQSA Commissioners as
Accountable Authority

1 October 2015



Ben Johnson
Chief Financial Officer

1 October 2015

FINANCIAL STATEMENTS

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

for the period ended 30 June 2015

		2015	2014
	Notes	\$'000	\$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	4A	9,009	12,800
Suppliers	4B	5,908	4,988
Depreciation and amortisation	4C	788	1,657
Finance costs	4D	55	14
Write-down and impairment of assets	4E	544	851
Total expenses		16,304	20,310
Own-Source Income			
Own-source revenue			
Sale of goods and rendering of services	5A	6	14
Other revenue	5B	58	45
Total own-source revenue		64	59
Gains			
Reversals of previous asset write-downs and impairments	5C	-	65
Total gains		-	65
Total own-source income		64	124
Net cost of services		16,240	20,186
Revenue from Government	5D	15,608	18,524
(Deficit) attributable to the Australian Government		(632)	(1,662)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus		-	3
Total comprehensive (loss) attributable to the Australian Government		(632)	(1,659)

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

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

as at 30 June 2015

		2015	2014
	Notes	\$'000	\$'000
ASSETS			
Financial assets			
Cash and cash equivalents	7A	153	173
Trade and other receivables	7B	7,806	6,715
Total financial assets		7,959	6,888
Non-financial assets			
Land and buildings	8A,C	1,385	2,194
Property, plant and equipment	8B,C	567	704
Intangibles	8D,E	1,469	1,475
Other non-financial assets	8F	273	287
Total non-financial assets		3,694	4,660
Total assets		11,653	11,548
LIABILITIES			
Payables			
Suppliers	9A	210	171
Other payables	9B	1,931	2,067
Total payables		2,141	2,238
Provisions			
Employee provisions	10A	2,112	3,449
Other provisions	10B	1,676	398
Total provisions		3,788	3,847
Total liabilities		5,929	6,085
Net assets		5,724	5,463
EQUITY			
Contributed equity		8,732	7,839
Reserves		6	6
Retained surplus/(Accumulated deficit)		(3,014)	(2,382)
Total equity		5,724	5,463

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

Statement of Changes in Equity for the Tertiary Education Quality and Standards Agency

for the period ended 30 June 2015

	Retained Earnings		Asset Revaluation Surplus		Contributed Equity/Capital		Total Equity	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance								
Balance carried forward from previous period	(2,382)	(720)	6	3	7,839	6,589	5,463	5,872
Adjusted opening balance	(2,382)	(720)	6	3	7,839	6,589	5,463	5,872
Comprehensive income								
Surplus/(Deficit) for the period	(632)	(1,662)	-	-	-	-	(632)	(1,662)
Other comprehensive income	-	-	-	3	-	-	-	3
Total comprehensive income	(632)	(1,662)	-	3	-	-	(632)	(1,659)
Transactions with owners								
Contributions by owners								
Equity Injection – Appropriation	-	-	-	-	-	398	-	398
Departmental Capital Budget	-	-	-	-	893	852	893	852
Total transactions with owners	-	-	-	-	893	1,250	893	1,250
Closing balance as at 30 June	(3,014)	(2,382)	6	6	8,732	7,839	5,724	5,463

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

Cash Flow Statement for the Tertiary Education Quality and Standards Agency

for the period ended 30 June 2015

		2015	2014
	Notes	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		15,638	18,262
Sales of goods and rendering of services		8	130
Net GST received		400	684
Total cash received		16,046	19,076
Cash used			
Employees		10,340	11,833
Suppliers		5,102	5,869
Section 74 receipts transferred to OPA		735	780
Total cash used		16,177	18,482
Net cash from/(used by) operating activities	11	(131)	594
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment		18	336
Purchase of intangibles		387	1,457
Other		–	38
Total cash used		405	1,831
Net cash (used by) investing activities		(405)	(1,831)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		516	1,250
Total cash received		516	1,250
Net cash from financing activities		516	1,250
Net increase/(decrease) in cash held		(20)	13
Cash and cash equivalents at the beginning of the reporting period		173	160
Cash and cash equivalents at the end of the reporting period	7A	153	173

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

Schedule of Commitments

as at 30 June 2015

	2015	2014
	\$'000	\$'000
BY TYPE		
Commitments receivable		
Net GST recoverable on commitments	1,188	1,339
Total commitments receivable	1,188	1,339
Commitments payable		
Capital commitments		
Intangibles	138	92
Total capital commitments	138	92
Other commitments		
Operating leases	11,734	13,293
Project commitments	123	219
Other	1,068	1,130
Total other commitments	12,925	14,642
Total commitments payable	13,063	14,734
Net commitments by type	11,875	13,395
BY MATURITY		
Commitments receivable		
Commitments receivable		
Within 1 year	239	265
Between 1 to 5 years	637	729
More than 5 years	312	345
Total commitments receivable	1,188	1,339
Commitments payable		
Capital commitments		
Within 1 year	138	92
Between 1 to 5 years	-	-
More than 5 years	-	-
Total capital commitments	138	92

Schedule of Commitments *Continued*

Operating lease commitments		
Within 1 year	1,621	1,559
Between 1 to 5 years	6,684	6,566
More than 5 years	3,429	5,168
Total operating lease commitments	11,734	13,293
Other commitments		
Within 1 year	873	1,269
Between 1 to 5 years	318	80
More than 5 years	–	–
Total other commitments	1,191	1,349
Total commitments payable	13,063	14,734
Net commitments by maturity	11,875	13,395

The Tertiary Education Quality and Standards Agency's current lease for the Melbourne office expires on 30 April 2022, with a five year option.

A lease was entered into during 2012-13 for additional office space in Melbourne with an expiry date of 14 May 2017 and includes two further options of five years each.

Note: Commitments are GST inclusive where relevant.

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

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

for the period ended 30 June 2015

		2015	2014
	Notes	\$'000	\$'000
NET COST OF SERVICES			
Income			
Revenue			
Non-taxation revenue			
Fees	16	3,561	2,733
Total non-taxation revenue		3,561	2,733
Total revenue		3,561	2,733
Total income		3,561	2,733

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

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

as at 30 June 2015

	2015	2014
	\$'000	\$'000
ASSETS		
Financial assets		
Cash and cash equivalents	-	-
Total financial assets	-	-
Total assets administered on behalf of Government	-	-
Net Assets	-	-

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

Administered Reconciliation Schedule for the Tertiary Education Quality and Standards Agency

	2015	2014
	\$'000	\$'000
Opening assets less liabilities as at 1 July	-	-
Net (cost of)/contribution by services		
Income	3,561	2,733
Transfers (to)/from the Australian Government		
Appropriation transfers to OPA		
Transfers to OPA	(3,630)	(2,872)
Transfers from OPA	69	139
Closing assets less liabilities as at 30 June	-	-

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

Administered Cash Flow Statement for the Tertiary Education Quality and Standards Agency

for the period ended 30 June 2015

		2015	2014
	Notes	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Fees		3,630	2,872
Total cash received		3,630	2,872
Cash used			
Refunds to higher education providers		69	139
Total cash used		69	139
Net cash from operating activities	19	3,561	2,733
Net increase in cash held		3,561	2,733
Cash and cash equivalents at the beginning of the reporting period		–	–
Cash from Official Public Account			
Appropriations		69	139
Total cash from official public account		69	139
Cash to Official Public Account			
Appropriations		(3,630)	(2,872)
Total cash to official public account		(3,630)	(2,872)
Cash and cash equivalents at the end of the reporting period		–	–

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

Schedule of Administered Commitments

as at 30 June 2015

As at 30 June 2015, the Tertiary Education Quality and Standards Agency has no Administered commitments.

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

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Objectives of the Tertiary Education Quality and Standards Agency

The Tertiary Education Quality and Standards Agency (TEQSA) is an Australian Government controlled entity. It is a not-for-profit entity. TEQSA is Australia's independent regulatory and quality agency for higher education.

TEQSA was established in July 2011 under Section 132 of the *Tertiary Education Quality and Standards Agency Act 2011* with the objective to maintain and enhance quality, diversity and innovation in the Australian higher education sector through quality assurance and nationally consistent regulation. Since 29 January 2012, TEQSA has regulated higher education providers against a national set of quality standards known as the Threshold Standards. Since 1 July 2012, TEQSA has fully regulated providers in accordance with its responsibilities under the *Education Services for Overseas Students Act 2000*.

TEQSA is structured to meet one outcome:

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.

The continued existence of TEQSA in its present form and with its present programs is dependent on Government policy and on continuing funding by Parliament for TEQSA's administration and programs.

TEQSA activities contributing toward this outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by TEQSA in its own right. Administered activities involve the management or oversight by TEQSA, on behalf of the Government, of items controlled or incurred by the Government.

TEQSA has in place partial cost recovery arrangements for specified services (including registration and reregistration of providers; accreditation and reaccreditation of courses; and major variations to registrations and accreditations) to higher education providers. All fee revenue from cost recovery arrangements is administered revenue and is returned to the consolidated revenue fund.

1.2 Basis of Preparation of the Financial Statements

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) Financial Reporting Rule (FRR) for reporting periods ending on or after 1 July 2014; and
- b) Australian Accounting Standards and Interpretations 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 and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FRR, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to TEQSA or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the contingencies note.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth [2014] HCA 23*, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

1.3 Significant 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.

In 2014-15, TEQSA 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 (refer to Note 10B). Determining the amount of such provision requires estimating the future net cash flows receivable, and in particular case 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.

No other significant accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

The following new and amended standards which were issued prior to the signing of the statement by the Accountable Authority and chief financial officer, were applicable to the current reporting period and had a material effect on TEQSA's financial statements:

- ▶ *AASB 1055 Budgetary Reporting* - this standard requires disclosure of TEQSA's original budgeted financial statement presented to parliament together with explanations of major variances between the actual amounts presented in the financial statements and the budgeted amounts.
- ▶ *Early adoption of AASB 2015-7 Amendments to Australian Accounting Standard – Fair Value Disclosure of Not-for-Profit Public Sector Entities* – this standard amends AASB 13 *Fair Value Measurement* to provide disclosure relief to not-for-profit public sector entities from certain disclosures about the fair value measurements of property, plant and equipment held for their current service potential rather than to generate net cash flows. This includes relief from disclosures of quantitative information about the significant unobservable inputs used in fair value measurements and of the sensitivity of certain fair value measurements to changes in unobservable inputs.

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

Future Australian Accounting Standard Requirements

The following new standards, revised standards, amending standards and interpretations were issued by the Australian Accounting Standards Board prior to the signing of the statement by the Accountable Authority and chief financial officer, which are expected to have a material impact on TEQSA's financial statements for future reporting periods:

- ▶ AASB 9 *Financial Instruments* – applies from 1 January 2017 to all entities. Potential impact on measurement of post initial recognition and recognition of gains and losses from financial instruments is yet to be assessed.
- ▶ AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* – operative from 1 January 2018.
- ▶ AASB 2015-2 *Amendments to Australian Accounting Standards* – amendments to AASB 101 *Presentation of Financial Statements* arising from initiatives to improve disclosures. Operative from 1 January 2016.

All other new standards, revised standards, amending standards and 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.

1.5 Revenue

Revenue from the sale of goods is recognised when:

- a) the risks and rewards of ownership have been transferred to the buyer;
- b) the entity retains no managerial involvement or effective control over the goods;
- c) the revenue and transaction costs incurred can be reliably measured; and
- d) it is probable that the economic benefits associated with the transaction will flow to the entity.

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:

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

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

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

Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

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.

1.6 Gains

Resources Received Free of Charge

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

1.7 Transactions with the Government as Owner

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.

1.8 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

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. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of TEQSA is estimated to be less than the annual entitlement for sick 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. 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.

A provision has been made for separation and redundancy payments of \$0.236m as TEQSA has formally identified some positions as excess to requirements at 30 June 2015.

Superannuation

The majority of TEQSA's staff are members of the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The PSS is a defined benefit scheme for the Australian Government. The PSSap is a defined contribution scheme.

A small number of staff are members of other employee nominated superannuation funds.

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' 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 for the final fortnight of the year.

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

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

1.10 Borrowing Costs

All borrowing costs are expensed as incurred.

1.11 Fair Value Measurement

TEQSA deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period.

TEQSA does not have any recurring fair value measurements transferred between level 1 and 2 for asset and liabilities to disclose for the period 2014-15.

1.12 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include:

- a) cash on hand;
- b) demand 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;
- c) cash held by outsiders; and
- d) cash in special accounts.

1.13 Financial Assets

TEQSA classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) held-to-maturity investments;
- c) available-for-sale financial assets; and
- d) loans and receivables.

The classification 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

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

Loans and Receivables

Trade receivables, loans 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. Interest is recognised by applying the effective interest rate.

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 or held to maturity investments held at amortised cost, 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.

1.14 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

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 yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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).

1.15 Contingent Liabilities and Contingent Assets

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.

1.16 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, 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.

1.17 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$2,000 which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by TEQSA where there exists an obligation to restore the property to its original condition. These costs are included in the value of TEQSA's leasehold improvements with a corresponding provision for the 'make good' recognised.

Revaluations

Following initial recognition at cost, property, plant and equipment were carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations were conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments were made on a class basis. Any revaluation increment was credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets were recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

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

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to 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:

	2015	2014
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 2015. 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 property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

1.18 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 (2013-14: 3 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2015.

1.19 Taxation

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

Revenues, expenses and assets are recognised net of GST except:

- a) where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- b) for receivables and payables.

1.20 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 below, 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.

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.

Revenue

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 or expenditure 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. TEQSA has recognised administered revenues on receipt of application.

Loans and Receivables

Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised through profit or loss.

NOTE 2 EVENTS AFTER THE REPORTING PERIOD

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

NOTE 3: NET CASH APPROPRIATION ARRANGEMENTS

	2015	2014
	\$'000	\$'000
Total comprehensive income/(loss) less depreciation/ amortisation expenses previously funded through revenue appropriations¹	156	(2)
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(788)	(1,657)
Total comprehensive (loss) – as per the Statement of Comprehensive Income	(632)	(1,659)

NOTE 4: EXPENSES

Note 4A: Employee Benefits

	2015	2014
	\$'000	\$'000
Wages and salaries	6,980	9,147
Superannuation		
Defined contribution plans	604	848
Defined benefit plans	653	909
Leave and other entitlements	584	1,144
Separation and redundancies	188	752
Total employee benefits	9,009	12,800

¹ From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

Note 4B: Suppliers

	2015	2014
	\$'000	\$'000
Goods and services supplied or rendered		
Consultants	82	65
Contractors	743	359
Travel	194	309
IT Services	626	955
Other	1,747	2,002
Total goods and services supplied or rendered	3,392	3,690
Goods supplied in connection with		
Related parties	4	9
External parties	70	219
Total goods supplied	74	228
Services rendered in connection with		
Related parties	559	638
External parties	2,759	2,824
Total services rendered	3,318	3,462
Total goods and services supplied or rendered	3,392	3,690
Other suppliers		
Operating lease rentals in connection with		
External parties		
Minimum lease payments	2,258	1,068
Workers compensation expenses	258	230
Total other suppliers	2,516	1,298
Total suppliers	5,908	4,988

Note 4C: Depreciation and Amortisation

	2015	2014
	\$'000	\$'000
Depreciation		
Buildings – leasehold improvements	294	293
Property, plant and equipment	142	128
Total depreciation	436	421
Amortisation		
Intangibles	352	1,236
Total amortisation	352	1,236
Total depreciation and amortisation	788	1,657

Note 4D: Finance Costs

	2015	2014
	\$'000	\$'000
Unwinding of discount	55	14
Total finance costs	55	14

Note 4E: Write-Down and Impairment of Assets

	2015	2014
	\$'000	\$'000
Revaluation decrement	16	–
Impairment of leasehold improvements	528	–
Impairment of property, plant and equipment	–	29
Impairment on intangible assets	–	822
Total write-down and impairment of assets	544	851

NOTE 5: OWN-SOURCE INCOME

Own-Source Revenue

Note 5A: Sale of Goods and Rendering of Services

	2015	2014
	\$'000	\$'000
Rendering of services in connection with		
Related parties	3	–
External parties	3	14
Total rendering of services	6	14
Total sales of goods and rendering of services	6	14

Note 5B: Other Revenue

	2015	2014
	\$'000	\$'000
Resources received free of charge		
Remuneration of auditors	58	45
Total other revenue	58	45

Gains

Note 5C: Reversals of Previous Asset Write-Downs and Impairments

	2015	2014
	\$'000	\$'000
Reversal of previous write-down	–	65
Total reversals of previous asset write-downs and impairments	–	65

Revenue from Government

Note 5D: Revenue from Government

	2015	2014
	\$'000	\$'000
Appropriations		
Departmental appropriations ¹	15,608	18,524
Total revenue from Government	15,608	18,524

¹ The amount is net of \$15k formal reduction made under PGPA Act Section 51 determination (2014 excluded \$12k which has been quarantined by the Department of Finance) - refer Note 22A.

NOTE 6: FAIR VALUE MEASUREMENTS

The following tables provide an analysis of assets and liabilities that are measured at fair value.

The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Note 6A: Fair Value Measurements, Valuation Technique and Inputs Used

	Fair value measurements at the end of the reporting period			For Levels 2 and 3 fair value measurements	
	2015 \$'000	2014 \$'000	Category Level (1, 2 or 3 ²)	Valuation technique(s) ³	Inputs used
Non-financial assets¹					
Leasehold improvements	1,385	2,194	Level 3	Depreciated Replacement Cost(DRC)	Replacement Cost New (price per square meter)
					Consumed economic benefit / Obsolescence of asset
				Net Present Value	Current restoration costs (price per square meter)
					Indexation rates
					Discount rate
Property, plant and equipment	567	704	Level 2	Market Approach	Adjusted market transactions

¹ **Fair value measurements - highest and best use differs from current use for non-financial assets (NFAs)**

The highest and best use of all non-financial assets are the same as their current use.

² **Recurring and non-recurring Level 3 fair value measurements - valuation processes**

TEQSA procured valuation services from Australian Valuation Solutions (AVS) and relied on valuation models provided by the AVS. TEQSA tests the procedures of the valuation model at least once every 12 months. The AVS provided written assurance to TEQSA that the model developed is in compliance with AASB 13.

³ No change in valuation technique occurred during the period.

⁴ TEQSA has chosen to early adopt AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities at 30 June 2015. The future economic benefits of TEQSA's non-financial assets are not primarily dependent on their ability to generate cash flows. TEQSA has not disclosed qualitative information about the significant unobservable inputs or a narrative description of the sensitivities of the fair value measurements to changes in the unobservable inputs.

Note 6B: Level 1 and Level 2 Transfers for Recurring Fair Value Measurements

There have been no fair value measurements transfers between Level 1 and Level 2 during the year.

TEQSA's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.

Note 6C: Reconciliation for Recurring Level 3 Fair Value Measurements**Recurring Level 3 fair value measurements – reconciliation for assets**

	Non-financial assets			
	Leasehold improvements		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
As at 1 July	2,536	2,246	2,536	2,246
Total losses recognised in net cost of services ¹	(712)	–	(712)	–
Purchases	13	290	13	290
Transfers into Level 3	–	–	–	–
Transfers out of Level 3	–	–	–	–
Total as at 30 June	1,837	2,536	1,837	2,536

TEQSA's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.

¹ These losses are presented in the Statement of Comprehensive Income under Write down and Impairment of Assets.

NOTE 7: FINANCIAL ASSETS

Note 7A: Cash and Cash Equivalents

	2015	2014
	\$'000	\$'000
Cash on hand or on deposit	153	173
Total cash and cash equivalents	153	173

Note 7B: Trade and Other Receivables

	2015	2014
	\$'000	\$'000
Appropriations receivable		
Existing programs	7,676	6,594
Total appropriations receivable	7,676	6,594
Other receivables		
GST receivable from the Australian Taxation Office	114	93
Other	16	28
Total other receivables	130	121
Total trade and other receivables (gross)	7,806	6,715
Trade and other receivables (net) expected to be recovered		
No more than 12 months	7,806	6,715
More than 12 months	–	–
Total trade and other receivables (net)	7,806	6,715
Trade and other receivables (gross) aged as follows		
Not overdue	7,806	6,715
Overdue by:		
0 to 30 days	–	–
31 to 60 days	–	–
61 to 90 days	–	–
More than 90 days	–	–
Total trade and other receivables (gross)	7,806	6,715

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

NOTE 8: NON-FINANCIAL ASSETS

Note 8A: Land and Buildings

	2015	2014
	\$'000	\$'000
Leasehold improvements		
Fair value	1,837	2,536
Accumulated depreciation	(452)	(342)
Total leasehold improvements	1,385	2,194
Total land and buildings	1,385	2,194

During 2014-15, TEQSA identified partial leasehold improvements to be impaired in relation to onerous property leases resulting in a debit of \$528,000 (2014: nil) to the Write-down and impairment of asset expense section of the Comprehensive Income Statement.

No leasehold improvements are expected to be sold or disposed of within the next 12 months.

Note 8B: Property, Plant and Equipment

	2015	2014
	\$'000	\$'000
Property, plant and equipment		
Fair value	842	837
Accumulated depreciation	(275)	(133)
Total property, plant and equipment	567	704

No indicators of impairment were found for property, plant and equipment.

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

Note 8C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment for 2015

	Leasehold improvements	Property, plant & equipment	Total
	\$'000	\$'000	\$'000
As at 1 July 2014			
Gross book value	2,536	837	3,373
Accumulated depreciation and impairment	(342)	(133)	(475)
Total as at 1 July 2014	2,194	704	2,898
Additions			
Purchase	13	5	18
Impairments recognised in net cost of services	(528)	–	(528)
Depreciation	(294)	(142)	(436)
Other Movements			
Make good provision	–	–	–
Total as at 30 June 2015	1,385	567	1,952
Total as at 30 June 2015 represented by			
Gross book value	1,837	842	2,679
Accumulated depreciation and impairment	(452)	(275)	(727)
Total as at 30 June 2015	1,385	567	1,952

Note 8C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment for 2014 *continued*

	Leasehold improvements	Property, plant & equipment	Total
	\$'000	\$'000	\$'000
As at 1 July 2013			
Gross book value	2,246	782	3,028
Accumulated depreciation and impairment	(49)	(8)	(57)
Total as at 1 July 2013	2,197	774	2,971
Additions			
Purchase	249	87	336
Impairments recognised in net cost of services	–	(29)	(29)
Depreciation	(293)	(128)	(421)
Other Movements			
Makegood provision	41	–	41
Total as at 30 June 2014	2,194	704	2,898
Total as at 30 June 2014 represented by			
Gross book value	2,536	837	3,373
Accumulated depreciation and impairment	(342)	(133)	(475)
Total as at 30 June 2014	2,194	704	2,898

Note 8D: Intangibles

	2015	2014
	\$'000	\$'000
Computer software		
Internally developed – in progress	97	152
Internally developed – in use	1,572	1,211
Purchased	292	252
Accumulated amortisation	(492)	(140)
Total computer software	1,469	1,475
Total intangibles	1,469	1,475

No indicators of impairment were found for intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months.

Note 8E: Reconciliation of the Opening and Closing Balances of Intangibles for 2015

	Computer software internally developed	Computer software purchased	Total
	\$'000	\$'000	\$'000
As at 1 July 2014			
Gross book value	1,363	252	1,615
Accumulated amortisation and impairment	(46)	(94)	(140)
Total as at 1 July 2014	1,317	158	1,475
Additions			
Purchase or internally developed	347	40	387
Impairments recognised in net cost of services	-	-	-
Amortisation	(289)	(63)	(352)
Other Movements			
Expensed in net cost of services	(41)	-	(41)
Total as at 30 June 2015	1,334	135	1,469
Total as at 30 June 2015 represented by			
Gross book value	1,669	292	1,961
Accumulated amortisation and impairment	(335)	(157)	(492)
Total as at 30 June 2015	1,334	135	1,469

Note 8E: Reconciliation of the Opening and Closing Balances of Intangibles for 2014 *continued*

	Computer software internally developed	Computer software purchased	Total
	\$'000	\$'000	\$'000
As at 1 July 2013			
Gross book value	2,982	187	3,169
Accumulated amortisation and impairment	(1,060)	(33)	(1,093)
Total as at 1 July 2013	1,922	154	2,076
Additions:			
Purchase or internally developed	1,392	65	1,457
Impairments recognised in net cost of services	(822)	–	(822)
Amortisation	(1,175)	(61)	(1,236)
Total as at 30 June 2014	1,317	158	1,475
Total as at 30 June 2014 represented by			
Gross book value	1,363	252	1,615
Accumulated amortisation and impairment	(46)	(94)	(140)
Total as at 30 June 2014	1,317	158	1,475

Note 8F: Other non-financial assets

	2015	2014
	\$'000	\$'000
Prepayments	273	287
Total other non-financial assets	273	287
Other non-financial assets expected to be recovered		
No more than 12 months	272	285
More than 12 months	1	2
Total other non-financial assets	273	287

No indicators of impairment were found for other non-financial assets.

NOTE 9: PAYABLES

Note 9A: Suppliers

	2015	2014
	\$'000	\$'000
Suppliers		
Trade creditors and accruals	210	171
Total suppliers	210	171
Suppliers expected to be settled		
No more than 12 months	210	171
More than 12 months	–	–
Total suppliers	210	171
Suppliers in connection with		
Related parties	2	4
External parties	208	167
Total suppliers	210	171

Settlement is usually made within 30 days.

Note 9B: Other Payables

	2015	2014
	\$'000	\$'000
Wages and salaries	210	285
Superannuation	37	50
Lease incentive	1,166	1,336
Operating lease payable	503	393
Other	15	3
Total other payables	1,931	2,067
Other payables expected to be settled		
No more than 12 months	442	510
More than 12 months	1,489	1,557
Total other payables	1,931	2,067

NOTE 10: PROVISIONS

Note 10A: Employee provisions

	2015	2014
	\$'000	\$'000
Leave	1,876	2,713
Separations and redundancies	236	736
Total employee provisions	2,112	3,449
Employee provisions expected to be settled		
No more than 12 months	884	1,524
More than 12 months	1,228	1,925
Total employee provisions	2,112	3,449

Note 10B: Other provisions

	2015	2014
	\$'000	\$'000
Restoration obligations ¹	430	398
Onerous contracts ²	1,246	–
Total other provisions	1,676	398
Other provisions expected to be settled		
No more than 12 months	280	–
More than 12 months	1,396	398
Total other provisions	1,676	398

	Provision for restoration obligations ¹	Provision for onerous contracts ²	Total
	\$'000	\$'000	\$'000
As at 1 July 2014	398	–	398
Additional provisions made	16	1,280	1,296
Amounts used	–	(73)	(73)
Amounts reversed	–	–	–
Unwinding of discount or change in discount rate	16	39	55
Total as at 30 June 2015	430	1,246	1,676

¹ TEQSA currently has 2 (2014: 2) agreements for the leasing of premises which have 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 these obligations.

² TEQSA currently has 2 (2014: nil) agreements for the leasing of premises which has surplus lease space. These leases are non-cancellable and therefore the unavoidable costs of meeting the obligations under the contracts exceed the economic benefits expected to be received. TEQSA has made a provision to reflect the present value of these obligations.

NOTE 11: CASH FLOW RECONCILIATION

	2015	2014
	\$'000	\$'000
Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement		
Cash and cash equivalents as per		
Cash flow statement	153	173
Statement of financial position	153	173
Discrepancy	-	-
Reconciliation of net cost of services to net cash from/(used by) operating activities		
Net cost of services	(16,240)	(20,186)
Revenue from Government	15,608	18,524
Adjustments for non-cash items		
Depreciation/amortisation	788	1,657
Net write down and impairment of non-financial assets	544	851
Other non-cash item	41	-
Movements in assets and liabilities		
Assets		
Increase in net receivables	(713)	(991)
(Increase)/Decrease in prepayments	13	(63)
Liabilities		
Increase/(Decrease) in employee provisions	(1,337)	950
Increase/(Decrease) in suppliers payables	39	(136)
Decrease in other payables	(136)	-
Increase/(Decrease) in other provisions	1,262	(12)
Net cash from/(used by) operating activities	(131)	594

NOTE 12: CONTINGENT ASSETS AND LIABILITIES**Contingent assets**

At 30 June 2015 the Tertiary Education Quality and Standards Agency estimates the value of contingent assets to be nil (2014: nil).

Contingent liabilities

At 30 June 2015 the Tertiary Education Quality and Standards Agency estimates the value of contingent liabilities to be below \$10,000 (2014: nil) in respect of a claim for compensation. TEQSA is defending the claim.

NOTE 13: SENIOR MANAGEMENT PERSONNEL REMUNERATION

	2015	2014
	\$	\$
Short-term employee benefits		
Salary	1,327,205	1,975,466
Performance bonuses	-	-
Motor vehicle and other allowances	-	-
Total short-term employee benefits	1,327,205	1,975,466
Post-employment benefits		
Superannuation	174,087	281,595
Total post-employment benefits	174,087	281,595
Other long-term employee benefits		
Annual leave	68,653	145,772
Long-service leave ¹	(51,109)	62,762
Total other long-term employee benefits	17,544	208,534
Termination benefits		
Provision for redundancy	-	432,967
Total termination benefits	-	432,967
Total senior executive remuneration expenses	1,518,836	2,898,562

The total number of senior management personnel that are included in the above table are 10 individuals (2014: 9 individuals)

During 2014-15, TEQSA identified that overpayments to part-time Commissioners had occurred. The total overpayments were estimated at \$670,878 and covered periods from the 2011-12 financial year through to 2014-15. TEQSA has determined under Section 11 of the PGPA Rule that \$426,135 of these overpayments are not legally recoverable and that it would not be economical to pursue recovery action of the further \$244,743 in overpayments. Appropriate determinations have subsequently been put in place to allow payments to be made in the future. The amounts have not been formally waived.

The overpayments totalling \$244,743 were payments to which section 16A of the *Remuneration Tribunal Act 1973* (RT Act) applied. In accordance with section 16C of the RT Act, TEQSA reports that:

- ▶ 4 payments, totalling \$24,200, were made under subsection 16A(1) of the RT Act in 2012-13.
- ▶ 37 payments, totalling \$130,336, were made under subsection 16A(1) of the RT Act in 2013-14.
- ▶ 16 payments, totalling \$90,207, were made under subsection 16A(1) of the RT Act in 2014-15.

¹ During 2014-15, 6 senior management personnel resigned from TEQSA and the long service leave paid out on separation was lower than previously accrued. This resulted in a credit of \$51,109 to employee benefits expense in the Statement of Comprehensive Income.

NOTE 14: FINANCIAL INSTRUMENTS

Note 14A: Categories of Financial Instruments

	2015	2014
	\$'000	\$'000
Financial Assets		
Loans and receivables		
Cash and cash equivalents	153	173
Trade and other receivables	16	28
Total loans and receivables	169	201
Total financial assets	169	201
Financial Liabilities		
Financial liabilities measured at amortised cost		
Suppliers payable	210	171
Total financial liabilities measured at amortised cost	210	171
Total financial liabilities	210	171

Note 14B: Net Gains or Losses from Financial Assets

There was no net gain or loss from financial assets for the period ended 30 June 2015 (2014: Nil).

Note 14C: Net Gains or Losses from Financial Liabilities

There was no net gain or loss from financial liabilities for the period ended 30 June 2015 (2014: Nil).

Note 14D: Fair Value of Financial Instruments

TEQSA considers the carrying amounts of financial instruments reported in the statement of financial position are a reasonable approximation of their fair value as at 30 June 2015.

	Carrying Amount 2015	Fair Value 2015	Carrying Amount 2014	Fair Value 2014
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Cash and cash equivalents	153	153	173	173
Trade and other receivables	16	16	28	28
Total financial assets	169	169	201	201
Financial Liabilities				
Suppliers payable	210	210	171	171
Total financial liabilities	210	210	171	171

Note 14E: Credit Risk

TEQSA is exposed to minimal credit risk through trade and other receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. The amount is equal to the total amount of trade and other receivables of \$0.016m (2014: \$0.028m). At 30 June 2015, TEQSA has assessed the risk of default on payment to be nil as the balances reported at 30 June 2015 are current and not past due nor impaired.

TEQSA has policies and procedures that guide the recovery of debts.

Credit quality of financial assets not past due or individually determined as impaired

	Not past due nor impaired 2015	Not past due nor impaired 2014	Past due or impaired 2015	Past due or impaired 2014
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Trade and other receivables	16	28	–	–
Total	16	28	–	–

Note 14F: Liquidity Risk

TEQSA's financial liabilities are suppliers payables. The exposure to liquidity risk is based on the notion that TEQSA will encounter difficulty in meeting its obligations associated with financial liabilities.

This is highly unlikely due to appropriation funding and mechanisms available to TEQSA (e.g. Advance to the Finance Minister) to ensure it has adequate funds to meet payments as they fall due. In addition, TEQSA has policies in place to ensure timely payments are made when due and has no past experience of default.

Maturities for non-derivative financial liabilities in 2015		
	On demand	Total
	\$'000	\$'000
Suppliers payable	210	210
Total	210	210

Maturities for non-derivative financial liabilities in 2014		
	On demand	Total
	\$'000	\$'000
Suppliers payable	171	171
Total	171	171

TEQSA had no derivative financial liabilities in either 2015 or 2014.

Note 14G: Market Risk

TEQSA holds basic financial instruments that do not expose it to market risks.

TEQSA is not exposed to currency risk, other price risk or interest rate risk.

NOTE 15: FINANCIAL ASSETS RECONCILIATION

		2015	2014
	Notes	\$'000	\$'000
Total financial assets as per statement of financial position		7,959	6,888
Less: Non-financial instrument components			
Appropriation receivable	7B	7,676	6,594
Other receivables	7B	114	93
Total non-financial instrument components		7,790	6,687
Total financial assets as per financial instruments note		169	201

NOTE 16: ADMINISTERED - INCOME

	2015	2014
	\$'000	\$'000
Revenue		
Non-Taxation Revenue		
Fees		
Other fees from regulatory services	3,561	2,733
Total fees	3,561	2,733

NOTE 17: ADMINISTERED – FINANCIAL ASSETS

At 30 June 2015, there are no Administered Financial Assets for TEQSA (2014: nil).

NOTE 18: ADMINISTERED – PAYABLES

At 30 June 2015, there are no Administered Financial Payables for TEQSA (2014: nil).

NOTE 19: ADMINISTERED – CASH FLOW RECONCILIATION

	2015	2014
	\$'000	\$'000
Reconciliation of cash and cash equivalents as per administered schedule of assets and liabilities to administered cash flow statement		
Cash and cash equivalents as per		
Schedule of administered cash flows	-	-
Schedule of administered assets and liabilities	-	-
Discrepancy	-	-
Reconciliation of net cost of services to net cash from operating activities		
Net cost of services	3,561	2,733
Net cash from operating activities	3,561	2,733

NOTE 20: ADMINISTERED – CONTINGENT ASSETS AND LIABILITIES

Contingent assets

As at 30 June 2015, the Tertiary Education Quality and Standards Agency had no administered contingent assets (2014: nil).

Contingent liabilities

As at 30 June 2015, the Tertiary Education Quality and Standards Agency had no administered contingent liabilities (2014: nil).

NOTE 21: ADMINISTERED – FINANCIAL INSTRUMENTS

As at 30 June 2015, the Tertiary Education Quality and Standards Agency had no administered financial instruments (2014: nil).

NOTE 22: APPROPRIATIONS

Note 22A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2015

	Appropriation Act		PGPA Act		Total appropriation \$'000	Appropriation applied in 2015 (current and prior years) \$'000	Variance ³ \$'000	Section 51 determinations ⁴ \$'000
	Annual Appropriation ¹ \$'000	AFM ² \$'000	Section 74 \$'000	Section 75 \$'000				
Departmental								
Ordinary annual services	16,516	-	735	-	17,251	16,154	1,097	15
Other services								
Equity	-	-	-	-	-	-	-	-
Total departmental	16,516	-	735	-	17,251	16,154	1,097	15

Notes:

¹ In 2014-15, there were no appropriations that have been quarantined.

² In 2014-15, there was no adjustment that met the recognition criteria of a formal addition or reduction in revenue (in accordance with FRR Part 6 Div 3) but at law the appropriations had not been amended before the end of the reporting period.

³ In 2014-15, the variance is mainly due to less than budgeted expenditure on employee benefits and the receipt of PGPA Act section 74 funds.

⁴ The appropriation for 2014-15 was formally reduced by \$15,000 determination arising from a targeted savings measure. This reduction is reflected in the Statement of Comprehensive Income (Note 5D).

⁵ The Departmental appropriation in Table A is inclusive of the Departmental Capital Budget appropriation in Table B.

Note 22A: Annual Appropriations ('Recoverable GST exclusive') continued

Annual Appropriations for 2014

	Appropriation Act		FMA Act		Total appropriation	Appropriation applied in 2014 (current and prior years)	Variance ³
	Annual Appropriation ¹	Appropriations reduced ²	Section 31	Section 32			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental							
Ordinary annual services	19,388	-	780	-	20,168	18,628	1,540
Other services							
Equity	398	-	-	-	398	884	(486)
Total departmental	19,786	-	780	-	20,566	19,512	1,054

During 2014-15, TEQSA received legal advice that certain payments were not covered by Remuneration Tribunal determinations. Of these payments, the legal advice indicates that payments amounting to \$426,135, and occurring over four financial years, represented a breach of section 83 of the Constitution. TEQSA has determined that these payments of \$426,135 are not legally recoverable. Appropriate determinations have subsequently been put in place to allow payments to be made in the future. The amounts have not been formally waived.

Notes:

- ¹ In 2013-14, \$12,000 has been quarantined by the Department of Finance due to targeted savings measures.
- ² In 2013-14, there were no appropriations reduced under Appropriations Acts (Nos. 1, 3 & 5) 2013-14; sections 10, 11, 12 and 15, and under Appropriations Acts (Nos.2, 4 & 6) 2013-14; sections 12, 13 and 14. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.
- ³ In 2013-14, the variance is due to less than budgeted expenditure on employee benefits and the receipt of section 31 funds. Equity variance due to utilisation of prior year unspent equity injection (Act 2) funds.
- ⁴ The Departmental appropriation in Table A is inclusive of the Departmental Capital Budget appropriation in Table B.

**Note 22B: Departmental and Administered Capital Budgets
('Recoverable GST exclusive')**

	2015 Capital Budget Appropriations			Capital Budget Appropriations applied in 2015 (current and prior years)			
	<i>Appropriation Act</i> Annual Capital Budget	<i>PGPA Act</i> Section 75	Total Capital Budget Appropriations	Payments for non-financial assets ²	Payments for other purposes	Total payments	Variance ³
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental							
Ordinary annual services – Departmental Capital Budget ¹	893	-	893	516	-	516	377

Notes:

- ¹ 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. For more information on ordinary annual services appropriations, please see Note 22A: Annual Appropriations.
- ² Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition and the capital repayment component of finance leases.
- ³ In 2014-15, the variance was mainly due to the deferment in the purchase of new IT software and equipment.

Note 22B: Departmental and Administered Capital Budgets
 ('Recoverable GST exclusive') *continued*

	2014 Capital Budget Appropriations			Capital Budget Appropriations applied in 2014 (current and prior years)				Variance ³
	Appropriation Act Annual Capital Budget	FMA Act		Total Capital Budget Appropriations	Payments for non-financial assets ²	Payments for other purposes	Total payments	
		Section 32						
Departmental	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Ordinary annual services – Departmental Capital Budget ¹	852	-	852	996	-	996	996	(144)

Notes:

- ¹ 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. For more information on ordinary annual services appropriations, please see Note 22A: Annual Appropriations.
- ² Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.
- ³ In 2013-14, the variance was due to asset purchases being funded via prior year unspent departmental capital budget funds.

Note 22C: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2015	2014
	\$'000	\$'000
Departmental		
2014-15 Appropriation Act (No. 1) ¹	7,055	–
2014-15 Departmental Capital Budget Appropriation Act (No. 1)	789	–
2013-14 Appropriation Act (No. 1)	–	6,356
2013-14 Departmental Capital Budget Appropriation Act (No. 1)	–	412
Total departmental	7,844	6,768

Note 22D: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2015	2014
			\$'000	\$'000
Public Governance, Performance and Accountability Act 2013 s.77, Administered	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.	69	139
Total special appropriations applied			69	139

NOTE 23: REPORTING OF OUTCOMES**Note 23: Net Cost of Outcome Delivery**

OUTCOME 1	2015	2014
	\$'000	\$'000
Departmental		
Expenses	16,304	20,310
Own-source income	64	59
Administered		
Expenses	–	–
Income	3,561	2,733
Net cost of outcome delivery	12,679	17,518

Outcome 1 is described in Note 1.1. Net costs shown included intra-Government costs that are eliminated in calculating the actual Budget Outcome.

¹ This includes \$15k that was permanently reduced under PGPA Act Section 51 determination – refer Note 22A.

NOTE 24: COST RECOVERY SUMMARY

	2015	2014
	\$'000	\$'000
Revenue		
Administered – Fees for regulation of higher education providers	3,561	2,733
Total Revenue	3,561	2,733

Cost recovered activities:

TEQSA has in place partial cost recovery arrangements 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 cost recovery arrangements is administered revenue and is returned to the Consolidated Revenue Fund. TEQSA does not have any administered expenses, assets or liabilities.

On 26 June 2015, TEQSA published its Cost Recovery Implementation Statement (CRIS) for 2015-16, which is available at <http://www.teqsa.gov.au/for-providers/teqsa-fees>

NOTE 25: BUDGETARY REPORTS AND EXPLANATIONS OF MAJOR VARIANCES

The following tables provide a comparison of the original budget presented in the 2014-15 Portfolio Budget Statements (PBS) to the 2014-15 final outcome as presented in accordance with Australian Accounting Standards for TEQSA. The Budget is not audited.

Variations are considered to be 'major' based on the following criteria:

- ▶ the variance between budget and actual is greater than 10% of the line item; or
- ▶ the variance between budget and actual is greater than 2% of the relevant category (revenue, expenses, assets, liabilities and equity totals); or
- ▶ an item below this threshold but is considered important for the reader's understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of TEQSA.

Note 25A: Departmental Budgetary Reports

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

for the period ended 30 June 2015

	Actual	Budget Estimate	
		Original ¹	Variance ²
	2015	2015	2015
	\$'000	\$'000	\$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	9,009	11,525	(2,516)
Suppliers	5,908	4,161	1,747
Depreciation and amortisation	788	1,654	(866)
Finance costs	55	–	55
Write-down and impairment of assets	544	–	544
Total expenses	16,304	17,340	(1,036)
Own-Source Income			
Own-source revenue			
Sale of goods and rendering of services	6	15	(9)
Other revenue	58	48	10
Total own-source revenue	64	63	1
Total own-source income	64	63	1
Net cost of services	16,240	17,277	(1,037)
Revenue from Government	15,608	15,623	(15)
(Deficit) attributable to the Australian Government	(632)	(1,654)	1,022
Total comprehensive (loss) attributable to the Australian Government	(632)	(1,654)	1,022

¹ TEQSA's original budgeted financial statement that was first presented to parliament in respect of the reporting period.

² Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

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

as at 30 June 2015

	Actual	Budget Estimate	
		Original ¹	Variance ²
	2015	2015	2015
	\$'000	\$'000	\$'000
ASSETS			
Financial assets			
Cash and cash equivalents	153	160	(7)
Trade and other receivables	7,806	6,267	1,539
Total financial assets	7,959	6,427	1,532
Non-financial assets			
Land and buildings	1,385	1,878	(493)
Property, plant and equipment	567	696	(129)
Intangibles	1,469	1,369	100
Other non-financial assets	273	228	45
Total non-financial assets	3,694	4,171	(477)
Total assets	11,653	10,598	1,055
LIABILITIES			
Payables			
Suppliers	210	388	(178)
Other payables	1,931	1,816	115
Total payables	2,141	2,204	(63)
Provisions			
Employee provisions	2,112	3,391	(1,279)
Other provisions	1,676	410	1,266
Total provisions	3,788	3,801	(13)
Total liabilities	5,929	6,005	(76)
Net assets	5,724	4,593	1,131
EQUITY			
Contributed equity	8,732	8,732	–
Reserves	6	3	3
Retained surplus/(Accumulated deficit)	(3,014)	(4,142)	1,128
Total equity	5,724	4,593	1,131

¹ TEQSA's original budgeted financial statement that was first presented to parliament in respect of the reporting period.

² Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

*Statement of Changes in Equity for the Tertiary Education Quality and Standards Agency
for the period ended 30 June 2015*

	Retained Earnings		Asset Revaluation Surplus			Contributed Equity/Capital			Total Equity	
	Actual	Budget Estimate Original ¹ 2015 2015 \$'000	Variance ²	Actual	Budget Estimate Original ¹ 2015 2015 \$'000	Variance ²	Actual	Budget Estimate Original ¹ 2015 2015 \$'000	Variance ²	Budget Estimate Original ¹ 2015 2015 \$'000
Opening balance										
Balance carried forward from previous period	(2,382)	(2,488)	106	6	3	3	7,839	7,839	-	5,354
Adjusted opening balance	(2,382)	(2,488)	106	6	3	3	7,839	7,839	-	5,354
Comprehensive income										
Surplus/(Deficit) for the period	(632)	(1,654)	1,022	-	-	-	-	-	-	(1,654)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	(632)	(1,654)	1,022	-	-	-	-	-	-	(1,654)
Transactions with owners										
Contributions by owners										
Equity Injection – Appropriation	-	-	-	-	-	-	-	-	-	-
Departmental Capital Budget	-	-	-	-	-	-	893	893	-	893
Total transactions with owners	-	-	-	-	-	-	893	893	-	893
Closing balance as at 30 June	(3,014)	(4,142)	1,128	6	3	3	8,732	8,732	-	4,593
										1,131

¹ TEQSA's original budgeted financial statement that was first presented to parliament in respect of the reporting period.

² Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

*Cash Flow Statement for the Tertiary Education Quality and Standards Agency
for the period ended 30 June 2015*

	Actual	Budget Estimate	
		Original ¹	Variance ²
	2015	2015	2015
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	15,638	15,623	15
Sales of goods and rendering of services	8	63	(55)
Net GST received	400	462	(62)
Total cash received	16,046	16,148	(102)
Cash used			
Employees	10,340	11,189	(849)
Suppliers	5,102	4,959	143
Section 74 receipts transferred to OPA	735	–	735
Total cash used	16,177	16,148	29
Net cash from/(used by) operating activities	(131)	–	(131)
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment	18	893	(875)
Purchase of intangibles	387	–	387
Total cash used	405	893	(488)
Net cash (used by) investing activities	(405)	(893)	488
FINANCING ACTIVITIES			
Cash received			
Contributed equity	516	893	(377)
Total cash received	516	893	(377)
Net cash from financing activities	516	893	(377)
Net increase/(decrease) in cash held	(20)	–	(20)
Cash and cash equivalents at the beginning of the reporting period	173	160	13
Cash and cash equivalents at the end of the reporting period	153	160	(7)

¹ TEQSA's original budgeted financial statement that was first presented to parliament in respect of the reporting period.

² Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

Note 25B: Departmental Major Budget Variances for 2015

Explanation of major variances	Affected line items (and statement)
Employees	
The decrease in employee benefits expense, employee provisions and cash used for paying employees were due to reduction in staff headcount as a result of the restructuring in the Corporate group and the higher rate of attrition in other areas. The actual Average Staffing Level (ASL) was 65 as compared to budgeted ASL of 74.	<i>Employee benefits expense (Statement of Comprehensive Income), Employee provisions (Statement of Financial Position), Operating cash used – employees (Cash Flow Statement)</i>
Suppliers paid	
Suppliers expense increased by \$1.74m due mainly to provision for onerous contracts for surplus lease space caused by reduction in staffing levels and higher contractors engaged. The decrease in suppliers payable of \$0.18m and the increase in cash used from paying suppliers of \$0.14m were attributed to the improvement in the on-time payment of suppliers.	<i>Suppliers expense (Statement of Comprehensive Income), Suppliers payable (Statement of Financial Position), Operating cash used – suppliers (Cash Flow Statement)</i>
Depreciation and Amortisation Land & buildings, Property, Plant & Equipment and Intangibles	
Depreciation and amortisation was \$0.87m lower due to the write-off of the Decision Support system (DSS) in FY 2013-14 and the impairment on leasehold improvements attributed to onerous leases, which were not factored in the budget. The DSS system was replaced by a new regulatory system (CMS) which was a less costly system to develop and hence lower amortisation was made. As the majority of the CMS costs were incurred in FY 2013-14, intangibles were only higher by \$0.1m. The provision for impairment on leasehold improvements in turn led to a lower book value for Land and Buildings. Cash used for the purchase of fixed assets was lower by \$0.49m due to lower acquisition of computer equipment and computer software than originally anticipated. This required a lower amount of cash to be draw down from Contributed Equity of \$0.38m.	<i>Depreciation and amortisation (Statement of Comprehensive Income), Land & Buildings, Property, Plant and equipment and Intangibles (Statement of Financial Position), Investing cash used - property, plant & equipment and intangibles (Cash Flow Statement), Financing cash received - contributed equity (Cash Flow Statement)</i>
Write down and Impairment of Assets	
An impairment loss in 2014-15 of \$0.53m was recognised against leasehold improvements relating to the onerous property leases. This was not foreseeable in the budget and resulted in a variance of \$0.54m.	<i>Write down and impairment of assets (Statement of Comprehensive Income)</i>
Trade and other receivables	
Trade and other receivables was higher by \$1.54m mainly due to lower appropriation drawn down to pay employee expenses.	<i>Trade and other receivables (Statement of Financial Position), Cash used - employees (Cash Flow Statement)</i>
Other Provisions	
The increase in Other Provisions of \$1.27m was attributed to the provision for onerous property leases.	<i>Other provisions (Statement of Financial Position)</i>
Retained surplus/(Accumulated deficit)	
The accumulated deficit was lower by \$1.13m due to a lower operating loss incurred for the financial year.	<i>Retained surplus/ (Accumulated deficit) (Statement of Financial Position), Retained Earnings (Statement of Changes in Equity)</i>

Note 25C: Administered Budgetary Reports

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

for the period ended 30 June 2015

	Actual	Budget Estimate	
		Original ¹	Variance ²
	2015	2015	2015
	\$'000	\$'000	\$'000
NET COST OF SERVICES			
Income			
Revenue			
Non-taxation revenue			
Fees	3,561	4,262	(701)
Total non-taxation revenue	3,561	4,262	(701)
Total revenue	3,561	4,262	(701)
Total income	3,561	4,262	(701)

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

as at 30 June 2015

	Actual	Budget Estimate	
		Original ¹	Variance ²
	2015	2015	2015
	\$'000	\$'000	\$'000
ASSETS			
Financial assets			
Cash and cash equivalents	–	–	–
Total financial assets	–	–	–
Total assets administered on behalf of Government	–	–	–
Net Assets	–	–	–

¹ TEQSA's original budgeted financial statement that was first presented to parliament in respect of the reporting period.

² Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

Administered Cash Flow Statement for the Tertiary Education Quality and Standards Agency

for the period ended 30 June 2015

	Actual	Budget estimate	
		Original ¹	Variance ²
	2015	2015	2015
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Fees	3,630	4,262	(632)
Total cash received	3,630	4,262	(632)
Cash used			
Refunds to higher education providers	69	-	69
Total cash used	69	-	69
Net cash from operating activities	3,561	4,262	(701)
Net increase in cash held	3,561	4,262	(701)
Cash and cash equivalents at the beginning of the reporting period	-	-	-
Cash from Official Public Account			
Appropriations	69	-	69
Total cash from official public account	69	-	69
Cash to Official Public Account			
Appropriations	(3,630)	(4,262)	632
Total cash to official public account	(3,630)	(4,262)	632
Cash and cash equivalents at the end of the reporting period	-	-	-

¹ TEQSA's original budgeted financial statement that was first presented to parliament in respect of the reporting period.

² Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

Note 25D: Administered Major Budget Variances for 2015

Explanation of major variances	Affected line items (and statement)
<p>Fees</p> <p>Fees declined by \$0.7m due to lower fees received on re-registration of providers as the renewal period is every 5-7 years coupled with lower applications for accreditation and re-accreditation of courses. Corresponding to the lower fee receipts, the amount transferred to the Official Public Account dropped by \$0.63m.</p>	<p><i>Fees (Administered Schedule of Comprehensive Income), Operating cash received - fees (Administered Cash Flow Statement, Operating cash to Official Public Account - appropriations (Administered Cash Flow Statement)</i></p>

SECTION 06

APPENDICES

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APPENDIX A: SUMMARY OF RESOURCES

RESOURCE STATEMENT

TEQSA's resourcing statement is shown in Table A.1.

Table A.1: Entity resource statement 2014-15

	Actual available appropriation for 2014-15	Payments made 2014-15	Balance remaining 2014-15
	\$'000	\$'000	\$'000
	(a)	(b)	(a) - (b)
Ordinary Annual Services¹			
Departmental appropriation ²	23,998	16,154	7,844
Total ordinary annual services	23,998	16,154	7,844
Total resourcing and payments for TEQSA	23,998	16,154	7,844

¹ Appropriation Act (No. 1) 2014-15. This also includes prior year departmental appropriation and section 74 Retained Revenue Receipts.

² Includes an amount of \$0.893m in 2014-15 for the Departmental Capital Budget. For accounting purposes, this amount has been designated as 'contributions by owners'.

Table A.2: Expenses for Outcome 1

Outcome 1: Contribute to a high quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance, and dissemination of higher education standards and performance.

	Budget* 2014-15	Actual Expenses 2014-15	Variation 2014-15
	\$'000	\$'000	\$'000
	(a)	(b)	(a) – (b)
Programme 1.1 Regulation and Quality Assurance			
Departmental expenses			
Departmental appropriation ¹	15,638	15,458	180
Expenses not requiring appropriation in the Budget year	1,702	846	856
Total for Programme 1.1	17,340	16,304	1,036
Outcome 1 Totals by appropriation type			
Departmental expenses			
Departmental appropriation ¹	15,638	15,458	180
Expenses not requiring appropriation in the Budget year	1,702	846	856
Total expenses for Outcome 1	17,340	16,304	1,036
	2013-14	2014-15	
Average Staffing Level (number)	96	65	

* Full year budget, including any subsequent adjustment made to the 2014-15 Budget at Additional Estimates.

¹ Departmental Appropriation combines Ordinary annual services (Appropriation Act No. 1) and Retained Revenue Receipts under section 74 of the PGPA Act.

APPENDIX B: STAFFING PROFILE

As at 30 June 2015, TEQSA had 58 non-SES employees and no SES employees. All were located in Melbourne.

Of these employees:

- ▶ 66.1 per cent were female and 33.9 per cent were male
- ▶ 98.3 per cent were ongoing employees with 1.7 per cent non-ongoing.
- ▶ at 30 June 2015 and in the preceding year, TEQSA had no ongoing or non-ongoing staff that identified as Indigenous.

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

		FEMALE		MALE		TOTAL
		Ongoing	Non-ongoing	Ongoing	Non-ongoing	
SES 1	Full-time	0	0	0	0	0
	Part-time	0	0	0	0	0
EL 2	Full-time	6	0	5	0	11
	Part-time	1	0	0	0	1
EL 1	Full-time	14	0	7	0	21
	Part-time	1	0	0	0	1
APS 6	Full-time	12	1	7	0	20
	Part-time	0	0	0	0	0
APS 5	Full-time	1	0	0	0	1
	Part-time	1	0	0	0	1
APS 4	Full-time	1	0	0	0	1
	Part-time	1	0	0	0	1
Totals		38	1	19	0	58

NOTE 1: Table B.1 excludes the Chief Commissioner, Commissioners, Chief Executive Officer and contractors.

NOTE 2: TEQSA's Enterprise Agreement applies to all staff in Table B.1 and seven staff are also covered by an Individual Flexibility Arrangement.

Table B.2: Salaries in \$A available to TEQSA APS staff from commencement of the 2012–2014 TEQSA Enterprise Agreement.

EL2	EL1	APS 6	APS 5	APS 4	APS 3	APS 2	APS 1	Age rates
139,305	108,997	88,194	76,268	69,100	61,868	56,678	49,513	(20 yrs) 41,210
130,438	103,516	82,811	72,859	66,414	59,398	55,631	45,284	(19 yrs) 36,682
123,067	100,989	80,201	71,340	64,608		53,187		(18 yrs) 31,699
116,051	98,619							(Under 18) 27,170

SES remuneration

TEQSA has no current SES employees. Remuneration for any future SES employees would be based on their skills and experience.

APPENDIX C: FREEDOM OF INFORMATION

Agencies subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public 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

<http://www.teqsa.gov.au/about/information-publication-scheme>.

APPENDIX D: ECOLOGICALLY SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL PERFORMANCE

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

In 2014-15 TEQSA has complied with environmental initiatives, participating in recycling initiatives offered by the 530 Collins St 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.

TEQSA encourages staff involvement in environmental initiatives, including Earth Hour on 28 March 2015 and has developed an Environmental Management System.

APPENDIX E: ADVERTISING AND MARKET RESEARCH

During the 2014-15 financial year, TEQSA spent \$7,754 (GST inclusive) on advertising. This expenditure was for advertising relating to a real estate sub-lease listing. TEQSA did not undertake any advertising campaigns. No single advertising expenditure was over \$12,100 (GST inclusive).

APPENDIX F: 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 (WH&S) 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 Disability Action Plan, a Multicultural Plan and a Diversity Program to support staff wellbeing.

No reportable WH&S incidents occurred during 2014–2015 and TEQSA was not required to give any notices under the *Work Health and Safety Act 2011* (Cwth).

TEQSA is committed to preventing serious and long-term injuries through early intervention strategies, support for staff and case management.

APPENDIX G: COMPLAINTS HANDLING

Complaints about higher education providers

TEQSA monitors the compliance of higher education providers with the TEQSA Act and a set of quality standards, known as the Threshold Standards. TEQSA's website <http://www.teqsa.gov.au/complaints> provides information for the public on options for making a complaint about a registered higher education provider. This website includes links to Commonwealth and state and territory ombudsman offices.

The website states that any complaints TEQSA receives in writing about a provider are retained and considered when it assesses if a provider is meeting its obligations under the TEQSA Act and the Threshold Standards. TEQSA also assesses any complaints about a provider in relation to possible false or misleading statements about its registration and accreditation status. The website makes clear the circumstances under which TEQSA may be unable to address a complaint.

TEQSA receives complaints about higher education providers through its Complaints Inbox (complaints@teqsa.gov.au), Enquiries Inbox and through formal correspondence. In accordance with TEQSA's Service Charter, TEQSA endeavours to respond within five business days of receiving a complaint.

Complaints about TEQSA

When a complaint is received about TEQSA itself, the Complaints Officer consults with the appropriate senior staff member or Commissioner while investigating the matter and when preparing a response.

In 2014-15, the Commonwealth Ombudsman's office notified TEQSA of one investigation in relation to a complaint about TEQSA. The Ombudsman made no recommendations or findings in relation to the investigation.

APPENDIX H: 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 <http://www.apsc.gov.au>. From 2010-11, departments and agencies have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010-2020, which sets out a ten 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. These reports can be found at <http://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*. It can be found at <http://www.teqsa.gov.au/sites/default/files/DisabilityActionPlan.pdf>.

APPENDIX I: SETTING STANDARDS

The Higher Education Standards Panel and TEQSA Advisory Council

The Higher Education Standards Panel (HESP) was established in accordance with the TEQSA Act to provide independent advice to the Minister on making and varying the Higher Education Standards Framework. TEQSA is responsible for interpreting and implementing the framework for the purposes of quality assuring and regulating higher education providers. The Higher Education Standards Panel is independent of TEQSA and TEQSA is not responsible for the creation or variation of the Higher Education Standards Framework.

The inaugural Higher Education Standards Panel provided advice in December 2014 to the then Minister for Education on making and varying the Higher Education Standards Framework. The final proposed Higher Education Standards Framework is available online at <http://www.education.gov.au/final-proposed-higher-education-standards-framework>.

The TEQSA Advisory Council provided advice to the then Minister and TEQSA on minimising regulatory intervention relating to Australian higher education, consistent with ensuring accountability for quality. The formation of an Advisory Council was one of the 11 recommendations of the Lee Dow/Braithwaite review of higher education regulation.

The then Minister and the then Prime Minister agreed to combine the functions of the Higher Education Standards Panel and the TEQSA Advisory Council in February 2015. The then Minister announced that the members of the TEQSA Advisory Council would operate as the new Higher Education Standards Panel, replacing the former Panel members at the completion of their three-year appointments.

Australian Qualifications Framework Council

The Qualifications Standards include a requirement that all higher education awards must meet specifications described in Levels 5–10 of the Australian Qualifications Framework (AQF). The AQF is the national policy that sets the standards for regulated qualifications in Australia. It defines qualification types and provides descriptors of learning outcomes to be achieved for the particular qualification and pathways to the qualification. The policy was developed and maintained by the Australian Qualifications Framework Council (AQFC). The AQFC was abolished in late 2014.

SECTION 07

INDICES AND REFERENCES

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COMPLIANCE INDEX

This table indicates the location of information provided in accordance with the *Requirements for Annual Reports for Departments, Executive Agencies and other non-corporate Commonwealth Entities (Requirements)* issued by the Department of the Prime Minister and Cabinet on 25 June 2015. References in the first column of the Compliance Index are to the relevant paragraph in the Requirements document*.

Compliance Index

Ref	Description	Requirement	Page
8(3) & A.4	Letter of transmittal	Mandatory	i
A.5	Table of contents	Mandatory	ii-iii
A.5	Index	Mandatory	128-132
A.5	Glossary	Mandatory	124-127
A.5	Contact officer(s)	Mandatory	inside cover
A.5	Internet home page address and Internet address for report	Mandatory	inside cover
Review by Secretary			
9(1)	Review by departmental secretary	Mandatory	2-4
9(2)	Summary of significant issues and developments	Suggested	2-4
9(2)	Overview of department's performance and financial results	Suggested	4, 14-24, 50-108
9(2)	Outlook for following year	Suggested	4
9(3)	Significant issues and developments – portfolio	Portfolio departments – suggested	n/a
Departmental Overview			
10(1)	Role and functions	Mandatory	6-12
10(1)	Organisational structure	Mandatory	12
10(1)	Outcome and programme structure	Mandatory	7
10(2)	Where outcome and programme structures differ from PB Statements/PAES or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	Mandatory	n/a
10(3)	Portfolio structure	Portfolio departments - mandatory	n/a
Report on Performance			
11(1)	Review of performance during the year in relation to programmes and contribution to outcomes	Mandatory	14-38

* <<http://www.dpmc.gov.au/pmc/publication/requirements-annual-reports-departments-executive-agencies-and-other-non-corporate-commonwealth-entities>>

Ref	Description	Requirement	Page
11(2)	Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements	Mandatory	19-23
11(2)	Where performance targets differ from the PBS/PAES, details of both former and new targets, and reasons for the change	Mandatory	n/a
11(2)	Narrative discussion and analysis of performance	Mandatory	26-38
11(2)	Trend information	Mandatory	23
11(3)	Significant changes in nature of principal functions/services	Suggested	n/a
11(3)	Performance of purchaser/provider arrangements	If applicable, suggested	n/a
11(3)	Factors, events or trends influencing departmental performance	Suggested	2-4, 22-23
11(3)	Contribution of risk management in achieving objectives	Suggested	40-44
11(4)	Performance against service charter customer service standards, complaints data, and the department's response to complaints	If applicable, mandatory	114
11(5)	Discussion and analysis of the department's financial performance	Mandatory	24, 50-108
11(6)	Discussion of any significant changes in financial results from the prior year, from budget or anticipated to have a significant impact on future operations.	Mandatory	n/a
11(7)	Agency resource statement and summary resource tables by outcomes	Mandatory	110-111

Management and Accountability

Corporate Governance

12(1)	Agency heads are required to certify their agency's actions in dealing with fraud.	Mandatory	i
12(2)	Statement of the main corporate governance practices in place	Mandatory	40-48
12(3)	Names of the senior executive and their responsibilities	Suggested	8-10
12(3)	Senior management committees and their roles	Suggested	10
12(3)	Corporate and operational plans and associated performance reporting and review	Suggested	19-23
12(3)	Internal audit arrangements including approach adopted to identifying areas of significant financial or operational risk and arrangements to manage those risks	Suggested	40-41
12(3)	Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	43

Ref	Description	Requirement	Page
12(3)	How nature and amount of remuneration for SES officers is determined	Suggested	44
External Scrutiny			
12(4)	Significant developments in external scrutiny	Mandatory	43
12(4)	Judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner	Mandatory	n/a
12(4)	Reports by the Auditor-General, a Parliamentary Committee, the Commonwealth Ombudsman or an agency capability review	Mandatory	n/a
Management of Human Resources			
12(5)	Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory	44-45
12(6)	Workforce planning, staff retention and turnover	Suggested	44-45
12(6)	Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and Australian Workplace Agreements (AWAs)	Suggested	44
12(6)	Training and development undertaken and its impact	Suggested	45
12(6)	Work health and safety performance	Suggested	114
12(6)	Productivity gains	Suggested	n/a
12(7)	Statistics on staffing	Mandatory	112-113
12(8)	Statistics on employees who identify as Indigenous	Mandatory	112
12(9)	Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	44
12(10) & B	Performance pay	Mandatory	44
Assets management			
12(11)-(12)	Assessment of effectiveness of assets management	If applicable, mandatory	n/a
Purchasing			
12(13)	Assessment of purchasing against core policies and principles	Mandatory	47-48
Consultants			

Ref	Description	Requirement	Page
12(14)-(23)	The annual report must include a summary statement detailing the number of new consultancy services contracts let during the year; the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST); the number of ongoing consultancy contracts that were active in the reporting year; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). The annual report must include a statement noting that information on contracts and consultancies is available through the AusTender website.	Mandatory	47
Australian National Audit Office Access Clauses			
12(24)	Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	46
Exempt contracts			
12(25)	Contracts exempted from publication in AusTender	Mandatory	46
Small business			
12(26)-(28)	Procurement initiatives to support small business	Mandatory	46
Financial Statements			
13	Financial Statements	Mandatory	50-108
Other Mandatory Information			
14(1) & C.1	Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>)	Mandatory	114
14(1) & C.2	Advertising and Market Research (Section 311A of the <i>Commonwealth Electoral Act 1918</i>) and statement on advertising campaigns	Mandatory	113
14(1) & C.3	Ecologically sustainable development and environmental performance (Section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	Mandatory	113
14(1)	Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	If applicable, mandatory	n/a
14(2) & D.1	Grant programmes	Mandatory	46
14(3) & D.2	Disability reporting – explicit and transparent reference to agency level information available through other reporting mechanisms	Mandatory	115
14(4) & D.3	Information Publication Scheme statement	Mandatory	113
14(5)	Correction of material errors in previous annual report	If applicable, mandatory	n/a
E	Agency Resource Statements and Resources for Outcomes	Mandatory	110-111
F	List of Requirements	Mandatory	118-121

ACRONYMS

ABN	Australian Business Number
ACPET	Australian Council for Private Education and Training
APS	Australian Public Service
APS Act	<i>Australian Public Service Act 1999</i>
AQF	Australian Qualifications Framework
AQFC	Australian Qualifications Framework Council
ASA	Agency Security Adviser
ASQA	Australian Skills and Quality Authority
AUQA	Australian Universities Quality Agency
CAC Act	<i>Commonwealth Authorities and Companies Act 1997</i>
CATP	Consequential Amendments and Transitional Provisions
CEO	Chief Executive Officer
CHEA	Council for Higher Education Accreditation
COPHE	Council of Private Higher Education
Cwlth	Commonwealth
CRICOS	Commonwealth Register of Institutions and Courses for Overseas Students
DIBP	Department of Immigration and Border Protection
EA	Enterprise Agreement
ELICOS	English language intensive courses for overseas students
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
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>
FMA Act	<i>Financial Management and Accountability Act 1997</i>
HEP	higher education provider

HESA	<i>Higher Education Support Act 2003</i>
HESP	Higher Education Standards Panel
INQAAHE	International Network for Quality Assurance and Accreditation in Higher Education
IPS	Information Publication Scheme
KPI	Key Performance Indicator
NC	National Code
PAES	Portfolio Additional Estimates Statements
PBS	Portfolio Budget Statements
PGPA Act	<i>Public Governance, Performance, and Accountability Act 2013</i>
PIR	Provider Information Request
RAF	Risk Assessment Framework
SES	Senior Executive Service
SMT	Senior Management Team
TAFE	Technical and Further Education
TDA	TAFE Directors Australia
TEQSA	Tertiary Education Quality and Standards Agency
TEQSA Act	<i>Tertiary Education Quality and Standards Agency Act 2011</i>
TEQSA CATP Act	<i>Tertiary Education Quality and Standards Agency (Consequential Amendments and Transitional Provisions) Act 2011</i>
VET	Vocational Education and Training
WCAG	Web Content Accessibility Guidelines
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. The Qualification Standards enshrined in the TEQSA Act strongly reflect the AQF, which requires awards issued to be quality assured, protected against fraudulent use, and to serve as pathways for further learning. The Qualification Standards incorporate, by reference, the following AQF policy documents: AQF Levels Criteria and AQF Qualification Type Descriptors; AQF Qualifications issuance Policy; AQF Qualifications Pathways Policy; AQF Qualifications Register Policy; and AQF Qualification Type Addition and Removal Policy. These documents are available at <http://www.aqf.edu.au>.

Australian Universities Quality Agency (AUQA)

Prior to the establishment of TEQSA, the Australian Universities Quality Agency was the principal national quality assurance agency in higher education with the responsibility of providing public assurance of the quality of Australia's universities and other institutions of higher education, and assisting in enhancing the academic quality of these institutions.

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

Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) 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 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 <http://www.cricos.education.gov.au>.

Department of Education and Training (DET)

The Australian Government Department of Education and Training is responsible for national policies and programmes that help Australians 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.

Government Accreditation Authority

Government Accreditation Authorities refers to state and territory government accrediting authorities for higher education responsible for accrediting AQF qualifications and authorising non-self-accrediting higher education institutions to issue them. Their functions are now conducted by TEQSA.

Higher education provider (HEP)

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 Panel (HESP)

The Higher Education Standards Panel is responsible for developing and monitoring the Higher Education Standards Framework. Panel members are appointed by the (then) Minister for Tertiary Education, in consultation with the (then) Commonwealth Minister for Research.

Higher Education Support Act 2003 (HESA)

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: (a) grants and other payments made largely to higher education providers; and (b) 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: a) significantly affect the provider's ability to meet the Threshold Standards; or b) require updating the provider's entry on the National Register of higher education providers.

National Code

The National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students (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 Protocols for Higher Education Approval Processes

National Protocols for Higher Education Approval Processes (National Protocols), developed in 2000 and revised in 2007, were a key element of the national quality assurance framework for Australian higher education. The National Protocols were drafted as guidelines rather than standards and did not contain measures of performance. Aspects of the National Protocols were incorporated into the Threshold Standards.

TEQSA case managers

TEQSA case managers are managers employed in the regulation and review area of TEQSA who manage activities relating to a higher education provider, through communication and cooperation with provider contacts.

Provider Category

Provider category relates to a category of provider as listed in the Provider Category Standards, available at <https://www.comlaw.gov.au/Details/F2013C00169>.

National Register

The National Register of Higher Education Providers (the Register) was established and is maintained under section 198 of the *Tertiary Education Quality and Standards Agency Act 2011* (TEQSA Act).

Registered higher education provider

This term refers to a higher education provider registered under Part 3 of the TEQSA Act and listed on the 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 Threshold Standards (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

The 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.

Threshold Standards

The *Higher Education Standards Framework (Threshold Standards) 2011* (Threshold Standards) are defined as:

- (a) the Provider Standards, which are:
 - (i) the Provider Registration Standards
 - (ii) the Provider Category Standards
 - (iii) the Provider Course Accreditation Standards
- (b) the Qualification Standards.

Further information can be found at <https://www.comlaw.gov.au/Details/F2013C00169>.

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