

UNIVERSITIES AUSTRALIA SUBMISSION

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# SUBMISSION TO TEQSA ON RISK ASSESSMENT FRAMEWORK

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## INTRODUCTION

Universities Australia (UA) welcomes the opportunity to provide feedback on the current risk assessment framework (RAF) used by the Tertiary Education Quality and Standards Agency (TEQSA) to inform its regulatory activities.

UA agrees it is appropriate to undertake a periodic review of the RAF, particularly in light of recent policy and fiscal changes within the higher education sector, and notes the consultative nature of the process that has seen workshops held across the country.

The workshop held in Sydney on 6 September provided the opportunity for UA staff to engage in productive conversations with representatives from universities and non-university providers. Broadly speaking, feedback centred around the importance of contextualising quantitative data that feeds into the current RAF with supplementary qualitative information.

The consultations also touched on a range of live higher education topics, such as cyber security and academic integrity. It is premature to consider how these topics might feed into TEQSA's RAF, and UA notes the difficulties around quantifying these topics. UA is, however, always open to a conversation with the regulator on what is being done to implement best practice across the sector.

## CONTEXT

Australian universities provide high-quality, accessible education to 1.4 million students each year, lead Australia's research efforts and are a major contributor to the social and economic wellbeing of our country.

Australia's universities are internationally recognised for their quality. They are highly placed in many global rankings and are a destination of choice for international students. Satisfaction levels for domestic students and employers are high.

Australia has a well-developed and effective framework for higher education accountability and performance monitoring. The Higher Education Standards Panel develops rigorous standards, against which universities are assessed by TEQSA. The Government's Quality Indicators in Learning and Teaching (QILT) website makes a range of information on universities' performance available to the public, underwriting transparency and informing student choice. The strong performance framework in higher education gets strong results.

The Government's performance-based funding (PBF) policy will see universities' maximum basic grant amounts for non-designated Commonwealth-supported places (CSPs) grow in line with the population growth rate of 18-64-year-old population in 2020, provided universities meet their performance criteria. From 2021, the amount of PBF for universities will accumulate each year until the performance pool reaches 7.5 per cent of total funding (MBGAs plus PBF).

Whilst the RAF exercise is approached from a different angle, UA would suggest that wherever appropriate performance indicators or metrics should be applied in a consistent manner. There will of course be some instances where this is not possible.

**1. Should TEQSA publish the risk thresholds and provider-level risk indicator data or maintain confidentiality of this information? What are the benefits and disadvantages, and what are some possible ways to mitigate the potential adverse outcomes?**

The TEQSA paper has highlighted many of the key considerations with regards to publishing RAF outcomes and provider-level risk indicators. UA believes the complications related to such a proposal outweigh the purported benefits.

It is important to note that TEQSA already publishes any regulatory decisions, including public reports about specific decisions on the landing page for the provider or course to which a decision relates. These reports set out the provider's name, the relevant legislative provisions relating to the decision being reported, the decision and main reasons for the decision, a summary of the TEQSA's observations relevant to the decision and links to relevant information.

UA agrees that 'publishing the risk thresholds draws attention to the quantitative component of the risk assessments and may lead to a misinterpretation of *risk*'.<sup>1</sup> The publication of regulatory decisions— supported by detailed supplementary material— is meaningful to the sector and the public. However, it is likely that publishing unnecessary and outdated information could lead to misinterpretations and unintended consequences.

In addition to issues that could arise due to misinterpretation, this exercise is unnecessary given the availability of data which feeds into the RAF. Institutional performance data, a key component of the student risk indicator, is accessible on the Government's QILT website. Financial information is also published through university annual reports and by the Department of Education (DoE) through its ongoing reporting requirements under the *Higher Education Support Act 2003* (HESA). Other Government websites including Course Seeker, My Uni Assist and the DoE also publish a vast variety of institutional data that enables the public to make informed assessments on the quality, viability or sustainability of individual institutions.

UA also agrees with TEQSA that there are risks associated with jeopardising the transparent nature of information-sharing between TEQSA and providers, as well as the risk of providers focusing on improving their TEQSA risk thresholds rather than continuously improving their best practice.

**2. How can the current student profile and performance indicators be improved to ensure they remain fit-for-purpose? What other measures should TEQSA employ as risk indicators for student profile and performance?**

TEQSA currently uses three risk indicators as part of its student performance measure in the RAF. These are **student attrition, progress rates and completions**. TEQSA also considers any change in student profile by monitoring changes in student load.

UA agrees with TEQSA that it is important to contextualise quantitative data with associated factors to determine a more accurate representation of 'risk'. These associated factors should be:

- Strategic planning objectives;
- Government requirements – including new equity participation targets (for universities only) and the relationship with attrition;
- Availability of academic support services; and

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<sup>1</sup> July 2019, 'Risk Assessment Framework Consultation Paper' TEQSA, pg 8.

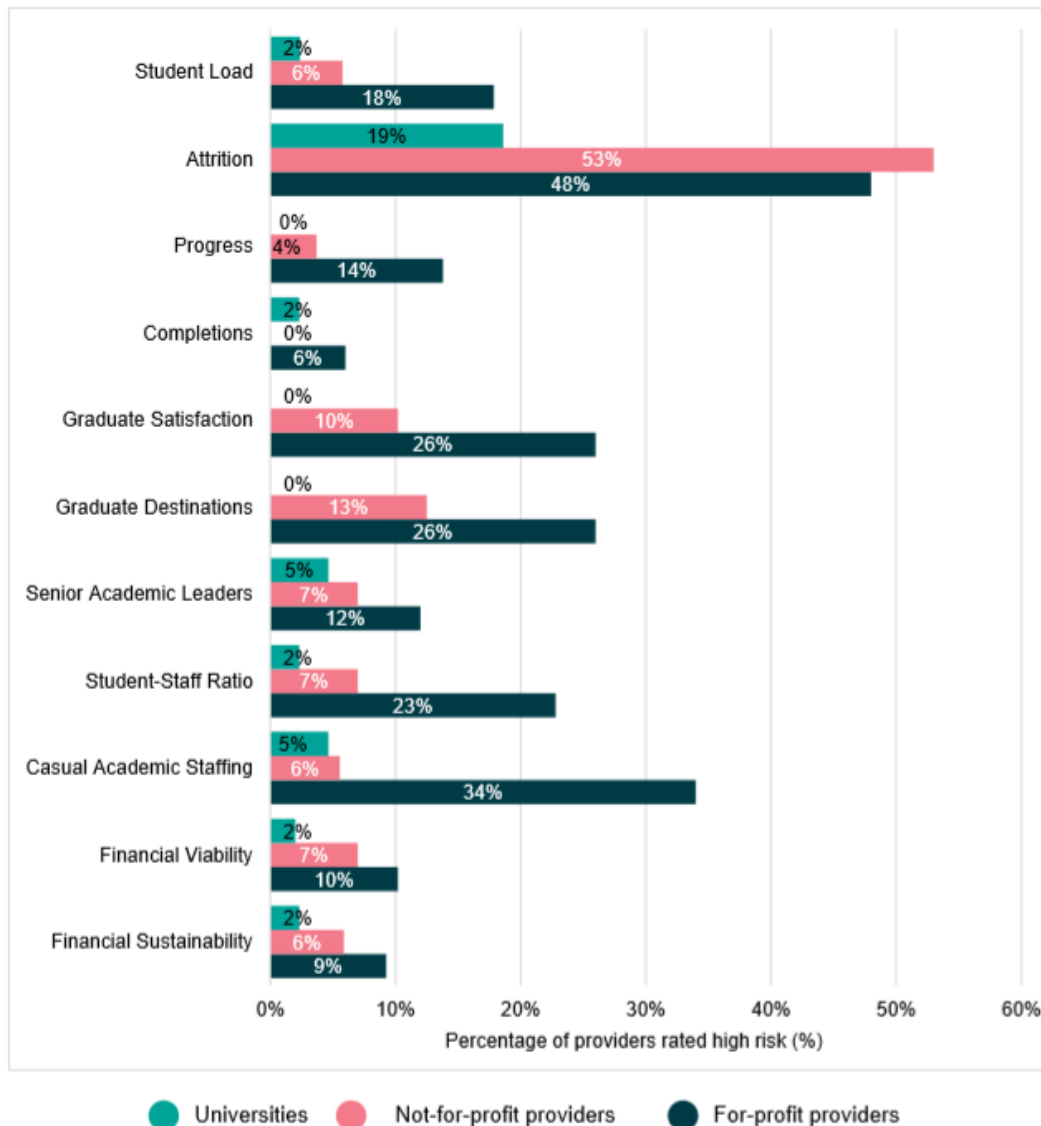
- Academic and physical capacity for institutions to accommodate changes in student populations.

These associated factors should be thoroughly considered prior to placing an institution in a 'high risk' threshold.

### Attrition

UA acknowledges that the measurement of attrition by TEQSA enables it to differentiate 'high risk' providers amongst the sector. This is clearly displayed in the 2018 report. UA is therefore comfortable with retaining this measure – provided that TEQSA use the DoE's *adjusted attrition rate* wherever possible. This seeks to ensure that those students that might 'transfer' from one institution to another are not inappropriately added to the attrition numbers.

**Figure 1: Percentage of providers rated high risk for each market grouping, by indicator, 2018**



Source: Figure 9 on p. 24 of the 2018 TEQSA RISK Report

It is important to highlight the causes of attrition are often beyond universities' control. Table 2 shows that in 2018, the most common reasons for undergraduate students considering early departure relate to situational factors, such as health or stress (45 per cent), study/life balance (30 per cent), difficulties related to workload (27 per cent) and finances (25 per cent), and the need to do paid work (25 per cent). Similar to 2016 and 2017, the most common institutional-related factors featured in the top-ten were students' expectations had not been met (22 per cent) and career prospects (19 per cent).

**Table 2: Top 10 reasons for undergraduate students considering early departure, 2015 to 2018**

Departure reason	Per cent considering departure 2015	Per cent considering departure 2016	Per cent considering departure 2017	Per cent considering departure 2018
Health or stress	42	41	45	45
Study/life balance	29	27	30	30
Workload difficulties	25	25	26	27
Need to do paid work	26	25	26	25
Financial difficulties	25	24	25	25
Personal reasons	25	24	24	24
Need a break	22	22	24	23
Expectations not met	22	22	23	22
Boredom/lack of interest	22	22	22	21
Career prospects	20	20	19	19

Source: Social Research Centre (SRC), *Student Experience Survey: National Report* (various years)

Opening access to the opportunity of higher education to students from equity or disadvantaged groups should be regarded as a success story for universities and for Australia. The PBF model recognises the importance of maintaining these strong results and has therefore included equity participation targets (which apply to universities only). There is however a correlation between participation from equity groups and attrition.<sup>2</sup> The PBF model acknowledges this relationship and will contextualise its attrition measurement with the institutions' student profile and university characteristics. UA understands this may not be feasible for non-university providers. As such, UA recommends close consideration of these associated factors prior to placing a university into a 'high risk threshold' due to attrition.

### Progress/success rates

UA agrees the current measurement is sound.

### Completions and changes in student load

Whilst completion rate outliers may perhaps warrant TEQSA's further attention to the relevant institution, UA agrees that the change in completion rates over time (i.e. sudden drops or spikes) is a more accurate risk indicator.

<sup>2</sup> Edwards, D, McMillan, J, Completing university in a growing sector: Is equity an issue? August 2015.

The same principle applies in relation to sudden changes of student load (both with any increases and decreases). Of course, this could be explained through consideration of the institution's strategic objectives and its ability to accommodate any increases.

UA is of the view that increases to student load with a correlating decrease in completion rates can be an issue of concern. Therefore, UA recommends these two measures are closely monitored and measured together.

**3. Would student satisfaction be a more accurate and appropriate reflection of the overall student experience compared to the current Graduate Satisfaction indicator? Alternatively, should both student and graduate satisfaction data be incorporated in the RAF?**

UA recommends TEQSA replace the existing *graduate satisfaction* indicator with an overall *student satisfaction* measure using the total score from QILT's six *Student Experience Survey* (SES) indicators.

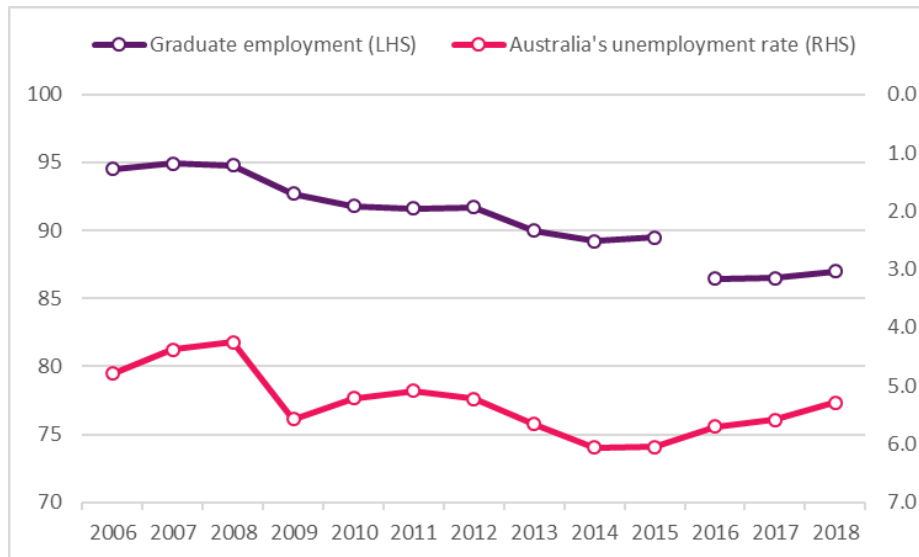
Student experience data is collected at the time of course delivery, meaning this measure would be more reflective of any actual current risk to courses or the quality of delivery. Graduate satisfaction data is, of course, lagged data.

Under the PBF model, student satisfaction will be measured using the satisfaction with teaching quality indicator from the SES. The teaching quality measure for individual institutions—for example in 2018—will be contextualised or weighted using sector-wide proportions of enrolments by study areas for the performance year. This is to mitigate the risks of distorting universities' enrolment to study areas that are more likely to have higher student satisfaction. UA supports using a consistent approach to measuring student satisfaction under the PBF and the RAF wherever possible.

**4. How can TEQSA's definition of graduate destinations be revised to ensure that it is fit-for-purpose?**

Graduate employment rates are often beyond universities' control and are highly dependent on Australia's wider macroeconomic and labour market conditions. Figure 2 shows overall graduate employment rates for domestic undergraduate students four months after completion move in line with the inverse of Australia's unemployment rates, with an estimated correlation coefficient of 0.734.

**Figure 2: Trend in graduate employment rates vs Australia's unemployment rates, per cent, 2006 to 2018**



Source: SRC 2019, *2018 Graduate Outcomes Survey: National Report* – undergraduate overall employment rates; and ABS 2019, *Labour Force, June 2019*, Cat. No. 6202.0 – average seasonally adjusted monthly unemployment rates over the calendar year.

However, UA acknowledges measuring and monitoring employment outcomes is a priority for the Government. The PBF model indicates employment outcome measures will be based on overall graduate employment rates—four months after completion—for domestic bachelor graduates from the *Graduate Outcomes Survey* (GOS). Graduate employment outcomes will be contextualised for local employment rates and regionality through a simple linear regression model.

UA agrees that contextualising employment accounts for some of the factors that are outside universities' control – such as local employment rates where a provider has campus(es) – would make this measure more accurate. If the calculation is possible, UA recommends TEQSA use the same method for measuring employment outcomes as the PBF model.

**5. For providers that are subject to the ESPSE Award, is TEQSA's definition of senior academic leaders sufficiently robust?**

TEQSA currently defines ESPSE Award senior academic leaders as academic staff who are formally employed at Level C but undertake academic leadership roles beyond that of a typical C in areas such as curriculum and assessment, pedagogy, staff management and professional development, research, and/or scholarship. This is different from TEQSA's definition for providers that are subject to the Higher Education Industry Award, which only considers staff at levels D and above to be senior academic leaders.

Having two classes of academic leaders due to the different award systems was not a cause for major concern at the consultation workshop in Sydney on 6 September. UA recommends maintaining the current approach to the broad classification of academic leadership within an institution.



**6. How can the current staffing indicators be improved to ensure that they are fit-for-purpose? Are there other measures that TEQSA can use to monitor risks posed by providers' academic staffing profiles?**

TEQSA currently use three indicators to inform a provider's staffing profile:

- Senior academic leaders: the ratio of the number of senior academic leaders to broad fields of education
- Student-to-staff ratio: the ratio of onshore coursework student load (equivalent full-time student load, or EFSTL) to total onshore teaching staff (full-time equivalent, or FTE)
- Academic staff on casual work contracts: the percentage of academic FTE employed on a basis other than full-time or fractional full-time to total academic FTE.

The consultation workshop in Sydney on 6 September suggested the current measures listed above remain relatively suitable. However, adjustments should be made to ensure that academic staff at third party partner sites are included as they directly teach the university's reported student load.

**7. How can changes be made to the current financial indicators for further enhancements? Are there any other financial measures that TEQSA should consider in its financial analysis without significantly increasing the reporting burden on providers?**

The current financial viability and financial sustainability indicators used by TEQSA appear to be suitable. Universities already have a number of significant financial reporting requirements to Commonwealth and State Agencies/Governments and therefore TEQSA should utilise existing financial data to inform its risk assessments.

## Recommendations

UA recommends TEQSA:

- retain the current confidentiality of risk assessment outcomes to ensure the relationship between the regulator and institutions is one that promotes openness and commitment to improve quality;
- retain the current *student performance indicators* but contextualise data with associated factors prior to placing a provider into a 'high risk rating'. The associated factors for student performance data should be:
  - » strategic planning objectives;
  - » Government requirements – including new equity participation targets (for universities only) and the relationship this has with attrition;
  - » availability of academic support services; and
  - » academic and physical capacity for institutions to accommodate changes in student populations;
- continue to measure *student load* and *completion rates* – but closely monitor these two measurements together, noting that increases to student load with correlating decreases with completion rates may warrant further investigation;
- replace the existing *graduate satisfaction* indicator with an overall *student satisfaction* measure using QILT's SES data (but contextualise this in a similar way to the PBF model based on proportion of enrolments by discipline);
- attempt to contextualise *graduate outcomes* with local employment trends, for example by using a similar calculation to that proposed under the PBF model;
- retain its existing classification of *academic leadership*;
- retain its existing provider *staffing profile indicators* but ensure academic staff at third party partner sites are captured in the calculation; and
- provide realistic timeframes to institutions when seeking further information to either contextualise data or respond to questions as part of the RAF process.