



Australian Government

**Department of Industry
Innovation, Science, Research
and Tertiary Education**

**Total
Vocational Education and Training (VET)
Activity Data Collection**

**COAG CONSULTATION
REGULATION IMPACT STATEMENT**

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Abbreviations

ASQA	Australian Skills Quality Authority
COAG	Council of Australian Governments
NASWD	National Agreement for Skills and Workforce Development
NSSC	National Skills Standards Council
NP	National Partnership agreement on Skills Reform
RIS	Regulation Impact Statement
RTO	Registered Training Organisation
SCOTESE	COAG Standing Committee on Tertiary Education, Skills and Employment
TAFE	Technical and Further Education
USI	Unique Student Identifier
VET	Vocational education and training

Purpose

1. The purpose of this consultation Regulation Impact Statement (RIS) is to elicit feedback on the costs and benefits for collecting and publishing accredited vocational education and training (VET) activity from all registered training organisations (RTOs).

Background

2. A skilled and adaptive workforce is central to Australia's ongoing competitiveness and prosperity. Along with continuing technological advancement and action on climate change, this environment offers many opportunities but also poses challenges. The capacity of Australian businesses, industries and institutions to adapt is increasingly important. Australian workers also need the capacity to innovate and respond flexibly to the changing demands of the workplace and job market.
3. The VET sector is important to creating such a workforce. It enables students to gain qualifications for all types of employment, and specific skills to help them in the workplace. VET training is applicable to almost all Australian industries and sectors, from manufacturing to healthcare and community services, from business management and government to construction and engineering.
4. In 2010, there were 1.75 million reported students aged 15 to 64 years who participated in VET in 2010¹. While exact numbers of students undertaking VET training with private providers is unknown, the Australian Council of Private Education and Training commissioned study undertaken by WHK Horwath in 2010 estimates that 1.44 million students training with private providers in 2010². As this figure includes both government funded and fee-for-service activity, it is likely that there is a degree of overlap, so a definitive overall figure of students is not able to be ascertained.
5. A recent Productivity Commission report illustrates the positive economic impact of VET sector, stating that: "the increases in the profile of qualification attainment associated with attainment of the Council of Australian Government VET targets by 2020 are projected to raise:
 - the number of completions by about 1.29 million over the period 2010 to 2020
 - employment by 1.04 per cent by 2020
 - labour productivity by 0.35 per cent
 - GDP by 1.95 per cent."³
6. The importance of the VET system's contribution to the economy is also reflected in significant government investment: "which over the three years to 2010-11 the Commonwealth Government invested a total of \$11.1 billion"⁴.
7. Australia's training sector currently comprises around 5,200 public and private VET RTOs⁵ of varying size, scale and focus. These range from publicly funded Technical and Further Education (TAFE) institutes, to many private sector RTOs and include enterprise-based RTOs that only deliver accredited training to the employees within their organisation.

¹ Australian Government Department of Education, Employment and Workplace Relations, *Annual national report of the Australian vocational education and training system*, Canberra, 2012, pages 57, 58 and 73

² WHK Horwath, Education Industry Survey: Australian Council for Private Education and Training, August 2010, unpublished

³ Australian Government Productivity Commission, *Impacts of COAG Reforms: Business Regulation and VET*, April 2012, page 100

⁴ Australian Government, *Skills for All Australians*, 2012, page 14

⁵ Source: training.gov.au on 1 May 2012

8. Delivery of VET training is also varied. For example, VET can consist of courses undertaken in a school environment, within or funded by an enterprise as part of its workplace development, as part of an apprenticeship or traineeship where qualifications are based on both on- and off-the-job training, or as a self-directed activity with a student undertaking a course at a registered training organisation on either a full or part time basis. VET delivers qualifications from Certificate I to Advanced Diplomas, although many people also use the system to develop a skill set based on selected modules, rather than a full qualification.

The national VET data collection

9. The National Centre for Vocational Education and Research (NCVER) holds the national collection of data on VET activity, the resource for understanding the scale and capacity of the sector as well as skill development activity; that is: the depth, breadth and scope of the skills being developed and acquired through VET. NCVER is a not-for-profit company owned by state, territory and federal ministers, responsible for collecting, managing, analysing, evaluating, communicating and publishing research and statistics about VET nationally.

10. The collection is formed by RTOs providing Australian Vocational Education and Training Management Information Statistical Standard (AVETMIS Standard) data⁶ on VET activity directly to NCVER or via the relevant jurisdictional training authority. In summary, the information currently required under the AVETMIS Standard for VET Providers comprises:

- enrolments at the unit of competency level for each student:
 - i. the provider identifier
 - ii. student identifier
 - iii. unit of competency and qualification identifier
 - iv. unit start and end dates, and
 - v. an outcome identifier (whether the competency was achieved or otherwise);
- qualification completions for each student:
 - i. RTO identifier
 - ii. the qualification
 - iii. the student identifier
 - iv. year program complete, and
 - v. whether the student has received the qualification;
- student information:
 - i. student identifier,
 - ii. prior educational background,
 - iii. sex, date of birth, Indigenous status and locality of residence.

11. There are a number of other student demographics that are needed under the standard such as year completed school, language spoken at home if not English, labour force status, country of birth, disability status, and proficiency in English.

12. The data collected by NCVER is collected, analysed and disseminated to support governments and the public's understanding of VET. It also provides the population sample frame or basis for randomly sampling students for the Student Outcomes Survey. This survey provides governments and providers with information over time to monitor the extent to which VET meets the needs of students who – either through employment or further study outcomes – have successfully completed some training, and students' satisfaction with, and benefits from, VET.

⁶ The AVETMIS Standard VET Provider Collections Specification is revised from time to time according to an established process that includes sector consultation. The current standard, version 6.1 came into effect on 1 January 2012. The next version, AVETMIS Standard VET Provider Collections Specification 7.0 is expected to come into effect on 1 January 2014.

13. As outlined below, only some RTOs are required to report to the national data collections, others can do so voluntarily. This leaves a gap in the information available on the VET system which limits the understanding of the sector, including for regulation and analysis of the economy's skills needs.

Current VET regulation and reporting

14. In Australia training organisations must be registered to deliver accredited training. Historically state and territory training authorities register training organisations under the applicable legislation in their jurisdiction using the national standards for registration, the Australian Quality Training Framework (AQTF).
15. With the introduction of the *National Vocation Education and Training Regulator Act 2011* many, but not all, RTOs came under the purview of the recently formed national VET regulator, the Australian Skills Quality Agency (ASQA). ASQA applies the requirements set out in the Act and its subordinate legislation which includes of a set of standards known as the VET Quality Framework, which is essentially the same in content as the AQTF. The Victorian and Western Australian governments continue to register and regulate training organisations operating in their states according to their legislation and the AQTF.
16. At present, there is no legislative requirement to report data on VET student numbers and qualifications to governments, beyond that needed to be provided to the relevant regulator to support it to carry out its functions⁷. The data reported to the national collection is required under the legislative and policy frameworks establishing publicly funded RTOs and guiding their operation or through the funding agreements whereby state training authorities provide RTOs with government subsidies to deliver training.
17. Since July 2010, it has been a condition of registration under the AQTF that RTOs have a student management system in place that has the capacity to provide the regulator with AVETMIS Standard compliant data. This requirement is maintained in the Data Provision Requirements which is part of the VET Quality Framework established under the National Vocational Education and Training Regulator Act 2011. However this standard does not require data to be reported to regulators or provided to NCVER for publication in the national collection. While the AQTF and VET Quality Framework are separate sets of standards that together govern all accredited VET activity of RTOs registered in Australia, consistency is assured as both sets of standards are overseen by the COAG Standing Committee on Tertiary Education, Skills and Employment (SCOTESE).
18. The AQTF and VET Quality Framework are expected to be subject to a broad review in 2012 and 2013 by the National Skills Standards Council, which advises SCOTESE on these standard frameworks. This issue of total VET activity data collection is being pursued through an earlier process because, if agreed, it will support the introduction of a Unique Student Identifier.

Reform in VET

19. A series of reforms is underway in the VET sector in order to support Australian businesses and drive improvements in productivity by growing the pool of skilled workers, and encouraging existing workers to up-skill, and also supporting higher levels of workforce participation. A national framework for these reforms is provided in the National Agreement for Skills and Workforce Development (NASWD) and new National Partnership Agreement on Skills Reform (NP) – both of which were agreed by the Commonwealth and States and Territories at the Council of Australian Governments (COAG) meeting on 13 April 2012.

⁷ RTOs are required to provide data on performance against three quality indicators: learner engagement; employer satisfaction; and competency completion annually, with results for the previous calendar year due to registering bodies on 30 June of the following year.

20. Key reforms include the introduction of a national training entitlement for a government-subsidised training place to at least a person's first Certificate III qualification; reducing upfront costs for students undertaking higher level qualifications by extending the availability of income-contingent loans for government-subsidised Diploma and Advanced Diploma students; developing and piloting independent validation of training provider assessments to improve the confidence of employers and students in the quality of training courses; and improving transparency in the sector to ensure consumers (students and employers) can make informed choices about training, governments can exercise accountability and policy-makers and regulators can understand and respond to emerging issues.

Problem

Incomplete national collection

21. The current national reporting requirements do not support a comprehensive picture of all accredited VET activity undertaken and qualifications achieved.
22. In 2010, of the approximately 5000 RTOs⁸, 2263 provided data to the national collection.⁹ Of these, government providers such as TAFE and Adult Community Education Providers provide data on all activity undertaken regardless of funding. Of the 2263 that provided data, 1751 were other types of providers that provided activity delivered as part of government funding agreements and may have reported their fee-for-service activity, or activity directly funded from governments outside the funding agreements.¹⁰ Hence, approximately 2700 providers registered in 2010 provided no data – meaning there is a gap in data on the training activity and qualifications in Australia. The reporting situation is illustrated in Table 1 below.

TABLE 1: Accredited training activity reported by RTOs by funding and provider type

<i>Funding type</i>	<i>Provider type</i>		
	<i>TAFE and other government providers</i>	<i>Other providers</i>	<i>Community education providers</i>
Through government funding agreements	Mandatory reporting	Mandatory reporting	Mandatory reporting
Fee-for-service ¹¹	Mandatory reporting	Voluntary reporting (with ~2700 providers supplying none)	Mandatory reporting

23. No comprehensive, economy-wide data on VET student numbers, the courses being undertaken, the level of those courses and qualifications issued are available.
24. With increased market contestability and movements towards an entitlement model for VET under the recently negotiated NASWD and accompanying NP, current numbers of non-public RTOs in the VET market are likely to be at least maintained. When considered in the context of the economy's demand for skilled workers, it is reasonable to predict a level of growth in activity with respect to student numbers and courses and units undertaken as well as an increase in the numbers of RTOs. These circumstances could further underscore the problems arising from partial collection of VET activity.

Impact of partial data collection on consumer decision making

25. In the context of such a large diverse system as the VET sector, the ability of consumers to make decisions about training depends on the quality of the information available to them. Transparent information about industries, sectors and services, including the VET sector, improves the capacity of individuals to choose the services right for them. It also improves the capacity of RTOs to understand their market and make informed business decisions.
26. The Australian and state and territory governments have been pursuing an agenda of increased transparency in VET on a number of fronts in order to improve the information available to the sector, students, businesses and industries as well as to governments. Increased transparency will

⁸ Source: National Training Information Service, August 2010 (since replaced by training.gov.au)

⁹ Source: NCVET, based on a count of unique RTOs in 2010 National VET Provider Collection, unpublished

¹⁰ Source: NCVET, based on a count of unique RTOs in 2010 National VET Provider Collection, unpublished

¹¹ This category may include some government funding activity, however as it is not funded through the national agreements it is not necessarily captured

enable more informed decision making. For example, NCVER undertake a Student Outcomes Survey annually. This survey is of a sample of recently completed VET students to ascertain their employment outcomes and satisfaction with their training. At present the survey only measures the outcomes of students of RTOs that report to the national collection. The survey does not include students of private providers studying fee-for-service courses. As such, the survey only measures the outcomes of students from the publicly funded component of the VET sector.

27. The significance of the reporting gap for consumer transparency was recognised by Commonwealth and state and territory governments in the new NP. Transparency initiatives agreed under that National Partnership include working towards implementation of the unique student identifier (USI) for VET and improving consumer information through development of the My Skills website. Without total VET activity underpinning source data, the benefits expected from implementing these initiatives will be significantly lessened.
28. The USI is intended to apply to all students undertaking any nationally recognised VET qualifications or unit(s), whether privately or publicly funded. This is because the USI is being implemented as an individual's lifetime VET record, against which all their VET attainments can be stored. If a large portion of VET activity is not included in the national collection, then it will not be possible to record this activity for an individual. Further, the USI is intended to assist jurisdictions in administering entitlements to government subsidised training. Unless all VET activity is recorded, it will not be possible to assess eligibility to the training entitlement by reference to the VET attainments recorded against USIs, as these will be incomplete. Total VET activity is therefore an essential complement to the USI.
29. The My Skills website initiative will, over time, provide potential and current students, job seekers and employers with a single user-friendly source of comparable information about training options and provider performance – helping them find a training provider that best meets their needs. The subset of data made available to the public via such initiatives as My Skills will be aggregated to protect the privacy of individuals and will not include commercially sensitive information such as training delivery costs for RTOs.
30. Under the current data reporting arrangements, the My Skills website will not be comprehensive with respect to the RTOs it covers. Gaps in reported VET activity will result in gaps in the information available to publish for consumers. This will lessen the website's capacity to be used as a tool for supporting fully informed consumer choice – both for students and for businesses seeking an RTO to provide training for their workforce.
31. Having access to better information about overall training activity will also make it easier for RTOs to identify trends in changing demand for different courses and qualifications. This will allow RTOs to better assess future demand for different courses and adjust their offerings to meet the demands of the market.

Impact of partial data collection on government decision making

32. Without a complete picture of VET activity undertaken by RTOs, it is difficult for governments to design and manage programs to support the skill needs of the economy, primarily funding, programs and regulation, as well as ascertain the effectiveness of their current VET policy settings and investments.
33. This is illustrated by the *Annual national report of the Australian vocational education and training system* (ANR). The ANR is required to be produced annually under the *Skilling Australia's Workforce Act 2005*. It is developed from the national VET data collection held by NCVER, which is a key evidence base for government decision making with respect to skills and training policies and programs. In 2010, the ANR reported that there were 1.75 million students aged 15 to 64 years who participated in total reported vocational education and training in 2010, of which 75.6% were

government funded. The ANR also reported that the number of qualifications completed by total reported VET students increased from 293,343 in 2006 to 393,901 in 2009.¹²

34. The ANR illustrates that while the national collection is useful to indicate trends and estimate numbers in VET, its usefulness as a resource providing an evidentiary basis for assessing the performance of the VET system, or for decision making with respect to the VET system, is impeded because the data is sourced from only a portion of the total number of VET providers.
35. In an environment of shared funding responsibility between the Australian and state and territory governments, ensuring the VET information collections support a clear understanding of what training is being undertaken and who is funding it is central to governments making informed decisions. The current collection arrangements do not support such transparency.
36. An example of where the lack of total VET activity information is impacting government decision making is in regard to meeting our economy's skills needs. Skills Australia's *Skills for prosperity a roadmap for vocational education and training* 2011 report found that the number of graduates in tertiary education needs to increase by three per cent per annum for demand for skilled labour to be met and potential constraints on economic growth avoided. Skills Australia goes on to acknowledge that a strong theme underlying the submissions informing the report was the inadequacy of VET data, finding that:

"The paucity of information about the private sector certainly needs to change. The contribution of these providers to the overall training effort remains unknown. Thus, even to answer what would appear to be a very basic question — such as how many VET qualifications have been issued in Australia in any particular year — is not possible, because data on the training activity of private RTOs is not systematically collected and there is no national register. Yet information about training capacity and contribution will become increasingly important to monitor progress towards the educational attainment and participation targets set by the Council of Australian Governments and by Skills Australia.

...

To support these data initiatives Skills Australia recommends that it be mandatory for all RTOs, as a condition of registration, to provide AVETMISS-compliant data that will readily enable a comprehensive national data collection and promote transparency."¹³

37. With the current reporting arrangements, it is not possible to ascertain with any degree of accuracy if the VET system is producing sufficient growth in graduates per annum to contribute to the level of skilled labour needed as the total number of VET students is not known. This point is further acknowledged in the COAG Reform Council's *Skills and workforce development 2010: Comparing performance across Australia* report which notes: "we are unable to assess whether the supply of skills has met labour market demands".¹⁴
38. The partial understanding of VET activity also impacts assessment of the type of skills needed by industry and the economy. Skills needs information is an input to assessing skilled migration needs and targeting government investment in industry based training. Future estimations of skills needs factor in the skilled workforce that is 'in the pipeline' or currently undertaking training. Without a clear understanding of what training is actually being undertaken across Australia, the estimation of future skills needs remains incomplete.

¹² Australian Government Department of Education, Employment and Workplace Relations, Canberra, 2012, pages 57, 58 and 73

¹³ Skills Australia, *Skills for prosperity: a roadmap for vocational education and training*, Canberra, 2011, page 102

¹⁴ COAG Reform Council, *Skills and workforce development 2010: Comparing performance across Australia*, Sydney, 2011, page 20

39. A key aspect of appreciating the appropriateness, efficiency and effectiveness of funding, programs and interventions, is understanding the scale and capacity of the system. This means understanding the number of RTOs, what they offer, where they are located, their capacity to respond to emerging skill needs and the quality of their service. In the current reporting environment it is not clear if privately funded activity is already responding to skill needs, whether interventions are having the desired effect or simply transferring activity from the private to public sector or vice-versa. This significantly impacts the capacity of governments to assess the effectiveness and efficiency of VET investments and to support a training system that is both national in coverage and scope and targeted to respond to the needs of a patchwork economy.
40. Access to training and the provision of appropriate training services to support disadvantaged groups is also not able to be easily established, impeding governments' capacity to design and assess interventions. This impacts on the appropriateness and effectiveness of employment and social inclusion agendas.

Quality and the sector's reputation

41. Quality is a central tenet underpinning the VET sector's capacity to supply the Australian economy with skilled and productive workers. The experience of RTOs delivering services to international students in recent years is a clear illustration of the impact of reputational issues. Reports of students not being trained to an acceptable standard and RTOs closing due to financial issues and not being able to deliver training to students was detrimental to the entire sector's reputation.
42. Activity information, such as the number of students enrolled in courses, where those courses are being held, and so on, are important inputs for assessing the regulatory risk RTOs may pose in terms of their capacity to deliver quality training. This information is essential for establishing an appropriate risk based regulatory model that best utilises the resource capacity of regulators and minimises the regulatory burden on high quality providers.
43. At present, this information is only systematically captured for reporting RTOs. While regulators will consider an RTO's student records as part of an audit program, information on the number of students enrolled in courses and so on is not collected as a matter of course for non-reporting RTOs. Such information is a useful input into assessing the risk an RTO provides and monitoring that level of risk on an ongoing basis.
44. The national VET regulator, ASQA, has powers to collect this additional information for regulating providers and does need this information for the development of their risk framework. If a mandated form of reporting by all RTOs is introduced through revision of the AQTF and Data Provision Requirements (Option 3 below), ASQA would be able to use this data collection to complete their risk framework – reducing the potential for duplications of reporting requirements for providers.
45. If reporting of total VET activity is not mandated, ASQA are able to exercise powers to require registering organisations to report that data directly. This reporting requirement for registration could have a significant impact on providers, as ASQA do not yet have a system for the collection of information required under regulation which could create an additional impost on RTOs. Also collection under these powers is unlikely to support the use of this data for other purposes.

Summary of Problem

46. Partial VET activity data significantly impacts on the capacity of the national collection to be an authoritative and complete evidence base for policy and funding decisions, for informing choice and business decisions – whether for consumers of the system, or governments – and for supporting the regulation of the sector and thereby its quality and reputation.

Overall policy objective

47. The overall policy objective that underlies this consultation process is to put in place improved information systems to support development of a more productive and highly-skilled workforce – enabling working age Australians to participate effectively in the labour market and meeting the needs of Australia’s economic future.
48. VET is central to achieving this objective, as it is a primary avenue for developing skills needed for productive workforce participation. Reform in the VET sector is being pursued through a number of initiatives, including the proposed collection of total VET activity to which this consultation relates, in order to support this overall objective.
49. We will have reached this objective of productivity and participation when we have:
 - a VET system that delivers high quality training, responding to the needs of industry and producing graduates with the right skills at the right time to support our economy’s workforce needs;
 - a VET system that provides consumers with sufficient, high quality information so that they can make informed choices about any training they undertake – for example, how much it will cost them, how long the training will take, the reputation and quality of the provider, and the potential employment advantages they can expect;
 - transparent and complete information about training activity, allowing for more accurate estimations of our economy’s skills needs and whether those needs are being met, and allowing governments to more efficiently and appropriately allocate funding and support initiatives needed in the economy and to better evaluate the success of those investments and initiatives; and
 - information on disadvantaged Australians’ participation in training to support government decision making.

Statement of options

50. Three options have been identified to address the problems of partial VET activity reporting:
 - no change;
 - supplement the partial data collection through an annual survey to capture a representative sample of other VET activity; and
 - mandating the provision of AVETMIS Standard data by all RTOs for inclusion in the national VET data collection and publication.
51. These options present the non-regulatory and regulatory options considered as most feasible in supporting the provision of data to the national collection.
52. Under Option 1, the status quo is maintained. This means that TAFEs, other government and community providers will report all training activity. Other RTOs will be required to report activity funded through state training authorities where it is a condition of receiving the funding. Reporting fee-for-service training activity for most RTOs will remain voluntary.
53. Under Option 2, non-government RTOs that have not provided fee-for-service information to the national data collection will be asked to participate in an annual survey to ascertain the training activity undertaken in the previous calendar year.

54. Given survey response rates, it is anticipated that all RTOs will need to be approached to generate a sufficient response rate to provide confidence that the results are reasonably representative of RTOs that do not report.
55. The survey will request information on student numbers and demographics, courses and qualifications achieved. This information will be similar to that captured through AVETMISS.
56. For RTOs that participate in the survey, this option will involve extracting the necessary information from the RTO's student records management system to enable the survey to be completed.
57. Under Option 3, the AQTF and Data Provision Requirements would be amended to require all RTOs to have a student management system in place that has the capacity to provide AVETMIS Standard compliant data, as is the case currently, but also to report that data on a regular basis for inclusion in the national VET data collection and for publication.
58. RTOs that are currently mandated to report training activity because of contractual/funding arrangements will continue to submit this data to state training authorities as is the current practice. For RTOs who can currently voluntarily report their training activity, they will have the option to submit their training activity data directly to NCVET instead of through the state training authority.
59. To provide this information, RTOs would need a computer with an internet connection, an AVETMISS compliant student management system (as per the current registration requirements), the NCVET AVETMISS Validation Software (available for free through NCVET), and, if electing to provide the information through a state or territory, the state specific requirements. It may also involve some changes to enrolment forms and business systems to enable the collection of the student demographics.
60. The steps for reporting the data include:
 - entering the information into the student management system;
 - extracting the required AVETMIS Standard information from that student management system;
 - running the extract through AVETMISS validation software and fixing all errors in the data; and
 - submitting the data either through a state training authority or direct to NCVET.
61. In the event of mandatory reporting for all RTOs, all students, including fee-for-service students will be within scope of the Student Outcome Survey. For the fieldwork contractor to administer the survey they require student names and contact details. This information is not held in the national collection and NCVET staff do not have access to the personal details of survey respondents. For RTOs that currently report, state and territory governments provide this information. For RTOs that do not currently report, their inclusion in the scope of the Student Outcome Survey would mean an additional regulatory burden in that if they were part of the random selection for participation in the Survey, they would have to provide the fieldwork contractor with their students' names and contact details.
62. Details of what each option is likely to represent in respect of additional regulatory burden, as well as anticipated areas of cost and benefit, are explored below in the Impact Analysis section.
63. It must be noted that under the new NP, the Commonwealth and states and territories have agreed to pursue a better measurement of total VET activity as a structural reform to pursue in the context of VET reform and this RIS is part of that process.

64. Comments by submission are encouraged by all stakeholders on all aspects of this consultation RIS to ensure that all viewpoints have been provided and considered before action is taken. Key issues on which comment is sought are detailed below to prompt responses.

Impact analysis

65. Four groups of key stakeholders who may be impacted by changes to VET activity reporting requirements have been identified:

- Governments – including both the Australian Government and state and territory governments, all of which play a part in funding and regulating the VET sector;
- Consumers – including students and employers who purchase training for employees;
- RTOs that are subject to mandatory reporting – this includes all public RTOs (such as TAFEs) that mandatorily report all training activity, and all private RTOs that deliver some government-funded training that must mandatorily report on that aspect of their training delivery, with fee-for-service training voluntarily reported; and
- RTOs that are not subject to mandatory reporting – these are private RTOs that do not deliver government-funded training. Within this category, there are subsets for which we anticipate different levels of impact. For example large private providers, small private providers, and enterprise RTOs (where training provision is not their primary activity) will each be impacted differently by mandated reporting requirements.

66. The impact of each option is considered for these groups of stakeholders below.

Option 1: No change

67. The status quo for reporting on VET activity has been outlined above. Currently the only mandatory reporting of VET activity is by public RTOs, and private RTOs for any government-funded training – all reporting of other activity remains voluntary. The data required for those that report is per the AVETMIS Standard for VET Providers.¹⁵ This standard is updated from time to time in line with national reporting requirements and policy initiatives.

TABLE 2: Preliminary assessment of costs and benefits of Option 1 – no change

<i>Impact for Governments</i>	
<i>Costs</i>	<i>Benefits</i>
<p>Does not provide a complete picture of the scale and capacity of the entire VET system.</p> <p>Lack of transparent information and data reduces the Government’s ability to adapt and respond to changes in skills shortages and demands.</p> <p>Impedes the design and assessment of VET policies and investments. Impedes evidence based decision making, including decisions with respect to supporting equity groups.</p> <p>Does not support the full assessment of outcomes achieved with respect to COAG education and training participation targets as well as</p>	<p>Least expensive option.</p>

¹⁵ Available through NCVET website: www.ncver.edu.au/avetmiss/21055.html

<p>assessment of outcomes achieved under the National Agreement for Skills and Workforce Development.</p> <p>Does not enable the full realisation of the benefits expected for other VET transparency projects, including the unique student identifier and My Skills website. Often incomplete records would be attached to USIs and so they could neither be used in the administration of training entitlements, nor serve as reliable lifelong records of individuals' VET attainments.</p> <p>Does not support the application of a comprehensive risk-based model of regulation as activity data is only supplied by some RTOs as a matter of course.</p> <p>As VET activity and RTO numbers are likely to increase to respond to government policy settings and economic drivers over time, the scale of all the above issues is likely to become even more exacerbated over time.</p>	
Impact for Consumers	
Costs	Benefits
<p>Limited information available to support informed choice. Information about RTOs only available from RTO website or training.gov.au which is specifically designed and targeted at experienced training sector users.</p> <p>No quality indicator information readily available unless self-reported by RTO on their website.</p> <p>If a USI for VET is implemented, this option will not support students to track educational attainment across all RTOs in a single portable record that can be used for employment and further education. It will also not support other anticipated benefits such as supporting easier transition between institutions and reducing the cost of such movements.</p>	None identified.
Impact for RTOs with mandatory reporting	
Costs	Benefits
Does not provide a level playing field in terms of supporting the quality and regulation agenda.	None identified.
Impact for RTOs with voluntary reporting	
Costs	Benefits
<p>Does not provide a level playing field in terms of supporting the quality and regulation agenda.</p> <p>In the event that a systematic form of reporting is not mandated, the regulators would have to, under their regulatory powers, require training</p>	None identified.

providers to report similar data on activity for regulatory purposes such as the creation of the risk framework for registration.	
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68. Submissions are invited on the above preliminary assessment of the costs and benefits identified for Option 1, particularly to expand on and quantify the costs and benefits. The preliminary assessment of the overall impact is that if no systemic change to reporting requirements is made, most of the problems posed by partial activity reporting would continue. The objective of the USI as a single full source for a student’s training record would not be reached as the national data collection would still be incomplete. The full achievement of the My Skills website would also not be possible as the gaps in reported VET activity would result in gaps in the information available to publish for consumers. Governments would still face difficulties in determining funding, programs and legislation needed to meet our economy’s needs, because a full understanding of what is currently being done in the training sector would not be available to assess what those needs are in the first place.
69. The option to ‘do nothing’ does not mean that no steps will be then taken to address any of the problems posed by the partial data collection. For example, as a regulator, ASQA are able exercise their powers to require RTOs to report to them in order for ASQA to develop an appropriate risk framework for registration. This would go some way to address the quality issues associated with partial VET data collection, however as this information is unlikely to be able to be included in the national collection, it is unlikely to address the other issues outlined in the problem section. If ASQA uses this power to implement a reporting system and then at some later stage mandatory reporting for the national collection is required, it may result in an even greater burden on providers if the result is reporting different pieces of data to different areas and in different forms.

Option 2: Supplementary survey

70. The current partial data collection could be supplemented through an annual survey that attempts to capture a representative sample of other VET activity. The survey would be provided to non-government RTOs that have not provided fee-for-service information to the national data collection. To get results that are sufficiently representative of such a diverse group in order to reach a level of statistical certainty in the results, the survey is likely to need a significant portion of RTOs to respond. Given that RTOs can voluntary report data at present, a voluntary survey is unlikely to pose much more incentive for an RTO to participate.
71. If an adequate response is received, the survey would provide some indication of the VET activity undertaken by RTOs that do not currently report, particularly greater understanding of fee-for-service VET activity. However, the information received will be a partial indication of fee-for-service activity and may not be able to be integrated with the AVETMISS compliant national VET data collection to provide a comprehensive picture.
72. Where appropriate permission is given with the data provision in the survey, the information could also be used to populate the My Skills website with some specific information about the RTO. This could even prove to be an incentive for RTOs to complete the survey, as the My Skills website may be a marketing tool for RTOs to attract new students. It will, however, require that the survey data be submitted in a format that will allow it to be easily integrated into the website.

TABLE 3: Preliminary assessment of costs and benefits of Option 2 – supplementary survey

<i>Impact for Governments</i>	
<i>Costs</i>	<i>Benefits</i>
Does not provide a complete picture of the scale and capacity of the entire VET system.	Will provide some indication of the VET activity undertaken by RTOs that do not report at present,

<p>There is likely to be a significant lag between data collection and presentation of results given collection method.</p> <p>Likely to need a significant portion of RTOs to respond to get a sufficiently representative sample that can provide some level of statistical certainty of the results.</p> <p>Extrapolation of survey data as representative of RTOs which do not currently report is likely to be contentious given likely sampling and confidence issues.</p> <p>Impedes the design and assessment of VET policies and investments. Impedes evidence based decision making.</p> <p>Does not support the full assessment of outcomes achieved with respect to COAG education and training participation targets as well as assessment of outcomes achieved under the NASWD.</p> <p>Does not enable the full realisation of the benefits expected for other VET transparency projects, including the USI and My Skills website. In relation to the USI, VET activity from survey data could not be attributed to individual USIs. This would mean that USI records would be incomplete and unreliable, as under Option 1.</p> <p>Does not support the application of a comprehensive risk-based model of regulation as activity data is only supplied by some RTOs as a matter of course.</p>	<p>although unlikely the results will be able to be integrated with AVETMIS Standard VET Provider data collection.</p> <p>This information gleaned from the survey is likely to support high-level analysis of training activity. It will not support the detailed analysis and research possible through the manipulation of the administrative data set that will be available under option three.</p>
Impact for Consumers	
Costs	Benefits
<p>Limited information available to support informed choice. Information about RTOs only available from RTO website or training.gov.au which is specifically designed and targeted at experienced training sector users.</p> <p>Limited quality indicator information readily available – for private providers, only as self-reported on their website.</p> <p>If a unique student identifier for VET is implemented, this option will not support students to track educational attainment across all RTOs in a single portable record that can be used for employment and further education. It will also not support other anticipated benefits such as easier transition between institutions and reducing the cost of such movements. This is because it would not be</p>	<p>Will support some understanding of fee for service VET activity but given issues around sampling, extrapolation, this will need to be heavily qualified.</p> <p>If appropriate permission provided with survey, data could be used to populate My Skills website, supporting more informed consumer choice than is currently available.</p>

possible to attribute VET activity collected through surveys to individual USIs.	
Impact for RTOs with mandatory reporting	
Costs	Benefits
Does not provide a level playing field in terms of supporting the quality and regulation agenda.	If appropriate permission provided with survey, data could be used to populate My Skills website – increased information published on My Skills may benefit RTOs as a marketing tool.
Impact for RTOs with voluntary reporting	
Costs	Benefits
Cost to those RTOs sampled that choose to respond to provide information needed for survey. This may duplicate information already in systems given registration requirement to have student records management systems that have the capacity to provide AVETMIS Standard compliant data. Does not provide a level playing field in terms of supporting the quality and regulation agenda.	Implementation costs for providing data only apply to a portion of non-reporting RTOs. If appropriate permission provided with survey, data could be used to populate My Skills website – increased information published on My Skills may benefit RTOs as a marketing tool.

73. Submissions are invited on the above preliminary assessment of the costs and benefits identified for Option 2, particularly to expand on and quantify the costs and benefits. In particular, an assessment from RTOs on the costs involved in participating in such a survey will be useful.
74. A preliminary assessment of the overall impact seems to indicate that if a sufficient response rate is achieved, a picture of fee-for-service VET activity will be achieved that will contribute at a high level to policy and program decision-making. The usefulness of this information for these purposes, however, will be less than the information which will be available under Option 3, as the depth of the information, and thereby the level of analysis and research possible, will be limited. Furthermore, benefits for consumers will not be realised as VET activity from survey data will not be attributed to individual USIs, meaning that USI records will be incomplete and unreliable, and My Skills will not be complete. This approach is also unlikely to support the data needs of regulators for RTO risk assessments.

Option 3: Mandate the provision of AVETMIS Standard data by all RTOs

75. Total VET activity could be achieved by amending the AQTF and Data Provision Requirements to require all RTOs to have a student management system in place that has the capacity to provide AVETMIS Standard compliant data and to report that data on a regular basis for inclusion in the national VET data collection and publication.
76. RTOs that are currently mandated to report training activity because of contractual/funding arrangements will continue to submit this data to state training authorities as is the current practice. For RTOs who can currently voluntarily report their training activity, they will have the option to submit their training activity data directly to NCVER instead of through the state training authority. Some RTOs may prefer this option, particularly if they have concerns about market sensitivities of any information provided.
77. To provide this information, RTOs would need a computer with an internet connection, an AVETMISS compliant student management system (as per the current registration requirements), the NCVER AVETMISS Validation Software (available for free through NCVER), and, if electing to provide the information through a state or territory, the state specific requirements. It may also

involve some changes to enrolment forms and business systems to enable the collection of the student demographics.

78. The steps for reporting the data include:

- entering the information into the student management system;
- extracting the required AVETMIS Standard information from that student management system;
- running the extract through AVETMISS validation software and fixing all errors in the data; and
- submitting the data either through a state training authority or direct to NCVER.

79. In the event of mandatory reporting for all RTOs, all students, including fee-for-service students will be within scope of the Student Outcome Survey. For the fieldwork contractor to administer the survey they require student names and contact details. This information is not held in the national collection and NCVER staff do not have access to the personal details of survey respondents. For RTOs that currently report, state and territory governments provide this information. For RTOs that do not currently report, their inclusion in the scope of the Student Outcome Survey would mean an additional regulatory burden in that if they were part of the random selection for participation in the Survey, they would have to provide the fieldwork contractor with their students' names and contact details.

80. For those RTOs that currently report all of their training activity, there is not likely to be any additional regulatory burden from this option. In fact, as with all RTOs, they are more likely to benefit from a more level playing field created in terms of supporting the quality and regulation agenda and the better knowledge of the market by which to make business decisions.

81. For those RTOs that do not currently report their training activity, or only report on an aspect of it, the impact of mandated reporting will vary, depending on the size and type of provider, and whether they are currently compliant with registration requirements to have an AVETMISS compliant student management system in place.

82. It is difficult to estimate the level of non-compliance with the current registration requirements – NCVER have no data on how many RTOs have AVETMISS compliant student management systems. Student management systems fall into roughly the following categories:

- large enrolment systems (such as TAFE systems tailored to their business needs);
- corporate systems (such as HR systems in Enterprise RTOs, tailored to their business needs);
- proprietary software systems (function and complexity of the systems vary, as well as maintenance and support services – software prices vary accordingly, although estimated to start around \$800);
- RTO specific management systems that use tools such as customised Excel spreadsheets and Access databases; and
- paper based systems.

83. Through this consultation process, comments are being sought on the level of compliance with the current requirements, and the reasons for RTOs being non-compliant.

84. A category of providers that may face additional costs in becoming compliant are Enterprise RTOs. As these RTOs provide their training primarily to employees and their training provision is not a primary function of their organisation, the 'student management system' of an Enterprise RTO is more likely to be wound into a HR system, and may require system adjustments to be AVETMISS compliant.

85. In recognition of the fact that installing a full student management system may be a burden on a small provider, NCVER is developing data tools to assist them so that these providers are still able

to report the required data in a relatively straight-forward manner. This would still involve costs in time and labour, but may prove much more affordable for the organisation than spending money on improvements to current systems to make them AVETMISS compliant, particularly if the RTO only has a small number of students each year. Some of the projects underway to help reduce the burden include new validation software (to improve the validation process), a data entry tool (to assist small RTOs), self-accreditation of student management systems (to aide RTOs in selecting student management systems that also meet AVETMISS requirements), and the VET data portal.

TABLE 4: Preliminary assessment of costs and benefits of Option 3 – mandate provision of AVETMIS Standard data by all RTOs

Impact for Governments	
Costs	Benefits
The cost will be greater for the collection, storage and analysis of an increased amount of, and more frequently reported, data.	<p>Will provide a more complete picture of the scale and capacity of the entire VET system.</p> <p>Governments will better be able to adapt and respond to changes in skills shortages and demands.</p> <p>Will provide a more complete evidence base for the design and assessment of VET policies and investments and assessment of their success.</p> <p>Will support a better understanding of the participation of equity groups in the VET system and contribute to the evidence base for the design and assessment of social inclusion and participation policies and investments and assessment of their success.</p> <p>Will support the full assessment of outcomes achieved with respect to COAG education and training participation targets as well as assessment of outcomes achieved under the National Agreement for Skills and Workforce Development.</p> <p>Will enable the realisation of benefits expected from other VET transparency projects, including the USI and My Skills website - USI records will be complete and reliable records of VET attainments, and the My Skills website populated by more comprehensive information.</p> <p>Will support better regulation of RTOs and quality by supporting a better assessment of risk for all RTOs.</p>
Impact for consumers	
Costs	Benefits
RTOs that don't report at present may pass on the financial cost of mandated reporting to consumers, however this may be tempered with publication of comparable fee information on MySkills.	Total VET activity will enhance the capacity to provide better RTO delivery and performance/quality information to assist both potential students and employers make informed choices about RTOs, courses and qualifications that meet their needs through consumer choice tools such as the My Skills website.

	Total VET activity will also ensure that students can have a comprehensive record of their VET attainments recorded against their USI.
<i>Impact for RTOs with mandatory reporting</i>	
<i>Costs</i>	<i>Benefits</i>
<p>As the reporting requirements for those providers already subject to mandatory reporting are not proposed to change, providers that are currently providing all of their training activity will not be subject to any additional costs.</p> <p>Those providers that deliver a mixture of publicly funded training (on which they report), and private fee-for-service training (on which reporting is not mandated and they don't voluntarily report) may incur some costs relating to the provision of this additional data.</p>	<p>Provides a level playing field in terms of supporting the quality and regulation agenda.</p> <p>Supports better knowledge of the market and thereby business decisions.</p> <p>More information published on My Skills may benefit RTOs as a marketing tool.</p>
<i>Impact for RTOs with voluntary reporting</i>	
<i>Costs</i>	<i>Benefits</i>
<p>Additional costs are likely those RTOs that are not currently compliant with the condition of registration already that RTOs have student record management systems that have the capacity to provide the regulator with AVETMIS Standard compliant data.</p> <p>Implementation costs relating to the provision of data.</p> <p>These costs are expected to be mitigated to some degree when student records management software is updated to support automatic extraction of relevant files.</p>	<p>Provides a level playing field in terms of supporting the quality and regulation agenda.</p> <p>Supports better knowledge of the market and thereby business decisions.</p> <p>More information published on My Skills may benefit RTOs as a marketing tool.</p>

86. Submissions are invited on the above preliminary assessment of the costs and benefits identified for Option 3, particularly to expand on and quantify the costs and benefits. While mandating reporting of training activity by all RTOs as a condition of registration is likely to impose some additional regulatory burdens on some providers and greater costs for collection, storage and analysis of the data, it does address all of the problems currently posed by partial VET data collection. The reported data could be used to populate the My Skills website, to support more informed consumer choices, and the USI, so that a student's total VET achievements could be located in a single source and the benefits of that initiative could be fully achieved. Mandated reporting of all RTOs will give a complete picture of the training activity happening in Australia, assisting governments in assessing skills needs and making appropriate investment and support decisions for which the success will be more easily measured.

Consultation and opportunity for further comment

87. Comments on this Consultation RIS by submission are encouraged by all stakeholders. In particular, comment regarding the matters outlined below are sought:

- any qualification and/or quantification of the costs and benefits to stakeholders;;
- benefits and costs associated with the reporting requirements that would be mandated under Option 3;
- current and future capacity of student records management software to support provision of data;
- levels of compliance with the registration requirement to have a student records management system that has the capacity to provide AVETMISS compliant data;
- views on preferred data collector: state training authorities and/or NCVER; and
- views on what AVETMIS Standard information should or should not be reported, and should or should not be made publicly available.

Quantifying the impact for RTOs

88. To assist with quantifying the impact of changes to reporting requirements for RTOs, the following information in particular is of interest.

Information about your RTO

- a. What type of RTO is it? (e.g. Private, Enterprise, TAFE, etc)
- b. How many students studied with your RTO in 2011?
- c. How many qualifications did your RTO offer in 2011?
- d. Does your RTO have less than 20 employees or an annual turnover of \$3 million or less? (To establish if your RTO is a small business for the purposes of classifying responses)

System for collecting data

- a. What system does your RTO use to manage its student records?
- b. What was the cost of purchasing or building this system?
- c. What are the ongoing annual system costs? (e.g. Software upgrades, maintenance, technical support)
- d. Does the system have the capacity to provide AVETMISS compliant data?
- e. If not, do you have an AVETMISS compliant system that is not in general use?

Provision of data

- a. Does your RTO submit AVETMISS compliant data?
- b. If so, what is the estimated cost of submitting the data in 2011? (e.g. Number of staff, hours spent, monetary costs)
- c. Does your RTO submit all training activity data, or only activity funded by state/training authorities?
- d. If your RTO does not currently submit AVETMISS compliant data, or only submits data on part of the training activity undertaken, what additional effort do you estimate will be needed to submit all training activity data annually?

Contact details for providing a submission

89. Comments are invited by submission to:

Department of Industry, Innovation, Science, Research and Tertiary Education¹⁶
Attention: VET Transparency Reform Branch
GPO Box 9880
Canberra, ACT 2601
Loc: C16MT6

Or via email to:

SkillsReformTaskforce@deewr.gov.au (please include 'Total VET Activity Data Collection Regulation Impact Statement submission' in the subject line)

90. Submissions close on Friday, 27 July 2012.

91. In preparation of your submission, you may wish to consider the range of options outlined in the *Statement of Options* Section and their analysis in the *Impact Analysis* section and whether or not there are any costs or benefits that have not been considered or fully taken into account.

92. Consultation meetings will also be sought with key VET sector peak bodies on the subject of this RIS during the submission period. Further consultation may occur following the close of the submission period to clarify and expand any issues raised.

Evaluation and conclusion

93. The purpose of this consultation RIS is to elicit feedback on the costs and benefits for more comprehensive data collection from RTOs. While the specific costs and benefits have not yet been quantified, the high-level qualitative analysis undertaken so far indicates significant benefits arising from all RTOs contributing to the national collection on VET activity when a preliminary assessment is undertaken against the objectives.

94. This is an indicative conclusion which will be assessed again following the closure of comments to this consultation RIS and through the development of a COAG Decision RIS.

Implementation

95. If total VET activity data collection is supported, it would be pursued by extending the requirement in both the AQTF and Data Provision Requirements to have a student records management system that has the capacity to provide AVETMIS Standard data to also provide that data. It is likely that under this standard fee-for-service activity will be reported directly to NCVER.

96. If a new standard giving effect to total VET activity data collection is agreed, it is likely to be implemented from 1 January 2014. This timeframe should be considered in any quantification of costs, as well as compliance with the current requirement to have a student records management system that has the capacity to provide AVETMIS Standard compliant data.

¹⁶ The Tertiary Cluster of the Department of Education, Employment and Workplace Relations and support for that Cluster has transitioned to the Department of Industry, Innovation, Science, Research and Tertiary Education under a machinery of Government change