



Australian Government

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

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

**COAG DECISION
REGULATION IMPACT STATEMENT**

OCTOBER 2012

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Abbreviations

ABS	Australian Bureau of Statistics
ACPET	Australian Council for Private Education and Training
AQF	Australian Qualifications Framework
AQTF	Australian Quality Training Framework
ASQA	Australian Skills Quality Authority
AVETMISS	Australian Vocational Education and Training Management Information Statistical Standard for the VET Provider Collections Specification for the purposes of this RIS
AWPA	Australian Workforce and Productivity Agency (formerly known as Skills Australia)
CCOS	Competency Completion Online System
COAG	Council of Australian Governments
DEEWR	Australian Government Department of Education, Employment and Workplace Relations
DIISRTE	Australian Government Department of Industry, Innovation, Science, Research and Tertiary Education
DPR	Data Provision Requirements, part of the VET Quality Framework established under the <i>National Vocational Education and Training Act 2011</i>
ERTOA	Enterprise Registered Training Organisation Association
GDP	Gross Domestic Profit
OECD	Organisation for Economic Cooperation and Development
NASWD	National Agreement for Skills and Workforce Development
NCVER	National Centre for Vocational Education and Research
NSSC	National Skills Standards Council
National Partnership	National Partnership Agreement on Skills Reform
RIS	Regulation impact statement
RTO	Registered training organisation
SCOTese	COAG Standing Council on Tertiary Education, Skills and Employment
TAFE	Technical and Further Education
USI	Unique Student Identifier
VET	Vocational education and training

Executive Summary

1. This Regulation Impact Statement (RIS) assesses the options for and costs and benefits of introducing regulation to mandate the collection and reporting of student administrative data from all Registered Training Organisations (RTOs).
2. The need for detailed and comprehensive information on training activity in the Vocational Education and Training (VET) sector has been recognised by the Council of Australian Governments (COAG) and is included by the National Partnership Agreement on Skills Reform (the National Partnership) which has central objectives to increase efficiency, equity and transparency of the VET sector including through better measurement of VET activity across all RTOs who provide nationally recognised training.
3. At present, data is collected as part of funding and administrative arrangements from around 2,200 RTOs. Of these, around 500 are government providers reporting data on all their students. The rest are subject to reporting requirements on government-subsidised activity only. However, close to half submit data on all or most of their students. Accordingly the proposed regulation will impact on about 2,600 providers who will need to submit data for the first time, and another approximately 950 providers who may need to increase their reporting.
4. The collection of data has a number of objectives related to the efficient, effective and equitable management of a national training system. Governments spend approximately \$8 billion per annum on training subsidies. In the absence of knowledge of the extent and nature of privately funded training, the effectiveness of this expenditure is compromised as training activity cannot be targeted to known and emerging skills needs. Industry and businesses also cannot effectively plan for their workforce needs. Secondly, knowledge about provider activity underpins risk assessment and monitoring by the VET regulators.
5. The collection of data is necessary to underpin the new national entitlement to a training place and is also an enabler for other reform initiatives contained in the National Partnership. The Unique Student Identifier (USI) will only be able to deliver complete national transcripts with a sector wide data collection and reporting. Further, the recently launched My Skills website is unable to provide any data on training activity undertaken by the majority of fee-for-service VET providers and only incomplete data on many others.
6. Extensive consultations were undertaken for the development of the RIS. Targeted consultations were undertaken and 42 submissions to the consultation RIS were received from a range of stakeholders including RTOs and their peak bodies such as the Australian Council for Private Education and Training (ACPET) and the Enterprise RTO Association (ERTO), industry skills councils, government bodies such as the Australian Quality Skills Authority (ASQA), National Skills Standards Council (NSSC) and the pre-eminent VET research body, the National Centre for Vocational Education Research (NCVER). In addition, a survey of RTOs was conducted to inform the cost estimates for expanded reporting requirements.
7. The RIS examined the possibility of achieving objectives of total VET activity data collection and reporting at lower cost. As an alternative to mandatory data collection, a non-mandatory survey was considered. This option was not costed due to the lack of stakeholder support and because further exploration of stakeholder information needs highlighted that this option would not support the policy objective.
8. The independent cost-benefit analysis conducted as a part of this RIS demonstrates that the benefits outweigh the costs for the mandatory collection of VET activity data that is compliant with the Australian Vocational Education and Training Management Information System Standard (AVETMISS). The total costs for full mandatory data collection and reporting, excluding baseline costs, were estimated to not exceed \$16.1 million in the first year, with annual costs not exceeding \$8.3 million. The benefits of the collection of all demographic fields currently included in AVETMISS

exceed costs. The cost-benefit analysis also found that the cost to benefit ratio is improved by limiting mandatory data collection to fewer demographic fields. This is because some aggregate demographic information is available through regular national surveys and specific government program reporting. However, the accuracy and comprehensiveness of this information for policy making purposes has been challenged by states and territories.

9. Costs are not expected to be evenly distributed. The impact analysis shows that while data provision costs would be incurred by all RTOs that do not report their fee-for-service and enterprise activity and be in the vicinity of \$4 – \$8.67 per student, they are likely to have a greater impact on very small businesses with limited capacity to absorb the time impost within current staffing arrangements, for RTOs with low course fees and enterprise RTOs as costs are absorbed by the enterprise.
10. Information Technology costs are expected to apply to around 370 RTOs (of which around 85 are expected to be enterprise RTOs). These costs average about \$18,000 per RTO for set-up (ranging from \$6,300 for RTOs with a small number of students to \$30,000 for RTOs with a large number of students) and \$1,350 per year recurrent. Small businesses are expected to incur an average cost of \$7,000 in set-up costs and \$1,000 in annual IT costs. The capacity for RTOs, including those that are small businesses, to pass on these costs is influenced by the training they offer and the elasticity of fees, market competition and whether the RTO was an enterprise RTO.
11. Consultations highlighted that expanded data collection requirements are expected to result in higher costs to students as RTOs pass costs on (in the order of \$14 to \$19 first year cost per student and \$5 to \$10 in ongoing costs per student). Consultations also indicated that there may be a small number of RTOs, not necessarily small businesses, that decide to change their course offerings or move into the non-accredited training market. Some consolidation may also occur across the sector, noting that sub-contracting arrangements are already common in the sector as sole traders in particular seek to minimise compliance costs.
12. The benefits arising from mandatory reporting are expected to outweigh the cost impacts. Reporting all national recognised training is expected to result in a better understanding of the skills being produced by the VET sector, resulting in more targeted government investment and supporting better workforce planning. Mandatory reporting will also support the implementation of the USI, enabling students over time to obtain complete records of attainment, regardless of the RTO that provided the training. Such data will further enable risk-based regulation and support key consumer-facing transparency reforms such as My Skills.
13. Since the cost-benefit analysis was undertaken, both ASQA and New South Wales put forward new information on the benefits of the fuller suite of demographic information for assessing risk, supporting compliance monitoring and informing policy on entitlements, pathways to training for youth and other equity groups, including those with a disability.
14. On this basis, the finding is that the AVETMISS dataset should be adopted as the specified national standard dataset for recording total VET activity (TVA), for introduction in 2014 to coincide with the introduction of AVETMISS 7.0, with transition arrangements for implementation. Given concerns raised during consultations on whether AVETMISS is appropriate for fee-for-service and enterprise activity, mandating the collection of a core set of demographic data fields which is the minimum required to meet key information needs is proposed. Following further consideration of AVETMISS fit-for-purpose given its regulatory application to the entire VET sector, the costs and benefits of mandating the full dataset under the *National VET Regulator Act 2011* and the Australian Quality Training Framework (AQTF) should be considered. It is recommended that:
 - Option 3 be agreed with all RTOs collecting and providing AVETMISS compliant data from 1 January 2014, with RTOs required to request a core set of demographic data at enrolment;

- this approach be further reviewed in 2018 to assess costs and benefits of mandating all data fields of AVETMISS under the *National VET Regulator Act 2011* and AQTF;
- implementation of mandatory activity reporting includes establishing an operational policy to accommodate circumstances where the application of the standard would be, for example, contrary to existing national legislation or applied to training where data capture would be especially onerous for the benefit gained;
- further consultation be undertaken to *consider possible transition* arrangements to support, for example, small RTOs, those that offer units of competency and enterprise RTOs to have sufficient lead time to update business systems while still supporting the implementation of other VET reform initiatives; and
- a review of all VET data collection and reporting obligations on RTOs for potential rationalisation.

15. Consultations highlighted that more frequent and timely reporting will increase the benefits of total VET activity. As Ministers have committed to move towards quarterly reporting for the national VET provider collection, the cost-benefit analysis considered the costs of quarterly reporting on RTOs and found that the benefits outweigh the costs.

Purpose

16. The purpose of this Decision Regulation Impact Statement (RIS) is to enable the Council of Australian Governments' (COAG) Standing Council on Tertiary Education, Skills and Employment (SCOTESE, which includes representation from all states/territories as well as New Zealand) to determine whether to collect and publish data regarding nationally recognised vocational education and training (VET) activity from all registered training organisations (RTOs) in Australia. For the purposes of this RIS, references to VET refer to nationally recognised training delivered by Registered Training Organisations (RTOs). It is proposed to amend the Data Provision Requirements (DPR) and the Australian Quality Training Framework (AQTF) to mandate reporting by 2600 providers not already doing so.

Background

Economic context

17. A skilled and adaptive workforce is central to Australia's ongoing competitiveness and prosperity in the context of:
 - changing global economic and patterns of growth;
 - structural change in Australia, for example, in mining and mining services, manufacturing, international education, tourism;
 - emerging jobs requiring a higher level or different skills, and greater levels of literacy and numeracy;
 - changing patterns of growth across Australia and labour mobility issues; and
 - an ageing population and its effects on the labour force.
18. The Australian Workforce and Productivity Agency (AWPA) (formerly Skills Australia) found that¹:
 - levels of underemployment still exist despite 2.2 million jobs created in the past 10 years;
 - there is a structural mismatch in the Australian labour force that is likely to persist unless the skills of those who are underemployed and unemployed increase to take advantage of the growth in job opportunities over the next decade;
 - skill shortages persist, notably in skilled trade areas and in many engineering and health occupations, and the demand for additional skilled labour will deepen over the next 15 years as a consequence of employment growth and the ageing workforce;
 - Australia's workforce participation statistics show the dual pressures of an ageing workforce, and a workforce potentially without the skills for the jobs of the future; and
 - Australia's productivity performance could be improved.

Policy context

19. Information is required to enable consumers to make informed choices about their investments in their career pathways, training courses and choice of provider. Where consumers do not have good information about options and outcomes they may under invest with significant consequences for other industries and sectors of the economy.
20. A number of current VET policy initiatives are designed to improve transparency of information in the training system with key reforms in the National Partnership being the introduction of a national entitlement, a unique student identifier (USI) and the My Skills website supported by improved data collection from all providers.

¹ Skills Australia, *Skills for prosperity a roadmap for vocational education and training*.

The VET system

21. The VET sector provides nationally recognised training that leads to vocational credentials that are recognised across Australia and enables people to gain skills and qualifications for all types of employment. Nationally recognised training units and courses are developed in accordance with requirements of the Australian Qualifications Framework (AQF), with VET covering AQF levels one to six (i.e. Certificate I to Advanced Diplomas). Traditionally referred to as ‘technical education’, VET training builds competency in a practical skill or set of skills for a specific job, trade or craft. VET training is applicable to almost all Australian industries and sectors, from manufacturing to healthcare and community services, business management and government to construction and engineering. [Appendix A](#) contains further details on the VET system.
22. Australia’s VET sector currently comprises almost 5,000 public and private RTOs² of varying size, scale and focus. These range from publicly funded Technical and Further Education (TAFE) institutes and other government providers, to private sector RTOs of varying sizes, structure (from publicly listed corporations to not-for-profit organisations) and delivery (e.g. large number of qualifications on scope to only offering a small number of units of competency), as well as enterprise-based RTOs that deliver nationally recognised training to employees or volunteer members of their organisation. In addition to the delivery of nationally recognised training, which is the focus of this RIS, the VET sector also delivers non-accredited training in a broad range of fields.
23. There were 1.75 million reported students aged 15 to 64 years who participated in VET in 2010³. Of these 1.3 million students trained with TAFEs or other government providers. Exact numbers of students undertaking VET training with private providers is unknown, an Australian Council for Private Education and Training (ACPET) survey further estimated that there were about 1.2 million VET students training with private providers in 2010⁴. Taken together with the 1.3 million students trained with government providers in 2010, there were around 2.8 million people that participated in VET training in 2010.
24. In 2010, state and territory governments spent almost \$4 billion on VET for services provided in the public system (that is, in TAFEs or publicly subsidised services provided by private RTOs). In 2011-12, the Australian Government provided nearly \$4 billion for VET. Thus total VET expenditure in the public VET sector was almost \$8 billion.⁵
25. The totality of VET expenditure across both the public and private sectors of VET as specific information on the totality of VET expenditure is not known. A 2010 survey of private RTOs, commissioned by ACPET, found that 75 per cent of revenue for those RTOs came from students, indicating a significant investment in the private VET system by both students and employers in addition to the \$1.5 billion in fees collected in the publicly funded system.
26. The national VET provider collection (the national collection) is held by the National Centre for Vocational Education and Research (NCVER), a government owned company that operates under Commonwealth privacy laws. It is the resource for understanding the scale and capacity of the sector as well as skill development activity.
27. The majority of the data reported to the national collection is required under state and territory legislative and policy frameworks establishing publicly funded RTOs and guiding their operation, or

² Source: training.gov.au on 16 August 2012.

³ 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.

⁴ WHK Horwath, Education Industry Survey: Australian Council for Private Education and Training, August 2010, unpublished.

⁵ Source: NCVER Finance Collection, DIISRTE consolidation of DEEWR, DIISRTE and Treasury expenditure

through funding agreements whereby state training authorities provide RTOs with government subsidies to deliver training.

28. The data in national VET provider collection is submitted according to the Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS)⁶, directly to NCVET or via the relevant jurisdictional training authority. While AVETMISS is the data standard for a number of data collections, for the purposes of this RIS any reference to AVETMISS refers to only the national VET provider collection specifications.
29. Since July 2010, it has been a condition of registration under the Australian Quality Training Framework (AQTF) that RTOs have a student management system in place that has the capacity to provide the regulator with AVETMISS compliant data. This requirement is maintained in the Data Provision Requirements (DPR), which is part of the VET Quality Framework established under the *National VET Regulator Act 2011*. At present, there is no legislative requirement to collect or report data on what each student undertakes at the unit of competency level, however regulators have powers to request such information.
30. All RTOs are also required to provide aggregate data on performance against three quality indicators to their regulator: learner engagement; employer satisfaction; and competency completions (the number of enrolments and outcomes achieved per unit of competency) on an annual basis. This data is currently collected for the express purposes of continuous improvement processes for the RTO itself, and for regulators to use as part of a larger risk assessment process.

⁶ AVETMISS is revised from time to time according to an established process that includes sector consultation. The current AVETMISS, version 6.1, came into effect on 1 January 2012. The next version, AVETMISS 7.0, will come into effect on 1 January 2014 and will include: the unique student identifier (USI); address details to support geo-coding the location of the person undertaking the course; skill set reporting; and the capacity to identify the relevant Australian Government program under which the training may be funded.

The Problem

31. The Organisation for Economic Cooperation and Development (OECD) has recognised some issues with the Australian VET system including the lack of timely VET data to inform policy making and research, as well as unclear entitlements and lack of information to prospective students on outcomes achieved by providers⁷. The interactions and incentive effects of different government funding is also not fully understood. Data on the total amount of VET activity is not available, only data on government subsidised VET activity and on privately funded students in public RTOs. This data is required to inform policy strategies, including coverage of workforce planning⁸.
32. The 2012 Productivity Commission report on the impact of COAG reforms identified several areas with potential to improve VET reform efforts⁹, including:
 - the information available to prospective students could be improved;
 - concerns about the quality of VET delivery. While the national VET regulator arrangements will address some concerns, independent auditing and validation 'could substantially strengthen quality controls and public assurance in the VET system';
 - a more competitive system requires a number of 'building blocks' including mechanisms for timely information collection and data analysis, adequate information about employment outcomes to VET clients.
33. The Productivity Commission's identified areas with potential to improve VET reform underscore the importance of complete and reliable VET data since the data is an enabler to reform. Consistent with the Productivity Commission, the focus of the National Partnership is on transparency initiatives.
34. Potential gains from COAG VET reforms in the National Partnership are constrained by the lack of full information available to industry and to policy makers. This includes the administration of the entitlement to at least a Certificate III under the National Partnership Agreement on Skills Reform (the National Partnership).
35. Ensuring investments in training deliver the right skills to the economy at the right time is an ongoing challenge for the market for VET. Part of this challenge is the lack of consistent national data available to students, RTOs and industries to make informed choices about training options.

Incomplete national VET provider collection data

36. As mentioned above, since 1 July 2010 it has been a condition of registration under the AQTF that RTOs have student management systems in place that have the capacity to provide the VET regulators with AVETMISS compliant data.
37. The current national reporting requirements do not support a comprehensive picture of all nationally recognised VET activity undertaken and outcomes achieved, as only those RTOs that are government funded or receive government payments through state training authorities are required to submit data to the national VET provider collection.
38. Other RTOs do not voluntarily report sufficient data to enable a comprehensive picture of the range, number, timing and location of skills being developed in Australia. In 2011, of the around 5,000 RTOs¹⁰ in total, less than half (2,441) provided data to the national VET provider collection.¹¹

⁷ Annual National Report of the Australian Vocational Education and Training System 2009, Australian Government, page 5.

⁸ Productivity Commission, Vocational Education and Training Workforce Research Report, 5 May 2011, page XXVIII.

⁹ Productivity Commission, Impact of COAG Reform: Business Regulation and VET, Research Report Volume 1 - Overview, April 2012, page 33-35.

¹⁰ Source: Training.gov.au, December 2011

¹¹ Source: NCVET, *Students and Courses 2011, 2012*, page 16, and NCVET, National VET Provider Collection 2011, 2012, unpublished.

This includes 2,241 RTOs providing data as a result of their current reporting obligations¹² and 200 RTOs providing fee-for-service or enterprise activity data voluntarily¹³.

39. Of the 2,241 RTOs that were obliged to report, 1,760 were non-government providers that provided data on activity funded through their state training authority¹⁴. Of these 1,760 RTOs, 809 provided some data on fee-for-service or enterprise activity as well as their activity funded by state training authorities¹⁵.
40. Around 2,600 RTOs provided no data to the national VET provider collection – 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: Nationally recognised training activity reported by RTOs by funding and provider type

Funding type	Provider type		
	TAFE and other government providers	Other providers	Community education providers
Through government funding agreements	Mandatory reporting	Mandatory reporting	Mandatory reporting
Fee-for-service ¹⁶	Mandatory reporting	Voluntary reporting (with ~2600 providers supplying none)	Mandatory reporting

41. All RTOs are required to submit aggregate student numbers for each unit of competency and the outcomes achieved on an annual basis as one of the quality indicators reported against for regulatory purposes. This information is not able to be used for any purpose other than to inform regulation or support continual improvement by the RTO. As such, this information cannot be used to build a picture of total VET activity and is unable to support purposes which require more granular information about the activity and demographics of people undertaking training.
42. Therefore, despite the existing reporting requirements for RTOs and the significant reporting burden on many RTOs, there is no comprehensive, economy-wide transaction-level data on VET student numbers, the units and courses being undertaken, the focus or level of that training, or the outcomes achieved.

Impact of partial data collection on decision making for consumers and providers

43. The ability of industry and governments to manage its workforce requirements and identify any gaps for particular skills or in particular regions is hampered by the lack of a full picture of skilled workers about or not about to enter the workforce. The inability of industry to accurately predict skill gaps and take remedial action is an impediment to the growth of businesses, regions and ultimately the economy as a whole.
44. Significant guesswork is currently required when designing policy in the absence of full data. In consultations regarding VET activity reporting, one state/territory stakeholder commented:

'...the assessment and development of policies to respond to emerging needs ... is impaired by incomplete basic information on the total VET activity... The cost of the absence of quality data for evidence-based policy is difficult to quantify... It is not efficient to assess emerging skills gaps and potential market-based and/or government responses to apparent future skills shortages, and

¹² Source: NCVET, *Students and Courses 2011, 2012*, page 16.

¹³ Source: NCVET, National VET Provider Collection 2011, 2012, unpublished

¹⁴ Source: NCVET, *Students and Courses 2011, 2012*, page 16.

¹⁵ Source: NCVET, National VET Provider Collection 2011, 2012, unpublished

¹⁶ This category may include some government funded activity, however as it is not funded through the state training authority agreements it is not necessarily captured. It may also include enterprise activity that is not technically fee-for-service.

possibly resource allocation decisions, on the basis of data about the publicly funded VET system and patchy, inconsistent data about private training efforts.'

45. In short, the absence of a robust picture of VET activity for government agencies responsible for VET has undoubtedly resulted in inaccurate targeting of resources, an inability to monitor the full outcomes and uncertain outcomes from given resource outlays.
46. In addition, data from NCVET is utilised by the 11 Industry Skills Councils (ISCs) to inform workforce planning across the industries they represent. A limitation on the data available to the ISCs is problematic since they cannot perform their roles efficiently and effectively. This has flow-on implications for all those that rely on its expertise. Similarly, current data limitations constrain the ability of businesses to accurately plan for emerging workforce demands.
47. In its submission, Master Electricians Australia states:

'The current voluntary nature of the collection process renders the existing reporting of VET data of negligible value to industry in predicting the number of trained workers set to enter the labour market. Compulsory reporting would allow skills gaps to be identified and remedied early on, preventing any significant impediment to the growth of the Australian economy.'

*The publication of this data could allow RTOs to better gauge their performance against their fellow training providers and determine whether or not their courses need improvement in content, quality or value for money in order to compete in the market place.'*¹⁷

48. The submission provided by the Shop, Distributive and Allied Employees Association:

*'...notes the lack of student/employee protection under the current system, with little recourse for employees and employers alike to make informed choice about the skills, training, employment and productivity gains offered by voluntary-reporting providers. A comprehensive measure of all VET activity will not only support the delivery of quality training and assessment, but will also provide employees and employers alike with accurate information to make informed choices about training needs.'*¹⁸

49. The issue is further complicated since, 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 best for their circumstances and goals.

50. Transparent information also improves the capacity of RTOs to understand their market and make informed business decisions. Access to better information about overall training activity will 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.

*'The benefits [of reporting] ... has been through confirming empirically the stories relating to learning successes... In addition, it enables RTOs to benchmark some of their business activities against like-minded entities.'*¹⁹

*'...streamlined data collection ... would provide greater responsiveness and adaptability of training within the service industries, ensuring that qualifications result in tangible skills and portable pathways to employment.'*²⁰

¹⁷ Master Electricians Australia, Total VET Activity Consultations RIS, submission, pages 1-2.

¹⁸ Shop, Distributive and Allied Employees Association, Total VET Activity Consultations RIS, submission, page 1.

¹⁹ Community Colleges Australia, Total VET Activity Consultations RIS, submission, page 2.

*'Under a mandatory reporting regime VET providers should be able to access their own data and aggregated sector data to allow comparisons with national averages and identification of emerging trends.'*²¹

51. The Australian, 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 enable more informed decision making. For example, NCVER undertake a Student Outcomes Survey annually. This survey samples recently completed VET students to ascertain their employment outcomes and satisfaction with their training. At present the survey measures the outcomes of students from RTOs that report to the national collection, and cannot easily include students of private providers studying fee-for-service courses. As such, the Student Outcomes Survey is a measure of the outcomes of students from the publicly funded component of the VET sector rather than the outcomes of both public and private VET students.
52. The significance of the reporting gap for consumer transparency reflected in the National Partnership. Transparency initiatives agreed under that National Partnership include working towards implementation of the 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 lessened.
53. The USI is a key initiative and is intended to apply to all students undertaking any nationally recognised VET qualifications or unit(s), whether privately or publicly funded. If a large portion of VET activity is not included in the national VET provider collection, then it will not be possible to record that activity for an individual. Total VET activity data collection is therefore an essential complement to the USI.
54. 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.
55. 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. Of course, this issue is more pertinent to private RTOs than enterprise RTOs, which generally only provide training to their employees or volunteer members.

Impact of partial data collection on governments

56. In an environment of shared funding responsibility between the Australian and state and territory governments, ensuring the national VET provider collection supports 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.
57. This is illustrated by the limitations of the *Annual national report of the Australian vocational education and training system* (ANR). The ANR is required to be produced annually under the

²⁰ Shop, Distributive and Allied Employees Association, Total VET Activity Consultations RIS, submission, page 2.

²¹ Navitas, Total VET Activity Consultation RIS, submission, page 2.

Skilling Australia's Workforce Act 2005. It is developed from the national VET provider collection held by NCVET. 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 per cent 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 2009.²²

58. The ANR illustrates that while the national VET provider 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 less than half of the total number of VET providers.
59. The partial understanding of VET activity also affects 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. Estimations of future 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.
60. For example, the *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. The report goes on to acknowledge that inadequacy of VET data was a strong theme underlying the submissions that informed the report:

'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.²³

61. 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'.²⁴
62. Effective government support and interventions aimed at the skilling of the labour market rely on accurate, complete and timely information to gather a clear understanding of the gaps and interventions required, and to retrospectively evaluate their outcomes. Without accurate evidence, there are increased risks of inappropriate, ineffective and inefficient investments and interventions, resulting in sub-optimal outcomes or waste.

²² Australian Government Department of Education, Employment and Workplace Relations, Canberra, 2012, pages 57, 58 and 73

²³ Skills Australia, *Skills for prosperity: a roadmap for vocational education and training*, Canberra, 2011, page 102

²⁴ COAG Reform Council, *Skills and workforce development 2010: Comparing performance across Australia*, Sydney, 2011, page 20

63. Further, the USI is intended to assist jurisdictions in administering entitlements to government subsidised training over time. 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. Thus the administration of the entitlement would be more inefficient, resulting in a loss in the effectiveness of the initiative.
64. A key aspect of appreciating the appropriateness, efficiency, effectiveness and equity interests of funding, programs and interventions, is understanding the scale and capacity of the system. This means understanding the number (and size and type) of RTOs, what they offer, where they are located, their capacity to respond to emerging skill needs and the quality of their services. In the current reporting environment it is not clear if privately funded activity is already responding to skill needs, and 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.
65. In addition to requiring information to support efficient investments in skilling the labour market generally, information on the training activity of equity groups across the VET sector also improves the targeting of social inclusion initiatives for disadvantaged groups such as people with a disability and those from non-English speaking backgrounds. The nature of the current national data collection means that governments can estimate how many people in such equity groups are accessing training with government support, but not have a full understanding of the private sector's contribution to social inclusion efforts and hence the allocative efficiency of their investments.
66. Western Australia and Northern Territory governments, supported by other states and territories, raised a specific concern in relation to understanding all investments in VET for and by Indigenous Australians. Given considerable and sustained government investment in seeking to meet the COAG Closing the Gap objectives, governments are keen to understand what investment and contribution towards training (and subsequent employment) outcomes are being made by business and industry and privately. While some information is available at an aggregate level through, for example, the ABS Survey of Education and Work, this is not seen as useful to understand trends and VET sector performance as the relatively small populations of Aboriginal and Torres Strait Islander people means that data is subject to suppression. The ABS itself places a caveat on this data in relation to its reliability and utility for this reason. Governments require transaction data provided under AVETMISS from across the VET sector to better target investment and programs for Indigenous training and employment. Understanding the total training effort will generate greater responsiveness from businesses and governments to training needs and gaps for Indigenous people.
67. In addition to understanding the participation of Indigenous Australians, New South Wales Government also raised similar concerns with respect to understanding the participation of people with a disability in the training sector. ABS surveys do not address this issue in a timely manner. The lack of complete data makes social policy analysis, understanding training pathways and understanding how equity groups are trained and supported through the private training and employment market difficult. For example, low income individuals may rely on private fee-for-service training to gain skills needed for increased earning potential, people with disabilities may receive accredited training by their employers and people from diverse cultural and linguistic backgrounds may interact differently in the public and private training system. Questions such as these cannot be readily answered with current administrative data.

Quality and the sector's reputation

68. 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, and to Australia's international reputation as a provider of quality education services. In its submission, TAFE NSW stated:

*'[that RTOs] derive significant benefit from marketing and delivering nationally recognised qualifications. To maintain the quality of these national products, the outcomes of these activities need to be quantified and reported.'*²⁵

69. Activity information, such as the number of students enrolled in units of competency, training location and limited student characteristics (employment status, prior educational achievement) 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 burden on quality providers. The national VET regulator, the Australian Skills Quality Authority (ASQA), stated in its submission:

*'Mandatory submission of such data by all registered VET providers would greatly assist ASQA's data collection requirements.'*²⁶

70. At present, the detailed information for units of competency is only systematically captured for public RTOs and other RTOs reporting training funded through state training authorities. As a condition of registration, RTOs are required to provide aggregate information annually on the number of student enrolments and completions in units and qualifications through the Competency Completions Online System (CCOS). However, this information is limited in both the fact that it does not capture a comprehensive range of data, and it is only provided for the restricted purpose of regulation and for the RTO's own continuous improvements. Therefore, while regulators will consider an RTO's student records as part of an audit program, detailed information on activity at the unit of competency level is not collected as a matter of course for non-reporting RTOs. Such information is a useful input into assessing the risk an RTO poses and monitoring that level of risk on an ongoing basis.

71. ASQA has legislative power to collect any additional information from RTOs it requires for regulatory purposes, including the development of its risk framework. However, it does not currently maintain a complete data collection from all RTOs and relies on other existing data sources, such as NCVER's national VET provider collection, to supply that information. ASQA gathers the information it needs to effectively perform its risk management functions from existing verifiable data sources wherever possible. Some information ASQA needs can only be sourced from the provider itself, and ASQA will gather this information directly. Not all of this information, such as that required to assess a provider's financial viability risk, is gathered through NCVER's national VET provider collection.

72. Under section 209 of the *National VET Regulator Act 2011*, ASQA has a broad capacity to disclose information publicly where it considers that this would support informing consumer choice of training provider, would improve the quality of VET services provided, or would encourage compliance with the Australian Qualifications Framework. However, the use of this power would

²⁵ NSW TAFE, Total VET Activity Consultation RIS, submission, page 2

²⁶ ASQA, Total VET Activity Consultation RIS, submission, Appendix A, page 3

require ASQA to act as the collector and disseminator of information, potentially duplicating the role of NCVET when the information relates to VET delivery activity.

Timeliness

73. Through the consultation process, it became apparent that timeliness of data submission was a factor influencing the benefits that could be gained from the data collection. For example, to support effective risk-based regulation, regulators require more current knowledge about RTO training activity to ensure that early warnings of problems can be achieved and responded to.

Summary of problem and information uses

74. Partial VET activity data significantly impacts the capacity of the national collection to be an authoritative and complete evidence base for decisions whether by industry, students or governments, supporting the regulation of the VET sector and thereby its quality and reputation, and evaluating the impact of decisions and investments.

Overall policy objective

75. To put in place in the VET sector information systems that support a productive and highly-skilled workforce that enables all working age Australians to participate effectively in a labour market that meets the needs of Australia's economic future. That is, information systems that support:
- a VET system that responds to the needs of industry – producing people with the right skills at the right time;
 - consumers having access to sufficient, high quality and reliable information to make informed choices about training and to realise the benefits of training;
 - consumers, industry and governments to appropriately, effectively and efficiently invest in the VET sector, and enable those investments to be properly evaluated;
 - effective risk-based regulation of the sector, ensuring high quality of training is maintained and the sector's reputation protected; and
 - efficient and effective administration in the VET sector by governments and for consumers.

Statement of options

76. The options considered in this RIS are:
- 1) no change;
 - 2) supplement the partial data collection through an annual survey to capture a representative sample of other VET activity; and
 - 3) mandating the provision of AVETMISS data on VET activity from all RTOs from 1 January 2014 that is currently not reported for inclusion in the national VET data collection and publication of that activity, either:
 - a. full demographic data; or
 - b. core demographic data.
77. A number of other options were put forward in consultations including the use of exemptions to particular RTOs or courses. For example, some submissions suggested only mandating the reporting of qualifications, not units of competency. Others suggested exempting small RTOs. These proposals did not have regard to the implications for the policy objectives behind mandatory activity reporting. If units of competency were not reported, industry, governments, students and RTOs would have an incomplete picture of the skills being developed in the VET sector. As much VET activity is at the unit of competency and skill set level, information about this activity is important for understanding and responding to the supply of skills and pathways for training and employment²⁷. Similarly, exempting small RTOs which are likely to be offering qualifications and units of competency that support labour mobility will not support the overarching objective of supporting workforce productivity and participation. As such, these other options are not considered feasible and have not been assessed in the RIS.

Description of Options

Option 1

78. Under Option 1, the status quo is maintained. This means that TAFEs and other government and community providers will report all training activity. Other RTOs would continue to be required to report activity funded through state training authorities where it is a condition of receiving the funding. Reporting fee-for-service and enterprise training activity would remain voluntary for private and enterprise RTOs.

²⁷ *Skills for Prosperity: A roadmap for vocational education and training*, Skills Australia, May 2011, p.127

79. Under this option, total VET effort could be better estimated and understood by expanding the purpose of the collection of completions information, which is one of the quality indicators all RTOs are required to report to regulators. The completions information is currently collected for the express purposes of continuous improvements by RTOs and risk assessments of RTOs by regulators, which limits its use. There is currently no agreement that this information be used for statistical purposes.
80. Annual reporting of qualifications and units of competency enrolment and completions data currently occurs through the Competency Completion Online System (CCOS) which is managed by NCVET on behalf of regulators. For those RTOs that report to the national VET provider collection, NCVET populates the CCOS on behalf of the RTO, and the RTO is then required to supplement CCOS with any additional enrolments and completions that were not reported to the national collection. RTOs that do not report training to the national VET provider collection must report all all qualifications and units of competency enrolments and completions separately to CCOS on an annual basis.
81. The data collected through CCOS is information on the number of enrolments and completions for qualifications and units delivered in a particular state by that RTO. This information is in aggregate form, being the total number of enrolments and completions for a particular qualification, unit of competency or module. It does not provide information on what a particular student undertook or achieved. CCOS also collects information on whether the RTO delivers in an overseas location but does not distinguish which courses or units.

Option 2

82. Under Option 2, non-government RTOs that have not provided fee-for-service or enterprise information to the national VET provider data collection would be asked to participate in an annual survey to ascertain the training activity undertaken in the previous calendar year.
83. For a survey to be sufficiently representative of the diversity of RTOs, responses from some 600 RTOs would be needed. This equates to 17 per cent of the approximately 3,500 private and enterprise RTOs that do not currently report their fee-for-service and/or enterprise activity data responding to the survey.
84. Given current survey response rates tend to be around 12 per cent or below²⁸, it is anticipated that all RTOs would need to be approached to generate a sufficient response rate to limited confidence that the results are reasonably representative of RTOs that do not report their fee-for-service or enterprise activity. This would mean asking some 3,500 RTOs to participate in the survey.
85. Under Option 2, in order to obtain a sufficiently large proportion of information from a significantly diverse range of RTOs, two approaches could be used:
- inviting all RTOs that are currently not reporting fee-for-service or enterprise activity data to participate in an annual survey (the census approach); or
 - selecting 600 RTOs per year and making participation in the survey for the selected RTOs a condition of registration through the Data Provision Requirements (DPR) and Australian Quality Training Framework (AQTF) (the select approach).
86. The survey would request information on student numbers and demographics, as well as units and courses undertaken and qualifications achieved. This information would be similar to that captured through AVETMISS.

²⁸ Based on response rates for the survey undertaken to support this RIS, the survey commissioned by ACPET, and surveys of private RTOs undertaken by NCVET.

87. For RTOs that participate in the survey, this option would involve extracting the necessary information from the RTO's student records management system to enable the survey to be completed.
88. ACPET indicated in its submission that, with government support, it could increase the frequency of its biennial survey to be run annually, to support an estimation of the contribution of private RTOs to the VET sector. In recent years, the Enterprise RTO Association (ERTO A) has also surveyed enterprise RTOs to establish an understanding of their contribution to total VET effort.

Option 3

89. Under Option 3, the provision of AVETMISS data concerning all nationally recognised units/modules/courses of study undertaken and their outcomes in the VET sector that are not currently reported would become mandatory. Activity that is currently reported would continue to be reported as per existing arrangements, that is, full demographic data to state and territory training authorities. AVETMISS is updated from time to time, with any major changes to the standard only occurring following consultation with stakeholders. From 1 January 2014, the current AVETMISS 6.1 will be replaced with AVETMISS 7.0. A detailed outline of the AVETMISS file structure can be found at [Appendix C](#).
90. Consultations with stakeholders identified different views on the extent of information required for activity that is not subsidised by governments. In particular, concerns were raised about the costs of collecting and reporting demographic information, such as disability indicators and prior education achievement, as this information is not routinely required or collected by RTOs in normal business practices where there is not government funding. Consequently, two sub-options were identified for examination within the Cost-Benefit Analysis:
- a) full demographic data reporting from RTOs for activity that is not currently reported;
 - b) core demographic data reporting from RTOs for activity that is not currently reported.

Box 1: Full demographic data vs. Core demographic data

The difference between Option 3a ('**full demographic data**') and Option 3b ('**core demographic data**') relates to what information RTOs will be mandated to collect and report as a condition of registration. Core demographic data would reduce the amount of information that RTOs are required to collect and report for each person undertaking training by eight fields of demographic data:

1. Highest school level completed
2. Year highest school level completed
3. At school flag
4. Main language other than English spoken at home identifier
5. Proficiency in spoken English identifier
6. Country identifier
7. Disability flag
8. Disability type identifier

An RTO reporting against the core demographic fields would still be required to collect and report basic demographic information about each student, including name (for encryption), date of birth, address and postcode, sex, indigenous status, labour force status, prior educational achievement and USI.

While the number of fields that would become non-mandatory under core demographic data reporting appears to be minimal when AVETMISS is taken as a whole, it is the demographic information in particular that was raised by a number of providers as one of the main concerns with reporting data on training activity. For RTOs not receiving government subsidies for training delivery, this information is not collected as a matter of course for their operations as an RTO

and would present a new on-going cost.

The proposed core demographic data reporting would not preclude the reporting of full demographic data. The full set of demographic information could still be voluntarily supplied by RTOs (for example if they have an interest in that information being part of the national collection), and governments establishing new equity-based programs could require expanded reporting as a requirement of funding as is currently the case in most instances. The specific data items that would be reported under these sub-options are outlined in [Appendix C](#).

IMPACT ON RTOs

RTOs that already report data to the national collection

RTOs that already report AVETMISS data to the national collection will be least impacted by the difference between full demographic and core demographic requirements. Where an obligation to report full demographic data exists due to funding agreements, these obligations will continue whether either Option 3a or Option 3b is chosen. For RTOs voluntarily providing information, if Option 3b is chosen, it would be their choice whether they continued to report the full amount of demographic information.

RTOs already reporting include:

- Public RTOs: these RTOs are required to report full demographic data for all of their training activity – both government-subsidised and fee-for-service or enterprise activity – so will not be affected by the difference between Option 3a and Option 3b. There were 481 of these providers in 2011.
- Private and enterprise RTOs that receive government subsidies for some of their training activity: these RTOs are generally required to report full data for the government-subsidised activity they undertake, and may choose whether or not to also report any fee-for-service and/or enterprise activity. In 2011, 1,760 of these providers reported government-subsidised activity to the national collection, 809 included at least some fee-for-service or enterprise activity. Depending on the student management system that these providers use, and whether their business practices already collect full demographic information from all students, they may or may not be affected by the implementation of Option 3a or Option 3b.
- Private and enterprise RTOs that do not receive any government subsidies for their training and report training activity voluntarily: there is an assumption that these RTOs would not be impacted by the difference between Option 3a and 3b, as they presumably already submit data and do so voluntarily. In 2011, there were 200 of these providers.

RTOs that do not report any data to the national collection

RTOs that do not report any data to the national collection will be most affected by the difference between full demographic and core demographic data. These would be private and enterprise RTOs that do not receive any government subsidies for their training, excluding those RTOs that voluntarily report to the national collection. In 2011, there were around 2,600 of these providers.

91. To determine the details of the implementation of this Option, the Australian Government, in consultation with state and territory governments, NSSC, VET regulators, NCVER and particularly affected RTOs or their representatives, would develop a *National VET Collection Data Requirements Policy* (the Policy) for decision by SCOTESE. Once agreed by SCOTESE, management of the content of the Policy would fall to the National Senior Officials Committee, with any significant changes requiring stakeholder consultation and Ministerial agreement.

92. Further details on the Policy are provided in the 'Implementation and Review' section below. At a high level, the Policy would include:
- details of any limited exceptions, including the criteria and scope of units of competency, modules and qualifications delivered by specified types of organisations that would not require reporting;
 - who the data is to be submitted to – providing RTOs reporting their fee-for-service or enterprise activity with the choice of submitting data to either the relevant state training authority or direct to NCVET; and
 - the frequency of data reporting, including transition arrangements towards quarterly reporting over two to three years that would depend on the size of the RTO and whether the RTO reports activity that is subsidised through state and territory funding agreements.

The AQTF and DPR in the VET Quality Framework would be amended to require that from 1 January 2014, RTOs must collect and report compliant data on a regular basis for inclusion in the national VET provider collection for publication according to the Policy.

93. Following consultations with stakeholders, two limited exclusions are proposed under Option 3:
- training which is not able to be included on a statement of attainment due to national security considerations would not be reported – see [Appendix D](#) for details; and
 - To avoid unintended consequences of inflexible regulation, it is proposed to develop specific criteria through which any exceptions would be governed. Any exclusion would be strictly limited and any exemptions from reporting will need to balance the benefits for the RTO in having a reduced regulatory burden with any costs that may be incurred for the individual if specific parts of their accredited training would not appear on their USI transcript.
94. The rationale for the first exclusion is that some enterprise RTOs, such as the RTOs run by Department of Defence, Australian Federal Police, and Customs and Border Security, have training information that must remain confidential because of national security issues governed by legislation. This would not be a blanket exemption from reporting, however, and varied reporting requirements would apply ([Appendix D](#) refers).
95. The rationale for the second exclusion arose from the impact analysis of the options. Consultations revealed that the cost impact on some RTOs, for example RTOs providing training to volunteer members of their organisation, was found to be potentially disproportionate to any benefits that could be gained from including those units within the national collection.
96. It should be noted that exceptions were not supported by some stakeholders, particularly the National Skills Standards Council (NSSC). The NSSC argued that experience shows that the regulatory standards are more effectively implemented, complied with and regulated against when they are consistently applied to all RTOs.
97. Data submitted to the NCVET would continue to be handled in accordance with the NCVET's privacy policy.²⁹ In addition, the NCVET has protocols governing the access to information held in national collections. These set out the principles and commitments for the storage and disclosure of VET information and relate to the need for transparency and access to the data.³⁰ When the protocols were introduced, a commitment was made that they would be reviewed bi-annually and the next review will be completed by the end of this year. This review will consider access to data that identifies the RTO in limited circumstances, including by the regulator for regulation purposes and by the USI Agency to enable the compilation of statement of attainment for an individual.

²⁹ Refer to: www.ncver.edu.au/privacy

³⁰ Refer to: www.ncver.edu.au/content/Protocols_for_collecting_and_reporting_VET_Statistical_Information

98. As some RTOs are in competition with state/territory funded RTOs and there could be a perception of conflict-of-interest, RTOs should be able to submit fee-for-service and enterprise activity data direct to NCVET or through state training authorities if the RTO preferred.
99. AVETMISS data from RTOs that are currently required to report is provided annually to NCVET, although RTOs often are required to report more frequently to state training authorities. To achieve greatest alignment with the objective of this proposal, the data would be required in a more timely manner. Quarterly reporting to the national VET provider collection is planned. Quarterly reporting would enable a more timely response by industry and governments to changes in VET activity as well as facilitate more efficient and equitable administration of VET entitlement funding. It would also allow the USI to work better by providing up to date training records without the time lag associated with annual reporting.

Impact analysis

100. RTOs will be most impacted by changes to VET activity reporting requirements. To assess the impacts across the diverse range of around 5000 providers, they have been divided as follows:
- Around 2,200 RTOs that **are** currently subject to mandatory reporting – this includes about 500 public RTOs (such as TAFEs), and 1700 private RTOs that deliver training that is subject to mandatory reporting for the government funded aspects of training delivered;
 - Of around 1700 private providers that report to the national collection, about half report both government-subsidised and fee-for-service or enterprise activity, with the other half reporting only government-subsidised training.
 - Around 2,800 RTOs that **are not** currently subject to mandatory reporting, of which around 200 voluntarily report data. These are private RTOs whose source of revenue includes student fees and charges, and fee-for-service;
 - Within this category are subsets of RTOs where the impact of any change would vary depending on their size, structure (from publicly listed corporations to not-for-profit organisations) and delivery (i.e. large number of qualifications on scope to only offering a small number of units of competency).
 - Within the above categories, there are around 300 Enterprise RTOs³¹ (including private, government and volunteer organisations) – where the provision of training is not the primary function of the parent company. While the impacts on Enterprise RTOs will be similar to the impacts on private providers more broadly, they have been included as a distinct group to highlight some of the impacts that they may particularly experience.
101. Stakeholders who may also be affected by changes to RTO reporting requirements include:
- Employers/business/industry – key beneficiaries of an appropriate, effective and efficient VET sector; many also purchase services from the VET sector for their employees;
 - VET students/employees – key beneficiaries who directly pay for their consumption of the services provided by the VET sector; who may or may not be subsidised by government;
 - General community – pay for a range of government services and activities, including VET services; any benefit indirectly from better targeting of government funded VET services; any benefit indirectly from VET services;
 - Australian, state and territory governments, including ASQA and state VET regulators.
102. Consultations revealed that total VET activity reporting by all RTOs will underpin a number of consumer, RTO, industry and government information needs which have varying requirements with respect to:
- the amount of data collected (training being undertaken or enrolment data, outcomes achieved and demographic data)
 - the granularity of that information (transaction level versus aggregate data), and
 - the currency of the data (periodic, annual or quarterly).

These information needs are summarised in Table 2 below.

³¹ Source: training.gov.au on 16 August 2012.

Table 2 – Information needs to address problems identified through consultations

Information needs	Data requirements		
	Data	Granularity	Currency
Understanding skills being produced by the VET sector and those in the pipeline across locations and skill areas will assist industry, businesses and government better assess if the supply of skills matches demand at the local level and identify gaps and investment needs	<ul style="list-style-type: none"> • Data on training being undertaken • De-identified data on the location of people undertaking training • Data on outcomes achieved 	<ul style="list-style-type: none"> • Transaction level to ensure data on unit of competency and location of people undertaking training is captured 	<ul style="list-style-type: none"> • At least annual • Capacity of industry, VET sector and governments to respond will be enhanced by more frequent reporting
Market intelligence on supply and demand for skills and outcomes will assist the VET sector to understand: <ul style="list-style-type: none"> • demand and supply of training across locations and skill areas and adjust business practices accordingly; and • outcomes rates, establish benchmarks and pursue continuous improvements 	<ul style="list-style-type: none"> • Data on training being undertaken • De-identified data on location of people undertaking training • Data on outcomes achieved 	<ul style="list-style-type: none"> • Transaction level to ensure data on unit of competency and location of people undertaking training is captured 	<ul style="list-style-type: none"> • At least annual • Capacity of industry, VET sector and governments to respond will be enhanced by more frequent reporting
Understanding all RTOs' training activity will help to support risk-based regulation, including providing early indicators, and regulators' audit regimes	<ul style="list-style-type: none"> • Data on training being undertaken • Data on outcomes achieved • Data on student labour market status and prior education achievements 	<ul style="list-style-type: none"> • Transaction level to ensure data can be verified for compliance monitoring purposes 	<ul style="list-style-type: none"> • More timely to ensure reasonably current data is available for compliance monitoring purposes (eg. quarterly)
Understanding total VET effort and the capacity, scope and size of the system will assist governments to better target investments and interventions, including supporting the design and administration of entitlements	<ul style="list-style-type: none"> • Data on training being undertaken • Data on outcomes achieved 	<ul style="list-style-type: none"> • Aggregate number of people undertaking units of competency and outcomes achieved at a state/territory or national level 	<ul style="list-style-type: none"> • At least annual
Data to support issuing of whole of life statements of attainment envisaged with the introduction of the unique student identifier	<ul style="list-style-type: none"> • Data on training undertaken by each person and the outcomes achieved • Core demographic data to enable data 	<ul style="list-style-type: none"> • Transaction level to ensure data on the training undertaken and outcomes achieved by a person can be compiled 	<ul style="list-style-type: none"> • More timely to ensure reasonably current statements of attainment can be issued (eg. quarterly)

Information needs	Data requirements		
	Data	Granularity	Currency
	matching and the development of the transcript		
Supporting people and businesses to make more informed choices about training options and RTOs (e.g. through the My Skills website)	<ul style="list-style-type: none"> Data on training undertaken at an RTO Data on outcomes achieved 	<ul style="list-style-type: none"> Aggregate number of people undertaking units of competency and outcomes achieved for each RTO 	<ul style="list-style-type: none"> At least annual
Understanding equity groups' access to training and the outcomes achieved will assist governments to better target investments and interventions	<ul style="list-style-type: none"> Data on training undertaken and outcomes achieved Data on demographic indicators to enable classification by equity groups 	<ul style="list-style-type: none"> Aggregate information on most equity groups' access to training and outcomes achieved over time. Where equity groups populations are small and dispersed and yet significant funding is directed to supporting access to training and work programs, more granular information may be required 	<ul style="list-style-type: none"> Periodically

103. The impact of each option is considered for these groups of stakeholders below and the identified information needs. A summary of the costs and benefits for each option by stakeholder group is available at [Appendix E](#). This analysis was informed by an independent cost-benefit analysis as described in Box 2 below.

Box 2: Cost-benefit analysis

Deloitte's Access Economics was engaged to undertake a cost-benefit analysis of the options. This analysis used information on the costs and benefits sought through the consultations as outlined in the consultation chapter. In particular, the survey asking RTOs to provide their actual and anticipated reporting costs was used as the basis for extrapolating system costs. This survey sought a range of information about system and ongoing costs and the RTO to enable the responses to be dissected and classified in multitude ways.

The cost-benefit analysis established Option 1 as the baseline against which to identify the costs of other options. Option 2 was not analysed in detail due to the lack of stakeholder support and because further exploration of stakeholder information needs highlighted that this option would not support the policy objective. Hence, the cost-benefit analysis focussed on identifying and quantifying the costs of the sub-options under Option 3 and qualifying the expected benefits.

Approach to identifying and analysing the costs

Drawing on the consultations, and in particular the cost information supplied by about 160 RTOs in response to the survey on VET activity data costs, the consultant was able to develop a model to cost the reporting of all fee-for-service and enterprise activity, with the assumptions embedded in the costing model tested with a small number of RTOs. This costing model distinguished between ongoing data costs and system set-up costs.

This model divides RTOs into type (e.g. enterprise, private, TAFE, etc) as well as into reporting four categories for costing purposes:

- i. Government RTOs that must report all activity (481 RTOs)

- ii. RTOs that report partial activity, that which is subsidised by state training authorities (1,760 RTOs);
- iii. RTOs that do not have to report any activity now but do so voluntarily (200 RTOs); and
- iv. RTOs that do not have to report any activity and don't report (about 2,600 RTOs).

The costing model considers the ongoing costs of collecting and submitting fee-for-service and enterprise activity for the last group only, with the costs of reporting activity for the first three groups considered to be part of the baseline. The model further classifies the information to be reported into three categories: enrolment, completion and demographic information, in-line with the type of information that AVETMISS seeks on a transactional basis. From the AVETMISS data fields, 22 were classified as demographic, 17 as enrolment and 3 as completion.

As enrolment and completion information is collected in order to satisfy registration requirements and to support the operation of the RTO, the model assumes that the collection of this information is part of the baseline. Of the 22 demographic data fields that needs to be collected from students under AVETMISS, the costing model assumes that the information for eight fields would already be collected by RTOs (for example address, postcode, etc) and forms part of the baseline.

The costs for Option 3a are derived from the survey of RTOs, as this survey sought information on the cost of reporting full AVETMISS data for different reporting periods. The costs for Option 3b are derived from considering how much demographic information needs to be collected and reported under this sub-option in comparison to Option 3a. Under Option 3b, 14 fields of the 22 demographic fields would be mandated. As it is assumed that eight of these fields would already be collected, Option 3b assumes that a further six fields would need to be collected. Option 3a would require the collection of these six data fields as well as a further eight, or 14 data fields in total. Table 2.1 outlines this approach to the demographic data fields.

Table 2.1: Classification of AVETMISS demographic data fields

No.	Demographic data field (from client file)	Classification
1.	Client identifier	Already collected
2.	Name for encryption	Already collected
3.	Date of birth	Already collected
4.	Address first line	Already collected
5.	Address second line	Already collected
6.	Address location – suburb, locality or town	Already collected
7.	Postcode	Already collected
8.	State identifier	Already collected
9.	Sex	Option 3a and b: needs collecting
10.	Unique Student Identifier	Option 3a and b: needs collecting
11.	Indigenous status	Option 3a and b: needs collecting
12.	Labour force status identifier	Option 3a and b: needs collection
13.	Prior educational achievement flag	Option 3a and b: needs collection
14.	Prior educational achievement identifier	Option 3a and b: needs collection
15.	Highest school level completed	Option 3a: needs collection
16.	Year highest school level completed	Option 3a: needs collection
17.	Main language other than English spoken at home identifier	Option 3a: needs collection
18.	Country (of birth) identifier	Option 3a: needs collection
19.	Disability flag	Option 3a: needs collection

20.	Disability type identifier	Option 3a: needs collection
21.	At school flag	Option 3a: needs collection
22.	Proficiency in spoken English language	Option 3a: needs collection

The cost-benefit analysis considered the cost of collecting additional demographic information from people undertaking fee-for-service or enterprise training, the costs to NCVET in administering the expanded national collection, and the likely impact of total VET activity reporting costs on an RTO's operating costs to ascertain competition impacts.

Approach to identifying and analysing the benefits

Many of the benefits of Option 3 could not be quantified in dollar terms given the nature of those benefits. For this reason, a qualitative approach was taken, with the agreement of the Office of Best Practice Regulation, with the aim of identifying the types and broad magnitudes of benefits that could be expected to flow from the options.

As such, the cost-benefit analysis reviewed previous research on the potential gains from improvements to the VET sector and established how the current reform may provide mechanisms for these gains to be realised. In doing so, the analysis of benefits considered how VET activity data could be used by students, industry and governments to help realise productivity benefits and how the data would facilitate regulation, entitlement schemes and implementation of USI. The analysis then considered the benefits arising from more frequent reporting and transaction rather than aggregate level data.

With respect to the marginal benefit of Option 3a over Option 3b, the cost-benefit analysis considered what benefits could be attributed specifically to the collection of the additional demographic data that would be collected under that Option 3a, taking in consideration the needs identified by stakeholders and whether these could likely be satisfied by alternative sources in order to justify the additional costs attributed to that option.

Option 1: No change

General impacts

104. If no change to VET reporting requirements is made, most of the problems posed by partial activity reporting would continue. The VET sector is crucial to Australia's economic performance and there is no guarantee that the information currently available or that which could be pieced together from other sources is an accurate indication of the VET services and outcomes achieved on the ground.
105. Table 3 outlines the extent to which Option 1 will address the information needs identified through consultation, and stakeholder impacts. Further stakeholder impacts are outlined for each stakeholder group below.

Table 3: Assessment of Option 1's capacity to meet the needs for total VET activity data

Information need	Will option meet the need?	Stakeholder impact
Understanding skills being produced by the VET sector and those in the pipeline across locations and skill areas.	No. Skills being produced in the VET sector will not be able to be identified by location meaning the capacity to match skill supply with demand, identify gaps and investment needs will not be met.	Will impact capacity of industry, businesses and governments to understand skill needs at local level and respond appropriately. Will impact capacity of people wanting to undertake training to choose to train in skills that are in-demand in their local area.

Information need	Will option meet the need?	Stakeholder impact
Market intelligence on supply and demand for skills and outcomes	No. Skills being produced in the VET sector and training outcomes will not be able to be identified by location.	RTOs will be impacted as their capacity to respond to training gaps in their region and to benchmark against similar RTOs, whether that is based on location, type or training offered, will need to rely on other data sources. Government allocation of public funding could be misdirected without an understanding of where the market failures in training are.
Understanding all RTOs' training activity to support risk-based regulation, including providing early indicators, and regulators' audit regimes	Partially. Some risk indicators will be able to be met through the provision of aggregate enrolment and completions data to meet the competency completions quality indicator. However, the transaction level data needed to support development of all appropriate risk ratings and early indicators will not be available.	Regulators' capacity to regulate the sector and respond to emerging issues will be compromised. VET sector's reputation for provision of quality training likely to be at greater risk due to absence of data.
Understanding total VET effort and the capacity, scope and size of the system will assist governments to better target investments and interventions, including supporting the design and administration of entitlements	Partially. If the aggregate data collected for the competency completions quality indicator was able to be used for other purposes, governments would be able to use this information to understand the capacity, scope and size of the system. However, such aggregate data would not support the administration of entitlements.	Governments would be able to estimate complete VET effort if agreement was obtained to expend the use for which completion data can be put. This would include estimations of the number of students (although not number of unique students as although the USI would be in place it would not connect to this data), and numbers undertaking particular units and courses. This would be the extent of the analysis possible. Governments would not be able to administer entitlements over time with confidence that churn is being prevented (people undertaking multiple courses at the same qualification level). This has productivity and fiscal implications.
Data to support issuing of whole of life statements of attainment envisaged with the introduction of the unique student identifier	Partially. Activity that is currently reported will be able to be included on students' training records. This does not include most fee-for-	Students would be unable to obtain statements of attainment that capture both training subsidised by state training authorities as well as fee-for-service and enterprise activity.

Information need	Will option meet the need?	Stakeholder impact
	service and enterprise activity.	This has labour mobility implications. Governments would not be able to fully understand training pathways and labour mobility issues.
Supporting people and businesses to make more informed choices about training options and RTOs	Partially. Information on the activity at RTOs that report data to the national VET provider collection may be able to provide consumers with some context on My Skills. However, there will be no additional information able to be provided for around 2,600 RTOs.	Consumers of training will not have access to activity information on all RTOs to take into account when making a purchasing decision. RTOs that don't report may have a competitive disadvantage.
Understanding equity groups' access to training and the outcomes achieved will assist governments to better target investments and interventions	Partially. Aggregate information is available through other sources, although data is not of sufficient quality or detail for assessing Indigenous people's participation in private or enterprise VET.	Governments will continue to be able to access aggregate information on equity group's participation in training and the outcomes achieved.

106. This option does not mean, however, that other steps would not be taken to address any of the problems posed by the partial data collection. For example, as a regulator, ASQA could exercise its powers to require RTOs to report 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 activity reporting, however as this information cannot be included in the national VET provider collection, it is unlikely to address the other issues outlined in the Problem section or impacts outlined above.

RTOs subject to mandatory reporting

107. RTOs that are currently subject to mandatory reporting would incur no additional costs since they would continue to report their activities to state/territory governments who forward the data to the NCVER. From 1 January 2014, these RTOs would be required to comply with the requirements for the provision of a USI per student. They would also continue to be required to comply with other data requirements.
108. No additional benefits would accrue from the provision of complete data on VET activity.

RTOs that are not currently subject to mandatory reporting

109. RTOs that are not subject to mandatory reporting requirements would not face any additional costs, however nor reap any additional benefits under this option. From 1 January 2014, these RTOs would be required to comply with the requirements for the provision of a USI per student as well as comply with other data requirements.
110. As part of their role particularly in furthering risk management frameworks for RTO registration, ASQA and the regulators for Victoria and Western Australia may seek additional information/data from RTOs that do not report VET activity.

Enterprise RTOs

111. Impacts for enterprise RTOs are similar to those for RTOs without mandatory reporting.

Employer/business

112. There are no benefits provided by this option to business/employers.

113. However, there is an opportunity cost since human resource decisions would continue to be based on incomplete information of the number of people, their skills and location, as well as a better picture of the pipelines of people, skills and location and the anticipated timing of their completion of qualification.

114. The issues with reduced business output and productivity outlined in the Problem section would continue:

*'In regards to options 1 and 2, the major cost associated with both these models is that they will continue to undermine the investment in and reform of the VET sector, and ultimately constrain the development of a more skilled and productive workforce.'*³²

*'From a workforce planning perspective, industry therefore does not have an accurate understanding of the supply of labour to the industry. In response, industry has had to rely on estimates to model future demand of qualifications.'*³³

VET students/employees

115. More limited information would be available to support informed choice of which RTOs are best suited to students' or employers' requirements. The My Skills website would have incomplete statistical information about RTOs that do not report.

116. Indicators of RTO quality would continue to be available to the extent that it is reliably self-reported on individual RTO websites. There would be limited facility to provide more informed or impartial information since such information would only be available for those RTOs that report VET data. Completions data would not be available from the VET collection for My Skills for around 2,600 providers.

117. The USI for VET students/employees in isolation of the reporting of total VET data will not support the ability of students/employees to track VET educational attainment across all RTOs in a single portable record that can be used for further education/employment. This is because ready access to full information would not be available for those students that gain any part of their qualifications in RTOs that do not report VET data. Consequently, once the USI is implemented, students may choose to limit the attainment of their studies to only those RTOs that do report.

118. This Option would also not support other anticipated benefits of the USI such as easier transition between institutions and reducing the costs of such movements.

Australian, state and territory governments, including regulators

119. Option 1 would not provide any additional benefits to governments.

120. If the purpose for which quality indicator data on competence completions was expanded, Option 1 would provide a picture of the scale and capacity of the VET system in jurisdictions and nationally. This picture would be limited and would not support detailed analysis.

³² Shop, Distributive and Allied Employees Association, Total VET Activity Consultations RIS, submission, page 1

³³ Service Skills Australia, Total VET Activity Consultation RIS, submission, page 2.

121. The lack of transparent information and data at a level which enables the location of students undertaking training to be identified and identification of training pathways reduces governments' ability to identify overlaps and gaps, adapt and respond to changes in skills shortages and demands. This impedes the design and assessment of VET policies and investments, including those targeted at addressing particular skill shortages, and evidence based decision making.
122. This option would 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 and National Partnership. It would not be possible to assess eligibility for the training entitlement provided by the NASWD by reference to the VET attainments recorded against USIs, as these will be incomplete. Furthermore, it would not enable the full realisation of the benefits expected for other VET transparency projects, including the USI and My Skills website.
123. In addition, this option would not support the application of a comprehensive risk-based model of regulation as activity data is only supplied by some RTOs. This would make the task of the relevant regulators more difficult and they would have to resort to their regulatory powers to obtain the information required to undertake their role. This would mean that regulators would need to both collect and manage data which would result in a duplication of effort and cost.
124. 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 more exacerbated.
125. The USI will not be fully supported. The relationship between the USI and total VET activity data is symbiotic in that the USI will enable more effective use of VET activity data, and data on total VET activity would enable the full functioning of the USI.

Community

126. This option would not impose any additional cost nor result in any additional benefits for the community.
127. Opportunity costs would continue to the extent that current investments and interventions by governments, students and employers result in less than optimal outcomes because of the lack of comprehensive data.

Option 2- Supplementary survey

128. Under the current arrangements, RTOs can voluntarily report data. In 2011, of the almost 4,000 private and enterprise RTOs, 1,009 voluntarily reported fee-for-service and/or enterprise data. Of these, the vast majority (809) also report activity that is funded by state training authorities. It is likely that these RTOs have made a business decision that it is easier to report all of their data rather than identifying and only providing data that is funded by state training authorities.
129. Only 200 RTOs that exclusively deliver fee-for-service and enterprise activity reported their data. About 2,600 RTOs did not report any data at all. It is highly unlikely that these 200 RTOs or the 809 RTOs that reported fee-for-service and enterprise activity along with activity subsidised by state training authorities are representative of the broader pool of RTOs that reported no data.
130. Two approaches have been identified for obtaining a sufficiently large proportion of information from the significantly diverse range of RTOs – the census approach and the select approach.

131. For the census approach, a response rate of 17 per cent of the approximately 3,500 private and enterprise RTOs that do not currently report their fee-for-service and/or enterprise activity data responding to the survey is required. As surveys of RTOs tend to have a response rate of about 12 per cent or below³⁴, it is unlikely that this response rate would be able to be achieved. Any response rate less than 17 per cent is likely to suffer from confidence issues, with flow-on implications for the results and conclusions that can be drawn, limiting the value of the survey.
132. The survey responses would need to be checked to ensure that they are relatively representative of the diversity of private and enterprise RTOs. This is difficult given the information available on all RTOs at present is that which is held by training.gov.au and is limited to the type of RTO ([Appendix A](#) outlines the 15 categories), the scope of qualifications and units of competency offered and some compliance history. An additional limitation on the available information is that not all RTOs deliver all qualifications or units in their scope each year, in fact some may not deliver any. Similarly, for the select approach, ensuring the RTOs selected for participation are representative is difficult given available information. Over time, survey results would provide a better indication of this diversity.
133. If an adequate response to the census approach is achieved, the survey would provide some indication of the VET activity undertaken by RTOs that do not currently report.

General impacts

134. Option 2 would provide an indication of fee-for-service and enterprise activity and an estimate of total VET activity. However, an estimate of total VET activity is able to be achieved under Option 1 by expanding the purpose of the aggregate enrolment and completion data provided by RTOs as part of their registration conditions.
135. Option 2 may be able to provide an additional benefit above Option 1 by providing some information about the students undertaking the fee-for-service and enterprise activity and further information about the activity than is currently available. However, as Option 2 is survey based, many of the problems of the partial VET activity data collection will not be resolved as the information needs require transaction level information. As such, Option 2 is not able to achieve the policy objective and is not considered feasible.
136. Table 4 outlines the extent to which Option 2, for both the census and select approaches to administering the survey outlined above, will address the information needs identified through consultation, and stakeholder impacts. Further stakeholder impacts are outlined for each stakeholder group below.

Table 4: Assessment of Option 2's capacity to meet the needs for total VET activity data

Information need	Will option meet the need?	Stakeholder impact
Understanding skills being produced by the VET sector and those in the pipeline across locations and skill areas.	No. Data on skills being produced in the VET sector will not be comprehensive meaning the capacity to match skill supply with demand, identify gaps and investment needs will not be met.	Will impact capacity of industry, businesses and governments to understand skill needs at local level and respond appropriately. Will impact capacity of people wanting to undertake training to choose to train in skills that are in-demand in their local area.
Market intelligence on supply and	No.	RTOs will be impacted as their

³⁴ Based on response rates for the survey undertaken to support this RIS, the survey commissioned by ACPET, and surveys of private RTOs undertaken by NCVER.

Information need	Will option meet the need?	Stakeholder impact
demand for skills and outcomes	Skills being produced in the VET sector and training outcomes will not be comprehensive or able to be identified by location, which requires transaction level information.	<p>capacity to respond to training gaps in their region and to benchmark against similar RTOs, whether that is based on location, type or training offered, will need to rely on other data sources.</p> <p>Government allocation of public funding could be misdirected without an understanding of where the market failures in training are.</p>
Understanding all RTOs' training activity to support risk-based regulation, including providing early indicators, and regulators' audit regimes	<p>Partial, as per Option 1.</p> <p>Regulators may be able to use data gleaned from participants in survey, but as this is likely to impact response rates and could introduce bias, use of data for regulatory purposes is likely to be excluded as a purpose for the information.</p>	<p>Regulators' capacity to regulate the sector and respond to emerging issues will be compromised.</p> <p>VET sector's reputation for provision of quality training likely to be at greater risk due to absence of data.</p>
Understanding total VET effort and the capacity, scope and size of the system will assist governments to better target investments and interventions, including supporting the design and administration of entitlements	<p>Partially, building on Option 1.</p> <p>Survey results would provide some indication of fee-for-service and enterprise activity but given diversity of VET sector, confidence that the survey result reflect that diversity is likely to be impacted.</p> <p>Survey would not support administration of entitlements.</p>	<p>Governments would be able to ascertain limited understanding of extent of private and enterprise RTOs contribution to VET effort, number of students, and numbers undertaking particular units and courses. Utility of the information for deeper analysis would be fraught given likely low confidence levels for extrapolation. Many policy questions and issues would remain.</p> <p>Governments would not be able to use survey data to administer entitlements over time.</p>
Data to support issuing of whole of life statements of attainment envisaged with the introduction of the unique student identifier	<p>Partially as per Option 1.</p> <p>Survey data would not further this position as the data would not be able to be used to support students' training records.</p>	<p>Students would be unable to obtain statements of attainment that capture both training subsidised by state training authorities as well as fee-for-service and enterprise activity. This has labour mobility implications.</p> <p>Governments would not be able to understand training pathways and labour mobility issues.</p>
Supporting people and businesses to make more informed choices	<p>Partially, building on Option 1.</p> <p>If responding RTOs agreed, the</p>	<p>Consumers of training will not have access to activity information on all RTOs to take</p>

Information need	Will option meet the need?	Stakeholder impact
about training options and RTOs	information gleaned through the survey could be included on My Skills.	into account when making a purchasing decision. RTOs that don't participate in the survey may have a competitive disadvantage.
Understanding equity groups' access to training and the outcomes achieved will assist governments to better target investments and interventions	Partially Aggregate information is available through other sources although data is not of sufficient quality or detail for assessing Indigenous people's participation in private or enterprise VET.	Governments will continue to be able to access aggregate information on equity group's participation in training and the outcomes achieved. The survey may provide some insight into the participation of Indigenous people in privately funded training, but given the size of the intended survey, confidence in the outcomes is likely to be impeded by small numbers of Indigenous people undertaking training with participating RTOs and self-identification issues.

137. While ACPET has suggested that an understanding of total VET activity could be obtained through independent surveys³⁵, such a survey would be beset by the same issues and impacts as described in this section.

RTOs subject to mandatory reporting

138. RTOs that are currently subject to mandatory reporting would not have any additional costs or additional benefits.

139. RTOs reporting data would, however, continue to be at a cost disadvantage in the provision of VET services relative to RTOs that are not reporting the data.

140. This disadvantage would be offset to the extent that RTOs reporting data would be included in the My Skills website thus assisting them to market their VET services.

RTOs that are not currently subject to mandatory reporting

141. RTOs that choose to report data in response to a request to do so would face additional costs but would also benefit from the My Skills website. Since RTOs need to maintain student records of attainment for 30 years and enable people undertaking training to have timely access to current and accurate records of their participation³⁶, RTOs should have much of the information required to be provided through the survey.

142. The costs of participating in the survey would involve extracting the data from the systems used by the RTO, entering it into the survey as required and submitting the survey response. If the survey attempts to capture demographic indicators that aren't collected as part of the normal

³⁵ Australian Council for Private Education and Training, Total VET Activity Consultations RIS, submission, page 3.

³⁶ Australian Government, Standards for NVR Registered Training Organisations 2011, sections 506 and 12.3, among others and Condition 6 of both the AQTF Essential Conditions and Standards for Initial Registration, Condition 6, and Essential Conditions and Standards for Continuing Registration.

course of business for RTOs, there may be a further cost associated with trying to collect this information from past students. It is more likely that this information wouldn't be able to be provided as collecting demographic indicators for past clients with whom the RTO no longer has a relationship would be very difficult. Enterprise RTOs are more likely to be able to provide such information given the provision of training to employees or members.

143. RTOs that choose not to report data in response to a request to do so would not face higher reporting costs. This would provide them a cost advantage relative to RTOs that do report data. These RTOs would not, however, realise the benefits from participation in the My Skills website.
144. Similar to Option 1, it is likely that ASQA and relevant state regulators may seek additional information/data from RTOs that do not report VET activity as part of their role, particularly in furthering risk management frameworks for RTO registration.

Enterprise RTOs

145. Enterprise RTOs would face similar impacts as private RTOs that are currently not reporting data. Since their core business is to provide training for their enterprise, these RTOs may be less likely than private RTOs to respond to an invitation to participate in a survey. However, ERTOA's submission acknowledges the value of a better understanding of total VET activity and as such response rates may be greater from enterprise RTOs. However, it is likely that gaps in the understanding of VET activity would remain.

Employer/business

146. Relative to the status quo, a survey that yields more robust data would better support more transparent and informed analysis and decision making. However, the extent to which this information is able to be used by employers and businesses to ascertain local supply of skills and to inform training purchasing decisions is would be limited to the extent that RTOs in the region providing the skills they need participate in the survey and agree for that information to be used to inform the My Skills website. As such, surveys are likely to yield uneven results for employers and businesses.
147. On the other hand, surveys that yield limited data would not progress the situation relative to the status quo. Since a survey would not support the objectives of a USI, employers would need to rely on the current methods of determining the skills and qualifications of their employees.

VET students/employees

148. A survey would add to the total understanding of the fee-for-service VET activity and, as long as the appropriate permissions are given and is suitable for extrapolation, the data could be used to provide additional information on this segment of the VET market, as well as also add to the information that could be made available through the My Skills website.
149. A significant disadvantage of a survey is that it would limit the applicability of the USI. Students attending any course at private or enterprise RTOs that do not report data would not be able to use the USI to gather a full picture of their VET attainment across all RTOs. It would not support other anticipated benefits of the USI such as easier transition between institutions and reducing the costs of such movements.

Australian, state and territory governments, including regulators

150. A survey would add to the total understanding of VET activity undertaken by RTOs that do not at present report, and support high-level analysis of all training activity, as long as the response rate is sufficient to engender confidence in its results.
151. To the extent that the data is contentious, it would impede the design and assessment of VET policies and investments, as well as other evidence based decisions, including COAG training participation targets and the outcomes achieved under the revised NASWD.

152. As per Option 1, under Option 2 it would not be possible to assess eligibility to the training entitlement provided by the NASWD by reference to the VET attainments recorded against USIs, as these will be incomplete. States and territories would have to rely on other arrangements likely to be less efficient and/or effective to administer the entitlement, at potentially a higher cost relative to Option 3.
153. In addition, data from a survey are unlikely to be integrated with the national VET provider collection due to its likely aggregate, representative data arising from a survey approach; nor would it support the detailed analysis and research possible through the manipulation of a comprehensive set of data.
154. Further, a survey would not provide the complete picture of the scale and capacity of the whole VET system that is required if the policy objectives of this proposal are to be realised. The survey would provide a snapshot of fee-for-service and enterprise activity that would be difficult to apply to many policy questions and issues given the diversity of the sector.

Community

155. It is likely that the cost of surveys of the private VET sector would be met by government, and therefore the community as a whole.
156. The community would, however, benefit by gaining limited insight into the private VET sector.
157. Notwithstanding that the cost of survey data is likely to be significant, the community would not realise the full benefit of the ability of decision makers, including industry and governments, to make fully informed evidence based decisions impacting on the labour market since the information systems would be less than comprehensive.

Option 3: Mandate the provision of AVETMISS data by all RTOs

158. Under this Option, total VET activity would be achieved by amending the AQTF and Data Provision Requirements to require all RTOs to collect and report compliant data on a regular basis for inclusion in the national VET provider collection for publication.
159. This option contains two sub-options: Option 3a – the collection of full demographic data; and Option 3b – the collection of core demographic data. [Appendix C](#) specifies the different demographic information to be collected under these options.

General impacts

160. Option 3 would respond to all of the problems that result from partial VET activity reporting, as outlined in Table 5. Both Option 3a and 3b would satisfy most of the information needs identified in the Problem section and Table 6. The key difference is that Option 3a, with its collection of full demographic information, would provide another level of granular information to support understanding equity groups' access to training and the outcomes achieved. The cost of collecting demographic information is outlined further in the section below on the impacts for RTOs that are not currently subject to mandatory reporting.
161. Table 5 outlines the extent to which Option 3 will address the information needs identified through consultation, and stakeholder impacts. Further stakeholder impacts, and in particular cost impacts, are outlined for each stakeholder group below.

Table 5: Assessment of Option 3's capacity to meet the needs for total VET activity data

Information need	Will option meet the need?	Stakeholder impact
Understanding skills being produced by the VET sector and those in the pipeline across locations and skill areas.	Yes. Skills being produced in the VET sector will be able to be identified by location meaning the capacity	Will enable industry, businesses and governments to understand skill needs at local level and respond appropriately.

Information need	Will option meet the need?	Stakeholder impact
	to match skill supply with demand, identify gaps and investment needs will be met.	Will support people wanting to undertake training to choose to train in skills that are in-demand in their local area.
Market intelligence on supply and demand for skills and outcomes	Yes. Skills being produced in the VET sector and training outcomes will be able to be identified by location.	RTOs will be more able to respond to training gaps in their region and to benchmark against similar RTOs, whether that is based on location, type or training offered. Government allocation of public funding more appropriately directed given greater understanding of where the market failures in training are.
Understanding all RTOs' training activity to support risk-based regulation, including providing early indicators, and regulators' audit regimes	Yes.	Under Option 3a and 3b, regulators will be able to respond to early indicators, be able to better assess the risk posed by RTOs and have more granular information available for compliance monitoring purposes. Under Option 3b, regulators will be able to assess RTO risk using information on core demographic information only.
Understanding total VET effort and the capacity, scope and size of the system will assist governments to better target investments and interventions, including supporting the design and administration of entitlements	Yes Transactional data on activity will be provided. Data will support the administration of entitlements over time.	Governments would have an understanding of the extent of private and enterprise RTOs contribution to VET effort, skills being developed across the sector, training pathways taken through VET, levels of investment of people in their capabilities to support detailed analysis of, supporting better targeting of interventions and investments.
Data to support issuing of whole of life statements of attainment envisaged with the introduction of the unique student identifier	Yes. Transactional data needed to support USI will be available.	Students would be able to obtain statements of attainment that capture both training subsidised by state training authorities as well as fee-for-service and enterprise activity, supporting labour mobility.
Supporting people and businesses to make more informed choices about training options and RTOs	Yes.	Consumers of training will have access to activity information on all RTOs to take into account when making a purchasing decision.

Information need	Will option meet the need?	Stakeholder impact
Understanding equity groups' access to training and the outcomes achieved will assist governments to better target investments and interventions	Yes. Aggregate information is available through other sources. It is proposed that Indigenous people's participation in private and enterprise VET be collected and reported to overcome issues with current data sets.	Under Option 3a, governments will be able to use the national VET provider collection data to better target interventions and initiatives to support disadvantaged groups. Under Option 3b, governments will continue to be able to access other sources of aggregate survey information on equity groups' participation in training and the outcomes achieved. It is noted that these sources can be inaccurate due to relatively small sample frames and the infrequency of surveys.

162. The potential gains from VET reform are large. A key consideration is the extent to which the Productivity Commission's identified benefits from the reforms to 2020 are supported by comprehensive, accurate and reliable data on VET activity since³⁷.
163. The 2012 Productivity Commission report on the impact of COAG's reforms to 2020 illustrates the importance of the VET sector and its potential positive economic impact. The Productivity Commission noted that relative to the baseline (in which a third of the population do not have at least a Certificate III qualification): 'the increase in the profile of qualification attainment associated with attainment of the COAG's 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; and
 - GDP by 1.95 per cent.'³⁸
164. Reliable VET data would more efficiently and effectively enable the realisation of the benefits of reforms in the VET sector that would yield significant benefits to the Australian economy. This is because more complete data would allow skill gaps in the market to be more readily identified enabling RTOs to respond, while prospective students would be attracted to qualifications where they identify areas of skills needs or increased supply of places. More complete information about the sector would allow government initiatives to more accurately address skills-relevant issues with better evaluation of those initiatives resulting in the better targeting of government resources.
165. Under current legislation, RTOs are required to archive student information for 30 years. The collection of AVETMISS data may enable the archiving obligation to be met by NCVET rather than with the RTOs over a 30 year period. This could be a benefit to offset some of the costs of reporting that an RTO may incur.
166. In the longer term, total VET activity reporting may result in a reduction in the reporting required by all RTOs to the extent that it enables a rationalisation of the data requirements, facilitates a common data entry point and repository (such as through the NCVET's VET data portal and its

³⁷ Australian Government Productivity Commission, *Impacts of COAG Reforms: Business Regulation and VET*, April 2012.

³⁸ Australian Government Productivity Commission, *Impacts of COAG Reforms: Business Regulation and VET*, April 2012, page 100.

servers) and permits appropriate access for downloads that enable the needs of government agencies and others to be met in a timely manner.

Costs and benefits arising from full demographic data in comparison to core demographic data

167. The cost of full demographic data collection over partial demographic data collection is higher (see Box 3 below). This is because full demographic data requires the collection and submission of more information that is not generally collected in the ordinary course of business.
168. Information on demographic characteristics for the civilian population aged 15 to 64 years (including relationship status, indigenous status, where born in Australia or when arrived in Australia, indices of socio-economic disadvantage and geographic region), as well as participation in education, highest educational attainment, transition from education to work and current labour force information is collected annually by the ABS in its Survey on Education and Work. In addition, the ABS collects demographic information on a range of demographic indicators (age, sex, labour force status, highest year of school completion, main language at home, state, remoteness, disability and other health issues, gross weekly household income) in its four yearly Education and Training Experience Survey.
169. However, data relating to Indigenous people is not reliable due to sample size constraints. As such, data in the national VET provider collection on the participation of Indigenous Australians in training would improve the ability of policymakers to develop appropriate interventions, assess progress on equity goals and understand training pathways.
170. Partial demographic data reporting would also assist regulators to manage risk in the sector:
'ASQA's effectiveness as a regulator would greatly benefit from access to specified data sets in the national VET provider collection...'
171. In particular, ASQA have indicated that they need a range of data on students including such information as labour force status and prior educational achievement.
172. While not easily quantifiable, the benefits arising from the systematic collection of at least partial demographic information as specified in Option 3b is expected to outweigh the costs of mandating the collection and submission of core demographic data by all RTOs. The option of reporting of full demographic data would still be available for RTOs if they choose to report full demographics.

RTOs subject to mandatory reporting

173. There would not be any additional cost impacts on RTOs that are currently reporting.
174. RTOs that are currently mandated to report training activity because of contractual/funding arrangements would continue to submit this data to state training authorities as is the current practice. It would be unlikely that any additional costs would be imposed by this option.
175. Further, all RTOs – whether currently reporting or not – would benefit from better business decisions based on greater knowledge of the total VET market. Full information would inform decisions about skills gaps and the potential demand of courses as well as the geographical knowledge of demand. This would allow the RTOs to direct resources where there is greatest demand.

RTOs that are not currently subject to mandatory reporting

176. While all RTOs are currently required to have 'a student management system that has the capacity to provide AVETMISS compliant data', it is not possible to estimate how many have such a system and whether it is manual / paper based or computer based. Even if an RTO is compliant with the standard, they may face additional costs in establishing a system that can support the electronic submission of data. As such, the cost of Option 3 would impact most significantly on

those RTOs that are currently not reporting AVETMISS compliant data, because it would potentially place an additional cost on the RTOs to implement the systems required and provide on-going reporting. Furthermore, if Option 3a is pursued the cost of collecting demographic information that is additional to that required in the normal course of business would also be incurred. Some costs may be associated with confirming demographic information and collecting limited additional information under Option 3b, but in most instances this is likely to be less significant than the costs associated with Option 3a.

177. For those RTOs that currently do not report or report only some aspect of their VET activity, the impact of mandated reporting will also depend on whether they have an AVETMISS compliant student management system in place that enables compliant data to be easily extracted for submission to NCVET. It is difficult to estimate the proportion that do, since the NCVET and regulators do not have information on how many RTOs have student management systems with this functionality. 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 - the functions and complexity of the systems vary, as well as maintenance and support services commensurate with software prices;
- RTO specific management systems that use tools such as customised Excel spreadsheets and Access databases; and
- paper based systems.

All of these systems could satisfy the current registration requirement to have a student records management system that has the capacity to provide AVETMISS compliant data if it has the capacity to collect and record the necessary information.

178. These costs would reduce their competitiveness in the VET market relative to those RTOs that are already compliant since the latter are already incurring these costs.

179. The results of the independent analysis of costs for Option 3 are outlined in Box 3 below.

Box 3: Estimated costs of mandating the provision of AVETMISS data

Table 3.1 below reports the costs for Option 3a and 3b. These figures include the costs for RTOs and NCVET.

Table 3.1: Data provision and set-up costs (2012 \$m)

<i>Scenario</i>	<i>Data costs (on-going)</i>	<i>IT costs (one-off)</i>	<i>IT costs (on-going)</i>	<i>Total (Year 1)</i>
Option 3a – annual provision	6.5	7.1	0.9	14.4
Option 3b – annual provision	3.0	7.1	0.9	11.0
Option 3a – quarterly provision	7.1	7.8	1.2	16.1
Option 3b – quarterly provision	3.5	7.8	1.2	12.4

Data costs

The difference between option 3a and 3b, \$3.4 million a year for annual reporting and \$3.7 million a year for quarterly reporting, is because full demographic data is not collected by private RTOs in their ordinary course of business, so that the costs represent the additional time of collecting new information over and above what is currently collected.

The cost for each non-reported student can be estimated by averaging the results from the AVETMISS survey and the estimate of student numbers derived from the ACPET survey to estimate there are approximately 750,000 VET students not currently reported on:

- the cost of collecting and providing the 14 additional demographic fields under Option 3a would be about \$8.67 per student, with each field costing about \$0.62; and
- the cost of collecting and providing the six additional demographic fields under Option 3b would be about \$4 per student, with each additional field costing about \$0.67.

These figures are based on estimates provided by RTOs participating in the AVETMISS survey on the costs of collecting and providing data. As such they would factor in the cost of collecting the data from the student, entry, double checking, validating the information and submission. The difference in costs per field between Option 3a and 3b relates to the fixed costs (such as the tasks involved with actually submitting the data) that will not change whether reporting on six additional fields or 14. While these costs are unlikely to attribute evenly across the data fields, average costs are presented here to support consideration of this potential reform.

Capital costs

The cost-benefit analysis used information provided by RTOs in the survey on capital costs to develop an aggregate figure which has then been disaggregated by RTO size to provide an indication of possible distributional impacts. These costs are in Table 3.2.

Table 3.2: Capital costs by RTO size

	Small RTO <i>(Less than 20 students)</i>	Medium RTO <i>(20<enrol<500 students)</i>	Large RTO <i>(More than 500 students)</i>
Setup costs	\$6,300	\$13,500	\$30,000
Ongoing costs	\$200	\$1,260	\$1,920

Estimates of capital costs varied significantly in consultations: from zero in the case of providers already using AVETMISS compliant student management software to \$30,000 for a large provider.

Based on extrapolation of the survey, it is estimated that about 35 enterprise RTOs and 255 private RTOs that do not report any data would incur IT set-up costs as well as ongoing IT costs. For enterprise RTOs that do report some data, about 49 are expected to incur IT set up costs and around 32 private RTOs that do report some data are expected to incur IT set-up costs as well as ongoing IT costs.

Enterprise RTOs can be impacted by the requirement to move data from their personnel systems where training activity may currently be recorded to an AVETMISS compliant system. Non-enterprise RTOs can be impacted by the AVETMISS requirement requiring a substantial new investment in student management software noting that there are also low cost third party AVETMISS only components and small providers are also able to make use of the NCVER data entry tool which could obviate the need for a system purchase.

Accordingly, capital costs based on the survey of non enterprise RTOs may be overstated in that costs for some providers may be avoided entirely through use of the NCVER tool, providers may be able to access lower cost modules and avoid major system upgrades, and, even where a major upgrade is required, there may be other offsetting benefits for the RTO. For enterprise RTOs, costs will depend on the capacity of existing systems to integrate with compliance software noting that where numbers are not large the NCVER tool may also provide a low cost solution.

The estimated costs of \$7 to \$8 million for capital upgrade is therefore regarded as a high side figure.

First year and ongoing costs per student

Table 3.3 outlines the costs for non-reporting RTOs per student for the first year of reporting requirements and the ongoing yearly costs.

Table 3.3: First year and ongoing costs per student

Scenario	First year costs	Ongoing yearly costs
Option 3a – annual provision	\$18.28	\$9.31
Option 3b – annual provision	\$13.72	\$4.74
Option 3a – quarterly provision	\$19.16	\$10.19
Option 3b – quarterly provision	\$14.28	\$5.30

Costs including the baseline

The costs outline in Table 3.1 above, are those that are assumed to be incurred by RTOs and the NCVET over and above those that would be incurred in a business as usual scenario. As such, the cost of data that is currently collected and/or provided is not included. Table 3.4 outlines the full cost of providing AVETMISS data, including also enrolment and completion data and excluding IT related costs. As this methodology would be double counting costs, as enrolment and completion data is currently collected by RTOs as part of regular business practice and tracking students' progress, the cost impacts associated with the reform only focus on the additional effort/cost required.

Table 3.4: Data provision costs including baseline costs (\$million)

Scenario	Data provision costs (\$million)
Option 3a – annual provision	18.3
Option 3b – annual provision	14.8
Option 3a – quarterly provision	19.6
Option 3b – quarterly provision	15.8

Present value costs over five years

Table 3.5 below reports the present value of costs under each option over the five year period from January 2014 – January 2019.

Table 3.5: Present value of costs under each option (2012 \$m)

Scenario	Present value of costs
Option 3a – annual provision	36.8
Option 3b – annual provision	22.7
Option 3a – quarterly provision	41.3
Option 3b – quarterly provision	26.3

Competition impacts, including small business impacts

180. Option 3 may provide a higher investment threshold to entering the VET market. But the average costs imposed by mandatory reporting of total VET activity are not anticipated to be so significant as to dissuade new entrants to the VET market. Additionally, businesses newly establishing themselves as an RTO are more likely to be able to set up their student management system to effectively and efficiently report AVETMISS data from the outset, whereas existing RTOs with non-compliant systems may face higher costs in adapting a current system to be able to report.
181. While increased costs for reporting are unlikely to dissuade new entrants to the market, the improvements to transparency in the VET sector enabled by total VET activity reporting may indirectly deter new entrants and encourage some providers to exit it. Importantly, greater transparency would also promote competition in the market for VET services. This is likely to

provide benefits for the VET sector's response to the needs of the labour market and the quality of training delivered. This is likely to promote greater confidence in the VET market.

182. The additional monetary costs are not likely to directly encourage many existing RTOs out of the VET market since these are not large relative to the total cost of doing business in this market. The cost-benefit analysis found that the costs of mandating reporting of VET activity (less than one per cent of business costs, regardless of RTO size by student numbers) was unlikely to sufficiently impact business costs to result in RTO closures when considered in isolation of any other factors. In contrast to the cost-benefit analysis, one submission noted that reporting requirements accounted for 10 per cent of administrative costs. This difference highlights the variable impacts across RTOs, which arise from a multitude of factors including training offerings, market competition and efficiency of business practices.
183. For all non-reporting RTOs there is expected to be an additional cost of around \$10 per student for providing the full AVETMISS data (around \$5 per student under the core demographic scenario). This additional cost is expected to be able to be passed on to students in most cases and as such, there is not expected to be any competition advantage across that segment of providers. Because of the uniform application of the data provision costs, no RTOs are expected to leave the market as a direct result of the non-capital costs.
184. A cost that may have a greater impact on RTOs that are micro businesses is the time costs involved in a new reporting requirement. Most RTOs expressed mandatory reporting as an issue that would impact time allocation, impacting to varying degrees the time invested in training as compared to administration. Even with factoring increased fiscal costs into student fees, very small businesses are less likely to have the staffing numbers to easily absorb the additional IT cost and time impost for increased administrative requirements.
185. The costs outlined in Box 3 were calculated on the basis of RTO size, using the number of students enrolled each year rather than the size of the business. As such, an RTO in the 'large' category may in fact be a small business by the Australian Bureau of Statistics (ABS) definition – in that they may have had over 500 students, but employed less than 20 people. Almost half of the responses to the survey of RTOs undertaken by the Department of Industry, Innovation, Science, Research and Tertiary Education (DIISRTE) to collect information on current and expected costs of reporting activity data were by an RTO which would be defined as a small business using the ABS classifications. This survey showed for those that don't report fee-for-service and enterprise activity now, most responses expected the time required to report activity every three months would be 21 to 50 hours and cost \$2,001 to \$5,000 per quarter.
186. Irrespective of RTO size (whether by student numbers or business size), an annual ongoing cost in the vicinity of \$8,000 to \$20,000 is likely to be more difficult for RTOs operating on thin margins, or in a not-for-profit environment. Furthermore, the additional cost per student would be most significant for RTOs providing short and very short courses since the cost of collecting demographic data would be a common overhead regardless of the length of the course. This would be particularly noticeable for those short courses currently attracting small fees (in the vicinity of \$15 to \$100) where a cost increase that is passed onto students will result in a significant increase in fees in percentage terms.
187. There is a disparate impact with respect to IT costs. For about 370 RTOs there is expected to be an additional cost to set up an appropriate system (an average of about \$18,000 ranging from \$6,300 to \$30,000 depending on the number of students) and in ongoing costs for that system. As noted in Box 3, these costs are a high side estimate. For most, it is likely that these additional costs would be passed on to students to the extent that training fees, competition and business practices allow.

188. Impacts resulting from increased IT costs are likely to be more strongly felt by RTOs delivering low cost units of competency (as opposed to full qualifications) and enterprise RTOs. For RTOs providing low cost units of competency, they will have less flexibility to significantly increase fees to cover IT costs. A number of submissions were received from RTOs that provide units of competence training only, particularly in the OH&S field, who raised concerns about their ability to pass reporting costs on to students and/or employers in a competitive market place, particularly when the cost of units is already low (with one RTO consulted noting an average fee of \$58).
189. As enterprise RTOs, by their very nature, do not generally charge their students fees, the 85 or so enterprise RTOs that would incur IT costs would need to absorb these costs. Non-reporting enterprise RTOs raised concerns about such costs that they would need to absorb, as they are already fully funding the training for their own employees or members.
190. With respect to small businesses, the average set-up cost for the 40 per cent of respondents to the survey that identified as a small business was about \$7,000. Their average ongoing IT costs were about \$1,000 per annum. The number of students they taught in 2011 ranged from less than 20 students through to more than 500, with most respondents training 100 to 500 students. Given this, it is likely that small businesses which have IT set-up costs as a result of mandatory reporting are likely to incur costs similar to those associated with RTOs with smaller student numbers, i.e. the cost-benefit analysis found RTOs with student numbers of less than 20 would be likely to incur a set-up cost in the order of \$6,300. However, their average ongoing costs align more closely with that of a medium RTO which provides training to 20 to 500 students.
191. RTOs with very small numbers of students need not purchase expensive systems to input data. NCVER has developed a data entry tool specifically for RTOs with small numbers of students to directly input their training activity information.
192. It is possible that the increased reporting requirement may result in some enterprise RTOs outsourcing training or moving away from the delivery of nationally recognised training. During consultations, two RTOs indicated that this may be the result for them; however, this outcome was not the norm. Other RTOs requiring IT upgrades will need to factor these costs into their business models. It is not possible to predict whether this could result in the decision of any individual RTO to exit the market, but this situation would only be the case for a RTO whose operation was marginal.
193. Although not quantifiable, benefits arising from mandatory reporting, including a better understanding of skills being produced in the sector and better targeted government interventions, are expected to outweigh these costs and any consolidation in the sector.
194. RTOs benefit considerably from the regulatory system as 'government accreditation' promises consumer confidence in the product RTOs are selling. To support accreditation, ASQA has indicated that if mandating reporting of activity by the inclusion of a specific standard in the Data Provision Requirements under the National VET Regulator Act 2011 (mirrored in the AQTF) does not occur, they would seek this information from RTOs anyway. As such, these costs will be borne by RTOs in any event.

Potential cost offsets

195. There will be some cost offsets that have not been able to be quantified for RTOs reporting data to the national VET provider collection. An immediate effect of reporting AVETMISS data to NCVER (whether under Option 3a or 3b) would be to cancel out the additional reporting requirement for the Competency Completion quality indicator. As outlined above in the description of Option 1, NCVER is able to pre-populate the Competency Completion Online System (CCOS) for each RTO that has submitted data into the National VET Provider Collection, meaning RTOs that report data would no longer have the additional reporting requirement of

that quality indicator. It would also reduce the amount of additional data requests from the regulators.

196. Possible transitional implementation and support arrangements, as outlined below in the Implementation and Review section, may assist some providers with balancing the costs of introducing reporting into their business administration systems. This would not offset the costs of reporting, but will make the costs more manageable, particularly in the case of small businesses.
197. In addition to considering transition arrangements with the sector if Option 3 is agreed, which may include a grace period before enforcement of the reporting requirement for some RTOs, particularly small RTOs, it was suggested in submissions that financial assistance may be warranted.
198. Further, to alleviate some of these on-going costs, the NCVER is already in the process of building the validation software as a web based application. This would enable RTOs to directly submit data to the NCVER or through state and territory agencies. It is aimed that this would be rolled out by December 2012.
199. The NCVER will also develop a data entry tool as an additional module to the validation software. This will enable very small RTOs to collate and submit their data without the need to purchase a student management system if they choose not to. This would still involve costs in time and labour but could present a cost offset for some RTOs as it may prove more affordable than spending money on improvements to current systems, particularly if the RTO only has a small number of students each year.

Possible exclusions to avoid unintended consequences

200. Some stakeholders expressed concern that reporting of total VET activity may impose excessive burden on some RTOs operating on a not-for-profit basis and/or in specific training disciplines. For this reason, Option 3 proposes to undertake further consultation on the development of the Policy underlying the standard, around possible limited exceptions to data reporting where the training provided would not significantly contribute towards the objective. It is proposed that the standard provide some flexibility to avoid these consequences and to account for other scenarios that may arise due to the diversity of the sector. This is consistent with the COAG Best Practice Regulation principle 'that regulation remains relevant and effective over time' and does not lock decision-makers into a rigid 'one-size-fits-all' approach that will require an amendment to the data reporting standard, should any clear exceptional cases be presented.
201. Consultations highlighted that a key issue for consideration when developing the Policy will be determining the impact of total VET activity reporting on emergency and rescue volunteer organisations and the ongoing costs of reporting. For these types of organisations, their capacity to absorb an increase in administration costs may be less and, because sometimes those delivering the training are volunteers themselves, the time taken to collect and report data can be a deterrent to attracting and training volunteers.
202. The development of the Policy would be undertaken by the Australian Government, in consultation with state and territory governments, NSSC, regulators, NCVER and affected RTOs or their representatives with the intention to avoid unintended consequences by inflexible application of regulation. The implementation of any exceptions to reporting would require Ministerial agreement.
203. Consultations identified that there may also be some training which is not able to be reported due to legislated national security requirements and some other training which does not add to the overarching policy objectives of total VET activity. The collection of data on such activity

could have unintended consequences, including an inordinate reporting load that does not have substantial benefits that support the key policy objective.

Other impacts

204. Option 3 would enable more information of the totality of the VET market, similar with RTOs that are providing AVETMISS compliant data, these RTOs would also be able to benefit from business decisions based on the more complete picture of VET information available. Option 3b would, however, retain a discrepancy between the reporting burden of RTOs since private RTOs would not be required full demographic data.
205. They would also benefit from the marketing opportunities to come from participation in the My Skills website.
206. Reporting from all RTOs for all students, including fee-for-service students, would become in-scope of the Student Outcome Survey from 1 January 2014 without any further input from RTOs. This would involve providing the survey contractor with names and contact details for any of the RTO's students selected in the target population for the survey.

Enterprise RTOs

207. Compared to the costs faced by RTOs that currently do not provide AVETMISS compliant data, enterprise RTOs may face additional costs. This is because their primary purpose is to provide training to their employees and/or members. As such, 'student management systems' for enterprise RTOs are more likely to be integrated with the Human Resource (HR) management system of the organisation, and consequently would require modifications.
208. Consultations with enterprise RTOs revealed that many who report now operate an AVETMISS compliant student records management system alongside their HR system as this is more cost-effective than changing their HR systems. These enterprise RTOs need to enter the data twice – into the learning module of the HR system if relevant, and into the student records management system to enable the data to be submitted.
209. Most of the demographic information required under option 3b should already be collected for employment purposes. However, enterprise RTOs would need to seek permission to extract personal information from their HR systems and, for option 3a and possibly to some extent also option 3b, supplement this through the collection of additional information to ensure all data requirements in the client file in AVETMISS are covered.

Employer/business

210. Employers are a key beneficiary of Option 3. This is because they would have comprehensive information regarding the skills being generated and available to the labour market, including in the pipeline, as well as where the trainees are located. This better enables employers to identify their workforce requirements, including any gaps, and take the necessary steps to mitigate any looming issues before they impact on the business.
211. The information provided by total VET activity would better enable employers to determine which courses and RTOs are best suited to deliver the training needs of their employees or workforce.

VET students/employees

212. Reporting of VET activity by all RTOs would enable students to gain a comprehensive record of their VET attainments recorded against their USI over time without having to approach any RTOs and seek a record of their training, often at a cost.
213. Since Option 3 facilitates greater transparency, it would also better enable students to make judgements about courses and RTOs that best address their training needs.

214. To the extent that RTOs pass on to their students the additional costs of reporting, students would have additional fees. All students would have to provide some information to RTOs to undertake a course. All employees and volunteers would need to provide some level of personal information in the course of their employment / membership. However, Option 3a would impose an additional cost to capture demographic data which is not currently collected as normal business on enrolment forms. This is estimated to be about \$0.4 million a year. Option 3b would impose a cost across the student population in the order of \$125,000 per year.
215. More robust VET data, including through the My Skills website, would enable students to better inform their choice of qualification and provider, potentially aiding higher course completions. It may also facilitate greater workforce mobility, particularly when coupled with the USI since the USI would record VET achievement across Australia (as long as the RTOs provide the AVETMISS data) thus making it less difficult to provide proof of VET achievement.
216. Information on geographic areas of skills shortages would also aid workforce mobility.

Australian, state and territory governments, including regulators

217. Governments would significantly benefit from reporting of VET activity data. This is because it would enable a complete picture of the scale and capacity of the whole VET sector and this would enable governments to better:
 - understand any failures in the capacity of the VET market to respond to the changing needs of the labour market and thus enable better responses, including better targeting of resources, with full evidence based decisions;
 - evaluate the appropriateness, effectiveness and efficiency of policy interventions and investments in the labour market, including the outcomes achieved under the National Agreement for Skills and Workforce Development and other key COAG agendas such as Closing the Gap;
 - realise the benefits expected from the USI, My Skills website and any other VET transparency projects; and
 - support the regulation of RTOs and quality through better assessment of risks.
218. The cost of the collection and storage of the additional data reported will be met by governments through their contribution to the NCVER. The recent injections of funds by the Australian Government for NCVER infrastructure would significantly contribute to the anticipated additional data volume, however, further funding for the NCVER would be required.
219. The NCVER would need to replace and redesign the national database to allow automated submission of data. This would need to expand to capture the increases in volume and demands for information. Server capacity, storage space and increased reporting requirements would also need to be assessed if the provision of total Vet activity data is mandated. Further, the NCVER would need to provide a level of assistance for RTOs to submit compliant data to the national VET provider collection.
220. NCVER would also require additional resources to accommodate quarterly reporting on the VET data and other feedback on student numbers and completions.
221. In all, for the known costs, NCVER estimates that about an additional \$1.12 million would be required to make the necessary changes plus an on-going additional \$0.7 million a year thereafter. This costing does not account for currently unknown costs such as space and server capacity. NCVER are currently undertaking a sustainability review and the impact of these on the full IT systems are yet to be determined.
222. State and territory governments may also need to upgrade their systems to cope with any additional capacity needed to cater for those RTOs that chose to report through their state/territory agencies rather than directly to the NCVER.

Community

223. The community through taxation would pay for the additional costs to the NCVET, Australian, state and territory governments. This impact is not likely to be noted.
224. However, in the longer term the community would also significantly benefit through a more efficient, equitable and responsive labour market as a consequence of better decisions by industry, consumers and governments.

Consultation

Consultation Regulation Impact Statement

225. The Consultation RIS was released on 15 June 2012 for a six week consultation period, inviting submissions from all interested parties by 27 July 2012.
226. The Consultation RIS outlined the problems posed by partial VET activity data collection and proposed three options for addressing these:
1. No change – maintaining the status quo;
 2. Supplement current data collection with a survey of a sample of RTOs not currently reporting their activity; or
 3. Extending the requirement to report AVETMISS compliant data to all RTOs.

Submissions

227. 42 submissions were received in response to the Consultation RIS. A list of the parties that provided submissions is available at [Appendix B](#).
228. Of the submissions received:
- 4 support option 1 – no change;
 - 1 supports option 2 – survey;
 - 20 support option 3 – all RTOs provide AVETMISS data;
 - 6 support reporting of non-reported activity with some level of qualification, and
 - 11 did not state a clear preference, instead providing responses to questions, raising issues and providing commentary on current reporting requirements and commentary around the expected impact on small RTOs, particularly those running short courses.
229. Submissions were received from:
- one TAFE institute and the Adult Community Education (ACE) providers' peak body – Community Colleges Australia (CCA) ;
 - four enterprise RTOs (two government, one volunteer organisation and one corporation), and the enterprise RTO peak body – Enterprise RTO Association (ERTO) with 68 enterprise RTOs as members across Australia including corporations such as QANTAS, McDonalds, volunteer organisations such as Surf Life Saving Australia and a number of Rural Fire Service organisations, as well as government organisations such as the Department of Defence and the State Transit Authority of NSW;
 - 15 private RTOs and the private RTO peak body – Australian Council for Private Education and Training (ACPET) - with around 1,100 members across Australia including VET and higher education providers;
 - 11 industry bodies (including five of the 11 industry skills councils, three unions, and one that is also a private RTO);
 - two government departments, a state training authority and the Australian Workforce and Productivity Agency (AWPA – previously Skills Australia);
 - the national VET regulator – the Australian Skills Quality Authority (ASQA);
 - the VET standards body – the National Skills Standards Council (NSSC);
 - the VET data body – the National Centre for Vocational Education Research (NCVER); and
 - one AVETMISS software vendor.

Targeted consultations

230. Throughout the submission period, and during the development of this decision RIS, a series of meetings have also been held with a range of stakeholders to further ascertain views, issues and concerns regarding total VET activity data collection. These targeted consultations included:
- the VET peak bodies representing many private and enterprise RTOs (ACPET and ERTO);

- a sample of RTOs, including from ACPET's and ERTOA's membership base;
- the VET regulators (ASQA, VRQA and the WA TAC);
- NCVET;
- government enterprise RTOs;
- the Office of the NSSC;
- state and territory jurisdictions who are partners in this project; and
- internal stakeholders within DIISRTE across the Tertiary, Skills and International Division.

231. Further consultations with a small number of private and enterprise RTOs were undertaken to test costing assumptions.

RTO Survey on costs of reporting

232. To assist with quantifying the potential costs of mandating AVETMISS data collection, a survey was distributed to around 1500 RTOs – ACPET, ERTOA, TAFE Directors Australia and Community Colleges Australia (CCA) members, and a random selection of around 200 'small' currently listed RTOs (taken from training.gov.au) where they had 2 or less qualifications in their scope. The limited number of RTOs that the survey was distributed to was based on agreement with the ABS Statistical Clearing House in receiving their approval to approach businesses to participate.
233. The survey asked for details on their business type and size, whether or not they currently reported AVETMISS data, how frequently, and what their current or anticipated costs of reporting were.
234. 160 RTOs completed the survey. The cost-benefit analysis of RTO costs relied on this data source to estimate costs.

Summary of stakeholder submissions and comments

Registered Training Organisations (RTOs)

235. Registered Training Organisations (RTOs) are organisations registered by the VET Regulator (ASQA), or other registering and course accrediting body (i.e. VRQA or WA TAC) to deliver training and/or conduct assessments and issue nationally recognised AQF qualifications in accordance with the AQTF and the VET Quality Framework. RTOs include TAFE colleges and institutes, adult and community education (ACE) providers, private providers, community organisations, schools, higher education institutions, commercial and enterprise training providers, industry bodies and other organisations meeting the registration requirements.³⁹
236. The submissions received from RTOs, and their peak bodies, have been categorised broadly into public RTOs, private RTOs and enterprise RTOs to allow for a clearer understanding of the concerns of each segment of the VET market.

Public RTOs

237. Public RTOs include TAFEs and ACEs – they are publicly owned and publicly funded, however many also deliver fee-for-service training. Under current reporting arrangements, all public RTOs provide all of their training activity to the national VET provider collection.
238. TAFE NSW, comprised of 12 RTOs, provided the only public RTO submission to the Consultation RIS. TAFE NSW stated that the provision of information should be managed through agreed protocols and be fit for purpose to meet the needs of a range of stakeholders that require and

³⁹ NCVET glossary, http://www.ncver.edu.au/resources/glossary/glossary_full_record.html?query=BROWSE&entry=Registered+training+organisation, 17 August 2012

use this information. It would like to see consistent reporting across all RTOs, noting that individual RTO operational data should not be reported or shared.

239. TAFE NSW notes accurate data on VET activity can assist in monitoring and protecting vulnerable VET markets, including the international student market. It believes that all providers 'derive significant benefit from marketing and delivering nationally recognised qualifications. To maintain the quality of these national products, the outcomes of these activities need to be quantified and reported.'

TAFE Directors Australia (TDA)

240. TAFE Directors Australia (TDA) is the peak national body incorporated to represent Australia's 58 public TAFE Institutes and university TAFE divisions, and the Australia-Pacific Technical College (APTC). Due to the nature of TDA's membership, they are not likely to be negatively impacted by an expanded reporting requirement as their members already submit AVETMISS data on their training activity.
241. TDA did not provide a submission to the consultation RIS, however have engaged in the process in their assistance with distributing the AVETMISS survey to their members, enabling an estimate of the current costs of reporting AVETMISS data.

Community Colleges Australia (CCA)

242. Community Colleges Australia (CCA) is a member-funded peak body representing not-for-profit community owned providers of adult and youth education, training and learning in a local environment. It currently has 65 members representing the majority of VET delivery by not-for-profit providers on the eastern seaboard of Australia.
243. CCA supports comprehensive data collection for the VET sector under Option 3, noting, however, that 'there will be on-going cost implications for all RTOs but especially smaller entities'. CCA's argument for support is that such data collection would provide better information on workforce productivity and participation and how it could be improved, and provide all stakeholders with a fuller understanding of the VET marketplace. It is of the view that, in the process of registration, an RTO is 'granted the privilege of overseeing the education, learning and training of an individual and subsequently certifying successful students'. In return the RTO has an 'obligation to report as proof of responsibility'.
244. CCA members are already subject to AVETMISS reporting and CCA estimates that current data compliance for most of the not-for-profit community education providers has been at least \$1000 to \$5000 in software systems and 0.5 – 1.5 FTE additional staff. For small businesses in particular, this has been a significant cost impost.
245. CCA note that costs are not just the dollar amount for new software, but also up-skilling staff. They recommend governments assist providers by standardising data collection by 'identifying model templates for information requests regardless of the funding program'. This would address one of the key challenges faced by providers where a number of different data reporting templates and methods are required by different agencies.

Private RTOs

246. Private RTOs are non-government training organisations, including commercial providers (providing courses to industry and individuals for profit), not-for-profit organisations and industry providers (organisations providing training to enterprises across an industry). These are diverse ranging from very large to very small with a broad range of qualifications on scope to only a few units of competency delivering training to niche markets. So-called 'small' providers could still be delivering training to large numbers of students. Submissions reflected the diversity among private RTOs with one noting that 'to treat fee-for-service RTOs as a single unified category is a gross over-simplification that will lead to unintended and undesirable outcomes'. A range of

views on the expected cost of full demographic reporting were articulated – from minimal (particularly for those who already report at least some of their training activity), to excessive and significant and possibly resulting in withdrawal from nationally recognised training delivery.

247. Most of the 15 submissions received did not express a particular preference for any of the options, instead outlining expected costs and providing commentary on the issues that may arise. Of those that expressed a preference: one supported Option 1 stating that the data from the Competency Completions quality indicator should be sufficient; none supported Option 2; and six preferred Option 3, some with provisos such as payments for implementation or as part of streamlining reporting requirements. Of those support Option 3, two RTOs noted that the reform was 'long overdue', that accurate information about VET delivery would be invaluable to the sector, and that VET providers should be able to access their own data and aggregate sector data.
248. A number of submissions noted the number of different reporting requirements and that an effort to rationalise data collecting and reporting requirements would be appreciated. For example, reporting is required for VET regulators, state and territory training authorities, and other government programs such as VET FEE-HELP. The reporting often requires the same information but in different forms. One submission noted the different jurisdiction approaches to 'nominal hours' so that RTOs in more than one jurisdiction have to report different hours for the same units.
249. A number of RTO submission called for support for RTOs to implement any reporting changes – from detailed briefings in various locations on any new requirements and processes, to funding to support system changes. Further consultation with industry on implementation details was also requested.

Small RTOs – eg. delivering units of competency, skill sets or to niche markets

250. Over half of the private RTOs that provided submissions could be classified as 'small' –either a small number of qualifications on scope of delivery, delivery of units of competency or short courses only, or delivery to boutique or niche markets only.
251. Small RTOs were generally of the view that the collection of full demographic data from students, including all demographic information that is currently part of the standard, would be too burdensome. For example, a two-hour short course with ten students could result in four hours of data entry. Further, the validation of AVETMISS data is particularly difficult when trying to correct errors in an enrolment form from a student who completed a half-day competency course months previously. Enrolments need to be quick and concise for short courses or units of competency, as well as considerate of potential literacy issues especially where the training is practical skill learning.
252. Many submissions did acknowledge the importance of access to complete information on VET participation rates for governments and other stakeholders. Proposals for achieving this without mandating full demographic reporting by all RTOs include using the Competency Completions data already provided to VET regulators as a Quality Indicator, and crafting exemptions around part, or all, of the reporting standard by classroom hours (eg. minimum 40 hours classroom time) or whether qualifications are issued (for example, if only units of competency, skills sets or approved courses, full reporting would not be mandatory).
253. Submissions also noted that the training delivered by these RTOs can be for personal reasons or to satisfy workplace OH&S requirements. The submission from Australian First Aid noted that the benefits outlined in the consultation RIS were at odds with 'the realities of providing first aid training'. They state that to be compliant, fees would have to be raised so that non-compliant providers (with lower prices) would become more competitive to employers 'seeking to meet WHS obligations at the lowest possible price' – hence, distorting the market. Also, the student demographic information in AVETMISS is not useful for First Aid training as First Aid is for

everyone and those demographics are not relevant for marketing (as on My Skills) or for an understanding of the market. Finally, for courses that need to be regularly repeated to maintain currency of the skills, the amount of data required under AVETMISS is excessive.

Australian Council for Private Education and Training (ACPET)

254. ACPET acknowledges that the partial VET data collection presents problems for policy makers to 'gauge the depth or breadth of accredited VET activity'. They do not think, however, that changes to reporting requirements of RTOs are necessary to address this. Instead, ACPET 'believes that its independent surveys of the size and scope of VET activity are sufficient to inform good public policy making'.
255. ACPET's survey is currently run every two years. ACPET suggests the survey could be run annually with government support for administration and dissemination. ACPET is of the view that an annual independent and voluntary survey is optimal for the VET sector as 'it alleviates the cost burden on providers, strengthens government understanding of the sector, and allows providers confidence in how their data will be used and by whom'. ACPET stress the importance of the independence of this survey and raised concerns about NCVET's capacity to administer a survey of private VET effort.
256. ACPET 'strongly opposed the mandated provision of AVETMISS data by all RTOs'. It notes that RTOs not currently submitting AVETMISS data would face substantial increases in administration and business costs to supply data. There would also be substantial issues for providers offering short courses where the time taken for students to complete detailed enrolment forms does not contribute to the training experience. Additional reporting requirements would add to the burden of providers who already may be overburdened by regulatory requirements such as the need to archive results of student assessments for 30 years.
257. ACPET supports provision of information by RTOs to their regulator 'where relevant and targeted data reporting can assist a regulator in taking a more balanced, risk based approach to regulation', and also suggests that ASQA could be funded to manage a records archive for the sector to alleviate the 30 year archiving burden of RTOs. However, ACPET is 'firmly of the view that ASQA's powers under the *National VET Regulator Act 2011* should not be used as a de-facto means of collecting Total VET Activity', and that to do so 'would be a breach of ASQA's role as a regulator and undermine confidence in both the intent of government and its commitment to improved regulation'.
258. In regard to data from the national VET provider collection being used to populate the new My Skills website, ACPET does not believe that it is a strong argument in support of Option 3. As the My Skills data elements are not yet agreed and it is unlikely that all elements in the VET Provider Collection will be useful to consumers, they believe that 'making this a mandatory requirement is not necessary and will not assist consumer choice'. ACPET notes that private providers are more likely to be positive about including their activity data on the website when they can see that the website's information is 'seen as being meaningful and supporting consumer choice'.

Enterprise RTOs

259. The Enterprise RTO Association (ERTO) provides the following essential characteristics of an enterprise RTO:
 - a legal business entity within Australia;
 - registered as an RTO;
 - the principal business of the enterprise itself is not training and development; and

- the primary target population for the RTO are the employees of the enterprise⁴⁰.
260. Broadly, enterprise RTOs can be divided into corporate, volunteer, and government organisations. For example, Woolworths and McDonalds are corporations; the Rural Fire Service and Surf Life Saving Australia are volunteer organisations; and the Department of Defence and the NSW Police Force are government agencies.
 261. Due to their inherent nature, the 'student records' of enterprise RTOs are generally 'staff records' or a membership database and are stored in human resources (HR) systems rather than AVETMISS-compliant student management systems. In consultations, many enterprise RTOs commented that most HR systems did not 'talk' to AVETMISS systems, and that often a separate and duplicative database is kept for submitting AVETMISS compliant data for training that is government funded.
 262. Where the benefit of government funding for training outweigh the administrative cost of reporting, enterprise RTOs have a clear rationale for accepting a reporting requirement. For non-government-funded training of employees, some submissions requested more information about the use of the data and the benefits to their organisation to justify the additional expense of reporting.
 263. Many submissions claimed that the collection and reporting of demographic data for non-funded employees, including the validation of that data, would be most time-consuming and duplicates some of the existing HR records systems.
 264. Generally enterprise RTOs saw the reporting of the Competency Completions quality indicator data as sufficient to provide a picture of total VET effort that would address most of the problems raised by partial VET activity data collection. Additionally, the 'My Skills' argument for expanding reporting requirements was not strong in respect of enterprise RTOs as their training is usually not available to consumers outside of their organisations and does not contribute to 'informed choices' for students or employers looking for training.
 265. A key issue as a fundamental concern was with AVETMISS itself, as AVETMISS was originally developed to support reporting in relation to funded activity by public providers such as TAFEs. As such, its utility for providers such as enterprise RTOs that have evolved over the years is questioned and many submissions requested a review of the standard.

Volunteer enterprise RTOs

266. Surf Life Saving Australia was the only volunteer enterprise RTO to provide a submission. It supported 'no change' until AVETMISS had undergone a full review to 'determine its characteristics accurately reflect the current VET sector', an independent analysis of the costs of collecting and storing AVETMISS data against the identified benefits, and a grant scheme is introduced to help fund volunteer organisations to make the required changes to their business processes.
267. Surf Life Saving Australian as well as other volunteer enterprise RTOs also had concerns with the expected cost to implement changes to support mandated reporting and the time frame in which they might be expected to do that. These concerns were amplified by the fact that their training is largely undertaken by members for the purposes of the organisation, not for employment skills.

⁴⁰ ERTOA definition <http://ertoa.org/>, 20 August 2012

Government enterprise RTOs

268. Some government enterprise RTOs noted specific issues relating to their operations as an RTO within a government department. For example, the HR system in the Department of Defence (where all training records are stored) is governed by both security and privacy legislation and has a security classification, meaning that records cannot be submitted to any database with a lower classification. Further, that in an environment 'where national security and threat assessments are ongoing strategic considerations', there was an additional concern relating to the possible access of third parties to training and learner data reported to the NCVET.
269. If Option 3 is agreed, many government RTOs would not be able to make the required system changes to support reporting from 2014. A phased implementation process over one to two years was proposed with an 'articulated plan to minimise unintended impact on businesses'.

Enterprise RTO Association (ERTO A)

270. ERTOA recognises the value of, and supports, the implementation 'of a comprehensive, accurate and *appropriate* national VET activity data collection'. However, their submission outlined concerns with AVETMISS as the appropriate specification for RTO activity reporting: '*Collection, storing and reporting of AVETMISS data is especially problematic for ERTOs. AVETMISS was originally developed nearly 20 years ago essentially for TAFE colleges...The current specification does not recognise ERTOs and effectively excludes them from the data collection.*'⁴¹
271. ERTOA is of the view that enterprise RTOs would see little return on their investment for the collection, storing and reporting AVETMISS data since their target population is normally their own staff or members and fees are not generally charged. Further, that the inclusion of details on My Skills to inform consumer choice is of little relevance as their training services are not normally publicly marketed.
272. ERTOA notes that enterprise RTOs are 'willing and able to provide VET activity data related to enrolments and completions', as currently required in the National Quality Indicator Collection, and that 'rationalisation of the current data collection and reporting requirements for RTOs is certainly overdue'.

Industry bodies

273. Ten of the 11 submissions received supported Option 3 (some with qualification), and one submission did not have a clear preference but reported the views of their members.
274. Generally, industry bodies considered that the current lack of comprehensive information on both publicly and privately funded VET qualifications is an impediment to the development of good public policy, and to consumers being able to make informed choices and 'make the most effective use of the training system'. One submission noted that 'industry has consistently lamented the fact that they do not have access to accurate enrolment and completions data for qualifications'. Another said that 'a greater level of transparency is crucial to foster confidence in the VET system for both learners and industry more broadly'.
275. It was generally observed that Option 3 would provide comprehensive data for use in workforce planning, better information to gauge the performance of RTOs, and foster greater communication between industry and VET thus ensuring that the national training system remains responsive to the needs of its users. One submission noted that 'considering the large investment in the VET system under the National Partnership reforms, it is entirely appropriate that government and industry have an accurate picture of the VET system to ensure a proper return on investment'.

⁴¹ ERTOA, Total VET Activity Consultations RIS, submission, page 3

276. Most submissions acknowledged that Option 3 would present some inevitable costs for RTOs to collect and manage data, including potential IT costs and staff resourcing, and that these costs may be passed on to students and industry. Whilst recognising this cost, some submissions supported full reporting by all RTOs at qualification, skill set and unit level, but requested guidance and assistance from governments to support compliance.
277. Others proposed variations to Option 3, particularly in respect of smaller providers. Suggested variations ranged from transitional arrangements and phased implementation for reporting, to exemptions from full demographic reporting for either small RTOs (those issuing less than 200 qualifications per annum or with a turnover of less than \$1 million per year) or private fee-for-service providers who deliver training that is less than a full qualification (eg. units of competency or skill sets). It was also suggested that for those areas where an exemption from full demographic reporting might be allowed, the quality indicator competency completions data could be used to map participation rates at an aggregate level.
278. Amongst the submissions from industry bodies, there was a recommendation that the current data set in AVETMISS be independently reviewed to ensure it was fit for purpose and not overly burdensome on training providers. In addition, that any data collection and reporting requirements implemented be simple and easy to comply with – preferably web-based, centralised and to a national agency such as NCVET or ASQA.

Government stakeholders

279. Submissions generally supported Option 3. Stakeholders are aware that mandating a reporting requirement on all RTOs would potentially be a cost impost on the RTOs. However, most were of the view that the benefits of improved systems and more comprehensive data collection would outweigh the initial or ongoing set up costs.
280. The benefits identified include better workforce planning, training purchasing programs and initiatives to grow skills across Australia. Western Australia and the Northern Territory also noted the benefits for targeting training and employment programs for Indigenous Australians. The benefits to regulators was also highlighted, noting that the consultation RIS did not fully explore how total VET activity data collection could streamline audits and other regulatory processes relating to quality and compliance by RTOs, as well as be used to identify trends across the sector to support a risk management framework.
281. One submission noted that more clarity is required about how Option 3 might be implemented, for example if data was to be *collected* from 1 January 2014 or *reported* from that date.
282. Discussions with states and territories through the National Senior Officials Committee and the Data and Performance Measurement Principal Committee focussed on the public policy benefits of collecting full demographic data and ways of smoothing the transition to mandatory data provision. Some states and territories reiterated the importance of mandatory reporting of activity data on the training equity groups receive in the private fee-for-service and enterprise RTO sector to public policy formulation.
283. Offsets to the costs of mandatory reporting were highlighted, including:
- cancelling out the additional reporting of competency completions information to regulators;
 - the potential for the NCVET data entry tool removing the need for small scale RTOs to purchase student management systems and computer hardware;
 - the auto-population of a number of AVETMISS fields; and
 - efficiencies in data entry gained through online student enrolment.
284. While all of these potential offsets are not uniformly distributed across RTOs and are not readily quantifiable from available data, they would present some cost savings to RTOs in their administrative practices.

The Australian Skills Quality Authority (ASQA)

285. The national VET regulator expressed a preference for Option 3, recognising the benefits for regulation and to the wider VET sector of improved reporting. ASQA requires certain consistent and standardised data in order to support its risk profiling of RTOs and to analyse trends:
- 'Data gathered through the National VET Provider Collection would support ASQA's needs in gathering some of the critical data required as it would provide several data sets that are currently not collected by ASQA.'*
286. ASQA would benefit from mandatory VET data reporting by all RTOs, but have noted that they do not require all of the current AVETMISS files. The information ASQA needs at a student level includes:
- training provider by national code to identify the training provider to which data relates;
 - Unique Student Identifier;
 - student's gender, date of birth, state/territory of residence, indigenous status, primary language, English proficiency;
 - student's country of nationality; and
 - student's labour force status (i.e. job seeker, existing worker, new apprentice, school) and student's prior education achievement.
287. From the existing suite of AVETMISS data that is reported through the national VET provider collection, ASQA's regulatory function does not require:
- training provider address, contact details and statistical local area;
 - student's name, address, disability, schooling completion records;
 - qualification ANZSCO code, nominal hours, field of education and level of education;
 - unit of competency nominal hours and field of education; and
 - student enrolment tuition fees and exemptions, scheduled and real hours of attendance, purchasing contract, study reason, new apprenticeship contract number and qualification issuance flag.
288. While preferring Option 3, ASQA noted that consideration needed to be given to the impact on the operations of large numbers of small RTO businesses of any option to move to the mandatory total provision of AVETMISS-compliant data, and documentation of how these providers will be supported to provide accurate and reliable data under such an approach.

National Skills Standards Council (NSSC)

289. NSSC supports Option 3. It acknowledges that some providers such as enterprise RTOs and smaller providers may face challenges in complying with a mandatory reporting requirement, however cautions against introducing exceptions to regulation standards: 'Regulatory standards need to be clear, concise and able to be consistently interpreted and applied. Exceptions, such as not requiring some provider types to provide data via AVETMISS, may undermine the effectiveness and ability for the standard to be implemented.'
290. Instead of exceptions, the NSSC supports NCVER to work with particularly impacted providers to provide extra assistance and to develop processes to support the submission of full demographic data. A staged implementation approach could also be adopted to support all RTOs submitting full demographic data.

The Australian Workforce and Productivity Agency (AWPA – previously Skills Australia)

291. AWPA supported Option 3, stating that Comprehensive data in VET sector would allow stakeholders more effectively monitor and evaluate the system – including quality and participation outcomes.

292. This position is in line with the recommendation made by Skills Australia in the 2011 report *Skills for Prosperity* to require all RTOs to report data for greater transparency and better consumer information to foster quality provision of training and assessment.

NCVER

293. NCVER supports Option 3. It notes that it is important that the national VET provider collection becomes comprehensive (that is, all RTOs reporting), consistent (data is collected to the same standard) and accessible (the information is consolidated in national database).
294. It recommends that, if a reporting requirement is agreed, a staged approach is taken to reach full compliance – allowing providers time to improve the quality of their data collections and also recognising that some RTOs may need additional time to upgrade human resources systems.
295. Two additional benefits were noted that were not listed in the consultation RIS. Firstly, that the provision of data (with a unique student identifier) to the national VET provider collection ‘provides a full mechanism for RTOs to meet the condition of registration whereby they must retain client records of attainment of units of competency and qualifications for a period of 30 years’. Secondly, an RTO’s data reported to the national VET provider collection could be used to meet their requirement to provide an aggregated report on unit and qualification enrolments and completions for the competency completion quality indicator. These are benefits for providers since it could reduce archiving costs hence offsetting the cost of reporting, and streamline reporting so that one data submission could meet multiple purposes.
296. If Option 3 is agreed, the NCVER would have additional costs in supporting increased volumes of data, providing tools for RTOs to meet their reporting requirements more easily, providing assistance to RTOs to become AVETMISS compliant and to submit data to the national collection.
297. The NCVER also notes that ‘tied to the mandating of data collection is the frequency of collection’. The current annual cycle is unlikely to meet the stated needs of Ministers for more timely data. A move to a more frequent reporting cycle, such as quarterly, would involve some further costs to NCVER in redesign of database structures and additional resources, as well as additional costs to state training authorities and RTOs.

Software vendors

298. One submission was received from a student record system developer and supplier to the sector.
299. The submission interpreted the USI project as separate from the potential collection of total VET activity. It felt that mandating reporting from all RTOs would be simply an interim measure until the USI was fully implemented and that the USI project alone would address issues presented by partial VET data collection.
300. The submission noted that the main area of extra costs that RTOs experienced in regard to reporting requirements was the actual collection of demographics data from their students.

Summary of issues raised in consultations and responses

301. Table 6 below provides a summary of the issues raised through consultations in relation to Option 3, the stakeholders affected, and the response to the issue – either how it has been addressed in the RIS or an explanation as to why it was not considered further.

Table 6: Issues raised in consultations and how addressed

Issue	Stakeholder affected	Response
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<p>Call for consistent reporting requirement across all RTOs and a single standard to adhere to.</p>	<p>RTOs Governments NSSC NCVER</p>	<ul style="list-style-type: none"> • Option 3a would meet this argument. • Option 3b would not create a consistent reporting requirement, but would establish threshold reporting of all RTOs that would provide data that would address many of the problems posed by partial VET activity data collection. • Option 3b was developed in response to issues raised by other stakeholders who would be affected by changes to reporting requirements. • The proposed ‘core’ demographic data would not require dual systems to be managed by NCVER. The demographic data that would not be mandated for collection/submission under option 3b can be entered into the existing system as a ‘not specified’ placeholder. This would also allow for RTOs to voluntarily provide this information if they wish to, or if they later are required to if in receipt of government subsidies. • Phased implementation arrangements and support for transition.
<p>AVETMISS reporting creating a disproportionate or excessive reporting burden: for RTOs delivering only short courses/units (eg. under 40 hours of classroom time; processing student enrolment information for courses with small returns); for niche/boutique sectors; for small businesses operating on thin margins; or for enterprise RTOs operating dual systems for staff details and ‘student’ details respectively. Collection and submission of demographic data for each enrolment was claimed to be particularly time consuming and costly.</p>	<p>RTOs – private, enterprise Governments</p>	<ul style="list-style-type: none"> • Consideration of this issue underpins the development of Option 3b. Option 3b would reduce the amount of demographic information required to be collected and submitted for each student if the training is not receiving government subsidies. • Phased implementation is also proposed – under either Option 3a or 3b - to alleviate some of the additional burden felt by these providers, as well as a one-off payment for RTOs reporting for the first time to assist with system set-up costs. • Blanket exemptions were not considered, as this would not address the problems outlined in the RIS. • Market consolidation is not the purpose of changed reporting requirements, and the Policy underpinning the reporting standard will allow for Ministers or Senior Officials to agree limited exceptions from reporting in where certain conditions are met and to avoid unintended consequences of regulation.
<p>The number of different regulatory and reporting requirements, templates and methods required across difference agencies (eg. for the Commonwealth, states and territories, Regulators, VET FEE-HELP, CRICOS)</p>	<p>RTOs Data Recipients Governments</p>	<ul style="list-style-type: none"> • Reporting against the Competency Completions quality indicator would be automatically completed for RTOs if Option 3 is implemented. • As a general streamlining or rationalisation of reporting requirements is outside the scope of the current RIS, a future review of all government reporting requirements has been recommended in the Evaluation and Conclusion

		<p>section.</p> <ul style="list-style-type: none"> The 30 year archiving requirement may be met by submission of training activity data to the NCVER.
Payment/grants to RTOs for implementation	RTOs – private, enterprise Governments	<ul style="list-style-type: none"> A one-off payment for RTOs submitting data to the NCVER for the first time has been proposed to assist with initial set-up costs. Whilst further consultation is required, the payment is likely to be facilitated through NCVER.
Sufficiency of competency completions data collected through CCOS (perhaps for private Fee-for-service providers who only train in units of competency/skill sets)	RTOs – private, enterprise	<ul style="list-style-type: none"> Whilst Competency Completions data would provide a high level picture of VET activity across Australia, aggregate data would not meet a number of the stated information uses such as mapping skills shortages and the ‘pipeline’ of new graduates, and establishing a risk-based framework for regulation. Competency Completions data would also not support realisation of the benefits of the Unique Student Identifier.
Non-compliance distorting the market – for example, where a reporting requirement leads to fee increases, a non-compliant RTO could be more competitive by maintaining a cheaper price.	RTOs – private, enterprise Regulators	<ul style="list-style-type: none"> Implementation of any new reporting requirements will aim to keep minimise the reporting burden as much as possible. Ultimately non-compliance with reporting requirements is an issue for regulators, however compliance will produce benefits for RTOs such as reducing quality indicator reporting and enabling their training information to be compiled in useful formats for continuous improvements. In addition, implementation of the Unique Student Identifier is likely to result in further student pressure for the RTO to comply – if the RTO does not report, the student’s transcript would be incomplete.
Concern with data access and security – who will have access to data and how it can be used.	RTOs – private, enterprise Regulators NCVER Governments Industry bodies	<ul style="list-style-type: none"> NCVER Data Access Protocols are being reviewed to take account of the expanded collection and the potential uses for which the information can be put.
Concern with ASQA’s powers under the <i>National VET Regulator ACT</i> being used as a de facto means of collecting total VET activity.	RTOs Regulators Governments	<ul style="list-style-type: none"> ASQA’s powers for regulation are quite specific, but do enable them to request information from RTOs to support regulation. The proposed implementation of option 3 is through modifying the Data Provision Requirements (and mirroring AQTF) to expand reporting requirements of RTOs. This power to make changes to the DPR lies with the Minister with the agreement of the appropriate Ministerial Council.

<p>Data elements for the My Skills website have not yet been agreed and it is unlikely that all elements in the VET provider collection will be useful for consumers. Additionally, many enterprise RTOs have no benefit from being listed on the website, as they only provide training internally to their own staff or membership.</p>	<p>RTOs Consumers Industry Governments</p>	<ul style="list-style-type: none"> • The My Skills website is being developed in close consultation with RTOs and other stakeholders. Although all of the AVETMISS fields are unlikely to be used to populate the My Skills website, where the data is available in the National VET Provider Collection for all RTOs, the data can be utilised, rather than provided again as an additional RTO reporting requirement. • The further phases of the My Skills website are still under development, however it is likely that RTOs such as enterprise RTOs will be able to ‘opt out’ or otherwise indicate that their training is not available for consumers outside their organisation.
<p>Concern with AVETMISS as the standard for data collection and reporting for all RTOs, based on its initial development as a tool for government funded RTOs to report training activity.</p>	<p>RTOs – private, enterprise Industry bodies</p>	<ul style="list-style-type: none"> • A review of AVETMISS as the data standard is not within the scope of this RIS. • Reviewing AVETMISS has been recommended in the Implementation and Review section, as part of the broader review recommended for government and regulatory reporting requirements. • Implementation of option 3b would support this timeline by only mandating a minimum amount of information to be reported by RTOs who do not receive government subsidies before a full review is completed.
<p>Request for further consultation with industry on implementation details and training/briefing of RTOs for any new reporting requirements.</p>	<p>RTOs Governments State Training Authorities NCVER</p>	<ul style="list-style-type: none"> • Further consultations have been proposed for the development of the Policy that will outline details of which RTOs need to report what information and when. • Implementation will be supported by awareness-raising and education campaigns to ensure RTOs are aware of their responsibilities and how to meet them. • The NCVER also provides a range of support to RTOs that report data to the national VET provider collection, including validation software and helpdesk support, and this support will be expanded over the next 12 months.
<p>Concern with release of information that may have adverse consequences for national security (such as some of the training delivered within the Department of Defence RTOs)</p>	<p>RTOs – enterprise Governments</p>	<ul style="list-style-type: none"> • Implementation of new reporting requirements will be in accordance with any existing legislation such as privacy or security legislation. In acknowledgment of this, a process for a limited exemption from reporting has been outlined in Appendix D for government RTOs delivering training that would have national security ramifications if reported.
<p>Implementation concerns, including:</p> <ul style="list-style-type: none"> • Phasing and transitional arrangements – for example, 	<p>RTOs NCVER Governments</p>	<ul style="list-style-type: none"> • RTOs not currently required to report will have at least 12 months to prepare for changes to reporting requirements. In addition, phased implementation is expected in order to minimise

<p>the lead times for big organisations such as the Department of Defence and Surf Life Saving Australia to make system changes are potentially longer than for smaller providers;</p> <ul style="list-style-type: none"> • NCVER costs to support increased volumes of data; and • Further clarity around what RTO reporting obligations will be in relation to the collection and submission of data. 		<p>set-up costs of reporting and ensure NCVER is able to handle the increased volumes of data received. As outlined in the Implementation and Review section, details of phasing and transitional arrangements will be subject to further consultations.</p> <ul style="list-style-type: none"> • Changes to reporting requirements will not be retroactive. If a new requirement is established, it will be for RTOs to collect and report required information from a specified date, not to assume prior collection of data to be reported from the specified date.
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Evaluation and conclusion

302. Of the three options analysed in the discussion above, Option 3 is preferred, with sub-option (b) imposing the least cost on RTOs.
303. Relative to Options 1 and 2, Option 3 would best meet the policy objective to ‘put in place in the VET sector information systems that support a productive and highly-skilled workforce that enables all working age Australians to participate effectively in a labour market that meets the needs of Australia’s economic future’. In regard to the two sub-options, the independent cost-benefit analysis found that the marginal benefit gained from mandating full demographic reporting (under 3a), as opposed to partial demographic reporting (under 3b), may not justify the additional costs that full demographic reporting would impose on certain segments of the VET sector:
- ‘Since either option will enable the USI to be implemented effectively, whether the full demographic option is preferred over the partial collection depends on whether the use of the demographic data will lead to benefits in excess of the burden imposed on the sector. While there was support for the collection of additional data from state and territory governments and training authorities, the ultimate users of the data, they were unable to identify exactly how it would be used to inform policy. Further, it is not completely clear that currently available data on equity groups in the VET sector is insufficient to guide policy and that additional data is required.’⁴²*
304. Further consultation with state and territory governments have since highlighted significant additional benefits arising from the collection of full demographic information from non-reporting RTOs. A late submission from ASQA set out minimum data requirements for regulation purposes that have been taken into account in sub-option 3b after the cost benefit analysis was conducted.
305. Options 1 and 2, maintaining the status quo or supplementing data gaps with a survey of RTOs respectively, would do little towards achieving the policy objective. In maintaining the status quo, a high level understanding of VET activity could be gained from expanding the purpose for which Competency Completions information is collected. Similarly, with a sufficiently strong response rate to a survey, an indicative picture of total VET effort could be gleaned. These actions, however, would not provide the information needed to support productivity improvements expected from better geographical skills supply information as well as the reforms in the VET sector agreed by governments in the National Partnership, both of which require more transactional level information on enrolments and completions. Without transactional level information, effective, efficient and equitable administration of the VET sector for governments and consumers or effective regulation of the sector would not be possible, in that, for example, there could not be full realisation of the benefits of the USI and a risk-based framework for regulation would be limited.
306. Option 3 would be able to meet the policy objectives by providing appropriate transaction level data from RTOs in a single collection that could be used for a number of purposes. A more comprehensive data collection will provide information to identify gaps in the provision of skills, services and government interventions that would enable resources from RTOs, industry and governments to be better targeted. The quantum of government and private funds invested in VET and addressing skills shortages demonstrates the importance that is placed on the potential economic benefits from improved VET efficiency, effectiveness and targeting of equity effort.

⁴² Deloitte Access Economics, Cost-benefit analysis of Total VET Activity Data Collection, 2012, unpublished

When compared to the anticipated costs of this reform across all stakeholders, the benefits of taking Option 3 are clearly justified and appropriate.

307. As a result of consultations, two limited exemptions from reporting have been proposed for Option 3 – one for national security considerations which would prevent certain training to be declared on statements of attainments and are also security classified under existing legislation, and another to avoid unintended consequences of inflexible regulation.
308. Before any exemptions are agreed, further consultations with states and territories, NSSC, RTOs and other stakeholders will be required. Careful consideration of exemptions is needed because they may have longer term effects on the individual undertaking the training, where the individual's USI transcript is not complete. For example, as the benefits of the USI become clearer over the years, and more reliance is placed on the transcript, an incomplete record may have implications for an individual wanting to count the excluded units if later enrolling in a full qualification.
309. Costs of introducing a reporting requirement under Option 3 are not expected to be incurred evenly. The impact analysis shows that while data provision costs would be incurred by all RTOs that do not report their fee-for-service and enterprise activity, they are likely to have a greater impact on certain providers. For example, very small businesses are likely to have more limited flexibility to absorb the time required within current staffing arrangements.
310. Due to the existing registration requirement to have a system 'with the capacity to provide AVETMISS compliant data', IT costs are expected to be incurred by around 370 RTOs (of which around 85 are expected to be enterprise RTOs). The capacity for RTOs, including those that are small businesses, to pass on these costs will be influenced by their training offering and the elasticity of fees, market competition and whether the RTO was an enterprise RTO.
311. Consultations highlighted that these reforms are predominately expected to result in higher costs to students as most RTOs are able to pass on their costs. However, consultations also indicated that there may be a small number of RTOs, not necessarily small businesses, that decide to change their course offerings or move into the non-accredited training market. Some consolidation may also occur. It is worth noting that very small RTOs will not need to incur capital costs as data will be able to be submitted directly via NCVER's data entry tool.
312. The benefits arising from mandatory reporting are, however, expected to outweigh these impacts. Reporting all national recognised training is expected to result in a better understanding of the skills being produced in the VET sector, resulting in more targeted government intervention and support better workforce planning. Mandatory reporting will also support the implementation of the USI, enabling students over time to obtain complete records of attainment, regardless of the RTO that provided the training. Such data will further enable risk-based regulation and support transparency initiatives such as My Skills.
313. Of the two sub-options available, both would meet the policy objective of this proposal. Option 3a would provide a further level of granular information to inform more targeted policies and interventions for disadvantaged groups.
314. However, the costs associated with reporting the full set of demographic data would impact disproportionately on some providers – particularly small to medium sized private RTOs that do not receive government subsidies for training. Given smaller RTOs are less likely to have the economies of scale that enable new compliance costs to be absorbed, Option 3b is preferred as it is able to achieve the key policy objectives at least cost to RTOs. To mitigate some of the impacts on smaller RTOs and RTOs offering units of competencies only, possible transition arrangements should be the subject of further targeted consultations.

315. Furthermore, mandating the reporting of core demographic data (as opposed to full demographic data) seems preferable given that AVETMISS has not yet been reviewed in regard to its applicability to the broader VET market that does not receive government subsidies for training. While AVETMISS 7.0 will be introduced from 1 January 2014, the lead times involved in its development mean that this version was finalised before a decision on total VET activity could be undertaken. A number of submissions raised concerns with the applicability of AVETMISS to fee-for-service and enterprise activity. For example, it was noted that for the 'funding type' data element in AVETMISS, no option is provided that reflects training undertaken in an enterprise or volunteer context where the organisation provides the training free of charge. The closest available option is 'fee-for-service'. This has the potential to bias the data and under-represent the contribution of segments of the VET sector. As such, it is proposed that AVETMISS is reviewed in the medium term to ensure it adequately meets the myriad purposes for which the data will be used while catering for the diversity of nationally recognised VET training.
316. Consultations highlighted that more timely data will heighten the benefits expected from reporting fee-for-service and enterprise activity. As Ministers have committed to move towards quarterly reporting for the national VET provider collection, the cost-benefit analysis considered the costs of quarterly reporting on RTOs and found that the benefits outweigh the costs.
317. In view of the number of submissions that raised concerns about the total regulatory burden imposed by various Australian, state/territory and regulatory reporting requirements (see the Consultations section), it is also recommended that SCOTESE consider the merits of a review of all Australian, state/territory government and other regulatory VET data reporting requirements with the objective of minimising these to the greatest extent possible.
318. The totality of the current data reporting requirements places a significant regulatory burden on RTOs, particularly smaller RTOs that do not have the capacity or economies of scale of larger RTOs. The reporting burden increases the costs of doing business and thus the ability of RTOs to compete. While the reporting burden of RTOs differs depending on the programs accessed, the range of programs available across jurisdictions together with regulatory requirements result in all RTOs being affected to a greater or lesser extent. For example, the reporting burden disadvantages all RTOs that compete for international business since it reduces their competitiveness relative to service providers outside of Australia.
319. The review could:
- identify the legislative and other requirements for VET data by the Australian, state and territory governments, as well as data that is of use but not a legislative requirement;
 - determine the extent the data could be reported once by RTOs (for example, through NCVER) for distribution to a range of stakeholders to satisfy a number of multiple requirements to which it is put (regulatory functions, risk and quality purposes, government payments including Australian apprenticeships payments, etc.);
 - identify the legislative and other impediments that would prevent the data being accessed by governments, ASQA and other regulators, etc., to meet their needs, as well as identify legislation and other impediments that could be amended to permit greater use of the same data;
 - identify any additional legislative and other safeguards, protocols and/or guidelines that would need to be implemented to permit its greater use;
 - identify and evaluate any gaps in demographic data as a result of reporting core demographic data on fee-for-service and enterprise activity with a possible view to introducing it together with a commensurate reduction in the overall reporting burden if warranted; and
 - provide a report together with recommendations that could be implemented to achieve the objective to SCOTESE for decision.

320. A review of NCVER's Data Protocols is currently being undertaken, and will take into consideration the expansion of scope of the national VET provider collection that would occur with the implementation of Option 3. This review will ensure that the Data Protocols are appropriate and fit-for-purpose in respect of the expanded collection.
321. In summary, this regulatory impact assessment process has found that the option that provides the most benefit to the community at the least burden at this stage, and is therefore the preferred option, is Option 3b – mandating the provision of CORE demographic data on VET activity from 1 January 2014 that is currently not reported for inclusion in the national VET data collection and publication of that activity.
322. Furthermore, it is recommended that:
- AVETMISS is reviewed to ensure it adequately reflects the diversity of the entire VET sector; and
 - a review of all Australian, state/territory government and other regulatory VET data reporting requirements is undertaken with the objective of minimising these to the greatest extent possible.

Implementation and review

323. Mandating the provision of VET activity data reporting would be achieved by amending the Data Provision Requirements under the *National VET Regulator Act 2011* and AQTF, both of which are the responsibility of SCOTESE.
324. It is expected that the requirement to collect VET activity for reporting purposes and reporting of that information would commence from 1 January 2014. The specific reporting requirements, as well as any implementation and transition arrangements, would be outlined in a National VET Collection Data Requirements Policy (the Policy) which DIISRTE would lead a consultation process to support the development of on behalf of SCOTESE. The Policy would be developed in early 2013 in consultation with state and territory governments, the NSSC, regulators, affected RTOs or their representatives and the NCVER for agreement by SCOTESE by mid-2013.
325. Building on the option agreed by Ministers at SCOTESE, the Policy would further detail what is reported, by whom, to whom, how often and other implementation and transition considerations. In particular it would define:
- the criteria and scope of units of competency, modules and qualifications provided by specified particular types of organisations that would not require reporting (eg. exclusions for enterprise RTOs offering training that has genuine national security implications);
 - any transition arrangements for small private RTOs and/or RTOs that only offer courses or units of competency, such as an established grace period before enforcement of the reporting requirement;
 - who the data is to be submitted to – providing RTOs reporting their fee-for-service or enterprise activity with the choice of submitting data to either their state training authority or direct to NCVER;
 - the frequency of data reporting, including transition arrangements towards quarterly reporting. This may be differentiated initially on the basis of the type of training undertaken (e.g. qualification versus units of competency) and whether the RTO reports activity that is subsidised under the NASWD. Additional consideration may be the size of the RTO or amount of training undertaken; and
 - arrangements that would apply to enterprise RTOs that provide training that is classified for national security reasons – see [Appendix D](#).
326. Once agreed by SCOTESE, management of the content of the Policy would fall to the National Senior Officials Committee, with any significant changes requiring stakeholder consultation and Ministerial agreement. Prior to implementation, an education campaign will be undertaken to assist RTOs in understanding any new reporting obligations that they may be under. This is likely to occur through a number of avenues, including practical advice from the NCVER on how to report, development of information material by the Australian Government and guidance from the NSSC as to the interpretation and application of the Policy.
327. The data on total VET activity would be included in the national VET provider collection and be managed by NCVER.
328. All RTOs would continue to be required to report activity funded by state training authorities and Australian Government agencies as per current arrangements, including full demographic data.
329. The NCVER would periodically inform regulators of any RTOs that were expected to report but did not submit data in the reporting period. Regulators will be able to use this information as part of their risk framework.
330. Mandating the reporting of AVETMISS data for all RTOs would mean that all students, including fee-for-service and enterprise students, would be within scope of the Student Outcome Survey.

Review

331. An implementation review of the mandatory total VET activity reporting should occur by 2019, providing a window of up to five years to enable data to be collected, reported and utilised to understand if the intended benefits are being realised.
332. The review of all Australian, state/territory government and other regulatory VET data reporting requirements, including AVETMISS, with the objective of minimising these to the greatest extent possible would take place should SCOTese agree with this recommendation.
333. Together with the review of RTO registration standards currently being undertaken by the NSSC, the review of total VET reporting requirements, including AVETMISS, will enable incremental improvements in VET reporting to occur while the intended benefits of total VET activity are given time to be realised.

Access to the national VET data collection

334. The NCVER would ensure that all relevant stakeholders would be able to access the data to meet the myriad purposes for which it will be collected. However, mandating all RTOs report training activity would result in a significantly different data collection since more than 50 per cent of RTOs do not currently report.
335. Access to the national VET data collection would continue to be governed by the Data Access Protocols. These protocols outline which stakeholders have access to what data, including how the data is managed by NCVER. The protocols are agreed by SCOTese.
336. Presently the Data Access Protocols enable a range of stakeholders to access aggregate information and confidentialised unit record files. The Protocols also do not enable access to identifiable records by RTO. As such RTOs are not able to be recognised in any unit record data that is released, unless that data is released to the RTO. Aggregate level RTO data is able to be released.
337. The Data Access Protocols would need to be reviewed in consultation with the sector to ensure these appropriately support the USI, My Skills, regulation and policy development while also meeting privacy and commercial confidentiality regulations.

Implementation and reporting support

338. NCVER provides a range of support to RTOs that report data to the national VET provider collection, including validation software and helpdesk support. This range of support will be further expanded over the next 12 months. The VET data portal currently being developed will enable RTOs to submit data through the online validation tool, which will support pre-population of a range of fields if correctly formatted files are able to be provided, or through the data entry tool.
339. NCVER is also looking to develop the following
 - an e-based help desk covering call centre resources, an e-solution (educational materials, web helpdesk, and improved frequently asked questions) to support growth in the number of RTOs that report; and
 - AVETMISS 'Self-Accreditation of Software Vendors' to support student management systems that provide AVETMISS compliant data by providing software developers with the information they need to build compliant products, including test data and business rules, so that they are able to test their systems and provide a declaration of compliance.

Further background on VET

What is VET?

1. There are two types of training: that which is nationally recognised (also known as accredited) and that which is not (known as non-recognised or non-accredited).
2. Nationally recognised training is study that leads to vocational credentials that are recognised across Australia. Accredited courses, training package qualifications and training package units of competency are considered to be nationally recognised training products. Nationally recognised training units and courses are developed in accordance with the requirements of the Australian Qualifications Framework (AQF) and recognised as such by regulators of VET. Such units and courses can only be delivered by training organisations that are registered to deliver such training - RTOs. Most RTOs are registered and regulated by the Australian Skills Quality Authority (ASQA) according to the *National Vocational Education and Training Regulator Act 2011* and the subordinate legislation known as the VET Quality Framework. In Victoria, some RTOs are regulated by the Victorian Registration and Qualifications Authority according to the Australian Quality Training Framework (AQTF) under state legislation. In Western Australia, some RTOs are regulated by the Training Accreditation Council according to the AQTF under the relevant state legislation.
3. Non-recognised or non-accredited units or courses are those that are not examined or do not contribute to a qualification and are therefore outside of the AQF. These units or courses are generally undertaken by individuals for enjoyment, personal satisfaction or personal development. Anyone or any organisation, including RTOs, can provide these with or without a fee and there are no specific skills or content standards to which they must comply. Examples include evening classes offered by some RTOs (such as 'Cooking Thai Food', 'Computing for Baby Boomers'), or as a service to customers (example, XXXX Hardware providing 'Bathroom Tiling for Your Home'). Some providers may offer a 'certificate' or 'diploma' in recognition of finishing a unit or course; however, these are generally not recognised externally and are outside the AQF.

Table A1: Australia's VET System is supported by an underlying framework

The Australian Qualifications Framework (AQF)	Defines and provides a single framework for all nationally recognised qualifications from school through to higher education.
The VET Quality Framework and the Australian Quality Training Framework (AQTF)	Provides a national set of standards which assure nationally consistent, high-quality training and assessment services for the clients of the VET system.
Registered Training Organisations (RTOs)	Only RTOs can issue AQF qualifications and deliver accredited training and assessment in the VET sector.
National VET Regulator and state and territory regulators	On 1 July 2011, the Australian Skills Quality Authority (ASQA) commenced as the new national VET regulator, with responsibility for registering and monitoring RTOs and ensuring they comply with the VET Quality Framework. ASQA also accredits VET courses. Victoria and Western Australia did not refer their regulatory powers to the Australian Government, however, have harmonised state based arrangements that regulate RTOs in accordance with the AQTF. In Victoria, those RTOs that operate only in Victoria and do not provide for international students are regulated by the Victorian Registration and Qualifications

Authority according to the AQTF under state legislation. In Western Australia, those RTOs that operate only in WA and do not provide for international students are regulated by the Training Accreditation Council according to the AQTF under the relevant state legislation.

4. Management of the VET system, regulation and funding for VET are responsibilities shared between the Australian Government and state and territory governments. These arrangements are overseen by SCOTese, which:
 - oversees the standards against which RTOs must operate, the VET Quality Framework and the AQTF;
 - oversees the Australian Qualifications Council which in turn oversees the nationally recognised training framework, the AQF; and
 - has a key role in implementing the National Agreement for Skills and Workforce Development (NASWD) and National Partnership Agreement on Skills Reform (National Partnership).

Delivery of VET

5. RTOs provide a range of units of competency, courses and qualifications within the VET sector, including:
 - Certificate I to IV courses, Diploma and Advanced Diploma courses that are qualifications supported under the AQF;
 - units of competency or modules covering a wide range of topics which may be able to be undertaken without enrolling in a course leading to a qualification (for example: First-Aid, OH&S related units, responsible service of alcohol); and
 - courses developed and accredited under the AQF that are provided by employers/associations for the development of the skills capability of their employees/members to meet the employer's/memberships specific needs. Examples include training provided by McDonalds, Department of Defence, Australian Customs and Border Protection Service and Surf Life Saving Australia.
6. A crucial feature of VET is that the content of the vocational qualifications is determined by industry. Individual Training Packages are "owned" by one of the 11 Industry Skills Councils which are responsible for developing and reviewing the training package for its industry sector (for example, automotive, agrifood). The Industry Skills Councils are also responsible for providing industry intelligence and advice to the Australian Workforce and Productivity Agency (AWPA), government and enterprises on workforce development and skills needs.

Reform in VET

7. A series of reforms is underway in the VET sector to support Australian businesses and drive improvements in productivity by increasing the pool of skilled workers, encouraging existing workers to up-skill, and supporting higher levels of workforce participation. A national framework for these reforms is provided in the NASWD and National Partnership – both of which were agreed by COAG on 13 April 2012.
8. 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.
 - The Australian, state and territory governments also agreed to pursue better measurement of total VET activity as a structural reform in the context of broader VET reform.
9. Further, COAG agreed to the introduction of the Unique Student Identifier (USI) from 1 January 2014. The USI is a single national unique student identifier that allows the creation of individual lifetime VET records. The USI will apply to any nationally recognised VET unit, whether in private or publicly funded places, including for international students undertaking nationally recognised VET programs under the AQF at RTOs in Australia or overseas.
 10. Each student will be required to have a USI. Sufficient information to link a USI and a student will be obtained when the USI is issued. VET students without a USI will need to provide the information either directly to the USI Agency or through an RTO generally at the point at which he/she first enrolls in a course. Students with a USI will continue to use it throughout VET courses, including any undertaken with other RTOs.
 11. Once issued the USI will be used to record students' individual lifetime progress and attainments through VET. As such, the USI will be included as part of the revised AVETMISS 7.0 from 1 January 2014.

The national data collection and AVETMISS

12. The **national VET provider collection** is informed by RTOs providing Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS) data on VET activity directly to NCVET or via the relevant jurisdictional training authority. In summary, the information currently required under AVETMISS for VET Providers comprises:
 - **activity information** at the unit of competency level for each student:
 - the provider identifier
 - the student identifier
 - unit of competency and qualification identifiers
 - unit start and end dates, and
 - an outcome identifier (whether the competency has not yet been completed or what the outcome achieved was);
 - **qualification completions:**
 - RTO identifier
 - the qualification
 - the student identifier
 - year program complete, and
 - whether the student has received the qualification;
 - **information on the person undertaking the training:**
 - encrypted name
 - sex
 - date of birth
 - Indigenous status
 - Disability status
 - prior educational background
 - labour force status
 - country of birth
 - proficiency in English, and
 - postcode.

13. The VET activity 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 basis for randomly sampling students for the Student Outcomes Survey. This survey provides information over time to monitor the extent to which training subsidised by state training authorities 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.

About NCVER

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. It provides research and statistical information to a wide range of stakeholders, including⁴³:

- ministers federal, and state and territory departments of education and training;
- Commonwealth, state and territory education and training authorities;
- VET practitioners and providers;
- educational institutions;
- researchers;
- international agencies;
- industry skills councils;
- employer- and employee-based associations or organisations; and
- community organisations.

NCVER also provides a range of data and information to the public which is available from its website www.ncver.edu.au. Some of this information is sourced from its national VET provider collection. Other sources include its VET finances collection, its Apprenticeships and Trainees, VET in schools and VET financial data collections as well as a range of surveys, including the Student Outcomes Survey and Employer Views Survey and research it undertakes.

AVETMISS is the standard used to collect nationally consistent VET data. It includes a range of data collection standards which cover the collections outlined above. This RIS only refers to the standard pertaining to the national VET provider collection.

RTO Types

AVETMISS uses 15 categories to classify RTO types, as outlined in Table A2.

Table A2 - Type of Registered Training Organisations

Description – training Organisation Type Identifier
Secondary School
School - government
School - Catholic
School - independent
TAFE, skills institute or polytechnic
Technical and further education institute, skills institute or polytechnic
University

⁴³ Source: www.ncver.edu.au

University - government
University – non-government Catholic
University – non-government independent
Enterprise
Enterprise - government
Enterprise – non-government
Community-based adult education
Community-based adult education provider
Other training provider
Education/training business or centre: privately operated
Professional association
Industry association
Equipment and/or product manufacturer or supplier
Other – not elsewhere specified

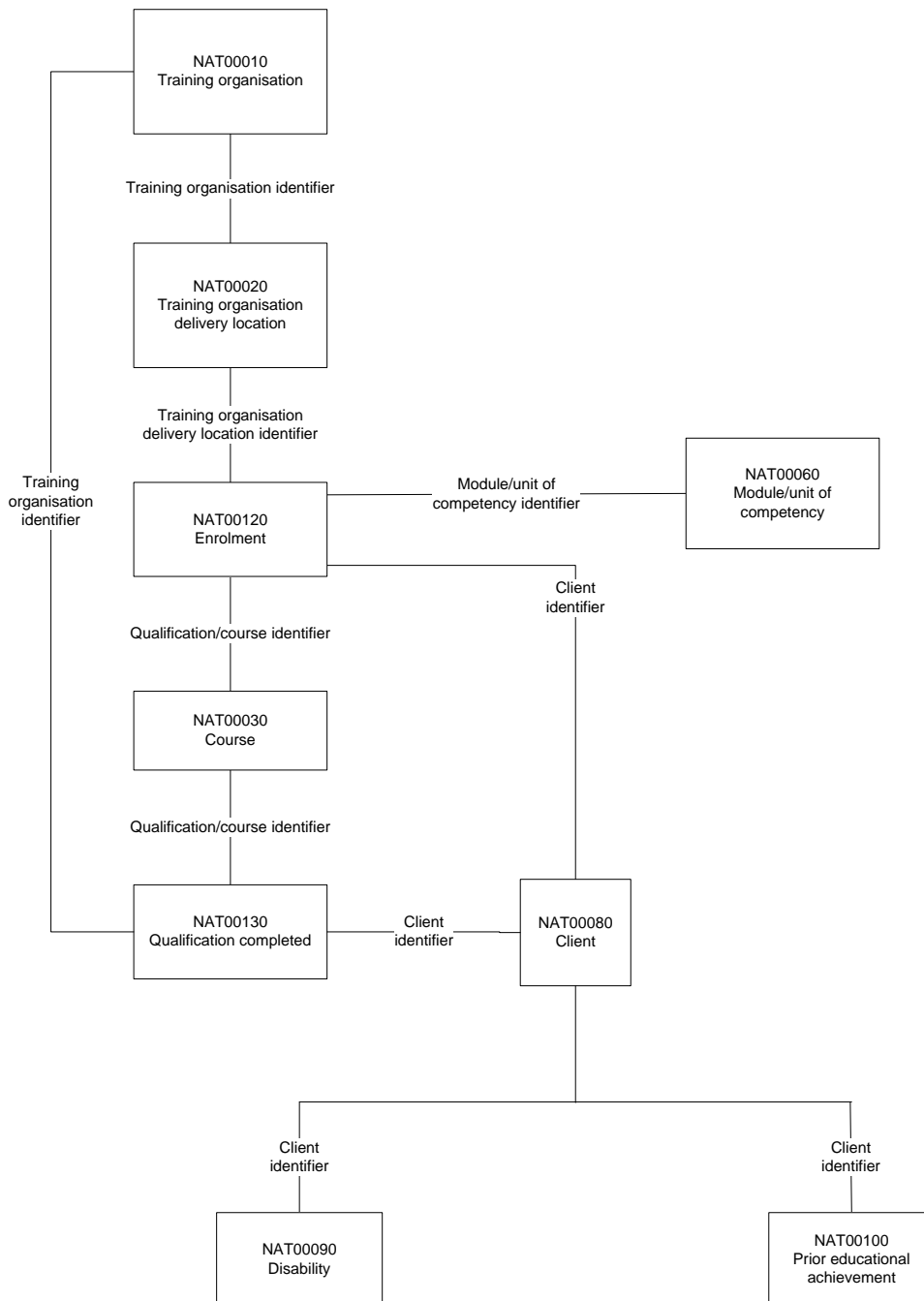
Parties providing submissions to the consultation RIS

No.	Organisation	Category of organisation
1.	Ramsay Health Care Australia	Enterprise RTO - business
2.	Department of Defence	Enterprise RTO - government
3.	Adult Multicultural Education Services (AMES)	Enterprise RTO – government
4.	Enterprise RTO Association (ERTO A)	Enterprise RTO – peak body
5.	Surf Life Saving Australia	Enterprise RTO - volunteer
6.	NT Government	Government
7.	Western Australia Department of Training and Workforce Development	Government
8.	Australian Workforce and Productivity Agency (AWPA)	Government
9.	National Skills Standards Council (NSSC)	Government - Standards body
10.	Skills Tasmania	Government - State Training Authority
11.	Australian Skills Quality Authority (ASQA)	Government - VET Regulator
12.	Master Electricians Australia	Industry body
13.	Emergency Care Providers Association	Industry body
14.	Government Skills Australia	Industry body – Industry Skills Council
15.	Community Services & Health Industry Skills Council	Industry body – Industry Skills Council
16.	Innovation & Business Skills Australia (IBSA)	Industry body – Industry Skills Council
17.	ForestWorks	Industry body – Industry Skills Council
18.	Transport and Logistics ISC	Industry body – Industry Skills Council
19.	Service Skills Australia	Industry body – Industry Skills Council
20.	Shop, Distributive & Allied Employees' Association	Industry body – Union
21.	Australian Council of Trade Unions (ACTU)	Industry body – Union
22.	Master Builders Australia	Industry body and Private RTO
23.	Workplace Firstaid Training	Private RTO
24.	Radio Adelaide Training	Private RTO
25.	Mamarapha College	Private RTO
26.	Law Enforcement and Security Training Australia Pty Ltd	Private RTO
27.	ABC Licence Training	Private RTO
28.	CALAM Training	Private RTO
29.	National Theatre (NIDA)	Private RTO
30.	First Choice Child Care Training	Private RTO
31.	Australian College of Commerce & Management	Private RTO
32.	Active Industry Training Ltd	Private RTO
33.	Armstrong's Driver Education	Private RTO
34.	Navitas Limited	Private RTO
35.	Australian First Aid	Private RTO
36.	IAC Safety Services	Private RTO
37.	Chemcert	Private RTO
38.	Australian Council for Private Education and Training (ACPET)	Private RTO – peak body
39.	TAFE NSW	Public RTO
40.	Community Colleges Australia	Public RTO – peak body
41.	First Strike Solutions Pty Ltd	Software vendor
42.	National Centre for Vocational Education Research (NCVER)	VET data body

AVETMISS and reporting of data

AVETMISS files relevant for fee-for-service and enterprise activity that is submitted direct to NCVER

Diagram 1: File structure



Training organisation (NAT00010) file

Definition

The *Training organisation (NAT00010) file* contains records about training organisations.

Field table

FIELDS – TRAINING ORGANISATION (NAT00010) FILE	REQUIRED FOR SUBMISSION
Training organisation identifier	Y
Training organisation name	Y
Training organisation type identifier	Sourced from TGA
Address first line	Sourced from TGA
Address second line	Sourced from TGA
Address location – suburb, locality or town	Sourced from TGA
Postcode	Sourced from TGA
State identifier	Sourced from TGA
Record length for national data collection:	80
Contact name	
Telephone number	
Facsimile number	
Email address	

Comment:

Those items below the national data collection line (i.e. those fields under the record length) should be available from registration information provided to NCVER when registering for new online validation software.

Training organisation delivery location (NAT00020) file

Definition

The *Training organisation delivery location (NAT00020) file* contains a record for each delivery location associated with enrolment activity within a training organisation during the collection period.

A training organisation delivery location is a specific training site.

Field table

FIELDS – TRAINING ORGANISATION DELIVERY LOCATION (NAT00020) FILE	REQUIRED FOR SUBMISSION
Training organisation identifier	Y
Training organisation delivery location identifier	Y
Training organisation delivery location name	Y
Postcode	Y

State identifier	Y
Address location – suburb, locality or town	Y
Country identifier	Y
Record length for national data collection:	180

Course (NAT00030) file

Definition

The *Course (NAT00030) file* contains a record for each qualification or course associated with enrolment activity and completed qualifications or courses during the collection period.

A qualification or course is a structured program that may include practical experience.

Field table

FIELDS – COURSE (NAT00030) FILE	REQUIRED FOR SUBMISSION
Qualification/course identifier	Y
Qualification/course name	Y
Nominal hours	Sourced elsewhere
Qualification/course recognition identifier	Sourced from TGA
Qualification/course level of education identifier	Sourced from TGA
Qualification/course field of education identifier	Sourced from TGA
ANZSCO identifier	Sourced from TGA
VET flag	Derived from TGA
Record length for national data collection:	130

Module/unit of competency (NAT00060) file

Definition

The *Module/unit of competency (NAT00060) file* contains a record for each unit of competency or module associated with enrolment activity during the collection period.

Field table

FIELDS – MODULE/UNIT OF COMPETENCY (NAT00060) FILE	REQUIRED FOR SUBMISSION
Module/unit of competency flag	Derived from TGA
Module/unit of competency identifier	Y
Module/unit of competency name	Y
Module/unit of competency field of education identifier	Sourced from TGA
VET flag	Sourced from TGA
Nominal hours	Sourced elsewhere
Record length for national data collection:	124

Client (NAT00080) file

Definition

The *Client (NAT00080) file* contains a record for each client who has participated in VET activity or has been awarded a qualification during the collection period.

A client is an individual who is engaged in VET training activity or has completed a VET qualification.

Field table

FIELDS – CLIENT (NAT00080) FILE	REQUIRED FOR SUBMISSION UNDER OPTION 3A	REQUIRED FOR SUBMISSION UNDER OPTION 3B
Client identifier	Y	Y
Name for encryption	Y	Y
Highest school level completed	Y	
Year highest school level completed	Y	
Sex	Y	Y
Date of birth	Y	Y
Postcode	Y	Y
Indigenous status identifier	Y	Y
Main language other than English spoken at home identifier	Y	
Labour force status identifier	Y	Y
Country identifier	Y	
Disability flag	Y	
Prior educational achievement flag	Y	Y
At school flag	Y	
Proficiency in spoken English identifier	Y	
Address location – suburb, locality or town	Y	Y
Unique student identifier (new)	Y	Y
State identifier (new)	Y	Y
Address first line (new)	Y	Y
Address second line (new)	Y	Y
Record length for national data collection:	266	266

Comment:

Prior education achievement information and disability status are not required, however, if answered 'Y' to either of those fields, then corresponding information is expected in the Disability (NAT00090) file and Prior educational achievement (NAT00100) file.

Disability (NAT00090) file

Definition

The *Disability (NAT00090) file* contains a record for each disability, impairment, or long-term condition associated with a client. A client may have more than one type of disability, le

FIELDS – DISABILITY (NAT00090) FILE	REQUIRED FOR SUBMISSION
Client identifier	Only if 'Y' on client file
Disability type identifier	Only if 'Y' on client file
Record length for national data collection:	12

Comment:

This file is only required if Disability flag on Client file is Y.

Prior educational achievement (NAT00100) file

Definition

The *Prior educational achievement (NAT00100) file* contains a record for each type of prior educational achievement for a client. A client may have more than one type of prior educational achievement.

Field table

FIELDS – PRIOR EDUCATIONAL ACHIEVEMENT (NAT00100) FILE	REQUIRED FOR SUBMISSION
Client identifier	Y
Prior educational achievement identifier	Y
Record length for national data collection:	13

Comment:

This file is only required if Prior educational achievement flag on Client file is Y.

Enrolment (NAT00120) file

Definition

The *Enrolment (NAT00120) file* contains a record for each unit of competency or module enrolment for a client at a training organisation's delivery location during the collection period.

Field table

FIELDS – ENROLMENT (NAT00120) FILE	REQUIRED FOR SUBMISSION
Training organisation delivery location identifier	Y
Client identifier	Y
Module/unit of competency identifier	Y
Qualification/course identifier	Y
Enrolment activity start date	Y
Enrolment activity end date	Y
Delivery mode identifier	Y
Outcome identifier – national	Y
Scheduled hours	Y
Funding source – national	Y
Commencing course identifier	Y
Training contract identifier – new apprenticeships	If apprentice or trainee
Client identifier – new apprenticeships	If apprentice or trainee
Study reason identifier	Y
VET in schools flag	Y
Specific program identifier (new)	Y
Record length for national data collection:	102
Outcome identifier – training organisation	
Funding source – state training authority	
Client tuition fee	
Fee exemption/concession type identifier	
Purchasing contract identifier	
Purchasing contract schedule identifier	
Hours attended	
Associated course identifier (new)	

Comment:

Those items below the national data collection line (i.e. those fields under the record length) are for use by states and territories. They are not required for the national collection.

Qualification completed (NAT00130) file

Definition

The *Qualification completed (NAT00130) file* contains records indicating that all the requirements for the completion of Australian Qualifications Framework (AQF) qualifications or courses have been met to allow a client to be eligible for the award to be conferred.

A recognised certification of competence which may be granted to a client after completion of all the requirements of an AQF qualification or course.

Field table

FIELDS – QUALIFICATION COMPLETED (NAT00130) FILE	REQUIRED FOR SUBMISSION
Training organisation identifier	Y
Qualification/course identifier	Y
Client identifier	Y
Year program completed	Y
Qualification issued flag	Y
Record length for national data collection:	35

Reporting processes for fee-for-service and enterprise activity

1. The reporting processes are expected to vary depending on whether an RTO reports data now and the student records management system used.
2. For private RTOs with an AVETMISS compliant student records management system submitting compliant data on fee-for-service activity directly to the NCVET would involve:
 - extracting the AVETMISS compliant data files and submitting them to the online validation tool; and
 - fixing any validation errors identified by the validation tool.
3. For enterprise RTOs with an AVETMISS compliant student records management system, submitting compliant data on enterprise activity directly to the NCVET would involve:
 - if all activity information is maintained on the AVETMISS compliant student records management system, extracting the compliant AVETMISS files, submitting that data to the online validation tool and fixing any validation errors identified; or
 - if not all enterprise activity is maintained on the AVETMISS compliant student records management system, exporting that data to the AVETMISS compliant student records managements system from their HR systems or re-entering the data into the AVETMISS compliant student records managements system so it can be extracted and submitted to the online validation tool.
4. For private and enterprise RTOs without an AVETMISS compliant student records management system, submitting compliant data directly to the NCVET would involve either:
 - procure and implement IT and software systems capable of reporting AVETMISS compliant data, collect any data required and then extracting the data and formatting it into the required file format for submission through the online validation tool; or
 - collect any data required inputting the data into the data entry tool which will be available on the NCVET website and then submitting that data through the online validation tool.

The data entry tool is designed for RTOs with a small number of students and courses. It requires manual entry of each student record, albeit with some auto-population of fields, so using the tool for a large number of student records would be time consuming.

5. Where an RTO already submits some or all of their training activity data to their state or territory training authority, they would be able to continue to do so and the state or territory training authority would be responsible for providing that data to NCVET. In pragmatic terms, this means extracting the relevant data from an RTO's student records management system into files that comply with AVETMISS requirements and submitting this data together with any data required to satisfy the requirements of the state or territory training authority and submitting it.
6. A free online validation tool is currently being developed by NCVET and will be available before 1 January 2014. The tool will check data that is being submitted by an RTO to ensure it complies with AVETMISS requirements. Specifically, it will check that the data provided is in the format required, that the values entered are consistent with the values allowed under AVETMISS and that all mandatory fields have a valid value (for example, is the postcode a valid postcode or is the student's date of birth in the required format). The online validation tool will also:
 - pre-populate a number of fields;
 - remove students' addresses and replace with a value from the ABS Australian Statistical Geography Standard which will indicate students' locations for to support regional and socio-economic status measures of education and training participation; and
 - encrypt students' names using encryption that is not reversible.
7. RTOs with small student numbers or with paper based systems may choose to submit their data through the data entry tool which is also currently being developed by NCVET and will be available on the NCVET website prior to 1 January 2014. The tool will format the necessary files so the data can be validated by the online validation tool.
8. Mandating the reporting of AVETMISS data for all RTOs would mean that all students, including fee-for-service and enterprise students, would be within scope of the Student Outcome Survey. The fieldwork contractor currently requires student names and contact details to administer the survey. 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 through their training authority, the state or territory government provides this information. For RTOs that report their data direct to NCVET, RTOs will need to provide the contact details for any of their students randomly selected as part of the Survey.

Reporting requirements for activity that is classified for national security reasons

Determining the level of reporting required

The reporting requirements would be determined on the basis of the degree that the nationally recognised training provided is of value to another employer/s and that raises genuine national security issues.

1. Is the training provided 'transportable'? That is, do the nationally recognised units/modules/courses provide:
 - Knowledge and skills that are of use to other employers, are of value in the labour market both to other employers and the individual undertaking the training?
 - Yes = fully transportable
 - Skills that are of use to one or more other employers, are therefore of value in the labour market both to other employers and the individual, but which may require additional training or induction greater than that normally provided to a fully trained employee by another employer?
 - Yes= partially transportable
 - Skills and/or knowledge of use to any other employer, that is, training is of value to that employer only?
 - Yes= not transportable.
2. Would reporting the training activity and/or making the information public raise **genuine** concerns in regard to national security?
3. The table below outlines the proposed handling strategy with respect to the two elements that need consideration in determining if training activity with a possible national security consideration should be reported and/or made public.

Proposed handling

Degree of training transportability?	National security issues?	Proposed handling
Fully transportable	No	Report as per all other private and enterprise RTOs.
	Yes	Report Transaction data for qualifications completed and student information, including USI at the point at which the student/employee leaves the employ of the enterprise.
Partially transportable	No	Report as per all other private and enterprise RTOs
	Yes	Report Transaction data for qualifications completed and student information, including USI, at the point at which the student/employee leaves the employ of the enterprise.
Not transportable	No	Report as per all other private and enterprise RTOs.
	Yes	No report required.

Proposed further consultation and implementation

4. It is proposed that the development of the policies with regard to the reporting of total VET activity by enterprise RTOs that deliver training with national security implications would be subject to further consultation with affected enterprise RTOs (for example: the Department of Defence, the Australian Federal Police, Australian Customs and Border Protection, state/territory police forces, etc).
5. Once formulated, the policies would proceed to SCOTESE for decision out of session.
6. If agreed by SCOTESE, it would subsequently be included in the (to be developed) National VET Collection Data Requirements Policy.

Summary of key costs and benefits for each option by stakeholder group

The below tables outline the costs and benefits of each option by stakeholder group. The costs and benefits for Option 2 (a supplementary survey) and Option 3 (mandated AVETMISS reporting – full or partial datasets) are determined from the basis of Option 1 (the status quo).

Registered Training Organisations (RTOs) that are subject to mandatory reporting

OPTION 1 – the status quo	
COSTS	BENEFITS
Potential cost disadvantage relative to RTOs that do not report related to the costs of collecting and reporting data.	<p>Potential marketing advantage relative to non-reporting RTOs – more comprehensive information on My Skills, and students' outcomes able to be populated on Unique Student Identifier (USI) transcripts.</p> <p>If the purpose of CCOS data collection was expanded, able to make better business decisions based on improved picture of the total VET market – eg. greater understanding of skills gaps and potential demand for courses.</p>
OPTION 2 – supplementary survey	
COSTS	BENEFITS
Potential cost disadvantage relative to RTOs that do not report related to the costs of collecting and reporting data.	<p>Potential marketing advantage relative to some non-reporting RTOs – more comprehensive information on My Skills, and students' outcomes able to be populated on Unique Student Identifier (USI) transcripts.</p> <p>Able to make better business decisions based on improved picture of the total VET market – eg. greater understanding of skills gaps and potential demand for courses.</p>
OPTION 3 – mandated AVETMISS reporting	
COSTS	BENEFITS
<p>Of the 2241 RTOs mandated to report due to receipt of government funds and contractual arrangements:</p> <ul style="list-style-type: none"> - 481 are public RTOs - assume report all accredited training (both government subsidised and fee-for-service) - 809 are non-public RTOs that reported on state funded <i>and</i> fee-for-service training – assume that this would be all accredited training. - 951 are non-public RTOs that only report 	<p>Potential to become more competitive relative to RTOs that do not currently report, related to the costs of collecting and reporting data.</p> <p>Able to make better business decisions based on detailed knowledge of the total VET market – eg. greater understanding of skills gaps and potential demand for courses.</p>

<p>government-subsidised training – it is not possible to know whether they would have unreported fee-for-service activity as well as the training they report).</p> <p>Those RTOs already reporting all training activity are unlikely to have any additional costs.</p> <p>Those RTOs only reporting part of their training activity will incur additional costs if they need to collect additional information from non-subsidised students and their student management system is not already set up to report automatically.</p>	
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RTOs that are not currently subject to mandatory reporting

OPTION 1 – the status quo	
COSTS	BENEFITS
<p>With implementation of Unique Student Identifier (USI) and My Skills website, potential to become less competitive over time relative to RTOs reporting data. The My Skills website will be more comprehensive for RTOs that report to the national collection, and if students have preference for competencies to be on their USI transcript, it may influence their choice of provider.</p> <p>Regulators may be required to exercise powers to collect additional information from RTOs to support their risk management framework.</p>	<p>Potential cost advantage relative to RTOs required to report.</p>
OPTION 2 – supplementary survey	
COSTS	BENEFITS
<p>Participation in survey would involve costs of extracting data from the system used by the RTO, entering it into the survey as required, and submitting the response.</p> <p>If the survey asks for demographic information not collected in the ordinary course of business, there would be additional costs for collecting that data.</p> <p>For RTOs not reporting to the national collection, there is a potential marketing disadvantage relative to reporting RTOs that will have more</p>	<p>Those RTOs that choose to participate in the survey would offset some of the potential marketing disadvantages of not reporting, by having survey results on their My Skills website listing.</p> <p>RTOs that choose <i>not</i> to report data in response to a request to do so, would not incur additional costs.</p>

comprehensive information on My Skills, and students' outcomes able to be populated on Unique Student Identifier (USI) transcripts.	
OPTION 3 – mandated AVETMISS reporting	
COSTS	BENEFITS
<p>Additional cost to implement required reporting systems – including collection of required data from students, entering data into the system, and validating that data for submission.</p> <p>Costs to RTOs to collect and report all AVETMISS fields would be greater than if could exclude from collection and reporting some of the student demographic information.</p> <p>Costs lower if the RTO already has an AVETMISS compliant student management system in use.</p> <p>Diminished competitiveness relative to RTOs that already report, in that those RTOs are already incurring reporting costs.</p> <p>Smaller RTO likely to be impacted more significantly as would have more limited capacity to absorb costs and would have to pass costs on to students.</p> <p>Additional cost per student likely to be disproportionate for RTOs providing short and very short courses, as the cost of collecting that data would be a common overhead, regardless of the length of the course.</p> <p>Potential cost of mandating a reporting requirement that is too burdensome would be that RTOs operating on thin margins would withdraw from accredited training delivery. This could be particularly significant for delivery of training for volunteer emergency and rescue services as it may limit the availability of those services to the community.</p>	<p>With mandatory total VET activity reporting, CCOS would not be required and may be abolished by NSSC altogether.</p> <p>Able to make better business decisions based on detailed knowledge of the total VET market – eg. greater understanding of skills gaps and potential demand for courses.</p> <p>Potential marketing benefits from having more comprehensive information available on the My Skills website.</p>

Enterprise RTOs

OPTION 1 – the status quo	
COSTS	BENEFITS
No additional costs.	No additional benefits.

OPTION 2 – supplementary survey	
COSTS	BENEFITS
<p>Participation in survey would involve costs of extracting data from the system used by the RTO, entering it into the survey as required, and submitting the response.</p> <p>If the survey asks for demographic information not collected in the ordinary course of business, there would be additional costs for collecting that data.</p>	<p>RTOs that choose <i>not</i> to report data or participate in a survey in response to a request to do so, would not incur additional costs.</p>
OPTION 3 – mandated AVETMISS reporting	
COSTS	BENEFITS
<p>Costs may be greater than for other private RTOs that do not currently report as student management systems for enterprise RTOs are more likely to be integrated with Human Resources (HR) management systems, and require modifications to be able to report AVETMISS compliant data.</p> <p>Enterprise RTOs are likely to already collect most of the data required for AVETMISS reporting, however would require individuals’ permission to extract personal information from HR systems and use it for a different purpose than originally collected.</p> <p>Potential cost of mandating a reporting requirement that is too burdensome would be that enterprise RTOs withdraw from accredited training delivery. This would not necessarily mean that staff training would no longer occur, but that it would no longer sit within the quality framework of the accredited system.</p>	<p>CCOS will be automatically populated from the National VET Provider Collection, offsetting some of the costs of the increased reporting burden.</p>

Employer/business

OPTION 1 – the status quo	
COSTS	BENEFITS
<p>Potential opportunity cost in continued incomplete information for human resources decision making.</p>	<p>No additional benefits.</p>
OPTION 2 – supplementary survey	
COSTS	BENEFITS
<p>The extent to which local supply of skills (to inform purchasing decisions) is known would be</p>	<p>More transparent and informed analysis and decision making would be possible from a survey</p>

<p>limited by whether RTOs in the region participate in the survey.</p> <p>If the survey yields only limited data, no benefits would arise beyond the status quo.</p> <p>The use of the USI transcript by employers to confirm employees' or potential employees' skills and qualifications would not be fully supported, as the transcript would potentially be incomplete.</p>	<p>yielding more robust data.</p>
OPTION 3 – mandated AVETMISS reporting	
COSTS	BENEFITS
<p>No additional costs.</p>	<p>Comprehensive information regarding the skills being generated and the available labour market, including geo-coding.</p>

VET students/employees

OPTION 1 – the status quo	
COSTS	BENEFITS
<p>Informed training choices continue to be limited by availability of information on RTOs in a comparable and meaningful format.</p> <p>Transcripts formed through the Unique Student Identifier initiative would be incomplete to the extent that not all accredited training would be reported to the national collection. This could have flow-on implications for students moving between institutions.</p>	<p>No additional benefits.</p>
OPTION 2 – supplementary survey	
COSTS	BENEFITS
<p>The applicability of the USI would be limited by whether or not an RTO reported to the national VET provider collection – a student's transcript would potentially be incomplete and this may have consequences for employment or transitions between institutions.</p>	<p>A survey would support more informed choices by students/employees where the My Skills website could become more comprehensive and a high level picture of the fee-for-service and enterprise sector available.</p>
OPTION 3 – mandated AVETMISS reporting	
COSTS	BENEFITS
<p>Students may face higher fees to the extent that RTOs pass on reporting costs.</p>	<p>USI would be fully realised to provide students with a complete transcript of accredited training activity.</p> <p>More robust VET data would support more</p>

	<p>informed choices by students on preferred training and providers.</p> <p>Better informed regulatory risk assessment decreases the risk of serious RTO non-compliance and de-registration, reducing the risk of students being stranded.</p>
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Australian, state and territory governments (including regulators)

OPTION 1 – the status quo	
COSTS	BENEFITS
<p>Opportunity costs due to the partial data collection would continue, such as the inability to map skills shortages and skills developments accurately.</p> <p>Development of an entitlement system hindered by incomplete information about current training achievements of an individual.</p> <p>A comprehensive risk-based model of regulation would not be possible.</p>	<p>The purpose of the collection of competency completions data could be expanded to provide a useful high level estimate of total VET activity.</p>
OPTION 2 – supplementary survey	
COSTS	BENEFITS
<p>To the extent that survey data is contentious, design and assessment of VET policies and investments would continue to be impeded.</p> <p>Development of an entitlement system hindered by incomplete information about current training achievements of an individual.</p> <p>Survey responses unlikely to be integrated with the national VET provider collection due to its likely aggregate and representative nature, limiting its ability to support detailed analysis and research.</p>	<p>A high level analysis of VET activity, including fee-for-service and enterprise activity, could be undertaken if the survey response rate is sufficient.</p>
OPTION 3 – mandated AVETMISS reporting	
COSTS	BENEFITS
<p>Additional costs for collection and storage of data collection, and improvements in systems – through funding of NCVET.</p>	<p>Would enable better understanding of the VET market and any areas requiring targeted interventions.</p> <p>Would enable better evaluation of the appropriateness, effectiveness and efficiency of policy interventions and investments – including</p>

	<p>outcomes under NASWD and other COAG equity agendas such as Closing the Gap.</p> <p>Support responsive regulation of RTOs through more accurate and timely data for assessment of risks.</p>
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Community

OPTION 1 – the status quo	
COSTS	BENEFITS
Opportunity costs would continue to the extent that investments and interventions by governments, students and employers result in less than optimal outcomes due to lack of comprehensive training activity information.	No additional benefits.
OPTION 2 – supplementary survey	
COSTS	BENEFITS
Likely that the costs of survey administration would be met by government, therefore the community as a whole.	Would have an otherwise unavailable insight into the private VET sector.
OPTION 3 – mandated AVETMISS reporting	
COSTS	BENEFITS
Additional government costs ultimately costs for community through taxation – impact not likely to be noted.	More efficient, equitable and responsive labour market as a consequence of better decisions by industry, consumers and governments. Would require a higher investment for entry into the sector for new RTOs, which could improve the overall quality of the sector.