Australian Government

Department of Education, Employment and Workplace Relations

UNIQUE STUDENT IDENTIFIER

COAG REGULATION IMPACT STATEMENT (RIS)

MARCH 2012

COAG Regulation Impact Statement

Unique Student Identifier

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Background

In 2010, the Council of Australian Governments (COAG) directed the Ministerial Council for Tertiary Education and Employment (MCTEE) to develop a business case for the unique student identifier (USI) for the Vocational Education and Training VET) sector.

The purpose of the USI would be to:
> *'To record all accredited education and training undertaken and qualifications achieved for each individual who access Vocational Education and Training (VET) over his or her lifetime.'*

In February 2011, COAG considered a preparatory business case for a VET USI and asked MCTEE to prepare the final business case based on the following five design principles:
- the USI will be established as a coherent national initiative with agreed administrative arrangements for the issuance, storage and use of the USI;
- a cross-sectoral framework for a unique identifier will be established for the whole education and training system, with the first phase of implementation in the VET sector;
- the USI will be based on a student-centred approach;
- the proposed model for the USI is one where student identifying information will be quarantined in a USI register, and stored separately from education and training activity; and
- other state-based unique identifiers, such as a Victorian Student Number (VSN) or a Queensland Learner Unique Identifier (LUI)[1], can be accommodated in the design.

The final business case, is due to be considered by COAG in early 2012.

The final business case is based on extensive work undertaken in three separate streams:
- a broad public consultation process, including the issuing of a discussion paper, the opportunity for stakeholders to comment and targeted stakeholder interviews (undertaken by the *NOUS Group*);
- an examination of the technical requirements, including the development of High Level Business Requirements, High Level Costs and Benefits and High Level Solution (by *3pillars asia pacific*); and
- an examination of the legal, governance and privacy issues (undertaken by *Information Integrity Solutions*).

The final business case was also informed by an Expert Advisory Group that included:
- Mr Peter Grant, Former Chair of the NCVER Board and Former Deputy Secretary, Department of Education, Training and Youth Affairs;
- Mr Bill Burmester, Former Deputy Secretary, DEEWR;
- Mr Lawrence Millar, technical and privacy expert who worked on similar reforms in New Zealand; and
- Dr Tom Karmel, Managing Director, National Centre for Vocational Education Research.

This RIS is also informed by the responses to the Consultation RIS issued in December 2011.

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[1] Only Victoria and Queensland operate state-based unique identifiers. .

1. Statement of the Problem

The National Centre for Vocational Education Research (NCVER)[2] currently collects and holds unit level records of student enrolment and achievement in the VET sector, but these records are not mapped to an individual over the lifetime. This means that students cannot access the data and the data are able to be used to best effect by Registered Training Organisations (RTOs), government policy makers or researchers.

The inability to access enrolment and achievement data across the lifetime of individual VET students inconveniences students, affects the efficiency of RTOs and undermines the capacity of state/territory and Commonwealth policy makers to develop evidence-based programs and ensure accountability for the investments made.

This issue will be accentuated with the transparency agenda under the new National Agreement for Skills and Workforce Development. Under the planned reforms, it will be essential to be able to readily assemble student record data so students themselves, RTOs and governments can better understand how the VET system is performing. This represents a basic building block of the VET system and requires government action to establish a nationally consistent approach that covers all participants in VET in Australia.

Students
Currently, students have little or no control over their VET activity data and cannot easily find, collate and authenticate all of their educational attainments in a single portable record. Within the VET sector, students often enrol and attend courses with multiple training providers – there are approximately 2.3 million enrolments in the VET system each year and it is estimated that some 30 per cent of students use multiple providers. When students need to create a transcript of their achievements for enrolment, to show an employer or to establish credit for recognised prior learning, they currently need to contact and request information from more than one source. This situation is exacerbated when training providers go out of business and their records are either lost or unrecoverable.

Registered Training Organisations
The limitation in being able to readily access consolidated individual enrolment and achievement records over the lifetime is also a problem for RTOs, particularly at the time of student enrolment, in confirming appropriate pre-requisite course work and in assessing recognised prior learning.

Governments
The data currently collected by the NCVER is not sufficient to support the student-centred (or entitlements based) training models that are being implemented in some states/territories. In addition, the number of unique students undertaking VET cannot be accurately identified and there is no way of knowing the extent to which individuals undertake VET with a number of providers over a given period.

Further, the inability to access and analyse VET enrolment and achievement data at the individual student level over the lifetime means that state/territory and Commonwealth policy makers cannot readily understand the pathways students are taking, assess the progress of disadvantaged students or whether individual students are accessing resources at agreed levels.

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[2] The National Centre for Vocational Education Research is a not-for-profit company owned by state, territory and federal ministers responsible for training. It is responsible for collecting, managing, analysing, evaluating and communicating research and statistics about vocational education and training (VET) nationally.

In response, some states such as Victoria and Queensland, have already introduced unique student identifiers to assist in their own policy development and program administration. While these have improved the ability of individual states to create student records, this approach has limited value if students move and study across state and territory borders.

The lack of records identified at the individual level also limits the ability of governments to monitor issues arising from or improvements in the performance and transparency of the VET system. The ability to evaluate the achievement of education and training policy goals – including the monitoring of COAG performance measures – is limited. This limitation restricts the ability of policy makers to respond in a timely manner to industry needs as the labour market and economic environment changes.

Analysts and researchers
Currently, longitudinal research databases for the VET sector can only be created through statistical matching. This limits the capacity of researchers to examine the distribution of educational opportunities and attainment across the population and analyse educational pathways over an individual's lifecycle.

2. Objectives

When COAG considered a preparatory business case in February 2011, it was agreed that the purpose of a USI, as a response to the problems associated with accessing student records, would be to:

> "record all accredited education and training undertaken and qualifications achieved for each individual who accesses Vocational Education and Training (VET) over his or her lifetime".

The overarching objective of such a mechanism would be to establish a solid framework of information which can support and enable a flexible and demand-driven VET system in Australia. It would be expected to facilitate an information-base that can support all users of the system in an equitable and efficient way and promote continued improvement in the VET system. It would also be expected to contribute to the wider VET reform agenda by enabling greater transparency in the system and improving accountability and responsiveness across providers and governments.

3. Statement of Options

The principal options initially considered in response to the problem are as follows:
- No change
- National Unique Student Identifier

During the consultations undertaken for the initiative, two further options were proposed. They are:
- State-based Unique Student Identifiers
- Data matching of existing records

All four options are described below and are evaluated in section 4.

Description of options
(1) No Change
The status quo would remain with only two jurisdictions (Victoria and Queensland) having unique student identifiers applying to the VET sector. Under this option, there would be no mechanism for a student who has studied in other jurisdictions to find, collate and authenticate their education attainments without approaching each individual RTO.

(2) National Unique Student Identifier
Under this option, a single national unique student identifier would be implemented to allow the creation of individual lifetime VET records. Each student would be given a single number on enrolment. This number would be included on enrolment and achievement records, generated by RTOs across the country and stored, as currently occurs, with NCVER. Student identifying information would be quarantined and stored separately from national data collections of activity. The USI register would be managed by an appropriate agency (the USI service), with strict controls to ensure privacy.

Students would be able to request their full VET transcripts from the USI service which would draw the data together from the NCVER data base. This would provide students with greater control of their VET activity by making it easier to find, collate and authenticate all their educational attainments in a single portable record, provide a training history beyond the life of the training provider and enable future services and innovations such as e-portfolios and qualification-verification systems.

Policy makers would be able to analyse data held in the NCVER data base on a unit record, whole of lifetime basis while, at the same time, protecting the privacy of individual students – the data would include the USI itself, but would not be able to be re-identified as education and training data would be kept separate from the students' personal information held by the USI service.

This option would be supported by legislation that defines arrangements for the collection, storage and disclosure of personal information that will be necessary to establish identifiers for students. It would also establish limits on the use of identifiers, thus reducing the risk of 'function creep', and would create a service that would be responsible for the creation and secure storage of identifiers. Furthermore, the identifiers and associated personal information will be quarantined in a USI register and stored separately from education and training activity.
To enable this option to work effectively, the USI would need to:
- be mandatory for all students when enrolling in any accredited VET course, whether in publicly or privately funded places; and
- extend to all students including international students undertaking accredited VET programs under the Australian Qualifications Framework (AQF) at an Australian Registered Training Organisation (RTO).

Appropriate technical solutions and protocols would be put in place to accommodate existing state-based identifier systems.

(3) State-based Unique Student Identifiers (with linkages)
This option would involve a federated database system – each state government would have its own system supported by a virtual database which queries each separate system and draws the information together. There wouldn't be a need for the same system to be implemented in each state, but each state would need to adhere to common standards sufficient to share identifying information to draw together an individual's record.

Under this option, each state and territory would implement a unique student identifier system independently (following the Victorian and Queensland lead). State systems would then be linked by:
- a national indexing system that would be used to allocate an additional number to identify and track students as they move between state systems; or
- personally identifiable information (such as name, address, date of birth), allowing the identification and collation of records associated with specific individuals in different states.

Students would be able to request VET transcripts from their state/territory service, and the state government would coordinate with other systems to identify records associated with that student in

other states/territories. Policy makers and researchers would be able to work with state governments to collate de-identified records to conduct studies for policy making and research.

One submission received in response to the consultation RIS proposed a variant of this option that could limit costs for state governments. This variant, identified as option 3b hereafter, would see the development of a national USI service for providers registered nationally or in states other than Victoria and Queensland, so that they could leverage a national infrastructure.

(4) Data Matching of Existing Records
This option would involve using identifiable information that is held on existing NCVER records or provided to them through existing transfer systems as a key to matching relevant records. In this way, some of the data required for analysis of the functioning of the VET system could be assembled. However, this option would have significant limitations – for example, it would not be able to recreate transcripts of student records and the reliability of records created by data matching algorithms would not be sufficient to support entitlement-based training models.

4. Impact Analysis

The impact analysis has been undertaken by examining the options in terms of the costs and benefits for the key users of VET student record information.

Students

Option	Costs	Benefits
1. No Change	Students are unable to access a reliable record of their training history. Transition of students between institutions, and credit transfer and recognition of prior learning processes would not be improved. Cost of obtaining and assembling transcripts will vary depending on individual training history, such as the number of RTOs attended and range of qualifications attempted. The cost of a transcript from an RTO can be around $20. Students who attended RTOs that are no longer operating may have no means of obtaining transcripts. There are 268 RTOs no longer operating. The inability to gather authoritative information about one's own VET qualifications can represent a significant cost over an individual's working life.	No benefits

Option	Costs	Benefits
2. National USI	Surveys have identified that privacy is a concern for some students. This concern can be managed through robust privacy controls in the design of the USI. These are set out in detail in the section below headed 'Impact on Privacy'. Students will need to make contact with the USI register service to obtain their USI, and for sourcing and providing the necessary identifying information (or apply through an RTO). Although no decision in this regard has been made, minor fees might be charged for the provision of academic transcripts. Costs would be minimal, or for example in the order of $10 to $20 for each transcript (based on current charges by universities for transcripts).	This option would give students improved access to their own VET records. The USI will make it easier for students to find, collate and authenticate all their vocational educational attainments in a single portable record. It is estimated that of the approximately 2.3 million VET students enrolled each year some 30 per cent, or about 700,000, attend courses with multiple providers. Therefore, the ability for these students to obtain over their working life a single consolidated transcript from the USI agency, as opposed to individual ones from each provider, would not only constitute a major convenience, but potentially a saving from not having to pay multiple transcript fees, where these are charged. The benefits generated over their working life by students of RTOs that are no longer operating being able to receive transcripts from the USI agency cannot be readily quantified. However, these benefits could be expected to be significant and arise from improved employment opportunities, greater recognition of skills and improved earning potential and less need for repeat training as a result of Recognition of Prior Learning (RPL) and credit transfer arrangements. The national USI will also enable future services and innovations, such as e-portfolios and qualification-verification systems, by enabling an electronic record of learner attainment, supporting the transition of students between institutions. It will provide a training history beyond the life of the training provider. This will benefit students in their ongoing training, ensure they are adequately assessed for prior learning and facilitate their recruitment into the workforce by being able to provide a prospective employer with their complete training record. International students undertaking accredited courses with an Australian training provider will benefit in the same way as indicated above under this option.

Option	Costs	Benefits
3. State-based USIs	Privacy concerns are not as easily managed as through the implementation of option 2, as state and territory privacy legislation covering training providers and students varies widely. As above for option 2 in terms of identity checks and fees for transcripts.	Benefits to students are limited as this option would make it difficult or in some cases impossible to authenticate student records and ensure records are not duplicated between states. Further, a respondent to the consultation RIS suggested that the long term advantages of the Victorian Student Number were not apparent to students.
3b. State-based variant	Privacy concerns are not as easily managed as through the implementation of option 2. That is, students from Vic and Qld would be more easily identifiable. As above for option 2 in terms of identity checks and possible fees for transcripts.	Benefits to students are limited as this option would make it difficult or in some cases impossible to authenticate student records and ensure records are not duplicated between states. There would be a heightened risk of students having both a state and national identifier or being registered in different jurisdictions with different identifiers.
4. Data matching	Students are unable to access a reliable record of their training history.	No benefits.

Registered Training Organisations

Option	Costs	Benefits
1.	None.	None.

Option	Costs	Benefits
2.	There are moderate short-term cost implications for implementation of the USI as RTOs will need to adjust their student management systems to accommodate the USI. However, costs will be reduced by aligning the timing of the USI with the timing of the introduction of the new AVETMIS standard[3] on 1 January 2014. The estimated size of the impact varies based on RTO size, and their use of proprietary or custom-built student management systems (SMS). The following guide was developed by 3pillars Asia Pacific as part of the project business case. Estimated cost per RTO of introducing the USI	The introduction of a USI would, over time, reduce the administrative burden for RTOs in a number of ways. It will streamline data collection and reporting reducing double entry of data and by providing an electronic record of learner attainment, and assist with enrolment details when students re-enrol. This electronic record could assist with skills development, training plans, RPL and credit transfer, and assist in managing student-centred training models. It would also reduce the administrative effort associated with data collection and reporting by providing an electronic record of learner attainment, particularly for smaller RTOs who have low tech administrative systems. This would also assist RTOs to meet their obligations under national registration and Australian Quality Training Framework (AQTF) obligations in relation to the retention, archiving, retrieval and transfer of records.

Estimated cost per RTO of introducing the USI

RTO size	% of all RTOs*	Low	High	Comments
Small	55%	$1,000	$2,000	Assumes using 'tools' or proprietary SMS software
Medium	25%	$2,000	$100,000	Assumes using proprietary SMS software or custom built SMS
Large	20%	$100,000	$300,000	Assumes custom-built SMS

*At December 2011, there were approximately 4,900 RTOs operating across all states and Territories in Australia. (Source: http://training.gov.au/Reports/RtoCount)

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[3] The Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS) provides a national framework for the consistent collection and dissemination of vocational education and training (VET) information throughout Australia. The AVETMIS Standard 7.0 is due to be introduced in January 2014.

Option	Costs	Benefits
2. Continued	These costs have not been used to calculate an indicative overall cost to be incurred by RTOs to introduce the USI because they are likely to over-estimate cost impacts. For example, a large TAFE institute in Victoria has estimated the costs of implementing the Victorian Student Number at $65,000, while, in response to a direct question in the consultation RIS, a large WA TAFE has indicated that a USI could be integrated at minimal cost in existing systems. Also, these costs assume that RTOs will need to make changes to their software in addition to their regular cycle of upgrades. In reality, all RTOs will need to make changes to their software systems to become compliant with AVETMISS 7.0. It is intended that the introduction of a USI will be a part of AVETMISS 7.0. Thus, the costs attributable directly to the USI introduction, as opposed to compliance with the new AVETMIS Standard, are likely to be minor. There are minimal ongoing costs for RTOs, once implemented, as ongoing administration costs will be offset by improvements in data management efficiency provided by the system. There might be additional costs to RTOs in terms of identity checks and liaison with the USI register service. However, the USI system will to the extent possible rely on RTOs' existing identity check procedures to minimise costs and inconvenience Further, any costs of identity checks by training providers will be offset when re-enrolling or transferring students since they will need only provide their USI. Advice received as part of the consultations is that enterprise RTOs, that is Australian employers delivering VET training to their employees, will not have concerns about the cost of incorporating a USI in their existing training record systems.	RTOs will have better access to student records to make more informed decisions around assessments of prior learning and student capabilities for undertaking particular levels of training. Other important benefits include more equitable access to VET and improvement in the quality of outcomes for students as they are better aligned to appropriate courses and learning pathways. It would also reduce the cost of transition between institutions by minimising the amount of information that would need to be collected and stored relating to previous educational experience.

Option	Costs	Benefits
3.	Similar short-term cost implications for most RTOs as for option 2. RTOs operating in multiple states and territories may face higher costs as differences in state systems may need to be accommodated separately. Proprietary software system costs will also likely increase due to the need to accommodate differences in state systems. One national RTO association raised strong objections to this option in view of the inefficiencies and inconsistencies of state-based processes. Similar costs to option 2 in terms of identity checks and liaison with the USI register service.	Same as option 2 for those records that can be authenticated.
3b	Similar short-term cost implications for most RTOs as for option 2. RTOs operating in multiple states and territories may face higher costs as differences in state systems may need to be accommodated separately. Proprietary software system costs will also likely increase due to the need to accommodate differences in state systems. Similar costs to option 2 in terms of identity checks and liaison with the USI register service.	Same as option 2 for those records that can be authenticated. RTOs in Vic and Qld will incur lesser costs by not having to introduce USI; however these RTOs would still be required to meet costs associated with AVETMISS 7.0 compliance.
4.	No change; RTOs would not be able to easily access transcripts of student records for purposes of RPL etc.	No costs to RTO since this option does not require changes at the RTO level.

Governments

Option	Costs	Benefits
1.	Lack of data for use in performance measurement and policy development will necessitate additional research and data collection through surveys and other means. The national reform agenda for VET will increase requirements for this kind of data collection and reporting. Implementation of student entitlement funding models will not be achievable.	None.

Option	Costs	Benefits
2.	Implementation will require an ongoing management agency, to be funded jointly by Commonwealth and State governments. One state government agency responding to the consultation RIS commented that the capacity of state governments to contribute to the estimated costs has not been determined. Capital costs for the project are estimated to be in the order of $13-15 million over two years to be funded from the national Training System Commonwealth Own Purpose Expenses (NTS COPE) . Implementation by the Commonwealth of a similar system in the higher education sector, the Higher Education Information Management System, was costed at $20 million over 4 years (2005-2009 budget) for the Commonwealth. The USI agency is expected to require ongoing annual funding of approximately $4-5 million based on the ongoing costs of similar systems. While potential costs to regulatory bodies have not been estimated, the national regulator has indicated in its response to the consultation RIS that the USI will assist it in its functions, although it did not quantify the value of such assistance.	The USI will enable the implementation of student-centred training programs and the capture of training activity, irrespective of where the training occurs. In conjunction with the national qualifications framework, a USI will assist in assuring the quality of VET by providing data on levels of VET activity. Data associated with the USI would also be invaluable for performance reporting and driving accountability in the VET sector through demonstrating progress and achievements of learners and systems. Enables longitudinal studies of VET activity and educational pathways over an individual's lifecycle, including the monitoring of learner pathways and transitions for disadvantaged learners. Analysis of de-identified lifetime VET records of enrolment and achievement will underpin key areas of the VET reform agenda. A national USI will lead to better data that can assist governments to assess and identify and act on emerging issues in a more timely way. This will have a key long term benefit to underpin a more rapid response of the VET sector to changes in the economy thus making it more responsive to the needs of the labour market and the economy.

Option	Costs	Benefits
3.	Implementation will require state-based bodies to manage state systems, as well as a national framework to ensure the systems communicate effectively. This is the most cost-intensive approach for governments, particularly at the state level. The costs for the implementation of the Victorian Student Number were estimated at $5.1m; those for the Queensland LUI at $3m in capital costs plus $1m per year in recurrent costs. Only Victoria and Queensland have student identifier schemes. Based on these cost estimates the initial costs for all the other jurisdictions to implement independent state-based unique identifier systems could be around $25m, plus ongoing costs of around $6m per year. However, it is worth noting that the Queensland scheme currently does not cover all accredited training and there would be additional costs incurred in that jurisdiction for expanding their scheme. In addition, there would be costs for the Commonwealth Government to develop and manage a system that draws all state based systems together and undertakes appropriate data checking and student identification processes.	Benefits to governments are similar to option 2. State-based USIs in Victoria and Queensland have the potential to provide accurate information on a student's movement through the educational system and transition to and between VET providers, but only within those jurisdictions. However, the benefits in respect of VET are significantly reduced by the unreliability of records when sourced from across different state systems. This approach will make it difficult to ensure records are not duplicated between states, and may not be reliable enough to underpin student entitlement funding models.
3b	Same as for option 2, as the Commonwealth Government would still need to develop and manage a system that draws all state based systems together and undertakes appropriate data checking and student identification processes.	Jurisdictions that do not currently have their own identifier would be able to leverage the national USI infrastructure without incurring set up costs such as Victoria and Queensland. However, benefits will be significantly reduced relative to option 2 by the unreliability of records when sourced from across different state systems. This approach will make it difficult to ensure records are not duplicated between states, and may not be reliable enough to underpin student entitlement funding models.
4.	Costs associated with development of data matching facility and algorithms. Costs associated with running data matching analysis and data cleansing	Access to limited additional information about student pathways.

Employers

Option	Costs	Benefits
1.	Employers are not easily able to obtain consolidated and authenticated training histories from their potential employees.	None
2.	None	Employers are able to request from potential employees an authenticated record of their consolidated and complete training history. While employers can now ask their employees to supply this information, it may be incomplete, not timely or not comprehensive or authenticated. Improved data on training supply and demand will assist with workforce planning for large employers. As noted in some responses to the Consultation RIS, this option could help employers adopt a more structured approach to training and eventually help Australia develop a stronger training culture. This is because the introduction of the USI will help employers identify skill gaps and strengths of their workforce, especially new recruits, and improve the productive capacity of their organisation.
3.	Employers are not easily able to obtain consolidated and authenticated training histories from their potential employees, where training has been undertaken in other jurisdictions.	Same as option 2, except the value of student records will be reduced due to their lesser reliability.
3b.	None. Employers are not easily able to obtain consolidated and authenticated training histories from their potential employees, where training has been undertaken in other jurisdictions.	Same as option 2, except the value of student records will be reduced due to their lesser reliability.
4.	Employers are not easily able to obtain consolidated and authenticated training histories from their potential employees.	None. This option is the status quo.

A summary of costs and benefits of each option follows.

Summary of costs and benefits

Option	Students		RTOs		Governments		Employers	
	Cost	Benefit	Cost	Benefit	Cost	Benefit	Cost	Benefit
Option 1	No reliable record of training history.	No benefits	None.	None.	Extra research and data collection; Cannot implement student entitlement models.	None.	None	None
Option 2	Privacy is a concern to be managed. Students will need to contact USI service to get USI or do so via an RTO. Minor fees might be charged for academic transcripts.	Improved access to own VET records. Can provide prospective employer complete training record. Enable services like e-portfolios. Potential savings from consolidated transcripts.	Adjust student management systems (cost reduced by aligning with introduction of new AVETMISS) and minor ongoing costs. Cost varies based on RTO size.	Help meet data collection, reporting and archiving obligations; assist with enrolment process and RPL/credit transfer.	Capital costs ($13-15m) and ongoing annual costs ($4-5m) to be funded jointly by Commonwealth and State governments	Enable student-centred training; capture of training data will assist in assuring quality of VET and performance reporting and accountability; essential for key areas of VET reform agenda.	None	Authenticated training record of employees; help with workforce planning; more structured approach to training.

Option	Students		RTOs		Governments		Employers	
	Cost	Benefit	Cost	Benefit	Cost	Benefit	Cost	Benefit
Option 3	As above for option 2. Privacy harder to assure.	Limited benefits	Higher cost than option 2 for RTOs operating in multiple states; Inefficiencies and inconsistencies of state-based processes.	Same as option 2 for those records that can be authenticated.	Highest cost of all options (estimated to be more than $25m set up costs, plus $6m annual costs).	Significantly reduced by unreliability of records when sourced from across different state systems. Difficult to ensure records are not duplicated.	None	Same as option 2, but value of student records reduced as less reliability.
Option 3b	As above for options 2 and 3.	Limited benefits; risk of students having both state and national identifier.	Same as option 3.	Same as option 2 Lesser costs for RTOs in Vic and Qld, but they still face cost of new AVETMISS.	Same as for option 2	Same as option 3, but jurisdictions that do not currently have their own identifier could leverage national USI infrastructure.	None	Same as option 3.
Option 4	Students unable to access a reliable record of their training.	No benefits.	Cannot easily access student records.	No benefits.	Costs of data matching and data cleansing	Access to limited additional information about student pathways.	None.	None.

Impact on Competition

Under option 1 and 4, differences in state systems would maintain inconsistencies in RTO costs across jurisdictions.

Under option 2 and 3, the increased costs to student management systems could represent a minor additional barrier to entry for new RTOs, but this increase is unlikely to be significant in the context of typical RTO start-up costs. The existence of proprietary student management systems that small RTOs can purchase also reduces the potential impacts. Furthermore, it is intended that the changes to RTO systems to accommodate a USI will be made as part of the 2014 AVETMISS 7.0 data standard upgrade required by NCVER. This would have the effect of minimising costs attributable to the USI component.

Under option 3, cost impacts would be higher for those RTOs operating in multiple states and territories, and may discourage small to medium sized RTOs from expanding across state lines where they might otherwise do so.

The USI is considered important for facilitating student entitlement funding models which enhance competition.

Impact on Privacy

Addressing issues of privacy and confidentiality will be a major factor in the successful design and implementation of a USI for VET. The stakeholder consultation highlighted the sensitivities relating to privacy for the USI as privacy advocates are sensitive to the introduction of a USI and they and other stakeholders are looking for strong privacy protection. Privacy is especially important for the USI because the system involves the transfer of personal information to and from a central agency, which could be linked and used for an expanding range of uses.

The following high-level strategies are proposed to be adopted:

- Separation of educational and demographic data from personal data in two separate databases, managed by separate business entities.
- Creation of a USI that is a randomly generated 10-character, upper and lower-case, alpha-numeric string with an additional check digit.
- Mandatory minimum level of personal identification checks before a USI is issued.

Further, a detailed privacy and confidentiality policy for the USI will be implemented. This is envisaged to include several elements, such as rules for the collection, use and disclosure of a student's USI and the information attached to it; an independent national agency to administer the system, including exercising control over access to the central database and specification of the purposes for which the USI can be used; commitment to nationally consistent privacy regulation and a mechanism for complaints handling; privacy-enhancing technology, with encryption of the data in the database when 'at rest' (database encryption) and security implemented to the highest industry standards. `

5. Consultation

The Consultation RIS was open for comment from 23 December 2011 to 20 January 2012, and built on previous extensive public consultations in 2010 and 2011. There were 24 responses from stakeholders in the 2010 consultations. In the 2011 consultations, 37 stakeholders were interviewed, including peak business and training bodies and state training authorities, and a total of 850 students responded to a

survey. To inform that consultation process, a discussion paper prepared by NCVER was made available to all stakeholders (publicly available at http://www.ncver.edu.au/publications/2412.html).

The outcome of the consultations conducted for the final business case, as summarised in the Consultation RIS, is at Attachment A.
A broad range of stakeholders was similarly approached with the Consultation RIS. Industry, RTOs, state and national agencies were explicitly invited to comment on the Consultation RIS. A total of 16 responses were received.

In seeking views on the Consultation RIS, the following specific issues were drawn to the attention of stakeholders:

- Whether issues of privacy, which were raised by some stakeholders as a concern, had been addressed satisfactorily in the development of the options.

- Whether costs and benefits had been fully considered across the range of options considered.

- Whether incorporating the required systems changes for introduction of a USI with the systems changes required by AVETMISS 7.0 is an appropriate approach to minimise the initial costs to RTOs or whether other mechanisms to minimise cost could or should be considered.

Summary of views

National agencies expressed generally strong support and preference for a national USI over other options as it could provide a more accurate picture of VET participation and outcomes; enhance the efficiency of data collection and usefulness of the data so collected; and improve the quality and reliability of data to support the VET reform agenda. A national USI would also align with existing work towards a national e-portfolio approach as a seamless (technology-based) solution for recognition of learning wherever acquired. In addition to benefiting students, it could also provide a more accurate and complete information base for a demand driven VET system.

National industry bodies were similarly highly supportive of a national USI, which was seen as assisting in workforce planning, taking a more structured approach to training and in developing a strong training culture in Australia. By contrast they did not favour a state-based USI, which was seen as inefficient.

State agencies were supportive of an identifier system, but expressed concern about the potential for a national USI to duplicate or fail to properly accommodate state-level identifier systems, where they already exist. The capacity of jurisdictions to contribute towards a national system was also raised as an issue in two instances. One suggestion was that the USI system should be capable of linking with identifiers at state-level, where these are issued, and of issuing identifiers to students of nationally registered providers. This would then enable a phased implementation of a national USI system. The issue of privacy was the focus of one submission, which noted the importance of separate agencies storing identifier information and VET enrolment and achievement, consistent with the proposed model.

Training providers commenting on the Consultation RIS were generally supportive of a USI system. However, some raised concerns about cost, privacy of individual information, implementation timeframe and data security. The rationale for extending the USI to students undertaking accredited VET offshore was questioned. The need to clearly articulate the long-term benefits to students of a USI was also stressed. All of these concerns will be carefully addressed in the planning and design of the USI scheme. For example, the issue of costs will be addressed, in part, by timing the implementation of the USI with that of the new AVETMIS Standard and by building on existing RTO arrangements wherever

possible. Privacy will be addressed comprehensively in the manner explained elsewhere in this document, and suitable information products developed to explain the benefits to students.   Further, a national USI would need to take account of dual VET and Higher Education providers and ensure appropriate linkages across the two levels. This aspect will be addressed in detail in the course of consultations with stakeholders that will be taking place in the development of the IT system and other arrangements.

Not all who commented agreed that the above were significant issues. For example, a large public RTO, which strongly supported a national USI as the model providing the greatest benefits, noted that it may be possible to achieve integration of a USI into its student management system at minimal cost.

Enterprise VET providers noted that a national USI could deliver a more accurate national VET data base, as much enterprise based VET activity is not currently reported.

Students surveyed separately in 2011 were generally in favour of the introduction of a USI, provided privacy and data integrity were addressed and they could maintain control over their record of achievement. The benefit of a single unique identifier across a student's lifetime was particularly attractive.

Overall, the Consultation RIS elicited responses that were indicative of wide-spread in-principle support for a national USI (option 2), although some issues of concern were raised, especially around potential cost implications, privacy of information, linkages with existing identifier systems and other education sectors, and the need to articulate clearly the purpose, scope and benefits of the system.

Implications for final business case
The final business case is supported by the outcomes of the consultation process.

A national USI approach which would deliver the greatest benefits for VET reform aligns well with the views of the broad range of stakeholders who could see the benefits of a USI in progressing such reforms.

In direct response to the concerns about privacy and governance raised by some stakeholders, the adopted approach in the business case, that is the separate collection and storage of student identifier and training information, is a key element in ensuring appropriate protections are put in place to store and maintain individuals' records. Also, legislation is expected to be developed that will delineate limits on the use of information by stakeholders, thereby addressing concerns about privacy and 'function creep'. Specifically, the business case for the USI indicates that the legislation will set out clearly:
- what information is to be stored;
- who has access to the stored (identity) information;
- the use and disclosure of the USI and related information;
- who has responsibility for establishing and maintaining the USI register;
- who has responsibility for allocating a USI, and to whom, and when
- the required identifying information to be collected prior to allocating a USI;
- the purposes for which it can be used; and
- the criminal penalties for collection, use of disclosure beyond these specified purposes.

Some stakeholders saw the benefits of a USI, but preferred alternative approaches or its immediate implementation across all education sectors. In response to the VET sector concerns about costs, the business case suggests aligning the introduction of a USI with other proposed systems changes that would impact on key stakeholders – for example aligning introduction with changes to the data standards required by NCVER (AVETMISS). In response to concerns about the need for linkages with and

expansion to other education sectors, the business case sets out the establishment from the outset of a cross-sectoral framework for the unique identifier for the whole education and training system, with the first phase of implementation in the VET sector.   Further analysis of the impacts of expanding the USI into other sectors will be needed before a commitment is made to this.

Purpose, scope and operation will be communicated clearly and widely to stakeholders in a stakeholder engagement strategy planned for the introduction of the USI.

Further consultations with all the stakeholders will be undertaken to develop implementation details. These will be facilitated by the Commonwealth/state working groups that have been established as part of the planning for the USI.

6. Evaluation and Conclusion

A mechanism to enable the creation of a record of all accredited education and training undertaken and qualifications achieved for each individual who accesses Vocational Education and Training (VET) over his or her lifetime is an essential building block for the future of the VET reform agenda. The alternatives to the national approach canvassed in this document on balance indicate that they have either fewer benefits or greater costs than a national USI system.

Of the options considered in the context of this RIS, the option to do nothing will not provide the necessary data to fill current information gaps and support the VET reform agenda. This could be expected to continue to have negative impacts on the efficiency of the VET system and its ability to respond to skills requirements, and therefore ultimately undermine Australia's productive capacity.

The option to introduce student identification systems state by state could provide some of the data required, but at a greater cost to both RTOs and governments than a national system. Its fragmentation and lack of coherence would inevitably cause uncertainty about the reliability of separately built systems and their capacity to provide accurate linked data consistent with requirements. Moreover, it would be of limited benefit to students undertaking training over their working life in different jurisdictions and would require a significant level of cross-jurisdictional data matching to generate consolidated training records whose reliability could not be guaranteed. Similarly, option 3b would have limited benefit and would end up requiring Commonwealth funding to develop and manage a system that draws all state based systems together and undertakes appropriate data checking and student identification processes.

By contrast, the proposal to establish a national unique student identifier, option 2, responds to the data problem identified in the VET sector. The proposed approach would allow for the safe generation and storage of unique student numbers in VET and for these numbers to be attached to enrolment and achievement records for each student participating in training provided by registered training organisations. There will be costs to RTOs (in software changes and handling of identity checks) and governments (to establish and maintain a USI register service).

However, these costs would be offset by the benefits that would accrue directly to students and RTOs by simplifying processes and to governments in their being able to better understand the needs of those engaged with the VET sector and being able to measure the effectiveness of their investment. The costs will also be reduced by relying on existing processes where possible and by timing the introduction of the USI with the new AVETMIS standard. Further, the benefits would include significant cumulative savings from the ability of the USI agency to generate consolidated transcripts of VET attainments of students over their working life.

Importantly, a national USI will lead to better data that can assist the identification of emerging VET sector issues and trends, such as gaps in the training in particular skills that may be on demand, in a more timely way for RTOs, employers and governments. This will have a key long term benefit to underpin a more rapid response of the VET sector to changes in the economy thus making it more responsive to the needs of the labour market and the economy and make the workforce more readily adaptable to the changing skills needs of the future, thus enhancing opportunities for productivity improvements. As such option 2 is the one that delivers the highest net benefit of the options canvassed.

7. Implementation and Review

The implementation of the national USI is planned to coincide with the introduction of the new VET data standard for data generated by RTOs. This standard is updated from time to time by the National Centre for Vocational Education Research – and the new standard, AVETMISS 7.0, is due for implementation on 1 January 2014. This is also the proposed implementation date for the USI as it would allow data requirements for the USI to be included in AVETMISS 7.0, thereby minimising costs for software changes required by RTOs.

An implementation date of 1 January 2014 would also allow for the planning and development of the USI solution to be undertaken in a considered way – and will allow appropriate consultation with stakeholders in the development of business requirements for the IT system and other arrangements. The business case recommended that the Department of Education, Employment and Workplace Relations (DEEWR)[4] take the lead for the implementation of the USI. A taskforce has been set up in DEEWR for this purpose and planning is underway pending COAG's decision. Commonwealth/state working groups have been established to develop detailed proposals around the governance and legislation, IT, data and communications aspects of the project. An engagement strategy is being developed to ensure that all stakeholders are included in the planning and implementation phase of the project – should COAG decide to proceed – and are kept informed about progress.

A review of the operations of the USI initiative will be provided to COAG or its nominated committee following its introduction.

The introduction of the USI will support the broader VET reform currently being considered. The USI proposal is a key component of the $1.4b National Agreement for Skills and Workforce Development being renegotiated with the States and the National Partnership to reform the Vocational Education and Training System, due to commence on 1 July 2012. The USI will add greater transparency to the VET sector and help provide the reassurance to Government that funds are being properly targeted to skills needs. In addition, the USI will improve transparency by enabling students and training providers to access comprehensive and authenticated information about VET attainments from a single source, and once fully implemented, potentially improving efficiency by reducing the administrative burden on training providers associated with data collection and reporting.

The revised NASWD and reform NP is to be considered by First Ministers in early 2012.

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[4] Following Machinery of Government changes, the Department of Industry, Innovation, Science, Research and Tertiary Education (DIISRTE) will take the lead.

13 March 2012

Excerpt from the Consultation Regulatory Impact Statement on Consultations in 2011.

Following the endorsement of the preparatory business case by COAG in February 2011, a consultation process regarding the introduction of a USI was carried out during June 2011. This process was designed to canvass the views of a wide cross section of relevant stakeholders regarding the purpose and use of a USI across the VET system to assist in the preparation of the final business case. Views on the implementation of a USI were also canvassed during the process.

Stakeholders included in the process were VET students, peak bodies such as state training authorities and policy makers such as state government and Commonwealth Government officials, and a range of RTOs both large and small and public and private.

To inform the consultation process, a discussion paper prepared by NCVER was made available to all stakeholders. This is publicly available at http://www.ncver.edu.au/publications/2412.html

In undertaking these consultations, a range of views about the possible options and uses of a USI was canvassed. Specifically, the consultations sought and collected views on the introduction of a USI from stakeholders focussing on the following broad issues:

- What is a USI and why is it needed?
- What are the benefits to all stakeholders?
- What are the risks and challenges for implementation?
- How can these be overcome?

The consultation process used a range of approaches including: face-to-face and telephone interviews with Commonwealth, State and Territory VET regulatory bodies and discussions with RTOs. A customised online survey was developed to engage and collect information from students.

Responses from the consultation process are available at:
http://www.ncver.edu.au/publications/2413.html

Key messages arising from the consultations are outlined as follows:

The USI will support ongoing reforms to the VET sector – the majority of stakeholders saw that the USI would be a very useful tool in supporting reforms in the VET sector, including a more evidenced-based approach to policy and planning and the ability to create new student-centric innovations. Also, stakeholders could see the benefits of the introduction of a USI to improve operations within the VET sector.

The USI is seen as important but not widely seen as essential - providing longitudinal data and enabling other initiatives whilst, at the same time, potentially reducing administrative burden were seen as important for the future of the sector. Those who thought the USI was not essential suggested there could be other ways to improve data and that there are other initiatives that are potentially more important.

Concerns that surfaced during the consultation process include:

Purpose and Scope – few stakeholders had a clear understanding of the purpose and scope of the USI. Others doubted the ability of the government to deliver and implement the project.

Privacy concerns – the protection of an individual's privacy was of moderate concern to some and critical concern to a few stakeholder groups.

Governance – effective and transparent governance was considered crucial to the creation and maintenance of high quality, secure data.

Cost of compliance – for many RTOs the cost of the system is a strong concern and they are nervous about further additional costs.

Students, RTOs and ownership of data – there is a tension between students desiring ownership of training information and the ability to select the information able to be viewed by others and, on the other hand, a requirement for RTOs to submit complete records.

Overall findings
Overall, there is strong support for the concept of a USI among VET students, peak bodies and policy-makers, with Registered Training Organisation (RTOs) and regulators expressing a range of views. It is also apparent that stakeholders are looking for more detail and a clearer statement of the USI's purpose and scope.

Implications for final business case
The final business case is supported by the outcomes of the consultation process.

A national USI approach which would deliver the greatest benefits for VET reform aligns well with the views of the broad range of stakeholders who could see the benefits of a USI in progressing such reforms.

In direct response to the concerns about privacy and governance raised by some stakeholders, the adopted approach in the business case ensures appropriate protections would be put in place to store and maintain individuals' records. Also, protocols around the use of information by stakeholders would be developed.

Some stakeholders saw the benefits of a USI but preferred alternative approaches.
To address concerns about costs from stakeholders, the business case suggests aligning the introduction of a USI with other proposed systems changes that would impact on key stakeholders – for example aligning introduction with changes to the data standards required by NCVER (AVETMISS).

The project clearly has an opportunity to clarify the purpose, refine its scope and communicate this widely through its stakeholders in a communication strategy planned for the introduction of the USI.