ACPET response: COAG Consultation Regulation Impact Statement on total VET Activity Data Collection

August 2012
Introduction

Established in 1992, the Australian Council for Private Education and Training (ACPET) is the national industry association for private providers of post-compulsory education and training. ACPET has 1,100 members nationally, delivering a full range of higher and vocational education and training (VET) and English language courses across all states and territories.

ACPET welcomes the opportunity to provide feedback to the Department of Industry, Innovation, Science, Research and Tertiary Education on the costs and benefits for providing data on accredited VET activity from registered training organisation (RTOs).

The number and diversity of non-public providers have grown exponentially over the past two decades. A large proportion of VET is now delivered to meet employer, employee and future worker needs through arrangements with private RTOs. As private providers operate with a degree of flexibility, free of the rigidities of large bureaucracies, they are adept at responding flexibly and innovatively to industry needs.

Research commissioned by ACPET in 2010\(^1\) confirmed the importance of the private sector in Australia in delivering skills for individuals and employers. Private providers were shown to be delivering education and training to 1.4 million equivalent full-time students across the vocational and higher education sectors in Australia during the 12 months period prior to the study. Of these, over 800,000 students were undertaking AQF qualifications at Certificate III level and above.

In a 2011 report on late-stage apprenticeships, the Australian Chamber of Commerce and Industry (ACCI)\(^2\) highlighted the importance of provider flexibility, quality and relevance to industry skilling needs. Private providers were confirmed as being particularly responsive to industry needs, as exemplified by education and training around sustainability, which has emerged as one of the top industry skills need areas.

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\(^1\) HK Horwath, *Education Industry Survey 2010*, ACPET 2010

\(^2\) Australian Chamber of Commerce and Industry, *From apprenticeship to a career*, 2011
VET data collection to ensure transparency and compliance

ACPET acknowledges that as part of the suite of reforms agreed to by COAG in April 2012 measures to collect more data on VET activity and to provide more meaningful information to the public, students and employers on the performance of the VET system and individual RTOs were agreed. Markets work best when there is transparency in their operations and where information is available to support informed choices.

ACPET acknowledges the efforts of government to understand the impact on the sector and particularly the private sector of the implementation of increased data collection through the development of a Regulation Impact Statement.

**ACPET’s key message to government is that data collection and reporting is an onerous and costly exercise for providers and this must be at the forefront of thinking when considering any increased requirements for data on privately funded VET activity in private providers.**

The current requirements for reporting data on accredited VET sees mandatory reporting of VET activity by public RTOs and private RTOs for any government funded training. Whilst fee for service training is not currently required to be reported it is important to note that many ACPET members do report their fee for service training activity.

ACPET acknowledges that under the current VET data reporting requirements it is not possible for policy makers to gauge the depth or breadth of accredited VET activity. ACPET also acknowledges that in other sectors of the economy government has an understanding of the size and breadth of the sectors through surveys administered by the ABS and that due to the ABS’ powers of compulsion, the provision of data on private business activity is collected and reported in a regular manner.

As governments move to encourage greater contestability for public funding in the VET system, the lack of data on privately funded effort undertaken in private RTOs has the potential to lead to poor policy implementation. Indeed some ACPET members with strong fee-for-service delivery models have been badly affected in the design and implementation of the Victorian Training Guarantee (and subsequent efforts by the government to better ‘manage the market’).

Options for consideration in the RIS

Three options are suggested in the RIS – no change, partial data collection supplemented by an annual survey of providers, or mandated reporting on all accredited VET.

ACPET’s preferred position is that there is no change to the collection and reporting of data by government on VET activity. Rather, ACPET believes that its independent surveys of the size and scope of VET activity are sufficient to inform good public policy making.

In fact, the Regulation Impact Statement itself refers to the most recent survey commissioned by ACPET and undertaken by WHK Horwath in 2010. This survey was of total private tertiary education effort (both VET and higher education) and has become a rich source of data used by governments at state and federal level as well as other agencies including the Productivity Commission.

Currently the ACPET survey is run every two years and if need be could be run annually (with funding from government to support survey administration and dissemination).
The administration of a voluntary, annual survey of VET effort by an independent body like ACPET is optimal for the 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.

In its 2010 survey of the sector, the results show that despite ACPET representing only approximately 20% of private providers from a purely numeric perspective, in terms of revenues ACPET members represent 87% of the private sector. While ACPET’s 2010 survey included both ACPET and non-ACPET members, these findings highlight the importance of the ACPET membership in private sector VET delivery and confirm ACPET’s leading role in building government understanding of, and confidence in, private sector activity.

ACPET is well advanced in the rollout of this year’s survey of private tertiary effort. This survey will be conducted in August/September 2012 and ACPET has engaged Deloitte to undertake the survey and analyse the data on its behalf. Whilst the surveys are funded by ACPET they provide an excellent source of data for the entire industry and will be disseminated as such.

While the NCVER is the current statistical agency for the VET sector, ACPET does not consider that the NCVER has demonstrated it understands the private sector or its obligations as a government owned statistical collection agency sufficiently well to administer an annual survey of private VET effort. Its Board membership is heavily weighted to government officials and other representatives from the public sector, with only one representative currently from the private sector. This is not acceptable given the current size of private VET activity. For the NCVER to be in any way involved in survey design and administration would require a substantial change in NCVER Board membership and substantial changes to its corporate governance and internal administration – to ensure the sector could have greater confidence in its operations.

ACPET believes that the NCVER’s involvement in such a survey would be a deterrent to private providers engaging with the survey on a voluntary basis. This is a point that has been made strongly by ACPET members.

**ACPET strongly opposes the mandated provision of AVETMIS data by all RTOs.**

RTOs that do not currently provide AVETMIS data would face substantial increases in administration and business costs to supply data. These costs are likely to be pushed down to the end user, which is the student or enterprise purchasing the training. As such the cost of training will increase; this is not a desirable outcome.

There are also substantial issues for providers offering short courses (one or two skill sets only) where the time taken for students to complete detailed enrolment forms adds nothing to the training experience. In cases like this, providers which are forced to provide data on all accredited training will start to move outside of the accredited framework as the costs of reporting become a financial and administrative burden. This will particularly be the case for enterprise sponsored training where the company purchasing the training is focused on upskilling their staff to produce a more productive workforce – not in paying their staff to spend time filling in forms merely to satisfy the interests of government bureaucrats.

The notion posited in the RIS that the collection of data on all accredited VET activity will provide a ‘level playing field’ demonstrates a lack of understanding of the inequities for private providers in the current funding and policy arrangements. While governments still maintain funding differentials for training delivered by public and private providers and while capital funding is available almost solely to public providers – it is nonsensical for government to commence the introduction of a level playing field by
mandating the provision of data from private providers running sound fee-for-service delivery models. A level playing field in terms of access to government funds and equity in the level of government funding provided to public and private providers are pre-requisites for a level playing field.

**Data for effective regulation**

ACPET is cognisant that the Commonwealth has powers under the National VET Regulator Act 2011 for the Australian Skills Quality Authority (ASQA) to collect whatever data it requires from providers, and that ASQA has powers of compulsion to enforce this data provision.

ACPET is clear that, where relevant and targeted data reporting can assist a regulator in taking a more balanced, risk based approach to regulation, it supports the provision of information by providers to their regulator. Such a scheme was in operation in South Australia and Western Australia prior to the establishment of ASQA and, on the whole, these State regulatory agencies had a better understanding of their providers and were more effective regulators than their counterparts in other States.

Nonetheless the provision of data to any government agency is not without cost, including the actual cost of system changes and the time needed for data entry, checking and reporting. As such ACPET considers that when ASQA moves to introduce measures to request data from providers to allow for a more proportionate risk-based approach to regulation, there should be something ‘offered back’ to the sector. Providers are overburdened by the need to archive results of student assessments for 30 years to allow them to reissue qualifications where a student loses their testamur. ACPET considers it would be more cost effective for the sector and provide greater certainty to students if ASQA was funded to manage a records archive for the sector. In fact this was the dual role that data provision in South Australia and Western Australia facilitated and it should now be implemented nationally.

Finally, in relation to the provision of data to support more effective regulatory decision making – 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. 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. ACPET is comfortable with ASQA including data on the size and scope of the sector in its annual reports and believes that this, in addition to an annual survey, would provide useful data to the public and stakeholders on the sector.

ASQA should collect only the data necessary for its regulatory role from RTOs and we welcome consultation on what the scope of this data collection should be.

**Data for the My Skills website**

One of the arguments the Commonwealth RIS advances for the collection of Total VET Activity through Option Three, the requirement to collect and report full AVETMIS data, is that it could also be used to populate the new My Skills website.

ACPET considers this argument to be flawed for two reasons – firstly there is no agreement yet on the data elements for My Skills and secondly it is unlikely that all elements of the VET Provider Collection will be useful to students, their parents and employers in selecting the right RTO for their needs.

ACPET supports the reporting of publicly funded VET activity on My Skills as a first stage. ACPET believes that if the data which is included on the My Skills website is seen as being meaningful and supporting consumer choice then private providers will be positive about including data on their privately funded activity on the site.
To assist providers who don’t currently receive government funding to offset the costs of providing data to My Skills the government should once again offer providers some financial assistance to offset the costs of amending their records management systems. This support has previously been made available to providers adapting to FEE-HELP and VET FEE-HELP, and also by some State governments for RTOs when they first introduced the AVETMIS Standard.

Concluding statements

Whilst ACPET recognises the importance of data in designing and assessing VET polices it is our view that at this juncture mandating compulsory submission of all data relating to privately funded accredited training via AVETMIS is not appropriate. ACPET does not support this option as proposed in the Regulation Impact Statement.

ACPET does support an annual survey to assist government and stakeholder understanding of the sector and to improve policy implementation. ACPET does not support such a survey being administered by the NCVER and nor does its members.

ACPET cautions that ASQA must only use its powers to collect data to fulfill its regulatory role and that further it should act as the archivist for the sector in relation to student records management requirements.

Finally ACPET believes that with well selected criteria for the My Skills website and financial support from government for RTO system changes, most private providers will choose to submit data to the site. Making this a mandatory requirement is not necessary and will not assist consumer choice if the accuracy of data and its quality cannot be assured.