

6th May 2011

Submission to the Australian Skills Quality Authority

The Enterprise RTO Association welcomes this opportunity to review and comment on behalf of its members on the *Schedule of Proposed Fees and Charges Draft* released on 15th April 2011.

ERTOA strongly supports the move to a nationally consistent schedule of fees and charges and the application of a cost recovery based approach to their calculation. However, current realities mean that the implementation of the proposed schedule will have a widely varying impact upon member enterprises, almost all of whom are not commercial, fee-for-service operations. In many cases the proposed schedule will result in unsustainable increases in the fees and charges imposed and very likely result in these high quality enterprise RTOs reconsidering their engagement with the VET sector.

ERTOA feels that ASQA could do more to ensure that the cost recovery framework of the schedule is both transparent and seen to be fair by clients. The attached submission highlights a number of areas where the transparency and fairness of the proposed schedule can be improved. The Australian VET sector is complex and there is great variety amongst VET providers. ERTOA contends that this variability needs to be appropriately reflected in the schedule.

ERTOA is happy to elaborate on any aspect of this submission and would welcome an opportunity for active involvement in any further discussions ASQA considers appropriate as it moves to finalise its schedule of fees and charges. Contact with the Association should be directed to the Executive Officer, John Churchill, on 0419 276 017 or via memberservices@ertoa.org.au.

Yours faithfully



Chris Butler
ERTOA President

Background

1. The Enterprise RTO Association (ERTO A) welcomes and strongly supports the Bill to set up the National Vocational Education and Training Regulator. ERTOA has strongly argued since 2006 that a national regulator was needed for a truly national VET system. Many multi-jurisdictional RTOs have been disadvantaged by the inconsistent application of the AQTF across the States and Territories. ERTOA thanks the ASQA for providing this opportunity to review and comment on the 'Schedule of Proposed Fees and Charges' released on the 15th April 2011.
2. The Australian VET provider is characterised by diversity. It is ERTOA's view that there are four distinct RTO types;
 - ✓ Public (TAFE Institute)
 - ✓ Private (Fee-for-service/for profit training businesses)
 - ✓ Enterprise (RTO is embedded within a business enterprise)
 - ✓ Community (supported by and provided for a largely volunteer population)A full listing of the current Enterprise RTO Association membership is attached for information
3. The regulatory framework and associated fees and charges schedule must reflect these differences to avoid inappropriate regulatory frameworks, poorly targeted risk assessment and compliance auditing and other 'unintended consequences' with adverse impacts on efficient RTO operation.
4. The essential characteristics of an enterprise RTO (and criteria for membership of the Enterprise RTO Association (ERTO A) are;
 - ✓ The enterprise is a legal business entity within Australia
 - ✓ The enterprise is registered as an RTO
 - ✓ The principal business of the enterprise is not training and development
 - ✓ The primary target learner population for the ERTO are the employees of the enterprise.
5. There are currently around 250 enterprise RTOs across Australia. The latest available estimate (2008) indicates that enterprise RTOs issued 90,000 qualifications in that year. This represents approximately 20% of the total national VET effort for that year. (A subsequent unpublished survey by ACPET in 2010 broadly supports this estimate). The majority of enterprise RTO activity is not publically funded.
6. Profiling features of the typical enterprise RTO include;¹
 - ✓ A limited scope of registration – typically limited to qualifications from only one training package and closely aligned with the core business of the enterprise.
 - ✓ Just over 70% of the training and assessment services provided by enterprise RTOs are at the Certificate II or Certificate III level.
 - ✓ Accredited training and assessment typically represents only a small part of the overall training investment of the enterprise. In 25% of enterprise RTOs accredited training and assessment represents 5% or less of the total training investment.
 - ✓ Accessing public funding is not a key business driver for seeking RTO registration
7. Very few enterprise RTOs charge any form of 'student fee' for the provision of training and assessment services. Training and development is typically provided to employees post-recruitment as part of the employment 'contract'. The enterprise RTO represents a business cost for the enterprise rather than a vehicle for the generation of an income stream.

¹ See 'Profiling the Australian Enterprise RTO Summary Report, October 2009, at www.ertoa.org.au

General comments and issues of concern

8. The implementation of a consistent national schedule of RTO fees and charges is strongly supported by ERTOA. However, given the current realities, the impact of the implementation will vary widely amongst enterprise RTOs. For some, especially those registered with NARA or VETAB there will be little change in the totality of the fees and charges imposed. For others there will be significant, and in some cases unsustainably large increases. ERTOA strongly recommends ASQA puts in place appropriate transition arrangements that allow for consideration of, and appropriate and fair responses to, individual hardship cases. It is certain that a number of high quality enterprise RTOs will let their registration lapse and disengage from the VET sector if a rigid 'one size fits all' approach is taken to the implementation of the proposed fees and charges schedule.
9. ERTOA in general supports the application of a cost recovery approach to ASQA operations. However, the basis of the cost recovery must be both transparent and seen to be fair by clients. The complexity of the Australian VET sector and variability amongst VET providers precludes a simple fees and charges schedule. The classification of RTOs as 'small', 'medium' and 'large' does not reflect the realities of the current VET sector. For example, should RTOs supported by, and providing services for, a largely volunteer population be subject to the same schedule as purely commercial operations? RTOs run by organisations such as the Rural Fire Services and Surf Life Saving make a significant contribution to the public good, providing substantial VET training to their members at no charge.
10. ERTOA members do not support the proposal for a single 'up-front' payment for registration and re-registration. Business enterprises budget and operate on a financial year basis and the introduction of a significant one-off payment every five years introduces an unnecessary complication to the income and expenditure cash flows of the business. RTOs should be given the choice of either an 'up-front' payment or an equivalent 'annual payment' that best suits their business model. Perhaps ASQA could consider an appropriate discount for 'up-front' payments.
11. ERTOA members question the wisdom of retaining the current concept of an 'up to five year registration period' for all RTOs. ERTOA recommends that application of a fixed registration period and a single comprehensive re-registration audit be replaced by a rolling schedule of smaller audits that reflect the risk rating of RTOs and which focus on specific RTO compliance requirements. Under this scheme ASQA auditors would visit each RTO on a more regular basis (reflecting risk ratings?) and complete a review of the full range of audit requirements over say a five year period. A full comprehensive audit would only be required where a high risk situation has been identified and a decision on continuing registration has to be made.
12. ERTOA members recommend a change to the definition of a 'small RTO' as having 2 qualifications on its scope of registration. The number of qualification allowed for a small RTO should be increased to four or five. The reason for this is that a small RTO (especially in a business enterprise environment) will often need to match a sequence of qualifications from Certificate I to Certificate IV within a single Training Package stream to reflect and support the career development pathways of the employees being trained.
13. Financial viability assessments are a significant component of the registration/re-registration audit. ERTOA questions the 'one size fits all' approach to this component of the audit. Non-commercial RTOs that do not charge student fees or whose financial management is already controlled by other legislation such as the Financial Services Act should be seen as low risk compared to a commercial fee-for-service RTO operation. In a transparent cost recovery framework this low risk rating should result in a reduced audit fee.
14. The schedule contains no reference to the changing of RTO details on the NTIS
15. Specific comments on the proposed schedule of fees and charges are provided in the table on the following pages.

Registration as an NVR registered training organisation

Description	Provision	Proposed Fee \$	ERTO A comment
1 Application for registration/renewal as a registered training organisation (RTO)	(i) Application only	\$640	<ul style="list-style-type: none"> This appears to be a reasonable fee level for an application for registration. This fee should only apply to the initial application for registration. There seems to be little value in requiring RTOs to expend resources on the development of an application for re-registration (and ASQA in processing the application) – surely the re-registration process can be initiated automatically after the five-year registration period has expired.
2 RTO assessment and registration (for initial registration and renewal)	(i) Up to 2 qualifications on scope and up to 2 delivery sites	\$7,300	<ul style="list-style-type: none"> ERTO A regards the specification of a single base fee to be highly unsatisfactory and contrary to the ASQA principles of transparency and fairness. A sliding scale would be much better here reflecting, for example, the risk rating of the RTO – the audit effort for a low risk RTO will clearly be less than that for a high risk RTO and the low risk RTOs should receive some tangible benefit for their efforts to achieve a low risk rating! ERTO A strongly recommends that the number of qualifications be increased from 2 to 4 or 5 for the reasons described earlier in Para (12). The definition of ‘delivery sites’ for enterprise RTOs needs to be clarified. ASQA will need to clarify the situation where a qualification is transitioning to an updated version. Because different States impose different transition arrangements enterprise RTOs operating in several States are often required to maintain both the new and old qualifications on their scope of registration. ERTOA recommends that these be counted as one qualification for the purposes of fees and charges calculations.
	(ii) Each additional qualification (up to 40 qualifications)	\$350	<ul style="list-style-type: none"> The note that equates an individual competency with a full qualification for the calculation of this fee component lacks fairness. Many enterprise RTOs will have one or two qualifications on their scope of registration and will also include a number of stand-alone competencies to meet the specific training needs of employees. For example, The ActewAGL RTO has the Cert III in ESI (Distribution) and the Cert III in ESI (Cable Jointing) on its scope of registration. It also offers a suite of eleven individual competencies that electrical industry workers are required to undertake to maintain their ‘authorisations’. These include ‘Perform pole top rescue’ and ‘Perform EWP rescue’ and are not part of the Cert III qualifications. These would incur a total additional fee of \$3,850. Given that an individual competency represents

Description	Provision	Proposed Fee \$	ERTO A comment
			less than 10% of a full qualification, the fee for each additional competency should be closer to \$30 rather than \$350? (Many similar examples can be found, for example the regulatory requirement for completion of specific competencies for employees in the Financial Services industries)
	(iii) Each additional delivery site (up to 10 sites)	\$700	<ul style="list-style-type: none"> • The definition of 'delivery sites' for enterprise RTOs needs to be clarified. This has the potential to be a significant issue for RTOs such as the State Surf Life Saving organisations. NSW, for example, has several branches and 129 clubs! • If the two sites are in adjoining suburbs should they be regarded as the same as two sites in different States? ERTOA strongly recommends that delivery sites be regarded as 'additional' only if they are located in different States or regional areas.
3	Application for change of RTO scope of registration		
	(i) Up to 4 qualifications	\$350 per qualification	• See comments at 2(ii) above
	(ii) From 5 to 9 qualifications	As per (i) plus \$250 per qualification for remainder	• See comments at 2(ii) above
	(iii) 10 or more qualifications	As per (ii) plus \$100 per qualification for remainder	• See comments at 2(ii) above
	(iv) Each unit of competency/module	\$75	• See comments at 2(ii) above
	(v) Training package transition qualification	\$140	• See comments at 2(i) above
4	Additional monitoring activities	\$3,000	• ERTOA supports this component

Description	Provision	Proposed Fee \$	ERTO A comment
	(ii) Investigation of a substantiated complaint	\$1,200	• ERTOA supports this component
5 Off-shore monitoring	(i) When an RTO delivers AQF qualifications in a country other than Australia	Audit costs plus Gov approved travel costs	<ul style="list-style-type: none"> • Not a current activity for enterprise RTOs • Appears to be a reasonable approach for commercial 'off-shore' audits (keeping in mind the general comments on audit fees and charges provided above). However, ERTOA would welcome some discretion here. For example, the Royal Life Saving Society of Australia is considering an opportunity to deliver accredited training to lifesavers in the Maldives. The additional significant costs of an on-site audit for this type of training would be hard to justify and would certainly prevent this initiative from proceeding.

CRICOS registration assessment

Description	Provision	Proposed Fee \$	ERTO A comment
Items #6 to #11 - Not relevant to enterprise RTO operations.			

Accreditation of courses

Description	Provision	Proposed Fee \$	ERTO A comment
12 Course accreditation/renewal of accreditation	(i) For each course	\$2,700	• ERTOA generally supports this component, but strongly recommends that the proposed fee includes a 'sliding scale' that reflects the level and complexity of the accredited course and actual audit effort required. (See comments at 2(ii) above).
13 Amendment to an accredited course	(i) For each application	\$500	• ERTOA supports this component

Description	Provision	Proposed Fee \$	ERTO A comment
14 Cancellation of the accreditation of a course	(i) Applies when the course owner requests cancellation	Nil	• ERTOA supports this component

Qualifications and Statements of Attainment issued by the AQSA

Description	Provision	Proposed Fee \$	ERTO A comment
15 Student replacement certificate	(i) Certificate issued by ASQA	\$60	• ERTOA supports this component
	(ii) Certificate originally issued by an RTO that is no longer active	\$60	• ERTOA supports this component

Requests for reassessments and reconsiderations

Description	Provision	Proposed Fee \$	ERTO A comment
16 Reassessment of an ASQA position	(i) An RTO may request ASQA to reassess its position in relation to the issues ASQA has identified	\$400	• ERTOA supports this component
17 Reconsideration of decisions	(ii) A person affected by a reviewable decision(s) may apply/appeal to ASQA to reconsider the decision(s)	\$500	• ERTOA supports this component

Delegations

Description	Provision	Proposed Fee \$	ERTO comment
18 External delegations	(i) Application and monitoring	To be determined	• No comment

Attachment . . .

Attachment: Alpha listing of current ERTOA members

AAPC Ltd (Accor Hotel Group)
Abigroup Contractors Pty Ltd
Australian Broadcasting Corporation
Australian Customs and Border Protection Service
Australian Drilling Industry Training Committee Ltd
Australian Federal Police
Australian Public Service Commission
Australian Railroad Group
Australian Taxation Office
BIS Industries Limited
Boral Construction Materials Ltd
Brisbane Convention and Exhibition Centre
Calvary Home Care Services Ltd
Carter Holt Harvey Wood Products Australia Pty Limited
Centrelink
CSL Limited
Department of Agriculture Fisheries and Forestry
Department of Defence
Department of Environment and Conservation (WA)
Department of Families and Communities (SA)
Department of Justice (Vic)
DP World Australia Limited
Energex
Ergon Energy Corporation Limited
ETSA Utilities (SA)
Excelior Pty Ltd
Fire and Emergency Services Authority of Western Australia
Fire and Rescue NSW
Fire and Rescue Service Qld
Foxtel Management Pty Limited
Friendly Society Medical Association Ltd
HBF Health Funds Inc
Honda Australia Pty Ltd
Hospitals Contribution Fund of Australia Ltd
Hungry Jack's Pty Ltd
IBM Australia Ltd
Insurance Australia Group Services Pty Ltd

Life Without Barriers
Macmahon Contractors Pty Ltd
McDonalds Australia Ltd
NSW Department of Corrective Services
NSW Police
NSW Rural Fire Services
NSW State Emergency Services
OneSteel Manufacturing Pty Ltd
Orica Pty Ltd
Public Transport Authority of Western Australia
Qantas Airways Ltd
Queensland Rail
Rail Corporation NSW
Rebel Group Limited
Skilled Rail Services Pty Ltd
Staging Connections Pty Ltd
State Transit Authority of NSW
Surf Life Saving Australia Ltd
Surf Life Saving NSW
Surf Life Saving WA Inc
Sydney Water Corporation
Toyota Motor Corporation Australia Limited
TransAdelaide
Transfield Services (Australia) Pty Ltd
Victorian Arts Centre Trust
Village Theme Park Management Pty Ltd
Western Australia Police
Western Metropolitan Health Service (Vic)
Westpac Banking Corporation
Woolworths Ltd
Yum Restaurants Australia Pty Ltd

As at 31st March 2011