



**SUBMISSION TO THE AUSTRALIAN SKILLS QUALITY AUTHORITY  
COST RECOVERY IMPACT STATEMENT (EXPOSURE DRAFT) + SCHEDULE OF PROPOSED FEES & CHARGES  
May 2011**

## **Background to Community Colleges Australia**

Community Colleges Australia (CCA) is a member-funded peak body. It was formed in late 2006, recognising a need for an industry association at a national level to represent not-for-profit (NFP) community owned providers of adult and youth education, training and learning in a local environment. It currently has 65 members representing the significant majority of the VET delivery by NFP providers on the eastern seaboard of Australia. CCA's strategy is to have members from all states and territories within the next 1-3 years.

Membership comprises long established learning organisations located in metropolitan, regional and rural locations. The 'community colleges' are strategically placed to provide a focus on student welfare with commitment to the employment outcomes for, and personal development of, the individual.

CCA is committed to assisting our members grow their business and thereby to enhance the learning opportunities for all Australians through all stages of their adult lives. CCA promotes 'real education for today's Australians' by delivery that engages and belongs to local communities.

Our vision is for Australia to achieve more dynamic and vibrant communities, informed and empowered through learning.

## **Introduction**

CCA members have a collective annual turnover of \$250 million and deliver over 7 million accredited training hours annually. CCA members have large and diverse scopes and so we welcome this opportunity to provide input into the future fees for Australian vocational education and training providers. We consider it particularly important to the debate that ASQA recognise the unique needs of the NFP sector delivering VET and the implications for the future of community-owned enterprises and their clients, especially those that operate in regional, rural and remote areas of Australia.

CCA is providing comment on key points which are of particular and important relevance to its members. Currently fewer than 3% of our members work with overseas students so our comments are with specific reference to registration as NVR registered training organisations, as opposed to CRICOS.

A key aspect to the vocational learning undertaken and offered by community colleges is the focus on social inclusion that members subscribe to. Given the timeframe in which the industry association has had to consult with its members, CCA requests ASQA to recognise that if we have inadvertently misinterpreted some of the charges or conditions proposed, that the authority will be prepared to advise accordingly.

CCA is willing to assist Skills Australia further during its deliberations and preparation of its final fees and charges for VET registration and accreditation. We look forward to an opportunity to further elaborate on the points outlined in this submission to ASQA as necessary.





## Overview

CCA has been historically supportive of a new national regulator for the VET sector. A number of our members operate across more than one state and the current state registration and accreditation has meant higher administration costs for these colleges. A key outcome for CCA members would be for the new national regime to be more streamlined with economic benefits from regulator efficiencies being passed on to VET organisations.

CCA acknowledges that as a result of business failures in recent years, quality accreditation for all RTOs has become more bureaucratic. Whilst CCA is fully accepting of ensuring VET education is delivered at the highest possible quality standards, the increase in audits by a plethora of different government departments has not necessarily indicated an improvement in quality assurance throughout the 4800 providers that make up the industry. It has however, placed a burden on managers of NFP training entities and we are therefore optimistic that a national regulator will assist in overcoming some of the duplication and extraneous costs.

The Exposure Draft outlines the intentions of ASQA in regulating our members' industry. CCA key concerns focus on what appears to be a misunderstanding on the importance of VET delivery outside metropolitan capital cities and a governmental approach to imposing financial system changes without considering businesses cash flows. CCA primarily identifies the following points as requiring re-evaluation in the context of the Exposure Draft:

- Opportunities for all Australians to participate in VET learning;
- Non-punitive business arrangements for regional operators;
- Lack of transitional processes regarding changed financial arrangements for educational providers; and
- Industries and the way organisations do business is constantly changing - so increasingly providers are managing requests for specific and specialised certificates on an ad-hoc basis. This results in a need for RTOs to maintain a large number of scopes on their registration.

The focus on local learning is a vital component to enabling individuals to reach their potential and engenders all who are involved in NFP community-owned education providers to be driven by a remit that focuses on more than just certification outcomes. The community learning sector plays a vital role in the training of equity groups in the VET Sector. Goal three of the Ministerial Declaration on ACE identifies the need to "extend the participation of individuals in vocationally focussed courses in ACE".

CCA members should not be punished financially for identifying with the above goal and developing appropriate business models to achieve this - including remote learning and a high number of scopes.

## Specific Commentary on Cost Recovery Impact Statement

Most of CCA members have large and diverse scopes, that is often 26+ qualifications as approved courses per college. The ASQA Impact statement defines 10+ qualifications as "large" (page 11). This means that it is the \$350 per qualification that adds to the overall cost in the ASQA fee scheduling.

Many CCA members operate in rural and remote locations and require keeping a diverse scope to suit a range of possibilities and needs. They may not have large numbers of students enrolled in qualifications as their local industries do not require large numbers of trained employees, rather the situation is that a range of industries require a small number of staff. This makes it possible for the colleges to be able to deliver a diverse range of qualifications as required. The fee schedule discourages diversity of scope through high costs and thereby is likely to reduce options for rural and remote clients as our members will not be able to afford the ongoing costs.

CCA seeks clarification on the rationale for this by ASQA. Specifically:

- Pg 9 of the Cost Recovery Impact Statement (CRIS) claims an increased number of hours required to audit larger scope; and
- Pg 14 states that ASQA fee structure encourages “bundling” of amendment to scope applications.

If the assessment of numerous qualifications on scopes attracts a higher fee because of claimed additional hours to assess numerous qualifications then a similar number of additional hours should apply to the process of assessing numerous qualifications that are “bundled” for amendment to scope? CCA is concerned that the additional cost of larger scopes will discriminate against regional, rural and remote RTOs who maintain a large scope in order to service irregular needs of a small numbers of clients that exist in their areas.

At page 13 of the CRIS it states that an impact of the fees structure for amendment to scope might be “*fewer speculative changes of scope applications...*” and “*less flexibility in what is offered...RTOs can respond to requests for delivery of training even when there are very few numbers of students involved...*”

In countering the above observations’ by ASQA:

- CCA considers it to be the entrepreneurial right of an RTO i.e. a business, and a key feature of our national training system that RTOs should be able to respond to client needs?
- CCA’s opinion is that there can be no correlation drawn between low student numbers and facilitation being less rigorous or of poorer quality. Discouraging provision to small numbers of students is potentially discriminating against CCA members that service rural and remote populations where student numbers will necessarily be low, but client need might be great for a small number of trained staff.

In the CRIS Conclusion (page 15), it is stated that the “*Introduction of the proposed fees are not likely to make a considerable difference to the overall training market and choices for consumers.*” Given the arguments above, it is quite possible that the proposed fee schedule could make significant changes to the diversity and flexibility of training options provided to rural and remote consumers. Either:

- CCA members will be forced into removing a number of scopes, thereby reducing the training options available to individuals and businesses in their area; and / or
- CCA members will be forced into raising prices of certification, which may impact on learners - either because lower socio-economic groups will not be able to afford the price of a course or a SME business will not be able to afford the price of training.

CCA is also seeking clarification of footnote (i) and the text on page 6 of the CRIS. CCA is not clear if “*up to 5 years*” means this is the standard duration of registration for all re-registering RTOs or whether the registration timeframe is at the discretion of the authority and **may** be “*up to 5 years*”.

With specific review of our current members, CCA notes that those operating in NSW with small scope (less than 22 items on scope) should be better off under ASQA fee structure. However, for those RTOs with greater than 22 items on scope the \$350 per qualification fee proposed by ASQA causes the total cost to be more expensive than the current VETAB annual fee structure. Members based in Victoria - if they were going to move across to the national regulator - would incur significant increases in registration from ASQA, however their amendments to scope may cost less under proposed fee schedule. These calculations are based on current fees and take no consideration of CPI or other increases over the next 5 years. Please refer to Appendix 1 of this submission for detailed costing.

## Specific commentary on Schedule of Fees and Charges

Under the Schedule (page 4), CCA notes that it is a requirement to pay all fees in advance; indeed it specifically states that there is no opportunity to pay by instalments to ASQA. Therefore, in 2012 re-registering RTOs will incur a significantly increased registration fee, with costs over the following 4 years limited to applications for amendment to scope, training package transition or additional audits due to complaint or high risk activities.

CCA requests that this requirement be reconsidered - at the very least there is a need for a transitional period to pay registrations. If the Draft schedule was to come into force on the 1<sup>st</sup> July 2011, CCA members would have just 6 months to identify options for paying a five-year registration in advance. The resulting cash flow implications of this fundamental change must be taken into consideration by ASQA.

CCA is also seeking clarification on two other specific items in the schedule:

- In the case of RTOs who have just completed re-registration in 2010 will they be required to pay no registration fees until 2015?
- In the case of RTOs applying for re-registration after 2013 there appears to be no determination on ASQA increases in the intervening period. Should there not be specified within the schedule a statement that charges will increase only at CPI between 2011 and 2015?

ASQA determines part of the rationale for fees at page 13 of the CRIS: *"Being an RTO gives these organisations a commercial advantage over training organisations ...Through registration, RTOs receive access to national training packages which have been developed at significant cost to the Australian tax payer. These provide the bulk of the training material used by RTOs"*

CCA contends that this statement is only partially true. Everyone has access to these documents, either free via the NTIS or they can be purchased. Non-RTOs have equal access to these documents and can use them in developing their non-accredited training. Employer and general public desire for accredited training is driven by a variety of reasons. For example, the *NCVER Survey of Employers Use and Views of the VET System (2009)* shows that employer use of accredited training is mostly driven by regulatory requirements for qualified staff or employment of apprentices and trainees.

There is a large market for non-accredited training (49.9% of training delivered in 2009) which can be supplied by non-RTOs. The training market is therefore a competitive one where RTOs are competing with non-RTOs for opportunities to facilitate non-accredited training options which are clearly valued by employers. CCA therefore considers that it is flawed to suggest that RTOs have a significant competitive advantage in the training market over non-RTOs.

The CRIS also states at page 13 that for many RTOs there will be a significant increase in fees under ASQA but not for RTOs in NSW or with NARA. As CCA has identified in this submission this cannot be considered correct, as our calculations show that those NSW members with scope over 22 qualifications will incur significant fee increases under ASQA. In addition, there will be a significant impact on our members' cash flow through the suggestion that the 5 year fee be paid in full in advance.

CCA is potentially in agreement with the CRIS suggestion that there be a payment of fees for investigations and additional audit services, as we understand it will be only those RTOs who do not provide quality services that will bear the cost of this service. However, CCA does seek clarification in regard to our members who are providing quality service in high risk areas, such as distance learning and TAE10 qualifications. This could attract "over-servicing" of additional auditing by ASQA. We would recommend that where past audits have shown good outcomes, this be taken into consideration when preparing a schedule of additional audits regarding frequency and incidence.

## Appendix 1

### Fee Calculations and comparisons

<b>Scenario: Renewal of existing large RTO - 52 Items on scope + 3 delivery sites (2 allowed+1)</b>				
<b>ITEM</b>	<b>ASQA</b>	<b>VETAB</b>	<b>VRQA</b>	<b>Comment</b>
Application for renewal	\$640	nil		
Assessment and registration	\$7300 (up to 5 years)	\$3500 (annual) \$17500 (5 years)	\$1064 (annual) 50% reduction for ACE \$2660 (5 years)	VETAB fees are subject to CPI increases
Qualifications	14000			
Sites	\$700			
<b>TOTAL</b>	<b>\$22640</b>	<b>\$17500</b>	<b>\$2660</b>	
<b>Scenario: Re-registration of Small RTO - 15 items on scope</b>				
<b>ITEM</b>	<b>ASQA</b>	<b>VETAB</b>	<b>VRQA</b>	<b>Comment</b>
Applications	\$640			
Assessment & registration	\$4550 (5 years)	\$2100 (Annual) \$10500	\$2660 (5 years)	VRQA 50% reduction for ACE providers
<b>Total</b>	<b>\$5190</b>	<b>\$10500</b>	<b>\$2660</b>	
<b>Scenario: Amendment to scope</b>				
<b>ITEM</b>	<b>ASQA</b>	<b>VETAB</b>	<b>VRQA</b>	<b>Comment</b>
Addition of 1 Cert II qualification	\$350	\$355	\$600 - \$850 + \$500 each site audit	ASQA distinguishes price according to number of additions, they are encouraging "bundling of applications" VETAB distinguishes according the AQF level of addition. Reductions to scope are free for both ASQA and VETAB
Addition of 1 Cert IV qualification	\$350	\$590	\$600 - \$850 + \$500 each site audit	