



Committee Secretary
Senate Economics Legislation Committee
Parliament of the Commonwealth of Australia
PO Box 6100
CANBERRA ACT 2600

Dear Secretary

Inquiry into the National Vocational Education and Training Regulator (Charges) Bill 2012

Innovation & Business Skills Australia (IBSA) is pleased to provide a response to the Senate Inquiry into the National Vocational Education and Training Regulator (Charges) Bill 2012.

IBSA is one of eleven Industry Skills Councils. Our mission is to build capability, professionalism and innovative capacity in Australia's workforce through developing and maintaining the Training Packages used by Registered Training Organisations to deliver qualifications in our six industry sectors: Business Services, Cultural and Creative Industries, Education, Financial Services, Information and Communications Technology and Telecommunications, and Printing and Graphic Arts.

Compliance audits and complaints investigations are an integral part of a robust regulatory framework and IBSA supports a framework that will improve the quality of the VET sector and lead to better training outcomes. IBSA therefore supports charging registered training organisations for the National VET Regulator to conduct compliance audits and investigate complaints about the performance of NVR registered training organisations. However, we would like to raise a number of matters:

1. Registered Training Organisations are obliged to undergo numerous audit and compliance assessments for various elements of their business. Wherever possible, IBSA would support the coordination and removal of duplication of such processes in order to reduce red-tape for RTOs
2. Conducting an audit of an RTO in remote or regional Qld or WA will be significantly more expensive than in the CBDs of Brisbane, Sydney or Melbourne. The fee structure appears to be a direct cost recovery in which case it would be unfair on regional and rural RTOs and communities, bearing in mind most employers in those areas are small to medium businesses. IBSA would therefore support a 'pooling' or 'smoothing' expense model where the scale is set to take into account different types of service regardless of where they are across the country.
3. The cost of monitoring may be prohibitive to the ongoing viability of some smaller providers of VET education and training and IBSA supports a cost model that does not impose undue burdens upon the smaller providers. We understand that in setting the registration fees, the Australian Skills Quality Authority has already taken this matter into account. We therefore propose that the formula for ongoing monitoring charges be similarly structured.
4. In relation to the auditing of Australian RTOs delivering qualifications overseas, IBSA would be supportive of ASQA undertaking a larger number of audits of several RTOs whilst travelling abroad to reduce costs for the individual RTOs. IBSA is also of the view that

recognition might also be given to jurisdictions with robust or reciprocal processes so that the function could be performed more cheaply by the offshore jurisdiction.

5. IBSA views a major challenge arising in the future if ASQA determines there is a need to increase the extent of the audits. The fee recovery is currently for the base cost of ASQA assessments which, according to the memorandum, will increase to approx \$5.4m over the next year or two. The challenges becomes what ASQA will incorporate into these base costs and to what extent the audit program is implemented. If ASQA decides to double the extent of audits, then is the \$5.4 going to increase accordingly? What are the protections for RTOs in relation to this escalation? IBSA therefore supports the need for 'industry' input into the overall scope of ASQA's audit process and some transparency (including reporting) of funding arrangements.

In relation to complaint investigations, IBSA supports the arrangement whereby costs and expenses are paid by the registered training organisation only if the complaint is substantiated by ASQA.

In summary, with the above-mentioned caveats, IBSA supports charging NVR registered training organisations for conducting compliance audits and complaints in order to ensure a healthy, high quality VET system and improved training outcomes.

Yours sincerely

John Vines OAM
Chair IBSA
12 April 2012