Navitas submission to the Australian Skills Quality Authority on the 2013 Cost Recovery Impact Statement – Exposure Draft

About Navitas

Navitas is a global education provider that offers an extensive range of educational services for students and professionals including university programs, English language training and settlement services, creative media education, workforce and professional education, and student recruitment.

More than 80,000 students and clients learn with Navitas across a network of over 110 colleges and campuses in 27 countries. Navitas is an Australian publicly listed corporation which is included in the ASX 200 index.

Further details about Navitas are available at www.navitas.com.

Feedback

We welcome and thank Australian Skills Quality Authority (ASQA) for its sector wide consultative approach before deciding upon and implementing the fees and charges outlined in ASQA's 2013 Cost Recovery Impact Statement (CRIS)—Exposure Draft.

We also commend ASQA for its attempt at applying a progressive tiered approach to its fees and charges, reflective of the diversity in size of public and private RTO's in Australia. We note, however, that this approach has not been evenly applied and the fee increases described in the CRIS represent a significant increase in regulatory costs for all providers, well above CPI increases.

We also note that there are other inconsistencies through the CRIS report which give rise to other concerns, as outlined below:

A. There is an inconsistent application of a progressive tiered fee approach across proposed fees and charges. The result is an unevenness in the fairness of charges for differing sized providers, particularly in the tables at section:
   - 4.4 *Annual RTO Registration fees and charges;* and
   - 5.4 *Annual CRICOS Registration fees and charges.*

B. In section 4.3 *Change to scope of RTO registration fee*, there is a lack of transparency in the fee notes. It is not clear whether fees and charges for qualifications are inclusive of unit of competency charges (unlike prior fee tables in the report). It is also unclear whether transitional package fees apply only to a provider's required unit of competencies or all changed unit of competencies in the training package on the provider's RTO scope, irrespective of whether they are applicable to the provider. It is hoped that these are simple typographical omissions, otherwise, as it currently written, there will be a very significant increase to charges.

C. It is highly problematic to have fee schedules with 'uncapped' fees (see 4.5 *Compliance monitoring audit of RTO*; 4.7 *Investigation of a complaint about a RTO*; 5.5 *Compliance monitoring audit of a CRICOS provider*; and 7.2 *Reassessment of an ASQA position*). This concern is heightened by there being no provisions at section 2.5 *Payment Conditions* that requires ASQA to prior issue to providers a cost estimate for work intended to be performed that has variable fees and charges. This has the effect of:

- increasing cost uncertainty for both public and private RTOs in the context of a highly competitive global business, economically vital, education sector;
- failing to incentivise regulatory efficiency and red-tape reduction;
- contradicting ASQA's own values of transparency;
- reducing innovation by increasing the cost for providers to develop new programs or amend existing ones; and
- in relation to ASQA proposed 'uncapped' compliance monitoring costs – is potentially unconscionable, particularly as ASQA is both the authority determining the risk rating which impacts on the nature and volume of compliance monitoring and the authority determining the 'uncapped' fee. Additionally as proposed at section 2.5 P*ayment Conditions*, ASQA is also not obligated to make the total cost of the 'uncapped' fees transparent to the provider until ASQA has complete their work.

D. In connection with all proposed CRICOS fees and charges in the CRIS report, ASQA appears to have insufficiently considered their recovery costs for activities and the impact of their proposed fees and charges in relation to dual or multi sector providers, particularly for dual or multi sector providers who may already be registered for CRICOS in another sector. The result is a potential significant and unjustified escalation in CRICOS fees and charges for dual or multi sector providers currently with, or seeking to extend, CRICOS registration for their RTO delivery.

E. In connection with Section 5.6 *Investigation of a complaint about a CRICOS provider*, the Australian Government's current overseas student ombudsman arrangements appear adequate based on informal reports from international students. Should legislative change occur that would enable ASQA to oversee and charge the fees for such activities, our concerns expressed in points C and D above would also apply.

F. Finally, we are perplexed about 7.3 *Issuing a copy of a student record*. It is assumed that past students and graduates of any withdrawn RTO would need to apply for and pay directly to ASQA, ASQA's stated student record issuance services charges that are applicable at the time. This should be made more transparent in the table, perhaps as a note.

However perhaps what is most concerning from the 2013 Cost Recovery Impact Statement – Exposure Draft is the lack of any description of accountabilities of the regulator in relation to any of the stated proposals.

The exposure draft cites no processes by which the suggested regulator fees and charges will be monitored at the regulator level and what accountabilities the regulator would have back to the RTO's.

Given audit experiences can be less than efficient, RTO's would be concerned about overruns of registration processes that are being costed at a per hourly rate where the regulator does not appear to have any conditions attached to timelines for each activity that is listed in the tables of activities.

Additionally efficiencies at the Regulator level are not described in this document and despite governments of all persuasions and businesses citing productivity improvement as critical to the nation's success it is concerning to see proposed sharp increases in cost, in some cases with no cap, with no requirement for an improvement in efficiency from ASQA.

As the regulatory framework landscape continues to change and RTO's are expected to demonstrate more and more compliance around more and more aspects of their operations, the cost to the RTO's in maintaining this compliance has not been factored in to the significant increases in the proposed cost structure, hence the 'real' cost increases to RTO's is 'hidden'.

Finally, another point of concern is that this Exposure Draft of proposed changes has been brought forward 12 months for transitional arrangement from 1 July 2013.

Therefore it could be reasonably assumed that the proposed new cost recovery structure as described in the Exposure Draft is reasonably well progressed, yet there is very little time for consultative comments to feedback into the final National VET regulator fees and charges for registration of RTO's.

This is particularly concerning as ASQA is a relatively new regulatory authority in concept and practice, and that currently there are still at least two other additional state regulatory bodies that are impacting on the regulator as a single national identity. Given some providers recent audit experience it is difficult to see how, when the regulator is still coming to terms with its mandate and systems and processes, these proposed changes can come into effect in a reasonable and efficient way, particularly considering the well documented difficulties the regulator currently has in working to timelines in the initial and re-registration process of RTO's.

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Submitted by Navitas Limited and authorised by Navitas CEO, Rod Jones.
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