



Australian Government

Department of Education and Training

**Regulation Impact Statement: Repeal of the
*Tradespersons' Rights Regulation Act 1946***

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Acronyms

AQF	Australian Qualifications Framework
ARTC	Australian Recognised Trade Certificate
ASQA	Australian Skills Quality Authority
COAG	Council of Australian Governments
CTC	Central Trades Committee
EOI	Expression of Interest
ERAC	Electrical Regulatory Authorities Council
ESOS	Education Services for Overseas Students
IAG	Industry Advisory Group
LC	Local Committee
OSAS	Optional Skills Assessment Service
OTSR	Offshore Technical Skills Record
RPL	Recognition of Prior Learning
RTO	Registered Training Organisation
RTO-AG	Registered Training Organisation – Advisory Group
TAC	Transitional Advisory Committee
TRA	Trades Recognition Australia
TRR Act	Tradespersons' Rights Regulation Act 1946
TRS	Trades Recognition Service
VET	Vocational Education and Training

1. Background

This Regulation Impact Statement (RIS) relates to the closure of the Australian Recognised Trade Certificate (ARTC) Program and the repeal of its legislation, the *Tradespersons' Rights Regulation Act 1946* (the TRR Act). The ARTC program closed on 30 September 2014 and the TRR Act is awaiting repeal in 2016.

This RIS focusses on the processes involved in developing and implementing a replacement for the ARTC Program.

1.1 Overview

The ARTC Program was a domestic skills assessment program established in 1946 to recognise trade skills gained by Australians during World War II. An ARTC recognised the holder as a tradesperson in a specified electrical or metal trade. It was for Australian residents who had not completed an Australian apprenticeship for their trade.

With post war objectives considered to have been met, the TRR Act was amended in 1952 to provide formal recognition for the trade skills of residents in Australia who had undertaken their trade training overseas.

The ARTC Program was managed by Trades Recognition Australia (TRA), a business unit within the Department of Education and Training. TRA is the skills assessing authority for approximately 130 technical and tradesperson occupations specified by the Australian Department of Immigration and Border Protection (DIBP).

1.2 ARTC Program assessment process

Under the ARTC Program, applicants were assessed against the ARTC Criteria and Guidelines which listed international qualifications/certifications, and compared them to trades assessed under the ARTC Program. The Criteria and Guidelines were compiled in the 1980s, and updated in 1988 by a Tripartite Overseas Mission conducted through the ARTC Central Trades Committees (CTC)¹. CTC members travelled overseas to investigate and document the requirements of each overseas vocational education and training system. The Criteria and Guidelines were not updated after this, and became less reliable as national and overseas vocational education and training (VET) systems evolved (Byrne Review; 2010).

The decision to grant an ARTC was made by a Local Committee (LC) of which there were six. These were convened by state, with the Australian Capital Territory (ACT) sitting with New South Wales (NSW) and the Northern Territory sitting with South Australia. Within the state groupings, there were LCs for each trade group covered by the Act (Boilermaking, Electrical and Engineering), making a total of 18 LCs.

Each LC met once every four weeks to consider each ARTC application and determine whether the applicant had met the criteria for an ARTC. This equated to 234 meetings annually. In the 2013-14 financial year, LCs considered 874 applications.

Before making a final decision, an LC could require an applicant to undertake a technical interview or a trade test. A technical interview determined an applicant's theoretical knowledge of the trade. A trade test determined an applicant's practical skills as well as their theoretical knowledge. In

¹ The CTC was responsible for setting national policy and providing guidance to the LCs about the assessment process. It consisted of ministerially appointed industry and government representatives. CTC meetings were convened as required.

2013-14, seven per cent of applicants were referred for a technical interview and five per cent were requested to undertake a trade test².

1.3 Offshore Technical Skills Record

The Offshore Technical Skills Record (OTSR) is a certificate issued to successful licensed trade applicants under a number of TRA programs. It was developed in 2006, as part of a COAG pre-migration skill assessment trial, as a step on the pathway to occupational licensing in Australia for applicants who completed their trade training overseas.

The OTSR process involves initial skills assessment by a TRA-approved RTO conducted in Australia and in a range of offshore locations. Applicants holding an OTSR must undertake Australian context gap training, along with a period of on the job experience in an Australian workplace. Applicants are then eligible to be awarded an Australian VET qualification, and can apply for an occupational licence or licence without restrictions in their trade. The assessment process and the OTSR are accepted by licensing regulators around Australia, relevant industry representatives and employer and employee associations.

TRA records testify that the OTSR issuance process receives little negative feedback and is successfully navigated by applicants.

1.4 The national VET system

The VET Quality Framework (also known as the national VET system) is the national set of standards which assures consistent, high quality training and assessment services for clients of Australia's VET system.

The Australian Qualifications Framework (AQF) sits within the VET Quality Framework and is the national policy for regulated qualifications in Australian education and training. The AQF was introduced in 1995, and incorporates the qualifications from each education and training sector into a single comprehensive national qualifications framework. Applicants for TRA skills assessments are assessed against the AQF qualification for their trade.

Up until the end of 2015, industry endorsed national training packages were developed by former Industry Skills Councils (ISCs), through extensive research and consultation with industry stakeholders to meet the training needs of industry. ISCs have since been replaced with selected Skills Service Organisations that work with Industry Reference Committees to develop modern and relevant training packages.

All current TRA programs are aligned with the national VET system.

1.5 Program reviews

The TRR Act was identified for review in 1995 by the then Labor Government as part of a regulation review timetable. A review committee was formed in 1997, and in its report, The 1998 Report of the Legislation Review of the TRR Act, recommended it be repealed. The review committee also noted the following developments in the domestic training system had removed the underlying rationale for continuation of the TRR Act (DEWRSB 1998, p. x):

- introduction of a new national AQF providing an overarching national policy for regulated qualifications in the Australian education and training system
- introduction of the first industry endorsed national training packages and accredited courses
- introduction of a framework of nationally agreed registration requirements for training providers.

² Based on ARTC Program data for 2013-14.

Following the 1998 report, the *Tradesmen's Rights Repeal Bill 1999* was introduced to parliament. The Bill passed the House of Representatives without amendment on the second reading, but was referred to the Senate Employment, Workplace Relations, Small Business and Education Legislation Committee. The Committee's report was tabled in the Senate on 12 August 1999, with the recommendation that the Bill be passed without amendment. However, Opposition Senators recommended the Bill not proceed until a number of issues with the proposed new arrangements were resolved. The Bill was still before the Senate when parliament was dissolved prior to the 2001 general election and was not reintroduced in the following parliamentary term (Joint Standing Committee on Migration 2006, pp. 167-168).

In 2010, Paul G Byrne Consulting (the Byrne Review) was commissioned to:

- carry out an independent review of the ARTC Program
- determine the relevance of the TRR Act
- determine the currency of the ARTC in the contemporary Australian labour market and national VET system
- examine the effectiveness of recognition arrangements under the TRR Act
- investigate the potential for application of a skills recognition service beyond the occupations that were then identified in the Act and its regulations
- develop possible options for the future role of the TRR Act and its certificates.

The Byrne Review recommended replacing the ARTC Program with a service based on a holistic assessment against Australian competency standards in AQF qualifications. It also stated industry stakeholders had stressed the need for continuing industry guidance for a revitalised service.

According to the Byrne Review, industry groups supported the continuation of a domestic skills assessment service, because the client group were experienced tradespeople who could immediately contribute to relieving skills shortage pressures in the Australian economy.

In late 2012, with approval of then Minister, Senator the Hon Chris Evans, a Transitional Advisory Committee (TAC), consisting of government, employer and employee association and licensing authority representatives, was convened to consider options for the future of the ARTC Program.

As with the Legislative and Byrne Reviews, the TAC recommended the TRR Act be repealed and the ARTC Program be replaced with an alternative skills assessment service aligned to the VET system, using RTOs to conduct skills assessments.

The Minister at the time, the Hon Dr Craig Emerson, approved this decision in June 2013.

In July 2014, the new Minister, the Hon Ian MacFarlane, noted the previous government's decision.

As all parties agreed on the need to modernise the ARTC Program, it is the Department's view that the final decision point for the RIS is when the TRR Act is repealed.

1.6 Key Decision Points

Table 1 provides a summary of the status of the RIS at each decision point in the process.

Table 1: Key decision points

Decision point	Statement consideration
<p>In October 2012 the Hon Minister Evans:</p> <ul style="list-style-type: none"> • approved repeal of the TRR Act and Tradespersons’ Rights Regulations and the Tradespersons’ Rights (Cost Recovery) Regulations 1993 • agreed to the formation of an industry consultative forum, the Transitional Advisory Committee (TAC), as the vehicle to consult with industry on the transition from the ARTC Program to skills assessments based on current qualifications and industry standards. 	<p>A RIS was not completed at this point of the process as the major decision point was always considered to be the repeal of the Act and its associated regulations.</p>
<p>In June 2013 the Hon Minister Emerson:</p> <ul style="list-style-type: none"> • agreed that the TRR Act be set aside and an alternative skills recognition service (the Trades Recognition Service) be implemented. 	<p>A RIS was not completed at this point of the process as the major decision point was always considered to be the repeal of the Act and its associated regulations.</p>
<p>In July 2014 the Hon Minister Ian MacFarlane:</p> <ul style="list-style-type: none"> • noted the previous government’s decision. 	<p>A RIS was not completed at this point of the process as the major decision point was always considered to be the repeal of the Act and its associated regulations.</p>
<p>In 2016, the Repeal of the TRR Act and the Tradespersons’ Rights Regulations and the Tradespersons’ Rights (Cost Recovery) Regulations 1993 is anticipated.</p>	<p>This version of the RIS will accompany the repeal of the TRR Act and the <i>Tradespersons’ Rights Regulations</i> and the <i>Tradespersons’ Rights (Cost Recovery) Regulations 1993</i>.</p>

2. Problem

The introduction of the AQF in 1995 and the widespread take-up of national training packages meant the ARTC Program no longer aligned with the national VET system.

This was because workplace standards under the national VET system are identified by occupation and codified by industry in national training packages, and accompanied by strict requirements about who can conduct skills assessments.

These developments resulted in the non-alignment of ARTC assessments from contemporary assessment standards. In turn, this produced a weaker assessment process and a less reliable assessment outcome.

2.1 Reasons for the problem

There were two main reasons for the problem:

1. The ARTC Program assessment model did not align with the national VET system assessment model.

Under the Australian VET system, competency based skills assessments determine if an applicant has the required skills and knowledge to work at a specified occupational level. Applicants are required to demonstrate their capacity to meet all competencies in the training package qualification before being awarded the qualification for their occupation.

ARTC applicants were assessed in terms of what LC members considered were the fundamental elements of the occupation and not against each training package competency. This created a risk for employers in that they could not be certain ARTC applicants comprehensively met industry standards for work in their trade.

2. ARTC Program assessments did not align with contemporary training and assessment standards

The national VET system has explicit mechanisms to ensure assessors achieve and maintain their skill levels, which are set out in the *Standards for Registered Training Organisations (RTOs) 2015*. They include the requirement that assessors must have vocational competencies at least to the level being assessed, and currency of industry skills, knowledge and vocational training and learning (clause 1.13). Assessors must also undertake professional development (clause 1.16). With no equivalent mechanism under the TRR Act, the currency of the ARTC Program assessors could not be assured. In addition, there was no requirement to conduct assessments in accordance with contemporary assessment techniques/standards.

3. Why is Government action needed?

As far back as the 1990s, it was recognised that trade skills assessments needed to align with the national VET system. The ARTC Program did not align and so government action was needed.

The OTSR is a COAG approved outcome, designed specifically for licensed trades. An OTSR can only be issued by a TRA-approved RTO as a result of a successful skills assessment.

By using the OTSR instead of the ARTC, the Australian Government can ensure there continues to be a pathway to occupational licensing and employment for Australian residents who have not undertaken an Australian apprenticeship for their trade.

Maintaining a pathway to licensing was particularly important for ARTC Program applicants given approximately 80 per cent of applications were for the licensed electrical trades.

4. What policy options are you considering?

When considering a replacement service for the ARTC Program, the TAC examined the following three options:

- retain the ARTC Program despite it not being aligned with the national VET system
- establish an RTO based skills assessment service which modernises and aligns the domestic skills assessment process for all applicants
- direct applicants to apply for recognition of prior learning (RPL) through an RTO.

4.1 Option One: Retain the ARTC Program

The ARTC Program would have continued to operate in its present form under the TRR Act and remain out of alignment with the national VET system.

LCs would have continued to meet 234 times annually to decide whether or not to grant an ARTC under the TRR Act.

With LC membership expiring only when a member chose to resign, and no mechanism for ongoing professional development, the currency of LC members' trade skills would have continued to decline.

4.2 Option Two: Replacement of the ARTC Program with the Trades Recognition Service

Option Two involved setting aside the TRR Act and implementing an alternative domestic skills recognition service - the Trades Recognition Service (TRS). The TRS was developed in consultation with industry, is aligned to the national VET system and uses TRA-approved RTOs to conduct skills assessments. This model was built on the pre-migration skills assessment model, trialled in 2006 and currently in place for certain skills assessments conducted for migration purposes. The TRS includes mechanisms for industry involvement, particularly quality assurance, leading to industry acceptance of service outcomes.

Representatives from employer groups, industry, licensing authorities and employee representatives from relevant industry sectors sit on an Industry Advisory Group (IAG). The IAG participates in quality assurance monitoring activities, and provides high level skills recognition policy advice.

At the service delivery level, RTO Advisory Groups (RTO-AGs) have been established to discuss industry issues, quality assurance matters and skills assessment processes directly with RTOs delivering the services. RTO-AGs are also comprised of representatives from employer organisations, industry, licensing authorities (where appropriate) and employee representatives.

5.1.1 Assessments

The focus of the TRS is on quality, rigour and efficiency of service through industry participation and delivery by specialist providers. Skills assessments are conducted by TRA-approved RTOs with demonstrated experience in delivering skills assessments via RPL to Australian regulatory standards. RTOs assess applicants' existing qualifications, skills and experience against industry endorsed training package qualifications, which reflect current workplace standards. Assessors are also tradespeople in the trade being assessed.

Successful applicants in non-licensed occupations are awarded an AQF qualification which is recognised nationally and internationally. Successful applicants in the licensed occupations receive an OTSR, providing a pathway to an AQF qualification and a full occupational licence. Unsuccessful applicants receive information about their skills gaps and Australia-wide access to further training through the national VET system.

Service delivery is managed by TRA through services deeds negotiated directly with selected RTOs.

4.3 Option Three: Applicants would apply for RPL through an RTO

Option Three would have involved the removal of TRA from the responsibility of domestic skills assessments, leaving applicants to undertake an RPL assessment through non TRA-approved RTOs.

The accepted pathway to licensing in Australia is through the OTSR process which is recognised by state and territory licensing authorities and licensing boards. Only TRA-approved RTOs have the authority to issue an OTSR. Given 80 per cent of ARTC applications were in the licensed electrical trades, this option would not have met the needs of the majority of ARTC Program applicants.

5. What was the likely cost and net benefit of each option?

5.1 Option One: Retain the ARTC Program

Option One meant that the ARTC Program would have continued to be out of alignment with the national VET system.

5.1.2 Who was affected?

- Australian residents who have not completed an Australian apprenticeship for their trade (usually overseas trained tradespeople)
- the LCs
- the CTC.

5.1.3 Costs

Costs of this option included:

- **Licensed trade applicants unable to obtain an OTSR.** The OTSR process is the pathway to occupational licensing for overseas trained tradespersons and can only be issued by TRA-approved RTOs. Licensed trade applicants are unable to work in their trade without a licence from the relevant state/territory regulator.
- **Impediments to career advancement.** Some ARTC holders experience difficulties in gaining employment or being promoted because the relevant enterprise agreement stipulates holding an AQF qualification³.
- **Potential of increased costs of assessment.** It could cost applicants more to receive a successful outcome than it does through other TRA skills assessment programs. The initial application fee for the ARTC Program was \$930, and if a trade test was requested by the LC considering the application, the price increased to \$1930⁴. In comparison, the average cost of similar TRA skills assessment programs range from \$1200-\$3100⁵, with a failure rate of approximately six per cent⁶.
- **Applicants being unable to receive a partial outcome.** ARTC Program applicants were either successful or unsuccessful. Unsuccessful applicants who wished to be reconsidered for an ARTC were required to restart the application process, which was costly and time consuming. Approximately 50 per cent of ARTC Program applicants received an unsuccessful outcome⁷.

³ *Review of the Skills Recognition Service provided by Trades Recognition Australia under the Tradespersons' Rights Regulation Act 1946* by Paul G Byrne Consulting (2010).

⁴ Trades tests were utilised where a LC was unable to make a decision about the applicant's capabilities on the papers alone so it requested an applicant undergo trade testing by an RTO. The cost to an applicant for a trade test was \$1000.

⁵ Based on information in the services deeds between TRA and TRA- approved RTOs for the 457 Skills Assessment Program, Offshore Skills Assessment Program and Optional Skills Assessment Service.

⁶ Based on data in the 2013-14 RTO Annual Reports for the 457 Skills Assessment Program, Offshore Skills Assessment Program and Optional Skills Assessment Service.

⁷ Based on outcome data for 2011-12.

- **Difficulty in accessing gap training.** It was difficult for applicants who had skills gaps identified through their ARTC Program assessment to access gap training. If an ARTC Program applicant needed gap training, they were required to go through an RTO. As the ARTC Program assessment process is not aligned to the national VET system, an RTO had to try and map the skills gaps identified through the assessment to competency units within the current industry endorsed training package qualification for the applicant's trade. This made accessing gap training a costly and time consuming process for ARTC Program applicants.
- **Burden on industry.** A significantly higher burden was placed on industry due to the 234 LC meetings per annum.

5.1.4 Benefits

The main benefit of Option One was the potential of the program to play a part in relieving skills shortage pressures because the client group were experienced tradespeople who could immediately join the Australian workforce. However, as the ARTC Program was not aligned with the national VET system and applicants could not be awarded a Certificate III, any short term benefits would have eroded over time.

5.2 Option Two: Replacement of the ARTC Program with the Trades Recognition Service

AQF qualifications are the industry endorsed benchmark for employment in trade occupations. The purpose of the TRS is to assist people who do not have an AQF qualification for their trade to obtain employment. Successful TRS applicants in licensed trades receive an OTSR providing a pathway to an AQF qualification and a full occupational licence, while those in non-licensed trades receive an AQF qualification.

Because it is aligned with the national VET system, the introduction of the TRS had the support of all relevant stakeholders including industry, employer and employee associations, former ISCs, current and previous governments.

5.2.1 Who is affected?

- Australian residents who have not completed an Australian apprenticeship for their trade (usually overseas trained tradespeople)
- TRA-approved RTOs
- members of the RTO-AGs
- IAG members.

5.2.2 Costs

Costs of Option Two include:

- **The initial fee for a skills assessment is likely to be more expensive for licensed trade applicants.** The average cost for the TRS ranges from \$1200 to \$3100 with skills assessments for licensed trades at the higher end of the price range. In comparison, the initial application fee for an ARTC was \$930, with the cost increasing to \$1930 if a trade test was requested by the LC. However, TRA-approved RTO skills assessments only have a failure rate of approximately 6 per cent compared to around 50 per cent for the ARTC Program. Additionally, TRS licensed trade applicants are required to undertake a practical skills demonstration in line with industry standards and other TRA programs. The minor increase in regulatory burden is outlined in Table 2.
- **An increased administrative burden on TRA-approved RTOs.** TRA-approved RTOs are required to complete administrative tasks such as providing reports to TRA, which are not covered by applicant fees. However, as can be seen in Table 2, the impact of this on RTOs is

minor due to the small number of RTOs who have TRA-approved status⁸. Further, the cost can be offset by the benefits of being a TRA-approved RTO, such as Australian Government endorsement of the RTO and access to the migration skills assessment market.

5.2.3 Benefits

Benefits of Option Two include:

- **Alignment with the national VET system.** Through the TRS, applicants receive a comprehensive skills assessment against training packages, compiled by industry to reflect current workplace standards. Under the VET Quality Framework, trainers and assessors are qualified in the trade they are assessing, and must also undertake regular professional development. As a result, applicants undergo a contemporary assessment against current workplace standards.
- **The continuance of a pathway to occupational licensing for domestic licensed trade applicants.** In the TRS, successful licensed trade applicants receive an OTSR providing a pathway to an AQF qualification and a full occupational licence.
- **Reduced red tape for industry.** This will be achieved by the removal of the legislative requirement for LC members to participate in four weekly meetings to consider ARTC applications. Instead, the IAG meets as required with TRA to discuss policy and quality assurance matters, and RTO-AGs meet quarterly to discuss industry issues, skills assessment processes and quality assurance activities.
- **An increase in flexibility for participants.** The TRS provides a range of outcomes for participants that were not available through the ARTC Program. Successful applicants obtain an AQF qualification, and unsuccessful applicants receive a statement of attainment for competencies achieved. Any identified skills gaps identified can be addressed through accredited training offered by RTOs operating nationally.
- **Applicants become more employable.** An AQF qualification is the benchmark for employment in the trades, career advancement and licencing. It also provides successful TRS applicants with a recognised qualification to pursue further study.
- **No new costs for government.** The assessment process is already established and operating effectively, so no extra implementation costs for government.
- **The TRS is industry endorsed.** Industry participates in quality assurance activities through the RTO-AGs and the IAG resulting in strong industry support for the service.
- **Increased access for applicants.** Under the TRS, applicants can have a skills assessment through a TRA-approved RTO in every state and territory, whereas the ARTC Program was administered centrally from Canberra.

⁸ 11 RTOs currently have TRA-approved status.

As seen in Table 2, Option Two results in a regulatory cost of \$1.912 million⁹. This is due to the introduction of contract management tasks for TRA-approved RTOs and a more rigorous assessment process for applicants.

Table 2: Regulatory burden and cost offset estimate

Average annual regulatory costs (from business as usual): change in costs

Change in costs (\$ million)	Business	Community organisations	Applicants	Total change in cost
Total by sector	\$0.272	\$0	\$1.64	\$1.912

Average annual regulatory costs (from business as usual): cost offset

Cost offset (\$ million)	Business	Community organisations	Applicants	Total by source
Agency	-\$0.272	\$0	-\$1.64	-\$1.912

Are all new costs offset? Yes, costs are offset.

Total (Change in costs – Cost offset) (\$ million) = \$0.00

The regulatory impact of this proposal can be offset by the regulatory savings associated with the Promotion of Excellence in Learning and Teaching in Higher Education (PELTHE) measure.

5.3 Option Three: Applicants would apply for RPL through an RTO

Option Three would have assisted some ARTC Program applicants to obtain employment, as successful non-licensed trade applicants would receive an AQF qualification. However, there would have been no pathway to licensing for applicants in the licensed trades, effectively prohibiting them from working in their trade. Given that 80 per cent of ARTC Program applications were in the licensed electrical trades, this option would not have met the needs of the majority of ARTC Program applicants.

5.3.1 Who is affected?

- Australian residents who have not completed an Australian apprenticeship for their trade (usually overseas trained tradespeople)
- RTOs.

5.3.2 Costs

Costs of Option Three include:

- **Unable to meet the needs of applicants who wished to work in licensed occupations.** Non-TRA approved RTOs are not authorised to issue OTSRs, leaving overseas trained applicants in the electrical trades without a pathway to licensing.
- **Applicants not having access to a consistent assessment process.** This was mentioned as a concern by some RTOs in the Byrne Review, who claimed there were RTOs in the broader VET system that were not sufficiently developed to provide a reliable, client friendly and cost effective service for this client group via the open market. These concerns were reiterated in reports by Skills Australia¹⁰ and the Productivity Commission¹¹ in 2011, which stated there was evidence to support concerns about the capability of the broader RTO workforce to deliver quality training and assessment.

⁹ Option One costs have been taken to zero as it is the benchmark policy option.

¹⁰ [Skills for prosperity: a roadmap for vocational education and training](#), page 78.

¹¹ [Productivity Commission Research Report](#), page LII.

- **The potential for the skills assessment process to be very costly for applicants.** TRA has received reports that some non TRA-approved RTOs charge up to \$15,000 for RPL assessments. The cost of skills assessments by TRA-approved RTOs ranges from \$1200-\$3100¹².

5.3.3 Benefits

Benefits of Option Three include:

- **An increase in flexibility for those participants not pursuing work in a licensed trade.** As with the TRS, applying for RPL through an RTO would have provided a range of outcomes for participants that were not available through the ARTC Program. For example, unsuccessful applicants would receive a statement of attainment for competencies achieved and notification of any skills gaps, which could then be addressed through accredited training offered by RTOs.
- **Applicants would have access to modern skills assessments.** This option would have aligned assessments with the national VET system. RTOs would also have been assessing applicants using qualified assessors who would have assessed against industry endorsed training packages.
- **Reduced regulatory cost for RTOs.** RTOs will be able to charge for the RPL assessments which will cover all costs associated with completing the assessment.

As seen in Table 3, Option Three results in a net regulatory cost of \$6.74 million¹³ for applicants accessing skills recognition services in the open market.

¹² Based on information in the services deeds between TRA and TRA- approved RTOs for the 457 Skills Assessment Program, Offshore Skills Assessment Program and Optional Skills Assessment Service.

¹³ Option One costs have been taken to zero as it is the benchmark policy option.

Table 3: Regulatory burden and cost offset estimate
Average annual regulatory costs (from business as usual): change in costs

Change in costs (\$ million)	Business	Community organisations	Applicants	Total change in cost
Total by sector	-\$0.081	\$0	\$6.821	\$6.74

Average annual regulatory costs (from business as usual): cost offset

Cost offset (\$ million)	Business	Community organisations	Applicants	Total by source
Agency	\$0	\$0	-\$6.821	-\$6.74

Are all new costs offset? Yes, costs are offset.

Total (Change in costs – Cost offset) (\$ million) = -\$0.00

The regulatory impact of this proposal can be offset by the regulatory savings associated with the Promotion of Excellence in Learning and Teaching in Higher Education (PELTHE) and Education Services for Overseas Students Regulations 2001 measures.

6. Who will you consult and how will you consult them?

As discussed in Section 1.5, extensive consultations over almost two decades had already occurred as part of the Legislative and Byrne Reviews. Both reviews involved obtaining the views of key stakeholder groups including employer organisations, employee associations, trade and safety regulators, former ISCs, RTOs, federal and state governments. Stakeholders consulted as part of these reviews consistently noted (across both formal reviews and the TAC process), that the ARTC Program did not align with industry standards and supported the call for a revised service aligned to the national VET system.

To build on the work of the previous reviews and ensure the views held by stakeholders were still current, a TAC was convened to advise on the optimal approach to replace the ARTC Program.

The TAC consisted of representatives:

- from industries that may have been impacted by changes to the ARTC and who could assist TRA in consulting and communicating with industry
- who had previously been involved in consultations between TRA and industry on the development and implementation of the OTSR
- from the CTC and LCs.

The TAC was tasked with:

- providing advice to the minister on the future of the ARTC Program
- consulting with relevant industry sectors on the future of the ARTC Program
- developing a communications and stakeholder management strategy to advise industry on the future of the ARTC Program
- overseeing a review of the impacts of any changes to the ARTC Program.

The TAC strongly supported the replacement of the ARTC Program with a service aligned to the national VET system using RTOs to conduct skills assessments. TAC members did however, express concerns about the consistency and quality of assessments delivered by RTOs, particularly through recognition of prior learning.

TRA instigated a number of measures to mitigate these concerns including:

- inviting industry representatives to sit on the panels evaluating submissions from RTOs to deliver skills assessments for the TRS
- giving industry representatives final approval on the selection of RTOs for service delivery
- introducing RTO-Advisory Groups to provide industry with a direct role in the quality assurance of the TRS through regular meetings with approved service providers.

7. What is the best option?

Option Two was considered the best approach because it addressed the key problems identified with the ARTC Program. Specifically it aligns with:

- the national VET system
- industry standards.

The option resulted in a small increase in regulatory burden for applicants and RTOs. However, the benefits outlined in section 5.2 demonstrate improved outcomes for applicants and address the problems associated with the ARTC Program.

Option One was not viable as the ARTC Program was not aligned with the national VET system.

Option Three was also not viable because it:

- had the greatest increase in regulatory burden for applicants
- did not provide applicants with access to a consistent assessment process
- had the potential to be very costly for applicants
- was determined to be unable to meet the needs of applicants who wished to work in licensed occupations, and so had to be dismissed as a realistic option.

8. How did you implement and evaluate the chosen option?

8.1 Implementation

The implementation of the TRS was achieved by conducting a three phase Expression of Interest (EOI) process in 2014 and 2015 to engage a small number of RTOs under services deeds:

- Phase One, December 2013 - invited existing TRA-approved RTOs to submit an EOI
- Phase Two, March 2014 - invited select RTOs to submit an EOI based on recommendations from the IAG and former ISCs
- Phase Three, April 2015 - conducted an open EOI process to fill remaining gaps in scope and location.

EOI submissions were evaluated by assessment panels consisting of government and industry representatives. The IAG had final approval over the selection of successful RTOs.

Transitional arrangements were implemented for ARTC applicants who previously had an unsuccessful application following a trade test or technical interview. This group of applicants were invited to finalise any gap training and reapply for an ARTC for a period up to three months after the closure of the program.

8.2 Implementation Risks

Several identified risk factors needed to be addressed to ensure that effective transition could occur. These included:

- *Disgruntled applicants and/or employers.*

The ARTC Program was well known having been in existence since 1946. Anecdotal evidence from ARTC Program applicants suggested some employers may have insisted job applicants provide an ARTC, or refused to accept an AQF Certificate III that was not accompanied by an ARTC.

Risk management strategy:

Clear messaging was provided on the TRA website about program changes and the reasons the changes were being made. It highlighted the advantages of the TRS, particularly its industry involvement and the rigorous selection process to become a TRA-approved RTO. Key messaging was disseminated through IAG members' communication channels. An enquiry mailbox was also set up by TRA to respond to questions and enquiries.

- *Licensing regulators slow to update their processes.*

Risk management strategy:

The Electrical Regulatory Authorities Council¹⁴ (ERAC) participated in the ARTC Program reform consultation process through its membership on the TAC and IAG. TRA supplied fact sheets and wrote directly to regulators to notify them of the proposed changes. TRA also supplied IAG members with key messaging to distribute through their networks.

8.3 Evaluation

The ways in which the TRS will be regularly evaluated include:

- the IAG providing high level skills recognition policy advice and participating in quality assurance activities
- RTO – AGs providing a forum for industry to discuss skills assessment processes and quality assurance matters directly with the RTOs delivering the services
- TRA regularly monitoring and reviewing the performance of TRA-approved RTOs in the course of contract management activities
- the conduct of an evaluation to analyse the operational efficiency and effectiveness of the TRA skills assessment programs, and the service delivery model required of TRA-approved RTOs to conduct skills assessments.

¹⁴ ERAC is the peak body of electrical safety regulators in Australia and New Zealand. They act to ensure electrical safety regulatory systems are contemporary and harmonised wherever possible.