

Addendum

RTO Assessment Services CRIS Review – June 2021

As per section 4 of the *COST RECOVERY IMPLEMENTATION STATEMENT Trades Recognition Australia Registered Training Organisation (RTO) Assessment Services 1 March 2019 - 30 June 2022 ('CRIS')*, a review of the activities, outputs and key business processes of the RTO Assessment Services to ascertain whether there is a need to adjust the pricing.

The review consisted of the application of actual costs and volume of applications for the first two years of the current contract period (from March 2019) as well as updated estimates for the remaining period. These were applied to the current charging model as well as a new model that is an updated department-preferred model.

The new data indicated a minor variance (reduction) in the required pricing structure to reach 100% cost recovery i.e. a standard successful Pathway 1 non-licenced occupation application would cost \$3,260 under the preferred departmental charging model rather than \$3,170 under the current model (reduction of 2.7%). For a successful Pathway 2 non-licenced application (the simplest pathway option) the reduction is 5.0%. Table 5 also indicates only a minor variation between the cost of delivering the assessment services and the cost recovered administration fee.

Due to the low level of variance from the current charging model the Department of Education, Skills and Employment proposes no changes at this time. Future pricing and charging models will be reviewed prior to the next contract period (due July 2022).

Program performance 2019 – 2021

Tables 4 and 5 below are included in the initial CRIS but with no data in table 4. These tables have been amended with actual data for the period from 1 March 2019 to 31 May 2021, noting that there is expenditure that cannot be easily quantified e.g. some IT, property and desktop services.

Table 4: RTO skills assessments financial performance 2018-19 to 2021-22

	2018-19 ^(a)	2019-20 ^(a)	2020-21 ^(a,b)	2021-22
Expenses = X (\$)	1,411,210	12,569,819	9,662,228	n/a
Revenue = Y (\$)	3,637,230	14,263,630	9,945,170	n/a
Balance = Y – X (\$)	2,226,020	1,693,811	282,942	n/a
Cumulative balance (\$)	2,226,020	3,919,831	4,202,774	n/a

(a) Estimated expenses and revenue. Departmental expenses are estimates and do not include expenses paid from corporate budgets i.e. IT, property and desktop services and some salary on costs)

(b) Actuals as at 31 May 2021.

Table 5: Administration Fee financial performance 2018-19 to 2021-22

	2018-19 ^(a)	2019-20 ^(a)	2020-21 ^(a,b)	2021-22
Expenses = X (\$)	525,160	1,779,540	1,384,340	n/a
Revenue = Y (\$)	806,780	1,740,020	1,333,800	n/a
Balance = Y – X (\$)	281,620	- 39,520	- 50,540	n/a
Cumulative balance (\$)	281,620	242,100	191,560	n/a

(a) Estimated expenses and revenue. Departmental expenses are estimates and do not include expenses paid from corporate budgets i.e. IT, property and desktop services and some salary on costs)

(b) Actuals as at 31 May 2021.

Table 6 was also included in the initial CRIS and is now populated with actual data from 1 March 2019 – 31 May 2021 and with updated forecasts through to 30 June 2022.

Table 6: Historical and forecast volume actuals and estimates

Year	Total registrations – actuals	Total registrations – forecast
2014-15	3,272	N/A
2015-16	3,495	N/A
2016-17	4,224	N/A
2017-18	5,165	N/A
2018-19	5,006	N/A
2019-20	4,683	N/A
2020-21 ^(a)	3,627	3,957
2021-22 ^(b)	Not yet available	6,193

(a) 2020-21 actual registrations are as at 31 May 2021.

(b) Increase in forecast registrations is based on stronger second half 2020-21 performance following relaxation of COVID movement restrictions that affected 2019-20 and the first half of 2020-21.