

Australian Skills Quality Authority Annual Report 2016-17 corrigendum

- I. An error has been identified in the heading of Table 4 (on page 17) of the *Australian Skills Quality Authority Annual Report 2016-17*.

The table is labelled as course accreditation applications “completed” by ASQA, whereas the figures in the table relate to applications “received” by ASQA.

There have been no changes to the figures in the table.

Table 4, with the correct heading, is provided below.

Table 4: Course accreditation applications received by ASQA, 2012–13 to 2016–17

	2012–13	2013–14	2014–15	2015–16	2016–17
Applications to accredit a new VET course	94	70	52	46	45
Applications to renew an accredited VET course	93	93	64	76	79
Applications to amend an accredited VET course	58	29	27	14	7
Applications to extend an accredited VET course	47	27	27	22	14
Applications to cancel an accredited VET course	0	9	115 ¹	2	12

1. The high number of cancellations in 2014–15 related to one course owner cancelling a large number of courses accredited in various languages/at various levels.

- II. Errors have also been identified relating to reviews by a tribunal or court (on page 90 of the report).

Corrected text and tables are provided below.

In 2016-17, ASQA received from a court or tribunal, 71 applications requesting a review of a decision made by ASQA, with an additional 26 applications carried over from previous financial years. Of these matters, 62 were closed during 2016–17, with the remaining 35 carried into 2017–18. These matters are shown in Table 19.

Table 19: Reviews by a tribunal or court

Matter	Number
Carried into 2016–17	26
Applications received in 2016–17	71
Closed during 2016–17	62
Carried into 2017–18	35

The outcomes of applications for review to a tribunal or court that were closed during the reporting period are shown in Table 20.

Table 20: Outcomes of applications for review by a tribunal or court, 1 July 2016 – 30 June 2017

Closed Matter Outcome	Number
ASQA's decision affirmed	3
ASQA's decision set aside	1*
ASQA's decision varied	1
Dismissed	5
Dismissed on jurisdiction	2
Resolved between Applicant and ASQA	33
Withdrawn by Applicant	17
Total closed	62

* AAT decision is subject to appeal by ASQA to the Federal Court and will be reported further in next year's Annual Report.



Australian Government
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Annual Report 2016-17





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For more information about the Australian Skills Quality Authority, visit www.asqa.gov.au.

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Photo images with thanks to the staff and students at Sydney TAFE



Letter of transmittal

4 October 2017
The Hon Karen Andrews MP
Assistant Minister for Vocational Education and Skills
Parliament House
CANBERRA ACT 2600

Dear Minister

I am pleased to present you with this annual report for the Australian Skills Quality Authority (ASQA), which covers the period 1 July 2016 – 30 June 2017.

ASQA, as the national vocational education and training regulator, is required under section 215 (1) of the *National Vocational Education and Training Regulator Act 2011* (NVR Act) to prepare and give to the Minister for presentation to Parliament a report relating to the performance of the regulator's functions during the year.

I advise that this report has been prepared in accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013*, section 215 (1) of the NVR Act and with *Resource management guide 35—Annual reports for non-corporate Commonwealth entities*, as published by the Department of Finance.

Finally, as required by the Commonwealth Fraud Control Guidelines, I certify that I am satisfied that ASQA has prepared fraud risk assessments and fraud control plans; has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes to meet ASQA's specific needs; and has taken all reasonable measures to minimise the incidence of fraud, and to investigate and recover the proceeds of fraud against the Authority.

Yours sincerely



Mark Paterson AO
Chief Commissioner
Chief Executive Officer
Australian Skills Quality Authority



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Chief Commissioner's review

Introduction—A year of change

This has been my first year as Chief Commissioner of the Australian Skills Quality Authority (ASQA) and it has been a year of extensive change. The past 12 months have seen the introduction of a revised approach to audit, a new online registration management system, and the development of new resource planning and cost models. ASQA also implemented our first regulatory strategy to guide our strategic priorities during the year and completed two major reviews of systemic issues in the sector.

Internally, ASQA has undergone a number of changes. There have been several changes to ASQA's leadership group during the past 12 months. I would like to recognise former Chief Commissioner, Chris Robinson, who retired in December 2016, for his many years of contribution to public service and for his efforts in guiding ASQA's establishment and first years of operation. I would also like to recognise the work of our acting Commissioner, Regulatory Operations, Peta Furnell, who has made a lasting contribution in her short time with ASQA. In 2017-18, we are pleased to be welcoming Dr Irene Ioannakis as ASQA's new Commissioner, Regulatory Operations. Dr Ioannakis has extensive experience in the disciplines of vocational education and training (VET), secondary and tertiary education and human resources management and was previously on the board of Western Australia's Training Accreditation Council. Dr Ioannakis is a highly regarded leader in education and training with more than 30 years of experience.

Regulatory strategy 2016-17

This year ASQA implemented our first annual regulatory strategy, which outlined ASQA's strategic priorities and which has guided our work during the year. Identifying and addressing the most significant risks is essential to the effective functioning of a risk-based regulator.

The 2016-17 strategy targeted three areas identified by ASQA as posing significant and systemic concerns: learner protection; the amount of training that training providers deliver; and the capability of trainers and assessors.

To target concerns about the amount of training that providers are delivering—namely, that some providers are delivering courses that are far too short to allow students to gain the skills and knowledge they need—ASQA completed a strategic review and published the report *A review of issues relating to unduly short training*. The report made three broad recommendations to address the issues identified, including changes to the way course duration is regulated:

- that the Standards for Registered Training Organisations 2015 be amended to include a definition of the 'amount of training' that focuses on supervised learning
- that training package developers be able to set a mandatory amount of training where there is a persistent risk of unduly short training
- that RTOs be required to publish user-friendly and concise product disclosure statements for each training product on their scope of registration, which include the amount of training (empowering consumers to make more informed choices).

ASQA has also worked in conjunction with the Department of Education and Training to address the issue of protection for students through finalising its VET FEE-HELP Regulatory Strategy, which guided action against numerous providers approved to deliver courses to students funded under the Department of Education and Training's VET FEE-HELP scheme. Further, ASQA has contributed to the Department's review of the VET Student Loans program, which replaced the VET FEE-HELP scheme on 1 January 2017.



ASQA welcomes the replacement program, which provides better protection for students through a more stringent assessment of potential providers and a stronger compliance regime.

Student-centred audit approach

Also in recognition of the importance of learner protection, ASQA implemented a new, student-centred approach to audit this year. Our audit approach now has an increased focus on quality outcomes with greater emphasis on students. ASQA has been progressively implementing this approach since mid-2016.

The revised approach has received an overwhelmingly positive reception from providers, as well as from industry. ASQA recognises that the great majority of providers are seeking to deliver a high-quality training and assessment approach to their students, and our audit approach supports these providers while allowing us to identify and act against poor-quality providers.

Maturing risk approach and strong regulatory action

The strategic initiatives and target areas outlined in the regulatory strategy complement ASQA's ongoing commitment to focus regulatory efforts on the small but concerning group of providers in the VET market engaging in practices that pose a threat to confidence in the quality of the VET sector.

ASQA's risk-based approach has further matured this year, including through improvements to our provider profiling approach and our information-sharing with other agencies. In the past 12 months, ASQA has significantly increased the number of audit activities we have completed, and a greater proportion of these audit activities have been 'non-application-based'—that is, they have been triggered by concerns raised by the provider's risk profile. As ASQA progresses towards undertaking more of these audit activities, we are seeing a corresponding increase in the amount of adverse regulatory decisions.

ASQA has undertaken effective and visible action towards further protecting the quality of the sector in 2016–17. The most obvious indicator of this is the sharp increase in the application of regulatory sanctions during the reporting year. ASQA applies regulatory responses proportionate to the level of non-compliance found. Where non-compliance is less significant, these responses might include issuing a written notice requiring a provider to take a certain action or placing conditions on a provider's registration.

Where non-compliance is significant, the regulatory response may include suspension or cancellation of registration.

Cancellation seeks to remove poor-quality providers and those not interested in the delivery of quality training and assessment from the sector. In total, ASQA has cancelled or refused to renew the registration of around 500 providers since 2011. This year has seen an 81 per cent increase in the number of cancellations, from 69 in 2015–16 to 125 in 2016–17. In 2016–17, there has also been an increase of more than 270 per cent in suspensions (from 15 in 2015–16 to 56 in 2016–17). These suspensions were largely a result of providers' non-compliance with reporting requirements and financial obligations.

As ASQA continues to increase its focus on providers of concern and to more effectively target these providers, we expect to see continued high levels of regulatory action in the short to medium term.



Looking ahead

ASQA has recently published its 2017-18 regulatory strategy, which will guide our strategic priorities for the year ahead. We will be placing a renewed emphasis on international education, delivered both in Australia and offshore. The international education industry is crucial for Australia's economy, and as such, protecting its quality and reputation will be one of our focal points. We will be undertaking a strategic review of VET and English language education delivery to overseas students, and looking at offshore delivery of both training and assessment-only services. In recognition of how vital trainer and assessor skills are to the overall quality of the sector, ASQA will also continue work commenced this year relating to the capability of trainers and assessors.

To complete our strategic projects, we will be increasing our collaboration with other agencies including regulators and consumer protection bodies. This collaboration is essential in cases where issues with an RTO are wholly or partially outside ASQA's legislative remit.

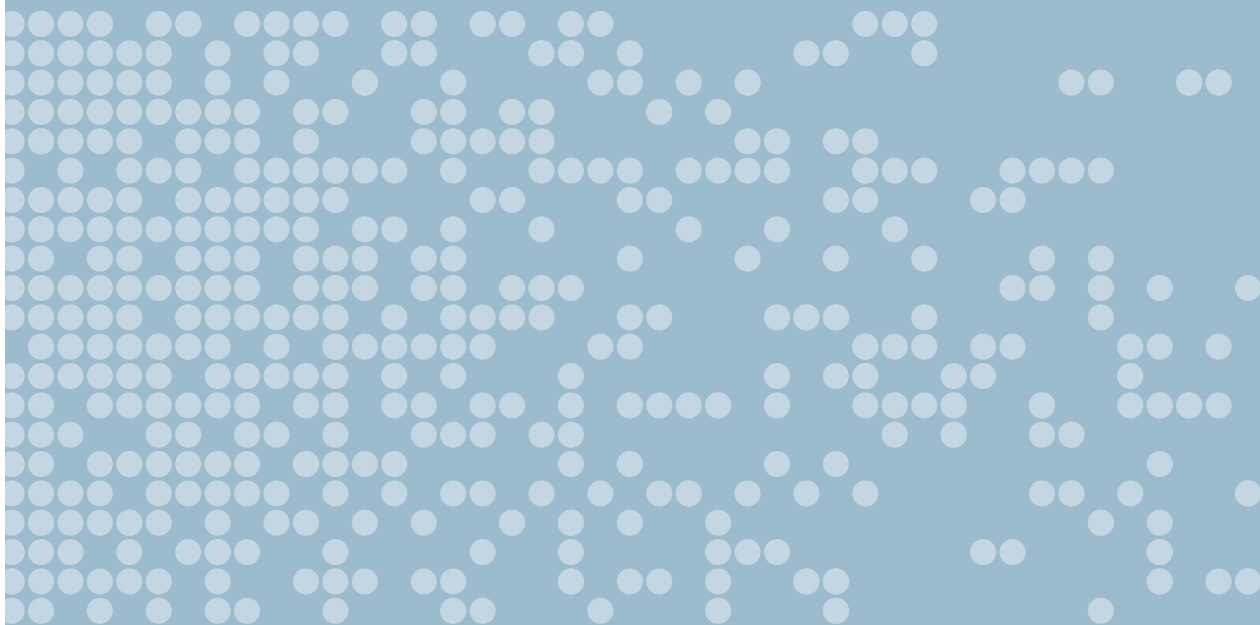
I would also like to mention the review of the *National Vocational Education and Training Regulator Act 2011* currently being undertaken by Professor Valerie Braithwaite, which is due to be completed near the end of the 2017 calendar year. ASQA is looking forward to the outcomes of this review, which seeks to support the move towards the effective outcomes-based and risk-based regulation that ASQA strives to achieve.

In closing, I would like to thank my fellow Commissioners, the senior management group and all ASQA staff for their efforts during the year.

Mark Paterson AO

Chief Commissioner
Chief Executive Officer

Agency overview





The vocational education and training (VET) sector plays a vital role in developing Australia's national workforce. Through the delivery of industry-developed training packages, the sector helps to ensure Australia has an educated and highly skilled population. Australia's VET sector has a reputation for delivering quality programs and quality outcomes. The Australian Skills Quality Authority (ASQA) was established in July 2011 to maintain the strength and reputation of the VET sector, both nationally and internationally.

ASQA is the national regulator for:

- registered training organisations (RTOs), providers that deliver VET qualifications and courses
- providers that deliver VET courses to overseas students
- accredited VET courses
- certain providers that deliver English Language Intensive Courses to Overseas Students (ELICOS).

As the national regulator, ASQA seeks to ensure that students and employers have confidence that providers are delivering good-quality programs so that:

- employers can have confidence that VET graduates have the skills and competencies that they need for employment
- students can be confident that training will be of a high standard and will meet their needs.

Establishment

ASQA was established on 1 July 2011 by the enactment of the *National Vocational Education and Training Regulator Act 2011* (NVR Act) and supplementary legislation.

Before the establishment of ASQA, regulatory arrangements for VET were dispersed between eight states and territories. Section 51 (xxxvii) of the Australian Constitution permits the Commonwealth to legislate on matters referred to the Commonwealth by any state.

ASQA's establishment as the national VET regulator involved the referral of powers to the Commonwealth from all states (except Victoria and Western Australia) as set out in an intergovernmental agreement. The exercise of the Commonwealth's constitutional power provides for ASQA's operation in the Australian Capital Territory and the Northern Territory. ASQA assumed regulatory responsibility for VET from state and territory jurisdictions in phases throughout 2011–12.

Legislation

ASQA's regulation is supported by a comprehensive framework of legislation and standards, including the VET Quality Framework, the Standards for VET Accredited Courses 2012 and related legislation for the providers of courses to overseas students. ASQA monitors providers against the *Education Services for Overseas Students Act 2000* (ESOS Act); the *National Code of Practice for Providers of Education and Training for Overseas Students 2017*; and the ELICOS National Standards, where relevant.

The VET Quality Framework comprises the:

- Standards for National VET Regulator Registered Training Organisations
- Fit and Proper Person Requirements
- Financial Viability Risk Assessment Requirements
- Data Provision Requirements
- Australian Qualifications Framework.



Establishing legislation

ASQA was established on 1 July 2011 through the enactment of the:

- *National Vocational Education and Training Regulator Act 2011*
- *National Vocational Education and Training Regulator (Consequential Amendments) Act 2011*
- *National Vocational Education and Training Regulator (Transitional Provisions) Act 2011.*

NVR Act review 2017

During 2016–17, the Australian Government commissioned Professor Valerie Braithwaite to undertake a review of the NVR Act. The review will be completed during 2017–18 and will assess the suitability of the legislative framework and its capacity to support a responsive, effective and efficient approach to regulation to ensure the quality of the national VET sector into the future.

The strategic objectives of the review include:

- shifting the regulatory framework towards outcomes-based regulation
- identifying any legislative changes needed to support a more efficient and risk-based approach to compliance
- enabling swift enforcement of sanctions when poor-quality training is detected
- ensuring adequate information is available to support VET consumers' choices regarding training
- administrative improvements to the NVR Act.

Purpose, role and functions

ASQA's purpose, as defined in the *2016–17 ASQA Corporate Plan*, is:

- to protect the quality and reputation of the VET sector
- to regulate the VET sector utilising a contemporary, risk-based and standards-based regulatory approach
- to facilitate access to accurate information about VET.

ASQA has the following functions under the NVR Act:

- to register an organisation as an RTO
- to accredit courses that may be offered and/or provided by RTOs
- to carry out compliance audit activities of RTOs
- to promote, and encourage the continuous improvement of, an RTO's capacity to provide a VET course or part of a VET course
- to advise and make recommendations to the Minister on matters relating to VET
- to advise and make recommendations to the Minister responsible for training for a state or territory on specific matters relating to VET in the state or territory
- to advise and make recommendations to the Ministerial Council on general matters relating to VET in all jurisdictions
- to collect, analyse, interpret and disseminate information about VET



- to publish performance information, of a kind prescribed by the *National Vocational Education and Training Regulations 2011*, relating to RTOs
- to conduct training programs relating to the regulation of RTOs and/or the accreditation of courses
- to enter into arrangements with occupational licensing bodies, other industry bodies, or both, for the purpose of ensuring compliance by RTOs with the NVR Act
- to cooperate with a regulatory authority of another country that has responsibility relating to the quality or regulation of VET for all, or part, of the country
- to develop relationships with its counterparts in other countries
- to develop key performance indicators, to be agreed by the Minister, against which the regulator's performance can be assessed each financial year
- to develop service standards that the regulator must meet in performing its functions
- any other function relating to VET that is set out in a legislative instrument made by the Minister
- such other functions as are conferred on ASQA by or under:
 - the NVR Act, or
 - the ESOS Act or any other law of the Commonwealth.



Commissioners

Mr Mark Paterson AO Chief Commissioner and Chief Executive Officer

Mr Mark Paterson AO commenced as a Commissioner of ASQA on 30 May 2016 and commenced as Chief Commissioner and Chief Executive Officer from 1 January 2017.

The Chief Commissioner is responsible for:

- providing the functions outlined in the *National Vocational Education and Training Regulator Act 2011*
- ensuring ASQA achieves its required outcomes under other legislative and regulatory requirements.

The Chief Commissioner also holds the role of ASQA Chief Executive Officer, with responsibilities and accountabilities for the management of people, resources, finance, audit, risk and procurement. The responsibilities are consistent with the Australian Public Sector framework of legislation, including the *Public Service Act 1999* and the *Public Governance, Performance and Accountability Act 2013*.

Mr Paterson has extensive experience across government and industry, including experience leading government departments at both the state and federal levels. Mr Paterson is a former Secretary of the NSW Department of Trade and Investment, Regional Infrastructure and Services; the Australian Government Department of Innovation, Industry, Science and Research; and the Australian Government Department of Industry, Tourism and Resources.

Mr Paterson replaced Mr Christopher Robinson, the former Chief Commissioner of ASQA, in this role during the reporting year.

Professor the Hon Michael Lavarch AO Deputy Chief Commissioner and Commissioner, Risk Intelligence and Regulatory Support

Professor Michael Lavarch AO is responsible for overseeing ASQA's regulatory risk framework which enables ASQA to identify and evaluate risks to the quality of VET in Australia and to effectively target resources.

The Commissioner has oversight of the industry engagement process, which builds relationships and gathers intelligence from industry, regulators and peak bodies. ASQA's legal and regulatory support functions also report to the Commissioner.

Professor Lavarch has extensive experience in higher education and the public policy process. He is a former Dean of the Faculty of Law of the Queensland University of Technology (QUT) and a former Secretary-General of the Law Council of Australia. From 1987 to 1996, Professor Lavarch was a Member of the Australian Parliament and he served as Attorney-General from 1993 to 1996. He was made an Officer of the Order of Australia in 2012 for his contribution to the law, education and human rights.

Professor Lavarch holds a Bachelor of Law from QUT and was appointed Professor of Law in 2004. In 2012, he was awarded the title Emeritus Professor from QUT. He was appointed as a Commissioner of ASQA in February 2012 and commenced in that role from 16 April 2012.



Ms Peta Furnell

Acting Commissioner, Regulatory Operations

Peta Furnell was Acting Commissioner, Regulatory Operations from 20 April 2017 until shortly after the end of the reporting period. (Dr Irene Ioannakis commenced in the role of Commissioner, Regulatory Operations shortly after the end of the 2016–17 financial year).

Ms Furnell was previously the Group Manager of the Skills Market Group in the Department of Education and Training, Australian Government, and has held similar VET policy roles over six years.

As the Commissioner, Regulatory Operations, Ms Furnell has led the work of ASQA's national network of regulatory operations teams. She has also overseen a range of strategic projects to improve ASQA's regulatory operations activity and ensure that this work is conducted efficiently, professionally, ethically and consistently.

Previously Ms Furnell worked across a range of public policy areas in The Treasury, Australian Government. These included skills and labour markets, domestic and international economic analysis, fiscal policy, taxation reform, financial markets reform, and corporate strategy. She holds honours and master's degrees in economics.

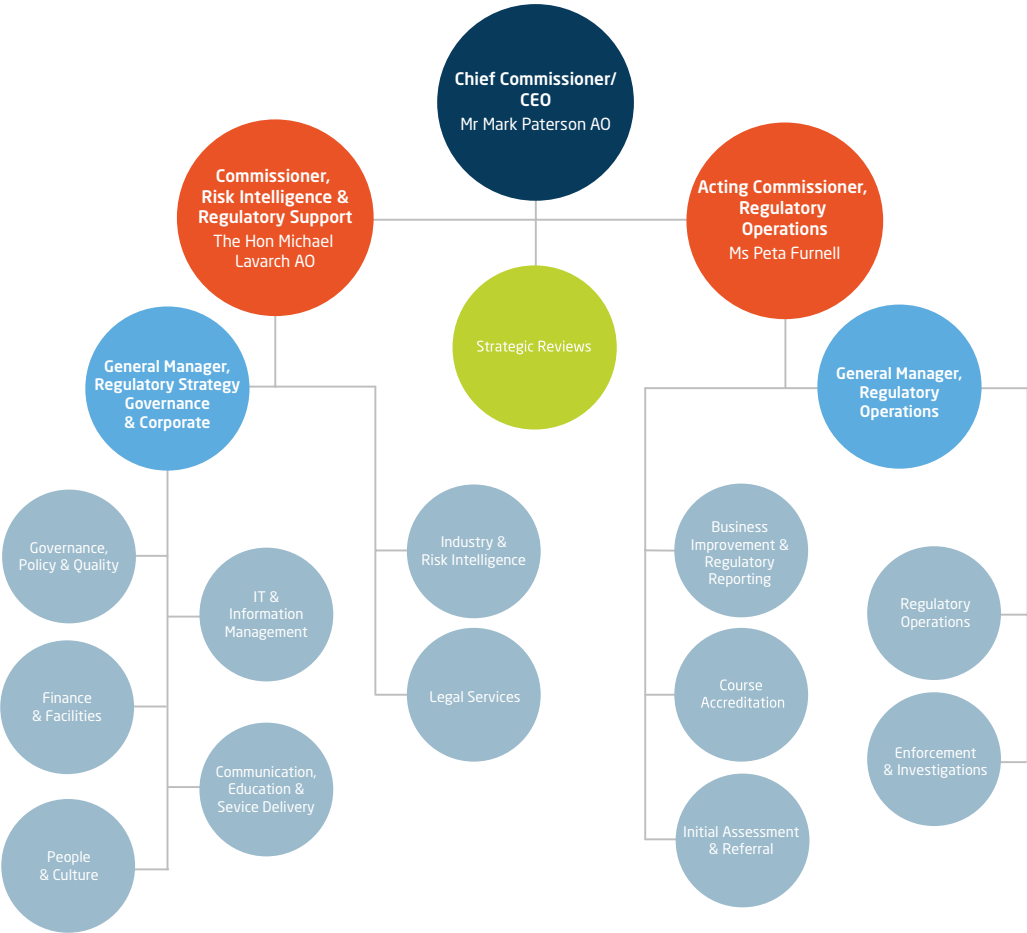


Organisation structure

ASQA's national organisation structure is shown in Figure 1.

Some of the functions shown below are undertaken in multiple ASQA offices across Australia.

Figure 1: ASQA organisational structure as at 30 June 2017





Outcome and program structure

The planned outcome and program structure for ASQA for 2016–17 is set out in the 2016–17 Portfolio Budget Statements for the Education and Training portfolio.

ASQA is required to assess its performance against these criteria, as well as those detailed in the authority's corporate plan for 2016–17. ASQA's performance against these criteria is outlined in the following section of this report.

Table 1: Planned outcome and program structure for ASQA for 2016–17

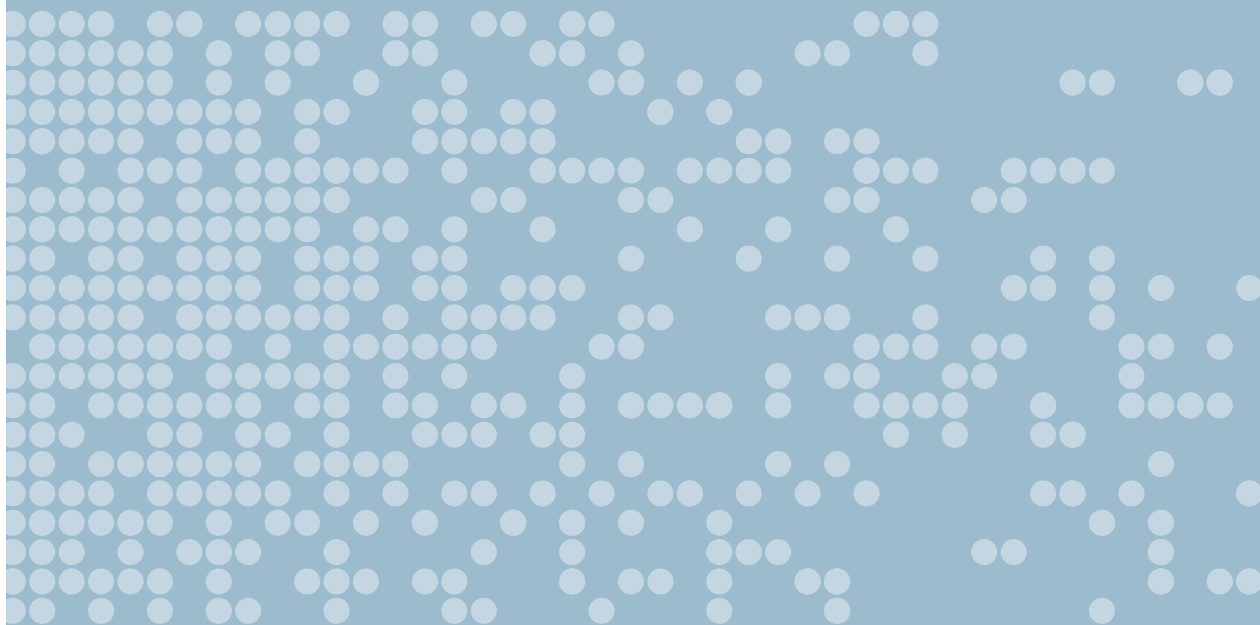
Outcome 1 - Contribute to a high-quality VET sector, including through streamlined and nationally consistent regulation of training providers and courses, and the communication of advice to the sector on improvements to the quality of VET.		
Program 1.1 - Regulation and advice: To assure the quality of VET outcomes through national regulation and the communication of advice on VET.		
Delivery	The mechanisms through which Program 1.1 will be delivered are:	
	<ul style="list-style-type: none"> • applying a risk-based regulatory approach at both the operational and strategic levels to the VET sector • taking regulatory action where necessary to remove poor-quality providers from the sector • making ASQA's regulatory strategy and regulatory risk framework publicly available • undertaking communications campaigns to address identified issues and providing stakeholders with timely and accurate advice. 	
Performance information		
Year	Performance criteria	Targets
2016–17	<p>ASQA is compliant with the National Regulator Standards <i>Expected achievement against criterion:</i> ASQA will provide a qualitative evaluation of its compliance with national standards in its Annual Report 2016–17.</p> <p>Providers report that ASQA's information systems and service channels are accurate, helpful and timely <i>Expected achievement against criterion:</i> ASQA will conduct a survey to assess provider satisfaction.</p>	<p>Application of risk-based regulation demonstrated by percentage of non-application based audits to application based audits Target: 30% non-application based audits.</p> <p>Development of tools and processes to build the regulated community's understanding of the requirements for compliance Target: 70% RTO satisfaction with information relating to regulatory changes.</p>
2017–18	As per 2016–17	As per 2016–17



Table 1 (continued): Planned outcome and program structure for ASQA for 2016-17

Outcome 1 - Contribute to a high-quality VET sector, including through streamlined and nationally consistent regulation of training providers and courses, and the communication of advice to the sector on improvements to the quality of VET.	
Purposes	<p>Program 1.1 contributes to the following purposes of ASQA:</p> <ul style="list-style-type: none">• provides nationally consistent regulation of VET using:<ul style="list-style-type: none">– a standards-based quality framework– a regulatory risk framework• protects and enhances:<ul style="list-style-type: none">– the quality, flexibility and innovation in VET– Australia’s reputation for VET nationally and internationally• supports the regulatory framework for a VET system that is appropriate to meet Australia’s social and economic needs for a highly educated and skilled population• protects students undertaking, or proposing to undertake, Australian VET by ensuring the provision of quality VET• facilitates access to accurate information relating to the quality of VET.

Annual performance statement





Annual performance statement

Statement of preparation

I, Mark Paterson, as the accountable authority of the Australian Skills Quality Authority (ASQA), present the 2016–17 annual performance statements of ASQA, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the entity, and comply with subsection 39(2) of the PGPA Act.

ASQA's purposes

ASQA's purposes – as described in its *Corporate Plan 2016–17* - are:

- to protect the quality and reputation of the vocational education training (VET) sector
- to regulate the VET sector utilising a contemporary, risk-based and standards-based regulatory approach
- to facilitate access to accurate information about VET.

For each purpose, ASQA has a range of performance criteria that relate to specific elements of the regulator's performance as well as a global metric, which relates to the regulator's performance more broadly.



Purpose 1—Protect the quality and reputation of the VET sector

In achieving purpose 1, ASQA's primary focus is the efficient functioning of its core regulatory activities, which are to:

- manage provider registration
- respond proportionately to providers of concern
- take decisive action against those who consistently fail to fulfil their regulatory obligations.

Performance criteria

1. Manage provider registration and change applications
2. Respond to concerns about providers
3. Take decisive action
4. Strengthen regulation
5. Global metric—ASQA's contribution to quality

Criterion source

- *ASQA Corporate Plan 2016-17*



Results against performance criteria

Manage provider registration and change applications

KPI 1—ASQA protects the quality of VET by refusing entry to the sector or rejecting renewal applications from existing providers that do not meet the requirements for registration

Since ASQA's establishment on 1 July 2011, a substantial number of providers have left the sector. Prior to 2011, the number of registered training organisations (RTOs) had been increasing since the mid-1990s, encouraged by the opening of the market to private providers. Nationally, the total number of providers has decreased by 6.4 per cent since 2011. However, this figure masks the true level of churn in the sector as approximately 300 providers enter and exit the system each year. Some of these providers have voluntarily left the training market for a range of reasons (such as competitive pressure) and some have left as a result of regulatory decisions made by ASQA.

ASQA is also receiving increasing numbers of applications for initial registration—and an increasing number of these applications indicate that the applicant does not have the capacity to deliver training and assessment to the required standard. Significant proportions of ASQA's regulatory effort and resources are committed to market-entry testing applicants for initial registration, as well as to verifying the actual performance of newly registered RTOs.

Due to the importance of maintaining a high barrier to market entry, applications for initial registration from organisations seeking to enter the VET market are not approved without audit. The increase in the number of these applications over the past two financial years, and the increase in the percentage of these applicants that are poor-quality, has had a significant effect on ASQA's regulatory resources. ASQA refused approximately one in five applications for initial registration during the reporting period. This is a marginal increase in the proportion refused when compared with the previous reporting period.

Table 2: Proportion of applications for initial registration rejected by ASQA, 2012-13 to 2016-17

Initial registration applications	2012-13	2013-14	2014-15	2015-16	2016-17
Number of applications completed	282	361	273	485	430
Proportion of applications rejected	14.9%	12.2%	9.2%	16.1%	19.5%



The percentage of application renewals rejected by ASQA this year is consistent with the previous year—ASQA currently rejects around one in 20 applications to renew registration.

Table 3: Proportion of applications to renew registration rejected by ASQA, 2012-13 to 2016-17

Registration renewal applications	2012-13	2013-14	2014-15	2015-16	2016-17
Number of applications completed	664	950	789	659	512
Proportion of applications rejected	9.5%	3.5%	3.2%	5.7%	5.1%

ASQA also has responsibilities relating to the accreditation and regulation of VET-accredited courses. Some 80 per cent of training is delivered through training packages, but the Australian VET system also uses accredited VET courses, which are nationally recognised qualifications, to meet industry requirements for training. ASQA accredits many of these courses. ASQA's course accreditation activity for 2016-17 is shown in Table 4.

Table 4: Course accreditation applications completed by ASQA, 2012-13 to 2016-17

	2012-13	2013-14	2014-15	2015-16	2016-17
Applications to accredit a new VET course	94	70	52	46	45
Applications to renew an accredited VET course	93	93	64	76	79
Applications to amend an accredited VET course	58	29	27	14	7
Applications to extend an accredited VET course	47	27	27	22	14
Applications to cancel an accredited VET course	0	9	115 ¹	2	12

KPI 2—ASQA reduces the regulatory burden of costs to high-performing RTOs through delegations

From October 2014, ASQA began offering high-performing RTOs that met certain criteria the ability to manage their own scope of registration. This means these RTOs are able to add new training products to their registration without applying to ASQA and paying an application fee. This was a three-stage program; the final stage was completed in May 2016.

As at 30 June 2017, delegations had saved providers the burden and costs associated with submitting the equivalent of 3607 change-of-scope applications to ASQA. Based on the average cost of these applications, since the establishment of the delegations process in October 2014 delegates are estimated to have saved:²

- \$3,805,385 in application fees
- \$2,790,000 in administrative costs.

1 The high number of cancellations in 2014-15 related to one course owner cancelling a large number of courses accredited in various languages/at various levels.

2 These figures are based on a cost model developed for ASQA by KPMG in relation to the delegations project.

KPI 3—ASQA’s response times to initial registration applications, renewals and change submissions are within the target timeframes

ASQA provides guidance to providers on the expected timeframes for completion of application processes through its published performance standards.³ ASQA’s performance against the performance standard targets for the completion of applications is shown in Table 5.

ASQA has largely managed to meet its performance standards for the completion of applications. ASQA undertakes a risk assessment of all applications for initial registration, to renew registration, and to add courses to a provider’s registration (‘change-of-scope’ applications). While all applications from initial registration applicants seeking to enter the VET market undergo an audit, change-of-scope applications and renewal applications are only subject to an audit where risk assessment indicates further scrutiny of the provider should be undertaken.

During 2016–17, 96.0 per cent of registration renewal applications were completed within six months. ASQA is applying greater scrutiny to applications for initial registration, which has resulted in a drop in the percentage of these applications finalised within the six-month timeframe specified in ASQA’s service standards, from 91.3 per cent in 2015–16 to 65.0 per cent in 2016–17.

Similarly, ASQA does not typically audit providers in response to applications to add training products to their scope of registration—4410 change-of-scope applications were approved without audit during the reporting period. For 2016–17, 84.6 per cent of change-of-scope applications (not requiring audit) were completed within one month. In only 131 cases did concerns about a provider require ASQA to audit an applicant for change-of-scope. Each of these was a complex application where risk factors indicated a need for close scrutiny. ASQA completed 42.7 per cent of these audits within the timeframes specified in its performance standards (i.e. six months).

Some of the key factors leading ASQA to audit change-of-scope applications in 2016–17 included:

- increased scrutiny of applications to add the critical TAE40116 Certificate IV in Training and Assessment qualification to scope
- concerns relating to Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) applications, which are considered higher risk, and require assessment against both the VET Quality Framework and the Education Services for Overseas Students (ESOS) Framework.

Table 5: Percentage of applications finalised within the timeframes set in ASQA’s performance standards, 2016–17

Application type	Target	% completed within target
Applications for initial registration	Finalised* within 6 months	65.0%
Applications to renew registration	Finalised* within 6 months	96.0%
Change-of-scope applications with audit	Finalised* within 6 months	42.7%
Change-of-scope applications without audit	Finalised* within 1 month	84.6%

* ‘Finalised’ means that ASQA has made a decision and advised the applicant (not that any review process has been completed)

³ It should be noted that these targets apply where applications submitted are complete and fully compliant. Where an applicant submits an incomplete application and/or is unable to meet the standards, these targets do not apply, as additional time is required for the provider to resubmit the application and/or undertake a rectification.



Figure 2 shows the number of applications ASQA has received and completed over the last five financial years.

Figure 2: Applications received and completed by ASQA, 2012-13 to 2016-17

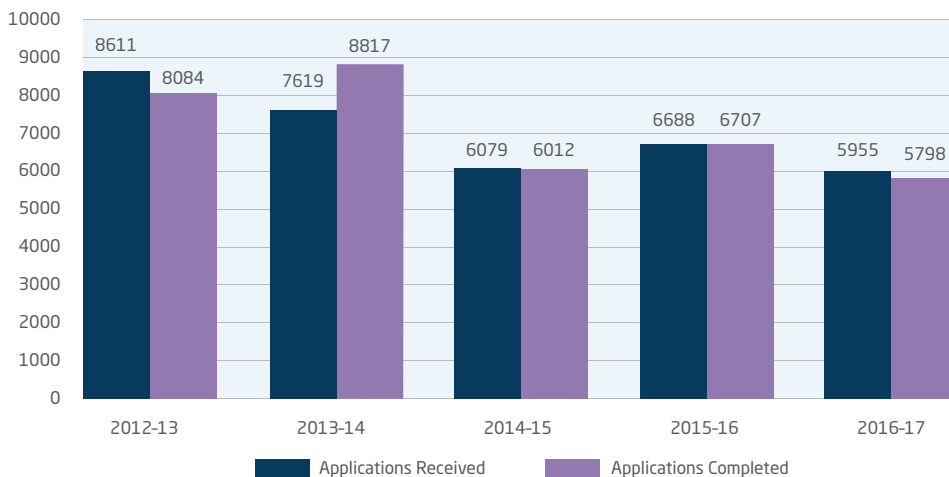
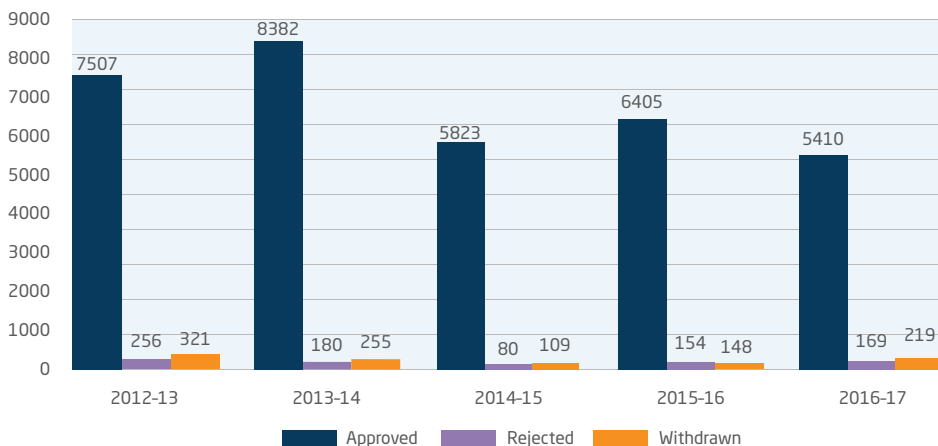


Figure 3 shows the outcomes of applications submitted to ASQA for each of the last five financial years. Applications may be withdrawn by the applicant during the application process.

Figure 3: Outcomes of applications submitted to ASQA, 2012-13 to 2016-17



ASQA application processes: Factors influencing timeframes

A range of factors have affected timeframes for ASQA’s application and audit processes during 2016-17. Foremost among these factors is the maturing of ASQA’s risk intelligence as a trigger for audit activities, which has seen audit activities better targeted toward providers with potential non-compliance issues. As such, where audit activities result from an application to renew registration or change-of-scope application, these are now triggered by significant concerns about a provider (with the exception of applications for initial registration, where an audit is standard). Given this, the audit is likely to be more complex and take longer to finalise.



Other operational factors that contributed to increased timeframes in 2016–17 included:

- problems with the implementation of ASQA's core information technology business systems, which meant that anticipated efficiencies were not realised and were then compounded by a reduced resource base
- ASQA's completion of a significant number of highly resource-intensive audit activities this year, specifically:
 - audits of training and education (TAE) training product applications
 - the series of compliance audits of providers approved for VET FEE-HELP
 - increased numbers of adverse regulatory decisions (i.e. cancellation or suspension of provider registration), leading to increasing numbers of Administrative Appeals Tribunal (AAT) reviews, which have a negative impact on availability of auditors.
- a higher number of audit activities completed overall
- transition to the student-centred audit approach (which has required a significant time commitment for auditor induction and training).

A further factor contributing to these increased timeframes has been limited auditor resources. ASQA has been carrying high numbers of vacancies across audit teams through 2016–17. These vacancies have resulted from challenges in recruiting appropriately skilled and knowledgeable staff to complete the required audit activity. ASQA has been able to recruit a number of new staff in this area in the early part of 2017-18.

Respond to concerns about providers

KPI 4—ASQA undertakes audits of providers

ASQA completed 1632 audit activities in the 2016–17 reporting year, more than in any other reporting year since its establishment; however, this number has been boosted by the inclusion of a new audit activity type, 'complaint evidence analysis', in audit figures for 2016–17 (for more information, refer to purpose 2, KPI 7).

While changes to reporting mechanisms have contributed to this figure, the significant amount of audit activity completed this year also reflects a number of other factors, including the high numbers of initial registration applications received in both 2015–16 and 2016–17 as well as the high number of complaints about RTOs received in these periods (i.e. 2350 in 2015–16 and 2180 in 2016–17).

Every application for initial registration from a provider entering the VET market requires an audit as well as a post-initial audit. The high numbers of initial registration applications received over the past two years have therefore required ASQA to undertake a significant number of initial and post-initial audits this year.

Given the many factors at play, ASQA expects that audit completion figures will continue to fluctuate over the forward period.



Table 6: Total number of audit activities finalised by year, 2012-13 to 2016-17

	2012-13	2013-14	2014-15	2015-16	2016-17
Completed audit activities	1364	1515	1399	1174	1632*

* Includes 222 'complaint evidence analysis' audits. (For more information, refer to purpose 2, KPI 7)

KPI 5—ASQA regulatory processes are timely

While 2016-17 has seen ASQA continue to manage a large number of applications and apply its risk-based approach to its regulatory work, there has been an increase in the average times taken to complete audit reports and provide these to the training organisation.

A number of factors have contributed to this increase, including:

- increased scrutiny of certain kinds of audit activities (e.g. audits associated with applications for initial registration and applications to add the critical training and assessment qualifications to scope of registration)
- the complex nature of certain kinds of audit activities associated with ASQA's strategic risk projects (e.g. audits targeting RTOs approved to offer VET FEE-HELP and audits related to AAT appeals)
- policy changes that have shifted the timeframes within which ASQA provides compliance audit reports to non-compliant providers
- the initial implementation of a new online registration and application management system in September 2016.

These increased timeframes have also been compounded by the limited auditor resources discussed in the response to the previous KPI.

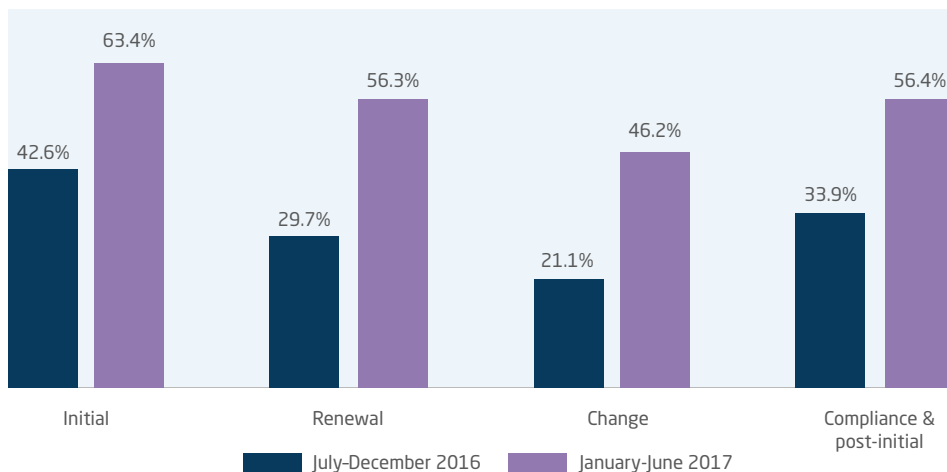
Table 7: Percentage of audit reports provided within target timeframe in the ASQA performance standards, 2013-14 to 2016-17

Audit type	Target	% reports provided within target*			
		2013-14	2014-15	2015-16	2016-17
Initial application	Interim audit report within 30 calendar days of the last day of the site visit	82.9%	77.1%	89.7%	50.9%
Renewal application		76.0%	79.9%	78.4%	37.7%
Change-of-scope application		75.8%	89.8%	83.3%	31.6%
Compliance monitoring, including post-initial		75.7%	78.5%	70.2%	41.8%

* This target includes when the training organisation is first provided an audit report, because in some instances, the audit report provided finalises the audit. A modification of this measure is being considered to ensure clarity.

ASQA took action to address concerns with audit report timeframes in the second half of the 2016-17 reporting year, as shown in Figure 4.

Figure 4: Percentage of audit reports completed within 30 days of audit, July-December 2016 and January-June 2017



The improvements shown in Figure 4 resulted from actions taken by ASQA to address the unsatisfactory performance, including:

- addressing reporting issues resulting from the initial deployment of the revised version of asqanet
- changes to how audit activities are allocated to auditors, ensuring workloads are appropriate to permit timely reporting of audits.

In 2017-18 ASQA aims to take further action to address this issue by:

- introducing a streamlined audit reporting process which uses an 'exceptions-based' reporting model
- utilising new audit reporting technology (from late 2017)
- updating ASQA's service standards to better reflect operational and policy shifts.

KPI 6—Performance levels of provider compliance increases over time

Since 2013, ASQA has consistently found that only one in four providers complies with the required standards in full at the time of audit, with the remaining three in four providers demonstrating at least one non-compliance.

Reflecting the introduction of the new standards during the 2014-15 financial year, 2015-16 saw a slight decrease in the level of compliance at the time of audit. This year's figure has returned to a level consistent with 2013-14 and 2014-15. However, this figure includes providers that show minor non-compliance at audit—including some high-performing providers that have minor issues that are easily rectified.

Table 8 shows levels of provider non-compliance both 'at the time of audit' and 'after rectification'. Where ASQA finds non-compliance at audit, in most cases the provider has the opportunity to rectify the non-compliance and provide ASQA with additional evidence showing that they can meet the required standards.



Table 8: Percentage of non-compliant providers at the time of audit and following rectification, by year, 2013-14 to 2016-17

	At the time of audit				After rectification			
	2013-14 <i>(old standards)</i>	2014-15 <i>(old standards)</i>	2015-16 <i>(new standards)</i>	2016-17 (new standards)	2013-14 <i>(old standards)</i>	2014-15 <i>(old standards)</i>	2015-16 <i>(new standards)</i>	2016-17 (new standards)
At least one non-compliance	76.1%	75.3%	81.8%	74.2%	22.2%	17.6%	29.1%	46.6%

Of the audited providers that completed a rectification process in 2016-17, 46.6 per cent were found to remain non-compliant with the required standards afterward. This is an increase compared to 2015-16, when only 29.1 per cent of audited providers remained non-compliant afterward.

The 'after rectification' figure is a more meaningful indicator for ASQA than the level of non-compliance at the time of audit, as it points to a more sustained inability to meet the standards. This increase in the amount of non-compliance found at audit indicates that:

- ASQA is more effectively identifying, through its risk intelligence, providers that are fundamentally unable to meet the required standards
- ASQA's student-centred audit model, which focuses on evidence of RTO practices and behaviour, is contributing to ASQA identifying greater levels of sustained or significant non-compliance (non-compliance that cannot be easily rectified).

During 2016-17, non-mandatory rectification periods (i.e. opportunities for providers to provide additional evidence to show that they are meeting the required standards) were removed from the audit process. This is also likely to have contributed to higher levels of non-compliance.

During 2016-17 ASQA completed a greater number of non-application-based audit activities (see purpose 2, KPI 7). These are much more likely to result in non-compliant outcomes, as ASQA is auditing these providers as a result of concerns about that provider rather than in response to an application. This is shown in Table 9. Nearly 60 per cent of providers that underwent a non-application-based audit were still non-compliant after the opportunity to complete rectification.

Table 9: Percentage of non-compliant providers at the time of audit and following rectification, application-based and non-application-based audit activities, 2016-17

Audit activities finalised in 2016-17	At the time of audit	After rectification
Application-based audit activities where ASQA found at least one non-compliance	71.3%	42.6%
Non-application-based audit activities where ASQA found at least one non-compliance	83.5%	59.1%

ASQA expects that on average, the percentage of providers found non-compliant at audit will continue to increase, as the number and percentage of non-application-based audit activities increases. Over the longer term, once the percentage of non-application-based audits levels out, it is likely that the number of non-compliant providers at audit/after rectification will begin decreasing, as the effects of ASQA removing poor-quality providers from the sector become more evident.



The high levels of sustained non-compliance found through ASQA's increasingly targeted audit program have led to a corresponding increase in the number of adverse regulatory decisions made this year. These decisions apply a range of regulatory responses to address non-compliance at different levels. Where non-compliance is significant and/or sustained, the regulatory response may be cancellation of registration. As such, the high levels of non-compliance identified this year have contributed to a higher number of providers being removed from the sector (as well as to an increase in the application of other lesser regulatory sanctions where the non-compliance is not as significant). This is discussed in the reporting on KPI 7.

Taking decisive action

KPI 7—ASQA uses a range of appropriate regulatory tools, proportionate to the seriousness of breaches

As ASQA continually improves how it identifies and targets providers of concern – as discussed in the reporting on purpose 2 – increasingly high numbers of breaches of the required standards are being identified. ASQA applies a range of regulatory tools to deal with breaches of the required standards at different levels, as shown in Table 10.

For example, during 2016–17, ASQA has refined how it responds to non-compliance that is considered minor, and may issue a 'written direction' where this occurs. (A provider may be issued with a written direction requiring it to address the non-compliances within a specified period, and retain evidence that this has occurred. ASQA will then examine the RTO's compliance with the written direction at a future audit and/or during other regulatory activity.)

The increase in written directions issued demonstrates ASQA's application of a proportionate response to a less serious breach of the standards. This issuance of written directions resolves minor issues without using significant ASQA resources, which can be more effectively used to address more significant concerns. Written directions are often applied where a provider is demonstrating non-compliance with some requirements but overall is not (at this stage) demonstrating non-compliance that is serious enough to require being removed from the market. However, where audit findings indicate serious concerns about a provider's ability to deliver quality training and assessment, ASQA takes action to apply more serious regulatory responses. In the most serious cases, where the provider is significantly non-compliant, ASQA may take action including suspension or seeking to remove these providers from the market (i.e. cancelling registration).

Cancellation seeks to remove poor-quality providers and those not interested in the delivery of quality training and assessment from the sector. Suspensions are most typically used where ASQA has concerns about some parts of a provider's delivery, or where the provider has failed to meet obligations such as fee payment or data submission.

In total, ASQA has cancelled or refused to renew the registration of around 500 providers since 2011. This year has seen an 81 per cent increase in the number of cancellations, from 69 in 2015–16 to 125 in 2016–17, as well as a more-than-270 per cent increase in suspensions, from 15 in 2015–16 to 56 in 2016–17.

A range of factors have contributed to this significant increase, including:

- ASQA has undertaken a greater proportion of non-application-based audit activities—these audit activities are based on intelligence and risk profiling and as such are more effectively targeted at providers that are not meeting the required standards. As a result these audit activities are more likely to lead to an adverse decision.



- Similarly, the introduction of the revised audit model has allowed ASQA to focus on evidence of RTO practices and behaviour at audit, and through this to effectively identify greater levels of sustained or significant non-compliance.
- ASQA has also taken a more forceful stance on providers' failure to meet their other regulatory obligations, including fee payment and data submission.

Table 10: Application of regulatory tools to address provider breaches, 2012-13 to 2016-17

	2012-13	2013-14	2014-15	2015-16	2016-17
Regulatory sanctions					
Cancellations	34	25	27	69	125
Suspensions	31	49	54	15	56
Written directions	11	11	15	24	98
Investigation and enforcement					
Infringement notices, civil penalties & criminal prosecutions	NA	NA	1	7	33*

*Of these, 24 infringement notices related to one provider.

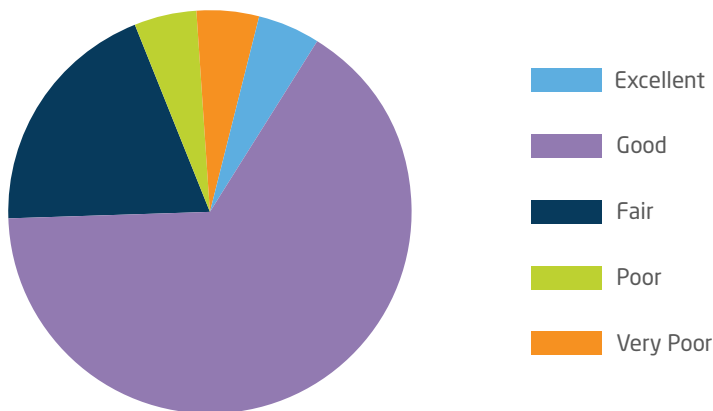
ASQA has also used a number of enforcement strategies during the reporting period to respond to a range of situations—including infringement notices, enforceable undertakings, criminal/civil prosecutions, and use of coercive powers and warrants. These enforcement actions are not used without careful consideration; for the most part, ASQA prefers to utilise a cooperative approach in ensuring that providers adhere to the relevant standards and legislation.

KPI 8—ASQA applies appropriate and proportionate sanctions for non-compliant organisations within its jurisdiction

In the *ASQA provider/stakeholder survey 2016-17*, stakeholders were asked to rank ASQA's performance (from 'excellent' to 'very poor') against the statement 'ASQA applies proportional and appropriate sanctions for non-compliant organisations within its jurisdiction'. Just over 30 per cent of respondents provided a response of 'Don't know'. However, of those who provided a rating, 67.1 per cent indicated that ASQA's performance was either 'excellent' or 'very good'. ASQA's target for this indicator is 70 per cent, and there is clearly capacity for further improvement in stakeholder perceptions of ASQA's application of sanctions.

In 2016-17 ASQA increased communication with providers and stakeholders in relation to the action taken against non-compliant providers, including by publishing information on regulatory decisions as soon as decisions are made (see KPI 9) and by publishing regular updates on recent decisions. ASQA expects to further improve results against this indicator in future years as a result of this change, as well as strategies for improving how stakeholders are informed about regulatory activity that relates to their organisations, which commenced during 2017-18.

Figure 5: Stakeholder rating of ASQA's performance in relation to the application of proportionate and appropriate sanctions



Strengthening regulation

KPI 9—ASQA progresses strategies to strengthen regulation

During 2016–17, ASQA completed or progressed the following strategies to strengthen its regulatory capacity.

Publishing adverse regulatory decisions earlier

ASQA publishes information about certain regulatory decisions it makes, in order to:

- assist students and potential students to make informed decisions about choosing a provider
- provide industry, government and the public with accurate information on ASQA's regulatory activity.

Decisions made before 1 July 2016 were not published until the provider had exhausted its rights of review in relation to the decision (except if ASQA's Commissioners deemed there was a public interest served by earlier publication).

On 1 July 2016, ASQA changed the timing of the publication of its regulatory decisions to better meet the above objectives. ASQA now publishes information about decisions, including their date of effect, shortly after these decisions are made (that is, before review periods available to the provider are exhausted). ASQA also publishes information about review processes that remain available to a provider, and updates on the status of decisions during any review process.

Removing non-mandatory rectification periods from the audit process

From 1 August 2016, ASQA implemented a range of measures to streamline the audit process. When considering a compliance audit report, if the audit has identified a non-compliance with statutory requirements, ASQA may either issue the RTO with a 'notice of intent to impose administrative sanction'; issue the RTO with a written direction, requiring it to take a certain action; or (in exceptional circumstances) impose one or more sanctions on the RTO without prior notice.

Prior to 1 August 2016, where an RTO was found non-compliant at a compliance audit, in most instances ASQA allowed the RTO an opportunity to respond before deciding to issue a notice of intent.



From 1 August 2016, if a compliance audit identified highly concerning non-compliances, the RTO may be issued with a 'notice of intent to impose administrative sanction' without the earlier opportunity to submit rectification evidence. The RTO may then have a period of up to 20 working days to respond to the notice and submit any rectification evidence before a decision is made.

The measures allowed ASQA to simplify regulatory processes for the majority of RTOs, while more effectively and more quickly responding to the small percentage of providers that consistently exhibit poor outcomes, practices and behaviours.

Establishing bilateral working groups with state/territory VET funding bodies

ASQA has agreements in place with all state and territory government agencies with VET responsibilities to provide a mechanism for sharing information and intelligence. Over the past year, strategies have been implemented to strengthen relationships with government funding bodies through:

- establishing new communication protocols with each state and territory (which broaden the range of information exchanged)
- regular meetings of senior officials and inter-agency working groups to identify, investigate and coordinate actions against poor-performing RTOs.

The effective sharing of information with jurisdictions at the earliest opportunity is enabling swift and appropriate action to be taken by both ASQA and VET funding agencies to protect VET consumers.

Investigating ways of improving the range and effectiveness of ASQA's enforcement tools

During the reporting period, ASQA began working with the Australian Government Department of Education and Training (DET) to expand its existing civil penalty regime in order to allow the regulator to seek civil penalties for serious breaches of the conditions for RTO registration.

At present, only administrative sanctions (such as suspension or cancellation of registration) are available for breaches of one component of the registration conditions, namely the *Standards for RTOs 2015* (Standards for RTOs), unless the nature of the breach contravenes civil penalty provisions contained in Part 6, Division 1 of the PGPA Act.

Any expansion of the civil penalty regime will be accompanied by a governance regime and policy guidelines to direct when civil penalty action might be taken, and advice to the sector on the circumstances in which ASQA expects to seek such penalties, to ensure transparency.

Developing metrics for student outcomes

Concerns about poor student outcomes, especially low completion rates, are an ongoing issue in VET.

While the Standards for RTOs do not currently establish any benchmarks for student outcomes, the establishment of total VET activity data reporting means that some work in this area might be feasible. ASQA, along with other government entities, is giving consideration to the development of new measures for VET qualification completion rates and a suite of indicators that provide a more accurate picture of student progression through the VET system. This work is ongoing.

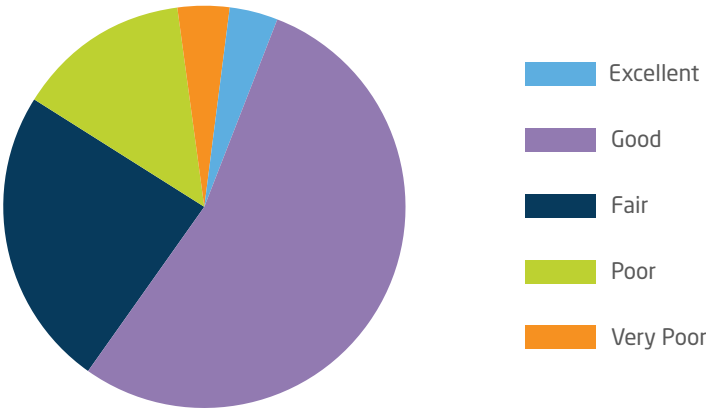


Global metric—ASQA’s contribution to quality

KPI 10—Stakeholders indicate they believe ASQA is improving the quality of VET outcomes in Australia

In the *ASQA provider/stakeholder survey 2016-17*, stakeholders were asked to rate ASQA’s performance (from ‘excellent’ to ‘very poor’) against the statement ‘ASQA is improving the quality of VET outcomes in Australia’. Some 10 per cent of respondents provided a response of ‘Don’t know’. However, of those who provided a rating, 58 per cent indicated that they felt ASQA’s performance in this area was ‘excellent’ or ‘good’. A further 24 per cent indicated that they felt ASQA’s performance was ‘fair’. ASQA is seeking to improve these results in 2017-18; the strategy for addressing these results is discussed in the analysis of performance against purpose 1.

Figure 6: Stakeholder rating on ASQA’s contribution to improving the quality of VET outcomes in Australia, 2016-17





Analysis—ASQA’s performance against purpose 1

In protecting the quality and reputation of the VET sector, ASQA’s primary focus is the efficient functioning of its core regulatory activities, which are to:

- manage provider registration
- respond proportionately to providers of concern
- take decisive action against those who consistently fail to fulfil their regulatory obligations.

ASQA has undertaken effective and visible action toward further protecting the quality of the sector in 2016–17. The most obvious indicator of this is the sharp increase in the number of adverse regulatory decisions, including those leading to the application of regulatory sanctions during the reporting year.

ASQA applies a range of regulatory tools, proportionate to how seriously a provider has breached the required standards. For lesser non-compliance, these regulatory tools may include written notices or conditions on registration.

Where concerns are significant these sanctions can include both cancellation and suspension of provider registration. Cancellation aims to remove poor-quality providers and those not interested in the delivery of quality training and assessment from the sector. In total, ASQA has cancelled or refused to renew the registration of around 500 providers since 2011. This year has seen an 81 per cent increase in the number of cancellations, from 69 in 2015–16 to 125 in 2016–17.

In addition, in 2016–17 ASQA increased the number of suspensions by more than 270 per cent—from 15 in 2015–16 to 56 in 2016–17. Suspensions are most typically used where ASQA has concerns about some parts of a provider’s delivery (or where the provider has failed to meet obligations such as fee payment or data submission) but where the breach is not yet considered serious enough for ASQA to remove the provider from the sector permanently.

This significant increase in adverse regulatory decisions reflects ASQA’s more effective targeting of providers of concern. ASQA’s risk model has matured—as discussed in relation to purpose 2—and ASQA has undertaken a greater proportion of non-application-based audit activities this year than in any previous year. ASQA’s ‘audit mix’ (the proportion of audit activities that are related and not related to applications) has changed significantly over time. At the time of ASQA’s establishment in 2011–12, only 10 per cent of audit activities did not relate to an application. Following the maturation of ASQA’s audit approach, this year more than 56 per cent of audit activities were non-application-based.

This change in the audit mix to prioritise non-application-based audit activities—which are based on intelligence and risk profiling—has allowed ASQA to more effectively target those providers that are not delivering quality training and assessment. In turn, this has contributed to the substantial increase in adverse regulatory decisions in 2016–17. The marked growth in the number of adverse regulatory decisions in 2016–17 is also partially attributable to providers not meeting their data reporting requirements or paying required fees.

It should also be noted that the misuse of the DET’s VET FEE-HELP scheme has had a significant effect on the reputation of the VET sector. While only a small proportion of providers were involved in this behaviour, these providers have had a disproportionate impact on the sector’s reputation. This impact is evident in stakeholders’—i.e. government and industry stakeholders’—perception of ASQA’s contribution to quality. In 2017–18, ASQA is seeking to enhance the understanding of ASQA’s contribution to quality in the sector through increasing engagement with a range of stakeholders. ASQA’s communication activity for 2017–18 will also include strategies to support improved community understanding of the overall high quality of Australia’s VET sector over the medium term.



The maturation of ASQA's risk approach has also contributed to how ASQA has protected the quality of the VET sector this year. ASQA's identification of provider and systemic risks, including through its environmental scanning process, allows the regulator to flag applicants and providers of concern. Through its risk intelligence work, ASQA is able to effectively target poor-quality providers, and this is evident in the significant increase in adverse regulatory decisions this year (see purpose 1, KPI 7). These risk processes also allow ASQA to effectively identify applicants seeking to enter the sector that do not have the capacity or the intention to deliver training and assessment to the required standard, and to reject applications from these organisations. ASQA's risk processes are discussed in detail under purpose 2.

As well as seeking to address poor-quality providers by requiring them to remediate harm to students or to be subject to regulatory sanctions (including potentially being removed from the sector where concerns are significant), ASQA also seeks to protect quality in VET by providing information and advice to high-performing providers to assist them to deliver training and assessment that meets the required quality standards. This is discussed further under purpose 3.



Purpose 2—Regulate the VET sector utilising a contemporary, risk-based and standards-based regulatory approach

In achieving purpose 2, ASQA's focus over the reporting period has been maturing its regulatory risk framework. This includes ongoing environmental scanning to identify systemic risks in the sector; announcing priorities through its regulatory strategy; and implementing a range of systemic risk projects, including strategic reviews to address priority risks.

Performance criteria

1. Publish/communicate the regulatory risk framework
2. Identify risks in the sector
3. Announce priority risks in annual regulatory strategy
4. Address priority risks
5. Undertake strategic reviews
6. Global metric—Risk-based regulation

Criterion source

- *ASQA Corporate Plan 2016-17*
- 2016-17 Portfolio Budget Statement: Program 1.1 (criterion 6 only)


Results against performance criteria

Publish/communicate the regulatory risk framework

KPI 1—ASQA's implementation of the regulatory risk framework is published and effectively communicated

ASQA's regulatory risk framework was published in early 2016, and outlined how addressing risk on two levels—that is, addressing both 'systemic risk' and 'provider risk'—is a central component of ASQA's regulatory approach. In 2016-17, ASQA has ensured providers and other relevant stakeholders are aware of how the framework is being implemented by communicating information about key risk projects:

- In 2016-17, ASQA continued to mature the implementation of its regulatory risk framework by replacing provider 'risk ratings' with 'provider profiles'. While risk ratings are often used in transactional regulatory models—where regulation focuses largely on assessing applications for approval—ASQA's approach is now more nuanced. Each provider's profile draws on broad variety of information and data sources to allow ASQA to make judgements about the risk posed by a provider at any time. One key input to the profile is the provider's 'compliance history', which is an indicator of a provider's track record of complying with regulatory obligations.
- As part of implementing the transition from risk ratings to provider profiles, ASQA undertook an email campaign that included contacting providers and providing a fact sheet, responses to frequently asked questions, and instructions on accessing their compliance history information. ASQA communicated this development through a range of channels, including its website and training provider briefing sessions.

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- The development and implementation of the student-centred audit approach has also supported the regulatory risk framework. This revised approach to audit reflects ASQA's risk-based regulation and allows ASQA to customise audit activities based on a range of inputs about the level of risk posed by a provider. ASQA commenced a detailed program of communication to introduce the updated audit approach to the sector, including at training provider briefing sessions, webinars and presentations to key stakeholder groups, as well as through providing a range of online resources (including fact sheets, FAQs, and video content).

Identify risks in the sector

KPI 2—ASQA's annual environmental scanning activities are published and effectively communicated

In managing systemic risk, ASQA undertakes an annual environmental scan (e-scan) drawing on the views of key stakeholders, internal regulatory data, and other external data to understand risks in the VET sector, supplemented by a mid-year review to identify any emerging risks. The information in the e-scan helps ASQA to determine where and how to target its regulatory efforts. The most significant of these risks are prioritised for treatment and communicated to the sector in ASQA's annual regulatory strategy. This e-scan identifies systemic concerns, problematic training products, and standards that providers may not be meeting.

As the e-scan includes detailed intelligence on areas that are likely to be targeted for regulatory action, ASQA does not publish the full report. Rather, ASQA communicates with relevant bodies about applicable aspects of the e-scan. This includes providing a full copy of the report to agencies with legislative authority for aspects of the VET sector—for example, state training authorities (STAs) and DET. Sharing risks identified in the e-scan with national, state and territory VET bodies assists ASQA in promoting a collaborative approach to addressing systemic risks in the VET sector.

ASQA published a summary of e-scan activities and the resulting priority systemic concerns on www.asqa.gov.au in the *Regulatory strategy 2016–17*. During 2016–17, this information was also discussed in provider briefing sessions and other ASQA presentations.

Announce priority risks in annual regulatory strategy, and Address priority risks

KPI 3—ASQA's announces regulatory strategy annually

KPI 4—ASQA addresses priority risks

In April 2016, ASQA announced its priority risks in the *Regulatory strategy 2016–17*. This first annual regulatory strategy has a longer implementation period, and covered the full 2016–17 financial year.

The priority risks were categorised into target areas and regulatory initiatives. Action taken by ASQA during 2016–17 towards addressing the three target areas and three regulatory initiatives is shown in Table 11.



Table 11: ASQA actions to address priority risks identified in regulatory strategy 2016-17

Priority risk	How ASQA addressed this risk during 2016-17
Target areas	
Learner protection	<p>ASQA completed a range of activity in relation to learner protection during 2016-17. This included:</p> <ul style="list-style-type: none"> • Focusing on learner protection as a key driver for the development of the student-centred audit approach, which was implemented during the reporting period. ASQA’s audit approach now focuses on students’ experience at each stage of their journey through the VET sector, including marketing and recruitment. When undertaking audit activities, ASQA seeks direct student input through surveys and interviews. • Contribution to the review and implementation of the VET Student Loans program, which replaces DET’s VET FEE-HELP program. DET’s revised program increases learner protection through a more stringent assessment of potential providers and a stronger compliance regime. The new program also ensures greater control and oversight of the growth in provider access to student loans. • Increased coordination with consumer protection agencies—ASQA has worked closely with DET and the Australian Competition and Consumer Commission (ACCC) to ensure regulatory efforts are coordinated when addressing concerns about providers where these may have significant impacts on learners. This coordination is essential in cases where issues with an RTO are wholly or partially outside ASQA’s legislative remit. • Completion of the VET FEE-HELP regulatory strategy (discussed in detail under purpose 2, KPI 5).
Amount of training	<p>ASQA sought to address this major concern through the strategic review <i>A review of issues related to unduly short training</i>. Refer to purpose 2, KPI 5 for more information.</p>
Capability of trainers and assessors	<p>In April 2016, the Australian Industry and Skills Committee (AISC) announced the introduction of an updated TAE training package, including a new Certificate IV in Training and Assessment with higher standards for trainers and assessors across the VET workforce.</p> <p>In recognition of the critical role that these qualifications play in supporting VET workforce quality, ASQA has applied increased scrutiny to all providers seeking to add TAE training products through the TAE implementation project. This has involved placing additional requirements on providers seeking to add these training products, and requiring providers applying for these qualifications to undergo additional assessment, and in most cases, an audit.</p> <p>This increased scrutiny of providers delivering TAE qualifications will contribute, over time, to higher standards for trainers and assessors in the VET sector.</p>



Priority risk	How ASQA addressed this risk during 2016-17
Initiatives	
<p>Strengthening collaboration and coordinating responses with state, territory and Australian Government funding, regulatory and program agencies</p>	<p>The complexity of systemic risk often means that ASQA is unable to fully address issues that do not fall within its legislative remit, and collaboration with other relevant agencies is required.</p> <p>In 2016–17 ASQA has strengthened collaboration with a range of government regulatory agencies. Collaboration and coordinated responses were pivotal to ASQA's strategic review work, particularly in the VET FEE-HELP work discussed under KPI 5.</p>
<p>Continuing to work with its industry partners and other regulators to implement the recommendations from its strategic reviews</p>	
<p>Developing an enhanced regulatory approach that utilises a broader suite of regulatory tools to deal with providers</p>	<p>At the end of 2016 ASQA launched the first stage of implementation for the student-centred audit approach. This new audit approach utilises a broad suite of enhanced regulatory tools developed by ASQA including:</p> <ul style="list-style-type: none">• an expanded range of predictive risk tools to inform risk-based audit selection and scoping• new student input tools (e.g. surveys, interviews and focus groups) to maximise student input. <p>In addition, ASQA has refined how it responds to non-compliance that is considered minor. In some cases, a provider may be issued with a written direction. The direction requires the provider to address the non-compliances within a specified period, and retain evidence that this has occurred. ASQA will examine the RTO's compliance with the written direction at a future audit and/or during other regulatory activity.</p> <p>The increase in written directions issued reflects ASQA taking a more proportionate response to minor non-compliance. This issuance of written directions resolves minor issues without using significant ASQA resources which can be more effectively used to address more significant concerns.</p>



Undertake strategic reviews

KPI 5—ASQA undertakes strategic reviews of identified risk areas

In regulating Australia's vocational education sector, ASQA continually assesses risks presented by providers, courses, qualifications and the VET system. Where systemic risks are identified, ASQA seeks to prevent damage to the VET sector by undertaking strategic reviews of these training areas or issues. In 2016–17, ASQA completed two strategic reviews, focused on the issues of amount of training (specifically, courses delivered in excessively short timeframes) and learner protection (in relation to providers approved to deliver courses to students funded under the DET's VET FEE-HELP scheme).

Amount of training

During 2016–17, ASQA completed a review of VET course duration and published the report *A review of issues related to unduly short training*.

This review was established in response to ASQA's increasing concerns about the incidence of unduly short training in VET. Both through previous strategic reviews and core regulatory work, ASQA had become aware of significant numbers of training courses being advertised and delivered in timeframes well below those required by the Australian Qualifications Framework (AQF). These excessively short training timeframes may prevent learners from gaining the skills and knowledge required and this is a key risk across the VET sector.

In response to these concerns, ASQA undertook a comprehensive review of how course duration is advertised in the sector, and how Australia's regulatory system for managing course duration compares with those of other countries.

The report made three broad recommendations to address the issues identified:

- that the Standards for RTOs be amended to include a definition of the 'amount of training' that focuses on supervised learning
- that training package developers be able to set a mandatory amount of training where there is a persistent risk of unduly short training
- that RTOs be required to publish user-friendly and concise product disclosure statements for each training product on their scope of registration that includes the amount of training—in order to empower consumers to make more informed choices and help protect the overall quality of the VET system.

ASQA will work with relevant organisations to progress these recommendations during 2017-18.

Learner protection

ASQA completed its 2016 VET FEE-HELP regulatory strategy, which was developed in consultation with the DET. The strategy sought to support a targeted response to VET FEE-HELP approved providers exhibiting behaviours of serious concern in relation to their obligations under the VET Quality Framework.

As part of this strategy, ASQA audited 26 RTOs to assess demonstrated practices and compliance with the VET Quality Framework, including compliance with DET's VET FEE-HELP scheme where relevant to the Standards for RTOs.



ASQA's role in responding to the risks arising from the VET FEE-HELP program has been extensive, with the regulatory work involving significant data-gathering focused on the student experience across a typical student's training lifecycle—from recruitment and enrolment, to training and assessment, to course completion.

As at 30 June 2017, ASQA had completed the following activities for the 2016 VET FEE-HELP regulatory project:

- taken final regulatory decisions to impose an administrative sanction to:
 - cancel the registration of nine RTOs
 - allow the withdrawal of registration of two RTOs
 - remove a number of VET FEE-HELP eligible qualifications from the scope of registration of one RTO
 - suspend the registration to deliver VET FEE-HELP eligible qualifications for two RTOs.
- taken final regulatory decisions to issue a written direction to two RTOs
- taken final regulatory decisions not to impose an administrative sanction on seven RTOs based on their demonstrated compliance with the VET Quality Framework
- undertaken comprehensive regulatory scrutiny of a further three RTOs with final decisions yet to be taken.

As part of the 2016 VET FEE-HELP regulatory strategy, ASQA also contributed to a number of other activities aimed at providing greater protection for students receiving student loans.

Throughout 2016, ASQA was a secondary subject of an independent performance audit by the Australian National Audit Office (ANAO) titled *Administration of the VET FEE-HELP Scheme* (published 20 December 2016). The objective of the audit was to assess the effectiveness of the design and administration of the VET FEE-HELP scheme. ASQA welcomed the audit of the scheme and its findings which documented the roles and responsibilities of the DET, ASQA and the ACCC.

ASQA has also contributed to the review and implementation of the VET Student Loans program, which replaced the VET FEE-HELP scheme on 1 January 2017. ASQA welcomes the replacement program which provides better protection for students through a more stringent assessment of potential providers and a stronger compliance regime. The new program also ensures greater control and oversight of the growth in provider access to student loans. ASQA and the DET have entered into a revised memorandum of understanding to reflect the transition to the VET Student Loans program and how to operationalise ASQA's future involvement in this program.

Global metric—Risk-based regulation

KPI 6—ASQA's risk model leads to a more comprehensive and nuanced understanding of provider risk

As discussed under KPI 4, ASQA manages risks to the quality of the VET sector at both the systemic level and the provider level. During 2016–17, ASQA has continued to increase the number of mechanisms used to identify and assess provider risk, and to refine how these mechanisms are used.



The primary activity ASQA has undertaken in this area during 2016–17 has been refining and enhancing the ‘provider profiling’ mechanism. ASQA introduced the provider profile in early 2016, replacing the earlier ‘risk rating’. Under the provider profiling system, each provider’s profile is nuanced and dynamic, reflecting a range of data sources; this information does not translate into a single score or rating. Rather, this system allows a detailed profile for each provider, which includes a set of risk indicators.

Over 2016–17, ASQA:

- strengthened information-sharing arrangements with other agencies to increase ASQA’s visibility of each provider’s operations
- combined all regulatory information about a provider in one central location (e.g. compliance at audit, complaints, reports from stakeholders, applications, compliance with reporting obligations, payments to ASQA)
- broadened the range of risk and information indicators used to identify providers of interest in various contexts
- commenced using provider profiles to inform the scope of audit activities under the student-centred audit model.

The provider profile is used by ASQA to inform a range of regulatory activities and decisions (e.g. when assessing applications, complaints and findings of non-compliance). The profile enables ASQA to respond proportionately to the risk a provider presents and the circumstances of each case.

KPI 7—ASQA moves to a risk-based model of regulation

ASQA continues to move from largely transaction-based regulation (where most regulatory action is triggered by an application) to more risk-based regulation (where regulation is targeted at high-risk areas through audit activities triggered by data and intelligence).

While ASQA has been continually increasing its risk focus since establishment, 2016–17 has seen noteworthy progress in this area. As shown in Table 11, ASQA undertook 504 more non-application-based audit activities in 2016–17 than in the previous reporting period—an increase of 121 per cent. However, some of this increase can be attributed to the inclusion of a new category of audit activity (‘complaint evidence review’) in the figures for non-application-based audit activities. A complaint evidence review is a desk-based audit that is triggered by a complaint or complaints about a provider. ASQA commenced undertaking this type of audit activity in 2015 but did not report on these audit activities in the previous year. ASQA completed 222 complaint evidence review audit activities in 2016–17.

Despite the addition of this new category, ASQA has still significantly increased the number and proportion of non-application-based audit activities compared to previous years. The number of these audit activities reflects ASQA’s increased focus on targeting providers where data and intelligence indicates cause for concern. The number of audit activities also reflects a more proportionate and targeted approach to audit where the nature and scale of the audit activity is proportionate to the provider and the case. As expected, the increase in audit activities corresponds with an increase in the amount of adverse regulatory action taken against providers overall in 2016–17 (see purpose 1, KPI 7). This trend is indicative of a more efficient use of ASQA’s audit resources.



Table 12: A percentage of application-based and non-application-based audit activities by year, 2012-13 to 2016-17

	2012-13	2013-14	2014-15	2015-16	2016-17
Number of application based-audit activities	1129	1104	867	759	713
Number of non-application based audit activities	235	411	532	415	919 * †
Total number of audit activities	1364	1515	1399	1174	1632
Percentage of audit activities that were non-application-based	17.2%	27.1%	38.0%	35.3%	56.3%

* Includes 274 post-initial audits, which do not determine the outcome of an application but must be completed within two years of a provider's initial registration.

† Includes 222 complaint evidence review audits.

Analysis—ASQA’s performance against purpose 2

In 2016-17, the effects of ASQA's maturing risk approach have become apparent as a number of ongoing projects have contributed to the growing effectiveness of ASQA's risk model.

In particular, this year has seen ASQA's risk-based approach supported by work at both the systemic risk and provider risk levels.

At the systemic level, ASQA has taken action to address three key areas of concern:

- learner protection—through implementing a new student-centred audit approach as well as finalising the VET FEE-HELP regulatory strategy and contributing to the development of the new DET VET Student Loans program
- excessively short training delivery—through the strategic review into unduly short training
- capability of trainers and assessors—through the TAE implementation project.

The completion of the 2017 e-scan has also identified a range of systemic concerns which ASQA will address in the coming year. ASQA has also increased its coordination and collaboration with other relevant agencies in order to improve responses to risks that cross multiple regulatory jurisdictions.

ASQA has also continued to improve how it addresses risk at the provider level, including through:

- refining and enhancing the provider profiling mechanism, allowing more effective targeting of providers of concern (as reflected in the increased number of adverse regulatory decisions discussed under purpose 1)
- increasing the number and proportion of non-application-based audit activities.



Purpose 3—Facilitate access to accurate information about VET

In achieving purpose 3, ASQA's primary focus over the reporting period has been implementing information-sharing protocols with state and territory governments, undertaking provider information sessions, and providing an Info Line service and up-to-date website.

Performance criteria

1. Information-sharing protocols
2. Provider information sessions
3. Info Line
4. ASQA website
5. Global metric—ASQA engagement

Criterion source

- *ASQA Corporate Plan 2016–17*
- 2016–17 Portfolio Budget Statement: Program 1.1 (criterion 4 only)

Results against performance criteria

Information-sharing protocols

KPI 1—ASQA has information-sharing protocols with each state and territory

As of 2016–17, ASQA has agreed and signed information-sharing protocols with each state and territory. ASQA and state and territory officials have worked together to strengthen communication arrangements to bolster information-sharing between relevant agencies.

ASQA's risk-based approach utilises data and intelligence from a range of external sources to inform the actions taken in relation to providers. Building and maintaining strong relationships with key stakeholders, such as government funding agencies, is an important element in identifying poor-quality training providers. Effectively sharing information at the earliest opportunity enables swift and appropriate action to be taken, by both ASQA and the funding body.



Provider information sessions

KPI 2—Providers are satisfied with the following elements of ASQA’s information sessions: range of topics covered, timeliness of information, usefulness of information, accuracy and clarity of information, knowledge of presenters

ASQA held 27 training provider briefing sessions from April to June 2017, including 24 face-to-face sessions across Australia and three webinars. The sessions covered a range of topics, including a detailed introduction to the student-centred audit approach and guidance on assessment practices and assessment validation.

The response to these sessions was very positive, as shown in Table 13.

Table 13: Satisfaction with ASQA’s 2016-17 training provider briefing sessions, as indicated by ‘good’ or ‘excellent’ response by respondents to the ASQA provider/stakeholder survey 2016-17 (target = 70%)

Element of the briefing sessions	Percentage of survey respondents indicating either ‘excellent’ or ‘good’
Range of topics covered/discussed	82.1%
Timeliness of the information	80.5%
Helpfulness of the information	78.1%
Accuracy of the information	82.9%
Ease of understanding of the information	81.0%
Knowledge of the presenters	79.9%

Info Line

KPI 3—Providers are satisfied with the following aspects of ASQA’s Info Line (calls): speed of answering calls, completeness of answers provided, knowledge of staff answering, courtesy of staff answering

KPI 4—Providers are satisfied with the following aspects of ASQA’s Info Line (emails): speed of answering calls, completeness of answers provided, knowledge of staff answering, courtesy of staff answering

Providers continue to indicate very high levels of satisfaction with all aspects of ASQA’s Info Line (email and telephone) service. The survey has identified some room for improvement in the completeness of email answers, many of which resulted from queries in relation to the implementation of a new version of ASQA’s online registration management system, asqanet. Many of these enquiries required multiple responses.



Table 14: Satisfaction with Info Line service, as indicated by 'good' or 'excellent' response by respondents to the ASQA provider/stakeholder survey 2016-17 (target = 70%)

Aspect of Info Line service	Calls	Emails
Speed of answering	87.9%	73.4%
Completeness of answers (did not have to email/call back)	71.5%	67.9%
Knowledge of staff answering	74.4%	75.1%
Courtesy of staff answering	90.4%	86.8%

ASQA website

KPI 5—Stakeholders are satisfied with the following aspects of ASQA’s website: navigation, search function, information/content, clarity of information, accuracy of information, currency of information

ASQA continually seeks to enhance its website by improving functionality and by providing new information and education resources. During 2016-17, ASQA made significant changes to the functionality of www.asqa.gov.au by transitioning to a whole-of-government content management system (govCMS). As shown in Table 15, providers and stakeholders continue to rate almost all aspects of ASQA’s website highly, although stakeholder respondents indicated that ‘ease of searching’ could be improved. ASQA intends to further enhance its website functionality, including the search capacity, during 2017-18.

Table 15: Satisfaction with the ASQA website as indicated by 'good' or 'excellent' response by respondents to the ASQA provider/stakeholder survey 2016-17

Aspect of the website	Percentage of providers ranking the website as 'excellent' or 'good'	Percentage of stakeholders ranking the website as 'excellent' or 'good'
Ease of navigation	82.8%	72.1%
Ease of searching	78.8%	65.1%
The amount of information provided	89.0%	79.0%
Clarity of material	83.2%	83.7%
Accuracy of material	91.6%	81.4%
Currency of material	90.2%	79.0%

Aside from its website, ASQA also uses a range of other information systems to engage with providers and stakeholders. Provider/stakeholder satisfaction with these information systems is provided in Table 16.



Table 16: Percentage of stakeholders/providers who rated the accuracy, helpfulness and timeliness of ASQA’s information systems as either ‘excellent’ or ‘good’ in responses to the 2016-17 ASQA survey (target 70%)

	Provider			Stakeholder		
	Accurate	Helpful	Timely	Accurate	Helpful	Timely
Fact sheets	92.4%	91.7%	91.5%	89.2%	89.2%	83.8%
Frequently asked questions (FAQs)	88.1%	88.3%	88.8%	87.5%	83.3%	87.5%
General directions	90.3%	90.0%	90.3%	80.0%	85.0%	80.0%
ASQA Update newsletter	91.0%	90.3%	93.9%	82.1%	89.3%	89.3%

Further, responses to the ASQA provider/stakeholder survey 2016-17 showed that 83.4 per cent of provider respondents indicated that they were satisfied with ASQA’s provision of timely information to the VET sector in general about changes to regulations (target 70 per cent).

Global metric–ASQA engagement

KPI 6–Providers and stakeholders indicate they are satisfied with ASQA’s engagement with the regulated community

While individual aspects of ASQA’s engagement with the regulated community receive consistently high responses (see KPIs 2-5), overall responses to ASQA’s engagement identify room for improvement, particularly in regard to government and industry (i.e. non-provider) stakeholders.

ASQA has made improvements in this regard in 2016-17; however, the survey also reinforces that industry stakeholders want greater collaboration with ASQA and more timely advice about regulatory activities. In 2017-18, ASQA will also implement a new stakeholder engagement plan which seeks to better address the needs of industry and governmental stakeholders.

In terms of engagement with providers, more detailed survey responses indicate that some providers may be dissatisfied as they are seeking a personalised or case-management approach where the regulator acts in an advisory capacity for individual providers (similar to that which applied under some former state and territory regulators). While it is not appropriate for the national regulator to provide this type of service, ASQA continues to seek to increase the level of engagement with the regulated community through a broad range of information channels, including face-to-face events, webinars, presentations at industry events, and online, including through its website and social media.

Table 17: Percentage of providers and stakeholders indicating they are satisfied with ASQA’s engagement with the regulated community (target 70%)

	2015-16	2016-17
Providers	67.7%	68.0%
Stakeholders	57.3%	52.7%



Analysis—ASQA’s performance against purpose 3

During 2016–17 ASQA continued to enhance the ways it facilitates access to information about the VET sector.

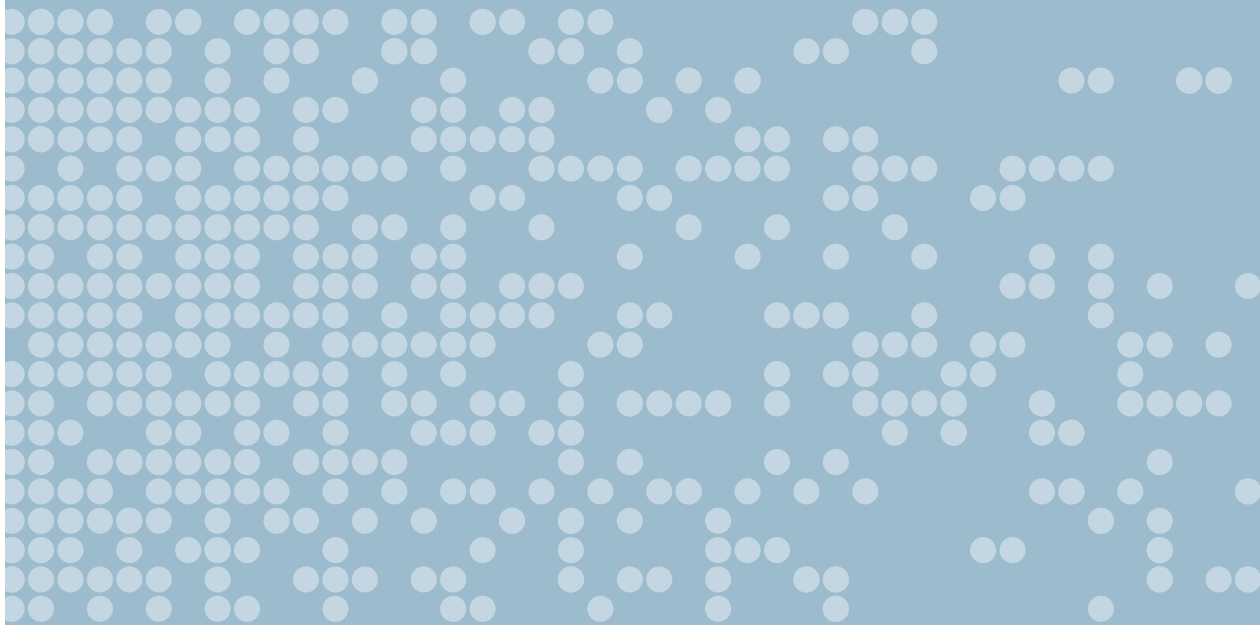
The regulated community has been able to access face-to-face and online briefings about important compliance-related issues, including ASQA’s student-centred approach to audit, its approach to implementing the new TAE training package and training for the early childhood education and care sector. Additionally, ASQA’s website has continually been updated and enhanced and, in response to feedback received, the advice provided in response to calls and emails to the Info Line has continued to be more personalised and targeted. Feedback received from the regulated community shown in responses to KPIs 2, 3, 4 and 5 indicates that training providers remain highly satisfied with ASQA’s efforts to publish information about the sector.

For its non-training provider stakeholders, ASQA also continued to boost the provision of information about its regulatory activity and the wider VET sector. During 2016–17 ASQA finalised information-sharing protocols with each state and territory government, implemented a new procedure to inform the sector about regulatory decisions it had taken, and developed a new model for engaging with industry. These initiatives contributed to a small increase in VET sector stakeholder satisfaction with ASQA during 2016–17, as measured in the annual survey. However, the survey also reinforces that industry stakeholders want greater collaboration with ASQA and more timely advice about regulatory activities. In 2017-18, ASQA will also implement a new stakeholder engagement plan which seeks to better address the needs of industry and governmental stakeholders.

Compliance with the national standards

In pursuing its purposes ASQA has undertaken its regulatory functions in accordance with both the *Standards for VET Regulators 2015* and the *Standards for VET Accredited Courses 2012* during the reporting period. This has included the publication of performance standards on the ASQA website, as well as the provision of quarterly reports to the Minister relating to complaints about RTO non-compliance with the *Standards for Registered Training Organisations 2015*.

Financial performance





INDEPENDENT AUDITOR'S REPORT

To the Minister for Education and Training

Opinion

In my opinion, the financial statements of the Australian Skills Quality Authority for the year ended 30 June 2017:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Australian Skills Quality Authority as at 30 June 2017 and its financial performance and cash flows for the year then ended.

The financial statements of the Australian Skills Quality Authority, which I have audited, comprise the following statements as at 30 June 2017 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement;
- Notes to and forming part of the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Australian Skills Quality Authority in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* to the extent that they are not in conflict with the *Auditor-General Act 1997* (the Code). I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's Responsibility for the Financial Statements

The Accountable Authority of the Australian Skills Quality Authority is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Accountable Authority is also responsible for such internal control as the Accountable Authority determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Authority is responsible for assessing the Australian Skills Quality Authority's ability to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Accountable Authority is also responsible for disclosing matters related to going concern as applicable and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Peter Kerr
Executive Director
Delegate of the Auditor-General

Canberra
11 September 2017



Statement by the Accountable Authority and Chief Financial Officer

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2017 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Australian Skills Quality Authority will be able to pay its debts as and when they fall due.

Signed: 

Michael Lavarch
A/Accountable Authority

11 September 2017

Signed: 

Jonella Welsh
Chief Financial Officer

11 September 2017



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Australian Skills Quality Authority
Statement of Comprehensive Income
for the period ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Employee Benefits	1.1A	22,776	23,265	22,680
Suppliers	1.1B	14,533	13,886	12,570
Finance Costs		7	(4)	-
Write-Down and Impairment of Assets		2	39	-
Depreciation and amortisation	3.2	1,672	2,466	1,719
Total expenses		38,990	39,652	36,969
Own-Source Income				
Other Revenue	1.2A	414	649	-
Gains	1.2B	179	-	-
Total own-source income		593	649	-
Net cost of services		38,397	39,003	36,969
Revenue from Government	1.2B	35,250	37,225	35,250
Deficit attributable to Australian Government		(3,147)	(1,778)	(1,719)
Total comprehensive deficit attributable to the Australian Government		(3,147)	(1,778)	(1,719)

The above statement should be read in conjunction with the accompanying notes.



Budget variances commentary

Employees

Employee expenses are reporting a \$96k overspend against the 2016-17 Portfolio Budget Statements. Under the Australian government's VET reforms, announced in the 2014-15 mid-year economic fiscal outlook, ASQA received additional funding and a staffing increase for a transition period that ends in 2016-17. As outlined in the 2017-18 Portfolio Budget Statements, ASQA's average staffing level (ASL) reduces from 197 in 2016-17 to 184 in 2017-18. ASQA's 2016-17 budget was critically impacted by external factors beyond ASQA's control namely demand on agency as a direct result of VET FEE-HELP. The Minister for Finance approved ASQA's application for an increased operating loss to fund these one-off occurrences from ASQA's prior year appropriations.

Suppliers

Suppliers expenses has a \$1.963m (16%) overspend against the 2016-17 Portfolio Budget Statements. The overspend is due to additional workload associated with the VET FEE-HELP program which included unfunded legal expenses and associated costs in relation to court and litigation action. ASQA was also required to re-divert resources to collect, transit and store thousands of student records when a number of large providers ceased operations. In April 2017, the Minister for Finance approved ASQA's application for an increased operating loss to fund these one-off occurrences from ASQA's prior-year appropriations.

Depreciation

Depreciation was \$0.047m lower than budget due to the postponement of the replacement of desktop computers until 2017-18.

Other Revenue

Other Revenue is not budgeted for and consists primarily of rent received from the sub-lease of the Sydney premises (\$239k) and reversal of make-good provisions for the Perth and Brisbane premises where make-good was not required at the conclusion of leases at these locations.

Australian Skills Quality Authority
Statement of Financial Position
as at 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	3.1A	335	292	186
Trade and other receivables	3.1B	23,950	24,400	16,930
Total financial assets		24,285	24,692	17,116
Non-financial assets				
Leasehold improvements	3.2	2,125	2,498	2,327
Plant and equipment	3.2	368	502	491
Intangible assets	3.2	9,291	7,543	10,111
Prepayments		178	54	127
Total non-financial assets		11,962	10,597	13,056
Total assets		36,247	35,289	30,172
LIABILITIES				
Payables				
Suppliers	3.4A	4,246	2,688	2,008
Other payables	3.4B	4,210	1,379	860
Total payables		8,456	4,067	2,868
Provisions				
Employee provisions	3.5	5,506	5,738	5,356
Other provisions	3.6	258	412	158
Total provisions		5,764	6,150	5,514
Total liabilities		14,220	10,217	8,382
Net assets		22,027	25,072	21,790
EQUITY				
Contributed equity		24,223	24,121	24,223
Asset Revaluation Reserve		20	20	20
Retained earnings		(2,216)	931	(2,453)
Total equity		22,027	25,072	21,790

The above statement should be read in conjunction with the accompanying notes.



Budget variances commentary

ASQA's financial assets are reporting an increase to the budgeted position of \$7.169m (42%).

The increase predominately relates to a lease incentive of \$3.045m.

ASQA's non-financial assets are \$1.1m under budget due to the deferral of the implementation of ASQA's upgraded information technology system.

Payables are higher than budget due to an accrual of \$1.8m for IT memorandum of understanding costs and the recognition of a new lease incentive of \$2.6m.

Australian Skills Quality Authority
Statement of Changes in Equity
 for the period ended 30 June 2017

	2017 \$'000	2016 \$'000	Original Budget \$'000
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	24,121	18,988	24,121
Adjusted opening balance	24,121	18,988	24,121
Transactions with owners			
Contributions by owners			
Departmental capital budget	-	1,389	-
Equity injection	102	3,744	102
Total transactions with owners	102	5,133	102
Closing balance as at 30 June	24,223	24,121	24,223
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	931	2,709	(734)
Adjusted opening balance	931	2,709	(734)
Comprehensive income			
(Deficit) for the period	(3,147)	(1,778)	(1,719)
Total comprehensive income	(3,147)	(1,778)	(1,719)
Closing balance as at 30 June	(2,216)	931	(2,453)
ASSET REVALUATION RESERVE			
Opening balance			
	20	20	20
Closing balance as at 30 June	20	20	20

Australian Skills Quality Authority

Statement of Changes in Equity (continued...)

for the period ended 30 June 2017

	2017 \$'000	2016 \$'000	Original Budget \$'000
TOTAL EQUITY			
Opening balance	25,072	21,717	23,407
Adjusted opening balance	25,072	21,717	23,407
Comprehensive income			
(Deficit) for the period	(3,147)	(1,778)	(1,719)
Total comprehensive income	(3,147)	(1,778)	(1,719)
Transactions with owners			
Contributions by owners			
Departmental capital budget	-	1,389	-
Equity injection	102	3,744	102
Total transactions with owners	102	5,133	102
Closing balance as at 30 June	22,027	25,072	21,790

The above statement should be read in conjunction with the accompanying notes.

Accounting policy

Equity injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Australian Skills Quality Authority
Cash Flow Statement
for the period ended 30 June 2017

	2017	2016	Original Budget
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	36,603	37,331	39,060
Sale of goods and rendering of services	451	420	-
GST received	1,673	1,787	-
Total cash received	38,727	39,538	39,060
Cash used			
Employees	22,228	22,883	22,680
Suppliers ¹	14,368	15,893	12,709
Section 74 receipts transferred to Official Public Account	687	561	-
Total cash used	37,283	39,337	35,389
Net cash from/(used by) operating activities	1,444	201	3,671
INVESTING ACTIVITIES			
Cash used			
Purchase of plant and equipment ¹	27	418	-
Purchase of leasehold improvements	434	919	-
Purchase of intangible software ¹	2,827	3,002	3,773
Total cash used	3,288	4,339	3,773
Net cash used by investing activities	(3,288)	(4,339)	(3,773)
FINANCING ACTIVITIES			
Cash received			
Contributed equity	1,887	4,244	102
Total cash received	1,887	4,244	102
Net cash from financing activities	1,887	4,244	102
Net increase/(decrease) in cash held	43	106	
Cash and cash equivalents at the beginning of the reporting period	292	186	186
Cash and cash equivalents at the end of the reporting period	335	292	186

The above statement should be read in conjunction with the accompanying notes.



1. In 2015–16 accruals of plant and equipment (\$13k) and intangible software (\$374k) were incorrectly shown as cash used for investing activities. The total of \$387k was adjusted against suppliers in cash used for operating activities.

Budget variances commentary

Employee payments are below budget due to redundancy payments being made in 2017-18.

As per Income Statement supplier payments are over budget due to increased use of contractors, panel auditors and increases in legal, IT and archival costs.

Capital expenditure is below budget due to delayed completion of ASQA's upgraded IT system.

Administered Schedule of Comprehensive Income

for the period ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Write-down and impairment of receivables		476	16	-
Total expenses		476	16	-
Income				
Non-taxation revenue				
Fees and fines	2.1	27,933	25,401	18,694
Charges		1,393	599	-
Total non-taxation revenue		29,326	26,000	18,694
Total revenue		29,326	26,000	18,694
Gains				
Reversal of write-downs and impairment		-	12	-
Total gains		-	12	-
Total income		29,326	26,012	18,694
Net contribution by services		28,850	25,996	18,694
Total comprehensive income		28,850	25,996	18,694

The above schedule should be read in conjunction with the accompanying notes.

Budget variances commentary

Write-down and impairment of assets

ASQA has shifted its regulatory approach to targeted compliance audits of providers that are considered at high risk of non-compliance. This results in increased incidence of audit charges being billed to organisations whose registration ASQA is cancelling as an outcome of audit, leaving the organisation significantly less likely to pay the associated audit charges.

Fees and fines

ASQA's fees and fines were \$9.2m over budget as a result of higher than budgeted levels of new training provider entrants to the market, and higher than expected retention of existing training providers. A secondary contributor is the impact of training package streamlining, which has resulted in increased levels of applications to update scope of registration and an associated increase in annual fee revenue.

Other revenue

Other revenue is revenue from audit charges, which has increased due to ASQA's increased resourcing of targeted compliance audits of providers that are considered at high risk of non-compliance.



Australian Skills Quality Authority

Administered Schedule of Assets and Liabilities

as at 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Trade and other receivables	4.1	368	80	42
Total financial assets		368	80	42
Total assets administered on behalf of government		368	80	42
LIABILITIES				
Provisions				
Other provisions	4.3	117	34	10
Total provisions		117	34	10
Total liabilities administered on behalf of government		117	34	10
Net assets		251	46	32

The above schedule should be read in conjunction with the accompanying notes.

Budget variances commentary

Receivables are higher than budget due to ASQA's shift in regulatory approach to an increased resourcing of compliance audits and a progressive transition to chargeable audits.

Australian Skills Quality Authority
Administered Reconciliation Schedule
as at 30 June 2017

	Notes	2017 \$'000	2016 \$'000
Opening assets less liabilities as at 1 July		46	33
Net contribution by services			
Income		29,326	26,012
Expenses		(476)	(16)
Transfers (to)/from the Australian Government			
Appropriation transfers from Official Public Account			
Special appropriations (limited)	5.1C	581	427
Appropriation transfers to Official Public Account			
Transfers to Official Public Account		(29,226)	(26,410)
Closing assets less liabilities as at 30 June		251	46

The above schedule should be read in conjunction with the accompanying notes.

Accounting policy

Administered cash transfers to and from the Official Public Account

Revenue collected by ASQA for use by the Government rather than ASQA administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by ASQA on behalf of the Government and reported as such in the Administered Cash Flow Statement and in the Administered Reconciliation Schedule.

Australian Skills Quality Authority
Administered Cash Flow Statement
for the period ended 30 June 2017

	2017	2016	Original Budget
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Sale of goods and rendering of services	27,563	25,793	18,694
Charges	1,393	599	-
Fines	270	18	-
Total cash received	29,226	26,410	18,694
Cash used			
Refunds to registered training organisations	581	427	-
Total cash used	581	427	-
Net cash received from operating activities	28,645	25,983	18,694
Cash from Official Public Account			
Appropriations	581	427	-
Total cash from Official Public Account	581	427	-
Cash to Official Public Account			
Appropriations	29,226	26,410	18,694
Total cash to Official Public Account	29,226	26,410	18,694
Cash and cash equivalents at the end of the reporting period	-	-	-

This schedule should be read in conjunction with the accompanying notes.

Budget variances commentary

The \$10.5 m increase in cash receipts (which was then transferred to the Official Public Account) reflects the \$10.6 m increase in net revenue; which is due to reasons explained on the Income Statement. Refunds are not currently budgeted. ASQA and the Department of Finance have agreed for ASQA to address this in the 2017-18 Budget process.

Overview

Objectives of the Australian Skills Quality Authority

The Australian Skills Quality Authority (ASQA) is an Australian Government-controlled not-for-profit entity. ASQA is the national regulator for Australia's vocational education and training (VET) sector and regulates courses and training providers to ensure nationally approved quality standards are met.

The objectives of ASQA are:

- a) to provide for national consistency in the regulation of VET
- b) to regulate VET using a standards-based quality framework and risk assessments where appropriate
- c) to protect and enhance the quality, flexibility and innovation in VET, and Australia's reputation for VET nationally and internationally
- d) to provide a regulatory framework that encourages and promotes a VET system that is appropriate to meet Australia's social and economic needs for a highly educated and skilled population
- e) to protect students undertaking, or proposing to undertake, Australian VET by ensuring the provision of quality VET, and
- f) to facilitate access to accurate information relating to the quality of VET.

ASQA activities contributing toward these objectives are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by ASQA in its own right. Administered activities involve the management or oversight by ASQA, on behalf of the government, of items controlled or incurred by the government.

ASQA is structured to meet the following outcome:

To contribute to a high quality VET sector, including through streamlined and nationally consistent regulation of training providers and courses, and the communication of advice to the sector on improvements to the quality of VET.

The continued existence of ASQA in its present form and with its present programs is dependent on government policy and on continuing funding by Parliament for ASQA's administration and programs.

No outcome note is included in the Notes to and forming part of the financial statements as ASQA has only one outcome.

ASQA conducts the following administered activities on behalf of the Australian Government:

- a) registering training organisations that meet national standards
- b) accrediting courses that meet national standards
- c) monitoring and enforcing compliance
- d) providing advice to and making recommendations to the Portfolio Minister, and/or state and territory Ministers and/or the Ministerial Council on matters relating to VET, and
- e) collecting, analysing, interpreting and disseminating information about VET and the performance of registered training organisations.



Reporting of administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated, administered items are accounted for on the same basis and using the same accounting policies as for departmental items, including the application of Australian Accounting Standards.

The basis of preparation

The financial statements are general purpose financial statements and are required by section 42 (2) of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2016* (FRR) for reporting periods ending on or after 1 July 2015, and
- b) Australian Accounting Standards and Interpretations - Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis for departmental and administered activities, and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

Unless alternative treatment is specifically required by an accounting standard, revenue and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

Taxation

ASQA is exempt from all forms of taxation except fringe benefits tax (FBT) and the goods and services tax (GST).

Insurance

ASQA has insured for risks through the Australian Government's risk management fund, Comcover. Workers compensation is insured through Comcare Australia.

Events after the reporting period

There were no subsequent events that had the potential to significantly affect the ongoing departmental and administered operations and financial activities of ASQA at the reporting date.

Adoption of new Australian Accounting Standards

All other (new/revised/amending standards and/or interpretations) that were issued prior to the sign-off date and are applicable to future reporting periods are not expected to have a future material impact on ASQA's financial statements.

Notes to and forming part of the financial statements

for the year ended 30 June 2017

1.1 Expenses

	2017	2016
	\$'000	\$'000
1.1A: Employee Benefits		
Wages and salaries	17,134	16,488
Superannuation		
Defined contribution plans	2,458	2,509
Defined benefit plans	492	674
Leave and other entitlements	2,692	3,594
Total employee benefits	22,776	23,265

Accounting policy

Superannuation

ASQA employees are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other schemes chosen by employees. The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance as an administered item.

ASQA makes employer superannuation contributions to the superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Australian Government of the superannuation entitlements of ASQA employees. ASQA accounts for the superannuation contributions as if they were contributions to defined contribution plans.

Leave and other entitlements

Accounting policy for leave and other entitlements is disclosed in note 3.5.

Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2017

1.1B: Suppliers

	2017	2016
	\$'000	\$'000
Goods and services supplied or rendered		
Consultants	980	1,197
Contractors	1,604	1,863
IT services	2,925	3,472
Legal fees	1,326	755
Panel auditors	1,047	397
Property	880	635
Training	176	360
Travel	1,254	1,515
Other ¹	1,002	629
Total goods and services supplied or rendered	11,194	10,823
<small>1. Office expenses now included in this amount and travel reported separately</small>		
Goods supplied	166	265
Services rendered	11,028	10,558
Total goods and services supplied or rendered	11,194	10,823
Other suppliers		
Operating lease rentals in connection with		
Minimum lease payments	3,132	2,812
Workers compensation expenses	207	251
Total other suppliers	3,339	3,063
Total suppliers	14,533	13,886
Leasing commitments		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	3,026	2,552
Between 1 to 5 years	8,696	8,673
More than 5 years	1,923	-
Total operating lease commitments	13,645	11,225

Accounting policy

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Notes to and forming part of the financial statements

for the year ended 30 June 2017

1.2 Own-source revenue

	2017	2016
	\$'000	\$'000
1.2A: Other revenue		
Resources received free of charge - remuneration of auditors	55	53
Other revenue	359	596
Total other revenue	414	649

Accounting policy

Resources received free of charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Other revenue

Other revenue is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when the amount of revenue, stage of completion and transaction costs incurred can be directly measured and probable economic benefits associated with the transaction will flow to ASQA. The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

1.2B: Gains

Reversal of make good provision	161	-
Reversal of impairment of receivables	18	-
Total Gains	179	-

1.2B: Revenue from government

Departmental appropriations	35,250	37,225
Total revenue from government	35,250	37,225

Accounting policy

Revenue from government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when ASQA gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.



Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2017

2.1 Administered - Income

	2017	2016
	\$'000	\$'000
Revenue		
Non-taxation Revenue		
Fees and fines		
Regulatory fees	27,663	25,383
Fines	270	18
Total fees and fines	27,933	25,401

Accounting policy

Revenue from regulatory fees

All administered revenues are revenues relating to the course of ordinary activities performed by ASQA on behalf of the Australian Government. Revenue is generated from collection of fees and charges (as per ASQA's published schedules of fees and charges), for managing the registration of VET providers and for accrediting courses. All revenue is recognised on a non-reciprocal basis, under Australian Accounting Standards; as such, revenue is recognised either when an application is lodged with ASQA or when ASQA generates an ASQA accounts receivable invoice.

Revenue from fines is recognised when ASQA receives payment.

Notes to and forming part of the financial statements

for the year ended 30 June 2017

3.1 Financial Assets

	2017	2016
	\$'000	\$'000
3.1A: Cash and cash equivalents		
Cash on hand or on deposit	335	292
Total cash and cash equivalents	335	292

Accounting policy

Cash on hand or on deposit

Cash is recognised at its nominal amount. Cash and cash equivalents include cash on hand and any deposits held at call with a financial institution. All cash accounts are non-interest bearing.

3.1B: Trade and other receivables

Goods and services receivables

Goods and services	65	229
Total goods and services receivables	65	229

Appropriations receivables

Appropriation receivable	20,496	22,947
Total appropriations receivables	20,496	22,947

Other receivables

Lease incentive receivable	3,046	915
GST from Australian Taxation Office	206	157
Other receivables	153	186
Total other receivables	3,405	1,258
Total trade and other receivables (gross)	23,966	24,434

Less impairment allowance

	16	34
Total trade and other receivables (net)	23,950	24,400



Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2017

3.1 Financial assets (continued...)

Accounting Policy

Receivables

ASQA classifies its financial assets in accordance with AASB 139 Financial Instruments: Recognition and Measurement and categorises its financial asset receivables at fair value through profit and loss.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The financial asset receivables are recognised and derecognised upon trade date. Receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'trade receivables'. Receivables are measured at amortised cost using in active markets the effective interest method less impairment.

Derecognition of financial assets

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired, or
- ASQA retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement, or
- ASQA has transferred its rights to receive cash flows from the asset and either:
 - a. has transferred substantially all the risks and rewards of the asset, or
 - b. has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where ASQA has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of ASQA's continuing involvement in the asset.

Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period. Financial assets are held at amortised cost - if there is objective evidence that an impairment loss has been incurred for receivables the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

3.2 Non-financial assets

Reconciliation of the opening and closing balances of leasehold improvements, plant and equipment and intangible assets for 2017

	Leasehold improvements \$'000	Plant and equipment ¹ \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2016				
Gross book value	3,624	742	12,403	16,841
Accumulated depreciation, amortisation and impairment	(1,126)	(240)	(4,860)	(6,298)
Total as at 1 July 2016	2,498	502	7,543	10,543
Additions				
Purchases or internally developed ¹	434	14	2,465	2,913
Depreciation, amortisation and impairment	(807)	(148)	(717)	(1,672)
Disposals	-	(16)	-	(16)
Retirements	-	(6)	-	(6)
Write back accumulated depreciation				
Disposals	-	16	-	16
Retirements	-	6	-	6
Total as at 30 June 2017	2,125	368	9,291	11,784
Total as at 30 June 2017 represented by				
Gross book value	4,058	734	14,868	19,660
Accumulated depreciation, amortisation and impairment	(1,933)	(366)	(5,577)	(7,876)
Total as at 30 June 2017	2,125	368	9,291	11,784

1. Opening balances have been adjusted for retirements in 2015-16 of \$72,000

3.2 Non-financial assets (continued...)

Accounting policy

Non-financial assets

Non-financial assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Non-financial assets are initially measured at their fair value plus transaction costs where appropriate.

Non-financial assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

Asset recognition threshold

Purchases of leasehold improvements, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of a non-financial asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in relation to property leases taken up by ASQA where there exists an obligation to make-good on the cessation of the property lease. These costs are included in the value of ASQA's leasehold improvements with a corresponding provision for the 'make good' recognised.

Revaluations

Following initial recognition at cost, leasehold improvements, plant and equipment are carried at fair value less subsequent accumulated depreciation/amortisation and accumulated impairment losses. Valuations are conducted every three years to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets. ASQA last undertook an independent valuation as at 30 June 2015.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

Any accumulated depreciation/amortisation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

3.2 Non-financial assets (continued...)

Fair values for each class of assets are determined as shown below:

Asset class	Fair value measured at	
	2016-17	2015-16
Leasehold improvements	Amortised replacement cost	Amortised replacement cost
Plant & equipment	Market price	Market price

Depreciation

Depreciable plant and equipment assets are written off to their estimated residual values over their estimated useful lives to ASQA using, in all cases, the straight-line method of depreciation. Leasehold improvements are amortised over the lesser of the lease term or useful life.

Depreciation rates (useful lives), residual values and Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Asset class	2016-17	2015-16
Leasehold improvements	Lesser of the lease term & useful life	Lesser of the lease term & useful life
Plant & equipment	Four to ten years	Four to ten years

Amortisation

Intangible assets with finite useful lives are amortised as an expense on a straight-line basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

ASQA has no intangible assets with indefinite useful lives.

Impairment

All assets were assessed for impairment at 30 June 2017. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if ASQA were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

A non-financial asset is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Intangible assets

ASQA's intangible assets mainly comprise internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life to ASQA.

All intangible assets were assessed for indications of impairment as at reporting date.

3.3 Fair value measurement

The following tables provide an analysis of assets and liabilities that are measured at fair value. The remaining assets and liabilities disclosed in the statement of financial position do not apply the fair value hierarchy.

3.3: Fair value measurement

	Fair value measurements at the end of the reporting period	
	2017 \$'000	2016 \$'000
Non-financial assets		
Leasehold improvements	2,125	2,498
Plant and equipment	368	502
Total non-financial assets	2,493	3,000

3.4 Payables

	2017 \$'000	2016 \$'000
3.4A: Suppliers		
Trade creditors and accruals	4,246	2,688
Total suppliers	4,246	2,688

Settlement terms for suppliers are within 30 days of the date of an officially rendered supplier invoice.

3.4B: Other payables

Salaries and wages	1,031	114
Superannuation	54	191
Unamortised lease liabilities	3,125	1,074
Total other payables	4,210	1,379

3.4 Payables (continued...)

Accounting policy

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised or derecognised upon 'trade date'.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period. Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same creditor on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an expense in the comprehensive operating statement.



Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2017

3.5 Employee provisions

	2017	2016
	\$'000	\$'000
Employee provisions		
Leave	5,506	5,738
Total employee provisions	5,506	5,738

Accounting policy

Employee provisions

Liabilities for 'short-term employee benefits' (as defined in AASB 119 Employee Benefits) and termination benefits expected to be paid within twelve months of the end of the reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of ASQA is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including ASQA's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid on termination. The liability for long service leave has been determined by the use of the Australian Government Actuary's shorthand method using the standard Commonwealth sector probability profile. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Notes to and forming part of the financial statements

for the year ended 30 June 2017

3.6 Other provisions

	2017	2016
	\$'000	\$'000
Other provisions		
Provision for leasehold restoration	258	412
Total as at 30 June 2017	258	412

Accounting policy

Provisions

Provisions are recognised when ASQA has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to wholly settle the present obligation as at the end of the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to wholly settle the present obligation, its carrying amount is the present value of those cash flows using a discount rate that reflects the time value of money and risks specific to the provision.

Notes to and forming part of the financial statements

for the year ended 30 June 2017

4.1 Administered - financial assets		
	2017	2016
	\$'000	\$'000
Trade and other receivables		
Special appropriation receivable	5	11
Total special appropriation receivable	5	11
Other receivables		
Fees	939	115
Fines	-	4
Charges	-	99
Total other receivables	939	218
Total trade and other receivables (gross)	944	229
Less impairment allowance	(576)	(149)
Total trade and other receivables (net)	368	80

Credit terms for goods and services were within thirty days (2016: thirty days).

Accounting policy

Receivables

Where receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment derecognition and amortisation is recognised through profit or loss.

Notes to and forming part of the financial statements

for the year ended 30 June 2017

4.2 Administered - fair value measurements

ASQA's administered assets and liabilities are related to fees and charges imposed under ASQA's enabling legislation, the *National Vocational Education and Training Regulator Act 2011*; the *National Vocational Education and Training Regulator (Transitional Provisions) Act 2011* and the *National Vocational Education and Training Regulator (Charges) Act 2012*. As such, ASQA's assets and liabilities are carried at a value determined by legislation and not at a fair value.

4.3 Administered - other provisions

	2017	2016
	\$'000	\$'000
Other Provisions		
Provision for refunds	117	23
Payable to Official Public Account	-	11
Total other provisions	117	34

Notes to and forming part of the financial statements

for the year ended 30 June 2017

5.1A: Annual Appropriations (Recoverable GST exclusive¹)

Annual Appropriations for 2017

	Annual Appropriation ¹ \$'000	Adjustment to Appropriation ² \$'000	Total appropriation \$'000	Appropriation applied in 2017 (current and prior years) \$'000	Variance \$'000
Departmental					
Ordinary annual services	35,250	687	35,937	35,916	21
Capital Budget				954	(954)
Equity Injections	102	-	102	933	(831)
Total departmental	35,352	687	36,039	37,803	(1,764)

1. There were no appropriations reduced under Appropriations Acts (No 1, 1 DCG and 2) for 2016-17.

2. \$74 Receipts is net of Recoverable GST

Annual Appropriations for 2016

	Annual Appropriation ³ \$'000	Adjustment to Appropriation \$'000	Total appropriation \$'000	Appropriation applied in 2016 (current and prior years) ² \$'000	Variance \$'000
Departmental					
Ordinary annual services	37,225	669	37,894	36,770	1,124
Capital Budget	1,389	-	1,389	1,163	226
Equity Injections	3,744	-	3,744	3,081	663
Total departmental	42,358	669	43,027	41,014	2,013

3. \$18,000 of the Appropriation Act 1, for 2015-16 was quarantined by the Department of Finance in relation to the MYEFO 2014-15 measure Public Sector Superannuation Accumulation Plan (PSSap).

Notes to and forming part of the financial statements
for the year ended 30 June 2017

5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2017 \$'000	2016 \$'000
Departmental		
Appropriation Act (No. 1) 2013-2014 ¹	40	40
Appropriation Act (No. 1) 2015-2016 ²	18	21,141
Appropriation Act (No. 1) DCB 2015-2016	-	954
Appropriation Act (No. 2) 2015-2016	-	831
Appropriation Act (No. 1) 2016-2017	20,456	-
Total departmental	20,514	22,966

Reconciliation to appropriations Receivable

The above unspent appropriation includes a quarantined amount which is not considered to be available to ASQA. In order to reconcile to the closing appropriation, an unspent amount considered unavailable to ASQA has been removed below:

Total unspent appropriations	2017 \$'000	2016 \$'000
<i>Adjustments:</i>		
MYEFO 2014-15 measure Public Sector Superannuation Accumulation Plan	(18)	(18)
Rounding error	-	(1)
Closing appropriations receivable balance	20,496	22,947

1. \$40,000 of the Appropriation Act (No. 1) for 2013-14 was quarantined by the Department of Finance as part of an efficiency measure (\$6k) and a parameter adjustment (\$34k).

2. \$18,000 of the Appropriation Act (No. 1) for 2015-16 was quarantined under s.51 by the Department of Finance in relation to the MYEFO 2014-15 measure Public Sector Superannuation Accumulation Plan(PSSap).

5.1C: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied 2017 \$'000	2016 \$'000
<i>Public Governance, Performance and Accountability Act 2013 s.77, Administered</i>	Refund	To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and the Finance Minister is satisfied that, apart from this section, there is no specific appropriation for the repayment.	581	427
Total special appropriations applied			581	427

5.2 Regulatory charging summary

	2017	2016
	\$'000	\$'000
Amounts applied		
Departmental		
Annual appropriations	37,803	41,014
Total amounts applied	37,803	41,014
Expenses		
Departmental	39,034	39,652
Administered	-	16
Total expenses	39,034	39,668
Revenue		
Administered	29,326	26,012
Total revenue	29,326	26,012

Regulatory charging activities:

Regulation and advice, including regulation of VET organisations, accreditation of VET courses and advice in regard to VET regulation.

Documentation (Cost Recovery Implementation Statement/s) for the above activities is available at <http://www.asqa.gov.au/about/fees-and-charges/fees-and-charges1.html>.

5.3 Net cash appropriation arrangements

	2017	2016
	\$'000	\$'000
Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations	(1,475)	688
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(1,672)	(2,466)
Total comprehensive loss - as per the Statement of Comprehensive Income	(3,147)	(1,778)

Notes to and forming part of the financial statements

for the year ended 30 June 2017

6.1 Key management personnel remuneration

	2017	2016
	\$'000	\$'000
Short-term employee benefits		
Salary	1,267	1,125
Motor vehicle and other allowances	52	55
Total short-term employee benefits	1,319	1,180
Post-employment benefits		
Superannuation	184	166
Total post-employment benefits	184	166
Other long-term employee benefits		
Annual leave	79	88
Long-service leave	30	47
Total other long-term employee benefits	109	135
Total key management personnel expenses¹	1,612	1,481

The total number of key management personnel that are included in the above table are 7 (2016: 6).

Key management personnel consist of Commissioners and general managers.

- The above key management personnel remuneration excludes the remuneration and other benefits of the Agency Minister. The Agency Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the entity.



Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2017

6.2 Related party disclosures

Related party relationships:

The entity is an Australian Government-controlled entity. Related parties to this entity are key management personnel including the Assistant Minister and Executive, and other Australian Government entities.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes. These transactions have not been separately disclosed in this note.

Significant transactions with related parties can include:

- the payments of grants or loans
- purchases of goods and services
- asset purchases, sales transfers or leases
- debts forgiven, and
- guarantees.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, it has been determined that there are no significant related party transactions to be separately disclosed.

7.1 Contingent assets and liabilities

	Guarantees		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Contingent assets				
Balance carried forward	44	44	44	44
Total contingent assets	44	44	44	44
Net contingent assets	44	44	44	44

Accounting policy

Contingent assets

Contingent assets arise from guarantees, indemnities and other forms of support provided to ASQA and from legal disputes and other claims by ASQA arising from past event. Contingent assets by definition are similar to an asset with the distinguishing feature being the uncertainty over ASQA's entitlement.

Contingent liabilities

Contingent liabilities arise from guarantees, indemnities and other forms of support provided by ASQA and from legal disputes and other claims against ASQA arising from a past event. Contingent liabilities by definition are similar to a liability with the distinguishing feature being the uncertainty over ASQA's obligation.

Quantifiable contingent liabilities

ASQA does not have any quantifiable departmental contingent liabilities as at the reporting date.

Unquantifiable contingent liabilities

ASQA has a number of legal matters against third parties; however, it is not possible to estimate the amount(s) or likely payout in relation to the legal matters.

7.1B: Administered - Contingent assets and liabilities

ASQA has no administered contingent assets and contingent liabilities as at the reporting date.

7.2 Financial instruments

2017	2016
\$'000	\$'000

7.2A: Categories of financial instruments

Financial assets

Receivables

Cash and cash equivalents	335	292
Trade and other receivables	202	381
Total receivables	537	673

Financial liabilities

Financial liabilities measured at amortised cost

Trade creditors	4,246	2,688
Total financial liabilities measured at amortised cost	4,246	2,688
Total financial liabilities	4,246	2,688

Accounting policy

Financial liabilities and financial assets that are not contractual (such as GST, created as a result of statutory requirements imposed by governments) are not financial instruments.

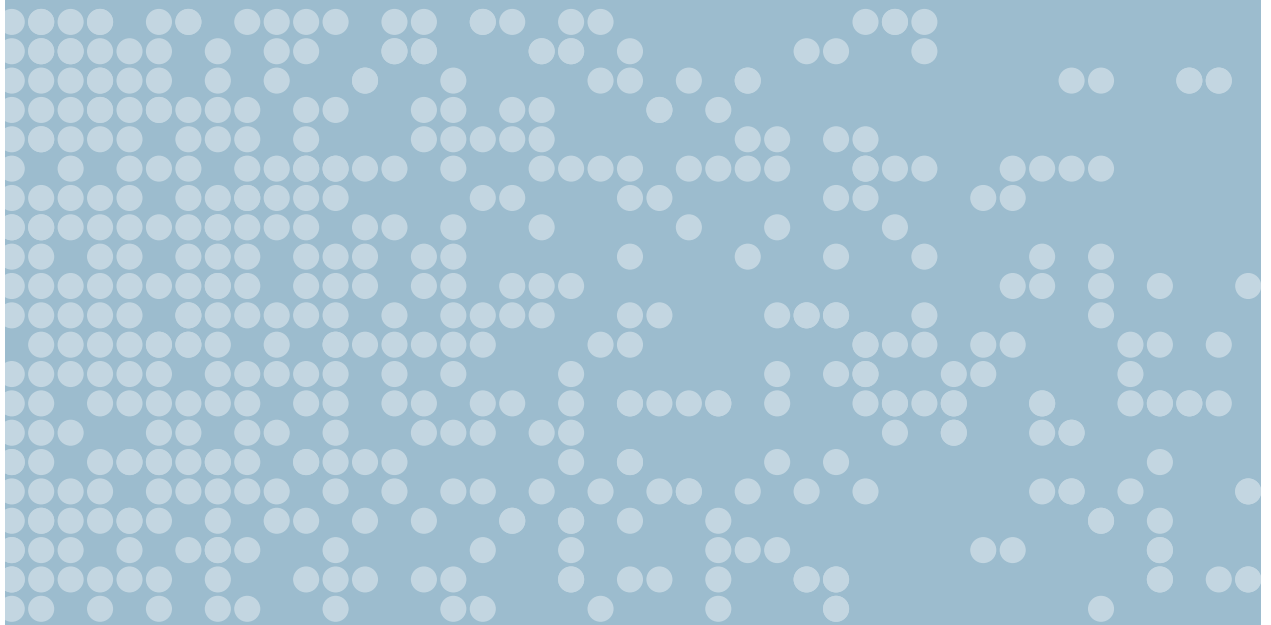
Receivables

Receivables consist of contractual receivables, such as debtors in relation to goods and services.

Payables

Payables consist of contractual payables, such as accounts payable and accruals.

Management and accountability





Corporate governance

In 2016–17, ASQA's corporate governance framework and practices ensured that ASQA's operations were efficient, effective and accountable. ASQA's corporate governance framework is realised through:

- the work of the Senior Management Group and its supporting committees
- the ASQA Quality Management System
- maintaining ethical standards and upholding Australian Public Service (APS) values, and
- ASQA-wide fraud control measures.

As part of this framework, ASQA's Commissioners meet formally to make decisions about regulatory policy.

Commissioners' meetings

During the reporting period, ASQA's Commissioners met formally on 48 occasions to consider items including regulatory decisions about provider registrations, and regulatory policy decisions. The Commissioner, Regulatory Operations, held (as a delegate) a further 48 meetings.

Under the *National Vocational Education and Training Regulator Act 2011*, the Chief Commissioner is responsible for ensuring that Commissioners' Meetings are held 'as ... necessary for the efficient performance of [ASQA's] functions'.

Senior Management Group

The Senior Management Group comprises the:

- Chief Commissioner/Chief Executive Officer
- Deputy Chief Commissioner/Commissioner—Intelligence and Regulatory Support
- Commissioner—Regulatory Operations
- General Manager Regulatory Strategy, Governance and Corporate, and
- General Manager Regulatory Operations.

In 2016–17 the Senior Management Group provided a forum for ensuring:

- cooperation and consistency across ASQA business units, in order to achieve organisational objectives
- effective communication across the leadership group on major issues and priorities, and
- progress in implementing corporate strategies.



ASQA has established all relevant mandatory committees:

- **Audit Committee**—the Chief Executive Officer has established the Audit Committee in compliance with section 42 of the Public Governance, Performance and Accountability Act 2013 (PGPA Act). The Audit Committee reports directly to the Chief Executive Officer, providing independent assurance and assistance on ASQA's risk, control and compliance framework and its external accountability responsibilities. The Audit Committee also reviews ASQA-wide fraud control measures.
- **Health and Safety Committee**—the Chief Executive Officer has established the Health and Safety Committee under Section 75-79 of the *Work Health and Safety Act 2011*. The Health and Safety Committee reports directly to the Chief Executive Officer, providing advice on best practice and reports on incidents and compliance as well as measures to reduce fraud and cases that are under investigation with Comcare.
- **Security Committee**—the Chief Executive Officer has established the Security Committee to ensure that ASQA can meet the requirements of the Australian Government's Protective Security Policy Framework (PSPF). The Security Committee reports to the Chief Executive Officer through the National Manager—Regulatory Strategy, Governance and Corporate (as Agency Security Adviser), providing advice on security compliance and reports on incidents. The Security Committee incorporates Business Continuity Management and oversight of accommodation.

In addition to these mandatory committees, the Senior Management Group is also supported by the following advisory committees:

- Finance Committee
- Communications Committee
- Quality Committee
- Staff Consultative Committee
- Information Management and Technology Committee
- Regulatory Managers Group, and
- ASQA Managers Forum.

In 2016–17 the Senior Management Group oversaw the development of many important initiatives including:

- the implementation of the student-centred audit approach
- a proposed revision of ASQA's fees and charges, and
- the development of a resource planning model.

The Senior Management Group met 56 times in 2016–17.



Internal reporting and audit

Internal reporting plays a vital role in enabling senior employees to monitor ASQA's operational and budget performance and progress in meeting performance requirements. During 2016-17 these reports included:

- monthly reports on finance, regulatory business statistics, complaints, issues and incidents, communications (website and Info line statistics), and
- quarterly reports on ASQA's Strategic Risk Register, human resources profiles, health and safety.

These reports promote better practice within ASQA and improve controls and governance within a risk-management environment.

Ethical standards

ASQA employees, as Australian Public Service (APS) employees, are required under the APS Code of Conduct to behave at all times in a way which upholds the APS Values. The APS Values include maintaining the highest ethical standards.

All ASQA ongoing and non-ongoing employees sign a 'Declaration of Interest' document on commencement with ASQA. Senior Executive Service employees are required to sign this document annually. By signing the declaration, employees confirm that they are aware of their responsibilities under the APS Code of Conduct.

ASQA's Human Resources team provides practical guidance on ethical standards to employees. ASQA's extranet provides links to the Ethical Standards Advisory Service on the Australian Public Service Commission website.

Agency heads are also bound by the APS Code of Conduct, and have an additional duty to promote the APS Values.

Fraud control

In line with the Commonwealth Fraud Control Framework under the PGPA Act, ASQA has a Fraud Control Plan and a Fraud Control Policy in place.

To manage its fraud control environment, ASQA has implemented a range of policies and procedures, under the umbrella of ASQA's Accountable Authority Instructions. These policies and procedures include ASQA compliance with the Commonwealth Procurement Rules and other Commonwealth policies to ensure ASQA's purchases are efficient, effective, economic, and ethical. Collectively, these documents establish the framework for the management of fraud risks and the conduct of investigations.

ASQA actively seeks to raise awareness of the fraud prevention measures set out in the Fraud Control Plan throughout ASQA.

Fraud control certification is included in the letter of transmittal at the beginning of this report.



External scrutiny

Review of decisions

Persons affected by an ASQA decision may, in certain circumstances, seek a review of that decision, or challenge the validity of an ASQA decision.

The review may be either:

- a formal ASQA internal reconsideration of a decision, or
- an external review by the Administrative Appeals Tribunal or Court.

Reconsideration of decisions by ASQA

ASQA has a two-tiered decision-making process, which allows internal reconsideration of some reviewable decisions.

If a person affected by an ASQA decision applies for reconsideration, the person may submit new evidence. This evidence will then be assessed by an officer who was not involved in the original decision-making process. The officer will recommend that the Commissioners affirm, vary or revoke the original decision.

In 2016–17, ASQA finalised 68 reconsideration applications. The results of these reconsiderations are shown in Table 18.

Table 18: Outcomes of reconsideration applications, 1 July 2016 - 30 June 2017

Outcome of reconsideration application	Number
Decision revoked (Evidence provided to ASQA that non-compliance had been rectified)	35
Decision affirmed (ASQA reviewed the reconsideration application and any relevant evidence, and found that the provider remained non-compliant)	30
Decision varied (ASQA original decision revoked and new decision put in its place)	2
No decision made (procedural issues meant no decision required)	0
Application withdrawn by applicant	1
TOTAL	68

Review by the Administrative Appeals Tribunal or Federal Court

If a person is dissatisfied with the outcome of a decision made by ASQA, they may apply for review of the decision by the Administrative Appeals Tribunal or a Court.

This section discusses the two kinds of review by the Administrative Appeals Tribunal or a Court that were undertaken in 2016–17 in relation to ASQA decisions.

- A person may apply to the Administrative Appeals Tribunal for review of an ASQA decision, including the merits of such a decision.
- A person may apply for judicial review of ASQA's decision in the Federal Court.



In 2016–17, ASQA received 73 applications in which training providers or applicants requested a review of a decision made by ASQA to a Tribunal or Court—26 of these were carried over from previous financial years; 62 of these matters were dealt with and closed during 2016–17; and 37 have been carried into 2017–18. These matters are shown in Table 19.

Table 19: Reviews by a tribunal or court, 1 July 2016 - 30 June 2017

Matter	Number
Carried into 2016–17	26
Opened	73
Total received	99
Total closed	62
Carried into 2017-18	37

The outcomes of applications for review to a tribunal or court that were closed during the reporting period are shown in Table 20.

Table 20: Outcomes of applications for review by a tribunal or court, 1 July 2016 - 30 June 2017

Closed matter outcome	Number
ASQA's decision affirmed	3
ASQA's decision set aside	4
ASQA's decision varied	1
Dismissed	5
Dismissed on jurisdiction	2
Resolved between Applicant and ASQA	31
Withdrawn by Applicant	16
Total closed	62

Management of human resources

Workforce planning and staff retention and turnover

ASQA's *Workforce plan 2016-18* outlines the Authority's ongoing approach to proactively shaping and structuring its workforce. The plan ensures that ASQA has sufficient and sustainable capability to deliver its organisational objectives. The plan assists ASQA in planning for the future, anticipating change, managing its workforce and meeting business goals.

The plan also facilitates the monitoring of ASQA's structure and assessment of the Authority's resourcing requirements against its budget, essential undertakings for a high performing and healthy government agency. The plan is also critical to ASQA successfully utilising a contemporary risk-based approach to regulation.

During the reporting period, ASQA focused on the 'transform' phase of the workforce plan, prioritising resourcing within establishment; managing exits and attrition; developing capabilities and workforce engagement; and managing succession.



In order to build a structure that could support these focus areas and meet budgetary requirements, changes to the 2016–17 establishment structure were required. This resulted in a significant turnover rate of 20.9 per cent for the year, with 6.5 per cent turnover occurring in June 2017 alone.

ASQA enterprise agreement

The terms and conditions of employment for ASQA employees are set out in the *ASQA Enterprise Agreement 2012–14*. The *ASQA Enterprise Agreement 2012–14* has a nominal expiry date of 30 June 2014; however, the Agreement will remain in effect until replaced by the next ASQA enterprise agreement. ASQA commenced negotiations for the next enterprise agreement in July 2014. These negotiations were ongoing as at 30 June 2017 and were successfully completed after the end of the reporting period.

At 30 June 2017, 187 ASQA employees were covered by the *ASQA Enterprise Agreement 2012–14*, two Senior Executive Service (SES) employees were covered by an Individual S24 (1) Determination and three Commissioners were covered by Remuneration Tribunal Determinations.

The salaries for employees covered by the *ASQA Enterprise Agreement 2012–14* range from \$47,039 for an APS level 1 employee at the bottom pay point to \$134,543 for an EL 2 level employee at the top pay point.

At 30 June 2017 ASQA had 13 employees with an individual flexibility agreement that varies the effect of the terms of the *ASQA enterprise agreement 2012–14*.

Performance pay

The *ASQA Enterprise Agreement 2012–14* does not provide access to performance pay.

Information on Commissioners' and SES employees' total remuneration is set out on page 81 in the financial statements.

Training and development

ASQA actively supports continued learning and development for its employees. During the 2016–17 year, ASQA supported 130 individual requests for training and development. Examples of training courses undertaken included Certificate IV in Training and Assessment, Certificate IV in Government Investigations, and courses in data analytics and advanced Excel.

ASQA has an established studies assistance program and during the reporting period supported five employees to achieve undergraduate and postgraduate qualifications to enhance their specific skills and knowledge.

During the 2016–17 year, ASQA spent \$186,000 on employee training and development and study assistance.

ASQA engaged the Australian Public Service Commission to deliver merit-based recruitment training to 33 managers. The purpose of this training was to increase ASQA managers' confidence and capability in the area of public sector merit-based recruitment.

ASQA also developed a Building a Healthy Attendance Culture Strategy and Guide and conducted workshops with 44 ASQA managers to increase managers' confidence and capability when managing employee attendance.

ASQA also supported three employees with work, health and safety responsibilities to attend first aid and health and safety training.



ASQA's work health and safety performance

ASQA fulfils its responsibilities under the *Work Health and Safety Act 2011* by actively promoting work health and safety messages across the organisation. During the reporting year, ASQA partnered with our Employee Assistance Provider, Optum, to deliver health and wellbeing programs across ASQA offices.

ASQA has an established Work Health and Safety Committee. The committee comprises employee representatives who are consulted in the development and implementation of strategies to protect employees from risks to their health and safety. ASQA has Health and Safety Representatives in each state and territory office. ASQA also has trained employees who undertake duties as first aid officers and fire wardens.

ASQA provides onsite ergonomic support to all new employees as well as any employees experiencing pain or injury. Influenza vaccinations were available for all employees in April 2016. ASQA offers its employees and their families independent, confidential and professional counselling through the Employee Assistance Program. ASQA also offers all employees a healthy lifestyle allowance of up to \$300 per year for expenditure on healthy lifestyle activities or equipment.

These initiatives, together with early intervention and carefully managed workplace rehabilitation, have contributed significantly to a reduction in compensable injuries.

There were no accidents or dangerous occurrences during the year that arose out of conduct of business or undertakings by ASQA that required notification to Comcare.

Payroll

ASQA outsources payroll and leave recording functions to the Service Delivery Office within the Department of Finance on a fee for service basis.

Reports

Tables 21–29 provide statistics on the number of ASQA employees at the end of the reporting period, in relation to classification levels, full-time/part-time status, gender and location.

Table 21: ASQA employees by employment status as at 30 June 2017

Employment status	Total
Ongoing	162
Non-ongoing	30
Total	192*

*including three Commissioners



Table 22: ASQA ongoing employees by classification as at 30 June 2017

Classification	Number
Commissioners	3
SES Band 1	2
EL 2	24
EL 1	51
APS 6	49
APS 5	22
APS 4	11
APS 3	0
APS 2	0
APS 1	0
Total	162

Table 23: ASQA non-ongoing employees by employment status as at 30 June 2017

Classification	Number
Commissioner	0
SES Band 1	0
EL 2	2
EL 1	3
APS 6	7
APS 5	9
APS 4	2
APS 3	7
APS 2	0
APS 1	0
Total	30

Table 24: ASQA ongoing employees by full-time/part-time status as at 30 June 2017

Status	Number
Full-Time	142
Part-Time	20
Total	162



Table 25: ASQA non-ongoing employees by full-time/part-time status as at 30 June 2017

Status	Number
Full-Time	27
Part-Time	3
Total	30

Table 26: ASQA ongoing employees by gender as at 30 June 2017

Gender	Number
Female	107
Male	55
Total	162

Table 27: ASQA non-ongoing employees by gender as at 30 June 2017

Gender	Number
Female	21
Male	9
Total	30

Table 28: ASQA ongoing employees by location as at 30 June 2017

ASQA office location	Number of employees at location
Melbourne	45
Sydney	29
Adelaide	14
Canberra	11
Brisbane	54
Perth	6
Hobart	2
Darwin	1
Total	162

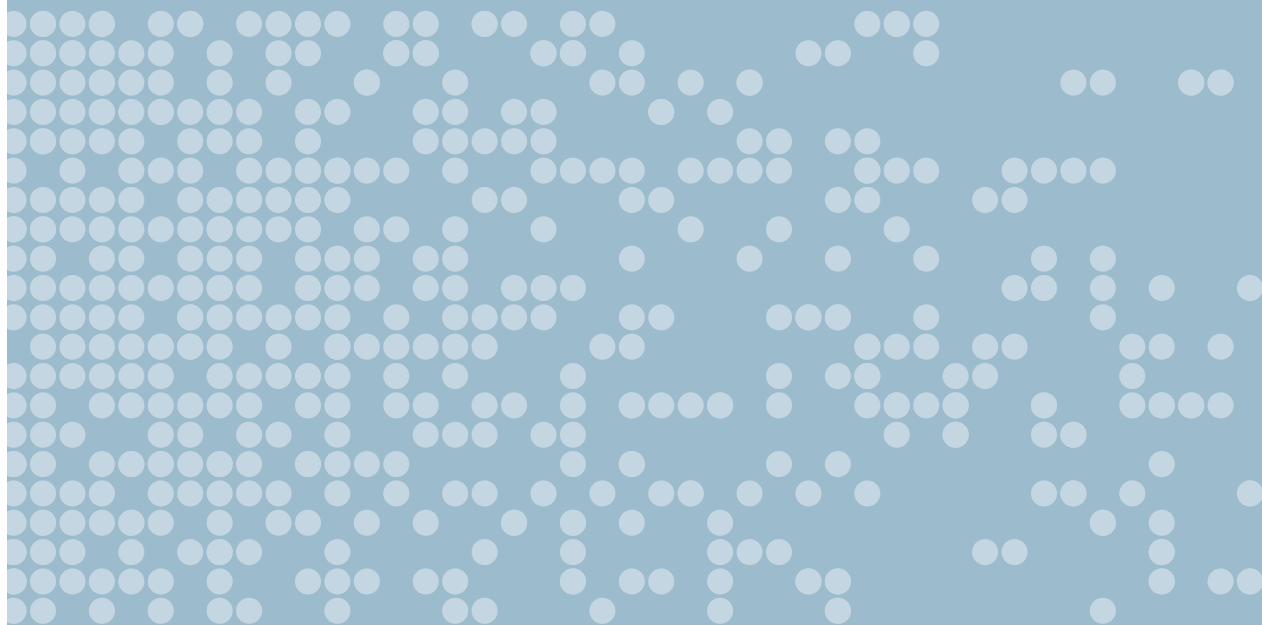


Table 29: ASQA non-ongoing employees by location as at 30 June 2017

ASQA office location	Number of employees at location
Melbourne	16
Sydney	5
Adelaide	1
Canberra	1
Brisbane	6
Perth	0
Hobart	1
Darwin	0
Total	30

As at 30 June 2017, ASQA employed no ongoing employees who identify as Indigenous.

Budget and finance





Budget and finance

Assets management

Part 5 (d) (d) of the *Resource Management Guide 135—Annual Reports for Non-Corporate Commonwealth Entities* sets out the requirement for an assessment of the effectiveness of assets management where it is a significant aspect of the strategic business of an entity. Assets management does not form a significant aspect of the strategic business of the Australian Skills Quality Authority (ASQA).

Purchasing

ASQA's procurement policies and practices are consistent with all relevant Australian Government laws, the Commonwealth financial framework (including the Commonwealth Procurement Guidelines), and other relevant policies.

The Commonwealth Procurement Guidelines are applied to activities through the Accountable Authority Instructions and supporting operational guidelines.

The procurement framework reflects the core principle governing Australian Government procurement—value for money. Policies and procedures also focus on:

- encouraging competitive, non-discriminatory procurement processes
- efficient, effective, economical and ethical use of resources
- accountability and transparency.

Responsibility for procurement is devolved to individual business groups. ASQA supports this decentralised approach by:

- providing information and training about procurement policies and procedures to all staff
- maintaining a single point of contact for staff to seek advice on the Commonwealth Procurement Rules, the Accountable Authority Instructions and tendering processes
- standardised tendering and contracting documentation.

ASQA publishes its procurement activities and plans on AusTender, allowing its procurement activities to be readily communicated and accessible to all business enterprises.

Consultants

ASQA engages consultants where it lacks specialist expertise or when independent research, review or assessment is required. Consultants are typically engaged to investigate or diagnose a defined issue or problem; carry out defined reviews or evaluations; or provide independent advice, information or creative solutions.

Prior to engaging consultants, ASQA takes into account the skills and resources required for the task, the skills available internally, and the cost-effectiveness of engaging external expertise. The decision to engage a consultant is made in accordance with the *Public Governance Performance and Accountability Act 2013* and related regulations, including the Commonwealth Procurement Rules.



During 2016-17, ASQA entered into 25 new consultancy contracts involving actual expenditure of \$0.631m (inclusive of GST). In addition, 14 ongoing consultancy contracts were active during 2016-17, involving an actual expenditure of \$0.447m. The consultancy contracts were for a range of services including internal and external audit and financial management.

Australian National Audit Office Access clauses

ASQA is required to provide details of any contract of \$100,000 or more (inclusive of GST) that does not provide a clause in the contract for the Auditor-General to have access to the contractor's premises. ASQA did not have any contracts over \$100,000 that did not provide the clause for the Auditor-General to have access to the contractor's premises.

Exempt contracts

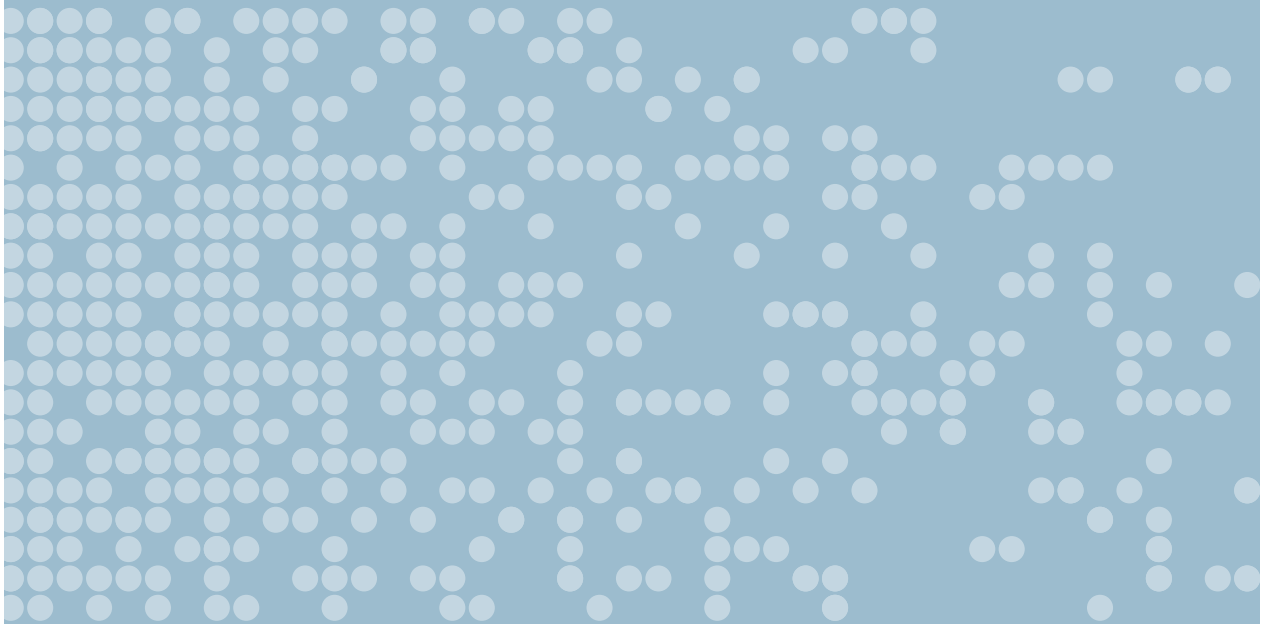
No contracts in excess of \$10,000 (inclusive of GST) or standing offers were exempted by the Chief Executive Officer from being published on AusTender during the 2016-17 reporting year.

Small business

Consistent with the Commonwealth Procurement Rules, ASQA's procurement practices provide appropriate opportunities for small businesses to compete and ensure they are not unfairly discriminated against. The following processes are followed when undertaking procurement:

- the use of Whole of Government procurement panels
- the use of multi-agency panel arrangements for procurement services
- best practice of seeking three quotes from suppliers when a panel arrangement is not available to use
- the use of the Commonwealth Contracting Suite for low-risk procurement valued under \$200,000 (as of 1 January 2016)
- use of the SAP Financial Management Information System (FMIS) to identify invoices that are due for payment within the 30-day payment terms from the receipt of the correctly rendered invoice
- increased use of purchasing cards to enable payments to suppliers up to the value of \$10,000.

Appendices





Appendix 1—Other mandatory information

Ecologically sustainable development and environmental performance reporting

The Australian Skills Quality Authority (ASQA) has continued to pursue activities that support the ecologically sustainable principles outlined under section 3A of the *Environment Protection and Biodiversity Conservation Act 1999*. During 2016–17 this included:

- continuing to implement improvements to the electronic document management system for audit, regulatory and records management to reduce the amount of paper files
- ongoing desktop anywhere (DTA) solution equipment rollout to replace standard desktop personal computer setup for audit and investigations staff providing greater mobility and energy savings
- using low-wattage, energy-efficient lights throughout office areas and operating lighting in office areas via motion sensors to reduce energy consumption
- maintaining paper-use reduction initiatives such as default printer settings to print double-sided and in black and white
- paper and toner cartridge recycling.

Environmental performance

The environmental performance of ASQA is aggregated by the Technology and Services Group (TSG) of the Department of Employment due to the nature of the services provided exclusively and variously by TSG to ASQA under the current Memorandum of Understanding (MOU) arrangement. These services include information and communication technology (ICT) services, including ICT procurement services and security access. Currently, payroll services and SAP/Connect services are provided by the Department of Finance Service Delivery Office.

A comparison of the environmental performance indicators for ASQA 2015–16 and 2016–17 appears in Table 30. Overall energy consumption for the current reporting period has decreased, in comparison to the previous reporting period. In line with the reduction in overall energy consumption, energy use per total square metre of leased space has reduced from the 2015–16 period compared to the 2016–17 period.

ASQA continues to evaluate and improve its operational efficiency to ensure that its activities contribute to successful long-term outcomes and to increase its understanding of sustainability beyond the environmental scope.



Table 30: ASQA environmental performance indicators

INDICATORS	2016-17	2015-16
Total energy consumption (kWh)	410,958.49	419,610.08
Total energy consumption (Mj)	1,431,750.97	1,461,892.51
Energy use per staff headcount* (Mj) ¹	6066.75	6116.70
Energy use per square metre per annum	230.72	252.57
Desktop personal computer/DTA device to multifunction printer ratio	17:1	16:1
% recycled content – copy paper ³	100%	100%
Total copy paper purchased (reams)	833	892
Copy paper per full-time equivalent (reams)	3.84	3.94

Notes

* Staff headcount: This figure includes ASQA employees (ongoing and non-ongoing) and an average of external contractors engaged over the reporting period.

1 Energy Efficiency in Government Operations Policy target is 7500Mj per person per annum.

2 Energy Efficiency in Government Operations Policy target is 400Mj per square metre per annum.

3 Recycled content equal to or greater than 50 per cent.

Advertising and market research

During the 2016–17 financial year, ASQA did not undertake any advertising campaigns or market research.

Grant programs

ASQA does not administer any grant programs.

Disability reporting

Since 1994, non-corporate Commonwealth entities have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service (APS) Commission’s State of the Service reports and the APS Statistical Bulletin. These reports are available at www.apsc.gov.au. From 2010–11, entities have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level, two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring. The first of these progress reports was published in 2014 and can be found at www.dss.gov.au.

Information publication scheme

Agencies subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement, in Part II of the FOI Act, has replaced the former requirement to publish a ‘Section 8 statement’ in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements.

ASQA’s IPS plan can be found at: <https://www.asqa.gov.au/about/accountability-and-reporting/information-publication-scheme>

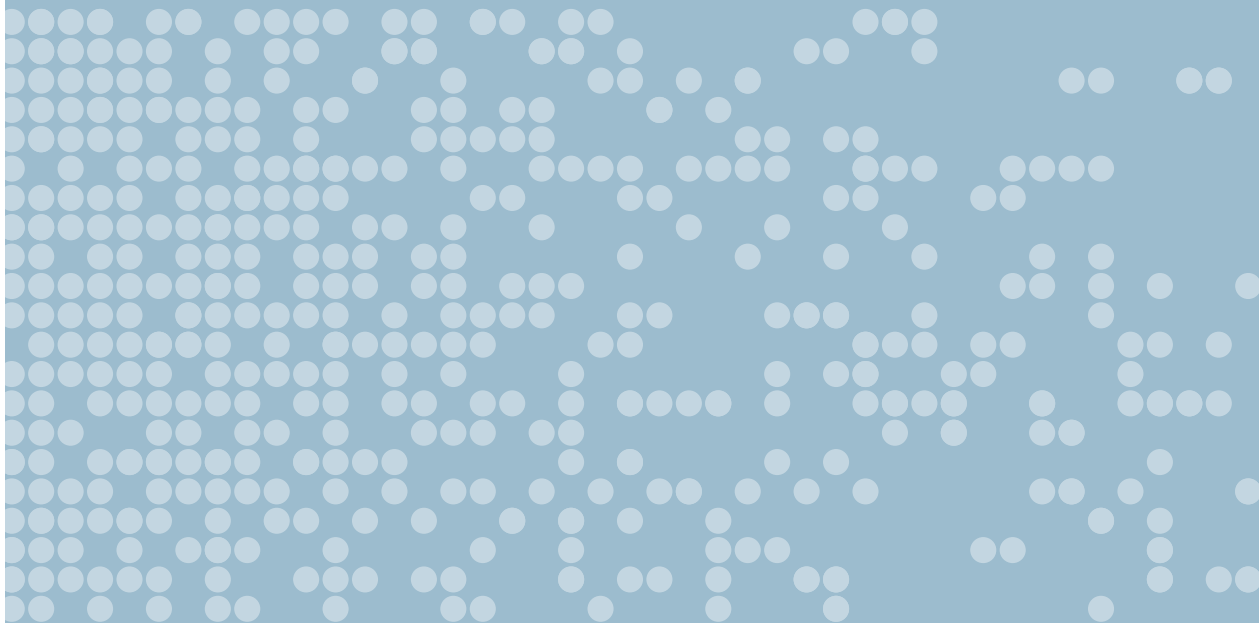
Appendix 2—Agency resource statement

Table 31: ASQA agency resource statement 2016-17

ASQA resource statement 2016-17

		Actual available appropriation for 2016-17 \$'000	Payments made 2016-16 \$'000	Balance remaining 2016-17 \$'000
Ordinary annual services				
Departmental appropriations		57,118	35,916	22,987
Total		57,118	35,916	22,987
Total ordinary annual services	A	57,118	35,916	22,987
Other services				
Departmental non-operating				
Equity injections		1,887	1,887	-
Total		1,887	1,887	-
Total other services	B	1,887	1,887	-
Total available annual appropriations and payments		59,005	37,803	
Total resourcing and payments				
A+B		59,005	37,803	
Total net resourcing for ASQA		59,005	37,803	

References





Glossary

accreditation

The formal recognition of a vocational education and training course by the Australian Skills Quality Authority.

accredited VET course

A structured sequence of training developed to meet training needs that are not addressed by existing training packages.

ASQA Info Line

ASQA's Melbourne-based contact centre.

asqanet

ASQA's online application system for vocational education and training applications. ASQAnet is also the agency's internal business system for managing and maintaining application, registration and regulatory processes, decisions, activity and information.

audit *See compliance audit and registration audit*

audit moderation

A process of collaborative discussion for compliance staff to achieve a consistent interpretation of relevant standards and legislative obligations to support decisions on provider compliance.

Australian Qualifications Framework (AQF)

A unified system of national qualifications in schools, vocational education and training (TAFEs and private providers) and the higher education sector (mainly universities).

Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS)

An online database of courses and educational institutions or providers in Australia that are registered to offer courses to overseas students with student visas.

competency

An individual's demonstrated capacity to perform a skill or task.

compliance

Compliance is reached when requirements of the VET Quality Framework or Standards for VET Accredited Courses have been met.

compliance audit

The systematic and documented process used to assess a provider's ongoing compliance with the VET Quality Framework and other relevant standards.

Compliance audit activities are scheduled at ASQA's discretion with the authority of an ASQA Commissioner. The cost of ASQA undertaking a compliance audit of a registered training organisation is chargeable to that provider.

ASQA has authority to undertake compliance audits of providers outside Australia. ASQA does not currently have legislative authority to charge CRICOS providers for the cost of a compliance audit.



cost recovery

Cost recovery broadly encompasses fees and charges related to the provisions of government goods and services (including regulation) to private and other sectors of the economy.

As a partial cost recovery agency, ASQA must partly recover the costs of performing regulatory activities through fees and charges.

Council of Australian Governments (COAG)

The peak intergovernmental forum in Australia. The members of COAG are the Prime Minister, state and territory premiers and chief ministers, and the President of the Australian Local Government Association (ALGA). The Prime Minister chairs COAG.

course owner

The owner of an accredited vocational education and training course.

Data Provision Requirements 2011

A legislative instrument that outlines the requirements for providers to capture and provide data to ASQA.

English Language Intensive Courses for Overseas Students (ELICOS)

English language programs for students who require English language training before commencing formal studies in Australia.

Financial Viability risk assessment(s)

Structured risk assessments of common indicators of financial performance, which determine an organisation's likely business continuity and its financial capacity to deliver quality outcomes.

Financial Viability Risk Assessment Requirements 2011

A legislative instrument to ensure that an applicant or provider has the necessary financial resources for business continuity and can deliver quality outcomes.

Fit and Proper Person Requirements 2011

A legislative instrument used to determine fit and proper person requirements for persons who exercise a degree of control or influence over the operation of a registered training organisation.

general direction

A direction given by the ASQA on the way in which the VET Quality Framework and other conditions defined in the *National Vocational Education and Training Regulator Act 2011* are to be complied with.

industry

The bodies that have a stake in the training, assessment and client services provided by vocational education providers.

industry organisation

An organisation representing an industry, including peak business and employer organisations and industry advisory bodies, such as industry skills councils.



industry skills council(s)

National bodies formerly recognised and funded by the Australian Government to develop and maintain training packages specific to particular industry areas; this role is now performed by Skills Service Organisations.

multi-sector provider

Providers that offer courses in two or more sectors, e.g. providers that offer both VET and higher education courses.

National Code of Practice for Providers of Education and Training to Overseas Students 2017 (National Code)

A set of nationally consistent standards that governs the protection of overseas students and delivery of courses to those students by providers registered on the CRICOS.

national register

The official national register of information on training packages, qualifications, courses, units of competency and registered training organisations, online at training.gov.au

National Standards for ELICOS Providers and Courses 2011 (ELICOS Standards)

Guidelines for designated authorities to make recommendations for acceptance of providers to be registered on the CRICOS.

national VET regulator

The Australian Skills Quality Authority, the national body responsible for registered training providers and accrediting courses in Australia.

National Vocational Education and Training Regulator Act 2011

National legislation that governs the regulation of the vocational education and training sector in Australia.

non-compliance

Non-compliance occurs when the requirements of the VET Quality Framework or other relevant standards or registration conditions have not been met.

notice of intention

ASQA may issue a provider with a notice of intention to apply a sanction or condition of registration where non-compliances are identified. The notice of intent letter outlines the proposed sanction or condition, the reasons for the sanction, and invites the provider to submit evidence within 20 working days as to why the action should not be taken by ASQA.

overseas students

A person studying onshore only with visa subclasses 570 to 575, excluding students on Australian-funded scholarships or sponsorship or students undertaking study while in possession of other temporary visas.



provider

'Provider' may refer to:

- a registered training organisation
- a vocational education and training provider that is also registered on the CRICOS to deliver to overseas students
- a provider that is registered on the CRICOS and delivers ELICOS.

Public Governance, Performance and Accountability Act 2013

An Act about the governance, performance and accountability of, and the use and management of public resources by, the Commonwealth, Commonwealth entities and Commonwealth companies, and for related purposes.

qualification

Formal certification, issued by a relevant approved body, in recognition that a person has achieved learning outcomes or competencies relevant to identified individual, professional, industry or community needs.

referral of powers

States have the ability to give legislative control to the federal government in areas which have been deemed in the national interest.

registered training organisation (RTO)

An organisation, registered in accordance with the requirements of the VET Quality Framework, to provide specific vocational education and training and/or assessment services.

registration

ASQA registers both VET providers as RTOs and providers wishing to enrol overseas students who are on student visas as CRICOS providers.

VET registration is a nationally recognised indication that a training organisation can deliver, assess and issue qualifications or statements of attainment to a nationally agreed standard for the specific vocational education and training qualifications it is registered to provide.

Providers delivering training and assessment to overseas students who have Australian student visas must be registered on CRICOS.

reviewable decision

Reviewable decisions include those decisions listed in section 199 of the *National Vocational Education and Training Regulator Act 2011*. Reviewable decisions may include decisions to cancel a provider's registration, or to impose sanctions upon a provider.

risk assessment

Assessment conducted to gather data about operations of providers including through undertaking audit activities.

risk rating

A rating assigned to each provider by ASQA to indicate the potential effects and likelihood of a provider not complying with its legislative obligations. ASQA began phasing out *risk ratings* in favour of *risk profiles* from 2015.



Skills Service Organisations

Skills Service Organisations work with Industry Reference Committees to help them progressively review and develop training packages.

scope of registration

The particular services and products that a provider is registered to provide.

Standards for Registered Training Organisations 2015

The national standards against which applicants for registration as a VET provider and existing VET providers are assessed.

Standards for VET Accredited Courses 2012

A legislative instrument used to formally identify the requirements for accrediting VET courses.

Standards for VET Regulators 2015

A legislative instrument used to formally identify the standards for VET regulators performing functions under the *National Vocational Education and Training Regulator Act 2011*.

strategic reviews

Industry-wide reviews undertaken by ASQA to obtain information about areas of the training sector that may require targeted regulatory action.

student-centred audit approach

An approach to audit that focuses on the practices and behaviours of RTOs, as well as checking on the compliance of RTOs' systems and processes.

training package

A package that specifies the skills and knowledge required to perform effectively in the workplace.

VET Quality Framework

A set of standards and conditions used by ASQA to assess whether a registered training organisation meets the requirements for registration.

The VET Quality Framework comprises:

- the *Standards for Registered Training Organisations 2015*
- the Fit and Proper Person Requirements
- the Financial Viability Risk Assessment Requirements
- the Data Provisions Requirements
- the Australian Qualifications Framework.

VET regulatory reform

A program of reforms implemented by ASQA from 2014, in relation to how ASQA regulates Australia's vocational education and training sector.

vocational education and training

Post-compulsory education and training, excluding degree and higher level programs delivered by further education institutions, which provides people with occupational or work-related knowledge and skills.



List of abbreviations and acronyms

Abbreviation	Definition
AASB	Australian Accounting Standards Board
ACCC	Australian Competition and Consumer Commission
ACCI	Australian Chamber of Commerce and Industry
ACPET	Australian Council for Private Education and Training
ACT	Australian Capital Territory
AGS	Australian Government Solicitor
AISC	Australian Industry and Skills Committee
ANAO	Australian National Audit Office
APS	Australian Public Service
AQF	Australian Qualifications Framework
ASL	Average Staffing Level
ASQA	Australian Skills Quality Authority
CCA	Community Colleges Australia
CEIs	Chief Executive's Instructions
CEO	Chief Executive Officer
CMS	Content Management System
COAG	Council of Australian Governments
CRICOS	Commonwealth Register of Institutions and Courses for Overseas Students
CSS	Commonwealth Superannuation Scheme
DCB	Departmental Capital Budget
DET	Department of Education and Training
DTA	Desktop Anywhere
EDRMS	Electronic Document and Records Management System
ELICOS	English Language Intensive Courses for Overseas Students
ESOS Act	<i>Education Services for Overseas Students Act 2000</i>
FBT	Fringe Benefits Tax
FMIS	Financial Management Information System
FOI	Freedom of Information
FRR	Financial Reporting Rule
GST	Goods and Services Tax
ICT	Information and Communications Technology



IMT	Information Management and Technology
IPS	Information Publication Scheme
KPIs	Key Performance Indicators
kWh	Kilowatt Hour
Mj	Megajoule
MoU	Memorandum of Understanding
NEAS	National English Language Teaching Accreditation Scheme
NSW	New South Wales
NT	Northern Territory
NVR	National VET Regulator
NVR Act	<i>National Vocational Education and Training Regulator Act 2011</i>
OPA	Official Public Account
PBS	Portfolio Budget Statements
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PSPF	Protective Security Policy Framework
PSS	Public Sector Superannuation Scheme
PSSap	Public Sector Superannuation Scheme accumulation plan
QLD	Queensland
QUT	Queensland University of Technology
RTO	Registered Training Organisation
SA	South Australia
SES	Senior Executive Service
SSOs	Skills Service Organisations
TAE	Training And Education
TAFE	Technical And Further Education
TAS	Tasmania
TDA	TAFE Directors Australia
TSG	Technology and Services Group
VET	Vocational Education and Training
VIC	Victoria
WA	Western Australia

List of requirements

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17A(i)		Letter of transmittal	iii
17AD(h)	Aids to access		
17A(j)(a)		Table of contents	vi–viii
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17A(j)(e)		Details of contact officer	ii
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17A(j)(g)		Electronic address of report	ii
17AD(a)	Review by accountable authority		
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17AD(b)	Overview of the entity		
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17AE(1)(a)(ii)		A description of the organisational structure of the entity	10
17AE(1)(a)(iii)		A description of the outcomes and programs administered by the entity	11
17AE(1)(a)(iv)		A description of the purposes of the entity as included in corporate plan	14
17AE(2)		Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change	n/a
17AD(c)	Report on performance		
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17AG(2)(d) – (e)		A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to noncompliance with Finance law and action taken to remedy noncompliance	n/a
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17AG(4)(c)(i)		Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AD(4)(c)	91

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