



Australian Government  
Australian Skills Quality Authority

ASQA

# ASQA Annual Report 2020–21

ASQA  
Annual Report  
2020–21

## ASQA at a glance

Role

Purpose

Approach

Outcome

Benefits

### WHAT WE DO

Australia's national vocational education and training (VET) regulator

### WHY WE DO IT

To provide nationally consistent, risk-based regulation of VET that contributes to an informed, quality VET sector that meets Australia's needs

### HOW WE DO IT

#### Risk-based regulation

We apply our understanding of both sector and provider risks to our regulation

#### Engagement and support

We support quality, compliance and self-assurance through engagement and support

### INTENDED RESULT

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

### FOR THE COMMUNITY

Community trust and confidence in VET  
Improved outcomes for VET students and employers  
Education choices based on knowledge and information  
A strong VET sector, committed to quality with a culture of continuous improvement and accountability

### PRINCIPLES OF REGULATOR BEST PRACTICE

Continuous improvement and building trust • Risk-based and data-driven • Collaboration and engagement



# Letter of transmittal

23 September 2021  
The Hon Stuart Robert MP  
Minister for Employment, Workforce, Skills, Small and Family Business  
House of Representatives  
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 2020 to 30 June 2021.

ASQA, as the national VET 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.

This report has been prepared in accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), section 215(1) of the NVR Act and Resource Management Guide 135 – Annual reports for non-corporate Commonwealth entities, as published by the Department of Finance.

Finally, as required by the Commonwealth Fraud Control Framework, 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 any proceeds of fraud against the agency.

Yours sincerely

**Saxon Rice**  
**Chief Executive Officer**  
**Australian Skills Quality Authority**

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## 2020–21 snapshot

### Continuous improvement and building trust

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Implemented foundational changes to governance and organisational design to focus on **best practice regulation**

Published our **Regulatory Risk Framework** to describe how we will manage sector and provider risks to regulatory outcomes, while maximising our efficiency and effectiveness

Established a new **Regulatory Operating Model**:

- Implemented **8** Rapid Review recommendations and commenced work on a further **13**
- Implemented key changes to performance assessment (audit) methodology
- Established **separate teams** responsible for performance assessment, and managing findings of non-compliance
- Introduced **agreements to rectify**
- Established **internal review** team
- Introduced new internal **quality assurance** activities
- Improved **data and intelligence** reports

### Risk-based and data-driven

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Responsible for **3,755** providers – **91%** of national total

Completed **937** audits

Accredited **112** courses

Our decisions were affirmed by the Administrative Appeals Tribunal in **80%** of matters that proceeded to a hearing and a decision

**3** criminal prosecutions

Managed a **52%** increase in provider registration applications:



new provider registrations



registration renewals



applications for change in scope of registration



## Collaboration and engagement

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Improved **engagement with the sector** including through **5** Stakeholder Liaison Group meetings

Implemented **COVID-19 response** and commenced strategic review of **online learning**

Introduced and delivered **2** 'Spotlight On' series

Participated in **56** sector events

Received **45,386** Info Line calls and emails

Held **10** live webinars – **9,843** attendees and **13,596** total views of recordings

Produced **7** new guidance videos and **54,838** views of all videos

Provided Electronic Direct Mail Service to **36,000** subscribers

Processed **4,667** student enquiries

## Service Standards and provider satisfaction

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**Good performance** in relation to majority of Service Standards, noting ongoing program of continual improvement

**Met or exceeded 70%** target of positive response for vast majority of provider and course owner survey questions





# Chapter 1: Agency overview

We have undertaken the transitional reform work to position ASQA as an effective modern regulator that supports continuous improvement across the VET sector.

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# Chief Executive Officer's report

## Foundational transition year

2020-21 was a transition year for ASQA, which saw us maintain our regulatory focus while pivoting through a whole-of-agency reform program, undergoing an audit by the Australian National Audit Office (ANAO) and continuing to respond to the COVID-19 pandemic. Following the release of the *Rapid Review of the Australian Skills Quality Authority's Regulatory Practices and Processes* (the Rapid Review) in April 2020, ASQA set out to respond strategically to the review's 24 recommendations in the context of the rapidly changing operating environment for the sector, the breadth of the broader VET reform agenda and other policy settings of the Australian and state and territory governments, including responses to COVID-19. The pandemic, while having significant impacts that were felt right across the sector, allowed us to fast-track the implementation of many of the Rapid Review recommendations, particularly as they relate to our strengthened engagement with the sector and increased transparency about our regulatory risk focus.

In 2020-21, we completed the implementation phase for 8 of the Rapid Review recommendations, many of which saw us make fundamental shifts in our regulatory approach and redefine our strategic purpose to provide greater clarity of our purpose and role as a best practice regulator. We also commenced work on a further 13 recommendations.

## Focus on self-assurance, stakeholder engagement and transparency of risk

Changes to our regulatory approach saw us shift from input and compliance controls to a greater focus on provider self-assurance and excellence in training outcomes. This shift is reflected in our Regulatory Risk Framework, which describes how we will manage sector and provider risks to quality VET outcomes and outlines our enhanced Regulatory Operating Model. This model sets out our regulatory functions and promotes guiding changes to our culture and practices, including improvements to our assessment methodology, and assists the sector in understanding how specific processes fit into the overarching VET framework. It also outlines how we engage with the sector on risk; how we will use communication and education as key regulatory tools and share information with our stakeholders to better understand risk; and how we will support providers to self-assure and continuously improve their performance against the *Standards for Registered Training Organisations (RTOs) 2015 (Standards for RTOs 2015)*.

In 2020-21, we established our Stakeholder Liaison Group (SLG), which is made up of stakeholders with experience and standing in the VET and English language sectors. Throughout the year, we have drawn on the knowledge and expertise of the SLG not only to inform our approach to engagement and education with the sector, but also to assist us in responding to key issues facing providers, and to co-design strategies for managing sector risks identified by providers.

In March 2021, ASQA's Provider Roundtable, which represents peak VET provider associations, endorsed Terms of Reference, which provide for greater clarity around the role of the roundtable as a strategic forum for constructive engagement and collaboration with ASQA. The Provider Roundtable provided input into a number of key strategic outputs in 2020-21, including improvements to ASQA's performance assessment and compliance frameworks.

## COVID-19 and changes in the market

ASQA was attune to the impacts of COVID-19 on the sector throughout 2020–21, particularly in relation to the ability of providers to meet regulatory obligations, the necessary shifts in methods of training delivery and the effects on training outcomes. We responded to the pandemic by enabling flexibility to reduce unnecessary regulatory burden for providers, while also maintaining appropriate safeguards for quality. We engaged with the sector and stakeholders in relation to the evolving risks, particularly in relation to the rapid transition of providers to online delivery in response to restrictions related to face-to-face learning. As part of our COVID Risk Monitoring Strategy, we provided education and guidance to support providers to manage the identified risks, as well as advice to students about quality considerations they might have when selecting a provider. We also commenced a strategic review of online learning in 2020–21, which is exploring opportunities and risks of online learning in the VET sector, with the aim of ensuring our regulatory approaches are effective in responding to the changing delivery landscape.

ASQA also supported broader government initiatives, including work of the Australian Industry and Skills Committee Emergency Response Sub-committee in developing solutions to respond to areas of workforce and skills needs critical in supporting economic recovery. This included undertaking a risk assessment that enabled the automatic approval of a cohort of providers to deliver new infection control training skillsets approved by the sub-committee to upskill workers and manage risks arising from COVID-19.

## Continuous improvement

Our commitment to continuous improvement also drove significant changes within ASQA this year.

We introduced an agency-wide system of governance to align with our strategic direction and support us to meet our strategic objective, manage risk and use our resources effectively and efficiently. We established new lines of accountability to reflect our Regulatory Operating Model, and strengthened the way in which we manage risk as an organisation by establishing an enhanced assurance function to test the efficacy and quality of what we do and engage with our stakeholders to identify and implement continuous improvements to our regulatory operations.

Work began on a Digital Roadmap which will integrate digital technology into all areas of our business, supporting us to be a more digitally enabled and data-driven agency and fundamentally changing the way we operate and engage with providers.

Our workforce and organisational capability are critical to our commitment to best practice regulation and, as such, we will continue to support staff through ongoing change, with a clear commitment to learning and development, wellbeing and workplace health and safety.

ASQA carefully considered the outcomes of the ANAO audit into the effectiveness of the planning and implementation of our reforms and continues to look for opportunities to improve on the basis of the recommendations. One area of focus was the development of an enhanced performance framework for implementation from 2021–22.



## Our strategic direction

As we transition into the next phase of our reform program, we are focused on embedding the changes we have already made and delivering on our strategic purpose and deliverables.

ASQA's revised purpose is *to ensure quality vocational education and training so that students, employers, governments, and the community can have confidence in the integrity of national qualifications issued by training providers.*

To achieve this, we have identified 6 strategic deliverables:

1. Our regulatory approach promotes a culture of self-assurance and continuous improvement.
2. Our regulatory approach is best practice, integrated, risk-based and proportionate.
3. Our regulatory approach is transparent and accountable.
4. We engage and partner with stakeholders constructively and with mutual respect.
5. We add value and are efficient, effective, and continuously improve.
6. Our understanding of sector performance and promotion of self-assurance contributes to quality VET and informed consumers.

ASQA is looking to the future with confidence as we move to the next phase of our reform program which will see us embed and build upon the substantial advances made in our transition year, and continue to focus on best practice regulation across all aspects of our performance, capability and culture. We have undertaken the transition required to position our agency as an effective modern regulator with a regulatory approach that promotes continuous improvement internally and across the sector and will enable the sector's critical role in supporting Australia's post-pandemic economic recovery and future growth and prosperity.

Saxon Rice  
**Chief Executive Officer**

## Key events in 2020–21

July  
2020

First ASQA Stakeholder Liaison Group meeting  
Webinar on 'Resumption planning: continuing delivery in a changed world'

August  
2020

Initial audit practices changes  
Sector consultation on self-assurance  
Further advice for providers on delivering training during COVID-related restrictions

September  
2020

Legislative changes to support a series of amendments to the NVR Act came into effect (for example, in relation to broader use of infringement notices)

6-year investigation into a series of contraventions of the NVR Act resulted in 4 criminal and 6 civil penalties

October  
2020

Webinar on 'Changes in our audit practice'

November  
2020

Consultation draft on compliance policy  
Summary report on sector consultation on self-assurance  
Reconciliation Action Plan launched

December  
2020

Instigation of strategic review of online learning in the VET sector

Webinar on 'Strategic review into building online learning capability in the VET sector'

Webinar on 'Next steps on self-assurance'

Webinar on 'ASQA's approach to compliance: consistency, collaboration and continuous improvement'



## January 2021

Legislative changes in relation to ASQA's governance structure came into effect

Revised COVID-19 guidance for providers

Sector consultation on approach to compliance, regulatory best practice guide

ANAO audit commenced

## February 2021

ASQA's role and purpose clarified

'Spotlight On' Series 1 – compliance requirements for trainers and assessors

RTO obligations checklist published

## March 2021

Appointment of new Minister, Hon Stuart Robert MP

Legislative changes requiring additional decision information published on National Register came into effect

ASQA Provider Roundtable Terms of Reference agreed

Strategic review survey on 'Understanding online learning in the VET sector'

Webinar on 'Learning to be virtual regulators: Inspection and compliance in the age of COVID'

## April 2021

Improved Regulatory Risk Framework and Regulatory Operating Model implemented

Revised *Standards for VET Accredited Courses 2021* introduced

Mental Health First Aid program commenced

Appointment of new Diversity Champion

## May 2021

'Spotlight On' Series 2 – assessment validation

Webinar on 'Improvements to our regulatory approach'

Webinar on 'Online learning: beyond PDFs and Zoom'

## June 2021

ANAO audit report tabled in Parliament

Annual summary of provider quality indicator data published

Welcome to Country protocol established

Rewards and Recognition Program commenced

ASQA 10th anniversary

Further enhancements to ASQA structure

## About us

### Our purpose in 2020–21

To provide nationally consistent, risk-based regulation of VET that contributes to an informed, quality VET sector that meets Australia’s needs.

### Our role and functions

ASQA is Australia’s national VET regulator.

We regulate:

- providers that deliver VET qualifications and courses to students in Australia or offer Australian qualifications internationally
- providers that deliver VET courses to overseas students – training providers must be approved on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) to teach overseas students on student visas in Australia
- certain providers that deliver English Language Intensive Courses for Overseas Students (ELICOS).

We also accredit:

- VET courses to make sure nationally approved standards are met, based on established industry, enterprise, education, legislative or community need.

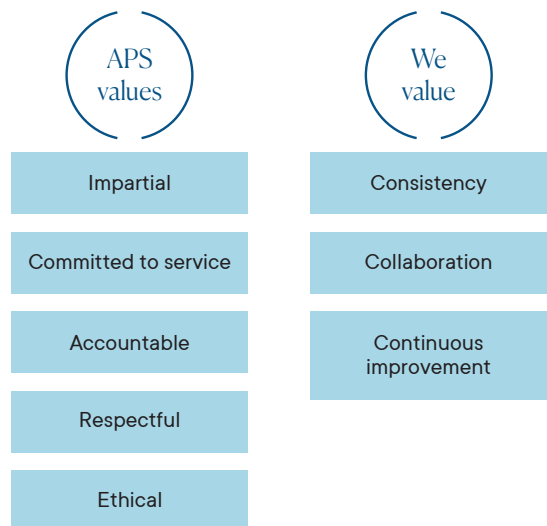
### Our values

We base our practices, processes and behaviours on the Australian Public Service (APS) Values, Employment Principles and Code of Conduct. This creates a strong, ethical working environment, which encourages equal opportunity, work place diversity, honesty, disclosure, accountability and professionalism.

We place a high value on **consistency, collaboration** and **continuous improvement** in underpinning the work we do to lead to quality outcomes.

We put this into practice by:

- being clear in our expectations and **consistent** in our regulatory approach and **holding providers to account** for the quality of VET
- engaging and **collaborating** with the sector
- promoting **continuous improvement** and self-assurance by providers of the quality of training outcomes.

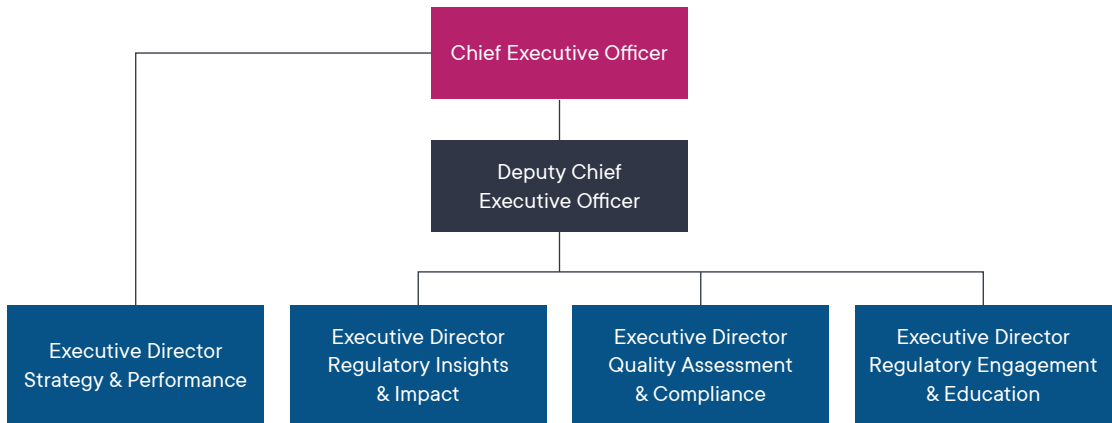




## Our structure

New governance arrangements to support ASQA's continued evolution as a best practice regulator were passed by the Australian Parliament on 24 August 2020. Our agency's new governance arrangements outlined in the National Vocational Education and Training Regulator Amendment (Governance and Other Matters) Bill 2020 came into effect on 1 January 2021, replacing our former structure of Commissioners with a single head of agency who is the Accountable Authority.

In 2020–21 ASQA implemented an enhanced internal Executive structure to support the breadth of ASQA's Regulatory Operating Model. Our organisational structure reflects the new governance arrangements and aligns our capability to deliver best practice regulation.



Note: This reflects ASQA's organisational structure as at 30 June 2021.





## Our operating environment

### Important role of VET

VET qualifications provide the skills that students need, employers rely on and industries trust. More than 4 million students undertake VET each year with some 4,000 providers. This is the main way Australians upskill or reskill – each year there are around 3 times as many VET students as there are higher education students.

### Government priorities for VET

The VET sector is undergoing considerable change. The Heads of Agreement for Skills Reform, signed by the Australian Government and state and territory governments in August 2020, sets out reforms to the VET sector aimed at ensuring the VET system is delivering for students and employers and equipping Australians with the skills they need for the changing job market. These reforms include a review of the Quality Framework, including the *Standards for RTOs 2015*, to support, in alignment with ASQA's change in regulatory posture, a shift in focus from compliance and prescriptive detail to quality and excellence in training outcomes for students and employers.

### Changes in the market

Market responses to COVID-19, policy or regulatory settings and numerous other factors including technical change, new business models for industry participants, and changes in consumer preferences or behaviours, are characteristic of an ever-changing VET sector.

Government priorities also recognise that reforms to Australia's VET system must meet the needs of the post-COVID economy. As the national regulator, ASQA recognises the impacts of the pandemic on providers, and implemented new regulatory strategies and approaches in 2020–21 and continues to apply risk-based, proportionate responses, working with providers to monitor risks and respond using a range of fit-for-purpose tools.

### Legislative framework

We operate within a framework of wider VET legislation, including:

- legislation establishing ASQA as the national VET regulator
- the VET Quality Framework of standards and requirements of providers
- the *Standards for VET Accredited Courses 2021*
- legislation relating to education services for overseas students.

Key legislation is listed at Appendix B.



# Our approach to regulation

## Best practice

We are committed to best practice regulation based on the principles of:

- continuous improvement and building trust
- risk-based and data-driven
- collaboration and engagement.

Consistent with these principles, we are committed to a regulatory approach that adopts a whole-of-system perspective, continuously improving performance, capability and culture, to build trust and confidence in our regulatory settings, including the transparency of our operation as the national VET regulator. We know this is essential to build confidence in the integrity of national VET qualifications.

The *Standards for VET Regulators 2015* also require us to implement a risk-based approach to regulation to reduce regulatory burden for high-performing providers and focus regulatory attention on those providers considered higher risk.

Our Regulatory Risk Framework outlines how we identify and respond to risk in the VET sector.

## Risk-based

We apply risk-based and data-driven approaches to manage risks proportionately and minimise regulatory burden. In doing so, we make the best use of a range of regulatory approaches to support providers to understand risks to quality outcomes and to ensure compliance.

Risk management is integral to our regulatory practice, including how we:

- focus on addressing greatest potential for harm
- innovate in key areas of regulatory practice
- engage and partner with stakeholders
- drive self-assurance and continuous improvement across the sector
- are accountable for effective allocation of regulatory resources.

Our regulatory approach is underpinned by the effective use of data and integrates contemporary practices across all regulatory processes. To continuously improve, we are strengthening the way in which we monitor and report on regulatory impact so we can identify and reprioritise risks over time, and understand, adapt and strengthen the evidence underpinning our regulatory initiatives.

Changing economic circumstances and employer expectations, as well as changes within the VET sector, mean the level of risk is not static. As a result, we cannot rely solely on performance assessments (audits) to treat risk. We respond to this changing environment by detecting and acting to minimise specific risks or harms, looking at the whole regulatory landscape. The past year has clearly demonstrated how new challenges, such as those presented by COVID-19, require new responses by the regulator.

We undertake risk assessments to determine the most effective responses across our engagement, communication and regulatory activities. This includes graduated use of escalating regulatory tools and considering broader behavioural insights to support change. In this way, we make good use of the full range of available regulatory tools and escalate matters sufficiently to deter and address identified harmful conduct.

The changes we made to our governance and structure in 2020–21 support risk-based organisational decision-making, based on developing data, intelligence and analysis, regulatory design, and a higher level of engagement with stakeholders on risk.

## Self-assurance

Self-assurance is a cornerstone of achieving our purpose, improving market performance, and the role of regulation in improving confidence in VET.

Our approach to self-assurance is to partner with stakeholders and apply best practice regulation. We established the foundations for this approach in 2020–21.

Self-assurance is not self-regulation. It is about the actions providers take to ensure they are meeting and continuously improving against the *Standards for RTOs 2015*. This approach does not reduce our focus on the full suite of regulatory tools available; rather it complements and enhances that suite of tools.

To support this shift, we have begun working with stakeholders and providers to build a shared understanding of what self-assurance is, how the regulatory framework can promote self-assurance, how it benefits providers and supports quality outcomes for students, and how each provider can build their own self-assurance capability. This includes:

- developing guidance and support for providers to assist them in understanding regulatory requirements
- clarifying our expectations around continuous improvement
- engaging with providers about areas of risk and sharing our regulatory insights with the sector to support providers to critically review their performance
- clearly communicating with non-compliant providers, so they can understand where they have not met requirements and where they need to improve their performance.

We are mindful of the cultural change required right across the sector, including within ASQA, to successfully achieve the shift to self-assurance, and we are committed to building the strong partnerships and relationships of mutual trust and respect necessary to achieve this shift.



## Collaboration and engagement

Collaboration and engagement are important tools in our Regulatory Operating Model. This includes providing information and guidance to support providers to better understand and meet their regulatory obligations, and to self-assure and continuously improve. It also involves sharing information with stakeholders to communicate our expectations, better understand risk, and raise awareness.

In the past year, we enhanced the way we collaborate and engage with the sector to build trust with stakeholders and co-design new regulatory tools. This reflects best practice and recommendations in the Rapid Review.

One of the ways we have done this is by establishing the SLG. The purpose of the SLG is to engage and consult with providers and other key stakeholders on our approach to engagement and education, and identify and respond to key issues facing providers.

## Our stakeholders

ASQA has a large and diverse range of stakeholders that includes policymakers, VET providers, students, industry bodies and other regulators across the education sector.



# Our strategic direction

During 2020–21 we engaged widely to develop and confirm our strategic direction for the year ahead.

To ensure ASQA's strategic direction aligns with the expectations of government as per the Rapid Review recommendations and as set out in the Minister's Statement of Expectation (December 2020), we engaged internally and with external stakeholders to build and expand on our 2020–21 strategic approaches of risk-based regulation, and engagement and support.

We also focused on building a common understanding of ASQA's role and regulatory approach, what stakeholders can and cannot expect of ASQA, and areas of shared stakeholder responsibility.

This work has supported ASQA in transitioning to a new regulatory culture and practices, and the work will continue as our regulatory posture, and culture in the sector, shifts from input and compliance controls to a focus on self-assurance and excellence in training outcomes.

Our strategic direction, summarised below, is reflected in our 2021–22 Corporate Plan.

<b>PURPOSE 2021–22</b> To ensure quality vocational education and training so that students, employers, governments, and the community can have confidence in the integrity of national qualifications issued by training providers.		
<b>STRATEGIC DELIVERABLES 2021–22</b>		
1.	Our regulatory approach promotes a culture of self-assurance and continuous quality improvement	
2.	Our regulatory approach is best practice, integrated, risk-based and proportionate	
3.	Our regulatory approach is transparent and accountable	
4.	We engage and partner with stakeholders constructively and with mutual respect	
5.	We add value and are efficient, effective, and continuously improve	
6.	Our understanding of sector performance and promotion of self-assurance contributes to quality VET and informed consumers	
<b>PRINCIPLES OF REGULATOR BEST PRACTICE</b>		
<b>Continuous improvement and building trust</b> Regulators adopt a whole-of-system perspective, continuously improving their performance, capability and culture to build trust and confidence in Australia's regulatory settings.	<b>Risk-based and data-driven</b> Regulators manage risk proportionately and maintain essential safeguards while minimising regulatory burden and leveraging data and digital technology to support those they regulate to comply and grow.	<b>Collaboration and engagement</b> Regulators are transparent and responsive communicators, implementing regulations in a modern and collaborative way.



# Our outcome and program structure in 2020–21

Government outcomes are the intended results, impacts or consequences of actions by the government on the Australian community. Australian Commonwealth Government programs are the primary vehicle by which government entities achieve the intended results of their outcome statements.

Our outcome and program structure for 2020–21 was set out in the 2020–21 Portfolio Budget Statements (PBS) for the Education, Skills and Employment portfolio.

## OUTCOME 1

Contribute to a high-quality vocational education and training 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 vocational education and training.

### PROGRAM 1.1

Regulation and Advice

**OBJECTIVE** To support the delivery of quality VET outcomes through national regulation and the communication of advice on vocational education and training.

**DELIVERY** The mechanisms through which Program 1.1 is delivered are:

- identifying the risks to quality VET in Australia and taking regulatory action to reduce the most serious risks
- support quality VET delivery through self-assurance as part of our risk-based regulation
- undertake risk-based monitoring of the sector to respond to non-compliance and apply appropriate and proportionate regulatory actions
- engaging with stakeholders to inform our understanding of the risks to the VET sector
- providing accurate information to support stakeholders' understanding of the VET sector and relevant obligations
- providing input and advice on strategies to improve VET regulation and the VET sector.

**PURPOSE** Program 1.1 contributes to ASQA's purpose which is to:

- provide consistent risk-based regulation of vocational education training (VET) that contributes to a VET system that meets Australia's needs and provides quality VET to students.

# How we measure our performance

Performance criteria apply to all our activities and include several measures for efficiency and effectiveness of our regulatory operations. These include the NVR Act requirements for key performance indicators and Service Standards which are incorporated into our performance framework.

Regulatory datasets underpin quantitative measures of performance across key criteria. We also use quantitative measures to benchmark against our previous performance, with accompanying analysis to provide a basis for assessment.

Qualitative measures are also used to provide evidence demonstrating our effectiveness against the intended result. Stakeholder views, particularly providers, are important to understanding our interactions with regulated entities and the VET sector more broadly. In July 2021, ASQA conducted its annual independent survey of all training providers and course owners that it regulates. The survey conducted by ACIL Allen, sought provider views on ASQA's application processes, engagement and education activities, audit, provider self-assurance and ASQA's response to the COVID-19 pandemic. The survey also established a baseline on ASQA's performance against the 6 strategic deliverables that ASQA will implement over the next 4 years. In total, 1,367 providers responded to the survey generating a response rate of 37%.

Our full performance assessment for 2020–21 is in *Chapter 2: Annual performance statement*.

## BEST PRACTICE CASE STUDY

### Continuous improvement and building trust

The *Regulator Performance Guide* sets out the Australian Government's expectations for regulator performance and reporting based on 3 best practice principles: continuous improvement and building trust; risk-based and data-driven; and collaboration and engagement.

The principle, continuous improvement and building trust, is about regulators adopting a whole-of-system perspective, continuously improving their performance, capability and culture to build trust and confidence in Australia's regulatory settings.

This case study is an example of how we are putting this principle into practice and was published as part of the Department of the Prime Minister and Cabinet's library of best practice.





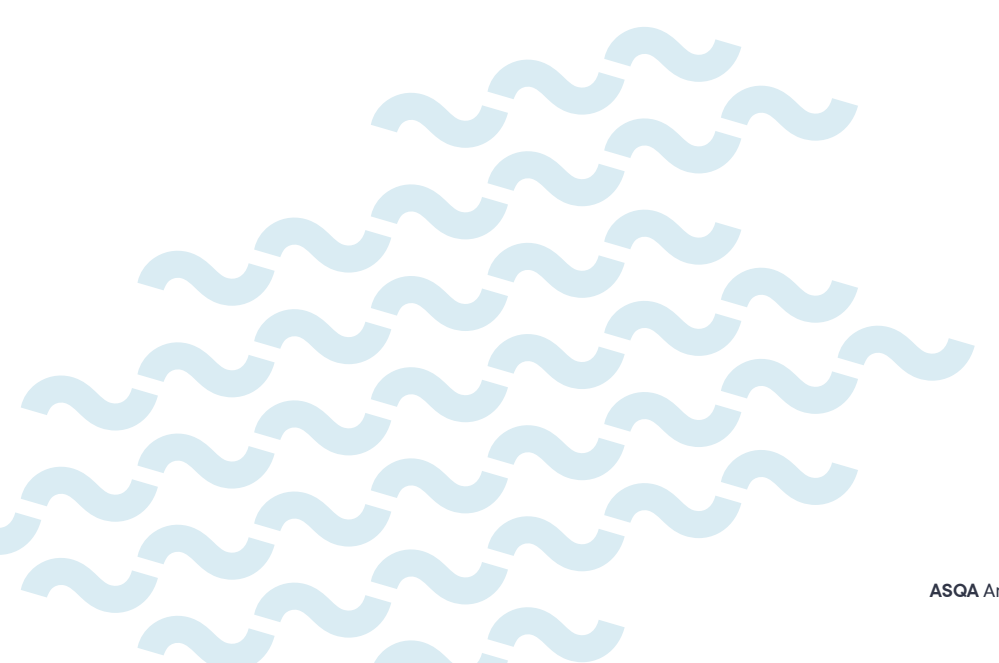
## Implementation of Rapid Review Reforms

In late 2019 the Government commissioned a review of ASQA's regulatory practices, governance and culture. The review found that changes were needed to improve ASQA's engagement with the sector, ensure a risk-based and proportionate regulatory approach and that there was a shared understanding of ASQA's role. Following the release of the April 2020 review report, ASQA committed to implement all recommendations within its remit. In close consultation with stakeholders it has begun implementing changes to align with best-practice regulation.

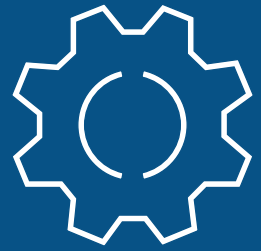
To build organisational capability and a positive risk culture, ASQA improved its internal and external governance arrangements including through new legislated arrangements to clarify the agency's role, and internal mechanisms to drive, monitor and improve its accountability and risk management. ASQA defined its regulatory values to support a learning culture committed to consistency, collaboration and continuous improvement. Roles and structures were also established to better understand the impact and effectiveness of ASQA's activities and regulatory design.

ASQA reviewed its Regulatory Operating Model, including to ensure it was underpinned by data, information and intelligence. ASQA implemented changes to strengthen the role of education and engagement with VET providers as key regulatory tools. It adapted its audit methodology to provide a better understanding of the performance of providers (including a focus on self-assurance and promoting consistency of audit outcomes), implemented a compliance management function to ensure appropriate and proportionate regulatory action when non-compliance is identified and promote provider focus on systemic and sustained improvement in addressing non-compliance, and applied new regulatory approaches during COVID-19 to tailor and coordinate its response to risk.

Implementation of the review recommendations is ongoing and ASQA acknowledges there is further work to be done. Implementation is being supported through the SLG to engage with training providers, formalising engagement with peak provider associations through the Provider Roundtable, greater engagement with other regulators and state and territory governments, and by consulting on changes to ASQA's compliance framework. ASQA is looking forward to working closely with the Advisory Council when established by Government later this year.







# Chapter 2: Annual performance statement

Overall, 2020–21 represents a strong level of performance by ASQA during a challenging period of substantial change.

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# Statement of preparation

I, Saxon Rice, as the Accountable Authority of the Australian Skills Quality Authority (ASQA), present the 2020–21 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.

**Saxon Rice**  
**Chief Executive Officer**  
**Australian Skills Quality Authority**





# Introduction

For this reporting period, ASQA's purpose was:



To provide nationally consistent, risk-based regulation of VET that contributes to an informed, quality VET sector that meets Australia's needs.

This aligned with our 2020–21 PBS Outcome:



Contribute to a high-quality vocational education and training 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 vocational education and training.



# Our performance framework

Our performance criteria align with our purpose and strategic approach, incorporate our Service Standards and reflect our Portfolio Budget Statement (PBS). Each performance criterion has several measures for efficiency and effectiveness (incorporating, where appropriate, a mix of quantitative and qualitative information). Targets are included where quantitative information is appropriate to measure efficiency and effectiveness, such as our performance in meeting the timeframes set out in our Service Standards. However, specific targets are not included where qualitative information is more appropriate. Some criteria also use results from our provider and course owner survey as a measure.

ASQA's performance framework, as detailed in our Corporate Plan 2020–21 is shown in the following table.

**Table 1: Performance framework**

	Our approach	Performance criteria	Evidence of performance/measures
Risk-based regulation	<p><b>1</b></p> <p>We identify the risks to delivery of quality Australian VET and take regulatory action to address the most serious risks</p>	<p><b>Identify and develop understanding</b> of the risks to VET and <b>take regulatory action</b> to address the most serious identified risks.</p>	<ul style="list-style-type: none"> <li>• Qualitative information on the strategies/ strategic reviews undertaken, with supporting statistics on the related regulatory outcomes achieved.</li> <li>• Production of regulatory strategy to address key risks.</li> <li>• Publication of Regulatory Risk Framework.</li> </ul>
	<p><b>2</b></p> <p>We support quality through self-assurance as part of our risk-based regulation</p>	<p>Effectively manage risk-based <b>registration</b> of quality RTOs and <b>accreditation</b> of courses that meet Australia's vocational education needs.</p>	<ul style="list-style-type: none"> <li>• Qualitative information on use of risk-based approach to assessing applications.</li> <li>• Quantitative information on regulatory management of:               <ul style="list-style-type: none"> <li>- initial registration applications</li> <li>- renewal of registration applications</li> <li>- change of scope applications</li> <li>- course accreditation and amendment applications.</li> </ul> </li> <li>• Qualitative information on other initiatives we undertake to support quality in VET.</li> </ul> <div style="border: 1px solid #ccc; padding: 5px; margin-top: 10px;"> <p>Service Standards:</p> <ul style="list-style-type: none"> <li>• Initial registration applications finalised within 130 working days (6 months).</li> <li>• Renewal of registration applications finalised prior to expiry date.</li> <li>• Change of scope applications finalised within 130 working days (6 months).</li> <li>• Course accreditation applications finalised within 130 working days (6 months).</li> <li>• Course amendment applications finalised within 20 working days.</li> </ul> </div>

Our approach	Performance criteria	Evidence of performance/measures
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Risk-based regulation</p> <p><b>3</b></p> <p>We monitor the sector and apply proportionate regulatory actions as part of our risk-based regulation</p>	<p>Deliver standards-based <b>auditing</b> based on risk and apply appropriate and proportionate <b>regulatory decisions</b>.</p> <p>Service Standards:</p> <ul style="list-style-type: none"> <li>• Audit reports provided within 20 working days of last day of audit.</li> <li>• When we have accepted additional evidence from a provider after an audit we will provide the decision within 30 working days.</li> <li>• Reconsideration applications finalised within 65 working days (3 months).</li> </ul>	<ul style="list-style-type: none"> <li>• Qualitative information about adjustments made to our regulatory approach based on our understanding of risks.</li> <li>• Quantitative information on our risk-based audit activities (trends over time) and levels of compliance detected, with qualitative information on the risk context.</li> <li>• Quantitative and qualitative information on regulatory processes,<sup>1</sup> sanctions, enforcement activities, conditions applied and outcomes of contested sanctions.</li> <li>• Provider survey results on our proportionate application of sanctions (more than 70% satisfaction).</li> </ul>

<sup>1</sup> Regulatory processes include notices of intent to apply sanctions and reconsideration processes that may result in rectification with the provider becoming compliant and avoiding sanction.



Our approach	Performance criteria	Evidence of performance/measures
<p><b>4</b></p> <p>We engage with stakeholders to inform our understanding of risks</p>	<p>Effectively seek information to inform our <b>understanding of risks</b> in the VET sector.</p> <ul style="list-style-type: none"> <li>• Qualitative information on our engagement with stakeholders to gather information on regulatory risks.</li> <li>• Quantitative information on complaints/reports that allege provider non-compliance.</li> </ul>	
<p><b>5</b></p> <p>We provide accurate information to support stakeholders' understanding of the VET sector and relevant obligations</p>	<p>Provide clear, targeted and effective <b>information and support</b> to stakeholders about the VET sector and compliance with standards.</p>	<ul style="list-style-type: none"> <li>• Qualitative and quantitative information on our efforts to provide clear and accurate information about VET sector compliance to stakeholders.</li> <li>• Qualitative and quantitative information about the support provided to the regulated community to improve compliance with standards and quality VET provision.</li> <li>• Quantitative information about the support provided to the sector to collect and manage student records when RTOs close down.</li> <li>• Provider survey results (more than 70% satisfaction) with:               <ul style="list-style-type: none"> <li>- our engagement activities</li> <li>- provider briefing sessions</li> <li>- ASQA web usability</li> <li>- Info Line assistance.</li> </ul> </li> </ul> <div style="border: 1px solid #ccc; padding: 5px; margin-top: 10px;"> <p>Service Standards:</p> <ul style="list-style-type: none"> <li>• Simple procedural email queries responded to within 2 working days.</li> <li>• Complex telephone queries escalated within 2 working days (with likely resolution time, if applicable).</li> <li>• Complex email queries responded to within 10 working days.</li> </ul> </div>
<p><b>6</b></p> <p>We provide advice on strategies to improve VET regulation and the VET sector</p>	<p>Provide input and <b>advice</b> on strategies to improve VET regulation and the VET sector.</p>	<ul style="list-style-type: none"> <li>• Qualitative instances of providing input and advice to initiatives/ reviews to strengthen VET regulation and improve the VET sector.</li> <li>• Stakeholder survey results about our performance in this area (more than 70% satisfaction).</li> </ul>

Engagement and support

# Summary of our performance in 2020–21

Table 2: Assessment against performance criteria

	Strategic approach	Performance criteria	Assessment
Risk-based regulation	<p><b>1</b></p> <p>We identify the risks to delivery of quality Australian VET and take regulatory action to address the most serious risks</p>	<p>Identify and develop understanding of the risks to VET and take regulatory action to address the most serious identified risks.</p>	<b>Met</b>
	<p><b>2</b></p> <p>We support quality through self-assurance as part of our risk-based regulation</p>	<p>Provide support to the sector to build a shared understanding of self-assurance and improve capability.</p> <p>Effectively manage risk-based registration of quality providers and accreditation of courses that meet Australia’s vocational education needs.</p>	<b>Partially met</b>
	<p><b>3</b></p> <p>We monitor the sector and apply proportionate regulatory actions as part of our risk-based regulation</p>	<p>Deliver sector monitoring and standards-based performance assessment/auditing based on risk, and apply appropriate and proportionate regulatory decisions.</p>	<b>Partially met</b>
Engagement and support	<p><b>4</b></p> <p>We engage with stakeholders to inform our understanding of risks</p>	<p>Effectively seek information to inform our understanding of risks in the VET sector.</p>	<b>Met</b>
	<p><b>5</b></p> <p>We provide accurate information to support stakeholders’ understanding of the VET sector and relevant obligations</p>	<p>Provide clear, targeted and effective information and support to stakeholders about the VET sector and compliance with standards.</p>	<b>Met</b>
	<p><b>6</b></p> <p>We provide advice on strategies to improve VET regulation and the VET sector</p>	<p>Provide input and advice on strategies to improve VET regulation and the VET sector.</p>	<b>Met</b>



# Results

## Risk-based regulation – approach 1

### 1. We identify the risks to delivery of quality Australian VET and take regulatory action to address the most serious risks

Performance criterion:

Identify and develop understanding of the risks to VET and take regulatory action to address the most serious identified risks.

Source: ASQA Corporate Plan 2020–21, page 21 and ASQA PBS 2020–21, page 176.

Result against criterion: **Met**

Explanation: We take a risk-based approach to regulation that seeks to manage both provider risk and systemic risk. This approach is detailed in our Regulatory Risk Framework, which outlines how ASQA identifies and responds to risk in the VET sector. In addition to the framework, we have published a regulatory strategy outlining the systemic risks we will target over the next 2 years. The regulatory strategy targets risks that are likely to affect a significant proportion of providers and that may risk the quality of VET outcomes if they are not treated.

We measure our performance against this criterion through the following:

1. Publication of Regulatory Risk Framework.
2. Production of regulatory strategy to address key risks.
3. Qualitative information on the strategies/strategic reviews undertaken (with supporting statistics on the related regulatory outcomes achieved).



## Achievements

### 1. Publication of Regulatory Risk Framework.

ASQA's Regulatory Risk Framework is published on our website. In April 2021, we published a revised Regulatory Risk Framework in consultation with key stakeholders and providers. This framework is implemented through ASQA's Regulatory Operating Model, which we have aligned with regulatory best practice principles and a number of key recommendations of the Rapid Review.

The Regulatory Risk Framework sets out ASQA's risk-based approach to prioritise effort in assisting compliance, and identifying and taking enforcement action in response to instances of non-compliance and, an outcomes-based approach to assess both the efficiency and effectiveness of regulatory actions and outcomes respectively and to continuously improve.

### 2. Production of regulatory strategy to address key risks.

ASQA draws on data and intelligence from many sources and uses this data to understand risks to the quality of VET. Our regulatory program and resource allocation was planned and prioritised on the basis of this analysis. We published our Regulatory Strategy 2020–22 in August 2020 to provide public information about our evidence-based approach to identifying and treating systemic risk in the VET sector. This supports providers to proactively review their operations in the identified risk areas, and VET sector stakeholders to consider how they might also contribute to addressing the systemic risks identified.

### 3. Qualitative information on the strategies/strategic reviews undertaken (with supporting statistics on the related regulatory outcomes achieved).

ASQA undertook key activities in areas of sector risk identified in our Corporate Plan 2020–21 and Regulatory Strategy 2020–22. ASQA's analysis of risks and their context, was used to:

- share information with stakeholders to better understand issues and raise awareness of current and emerging risk
- develop information and tools to support continuous improvement
- provide clear feedback and support for providers to self-assure
- communicate regulatory expectations
- risk based activities and monitoring of compliance.

Specifically, we undertook the following:

- **Strategic review of online learning in the VET sector.** In response to the substantial shift to online learning in the Australian VET and international education sectors due to the COVID-19 pandemic we partnered with the National Centre for Vocational Education Research to survey training providers to understand their use, experience and perceptions of online learning. Focus groups and interviews were also held with VET students to better understand their experience of the transition to online learning and other impacts of the COVID-19 pandemic on training. A webinar series attended by over 2,500 stakeholders, was held to raise awareness and share current and emerging practices delivering quality online learning. Further analysis of the evidence and regulatory data is being undertaken in 2021–22 to support sector understanding of the risks and opportunities of online learning, and the continuous improvement of our regulatory response.



- **VET delivered to secondary school students scoping study.** VET in schools provides valuable opportunities for secondary school students to learn specific technical skills. ASQA undertook a comprehensive analysis of regulatory data and intelligence, stakeholder insights and feedback, participation data and sector reports to identify risks associated with VET delivered to secondary school students and ASQA's regulatory response. In June 2021, we consulted state and territory departments with responsibility for skills and education and state-based VET regulators about our findings, proposed actions for ASQA and the recommendations for our partners in the VET sector to improve the quality of and confidence in VET delivered to secondary school students.
- **Regulatory focus on priority training products.** ASQA's Regulatory Strategy 2020–22 identified a number of training products that were assessed as priorities due to the assessed level of risk exposure. We undertook 147 audits and 41 evidence reviews that included a product of concern during the reporting period. These products include:
  - TAE40116 Certificate IV in Training and Assessment
  - CHC33015 Certificate III in Individual Support
  - SIT30816 Certificate III in Commercial Cookery
  - SIT40516 Certificate IV in Commercial Cookery
  - CPCCWHS1001 Prepare to work safely in the construction industry.
- **Regulatory focus on trainer and assessor capability.** The expertise of the trainers and assessors delivering nationally recognised VET qualifications is a fundamental component in ensuring quality outcomes. We apply additional checks when providers seek to add relevant items to their scope of registration. In the reporting period we conducted 23 targeted audits of providers delivering qualifications from the Training and Education Training Package, and in particular TAE40116, to help ensure that they provide an adequate amount of training, compliant training and assessment strategies, tools and materials and demonstrate how validation has contributed to training and assessment. We provided information sessions addressing the delivery of training and assessment to help ensure providers, and trainers and assessors, understand their compliance obligations. In addition to publishing information and resources in this area we introduced a web-based Spotlight On series featuring training assessment validation.

## Performance analysis

We have achieved our performance goals in relation to the publication of our Regulatory Risk Framework (April 2021) and Regulatory Strategy 2020–22 (August 2020).

Further, during the reporting period, we:

- undertook an organisational re-structure and enhanced our regulatory capability to deliver the Regulatory Operating Model
- progressed our strategic review of online learning in the VET sector
- completed work on the VET delivered to secondary school students scoping study
- undertook 147 audits and 41 evidence reviews that included training products identified as a regulatory priority as per our Regulatory Strategy 2020–21
- continued our focus and support for the sector in the area of trainer and assessor capability, including 23 audits and education and engagement with the sector.

Overall results in relation to this approach were strong, and we assess that we **met** this performance criterion.

## Risk-based regulation – approach 2

### 2. We support quality through self-assurance as part of our risk-based regulation

Performance criteria:

Provide support to the sector to build a shared understanding of self-assurance and improved capability.

Effectively manage risk-based registration of quality RTOs and accreditation of courses that meet Australia’s vocational education needs.

Source: ASQA Corporate Plan 2020–21, page 21 and ASQA PBS 2020–21, page 176.

Result against criterion: **Partially met**

Explanation: The first part of the performance criterion directly relates to our role in managing the registration of providers and the accreditation of VET courses. Although the quantity of applications received is not a measure of ASQA’s performance, this information is provided to give context to our performance managing registration of providers and accreditation of courses.

We measure our performance against this criterion through qualitative/quantitative achievements demonstrating the following:

1. Qualitative information on our use of risk-based approach to assessing applications.

2a: Quantitative information on regulatory management of:

- i. initial registration applications
- ii. renewal of registration applications
- iii. change of scope applications
- iv. course accreditation/amendment applications
- v. withdrawal applications.

2b: Service Standards in relation to each of these functions:

- i. initial registration applications finalised within 130 working days (6 months)
- ii. renewal of registration applications finalised prior to expiry date
- iii. change of scope applications finalised within 130 working days (6 months)
- iv. course accreditation applications finalised within 130 working days (6 months).

3. Qualitative information on other initiatives we undertake to support quality in VET.

4. Qualitative information on our efforts to support and build sector self-assurance capability.



## Achievements

### 1. Qualitative information on our use of risk-based approach to assessing applications.

Applications for initial RTO and CRICOS registration undergo risk-based assessment to ensure the applicant organisation can comply with, and remain compliant with, required standards and legislative obligations. This includes ensuring that registration is only granted to applicants who are adequately resourced to provide quality training, and assessment and meet the Fit and Proper Person requirements. Where we have developed strategies to manage specific risks as identified in our regulatory strategy in relation to providers or products of concern, we also apply these strategies when considering applications:

- Our risk-based treatment of new applicants in most instances is to approve an initial registration period of 2 years. This initial registration period allows us to assess and manage risks to the sector and provide assurance that new registered providers are meeting requirements. In the reporting period, we determined 238 applications for initial registration.
- In assessing registration renewal applications, we use data and regulatory intelligence, and consider information in documents submitted by the applicant. We may contact the provider or conduct a performance assessment (audit) to determine an application. In the reporting period, we determined 213 registration renewals.
- We also apply a risk-based approach when processing applications for providers that are already in the market but seeking approval for a change of scope in registration. In the reporting period, we determined 6,136 applications for change in scope.
- We also monitor provider circumstances for changes of ownership and to ensure people associated with providers are fit and proper. In the reporting period, 214 change of ownership applications were received and 51 providers were referred for further regulatory consideration.

Importantly, as part of ASQA's broader reform program in 2021–22, we are reviewing our handling of applications. We expect the review will improve the efficiency and effectiveness of our application processes and timeliness.



## 2a. Quantitative information on regulatory management of applications

Figure 1: Number of applications received

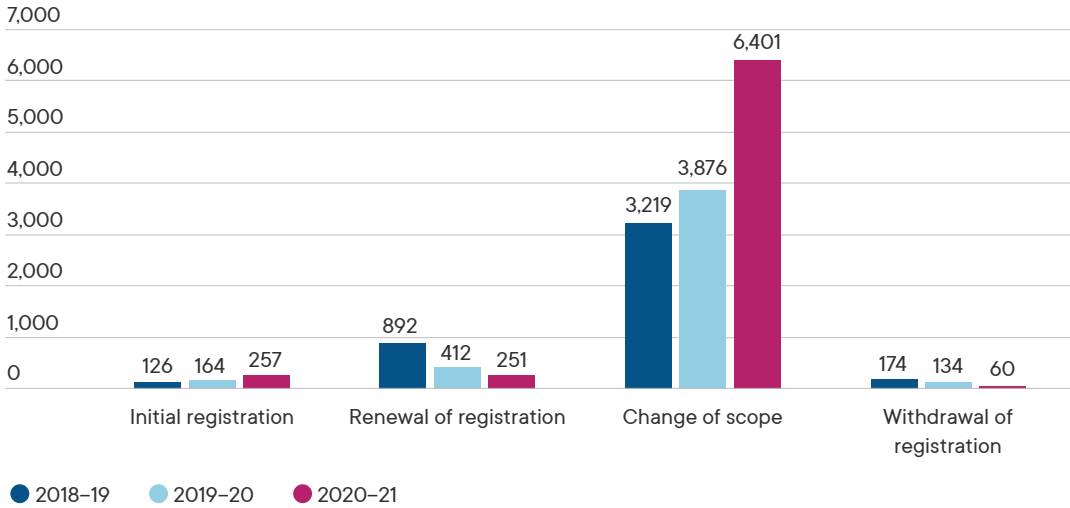
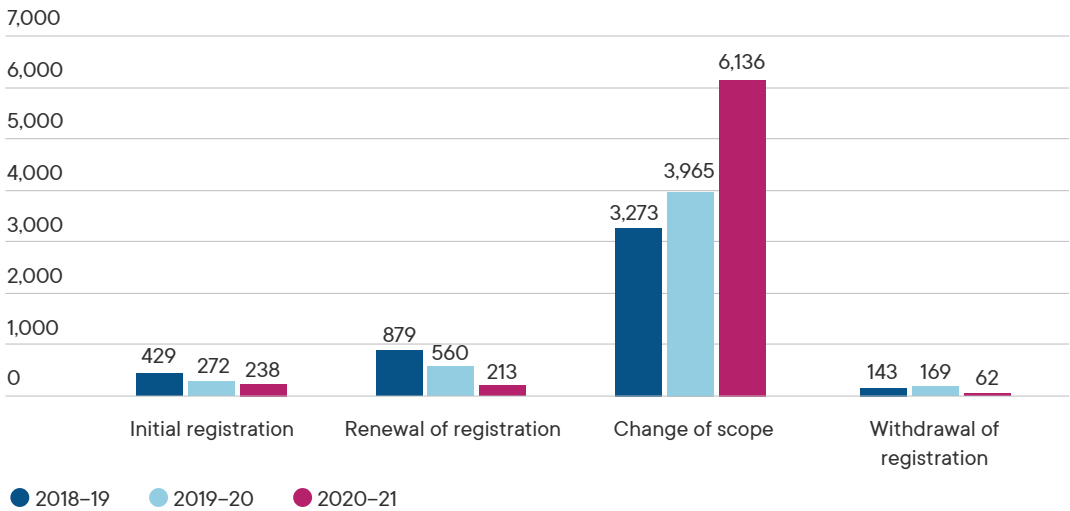


Figure 2: Number of applications completed





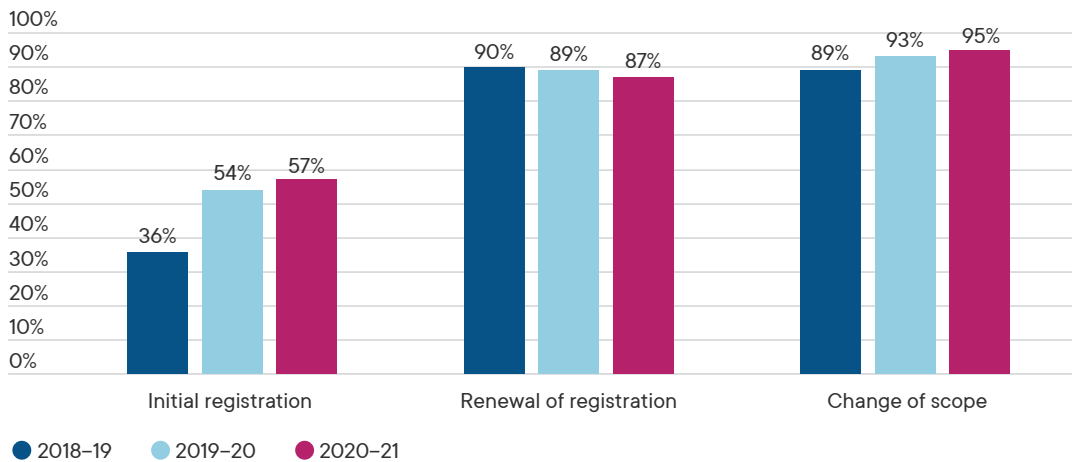
Applications during the reporting period increased in 2 respects; firstly in the number of applications for initial registration and secondly in the number of applications received for a change of scope in training. Change of scope applications significantly increased in 2020–21. Possible underlying factors for change in scope applications were:

- market adjustments to COVID-19 and policy settings
- the replacement of superseded scope items in the Business Services (BSB), Information and Communication Technology, and Health Training Packages, with the changes to the BSB package most significant given its wide adoption across the sector.

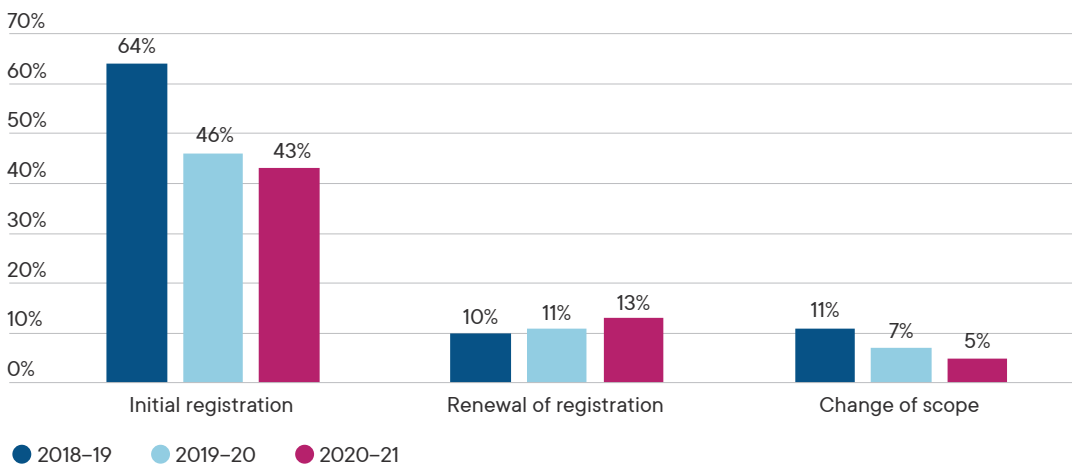
There was a decrease in the number of applications for renewal of registration applications. Renewal applications are cyclical and there were fewer registrations expiring in 2020–21.

Trends in the rate of application approval/rejection have been relatively stable over the last 2 reporting periods.

**Figure 3: Percentage of applications approved**



**Figure 4: Percentage of applications rejected or withdrawn**

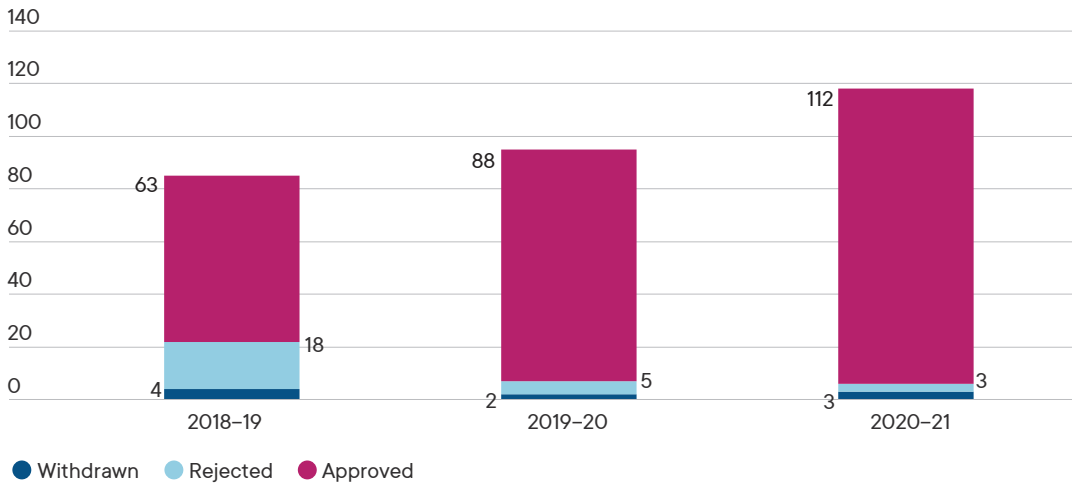


## Course accreditation applications

VET accredited courses address skills requirements where these are not covered in nationally endorsed training packages. Accreditation means the course is nationally recognised and that an RTO can issue a nationally recognised VET qualification or, following full or partial completion by learners, a VET statement of attainment. Accreditation with ASQA ensures that courses are nationally recognised and meet an established industry, enterprise, educational, legislative or community need.

There was an increase in completed course accreditation from the 2 preceding years. This is largely attributable to ASQA fee relief measures.

Figure 5: Outcomes of course accreditation applications



Note: Previous reporting on these applications included VET course and renewal 'concept' submissions, however, data reported here is on the outcomes of the accreditation process.

## 2b. Service Standards in relation to our management of applications

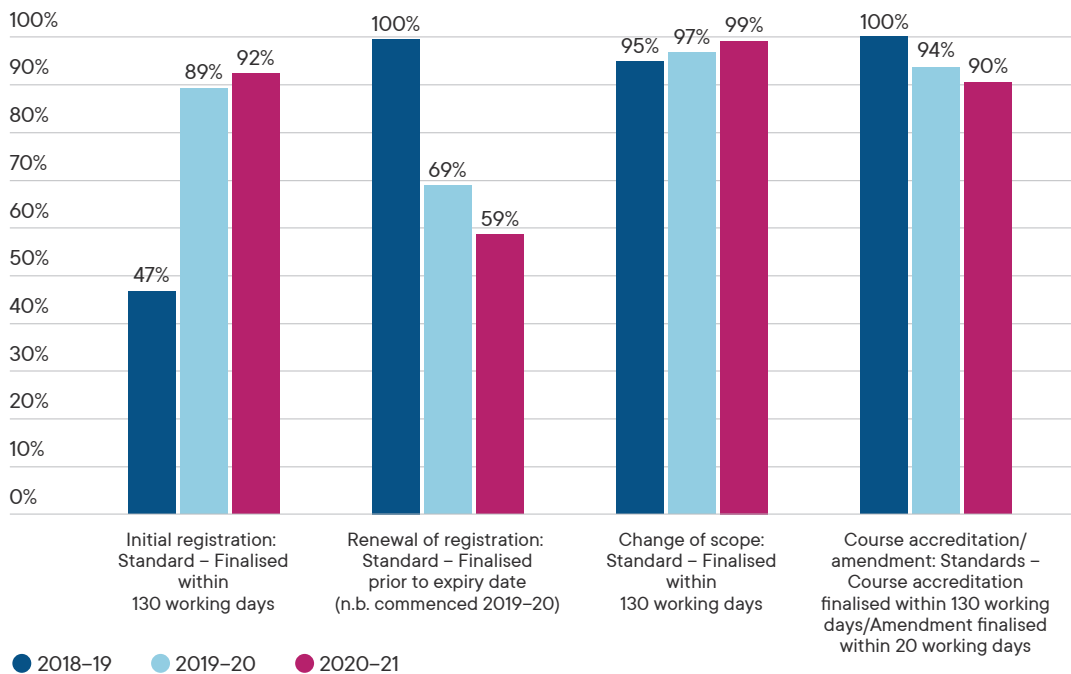
Our performance against our application-related Service Standards for 2020-21 was good, with results of 90% or above for initial registration, change of scope and course-related applications.

However, our performance in relation to the renewal applications Service Standard was below where we would like it to be. Changes were made to this standard between 2018-19 and 2019-20 reporting periods. The changes shifted the standard from making a decision by 6 months from receipt of the renewal application to making a decision about the renewal prior to the expiry date of the registration. (Noting, providers are required to apply for renewal of registration at least 90 days prior to expiry. Renewal applications are generally received shortly before the 90-day deadline, and registration is deemed to continue until a final decision on the renewal application takes effect).



Management of applications is currently the subject of regulatory practice review to ensure we meet this Standard in 2021-22. Further, we have commenced engagement with key stakeholders on reforms to our registration renewal processes and we expect these changes will improve efficiency and timeliness in relation to these applications in 2021-22.

**Figure 6: Registration and course applications: Results against Service Standards**



Note: The Service Standard for renewal applications changed between 2018-19 and 2019-20 from 6 months from when the renewal application was received, to a new benchmark that ASQA makes a decision about the renewal prior to the expiry date of the registration.

### 3. Qualitative information on other initiatives we undertake to support quality in VET.

We revised the report we give to providers following a performance assessment (audit) to better describe any non-compliance, reduce the amount of non-essential text, and distinguish between minor non-compliances or areas for improvement and more significant non-compliances (Rapid Review recommendation 18).

We adjusted our approach to performance monitoring (including audit) in line with a focus on self-assurance by providers that their governance and systems are working to provide quality outcomes. The changes are also designed to ensure ASQA has a better understanding and focus on outcomes for students through sampling evidence across a number of training products and across all areas of the student journey.



Further, we more clearly distinguished the functions of monitoring provider performance and determining the most appropriate regulatory response where non-compliance is identified to improve consistency of audit outcomes and proportionality of regulatory response (Rapid Review recommendation 15). This affords greater procedural fairness for providers, as well as enabling us to support and build capability in these functions with greater clarity of purpose. It will improve efficiency over time by removing assessors from the chain of action in dealing with non-compliance and potential disputation.

We also introduced the 'agreement to rectify'. This gives providers an opportunity to remedy any identified non-compliance within 20 working days, or in accordance with an agreement (providing a longer period within which to address the non-compliance on a more systemic and sustained basis (Rapid Review recommendation 16)). This measure:

- provides an opportunity for a provider to address identified areas of non-compliance where it is not necessary or proportionate to use more directive regulatory powers or exercise sanctions
- encourages providers to consider their response to non-compliance in a systemic and sustained way by providing a longer period for rectification
- strengthens provider focus on self-assurance and systemic controls.

In addition, we established an internal review team to enhance opportunities for dispute resolution at an earlier stage (Rapid Review recommendation 17). ASQA uses findings from our review of decisions to identify trends and patterns in evidence collection and decision-making practice, and we apply learnings to improve.

We are supporting all of these measures with training and internal quality assurance activities. We are also planning a co-designed evaluation framework to understand how effectively we have transitioned, and the impacts of the new approach.

#### **4. Qualitative information on our efforts to support and build sector self-assurance capability.**

Self-assurance is about the actions of providers to ensure they are meeting and continuously improving against the *Standards for RTOs 2015*. To support and build sector self-assurance capability in the reporting period, we:

- released a consultation paper outlining the concept of self-assurance and the staged approach for transition in the coming years and published on our website a summary of the feedback received through the consultation paper submissions
- established a subgroup of the Stakeholder Liaison Group and conducted workshops to engage with them on key features of a self-assurance approach
- engaged with the Provider Roundtable on key aspects of a self-assurance approach
- held a webinar to share with the sector the outcomes of all consultations and how these outcomes would inform next steps in the shift towards self-assurance
- advised the sector that we would not be making any significant change to the Annual Declaration of Compliance in 2021, to enable co-design of a new statement that could better support providers to self-assure



- scoped the procurement for a research partnership to support the co-design of a shared model for self-assurance with and for the VET sector and to evaluate ASQA's contribution to promoting the sector's move towards a culture and system of self-assurance
- established a working group with state and territory funding authorities to engage in the co-design of a shared model for self-assurance, drawing on the experience in states and territories relating to obtaining provider assurance of training quality.

There was a high level of agreement (80%) amongst providers who responded to the Provider and Course Owner Survey (2021), that ASQA's regulatory approach promotes a culture of self-assurance and continuous quality improvement.

## Performance analysis

In the context of a 52% increase in the number of applications received, compared with 2019–20, we were able to achieve our Service Standard targets for initial registration, change of scope and course related applications on at least 90% of occasions. Service Standard performance in relation to initial applications and change of scope applications improved from the previous year.

Performance in relation to renewal applications is still below ASQA's expectations, and through our practice review and reform work we will make changes to the way we process these applications to improve on timeliness. Nonetheless, most renewals continued to meet the Service Standard in the reporting period.

We changed our assessment methodology to reflect the move from inputs and compliance controls to self-assurance by providers.

We undertook a broad range of initiatives to support and build sector self-assurance capability in the reporting period, including:

- extensive consultation
- engaging stakeholders in workshops
- establishing co-design mechanisms.

We are confident our efforts will produce quality outcomes for students, employers, and the community.

Overall results in relation to this approach were strong, however performance in relation to renewal application timeliness is still below expectations, as such we assess that we **partially met** this performance criterion.

## Risk-based regulation – approach 3

### 3. We monitor the sector and apply appropriate and proportionate regulatory actions as part of our risk-based regulation

Performance criterion:

Deliver standards-based auditing based on risk and apply appropriate and proportionate regulatory decisions.

Source: ASQA Corporate Plan 2020–21, page 21 and ASQA PBS 2020–21, page 176.

Result against criterion: **Partially met**

Explanation: This performance criterion directly relates to our role in applying regulatory scrutiny and any resulting compliance and enforcement actions. We measure our performance against this criterion through the following:

1. Qualitative information about adjustments made to our regulatory approach based on our understanding of risks.

2a. Quantitative information on our risk-based audit activities (trends over time) and levels of compliance detected, with qualitative information on the risk context.

3a. Quantitative and qualitative information on regulatory processes, sanctions, enforcement activities, conditions applied and outcomes of contested sanctions.

4. Provider survey results on our proportionate application of sanctions (more than 70% satisfaction).

2b. Service Standards in relation to this function:

- audit reports provided within 20 working days of last day of audit.
- when we have accepted additional evidence from a provider after an audit we will provide the decision within 30 working days.

3b. Service Standards in relation to an aspect of this function:

- reconsideration applications finalised within 65 working days (3 months).



## Achievements

### 1. Qualitative information about adjustments made to our regulatory approach based on our understanding of risks.

ASQA has developed strategies to manage specific risks as identified in our Regulatory Strategy 2020–22 in relation to providers or training products of concern. These strategies, outlined below, are integral to our risk-based regulatory approach including our monitoring and audit activities, and our application of appropriate and proportionate sanctions.

#### *Monitor and respond to risks arising from COVID-19 impacts to the sector*

In 2020–21 ASQA placed a high priority on responding to the COVID-19 pandemic. In our interactions with RTOs, their staff and students, we applied a proportionate, risk-based regulatory approach.

Effective stakeholder engagement has been fundamental in achieving this purpose. During the pandemic we have maintained a high level of communication and engagement with providers and other stakeholders to understand environmental risks and their context, share information with stakeholders and engage to better understand issues and raise awareness of current and emerging risk. The response from providers was positive, with 82% stating that they used the information ASQA provided to review aspects of their organisation, that the information was timely (78%) and that the information helped them to avoid possible risks (76%). (Provider and Course Owner Survey).

In June 2020, ASQA implemented a COVID Risk Monitoring Strategy that aimed to target risks associated with an increase in add to scope applications, the transition to online delivery for many providers and meeting training package workplace requirements in the COVID environment. We continued to implement this strategy during this reporting period, including advice and guidance to the sector through webinars and changes to provider notifications for change to scope applications.

We monitored a range of data sources, including complaints/reports of non-compliance in relation to risks to VET delivery and quality arising from the COVID-19 pandemic. In the reporting period, we received 78 complaints and 33 reports of non-compliance in relation to COVID-19. We have provided feedback on these risks arising from COVID-19 through frequent updates to our website and FAQs.

In August 2020, the Tuition Protection Service Director advised ASQA and the Tertiary Education Quality and Standards Agency (TEQSA) of concerns relating to decreasing international student commencements and the risk to pre-paid tuition fees from intending overseas students located offshore. We reviewed 30 providers that had received substantial pre-paid tuition fees and sought further information from 17 in relation to their protected amounts. The remaining 13 were not regulated by ASQA, had expired registration, or had other activity already underway. Of the 17, we found 15 compliant with the relevant ESOS requirements and 2 had minor non-compliances and were issued written directions.

We engaged with providers who notified us they had gone into hibernation due to the COVID-19 pandemic to ascertain whether training had recommenced, or the provider was remaining in hibernation, to ensure public information remained up to date.

ASQA also actively engaged with the Australian Industry and Skills Committee Emergency Response Sub-committee to support the Committee's consideration of short-term and urgent adjustments to qualifications and training package requirements to respond to areas of critical workforce and skills needs during the COVID-19 pandemic.

We implemented the government's decision for applicable fee waivers in this period and afforded regulatory relief from some reporting requirements to reduce the regulatory requirements whilst maintaining essential safeguards for quality.

### *Monitor and support enhanced government investment in the sector*

We have taken steps to monitor risks to the standard of training delivery and assessment in order to support enhanced Australian and state and territory government investment in the sector, for example, through the JobTrainer Fund.

To ensure states and territories are able to fulfil skills needs quickly, we implemented a process for streamlining applications to add to scope from providers approved to access JobTrainer funding. These applications are assessed consistently with other applications but are identified early for administration priority.

In the reporting period, we received 310 applications from providers to add to scope training products from the National Skills Commission's list of JobTrainer priority qualifications. A total of 19 of these resulted in further examination of the RTO's capacity to deliver the JobTrainer funded qualifications. The most prevalent qualifications in the identified JobTrainer applications are:

- BSB30120 – Certificate III in Business
- BSB50120 – Diploma of Business
- BSB40120 – Certificate IV in Business.

We use intelligence and data to apply a risk-based approach to monitor compliance and we work closely with:

- the Department of Education, Skills and Employment (DESE), with whom we meet regularly and share information relevant to the program
- state and territory entities and training authorities with whom we have developed processes for sharing current information about funded providers.

### *Monitor providers that deliver or apply to deliver TAE products*

AVI50419 – Diploma of Aviation (Flight Instructor) contains a number of TAE units of competency and we apply greater consideration of this product to safeguard the quality of TAE products. In the reporting period, we received 53 complaints/reports of non-compliance referencing products from the TAE training package. There were no complaints/reports received for the AVI50419 qualification. There were 28 providers and 3 non-RTOs associated with the 53 reports, and we continue to monitor the risks related to these complaints.

Providers adding the TAE products or AVI50419 to their VET scope of registration are referred to the ASQA Quality Assessment team for review. In total, we received 24 add to scope applications for the reporting period. Of these, 21 were to add to VET scope, with 10 approved, 4 in progress, 6 withdrawn and 1 rejected.

In this reporting period, we conducted 23 audits and evidence reviews that scoped TAE products or AVI50419. Of these, 19 have been closed and completed. Of the 19, we found 8 compliant at audit. Further, 11 were identified as non-compliant and, of these, 3 were found compliant after rectification, 6 were found non-compliant at the time of assessment and were not offered rectification, and 2 were found non-compliant after rectification.

During the reporting period, we supported the Skills Service Organisation (SSO), PwC's Skills for Australia and the Australian Industry and Skills Committee (AISC) Emergency Response Sub Committee in considering whether to endorse the new TAE skill set in relation to e-learning based training by responding to an invitation to contribute



about the benefits and risks of approval. Since the endorsement of the TAE skill set, we have not received any reports of non-compliance for, nor any applications seeking explicit registration of, either of the e-learning units that make up the new skill set. We will continue to provide guidance to the sector about the importance of having highly qualified trainers to ensure e-learning based training remains at a high standard.

#### *Continue monitoring of providers not subject to recent regulatory attention and delivering in key growth areas*

In May 2018 a New Policy Proposal submitted by ASQA was approved, with implementation of additional compliance audits for the period 2018-19 – 2021-22. These audits were designed to assess the compliance of providers that had not been subject to recent regulatory scrutiny by ASQA and were delivering in early childhood education and care; aged care; disability support; or to overseas students. In the reporting period, ASQA conducted 52 audits, of which 6 were continuing and will be finalised in 2021-22.

#### *Focus on providers that have not delivered training since being granted registration*

To understand risks associated with providers maintaining registration, but not delivering nationally recognised training, we identified 76 providers for review, as they had reported nil delivery in the 2 proceeding years (2018 and 2019) of Total VET Activity data. Early access to 2020 Total VET Activity data identified that 29 of these continued to report nil delivery in 2020. We released a short survey to these 29 providers and are following up to determine a risk-based response.

### **2a. Our risk-based audit activities**

Through all our foundational risk treatments – education, registration and approvals, course accreditation, monitoring and performance assessment (audit), compliance management and internal review of decisions – we seek to apply risk-based principles, and proportionate, fit for purpose responses. We transitioned to a new Regulatory Operating Model to support risk-based organisational decision-making, better use of data, intelligence and analysis, regulatory design, and a higher level of education and engagement with stakeholders on risk.

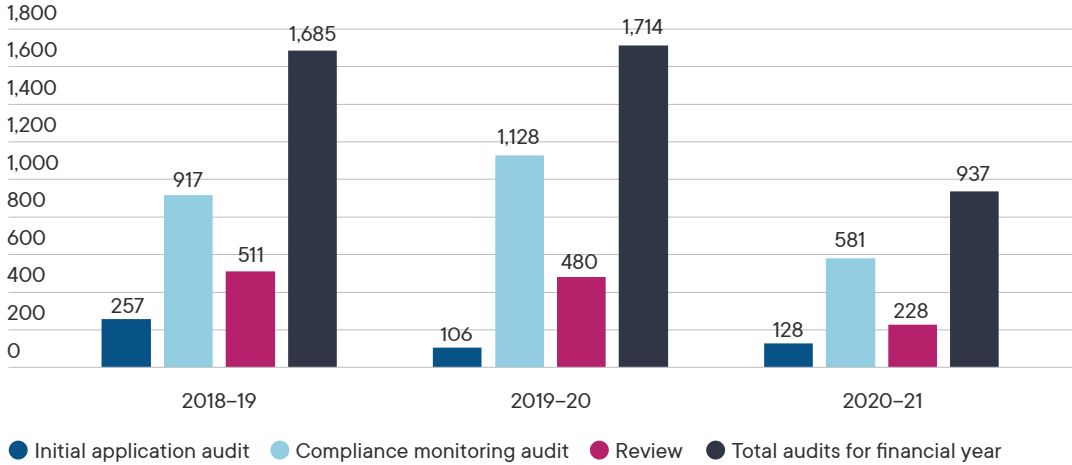
The COVID-19 pandemic created operational challenges in 2020-21 that reduced the number of performance assessments (including those that involved site audits). We completed 937 audits in 2020-21. An audit or performance assessment is a comprehensive way of determining whether a provider is meeting the legislative requirements.

Of the total 937 audits in this period, 54% of completed audits identified non-compliance. This is an improvement on the previous 3 years, where 64% of audits had findings of non-compliance. Where completed audits had findings of non-compliance, the audits identified fewer severe issues. For the previous 3 years, 22% of completed non-compliant audits identified critical non-compliance, while in 2020-21, 14% of completed non-compliant audits identified critical non-compliance.

ASQA's legislation provides the opportunity for reviews of regulatory decisions. It has been the practice for these reviews to involve the audit teams to assess evidence provided. Evidence reviews have been included in the total audit activities noted below. This will not be reported in this way in subsequent years because from April 2021 an evidence review is part of the management of non-compliance, conducted by a team that is separate from the teams involved in the assessment process (audit).

The Queensland Curriculum and Assessment Authority (QCAA), as a delegate of ASQA, also registers and audits Queensland school RTOs. In 2020-21, QCAA completed 26 additional audits.

Figure 7: Number of audits completed by type



## 2b. Service Standards results

We have 2 Service Standards in relation to audits:

- Audit reports provided within 20 working days of last day of audit.
- When we have accepted additional evidence from a provider after an audit, we will provide the decision within 30 working days.

We have improved our performance against these audit Service Standards over the previous reporting periods.

We continue to consolidate these improvements and timeliness in relation to regulatory process, which is subject to a program of continuous improvement.

Figure 8: Percentage of audit reports provided within 20 days

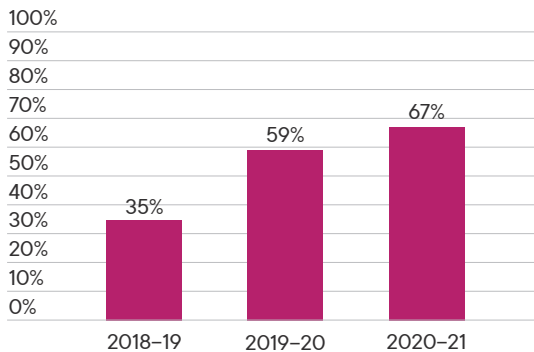
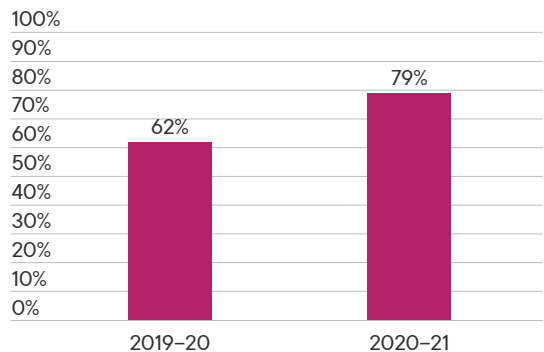


Figure 9: Percentage of audit decisions provided within 30 days following acceptance of additional evidence



Note: The Service Standard of providing a decision within 30 working days where we have accepted additional evidence was introduced in 2019-20.



### 3a. Quantitative and qualitative information on regulatory processes, sanctions, enforcement activities and outcomes of contested sanctions (including 3b. Service Standards results).

Where we find that a provider does not meet the requirements of the legislation and/or the standards, we will respond to non-compliance in a way proportionate to the level of risk. In 2020–21 we consulted on and published a *Regulatory Practice Guide: Approach to compliance* (April 2021). The guide sets out a range of regulatory tools, which aim to ensure the provider addresses the non-compliance and has systems to monitor and ensure ongoing compliance. In all circumstances, our response to non-compliance will be proportionate to the seriousness of the non-compliance and extent of the provider's commitment and capability and focus on ensuring sustained compliance.

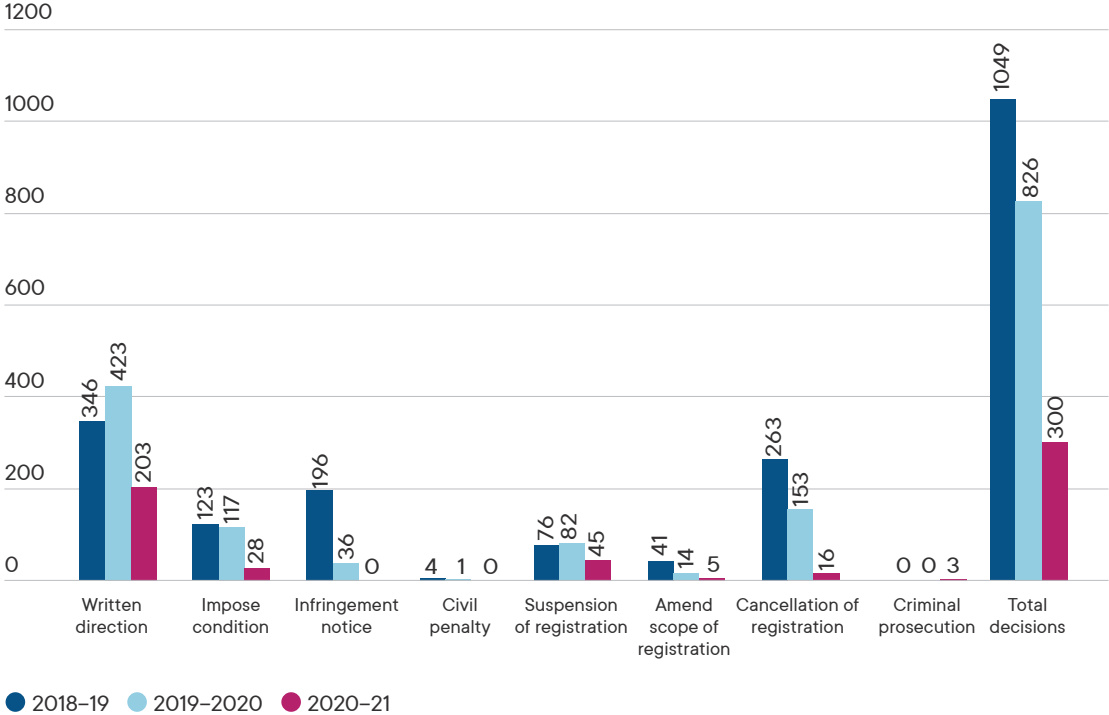
ASQA's regulatory activity for 2020–21 included:

- For audit findings from April 2021, we introduced to providers the opportunity to propose an agreement to rectify (ATR) non-compliance and a reasonable time period to do so (up to 3 months). The agreement describes the actions the provider proposes to address the non-compliance and the way that they will provide evidence of the return to compliance and sets out the timeframes for completion of the agreed actions. ASQA entered into 4 ATRs with providers in the reporting period.
- We issued 203 directions to direct the actions of providers under the NVR Act, which require a provider to rectify a breach of a condition of registration and provide or retain evidence that this has occurred.
- We imposed 28 conditions on a provider's registration and/or vary any existing conditions. Common conditions include requirements to amend the scope of a provider's registration. Conditions are imposed for a specified period of time.
- We did not issue any infringement notices or civil penalties. In 2018-19 ASQA obtained new legislative powers to issue infringement notices when providers failed to provide annual Total VET Activity data. In 2019–20 and 2020–21 no infringement notices were issued under this power as regulatory relief was afforded providers in relation to data submissions during the COVID-19 pandemic.
- We issued 45 sanctions to suspend a provider's registration. During a period of suspension, a provider will be required to either undertake or refrain from certain actions. In most cases, while a suspension remains in place, the provider cannot enrol a student or commence a student who has not yet begun their course.
- We issued 5 sanctions to amend scope of registration. The scope of registration defines the services, training package qualifications or units of competency that a provider is approved to deliver. We may amend the scope of registration (for example, to remove a training product from the scope) where non-compliance relates to that training product in particular. The provider can no longer deliver the training product that has been removed (cancelled) from its scope of registration.
- We issued 16 sanctions to cancel registration in full. The effect of cancellation is that the provider is no longer approved to offer or deliver approved or accredited training packages (note: decisions can be reviewed and may not come into effect).
- The Commonwealth Director of Public Prosecutions (CDPP) on behalf of ASQA undertook 3 criminal prosecutions in the reporting period. We may decide to take court action where a breach of the legislation is serious and/or the nature and seriousness of provider non-compliance is significant.

The range of regulatory tools applied in the reporting period reflects ASQA's commitment to appropriate and proportionate regulatory action where we identify non-compliance, and our implementation of a revised Regulatory Operating Model in response to the findings of the Rapid Review. In this period, completed audits had fewer findings of non-compliance, the audits also identified fewer severe issues. This has also influenced the range of risk-based responses to manage non-compliance.



Figure 10: Regulatory decisions



**Reconsideration by ASQA (including 3b. Service Standards results)**

When making a decision that adversely affects a provider, ASQA decision-makers provide procedural fairness, which means ensuring a fair process, and providing robust reasons for decisions. Before making an adverse decision due to non-compliance, we issue a notice of intent indicating the relevant areas of non-compliance and providing an opportunity for the provider to submit additional evidence of compliance prior to a final decision being made.

In 2020-21 we established an internal review team within ASQA to enhance opportunities for dispute resolution at an earlier stage (Rapid Review recommendation 17). We also published a *Regulatory Practice Guide: Approach to review of decisions* (April 2021).

When reviewing decisions, we review the evidence that led to the original decision and any new evidence that is available to the decision-maker. This is to determine whether our decision remains correct and preferable. We acknowledge that there are circumstances where the decision may have been correct based on the evidence available to us at the time it was made, but no longer remains the correct decision on review. This may be due to the availability of evidence that was not available to the original decision-maker, and whether or not that evidence existed at the time the decision was made.

Following review of the decision, we can affirm the decision, vary the decision, or revoke or set aside the decision.

In 2020-21, we finalised 121 reconsideration applications and met the Service Standard of reconsideration applications finalised within 65 working days (3 months) in 99% of cases. The outcomes of these reconsideration applications are shown in the table below.



**Table 3: Outcomes of reconsideration applications**

Finalised reconsiderations	2018–19	%	2019–20	%	2020–21	%
Original decision revoked	96	58	47	38	64	53
Original decision affirmed	58	35	33	26	30	25
Original decision varied	11	7	41	33	21	17
ASQA did not make a decision	0	0	0	0	1	1
Withdrawn by applicant	1	1	4	3	5	4
Total finalised	166		125		121	

*External review of ASQA’s regulatory decisions*

If a provider is dissatisfied with the outcome of a reviewable decision we have made, they may apply for review by the Administrative Appeals Tribunal (AAT). This review considers the evidence available to the AAT at the time, and the provider is able to produce further evidence that the non-compliance has been addressed. If there is sufficient evidence to demonstrate a return to compliance, the matter may be resolved between the applicant and ASQA. When the matter proceeds in the AAT, the majority of decisions affirm ASQA’s decision.

For 2020–21, 108 AAT matters were finalised. Where matters proceeded to a hearing and a decision was made, ASQA’s decision was affirmed by the AAT 8 times out of 10 (80%). Where matters did not proceed to a hearing, these were resolved between ASQA and the applicant on 75 of 98 occasions (77% of all matters).

Recent legislative changes also mean that, before contesting a decision at the AAT, an internal review (reconsideration) is necessary (unless this option is not available).

The details of AAT merits reviews are provided in the tables below.

**Table 4: AAT outcomes finalised where the matter proceeded to a hearing and a decision was made**

Outcome	2018–19	%	2019–20	%	2020–21	%
ASQA’s decision affirmed	6	100	13	81	8	80
ASQA’s decision set aside	0		3	19	2	20
ASQA’s decision varied	0		0		0	
Total	6		16		10	

**Table 5: AAT outcomes finalised where the matter did not proceed to a hearing**

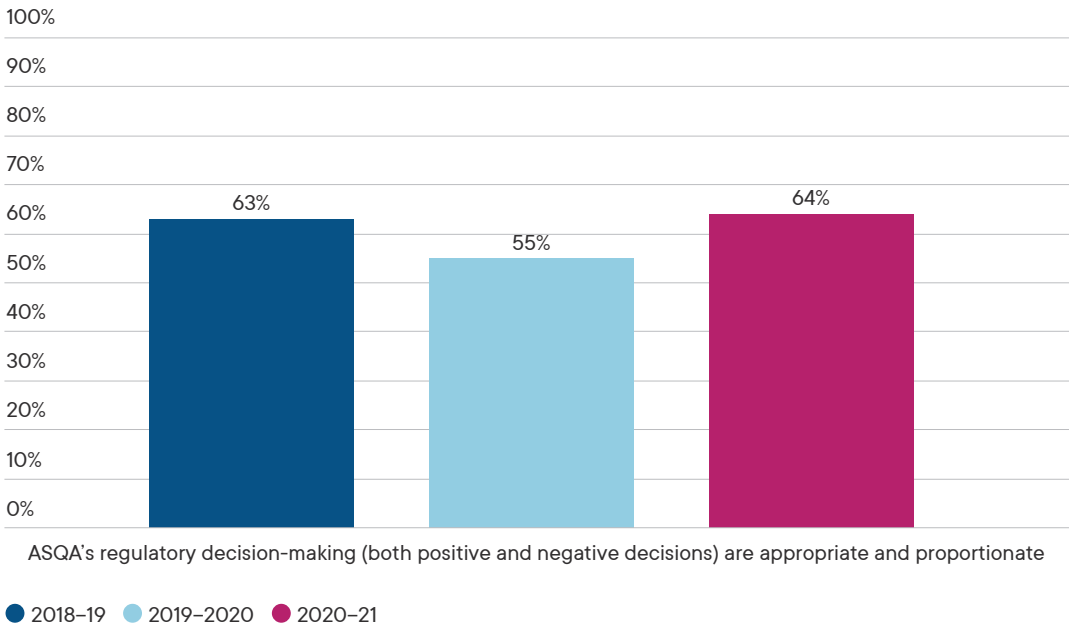
Outcome	2018-19	%	2019-20	%	2020-21	%
Resolved between applicant and ASQA	81	52	156	70	75	77
Withdrawn by applicant	50	32	50	23	17	17
Application for review dismissed by Court or Tribunal	25	16	16	7	6	6
<b>Total</b>	<b>156</b>		<b>222</b>		<b>98</b>	

These processes enable the provider to continue to address areas of non-compliance and concern and provide additional evidence of how these have been addressed. The outcomes of both internal reviews and AAT reviews provide valuable information that helps guide our regulatory approach and drive continuous improvement.

#### 4. Provider survey results on our proportionate application of sanctions (more than 70% satisfaction).

The following graph provides the survey results from our annual provider and course owner survey in relation to regulatory decision-making. There has been improvement in 2020-21 compared with results for the previous 2 financial years. However, results have not yet met the 70% target. ASQA will continue our efforts to improve results in this regard.

**Figure 11: Survey results: Regulatory decision-making**





## Performance analysis

We have demonstrated that we take a risk and standards-based approach to regulation, developing strategies to manage specific risks during the reporting period, including risks relating to:

- COVID-19 pandemic
- monitoring compliance of providers in areas of market growth
- providers that deliver or apply to deliver TAE products
- providers not subject to recent regulatory attention
- providers that had not delivered training since being granted registration.

The total number of audits we completed in the reporting period (937) was lower than for 2019–20 (1,714), as a result of COVID restrictions, the cyclical nature of some applications (e.g. renewal applications) and reflecting a shift to broader range of regulatory treatments.

Results against audit related Service Standards were good, with an improvement in our performance over the previous reporting periods.

We are using a broader range of risk-based regulatory tools in response to non-compliance. This ensures that, as the national regulator, ASQA responds with exactly what is needed to hold providers to account and promote a return to sustained and systematic compliance. This reflects our commitment to appropriate and proportionate regulatory action where we identify non-compliance.

We have introduced new administrative measures (agreements to rectify) to promote a more sustained and systematic return to compliance for lower levels of non-compliance where the provider is cooperative and willing to address the non-compliance and has sufficient understanding and resources to address the non-compliance within the timeframe proposed.

The results from the provider and course owner survey regarding perceptions of our regulatory decision-making (64% agreed that our regulatory decision making is risk -based and proportionate) are slightly below our benchmark of 70%, but do represent a significant improvement on the previous year. We will continue to engage with the sector and communicate about our decision-making to maintain this progress. The majority of cases that proceeded to an AAT hearing affirmed ASQA decisions.

Overall results in relation to this approach were good, however, performance in relation to our Service Standard for audit reports to be provided within 20 days was below expectations, as were our survey results, which did not meet our benchmark. As such we assess that we **partially met** this performance criterion.

## Engagement and support – approach 4

### 4. We engage with stakeholders to inform our understanding of risk

Performance criterion:

Effectively seek information to inform our understanding of risks in the VET sector.

Source: ASQA Corporate Plan 2020–21, page 22 and ASQA PBS 2019–20, page 176.

Result against criterion: **Met.**

Explanation: We measure our performance against this criterion by assessment of qualitative and quantitative measures.

1. Qualitative information on our engagement with stakeholders to gather information on regulatory risks.
2. Quantitative information on complaints/reports that allege provider non-compliance.

## Achievements

### 1. Qualitative information on our engagement with stakeholders to gather information on regulatory risks.

We use insights and information from the sector to identify risk and current and emerging compliance concerns. Effective stakeholder engagement is fundamental in achieving our strategic purpose. We undertake communication and engagement with providers and other stakeholders to understand environmental risks and their context and to improve our regulatory effectiveness.

Throughout the reporting period, we engaged with stakeholders to inform and share information, educate, consult and collaborate, to better understand issues and risks facing the sector. We have a large and varied group of stakeholders that includes policymakers, providers, students, industry bodies, employers and other regulators across the education sector.

In addition to monthly meetings of senior executives from ASQA and DESE, we participate in planned meetings with different areas of DESE and other government agencies. These include meetings with:

- areas of DESE including the VET Quality and Regulation division, Skills Reform Taskforce, VET Student Loan Program team, International division and the Tuition Protection Service
- National Centre for Vocational Education Research
- Australian Industry and Skills Committee
- National Skills Commission
- Tertiary Education Quality and Standards Agency
- Department of Home Affairs
- Commonwealth Ombudsman



- state and territory training authorities via established Communication Protocols
- other VET regulators (Victorian Regulations and Qualifications Authority and Training Accreditation Council Western Australia).

These formal arrangements are complemented by ongoing officer level meetings and contact to progress shared objectives, share information, data and intelligence, and coordinate regulatory arrangements to manage risk and reduce unnecessary regulatory burden.

We regularly consult with and provide advice to the Skills Service Organisations and Skills Organisation Pilots, as well as engaging with industry associations, state and territory training authorities, state-based training ombudsman, and other national and state and territory based regulatory and licensing bodies. These include the Australian Nursing and Midwifery Accreditation Council, Australian Health Practitioners Regulatory Authority, Australian Children's Education and Care Quality Authority, Aged Care Quality and Safety Commission and Safe Work Australia.

The ASQA Provider Roundtable is our primary consultative forum with the VET and English language sectors through the peak provider associations. The purpose of the Provider Roundtable is to engage and consult with the peak VET and English language provider associations on matters of strategic importance, and to discuss and seek feedback on ASQA's regulatory approach and future activity. The membership-based peak provider associations play a crucial role in meeting our strategic objective by providing feedback on regulatory strategy and working collaboratively to protect the quality of the VET and English language sectors. The Provider Roundtable is chaired by the CEO of ASQA and comprises senior representatives from:

- Adult Learning Australia
- Community Colleges Australia
- English Australia
- Enterprise Registered Training Organisation Association
- Independent Higher Education Australia
- Independent Tertiary Education Council Australia
- TAFE Directors Australia.

We have also established a Stakeholder Liaison Group to engage and consult with providers and other key stakeholders on ASQA's approach to engagement and education, and to identify and respond to key issues facing providers. This group comprises 17 members reflecting the diversity of ASQA's regulated community, incorporating private RTOs, TAFEs, Community Colleges, Enterprise RTOs, a secondary school, and VET sector consultants.

The Stakeholder Liaison Group is an advisory forum for engagement and collaboration, through which members:

- identify how ASQA can expand our educative role
- share information about key issues and risks facing providers
- consult on changes to our regulatory strategy
- identify the guidance and materials providers need to support their regulatory obligations and build capability for self-assurance
- contribute to the co-design of new regulatory tools
- consult on other matters of operational importance to the sector.

## *Invitations/speaking engagements*

We use strategic engagement to support our regulatory purpose through understanding issues and communicating effectively with the sector. In the reporting period, ASQA accepted speaking invitations at 32 events, with the majority attended at the CEO/Senior Executive (17) or Manager/Director (15) level. This engagement includes a range of stakeholders including sector peak bodies and government organisations. ASQA senior staff also participated or attended in an additional 24 sector events, with 11 of these at the CEO/Senior Executive Service level.

## **2. Quantitative information on complaints/reports that allege provider non-compliance**

In 2020–21 we strengthened our analysis and use of the information gathered from complaints and analysis to inform our risk-based regulatory functions, rather than from the perspective of resolution and management of a complaint.

ASQA assesses all information we receive to inform an understanding of a provider's behaviour. This process also takes into account a range of intelligence on the provider. We use this assessment to inform decisions on when and if further regulatory action is required. This ensures that we direct our regulatory resources towards providers that collective data and intelligence suggest are exhibiting a non-compliant behaviour or practice within ASQA's jurisdiction.

We receive complaints from members of the public, including students, through the ASQA complaints portal. During the reporting period, we received 881 complaints. We also receive reports of alleged non-compliance from a range of stakeholders through other mechanisms, and we received 610 reports of this type during the reporting period. Most (54%) were in the category of 'training, assessment or study support' and the main source (42%) was students.

ASQA notifies providers whenever a complaint is received and uses this engagement to remind them of their obligations. We provide advice to complainants about alternative complaints handling bodies where relevant.

In late 2020–21, we engaged a market research company to engage with students and providers to better understand how we could improve our management of complaints about training providers and information for students. We will use the outcomes of this research and engagement to identify further improvement in this area.



## Performance analysis

We have demonstrated an active and comprehensive level of engagement with the sector to share information and improve our understanding of risk and have performed well against this criterion. This included engagement with or via:

- DESE and other government agencies and bodies
- ASQA's Provider Roundtable
- ASQA's Stakeholder Liaison Group
- the broader VET sector through participation in events
- the assessment of complaints about providers.

In particular, the establishment of the Stakeholder Liaison Group during the reporting period has provided an effective mechanism for ASQA to engage and consult with stakeholders on our transition to new regulatory practices and to understand and respond to issues and risks in the sector.

Overall results in relation to this approach were very strong, and we assess that we **met** this performance criterion.





## Engagement and support – approach 5

### 5. We provide accurate information to support stakeholders’ understanding of VET sector compliance

Performance criterion:

Provide clear, targeted and effective information and support to stakeholders about the VET sector and compliance with standards.

Source: ASQA Corporate Plan 2020–21, page 22 and ASQA PBS 2019–20, page 176.

Result against criterion: **Met**

Explanation: We recognise the value of providing accurate, helpful, and user-friendly information about the VET sector and compliance with the standards to our stakeholders. To achieve this we use a broad array of engagement mechanisms and approaches to ensure that our stakeholders are able to access information easily, and that it is provided in a format – or formats – conducive to effective dissemination and understanding.

We measure our performance against this criterion through the following:

1. Qualitative and quantitative information on our key efforts to provide clear and accurate information about VET sector compliance to stakeholders.

Key communications channels to achieve against this criterion and provide quantitative and qualitative evidence about performance in these areas are:

1a. Info Line service

1b. Website

1c. Provider briefing sessions

In addition, we assess performance against Service Standards for our Info Line, and provider survey results:

1a. ASQA Infoline Service Standards:

- simple procedural email queries responded to within 2 working days
- complex telephone queries escalated within 2 working days (with likely resolution time, if applicable)
- complex email queries responded to within 10 working days.

1a. Provider survey results – more than 70% satisfaction with Info Line assistance.

1b. Provider survey results – more than 70% satisfaction with ASQA web usability.

1c. Provider survey results – more than 70% satisfaction with provider briefing sessions.

2a. Qualitative and quantitative information on our other efforts to provide clear and accurate information about VET sector compliance to stakeholders (includes webinars, vodcasts, mailouts and other engagement with and provision of information to the sector).

2b. Provider survey results – more than 70% satisfaction with ASQA’s engagement activities.

3. Quantitative information about the support provided to the sector to collect and manage student records when RTOs close down.



## Achievements

### 1. Qualitative and quantitative information on our key efforts to provide clear and accurate information about VET sector compliance to stakeholders.

ASQA provides information and guidance to support providers to better understand and meet their regulatory obligations. Communication and engagement is a key tool in our Regulatory Operating Model. This means sharing information with stakeholders to communicate expectations, better understand risk, raise awareness, and provide support for providers to self-assure and continuously improve. We use information as often as possible when it is likely to achieve the desired outcomes.

ASQA's education activities were widely used in 2020–21 with 97% of providers reporting they have used or benefited from at least one of ASQA's education activities. (Provider and Course Owner Survey).

#### 1a. Info Line service

We provide an Info Line service from 9am to 7pm (AEDT) Monday to Friday. The Info Line provides support and advice to providers and students and is ASQA's front line in providing information and guidance to the sector.

We have a dedicated team to respond to simple and complex enquiries by phone and email, providing an initial point of contact for stakeholders to engage with ASQA. The team responds to phone and email enquiries received through the Info Line – ensuring we provide consistent, accurate and timely responses to stakeholder queries including advice and support to use ASQA facilities, such as lodging complaints or requesting student records.

The Info Line also acts as an intelligence source by detecting patterns of enquiries, allowing for the escalation of emerging system issues to our IT and Information Management Team, Communications Team and the Education and Guidance Team, to determine whether a sector-wide response may be required.

In 2020–21, the Info Line received 32,563 phone calls and 12,823 emails. Service Standards performance for the Info Line was excellent.

**Table 6: Performance against Service Standards for our Info Line call service**

Service Standard	% met
Responding to simple email queries within 2 working days	100
Responding to complex email queries within 10 working days	100
Complex telephone queries escalated within 2 working days	100

The following graphs provide the survey results from our annual provider and course owner survey in relation to our Info Line services. There has been improvement across all responses for 2020–21 compared with results for the previous 2 financial years. All results either met or exceeded our 70% target.

Figure 12: Survey results: Satisfaction with Info Line call service

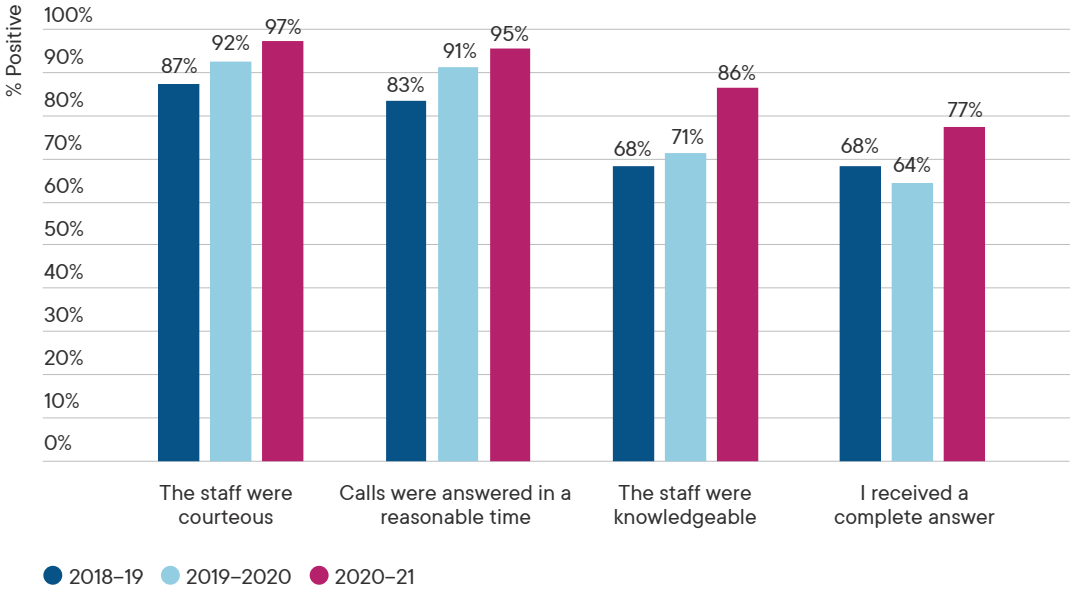
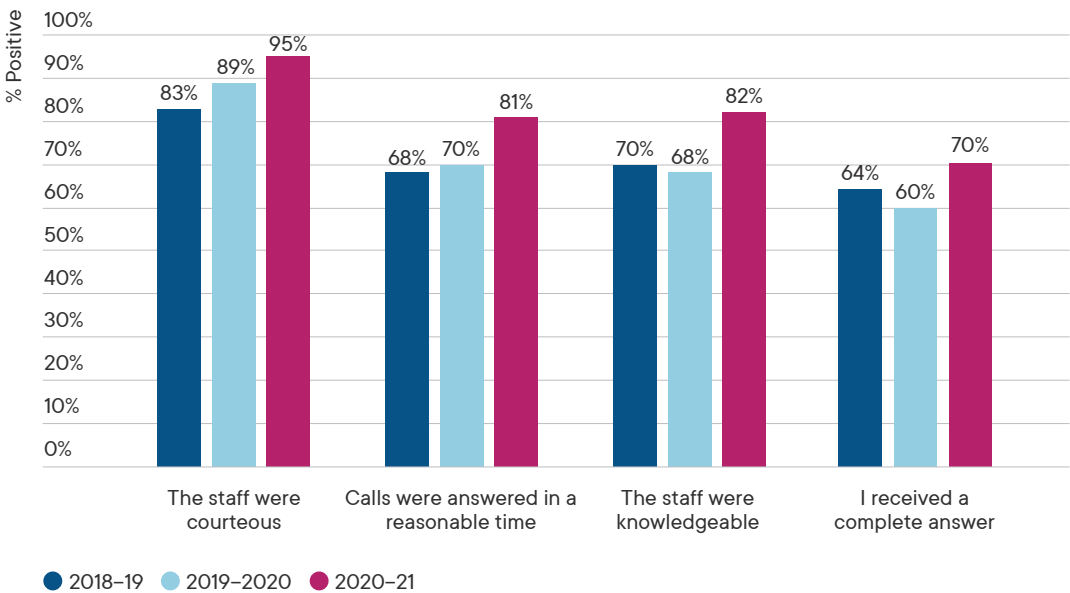


Figure 13: Survey results: Satisfaction with Info Line email





**1b. Website**

Our website is a primary communication tool, providing dedicated information to providers, course owners and students. It includes an education resources page that, among other things, provides videos, guides, fact sheets, FAQs and tools. Our website also hosts a regulatory decision register detailing the regulatory action we have taken.

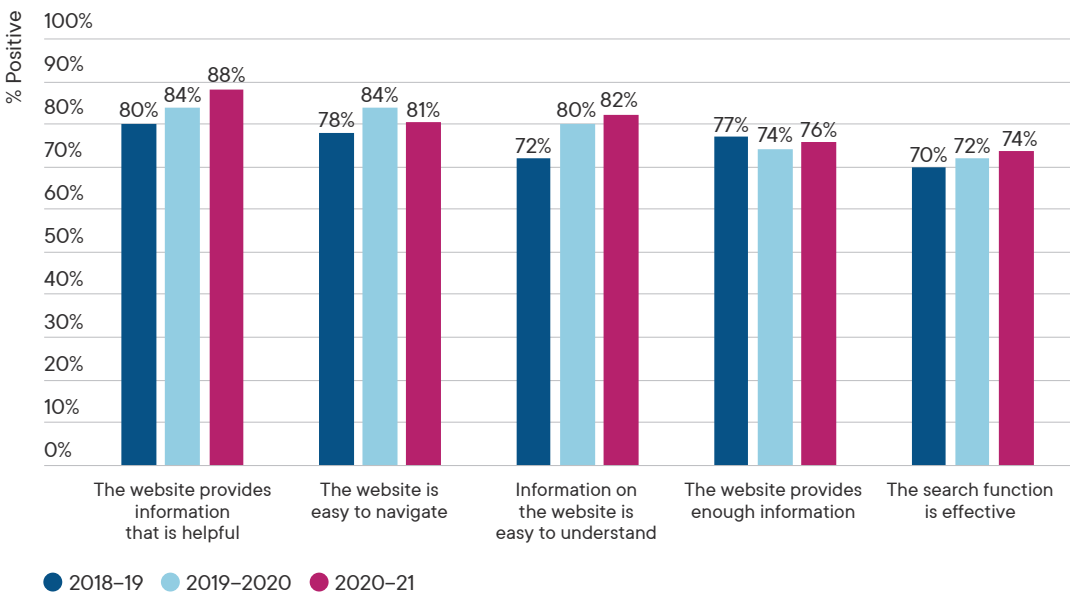
We had seen an overall increase in recent years (on a page-view basis) in stakeholders accessing our website. For 2020–21 page views decreased to 80% compared with the previous year’s total. This may indicate the increase has peaked, but the rate of views remains healthy.

**Table 7: Website views**

	2018–19	2019–20	2020–21
ASQA website page views	4,195,548	4,154,265	3,309,281

The following graph provides the survey results from ASQA’s annual provider and course owner survey in relation to our website. There has been improvement across 4 of the 5 responses for the reporting year, compared with results for the previous 2 financial years. All results exceeded the 70% target.

**Figure 14: Survey results: Satisfaction with ASQA website**



## *1c. Provider briefing sessions*

ASQA supported providers through a range of education and engagement activities. In particular, we began our Spotlight On series during the reporting period.

Through the Spotlight On program we offered providers an ongoing, sector-specific resource about key VET and CRICOS compliance requirements, presented in a way that encourages self-assurance, continuous improvement, and best practice.

We launched the first Spotlight On series in February 2021, followed by the second series in May. Each series addressed a dedicated compliance topic, chosen from industry feedback and questions raised by providers. A series ran for about 6 weeks, with chapters released weekly. The format was a mixture of presentations, questions and answer sessions, and sharing practical tips to help providers better understand the topic.

Series 1 focused on ensuring trainers and assessors are qualified, have vocational competence and currency, and receive appropriate development (and supervision where necessary). Series 2 focused on how to conduct assessment validation, and the importance and benefits of this to training. This topic recognises the importance of assessment validation for providers to continuously improve their practices. At the end of each series, we hosted a 'Focus On' compliance webinar summarising the topic and responding to questions received from providers throughout the series.

While Spotlight On is mainly for existing or new entrants to the training provider market, other participants have included consultants, ASQA staff and government agencies. Spotlight On complements our existing online education resources, with additional insights and examples from stakeholders, to support providers in developing and implementing strategies to achieve quality training outcomes.

Spotlight On has been a success with almost 2,000 participants attending so far and positive feedback about this cooperative engagement model. Importantly, the series is also supporting continuous improvement by prompting providers to work together and create their own practice improvement groups, respond to the material presented, and update their own policies and practices.

## **2a. Qualitative and quantitative information on our other efforts to provide clear and accurate information about VET sector compliance to stakeholders (includes webinars, vodcasts, mailouts and other engagement with and provision of information to the sector).**

We provided 10 live educational webinars in the reporting period, with recordings posted on the website. Our webinars attracted 9,843 attendees and 13,596 total views of recordings in 2020–21.

We provide an Electronic Direct Mail Service (eDMs) to more than 36,000 subscribers. We also send direct communication to the identified contacts for the more than 3,700 regulated providers. During the reporting period, key topics included:

- updates to transition periods and training packages, courses etc., particularly BSB
- invitations to ASQA webinars and participation in surveys/consultation
- ASQA updates and reminders
- changes to legislation, ASQA processes and governance
- notification of education services for overseas students application approval
- notification of application approval



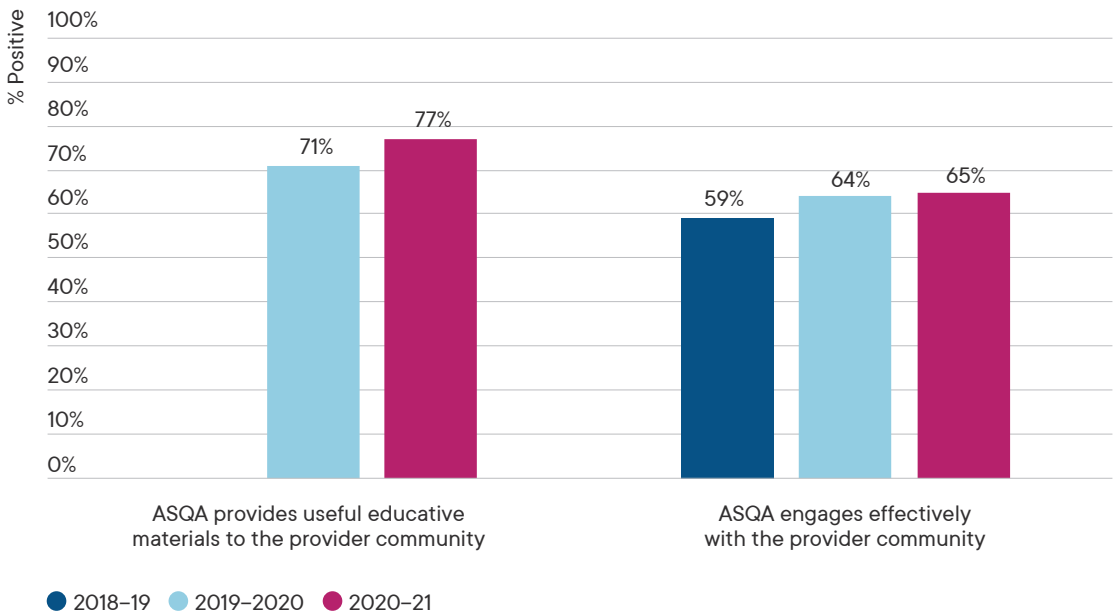
- resolved technical issues for registration on Resources and Infrastructure Industry (RII) Training Package
- details of fee waivers and reimbursements.

We published 7 new guidance videos during the year. Videos across a range of topics on our website were viewed 6,461 times in 2020–21. The total views for all ASQA videos across the period is 54,838.

## 2b. Provider survey results.

The following graph provides the survey results from ASQA’s annual provider and course owner survey in relation to our engagement activity. There has been improvement across responses for 2020–21 compared with results for the previous financial years. We exceeded the 70% target for educative materials provided. While results in relation to engagement effectiveness improved, we fell short of the 70% target.

**Figure 15: Survey results: Satisfaction with engagement activity**



## 3. Quantitative information about support provided to the sector to collect and manage student records when RTOs close down.

We continue to upload student result data from closed providers to the National Collection held by National Centre for Vocational Education Research. The data from 126 closed providers has been uploaded, resulting in the addition of 2,960,196 units of competency.

Data is uploaded using the Minimum Data Set (MDS) functionality developed by the National Centre for Vocational Education Research in collaboration with ASQA. Students are able to access their data on demand via the Unique Student Identifier (USI) transcript service.

As ASQA has transitioned to full utilisation of the digital MDS functionality, there has been a decline in student record enquiries and a significant reduction in manual processing of hard copy records.

**Table 8: Student enquiries**

	2018-19	2019-20	2020-21
Number of student enquiries processed	5,675	6,301	4,667

## Performance analysis

We provided clear, targeted and effective information and support to stakeholders about the VET sector and compliance with standards via multiple channels over the reporting period.

This was achieved via our:

- Info Line service responding to more than 45,000 calls and emails
- website providing dedicated information to providers, course owners and students (more than 3 million page views)
- Spotlight On series
- use of webinars, eDMs and videos
- provision of student records.

Our educative and information services met relevant Service Standards as well as survey benchmarks (with the exception of engagement effectiveness which we will be seeking to better understand in 2021-22). The vast majority of survey results for 2020-21 improved on results for the previous 2 reporting periods, demonstrating the effectiveness of our efforts in this regard. The range and diversity of educative material we have provided has been significant during the reporting period.

Overall results in relation to this approach were very strong, and we assess that we **met** this performance criterion.





## Engagement and support – approach 6

### 6: We provide advice on strategies to improve VET regulation and the VET sector

Performance criterion:

Provide input and advice on strategies to improve VET regulation and the VET sector.

Source: ASQA Corporate Plan 2020–21, page 22 and ASQA PBS 2019–20, page 176.

Result against criterion: **Met**

Explanation: ASQA provides a range of input, through various channels and forums, aimed at improving both the regulation of VET and the sector more generally. Sometimes this input is provided through established and regularised processes and mechanisms, and at other times it is provided in response to a particular event or issue.

We measure our performance against this criterion through the following:

1. Qualitative instances of providing input and advice to initiatives/reviews to strengthen VET regulation and improve the VET sector.
2. Stakeholder survey results about our performance in this area (more than 70% satisfaction).

## Achievements

### 1. Qualitative instances of providing input and advice to initiatives/reviews to strengthen VET regulation and improve the VET sector.

#### *Implementing recommendations of the Rapid Review*

The Rapid Review made 24 recommendations on how we can improve our regulatory approach.

By the end of the reporting period, we had completed implementation phases of 8 of the Rapid Review recommendations and commenced action on a further 13 recommendations. The remaining 3 recommendations are interdependent on wider reforms led by DESE. Supplementary information on the implementation of Rapid Review recommendations is at Appendix E.

Implementing the 8 recommendations has resulted in significant changes in relation to:

- Our purpose and governance:
  - We clarified our role and purpose as the national regulator for vocational education and training to ensure quality VET, so that students, employers, the community and governments have confidence in the integrity of the national qualifications issued by training providers.
  - The National Vocational Education and Training Regulator Amendment (Governance and Other Matters) Bill 2020 was passed on 24 August 2020. This made key changes to ASQA's high level structure, which included replacing the Chief Commissioner/CEO (and Accountable Authority) and 2 Commissioners with a single head of agency who is the CEO and Accountable Authority. In place of the previous role of Commissioners, ASQA's SES were enhanced to include a Band 2 SES and an increase in Band 1 SES from 2 to 4.



- We strengthened governance arrangements to provide additional support for the reform agenda. This includes implementing a new internal structure (reflective of the enhanced executive structure and the improved Regulatory Operating Model) to support change management, quality controls, and implementation of critical pieces of our reform agenda.
- Our engagement and education:
  - We strengthened engagement and education including online engagement, webinars and regular liaison with stakeholders to foster a shared understanding of ASQA's role and regulatory approach, encourage a culture of provider self-assurance, and increase our transparency.
- Our regulatory culture and practices:
  - We developed, published and implemented our Regulatory Risk Framework, Regulatory Operating Model, and underpinning policy documents.
  - In mid-August 2020, we changed the way we conduct and report on audits. The changes relate to how ASQA deals with minor deficiencies and allows providers to address these without providing evidence. The minor deficiencies are still recorded in audit reports but do not result in a finding of non-compliance.
  - On 6 April 2021, we implemented key changes to our assessment methodology. These changes address a recurring theme of the stakeholder consultations during the Rapid Review that ASQA's approach had a strong focus on inputs and compliance controls rather than on self-assurance by providers that their governance and systems are working to provide quality outcomes.
  - We made changes to ensure we have a better understanding and focus on outcomes for students through sampling evidence across a number of training products and across all areas of the student journey.
  - We separated the teams responsible for performance assessment and those dealing with findings of non-compliance. As well as greater procedural fairness for providers, this enables us to focus on capability in these areas with greater clarity of purpose. Over time, it will also improve efficiency by removing assessors from actions dealing with non-compliance and potential dispute.
  - A key compliance change is the introduction of the agreement to rectify. This gives providers opportunity to remedy any identified non-compliance within 20 working days, or in accordance with an agreement (giving them longer to address the non-compliance).
  - We established an internal review team to enhance opportunities for dispute resolution at an earlier stage. We use review findings to identify trends and patterns in evidence collection and decision-making practice and apply learnings to improve.
  - We have implemented improvements to data and intelligence reports to make better use of information and intelligence in planning assessments and to support decision-making.
  - We are supporting all these measures with training and internal quality assurance activities. We are also planning a co-designed evaluation framework to understand how effectively we have transitioned and the impacts of the new approach.



### *Implementing changes to NVR Act and supporting instruments*

We implemented significant legislative changes during the reporting period, which included:

- Changes to the NVR Act that:
  - responded to both the Braithwaite<sup>2</sup> and Joyce<sup>3</sup> reviews, with amendments made to improve the efficiency and effectiveness of ASQA and regulation of the VET sector
  - revised our governance structure, replacing the Commissioners with a single independent statutory office holder (CEO)
  - will establish an Advisory Council (to be appointed in 2021–22)
  - improved information sharing with National Centre for Vocational Education Research.
- New NVR Act Regulations that:
  - built on changes to the NVR Act
  - enabled broader use of infringement notices
  - required more information to be published on the National Register at [training.gov.au](https://www.training.gov.au).
  - reflected our revised governance structure.
- New Data Provision Instrument that:
  - updated the previous instrument to make data and information reporting obligations clearer for providers, including requiring providers to keep ASQA up-to-date regarding changes to permanent VET delivery sites and campuses.

### *Contributing to VET reform*

In the reporting period, we contributed or made submissions to the following reviews:

- Productivity Commission Review of the National Agreement for Skills and Workforce Development
- Commonwealth Ombudsman review of VET Student Loans Framework and development of code of practise for VET student loan scheme providers
- Queensland Training Ombudsman review of training delivery linked to advertising of vacant positions in Queensland
- DESE policy paper on supplementary courses.

We also worked to support the consultation on changes to *Standards for RTOs 2015*.

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2 Professor Valerie Braithwaite, 2018, *All eyes on quality: Review of the National Vocational Education and Training Regulator Act 2011 report*, Department of Education and Training, Commonwealth of Australia, viewed September 2021, <<https://www.dese.gov.au/review-national-vocational-education-and-training-regulator-act-2011/resources/all-eyes-quality-review-national-vocational-education-and-training-regulator-act-2011-report>>.

3 The Hon Steven Joyce, 2019, *Strengthening Skills Expert Review of Australia's Vocational Education and Training System*, Department of the Prime Minister and Cabinet, Commonwealth of Australia, viewed September 2021, <<https://www.pmc.gov.au/resource-centre/domestic-policy/vet-review/strengthening-skills-expert-review-australias-vocational-education-and-training-system>>.

## Engaging with stakeholders to provide input and advice on strategies to improve VET regulation and the VET sector

We engaged with VET stakeholders throughout the reporting period to provide input, collaborate and better understand issues facing the sector (see 'Achievements' under approach 5).

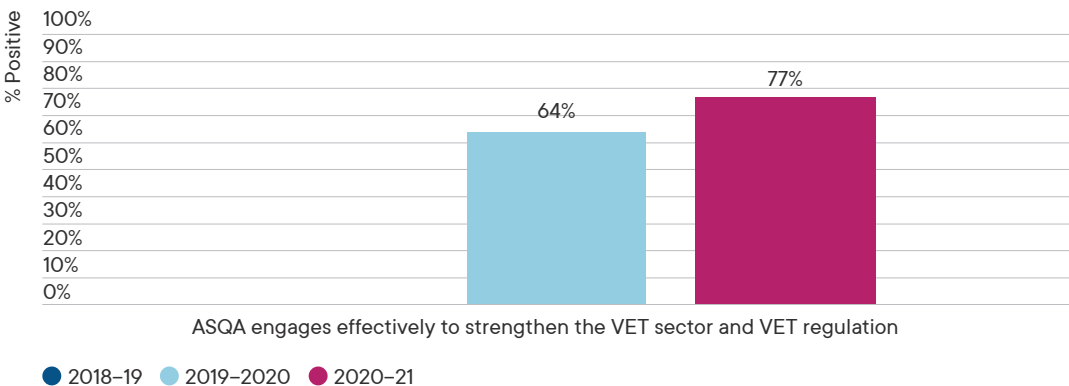
## 2. Stakeholder survey results about our performance in advising on strategies to improve VET regulation and the VET sector (more than 70%).

The provider and course owners we regulate are an important subset of our stakeholders and we did undertake a provider and course owner survey this year. Some 68% of respondents in the provider and course owner survey agreed that ASQA's understanding of sector performance and promotion of self-assurance contributes to quality VET and informed consumers.

Further, the following graph provides survey results in relation to our engagement to strengthen the VET sector and VET regulation.

There has been improvement in this response compared with the result for the previous financial year. The result for 2020–21 exceeded the 70% target.

Figure 16: Survey result: Strengthening the VET sector/regulation



Note: The 2018–19 survey did not include a question about strengthening the VET sector and VET regulation.

## Performance analysis

We have demonstrated a strong level of performance in contributing to strategies to improve the sector and its regulation.

This includes:

- implementing recommendations from the Rapid Review
- supporting and implementing legislative change
- contributing to numerous reform initiatives.

Provider survey results in relation to our engagement to strengthen the VET sector and VET regulation exceeded the target of 70% positive responses.

Overall results in relation to this approach were strong, and we assess that we **met** this performance criterion.



# Overall performance analysis

The 2020–21 reporting period was an atypical year as ASQA and the VET sector faced the challenges of the COVID-19 pandemic. During 2020-21 ASQA made foundational changes to support a shift in our regulatory culture and practices. We revised our organisational structure and governance, clarified our purpose, increased the transparency and accountability of our regulation, strengthened our collaboration and engagement with the sector, and improved the way we gather and use data to drive our risk-based approach to regulation. We also worked with stakeholders to build a common understanding of our role and approach and to clarify what they can expect of us.

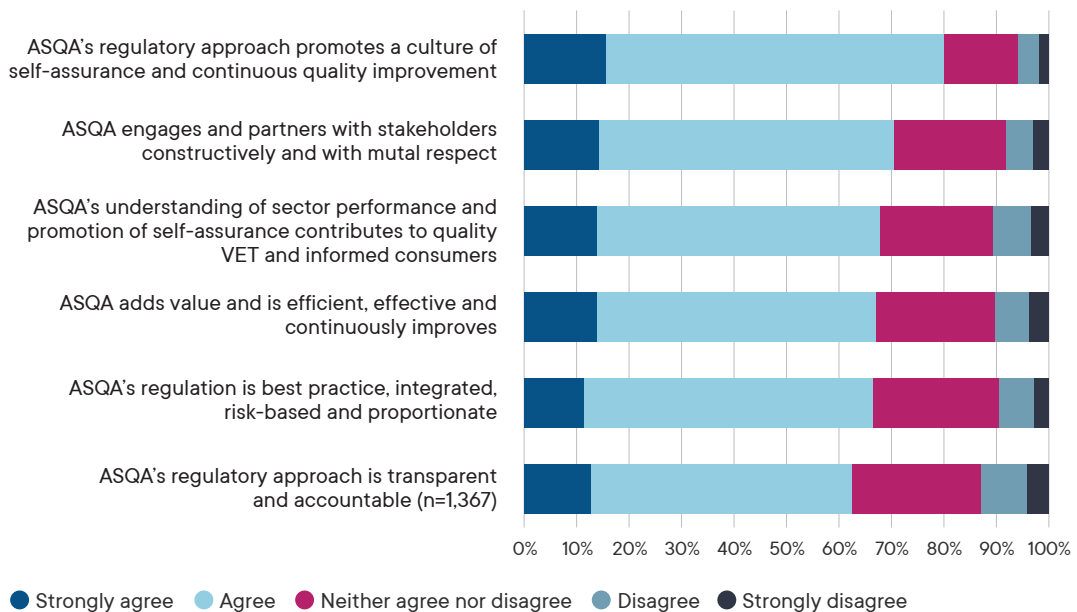
We performed well in identifying and managing risks, managing registration of providers in the context of significant increases in applications received, undertaking audits and making appropriate and proportionate regulatory decisions.

We placed a high priority on engagement with stakeholders to seek information and understand risks, as well as providing input and advice to improve the sector. Our increased focus on ASQA’s educative role and expanding engagement approaches to provide effective information to the sector, was evident in the outcomes we achieved.

We made significant progress in the first year of a 4-year reform agenda. By the end of the reporting period, we had completed the implementation phase of 8 of the Rapid Review recommendations and commenced action on a further 13 recommendations (more details are at Appendix E).

Our provider and course owner survey conducted by ACIL Allen included baseline measures (reported below) against ASQA’s 4-year strategic deliverables. These results show strong performance and encouraging feedback on our progress to date.

Figure 17: Survey results: Strategic deliverables



The ANAO also conducted an 'in-flight' audit, providing an opportunity for us to consider our design and early implementation of the Rapid Review findings. The Auditor-General Report No. 48 2020–21, *Effectiveness of Planning and Implementation of Reform by the Australian Skills Quality Authority* was released on 29 June 2021. We have carefully considered these findings in developing our Corporate Plan 2021–2022.

Overall, 2020–21 represents a strong level of performance by ASQA during a challenging period of substantial change.

## BEST PRACTICE CASE STUDY

### Collaboration and engagement

The *Regulator Performance Guide* sets out the Australian Government's expectations for regulator performance and reporting based on 3 best practice principles: continuous improvement and building trust; risk-based and data-driven; and collaboration and engagement.

The principle, collaboration and engagement, is about regulators being transparent and responsive communicators, implementing regulations in a modern and collaborative way.

This case study is an example of how we are putting this principle into practice.

## Collaborating on regulatory approaches through the new Stakeholder Liaison Group

In the past year, we have enhanced collaboration and engagement with the sector to build trust with stakeholders and co-design new regulatory tools. This reflects best practice and recommendations in the Rapid Review.

One of the ways we have done this is by establishing a Stakeholder Liaison Group. The purpose of the group is to engage and consult with providers and other key stakeholders on our approach to engagement and education, and identify and respond to key issues facing providers.

Members were selected on the basis of their experience and standing in the VET and ELICOS sectors.

The group provides an expert forum to:

- identify how we can expand our educative role
- share information about key issues and risks facing providers
- consult on changes to our regulatory strategy
- identify the guidance and materials providers need to support their regulatory obligations and build capability for self-assurance
- contribute to the co-design of new regulatory tools
- consult on other matters of operational importance to the sector.

There were 5 meetings during the year. Standing items include our education programs, response strategies to COVID-19, and reform agenda.



In addition, the group focused on specific issues such as:

- self-assurance, including our plan to establish a long-term translational research partnership to support co-design of a shared model of self-assurance
- approach to compliance and regulatory best practice
- strategic projects, including our review of online learning in the VET sector
- our 2021 environmental scan to identify risks in the VET sector
- our Stakeholder Engagement Strategy that will articulate ASQA's principles and priorities for strategically engaging with stakeholders over the next 4 years.





# Chapter 3: Management and accountability

We are focused on best practice regulator performance, capability and culture.

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# Corporate governance

## New governance structure

The Rapid Review highlighted that for ASQA to embark on a significant program of reform, we required a governance structure that could support the extent of the change.

New governance arrangements passed by the Australian Parliament on 24 August 2020 supported ASQA's evolution as a best practice regulator.

The changes created a single statutory office of the National VET Regulator, replacing the role of ASQA's Commissioners with a single head of agency who is the Accountable Authority. The new structure redefined the role of CEO and included enhanced senior executive capacity to guide change and strengthen internal systems and quality controls.

In addition, an Advisory Council comprising experts from regulatory practice, governance, sector and business and education and training will be established.

## Saxon Rice, CEO

Saxon Rice commenced as a Commissioner of ASQA on 16 April 2018 and was appointed Chief Commissioner and CEO (initially acting) on 7 October 2019. On 1 January 2021, reflecting the changed governance arrangements, Ms Rice was appointed the National VET Regulator and CEO for a period of 5 years.

Ms Rice has extensive experience across the VET and employment services sectors as well as in public policy. She was Assistant Minister for Technical and Further Education in the Queensland Government (2012 to 2015), Chair of the Ministerial Industry Commission, and Director of Global Business Development for an Australian employment services company. Ms Rice has also served in a range of Senate Committee Secretariats and as a Member of the Administrative Appeals Tribunal. She has a Master's Degree in International Law and a Bachelor's Degree in Economics (Social Science), and is a Member and Graduate of the Australian Institute of Company Directors.

The role and leadership responsibilities of the National VET Regulator are set out in the Minister's Statement of Expectations received on 17 December 2020.

In fulfilling her responsibilities under the legislative framework of the NVR Act for the management and performance of ASQA, Ms Rice has led ASQA through a period of fundamental reform as we implemented the recommendations of the Rapid Review while responding both internally and in support of the sector to the COVID-19 pandemic.

During the last 12 months, Ms Rice has overseen the establishment of new governance frameworks, significant reform to our regulatory practice and culture, improved regulatory capability and performance, and enhanced partnership arrangements and collaboration with the VET sector.



## Christina Bolger, Deputy CEO

Christina Bolger was appointed as Executive Director Quality and Risk in September 2020. On 1 January 2021, reflecting the changed governance arrangements, Ms Bolger's position became Deputy CEO.

Ms Bolger's experience in leadership roles in policy, regulation and service delivery has further strengthened ASQA's capability to implement and embed the reforms.

She has extensive experience across the public sector, including in health and disability, work health and safety and workers' compensation. Ms Bolger has previously held executive and management roles with the Aged Care Quality and Safety Commission, Comcare, and the ACT Government.

Ms Bolger has an Executive Masters in Public Administration, a Bachelor of Applied Science (Physiotherapy) and a Bachelor of Arts, she is also a Member and Graduate of the Australian Institute of Company Directors.

## Irene Ioannakis, Deputy Chief Commissioner and Commissioner, Regulatory Operations

Irene Ioannakis commenced as a Commissioner of ASQA on 11 September 2017 and as Deputy Chief Commissioner on 13 December 2019. Dr Ioannakis has extensive experience in VET, secondary and tertiary education, and human resource management. Her previous roles include consulting, organisational capability and development, skills development and human resources. In line with the changes to our governance structure, Dr Ioannakis' role with ASQA ceased on 31 December 2020.





## Governance committees

In 2020–21 we strengthened our corporate governance framework in line with the Rapid Review recommendations. Our new internal system of governance is designed to drive, monitor and continuously improve internal accountability and risk management, and support organisational capability and cultural change.

Our system of governance includes our:

- Strategic Leadership Committee and its supporting committees
- Policy and Procedure Framework
- ethical standards, ASQA values and APS values, which we apply to all the work we do and
- ASQA-wide fraud control measures.

### Strategic Leadership Committee

Our Strategic Leadership Committee comprises the CEO, Deputy CEO and 4 Executive Directors. In 2020–21 this committee provided a forum for ensuring a 'one-ASQA' approach to implementing reform, as well as strategic management and direction, particularly in relation to risk and strengthening our agency's culture and capability.

During the year, the Strategic Leadership Committee oversaw:

- implementation of reforms resulting from Rapid Review recommendations
- our response to the ongoing COVID-19 pandemic
- development of our Regulatory Strategy 2020–22
- establishment of our new system of governance, including a new committee structure
- implementation of strategies to improve senior leadership and staff capability more broadly.

### Supporting committees

We have established and maintain the following mandatory committees:

- Audit Committee – the CEO established the Audit Committee in compliance with section 42 of the *Public Governance, Performance and Accountability Act 2013*. The Audit Committee provides independent assurance of ASQA's risk, control and compliance framework and external accountability responsibilities. The Audit Committee also reviews ASQA-wide fraud control measures. Membership and meeting details are on page 77.
- Work Health and Safety Committee – the CEO established the Work Health and Safety Committee under sections 75–79 of the *Work Health and Safety Act 2011*. The Work Health and Safety Committee is chaired by the Deputy CEO, and provides advice on best practice and reporting on incidents and compliance, as well as measures to reduce cases under investigation with Comcare.

In addition, the Strategic Leadership Committee is also supported by the following sub-committees:

- Resource and Finance Committee
- Staff Consultative Committee
- Organisational Capability and Culture Committee
- Regulatory Impact Committee
- Regulatory Operations Committee
- ASQA's Leaders Forum.

## Planning and performance

We produce annual corporate plans in accordance with the requirements of the NVR Act and the PGPA Act. The corporate plan is our primary planning document, setting out our purpose, strategic direction, operating context, and key activities for the next 4 years. The plan also sets out how we will measure and assess our performance, as reported in our annual performance statement. The activities in our corporate plan are mapped to team plans, which also include the full spectrum of team deliverables. These team plans in turn inform individual performance plans for each team member.

## Internal reporting

Internal reporting plays a vital role in enabling senior employees to monitor ASQA's operational and budgetary performance and progress in meeting performance requirements.

During 2020–21 these reports related to:

- finance
- risk
- regulatory statistics
- complaints
- issues and incidents
- communications
- human resource profiles
- health and safety
- reform progress
- COVID-19 impacts
- stakeholder engagement.

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

## Ethical standards

As APS employees, ASQA staff are required under the APS Code of Conduct to behave at all times in a way that upholds the APS Values and Employment Principles. The APS Values include maintaining the highest ethical standards.

ASQA has in place a Disclosure of Interests Policy that details the requirements for all staff to disclose any real or apparent conflicts of interest, and for all Executive Level staff and Senior Executive Staff to manage those conflicts, in order to protect ASQA's integrity.

All ASQA ongoing and non-ongoing employees sign a Declaration of Conflict of Interest when they start working with us. By signing the declaration, employees confirm they are aware of their responsibilities under the APS Code of Conduct.



ASQA's Performance Development Framework requires employees to align observable behaviours with the APS Code of Conduct and APS values. Employee performance in relation to these behaviours is assessed and rated as part of our regular performance cycle.

Our People and Capability team provides practical guidance on ethical standards to employees, and our intranet has links to the Ethics 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.

## Enterprise risk management

In 2020–21, our CEO issued a Risk Management Policy Statement, which clearly emphasises the importance of effective, integrated risk management in enabling successful delivery of our strategic direction.

As part of our focus on best practice regulation and strengthening our governance, all ASQA staff are required to manage risk within their responsibilities. As the Accountable Authority, our CEO is responsible for articulating expectations regarding ASQA's risk culture and risk appetite, and ensuring the systems and processes are in place to identify, assess, monitor, report and appropriately mitigate risks.

During the year we also revised our risk management system to ensure:

- our Risk Management Framework and Procedures align with best practice and International Standards on Risk (ISO 3100:2018 and AS ISO 3100:2018)
- accountabilities for risk management are clearly articulated for all ASQA staff
- systems to support monitoring and reviewing our risk register are enhanced, with work continuing on this in 2021–22
- we can benchmark our risk culture and measure continuous improvement.

ASQA's Audit Committee provided oversight and independent scrutiny on the changes to our Risk Management Policy and Framework, and endorsed our revised approach to monitoring and reporting on risks.

## 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 and continuously reviews its implementation.

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

We actively raise ASQA-wide awareness of the fraud prevention measures set out in the Fraud Control Plan.

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

## Complaints about ASQA

As required under the *Standards for VET Regulators 2015*, we have a policy to manage and respond to stakeholder complaints about our regulatory practices. We undertake to acknowledge all complaints within 5 working days and, if we consider it will take more than 90 days to finalise the complaint, to inform the complainant in writing with reasons.

During 2020–21 we acknowledged all complaints within 5 working days and either met the 90-day timeframe to finalise complaints or, in circumstances where this timeframe could not be met, we contacted the complainant to explain why and discuss the extended timeframe.

## Audit Committee members and meetings

ASQA's Audit Committee Charter was revised in 2020–21 to increase the committee's scope and support increased scrutiny of ASQA's functions. The revised charter is available at [www.asqa.gov.au/media/1250](http://www.asqa.gov.au/media/1250).

The functions of the ASQA Audit Committee are to review and give independent advice about the appropriateness of our:

- financial reporting
- performance reporting
- risk oversight and management
- systems of internal control, including in relation to:
  - legislative and policy compliance
  - security
  - business continuity
  - ethical and lawful conduct
  - governance arrangements
  - parliamentary committee reports, external review and evaluations
- governance in relation to Internal Audit.

In 2020–21 the audit committee met 4 times:

- 9 September 2020
- 8 December 2020
- 9 March 2021
- 8 June 2021.



During the year, there were 4 members of the audit committee.

**Audit committee members**

Member	Qualifications, knowledge, skills or experience	Meetings attended	Remuneration
Vanessa Graham Chair	<ul style="list-style-type: none"> <li>Bachelor of Commerce (Accounting major)</li> <li>Fellow Certified Practising Accountant (FCPA)</li> <li>Over 15 years' experience as a senior executive in a number of Australian Government departments and agencies, including the Department of Finance</li> <li>Extensive experience in corporate and financial roles across the Australian Government</li> <li>Expertise in Australian Government financial, governance and reporting frameworks</li> </ul>	4	\$0
Renae Houston	<ul style="list-style-type: none"> <li>Bachelor of Arts and Graduate Certificate in Public Administration</li> <li>Over 5 years' experience as a senior executive in the Department of Education, Skills and Employment</li> <li>Expertise in program and project management, policy development and implementation</li> <li>Experienced budget and financial manager</li> <li>Sound knowledge and understanding of the Vocational Education and Training sector</li> </ul>	4	\$0
Irene Ioannakis	<ul style="list-style-type: none"> <li>Deputy Chief Commissioner, Australian Skills Quality Authority</li> <li>Commissioner, Regulatory Operations, Australian Skills Quality Authority</li> <li>Doctor of Philosophy</li> <li>Master of Education</li> <li>Bachelor of Education</li> <li>Extensive experience in executive positions at organisations including Chevron Australia, GE Oil &amp; Gas, WesTrac, Chamber of Minerals and Energy of WA</li> </ul>	1 prior to membership change in November 2020	\$0
Sara McIvor	<ul style="list-style-type: none"> <li>Bachelor of Law, Trinity College Dublin</li> <li>Member Institute of Chartered Accountants, England and Wales</li> <li>Member Institute of Chartered Accountants, Australia and New Zealand</li> <li>Member Institute of Internal Auditors</li> </ul>	3 after joining as a member in November 2020	\$0

None of the Audit Committee members received remuneration in 2020–21.

This year we completed an Audit Committee Skills Matrix, which identified that the committee has a strong skill set across finance, assurance, governance and internal control. We have identified additional members with complementary skillsets to further strengthen and enhance external oversight in 2021–22, consistent with the Public Governance, Performance and Accountability Rule 2014 requiring external membership.

## External scrutiny

As a national regulator, we are subject to external scrutiny by the Australian National Audit Office, Commonwealth Ombudsman and parliamentary committees, and our decision-making can be reviewed by courts and tribunals.

### Australian National Audit Office

During the year, the ANAO conducted an audit of the effectiveness of our performance in planning and implementing the Rapid Review recommendations. The ANAO's final report, *Effectiveness of Planning and Implementation of Reform by the Australian Skills Quality Authority*, was tabled in Parliament on 29 June 2021.

The report affirmed that, while there are some improvements to be made to our ongoing planning, implementation, monitoring and reporting of the reforms, we have effectively engaged with the sector in implementing the reforms and transitioning to our revised regulatory approach.

We welcomed this independent assessment and we are implementing the ANAO's recommendations. We have taken account of the audit recommendations in developing our Corporate Plan for 2021–22, which outlines our strategic direction over the next 4 years and how this builds on the foundations established in the transition year of reform. It also includes the activities we plan to align our resources to, so that we achieve our strategic direction, as well as how we will measure, monitor and report on our reform progress.

### Senate estimates

ASQA appeared before the Senate's Education and Employment Legislation Committee on 3 occasions during the reporting period, 29 October 2020, 25 March 2021 and 4 June 2021.

Our CEO and Deputy CEO responded to questions from Senators relating to various aspects of ASQA's operations at the hearings. We also provided responses to 125 questions on notice from the 3 hearings.

### Freedom of information

ASQA is subject to the *Freedom of Information Act 1982* (FOI Act), which means we are required to publish information to the public as part of the Information Publications Scheme. We comply with this requirement through the freedom of information disclosure log on our website at: [www.asqa.gov.au/about/reporting-and-accountability/freedom-information](http://www.asqa.gov.au/about/reporting-and-accountability/freedom-information).



We are also required to publish a plan showing what information we publish in accordance with the Information Publications Scheme requirements. Our plan is on our website at: <https://www.asqa.gov.au/about/reporting-and-accountability/information-publication-scheme>.

In addition, we are required to comply with the timeframe requirements of the FOI Act. During 2020–21, we adhered to the timeframes on all occasions.

## Review by the Administrative Appeals Tribunal

If a person is dissatisfied with the outcome of an ASQA decision, they may apply for a review of the decision by the AAT.

Section 203 of the NVR Act provides for the AAT to review certain 'reviewable decisions' made by ASQA.

From 1 July 2020, where a reviewable decision under the NVR Act is made by a delegate of the CEO, the provider must participate in an internal review by ASQA before applying to the AAT.

Unless otherwise limited, the AAT reviews decisions 'on the merits' – taking a fresh look at the available material at the time, rather than on the basis of evidence or information available to the original decision-maker.

In 2020–21 there were 38 applications to the AAT to review a decision (or decisions) made by ASQA. In addition, a further 112 matters were carried over from previous financial years. Of all matters, 108 were closed during 2020–21 and 42 have been carried into 2021–22.

For more information on AAT outcomes see page 49 in our annual performance statement.

## Review by the court

Providers and others may apply to the Federal Court for judicial review of the process leading to the decision, as opposed to the decision itself. Depending on the Court's decision, this may also impact on the validity of the overall decision.

In 2020–21 there were no such applications for review by the Federal Court.



## People

### Management of human resources

As at 30 June 2021, we had 191 APS employees, located in offices in all capital cities.

Our people are drawn from a range of backgrounds to support ASQA's regulatory capability. Skillsets include regulatory design and policy, statutory decision-making, regulatory operations and intelligence and data analysis, investigations, legal, communications and engagement, service delivery (Info line), governance, information and communications technology, people management, finance, and facilities.

We harness external expertise through a range of consultancies to complement our teams and support delivery of government priorities.

During the year, we invested in a broader range of regulatory skillsets to strengthen decision-making, enhance communication and engagement with the sector and deliver on our new Regulatory Operating Model. We continue to build a highly skilled workforce, supported by strong leaders, within a corporate culture aligned to APS and ASQA values.

### Workforce planning and organisational design

The Rapid Review highlighted that changes to leadership teams, organisational structure and focus were needed to strengthen oversight and managerial capacity, and support implementation of reforms relating to engagement and education, performance assessment, and proportionate action in response to non-compliance.

Government's expectations for ASQA's regulatory reform drove our workforce planning and organisational design changes in 2020–21, with a transition to new structures including:

- reorganising our structure to create 4 business units (increased from 2)
- recruiting for 4 SES positions (including the Deputy CEO role)
- restructuring the Quality Assessment and Compliance Group to separate the quality assessment and compliance functions and reorganise staff to accommodate our new operating model.



## Workplace diversity

We continued to take steps to increase ASQA's diversity, in line with our Diversity and Inclusion Strategy 2019–22.

A significant example was developing and launching ASQA's Reconciliation Action Plan 2020–2022 in November 2020. Since the launch, our Diversity Working Group has worked on key initiatives, including:

- establishing and maintaining effective relationships with Aboriginal and Torres Strait Islander stakeholders and organisations
- implementing strategies to increase the representation of Aboriginal and Torres Strait Islander peoples within our workforce
- identifying ways to meaningfully represent Aboriginal and Torres Strait Islander culture in our offices
- developing an ASQA protocol for delivering Acknowledgements of Country and Welcome to Country, which was launched during National Reconciliation Week 2021.

Other achievements against our Diversity and Inclusion Strategy include our:

- continuing commitment of ASQA's Diversity Champion
- expanding our Diversity Working Group
- delivering a Leadership Development program
- continuing to observe key diversity events identified in the strategy
- implementing strategies to minimise or eliminate risks to mental health, promote awareness of positive mental health practices, and support employees who are experiencing mental health concerns.

## Capability development

During the year we continued implementing our Learning and Development Strategy 2019–21. The strategy determines priority areas for learning and development, and has 7 focus areas:

- implementing our induction program and Probation Policy
- understanding our corporate responsibilities framework
- maximising e-learning and virtual learning opportunities
- promoting appropriate workplace behaviours
- developing leadership capability
- managing our mentoring program
- providing operational training.

Our Regulatory Operating Model and Performance Development Framework influenced our capability development priorities in 2020–21. This led to us:

- delivering a series of training for Quality Assessment and Compliance officers in changes to our regulatory practices throughout the year
- strengthening our corporate induction program
- delivering intelligence officer training and workshops
- developing a role-specific orientation program and ongoing professional development for Quality Assessment and Compliance officers.

Our Performance Development Framework underpins our capability development, with the objectives of:

- clarifying and aligning individual roles and work efforts to the outcomes of ASQA's strategic direction
- building high performance for individuals and teams
- developing employee's skills and capability.

During 2020–21 we invested in developing workforce capability, supporting a range of learning and development opportunities for our employees. These included:

- actively participating in the Australia and New Zealand School of Government (ANZSOG) Regulators Community of Practice along with a network of public sector regulators from all 3 levels of government and from every regulatory sector, professional background, role and level of seniority, who are keen to learn from and with each other
- approving 81 formal training and development requests, including training in regulation, intelligence, leadership, project management and data analytics
- supporting 11 employees with financial assistance and/or paid study leave through our study assistance program, to enhance their workplace capability and knowledge through the acquisition of formal qualifications
- reviewing and improving our mandatory e-learning training to increase employees' awareness and knowledge of their responsibilities in relation to security, privacy, fraud awareness, risk management, workplace health and safety and maintaining a respectful workplace
- introducing a Mental Health First Aid training program, with initial training to 17 employees across the organisation
- implementing a Leadership Development Program for our Executive Level 2s
- introduction of an Executive Coaching Program for our Strategic Leadership Committee.

## Reward and recognition

We are committed to attracting, developing and retaining the highest quality workforce. To achieve this, we recognise the importance of acknowledging our employees for their contributions and recognising outstanding performance.

As a result, we launched the ASQA Reward and Recognition Policy in May 2021. The policy guides how we will formally and informally recognise employee contributions and achievements at an individual, team or group level. Our Reward and Recognition panel will oversee shortlisting for the inaugural CEO Awards ceremony, which will be held in 2021–22.



## Workplace communication

Understanding the extent of change the year entailed, ASQA placed a high priority on communication. We strove to use inclusive, and multi-channel communication with employees to ensure our approach kept staff informed and engaged. We increased the communication channels as COVID-19 restrictions impacted on our workplaces. This included through:

- weekly all staff meetings
- regular CEO update emails
- regular leaders' meetings
- employee representation on
  - Staff Consultative Committee
  - Workplace Health and Safety Committee
- information sessions and webinars
- weekly intranet announcements and round-ups
- regular attendance by senior leaders at individual team meetings
- staff pulse surveys, in addition to the APS Census
- dedicated information portals on our intranet about topical issues, including COVID-19 and reform work, to ensure information and messages are consistent, regular and accessible
- a weekly announcement snapshot highlighting key information posted on our intranet throughout the week
- an area on the intranet dedicated to employee wellbeing
- a notice board on the intranet where staff can post messages and discussions for all employees to access.

We recognise that change is challenging and the impact of COVID-19 has further increased these challenges, with extended periods in lockdown for many states impacting on our work and team practices. In June 2021, ASQA established the Organisational Capability and Cultural Committee (OCCC). The OCCC is a sub-committee of ASQA's Strategic Leadership Committee. It works with all parts of ASQA to help define and build the organisational capability and culture that we identify as necessary to achieve our purpose and deliver benefits to our workforce and our key stakeholders, providers, students, employers and the Australian community.

We continue to engage with staff in order to strengthen and support effective communication.

## Workforce composition

The following tables provide statistics on the number of ASQA employees at the end of the reporting period in relation to employment status, classification levels, full-time/part-time status, gender and location.

As at 30 June 2021, we did not employ any ongoing or non-ongoing employees who:

- identify as Indigenous
- identify as indeterminate gender
- were based outside Australia (overseas).

Table 9: ASQA ongoing employees by location and gender as at 30 June 2021

Office location	Female			Male			Total
	Full-time	Part-time	Total female	Full-time	Part-time	Total male	
ACT	5	1	6	3	0	3	9
NSW	19	2	21	9	0	9	30
NT	1	0	1	0	0	0	1
QLD	36	9	45	12	2	14	59
SA	9	1	10	6	0	6	16
TAS	0	0	0	1	0	1	1
VIC	34	4	38	22	2	24	62
WA	3	2	5	1	0	1	6
<b>Total</b>	<b>107</b>	<b>19</b>	<b>126</b>	<b>54</b>	<b>4</b>	<b>58</b>	<b>184</b>

Table 10: ASQA non-ongoing employees by location and gender as at 30 June 2021

Office location	Female			Male			Total
	Full-time	Part-time	Total female	Full-time	Part-time	Total male	
ACT	0	0	0	0	0	0	0
NSW	0	0	0	0	0	0	0
NT	0	0	0	0	0	0	0
QLD	2	0	2	1	0	1	3
SA	0	0	0	0	0	0	0
TAS	0	0	0	0	0	0	0
VIC	2	0	2	2	0	2	4
WA	0	0	0	0	0	0	0
<b>Total</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>7</b>



Table 11: ASQA ongoing employees by employment classification and gender as at 30 June 2021

Classification level	Female			Male			Total
	Full-time	Part-time	Total female	Full-time	Part-time	Total male	
APS3	5	1	6	0	0	0	6
APS4	5	2	7	4	0	4	11
APS5	16	3	19	4	0	4	23
APS6	28	3	31	18	2	20	51
EL1	33	7	40	13	2	15	55
EL2	18	3	21	10	0	10	31
SES1	1	0	1	5	0	5	6
SES2	1	0	1	0	0	0	1
<b>Total</b>	<b>107</b>	<b>19</b>	<b>126</b>	<b>54</b>	<b>4</b>	<b>58</b>	<b>184</b>

Table 12: ASQA non-ongoing employees by employment classification and gender as at 30 June 2021

Classification level	Female			Male			Total
	Full-time	Part-time	Total female	Full-time	Part-time	Total male	
APS3	0	0	0	0	0	0	0
APS4	1	0	1	1	0	1	2
APS5	1	0	1	0	0	0	1
APS6	1	0	1	0	0	0	1
EL1	1	0	1	2	0	2	3
EL2	0	0	0	0	0	0	0
SES1	0	0	0	0	0	0	0
SES2	0	0	0	0	0	0	0
<b>Total</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>7</b>

Table 13: ASQA employee type by employment classification at 30 June 2021

Classification level	Ongoing			Non-ongoing			Total
	Full-time	Part-time	Total ongoing	Full-time	Part-time	Total non-ongoing	
APS3	5	1	6	0	0	0	6
APS4	9	2	11	2	0	2	13
APS5	20	3	23	1	0	1	24
APS6	46	5	51	1	0	1	52
EL1	46	9	55	3	0	3	58
EL2	28	3	31	0	0	0	31
SES1	6	0	6	0	0	0	6
SES2	1	0	1	0	0	0	1
<b>Total</b>	<b>161</b>	<b>23</b>	<b>184</b>	<b>7</b>	<b>0</b>	<b>7</b>	<b>191</b>

Table 14: ASQA employee status by location as at 30 June 2021

Office location	Ongoing	Non-ongoing
ACT	9	0
NSW	30	0
NT	1	0
QLD	59	3
SA	16	0
TAS	1	0
VIC	62	4
WA	6	0
<b>Total</b>	<b>184</b>	<b>7</b>



## Employment conditions

### Employee arrangements

As at 30 June 2021:

- 186 employees were covered by the ASQA Enterprise Agreement 2017–20, which sets out the employment terms and conditions for ASQA employees
- 6 employees had individual flexibility arrangements that varied the effects of the terms of our Enterprise Agreement
- 5 substantive Senior Executive Service (SES) employees and 1 acting SES employee were covered by an Individual S24 (1) Determination
- our CEO was employed under a Remuneration Tribunal Determination.

### Salaries and other benefits

On 22 October 2020 our CEO made a Determination under section 24(1) of the *Public Service Act 1999* to provide remuneration increases on top of our Enterprise Agreement, in lieu of bargaining a new enterprise agreement. The Determination provides salary increases up to 11 November 2022 (n.b. the COVID-19 Determination deferred increases scheduled for 11 November 2020 until 11 May 2021).

Other non-salary benefits provided to employees include superannuation, flexible work arrangements and capability development.

Our Enterprise Agreement does not include provision for performance pay.

**Table 15: Salary ranges by classification as at 30 June 2021**

Classification	Min Salary	Max salary
EL2	\$126,542	\$145,619
EL1	\$103,834	\$113,936
APS6	\$85,150	\$92,191
APS5	\$74,917	\$79,725
APS4	\$68,291	\$72,321
APS3	\$63,615	\$64,670
APS2	\$57,205	\$59,247
APS1	\$50,911	\$51,758



## Executive remuneration

**Table 16: ASQA executive staff**

During the reporting period ended 30 June 2021, ASQA had 12 executives who met the definition of key management personnel (KMP). Their names and the length of term as KMP are summarised below.

Name	Position	Term as KMP
Saxon Rice	Chief Executive Officer	Full year
Christina Bolger	Deputy Chief Executive Officer	Part year, commenced 7 September 2020
David Miller	Executive Director Corporate	Full year
Sandra Christians	A/g Executive Director Corporate	Part year, 8 March 2021 to 13 June 2021
Robert Crispe	Executive Director Regulatory Engagement and Education	Part year, 7 September 2020 to 27 March 2021
Stephen Maillet	Executive Director Regulatory Engagement and Education	Part Year, commenced 22 March 2021
Simon Thorn	Executive Director Regulatory Insights and Impact	Part year, commenced 7 September 2020
Michele Dawkins	A/g Executive Director Regulatory Insights and Impact	Part year, 26 February 2021 to 26 March 2021
Ty Emerson	Executive Director Regulatory Insights and Impact	Part year, commenced 1 April 2021
Benn Gramola	A/g Executive Director Quality Assessment and Compliance	Full year
Carmen Basilicata	Executive Director Quality Assessment and Compliance	Part year, commenced 7 September 2020
Irene Ioannakis	Deputy Chief Commissioner, Commissioner Regulatory Operations	Part year, cessation date 31 December 2020



Table 17: ASQA executive staff remuneration details

Name	Position title	Short-term benefits (\$)					Post-employment benefits (\$)	Other long-term benefits (\$)	Termination benefits (\$)	Total remuneration (\$)
		Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long Service Leave				
Saxon Rice	Chief Executive Officer	393,762	-	-	57,050	9,010	-	-	459,821	
Christina Bolger	Deputy Chief Executive Officer	209,105	-	20,734	34,458	5,084	-	-	269,380	
David Miller	Executive Director Strategy and Performance	160,106	-	26,307	29,474	4,716	-	-	220,602	
Sandra Christians	A/g Executive Director Strategy and Performance	68,239	-	-	11,143	940	-	-	80,322	
Robert Crispe	Executive Director Regulatory Engagement and Education	107,900	-	14,653	15,870	2,598	-	-	141,022	
Stephen Maillet	Executive Director Regulatory Engagement and Education	56,903	-	7,177	8,351	1,271	-	-	73,702	
Simon Thorn	Executive Director Regulatory Insights and Impact	134,990	-	17,624	20,405	3,754	-	-	176,773	
Michele Dawkins	A/g Executive Director Regulatory Insights and Impact	16,256	-	-	2,047	271	-	-	18,574	
Ty Emerson	Executive Director Regulatory Insights and Impact	54,074	-	6,413	9,916	1,131	-	-	71,534	

Name	Position title	Short-term benefits (\$)				Post-employment benefits (\$)	Other long-term benefits (\$)	Termination benefits (\$)	Total remuneration (\$)
		Base salary	Bonuses	Other benefits and allowances	Superannuation contributions				
Benn Gramola	A/g Executive Director Quality Assessment and Compliance	194,770	-	20,648	29,474	3,518	-	248,409	
Carmen Basilicata	Executive Director Quality Assessment and Compliance	89,440	-	20,734	17,113	3,754	-	131,041	
Irene Ioannakis	Deputy Chief Commissioner, Commissioner Regulatory Operations	184,964	-	-	21,694	4,366	191,221	402,246	

Note: There are no tables for Other Highly Paid Staff remuneration, as there were no staff in these categories during 2020-21.



## COVID-19 response

ASQA responded with agility to the COVID-19 pandemic. States entering lockdown conditions at various points throughout 2020–21 required many of our employees to work from home. We supported their wellbeing with:

- communicating regularly with managers, including resources for effectively managing remote teams
- providing regular information promoting physical and mental health and wellbeing for all employees
- establishing a dedicated wellbeing portal and regular 'Wellbeing Wednesday' intranet posts on our intranet to encourage communication about wellbeing and healthy lifestyle
- offering professional, confidential counselling and psychological services for employees and their families through our Employee Assistance Program
- providing access to Ergonomic Assessments for home-based work environments
- enabling employees to use leave provisions to attend COVID-19 vaccination appointments.

We also reviewed and maintained guidance material to support our employees during this time, including:

- FAQs about COVID-19
- protocols for managing suspected and confirmed cases of COVID-19 within the workplace
- a guide on home-based work during COVID-19 (including workplace health and safety information)
- a guide on child care and home-schooling arrangements while working from home.

## Workplace health and safety

We fulfil our responsibilities under the *Work Health and Safety Act 2011* by actively promoting work health and safety across ASQA.

In 2020–21, we commenced a substantial functional review of ASQA's Work Health and Safety (WHS) function. Part of this work involved ensuring obligations and responsibilities are correctly aligned across ASQA. Management and maintenance of the safety and wellbeing system is both an individual officer obligation and a responsibility of strategic Human Resources (HR) advisors under a business partnering model. All officers and managers in ASQA have personal responsibility under WHS legislation.

Our health and safety project work is designed to close gaps identified by informal audit processes and move our safety management system towards a 'delegated' model of safety responsibility. In this model, HR function operates in a strategic advisory role to the business, while line supervisors and operational leaders manage safety responsibilities and accountabilities.

We also undertook a substantial review into existing governance arrangements to improve the efficacy of our health and safety consultation. Health and safety strategy requiring approval by the Strategic Leadership Committee will now be determined at project planning stages, following endorsement by the Chair of the Workplace Health and Safety Committee, or as directed by the Director People and Capability. This review work also encompassed updating and incorporating WHS risks into the agency risk register and individual work plans.

Our core focuses in WHS are ensuring legal compliance and alignment with officer governance obligations, as well as undertaking targeted initiatives to enhance early intervention and prevention. ASQA will also focus on increased reporting and incident notification.

We have developed a reporting matrix for WHS with defined key performance indicators, responsibilities and targets. In addition to the work outlined above, ASQA will also develop and implement a wellbeing program, and uplift our mental health awareness capability including the launch of a mental health first aid officer network. Progress reports against key initiatives will be presented to the Strategic Leadership Committee as a standing agenda item as well as through quarterly meetings of the Work Health and Safety Committee and biannual meetings of the Staff Consultative Committee. We will also implement processes to ensure compliance with obligations for corporate officer roles (such as fire wardens and first aid officers), transparent reporting and incident notification, and clear responsibilities for the approval of ergonomic equipment and assessments.

ASQA also continued to offer professional, confidential counselling and psychological services for employees and their families through our Employee Assistance Program as well as access to a \$300 annual health and wellbeing allowance.

Early intervention activities and workplace rehabilitation, coupled with the initiatives above, helped reduce compensable injuries. As a consequence of effective work health and safety practices, no new compensation claims were accepted during 2020–21. There were no incidents requiring notification to Comcare during the year and no investigations into ASQA's undertakings.

## Disability reporting

The National Disability Strategy 2010–2020 is Australia's overarching framework for disability reform.

It acts to ensure the principles underpinning the United Nations Convention on the Rights of Persons with Disabilities are incorporated into Australia's policies and programs that affect people with disability, their families and carers.

All levels of government will continue to be held accountable for implementing the strategy through biennial progress reporting. Progress reports can be found at [www.dss.gov.au](http://www.dss.gov.au).

Disability reporting is included in the Australian Public Service Commission's State of the Service reports and the APS Statistical Bulletin. These reports are available at [www.apsc.gov.au](http://www.apsc.gov.au).



# Technology

## Digital transformation

ASQA has recognised the opportunity to effectively leverage digital and data technology to support best practice risk-based regulation and data-driven decision-making. To this end, we are developing ASQA's Digital Roadmap, a 3-year digital transformation program to guide an agency-wide approach to investing in and developing our digital and data experiences and solutions.

Our digital transformation will take advantage of existing Australian Government platforms and investment and underpin our continuous improvement to make ASQA easier to interact with, more informed by users, and fit for the digital age.

Using co-design principles, we are working with our strategic partners and stakeholders to align our digital transformation with the strategic deliverables as they will appear in the ASQA Corporate Plan 2021–22 to:

- further support providers to self-assess and self-assure
- improve self-service access to information about performance and self-assurance
- enhance the experience for providers interacting with the national regulator.

ASQA's Digital Roadmap will provide a clear picture of current and future needs, capabilities and risks. It will guide our progress towards becoming an intelligence-led regulator – improving our engagement with providers and supporting more agile, responsive and innovative regulation to meet emerging trends and changing sector needs.

It will also improve our own efficiency and effectiveness, as we provide our staff with modern digital workflow solutions and data-visualisation tools to improve productivity and quality. In turn, ASQA will become a more influential regulator as our staff are enabled to focus on higher value activities, including thought leadership and sharing insights across the sector.

In addition, our roadmap will enable us to measure return on digital investment associated with value outcomes, for benefits realisation.

## Data governance

Data is a key strategic asset, and we are committed to the effective use of data and ongoing development of our data maturity. As part of improving our end-to-end data management to inform decision-making, we have developed a Data Governance Framework, including the development and review of relevant policies, a dedicated Data Governance Committee, a Data Strategy and Roadmap, and a Data and Business Intelligence Operating Model.

Our effective use of data and the ongoing development of our data maturity is underpinned by:

- partnering and sharing data
- managing data well by adopting strong data governance practices
- continuing to develop our staff as effective knowledge workers
- continuously developing our data analytics insights and intelligence capability
- leveraging and supporting broader government data collection and sharing initiatives, while we effectively and securely manage data including protecting the privacy of individuals.

## Ecologically sustainable development and environmental performance

Our environmental performance is assessed in several different ways.

The Department of Education, Skills and Employment aggregates our environmental performance for information and communication technology (ICT) services, including ICT procurement services and security access under a Memorandum of Understanding arrangement.

We use the Whole-of-Government Property Services Coordinated Procurement arrangements, with Jones Lang LaSalle as our Property Services Provider. Jones Lang LaSalle therefore aggregates our environmental performance for property and facility related services, including energy consumption and waste removal services.

We remain committed to minimising our environmental footprint, including by:

- using 100% recycled content copy paper
- continuing to evaluate and improve our operational efficiency to ensure that our activities contribute to successful long-term outcomes
- increasing our understanding of sustainability beyond the environmental scope.





# Purchasing and procurement

## Purchasing

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

The Commonwealth Procurement Rules 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.

We devolve responsibility for procurement to individual business groups within ASQA. We support 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 Department of Finance's Accountable Authority Instructions and tendering processes
- maintaining standardised tendering and contracting documentation.

We publish our procurement activities and plans on AusTender, allowing our procurement activities to be readily communicated and accessible to all business enterprises.

## Consultancy contracts

'Consultancy contracts' refers to arrangements that are published on AusTender as a consultancy. ASQA engages consultants to build organisational capability and responsiveness, and support and enhance our workforce to deliver government priorities. This includes activities such as independent research, review or assessment, expertise to support implementation of reform, or provide independent advice, information or solutions.

Engagement of consultants is made in accordance with the PGPA Act and related regulations, including the Commonwealth Procurement Rules.

During 2020–21, we entered into 33 new consultancy contracts involving total actual expenditure of \$2.73 million. In addition, 6 ongoing consultancy contracts were active during the period, involving total actual expenditure of \$0.13 million.



The following organisations received the 5 largest shares of ASQA's total expenditure or 5% or more of total expenditure on consultancy contracts in 2020–21:

- APIS Group Pty Ltd – \$0.782 million
- Ernst & Young – \$0.370 million
- Accenture Australia – \$0.325 million
- Matthews Pegg Consulting Pty Ltd – \$0.318 million
- 89 Degrees East Pty Ltd – \$0.311 million
- Gartner Australia – \$0.164 million
- SACS Consultancy Pty Ltd – \$0.146 million.

Information on the value of consultancy contracts is available on the AusTender website.

## Non-consultancy contracts

'Non-consultancy contracts' refers to arrangements that are published on AusTender and are not consultancy contracts (that is, a contract published on AusTender as anything other than a consultancy).

During 2020–21, we entered into 109 new non-consultancy contracts involving total actual expenditure of \$6.32 million. In addition, 37 ongoing non-consultancy contracts were active during the period, involving total actual expenditure of \$6.35 million.

The following organisations received the 5 largest shares of ASQA's total expenditure or 5% or more of total expenditure on non-consultancy contracts in 2020–21:

- Jones Lang LaSalle (JLL Management) – \$3.848 million
- Australian Government Department of Education, Skills and Employment – \$1.505 million
- Hays Office Support – \$1.131 million
- Australian Government Department of Finance – \$1.098 million
- Australian Government Solicitors - \$0.724 million.

Information on the value of non-consultancy contracts is available on the AusTender website.

## ANAO access clauses

We are 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.

In 2020–21, 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 2020–21 reporting year.



## Procurement initiatives to support small business

Consistent with the Commonwealth Procurement Rules, including exemption 17 introduced on 14 December 2020, ASQA's procurement practices provide appropriate opportunities for small businesses to compete and ensure they are not unfairly discriminated against.

We followed these processes when undertaking procurement:

- use of whole-of-government procurement panels
- use of multi-agency panel arrangements for procurement services
- best practice of seeking 3 quotes from suppliers when a panel arrangement is not available to use
- use of the Commonwealth Contracting Suite for low-risk procurement valued under \$200,000
- use of the SAP Financial Management Information System to identify invoices that are due for payment within the 20-day payment terms from the receipt of the correctly rendered invoice
- use of purchasing cards to enable payments to suppliers up to the value of \$10,000.

ASQA supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website.

## Asset management

Section 17AG(5) of the Public Governance, Performance and Accountability Rule 2014 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 ASQA.

## Advertising and market research

During 2020–21, ASQA did not undertake any advertising campaigns.

We did engage a consultant to undertake market research in the reporting period. The consultant engaged with students and providers to better understand how we could improve our management of complaints about training providers.

## Grants

ASQA does not administer any grant programs.

## BEST PRACTICE CASE STUDY

### Risk-based and data-driven

The *Regulator Performance Guide* sets out the Australian Government's expectations for regulator performance and reporting based on 3 best practice principles: continuous improvement and building trust; risk-based and data-driven; and collaboration and engagement.

The principle, risk-based and data-driven, is about regulators managing risks proportionately and maintaining essential safeguards while minimising regulatory burden. It is also about leveraging data and digital technology to support those they regulate to comply and grow.

This case study is an example of how we are putting this principle into practice.

## Responding to COVID-19 risks and impacts

Australia's response to the COVID-19 pandemic – such as international travel bans, interstate border restrictions and lockdowns – have significantly affected the VET sector. Our response highlights how we are using data to manage and understand emerging risks.

### Supporting the sector

At the time COVID-19 impacted Australia, we quickly took steps to identify emerging risks and support providers. We established an internal risk-monitoring group to review data and stakeholder feedback. Through this, we identified 3 key risks:

- providers adding products to their scope of registration to meet changes in demand without industry engagement or expertise
- providers transitioning to online delivery without adequate student support or validation of assessment
- providers being unable to place learners in workplaces to fulfil assessment requirements.

To support providers to manage these risks, we developed a COVID-19 Risk Monitoring Strategy.

As part of this strategy we set up a dedicated page on our website and used social media to provide general advice to providers to support the management of the identified risks. We also provided targeted advice to providers that were adding products to their registration or notifying us of a move online.

To help students make informed choices about providers and courses of study, we provided advice via the My Skills website.

We collaborated with other stakeholders and funding bodies to seek their support to address the risks and we continued to apply regulatory scrutiny where necessary.

We also quickly implemented regulatory flexibility measures, affording relief from some reporting requirements and allowing providers to place their registrations on hold rather than withdrawing it, to reduce unnecessary regulatory burden on providers during the pandemic.



Results from our 2020 survey of providers and course owners indicated our actions were helpful:

- 75% found our advice to be timely
- 81% used our advice to review their operations
- 73% believed our advice helped them to avoid risks.

## Adjusting our work practices

While supporting the sector to respond to the pandemic, we also needed to manage challenges for our own workforce. Specifically, we had to support staff to work from home, provide supporting technologies, and manage the impacts on staff wellbeing as well as work health and safety. As a result, we:

- quickly and effectively facilitated staff working from home by providing laptops, peripherals and ergonomic equipment plus technical, work health and safety, and human resources support
- revised our home-based work policy and procedures to better suit staff expectations for remote working
- increased communications and wellbeing messaging across ASQA and tailored initiatives through our Employee Assistance Program to support staff and their families
- trained several staff in mental health first aid and created a network of officers to support staff with mental health awareness
- supported staff to participate in the COVID-19 vaccination program.

Our workforce responded very positively to new ways of working during the pandemic – almost all (95%) our staff who responded to the Australian Public Service Census 2020 indicated that their work group was successful at being able to adapt to and implement new ways of working.

As a result of these experiences, we are confident in our ability to use data and adapt to new risks and challenges, while remaining an effective and efficient regulator.



# Chapter 4: Finances

We will continue to build on the regulatory strategies and approaches we applied in 2020–21, to ensure quality outcomes for the VET sector benefit the Australian community.

## **In this chapter...**

Audited financial statements

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## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Employment, Workforce, Skills, Small and Family Business

#### Opinion

In my opinion, the financial statements of the Australian Skills Quality Authority (the Entity) for the year ended 30 June 2021:

- (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 Entity as at 30 June 2021 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2021 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;
- Statement of Cash Flows;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- 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 Entity 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 (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. 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

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

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the ability of the Entity 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 Chief Executive Officer is also responsible for

disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

## **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 the Accountable Authority 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.

From the matters communicated with the Accountable Authority, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office



Peter Kerr  
Executive Director  
Delegate of the Auditor-General  
Canberra  
9 September 2021



## Statement by the Accountable Authority and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2021 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.....

Saxon Rice  
Accountable Authority

09 September 2021

Signed.....

Robert Gehrig  
Chief Financial Officer

09 September 2021



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Australian Skills Quality Authority  
**STATEMENT OF COMPREHENSIVE INCOME**  
*for the period ended 30 June 2021*

	Notes	2021 \$'000	2020 \$'000	Original Budget \$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee Benefits	1.1A	24,432	24,782	25,510
Suppliers	1.1B	13,134	9,045	14,965
Finance Costs		107	81	89
Write-Down and Impairment of Assets		19	10	-
Depreciation and amortisation	3.2	6,240	6,140	5,900
<b>Total expenses</b>		<b>43,932</b>	<b>40,058</b>	<b>46,464</b>
<b>Own-Source Income</b>				
<b>Own-Source revenue</b>				
Other Revenue	1.2A	106	98	-
Rental Income	1.2B	135	294	132
<b>Total own-source revenue</b>		<b>241</b>	<b>392</b>	<b>132</b>
<b>Gains</b>				
Other gains	1.2C	3	16	50
<b>Total gains</b>		<b>3</b>	<b>16</b>	<b>50</b>
<b>Total own-source income</b>		<b>244</b>	<b>408</b>	<b>182</b>
<b>Net cost of services</b>		<b>43,688</b>	<b>39,650</b>	<b>46,282</b>
Revenue from Government	1.2D	40,583	39,411	40,583
<b>Surplus/(deficit) attributable to Australian Government</b>		<b>(3,105)</b>	<b>(239)</b>	<b>(5,699)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation reserve		(83)	-	-
<b>Total other comprehensive income</b>		<b>(83)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>		<b>(3,188)</b>	<b>(239)</b>	<b>(5,699)</b>

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

Australian Skills Quality Authority  
**STATEMENT OF FINANCIAL POSITION**

as at 30 June 2021

	Notes	2021 \$'000	2020 \$'000	Original Budget \$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	3.1A	287	287	287
Trade and other receivables	3.1B	22,831	20,739	15,923
<b>Total financial assets</b>		<b>23,118</b>	<b>21,026</b>	<b>16,210</b>
<b>Non-financial assets<sup>1</sup></b>				
Buildings	3.2	8,013	5,469	6,315
Leasehold improvements	3.2	1,407	1,702	1,168
Plant and equipment	3.2	849	521	726
Intangible assets	3.2	12,004	12,369	14,183
Prepayments		452	407	402
<b>Total non-financial assets</b>		<b>22,725</b>	<b>20,468</b>	<b>22,794</b>
<b>Total assets</b>		<b>45,843</b>	<b>41,494</b>	<b>39,004</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	3.3A	1,245	763	1,184
Other payables	3.3B	534	421	-
<b>Total payables</b>		<b>1,779</b>	<b>1,184</b>	<b>1,184</b>
<b>Interest bearing liabilities</b>				
Leases	3.4	8,042	5,481	5,719
<b>Total interest bearing liabilities</b>		<b>8,042</b>	<b>5,481</b>	<b>5,719</b>
<b>Provisions</b>				
Employee provisions	6.1	6,480	5,423	5,423
Other provisions	3.5	824	477	477
		<b>7,304</b>	<b>5,900</b>	<b>5,900</b>
<b>Total liabilities</b>		<b>17,125</b>	<b>12,565</b>	<b>12,803</b>
<b>Net assets</b>		<b>28,718</b>	<b>28,929</b>	<b>26,201</b>
<b>EQUITY</b>				
Contributed equity		34,959	31,982	33,748
Asset revaluation reserve		1,271	1,354	1,410
Retained surplus/(Accumulated deficit)		(7,512)	(4,407)	(8,957)
<b>Total equity</b>		<b>28,718</b>	<b>28,929</b>	<b>26,201</b>

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

<sup>1</sup> Right-of-use assets are included in Non-Financial assets as part of Buildings.



Australian Skills Quality Authority  
**STATEMENT OF CHANGES IN EQUITY**  
*for the period ended 30 June 2021*

	<b>2021</b>	2020	Original Budget
	<b>\$'000</b>	\$'000	\$'000
<b>CONTRIBUTED EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	<u>31,982</u>	27,758	<u>30,771</u>
<b>Adjusted opening balance</b>	<u>31,982</u>	<u>27,758</u>	<u>30,771</u>
<b>Transactions with owners</b>			
<b>Contributions by owners</b>			
Equity injection	1,759	3,013	1,759
Departmental capital budget	<u>1,218</u>	<u>1,211</u>	<u>1,218</u>
<b>Total transactions with owners</b>	<u>2,977</u>	<u>4,224</u>	<u>2,977</u>
<b>Closing balance as at 30 June</b>	<u>34,959</u>	<u>31,982</u>	<u>33,748</u>
<b>RETAINED EARNINGS</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	<u>(4,407)</u>	(4,668)	(3,258)
Adjustment on initial application of AASB 16	-	500	-
<b>Adjusted opening balance</b>	<u>(4,407)</u>	<u>(4,168)</u>	<u>(3,258)</u>
<b>Comprehensive income</b>			
Surplus/(Deficit) for the period	<u>(3,105)</u>	<u>(239)</u>	<u>(5,699)</u>
<b>Total comprehensive income</b>	<u>(3,105)</u>	<u>(239)</u>	<u>(5,699)</u>
<b>Closing balance as at 30 June</b>	<u>(7,512)</u>	<u>(4,407)</u>	<u>(8,957)</u>
<b>ASSET REVALUATION RESERVE</b>			
	<u>1,354</u>	1,354	<u>1,410</u>
<b>Adjusted opening balance</b>	<u>1,354</u>	<u>1,354</u>	<u>1,410</u>
<b>Comprehensive income</b>			
Other comprehensive income	<u>(83)</u>	-	-
<b>Total comprehensive income</b>	<u>(83)</u>	-	-
<b>Closing balance as at 30 June</b>	<u>1,271</u>	<u>1,354</u>	<u>1,410</u>

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

Australian Skills Quality Authority  
**STATEMENT OF CHANGES IN EQUITY**  
*for the period ended 30 June 2021*

	<b>2021</b>	2020	Original Budget
	<b>\$'000</b>	\$'000	\$'000
<b>TOTAL EQUITY</b>			
Opening balance	<b>28,929</b>	24,444	28,923
Adjustment on initial application of AASB 16	-	500	-
<b>Adjusted opening balance</b>	<b>28,929</b>	24,944	28,923
Surplus/(Deficit) for the period	<b>(3,105)</b>	(239)	(5,699)
Other comprehensive income	<b>(83)</b>	-	-
<b>Total comprehensive income</b>	<b>(3,188)</b>	(239)	(5,699)
<b>Transactions with owners</b>			
<b>Contributions by owners</b>			
Equity injection	<b>1,759</b>	3,013	1,759
Departmental capital budget	<b>1,218</b>	1,211	1,218
<b>Total transactions with owners</b>	<b>2,977</b>	4,224	2,977
<b>Closing balance as at 30 June</b>	<b>28,718</b>	28,929	26,201

*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 2021*

	<b>2021</b>	2020	Original Budget
	<b>\$'000</b>	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations	<b>40,618</b>	37,033	45,399
Sale of goods and rendering of services	<b>277</b>	382	132
Net GST received	<b>1,175</b>	1,103	-
<b>Total cash received</b>	<b>42,070</b>	38,518	45,531
<b>Cash used</b>			
Employees	<b>23,374</b>	24,643	25,510
Suppliers	<b>13,822</b>	9,742	14,915
Interest payments on lease liabilities	<b>97</b>	71	89
Section 74 receipts transferred to Official Public Account	<b>1,844</b>	868	-
<b>Total cash used</b>	<b>39,137</b>	35,324	40,514
<b>Net cash from/(used by) operating activities</b>	<b>2,933</b>	3,194	5,017
<b>INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Purchase of plant and equipment	<b>561</b>	455	5,341
Purchase of leasehold improvements	<b>25</b>	12	-
Purchase of intangible software	<b>2,172</b>	2,259	-
<b>Total cash used</b>	<b>2,758</b>	2,726	5,341
<b>Net cash used by investing activities</b>	<b>(2,758)</b>	(2,726)	(5,341)
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Contributed equity	<b>2,716</b>	2,633	2,977
<b>Total cash received</b>	<b>2,716</b>	2,633	2,977
<b>Cash used</b>			
Principal payments of lease liabilities	<b>2,891</b>	3,098	2,653
<b>Total cash used</b>	<b>2,891</b>	3,098	2,653
<b>Net cash from/(used by) financing activities</b>	<b>(175)</b>	(465)	324
<b>Net increase/(decrease) in cash held</b>	<b>-</b>	3	-
Cash and cash equivalents at the beginning of the reporting period	<b>287</b>	284	287
equivalents at the beginning of the reporting period	<b>-</b>	-	-
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>287</b>	287	287

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

Australian Skills Quality Authority  
**ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME**  
 for the period ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000	Original Budget \$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Write-down and impairment of receivables		-	208	-
<b>Total expenses</b>		<b>-</b>	<b>208</b>	<b>-</b>
<b>Income</b>				
<b>Non-taxation revenue</b>				
Charges	2.1	-	14,747	-
Regulatory fees and fines	2.1	<b>2,025</b>	3,014	916
<b>Total non-taxation revenue</b>		<b>2,025</b>	<b>17,761</b>	<b>916</b>
<b>Total revenue</b>		<b>2,025</b>	<b>17,761</b>	<b>916</b>
<b>Gains</b>				
Reversal of write-downs and impairment		<b>75</b>	-	-
<b>Total gains</b>		<b>75</b>	<b>-</b>	<b>-</b>
<b>Total income</b>		<b>2,100</b>	<b>17,761</b>	<b>916</b>
<b>Net contribution by services</b>		<b>2,100</b>	<b>17,553</b>	<b>916</b>
<b>Surplus/(Deficit)</b>		<b>2,100</b>	<b>17,553</b>	<b>916</b>
<b>Total comprehensive income</b>		<b>2,100</b>	<b>17,553</b>	<b>916</b>

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



Australian Skills Quality Authority  
**ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES**  
 as at 30 June 2021

	Notes	2021 \$'000	2020 \$'000	Original Budget \$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Trade and other receivables	4.1	15	34	34
<b>Total financial assets</b>		<b>15</b>	<b>34</b>	<b>34</b>
<b>Total assets administered on behalf of Government</b>				
		<b>15</b>	<b>34</b>	<b>34</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Refunds payable	4.2	163	302	-
<b>Total payables</b>		<b>163</b>	<b>302</b>	<b>-</b>
<b>Provisions</b>				
Other provisions	4.2	48	64	366
<b>Total provisions</b>		<b>48</b>	<b>64</b>	<b>366</b>
<b>Total liabilities administered on behalf of Government</b>				
		<b>211</b>	<b>366</b>	<b>366</b>
<b>Net assets</b>		<b>(196)</b>	<b>(332)</b>	<b>(332)</b>

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



Australian Skills Quality Authority

## ADMINISTERED RECONCILIATION SCHEDULE

as at 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Opening assets less liabilities as at 1 July</b>		<b>(332)</b>	239
<b>Net contribution by services</b>			
Income		2,100	17,761
Expenses		-	(208)
<b>Transfers (to)/from the Australian Government</b>			
Appropriation transfers from Official Public Account			
Special appropriations (limited)	5.1C	183	2,190
Appropriation transfers to Official Public Account			
Transfers to Official Public Account		<b>(2,147)</b>	<b>(20,314)</b>
<b>Closing assets less liabilities as at 30 June</b>		<b>(196)</b>	<b>(332)</b>

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 2021

	2021	2020	Original Budget
	\$'000	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Charges	201	15,923	-
Fees and Fines	1,946	4,391	916
<b>Total cash received</b>	<u>2,147</u>	<u>20,314</u>	<u>916</u>
<b>Cash used</b>			
Refunds to registered training organisations	183	2,190	-
<b>Total cash used</b>	<u>183</u>	<u>2,190</u>	<u>-</u>
<b>Net cash received from operating activities</b>	<u>1,964</u>	<u>18,124</u>	<u>916</u>
<b>Cash from Official Public Account</b>			
Appropriations	183	2,190	357
<b>Total cash from Official Public Account</b>	<u>183</u>	<u>181</u>	<u>357</u>
<b>Cash to Official Public Account</b>			
Appropriations	2,147	20,314	1,273
<b>Total cash to Official Public Account</b>	<u>2,147</u>	<u>20,314</u>	<u>1,273</u>
Cash and cash equivalents at the beginning of the reporting period	-	-	-
<b>Cash and cash equivalents at the end of the reporting period</b>	<u>-</u>	<u>-</u>	<u>-</u>

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

## Overview

### 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.

### 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 2015* (FRR).
- 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 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.

### Taxation

ASQA is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

### Events after the reporting period

#### Departmental

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

#### Administered

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

#### 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.



**Overview (continued...)**

**Adoption of new Australian Accounting Standards**

All new/revised/amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on ASQA's financial statements.

Standard	Nature of change in accounting policy, transitional provisions, and adjustments to the financial statements
AASB 1059 Service Concession Arrangements: Grantors	<p>AASB 1059 became effective from 1 July 2020.</p> <p>The Australian Skills Quality Authority has reviewed all arrangements (including leasing arrangements) that are controlled and administered by the Australian Skills Quality Authority to assess whether AASB 1059 applies. It was identified that the Australian Skills Quality Authority does not have any service concession arrangements, therefore, the impact on transition is NIL.</p>

Australian Skills Quality Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

### 1.1 Expenses

	2021	2020
	\$'000	\$'000
<b>1.1A: Employee Benefits</b>		
Wages and salaries	17,560	18,609
Superannuation		
Defined contribution plans	2,657	2,766
Defined benefit plans	447	388
Leave and other entitlements	3,768	3,019
<b>Total employee benefits</b>	<b>24,432</b>	<b>24,782</b>

### Accounting policy

Accounting policy disclosed in the People and relationships section - note 6.1.

### 1.1B: Suppliers

#### Goods and services supplied or rendered

Consultants	2,744	539
Contractors	3,021	1,069
IT Services	3,720	3,025
Legal fees	964	1,095
Panel auditors	333	570
Property	802	940
Training	265	103
Travel	203	633
Resources received free of charge	50	50
Other	632	613
<b>Total goods and services supplied or rendered</b>	<b>12,734</b>	<b>8,637</b>

Goods supplied	64	70
Services rendered	12,670	8,567
<b>Total goods and services supplied or rendered</b>	<b>12,734</b>	<b>8,637</b>

#### Other suppliers

Short-term leases	152	238
Workers compensation expenses	248	170
<b>Total other suppliers</b>	<b>400</b>	<b>408</b>
<b>Total suppliers</b>	<b>13,134</b>	<b>9,045</b>

ASQA has short-term lease commitments of \$0.072m as at 30 June 2021.

### Accounting Policy

#### **Short-term leases and leases of low-value assets**

ASQA has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). The entity recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The above lease disclosures should be read in conjunction with the accompanying notes 1.2B, 3.2 and 3.4.



Australian Skills Quality Authority

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the year ended 30 June 2021

**1.2 Own-source revenue and gains**

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
<b>1.2A: Other revenue</b>		
Resources received free of charge - remuneration of auditors	<b>50</b>	50
Other revenue	<b>56</b>	48
<b>Total other revenue</b>	<b>106</b>	98

**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.

**1.2B: Rental income**

Lease income	135	294
<b>Total rental income</b>	<b>135</b>	294

**Subleasing rental income commitments**

**Maturity analysis of operating lease income receivables:**

Within 1 year	11	150
Between 1 to 5 years	-	-
<b>Total undiscounted lease payments receivable</b>	<b>11</b>	150

**1.2C: Other gains**

Reversal of make good provision	-	16
Gains arising from sale and leaseback of leases	3	-
<b>Total other gains</b>	<b>3</b>	16

Australian Skills Quality Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

### 1.2 Own-source revenue and gains (continued...)

	2021	2020
	\$'000	\$'000
<b>1.2D: Revenue from Government</b>		
Departmental appropriations	40,583	39,411
<b>Total revenue from Government</b>	<b>40,583</b>	<b>39,411</b>

### 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.

Funding received or receivable from non-corporate Commonwealth entities (appropriated to the non-corporate Commonwealth entity as a corporate Commonwealth entity payment item for payment to this entity) is recognised as Revenue from Government by the corporate Commonwealth entity unless the funding is in the nature of an equity injection or a loan.



Australian Skills Quality Authority

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the year ended 30 June 2021

<b>2.1 Administered - Income</b>		
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
<b>Revenue</b>		
<b>2.1A: Non - Taxation Revenue</b>		
Charges	-	14,747
Regulatory fees	<b>2,003</b>	2,886
Fines	<b>22</b>	128
<b>Total fees and fines</b>	<b>2,025</b>	17,761
<b>2.1B: Reversal of write-downs and impairment</b>		
Reversal of impairment losses	<b>75</b>	-
<b>Total reversals of previous asset write-downs and impairments</b>	<b>75</b>	-
<b>Total Administered revenue</b>	<b>2,100</b>	17,761

**Accounting policy**

**Revenue from regulatory fees and charges**

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 the collection of fees and charges (as per ASQA's published schedules of fees and charges), for managing the registration of VET training providers and for accrediting courses.

Charges include ASQA's annual registration charges and compliance audit charges. The charges have been waived for the 2020-21 financial year. ASQA's regulatory fee income is recognised as revenue when an application reaches to a non-refundable stage. Revenue from fines is recognised when ASQA receives payment.

**Event impacting ASQA in 2020-21**

Unexpected and significant events in 2020-21 have impacted the financial statements.

ASQA collects its administered revenue mainly through fees and charges.

In April 2020 the Australian Government announced a package of measures to relieve the financial pressures the COVID-19 pandemic created for vocational education and training (VET) providers. As part of these measures, ASQA announced it would waive some of its fees and charges from 1 January 2020 through 31 December 2021 (including reimbursement of payments already made for invoices issued in that period). During the financial year 2020-21 ASQA waived the majority of its fees and charges, a total of \$20.675 million (2020: \$4.404million).

The revenue disclosed is net of fees/charges.



Australian Skills Quality Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

### 3.1 Financial assets

	2021	2020
	\$'000	\$'000
<b>3.1A: Cash and cash equivalents</b>		
Cash on hand or on deposit	287	287
<b>Total cash and cash equivalents</b>	<u>287</u>	<u>287</u>

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand and deposits in bank accounts.

### 3.1B: Trade and other receivables

#### Goods and services receivables

Goods and services	128	214
<b>Total goods and services receivables</b>	<u>128</u>	<u>214</u>

#### Appropriations receivables

Appropriation receivable	22,486	20,415
<b>Total appropriations receivables</b>	<u>22,486</u>	<u>20,415</u>

#### Other receivables

GST from Australian Taxation Office	217	110
Other receivables	16	16
<b>Total other receivables</b>	<u>233</u>	<u>126</u>

<b>Total trade and other receivables (gross)</b>	<u>22,847</u>	<u>20,755</u>
--	---------------	---------------

<b>Less impairment loss allowance</b>	<u>16</u>	<u>16</u>
<b>Total trade and other receivables (net)</b>	<u>22,831</u>	<u>20,739</u>

Credit terms for goods and services were within 30 days (2020: 30 days).

### Accounting policy

#### Financial assets

Trade receivables, loans and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest, that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.



Australian Skills Quality Authority  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year ended 30 June 2021*

**3.2 Non-financial assets**

**Reconciliation of the opening and closing balances of leasehold improvements, plant and equipment, and intangible assets for 2021**

	Buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Intangibles <sup>1</sup> \$'000	Total \$'000
<b>As at 1 July 2020</b>					
Gross book value	8,579	4,822	937	22,186	36,524
Accumulated depreciation, amortisation and impairment	(3,110)	(3,120)	(416)	(9,817)	(16,463)
<b>Total as at 1 July 2020</b>	<b>5,469</b>	<b>1,702</b>	<b>521</b>	<b>12,369</b>	<b>20,061</b>
Additions					
Purchases	-	25	561	-	586
Internally developed	-	-	-	2,172	2,172
Right-of-use assets	5,788	-	-	-	5,788
Revaluations and impairments recognised in other comprehensive income	-	260	(5)	-	255
Depreciation, amortisation and impairment	-	(580)	(215)	(2,537)	(3,332)
Depreciation on right-of-use assets	(2,908)	-	-	-	(2,908)
Disposals	(3,707)	(860)	(317)	(45)	(4,929)
Write back accumulated depreciation - disposals	3,371	860	304	45	4,580
<b>Total as at 30 June 2021</b>	<b>8,013</b>	<b>1,407</b>	<b>849</b>	<b>12,004</b>	<b>22,273</b>
<b>Total as at 30 June 2021 represented by</b>					
Gross book value	10,660	1,408	906	24,313	37,287
Accumulated depreciation, amortisation and impairment	(2,647)	(1)	(57)	(12,309)	(15,014)
<b>Total as at 30 June 2021</b>	<b>8,013</b>	<b>1,407</b>	<b>849</b>	<b>12,004</b>	<b>22,273</b>
Carrying amount of right-of-use assets	8,013	-	-	-	8,013

<sup>1</sup> The carrying amount of intangible assets (computer software) includes purchased software and internally generated software.

No indicators of impairment were found for right-of-use assets, leasehold improvements, plant and equipment and intangible assets.

Leasehold improvements and plant and equipment are subject to an asset revaluation conducted in 2020-21 by an independent valuer. All revaluations were conducted in accordance with the revaluation policy stated overleaf.

## 3.2 Non-financial assets (continued...)

### Accounting policy

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.

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 an 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.

### Lease Right-of-Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

On initial adoption of AASB 16 ASQA has adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any ROU lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in Commonwealth agency, GGS and Whole of Government financial statements.

### Revaluations

Following initial recognition at cost, leasehold improvements, plant and equipment (**excluding ROU assets**) are carried at fair value. 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 asset revaluation on 30 June 2021.

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...)**

**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 methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Depreciation rates		
Asset class	2020-21	2019-20
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

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

**Impairment**

All assets were assessed for impairment at 30 June 2021. 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**

An 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.

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

Australian Skills Quality Authority  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year ended 30 June 2021*

### 3.3 Payables

	2021 \$'000	2020 \$'000
<b>3.3A: Suppliers</b>		
Trade creditors and accruals	<u>1,245</u>	<u>763</u>
<b>Total suppliers</b>	<u>1,245</u>	<u>763</u>

Settlement terms for suppliers are within 20 days of the date of an official, correctly rendered supplier invoice.

### 3.3B: Other payables

Salaries and wages	442	341
Superannuation	<u>92</u>	<u>80</u>
<b>Total other payables</b>	<u>534</u>	<u>421</u>

### 3.4 Interest bearing liabilities

	2021 \$'000	2020 \$'000
<b>Interest bearing liabilities</b>		
Leases	<u>8,042</u>	<u>5,481</u>
<b>Total leases</b>	<u>8,042</u>	<u>5,481</u>

Total cash outflow for leases for the year ended 30 June 2021 was \$2.988m, (2020: \$3.169m)

#### Maturity analysis - contractual undiscounted cash flows

Within 1 year	2,275	2,146
Between 1 to 5 years	4,576	3,442
More than 5 years	<u>1,593</u>	<u>-</u>
<b>Total leases</b>	<u>8,444</u>	<u>5,588</u>

The Australian Skills Quality Authority in its capacity as lessee has significant leasing arrangements for Sydney, Melbourne, Brisbane and Adelaide offices. None of the leases have renewal options.

#### Accounting policy

For all new contracts entered into, the Australian Skills Quality Authority considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the department's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

The above lease disclosure should be read in conjunction with the accompanying notes 1.1B, 1.2B and 3.2.



Australian Skills Quality Authority

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

*Increase/(Decrease) recognised in net cost of services*

**3.5 Other provisions**

	2021 \$'000	2020 \$'000
<b>Other provisions</b>		
Provision for leasehold restoration	824	477
<b>Total other provisions</b>	<b>824</b>	<b>477</b>
		<b>Provision for leasehold</b>
<b>As at 1 July 2020</b>		477
Additional Provisions made		354
Provisions used		(7)
<b>Total as at 30 June 2021</b>		<b>824</b>

ASQA currently has two (2)(2020 - 3) agreements for the leasing of premises which have provisions requiring ASQA to restore the premises to their original condition at the conclusion of the lease. The entity has made a provision to reflect the present value of this obligation.

Australian Skills Quality Authority  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year ended 30 June 2021*

#### 4.1 Administered - financial assets

	2021 \$'000	2020 \$'000
<b>Trade and other receivables</b>		
Fees and charges	65	305
<b>Total trade and other receivables</b>	<b>65</b>	<b>305</b>
<b>Total trade and other receivables (gross)</b>	<b>65</b>	<b>305</b>
<b>Less impairment loss allowance</b>	<b>(50)</b>	<b>(271)</b>
<b>Total trade and other receivables (net)</b>	<b>15</b>	<b>34</b>

Credit terms for goods and services were within 30 days (2020: 30 days).

#### Accounting policy

##### **Receivables**

The provision for withdrawal of registration applications is calculated based on the status of the application and a percentage withdrawal rate based on previous trends of withdrawn applications.

The provision for refund of annual registration charge is estimated based on the status of a provider's registration at balance date.



Australian Skills Quality Authority

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the year ended 30 June 2021

<b>4.2 Administered - Liabilities</b>		
	<b>2021</b>	2020
	<b>\$'000</b>	<b>\$'000</b>
<b>Suppliers</b>		
Covid-19 Refund Liabilities	-	138
Other Refund Liabilities	<b>163</b>	164
<b>Total Payables</b>	<b>163</b>	<b>302</b>
<b>Provisions</b>		
Revenue Received in Advance	<b>48</b>	64
<b>Total Provisions</b>	<b>48</b>	<b>64</b>
<b>Total trade and other receivables (net)</b>	<b>211</b>	<b>366</b>

**Accounting policy**

**Payables**

The total value of refunds for annual registration charges is estimated based on the status of providers' registrations at the balance date.

Revenue received in advance is calculated based on the status of submitted applications that are subject to a potential refund.



## 5.1: Appropriations

### 5.1A: Annual Appropriations ('Recoverable GST exclusive')

#### Annual Appropriations for 2021

	Annual Appropriation <sup>1</sup> \$'000	Adjustment to Appropriation <sup>2</sup> \$'000	Total appropriation \$'000	Appropriation applied in 2021 (current and prior years) \$'000	Variance \$'000
<b>Departmental</b>					
Ordinary annual services	40,583	1,844	42,427	40,619	1,809
Capital Budget	1,218	-	1,218	886	332
Equity Injections	1,759	-	1,759	1,830	(71)
<b>Total departmental</b>	<b>43,560</b>	<b>1,844</b>	<b>45,404</b>	<b>43,334</b>	<b>2,070</b>

<sup>1</sup> There were no appropriations reduced under Appropriations Acts (No 1, 1 DCB and 2) for 2020-21.

<sup>2</sup> S74 Receipts is net of Recoverable GST.

#### Annual Appropriations for 2020

	Annual Appropriation <sup>1</sup> \$'000	Adjustment to Appropriation <sup>2</sup> \$'000	Total appropriation \$'000	Appropriation applied in 2020 (current and prior years) \$'000	Variance \$'000
<b>Departmental</b>					
Ordinary annual services	39,411	868	40,279	37,033	3,246
Capital Budget	1,211	-	1,211	773	438
Equity Injections	3,013	-	3,013	1,860	1,153
<b>Total departmental</b>	<b>43,635</b>	<b>868</b>	<b>44,503</b>	<b>39,666</b>	<b>4,837</b>

<sup>1</sup> There were no appropriations reduced under Appropriations Acts (No 1, 1 DCB and 2) for 2019-20.

<sup>2</sup> S74 Receipts is net of Recoverable GST.

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

	2021 \$'000	2020 \$'000
<b>Departmental</b>		
Appropriation Act (No. 1) 2019-2020	-	15,381
Appropriation Act (No. 1 DCB) 2019-2020	-	706
Supply Act (No. 1 DCB) 2019-2020	325	505
Appropriation Act (No. 2) 2019-2020	-	1,153
Appropriation Act (No. 3) 2019-2020	-	2,957
Appropriation Act (No. 1) 2020-21	18,994	
Supply Act (No. 1) 2020-21	1,153	
Appropriation Act (No. 1 DCB) 2020-21	507	
Supply Act (No. 1 DCB) 2020-21	711	
Appropriation Act (No. 2) 2020-21	226	
Supply Act (No. 2) 2020-21	857	
<b>Closing appropriations receivable balance</b>	<b>22,772</b>	<b>20,702</b>

Notes to and forming part of the financial statements  
*for the year ended 30 June 2021*

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

Authority	Type	Purpose	Appropriation applied	
			2021 \$'000	2020 \$'000
Public Governance, Performance and Accountability Act 2013 s.77, Administered	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.	183	2,190
<b>Total special appropriations applied</b>			<b>183</b>	<b>2,190</b>



Australian Skills Quality Authority

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the year ended 30 June 2021

**5.2 Regulatory charging summary**

	2021 \$'000	2020 \$'000
<b>Amounts applied</b>		
Departmental		
Annual appropriations	43,334	39,666
<b>Total amounts applied</b>	<b>43,334</b>	<b>39,666</b>
<b>Expenses</b>		
Departmental	43,932	40,058
Administered	-	208
<b>Total expenses</b>	<b>43,932</b>	<b>40,266</b>
<b>External Revenue</b>		
Administered	2,100	17,761
<b>Total external revenue</b>	<b>2,100</b>	<b>17,761</b>

**Regulatory charging activities:**

Regulation and advice, including regulation of Vocational Education and Training (VET) organisations, accreditation of VET courses and advice in regard to VET regulation.

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

## 6.1 Employee provisions

	2021 \$'000	2020 \$'000
<b>Employee provisions</b>		
Leave	6,480	5,423
<b>Total employee provisions</b>	<b>6,480</b>	<b>5,423</b>

### Accounting policy

Liabilities for 'short-term employee benefits' and termination benefits expected within twelve months of the end of the reporting period are measured at their nominal amounts.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan asset (if any) out of which the obligations are to be settled directly.

#### Leave

The liability for employee benefits includes provision for annual and long service 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 based on the short-hand method at 30 June 2021. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

#### Superannuation

ASQA employees are members of the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other superannuation funds held outside the Australian Government.

The PSS is a defined benefit scheme 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's administered schedules and notes.

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

The liability for superannuation recognised as at 30 June represents outstanding contributions.



Australian Skills Quality Authority

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS***for the year ended 30 June 2021***6.2 Key management personnel remuneration**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. ASQA has determined the key management personnel to be the Chief Executive Officer, Deputy Chief Executive Officer and Executive Directors. Key management personnel remuneration is reported in the table below:

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Short-term employee benefits	<b>1,804</b>	1,310
Post-employment benefits	<b>257</b>	133
Other long-term employee benefits	<b>40</b>	24
Termination benefits	<b>191</b>	640
<b>Total key management personnel remuneration expenses<sup>1</sup></b>	<b>2,292</b>	2,107

The total number of key management personnel that are included in the above table are 12 (2020: 6).

<sup>1</sup> 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.

## **6.3 Related party disclosures**

### ***Related party relationships***

ASQA is an Australian Government-controlled entity. Related parties to ASQA are key management personnel, including the Agency Minister and Executive.

### ***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 ASQA, it has been determined that there are no significant related party transactions to be separately disclosed.



Australian Skills Quality Authority  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year ended 30 June 2021*

**7.1A Contingent assets and liabilities**

	Guarantees		Claims for damages or costs		Total	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Contingent assets</b>						
Balance from previous period	44	44	256	139	300	183
New contingent assets recognised	-	-	-	138	-	138
Assets realised	-	-	(32)	(21)	(32)	(21)
Rights expired	(44)	-	-	-	(44)	-
<b>Total contingent assets</b>	-	44	224	256	224	300
<b>Net contingent assets</b>	-	44	224	256	224	300

**Accounting policy**

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

**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 events. 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 past events. 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.

Australian Skills Quality Authority

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

*for the year ended 30 June 2021*

**7.1B: Administered - Contingent assets and liabilities**

	Claims for		Total	
	damages or costs			
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>Contingent assets</b>				
Balance from previous period	437	340	437	340
New contingent assets recognised	-	125	-	125
Re-measurement	(12)	-	(12)	-
Assets realised	(16)	(28)	(16)	(28)
<b>Total contingent assets</b>	<b>409</b>	<b>437</b>	<b>409</b>	<b>437</b>
<b>Net contingent assets</b>	<b>409</b>	<b>437</b>	<b>409</b>	<b>437</b>



Australian Skills Quality Authority  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year ended 30 June 2021*

**7.2A Financial instruments**

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
<b>Categories of financial instruments</b>		
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	<b>287</b>	287
Trade and other receivables	<b>128</b>	214
<b>Total financial assets at amortised cost</b>	<b>415</b>	501
<b>Total financial assets</b>	<b>415</b>	501
<b>Financial liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors	<b>1,245</b>	763
<b>Total financial liabilities measured at amortised cost</b>	<b>1,245</b>	763
<b>Total financial liabilities</b>	<b>1,245</b>	763

**7.2B Administered - Financial instruments**

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
<b>Categories of financial instruments</b>		
<b>Financial assets at amortised cost</b>		
Trade and other receivables	<b>15</b>	34
<b>Total financial assets at amortised cost</b>	<b>15</b>	34
<b>Total financial assets</b>	<b>15</b>	34



## 7.2 Financial instruments (continued...)

### Accounting policy

#### Financial assets

In accordance with AASB 9 Financial Instruments, ASQA classifies its financial assets at amortised cost.

The classification depends on both the entity's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Comparatives have not been restated on initial application.

#### Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

#### Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

#### Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to *lifetime expected credit losses* where risk has significantly increased, or an amount equal to *12-month expected credit losses* if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

#### 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 and derecognised upon 'trade date'.

#### Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, 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 interest basis.

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).



Australian Skills Quality Authority

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the year ended 30 June 2021

**7.3A 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.

	<b>Fair value measurements at the end of the reporting period</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
<b>Non-financial assets</b>		
Leasehold improvements	<b>1,407</b>	1,702
Plant and equipment	<b>849</b>	521
<b>Total non-financial assets</b>	<b>2,256</b>	2,223

**Accounting policy**

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

<b>Asset class</b>	<b>2020-21</b>	<b>2019-20</b>
Leasehold improvements	<b>Amortised replacement cost</b>	Amortised replacement cost
Plant & equipment	<b>Market price</b>	Market price

**7.3B 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 fair value.

Australian Skills Quality Authority  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year ended 30 June 2021*

## 8.1A Current/non-current distinction for assets and liabilities

	2021 \$'000	2020 \$'000
<b>Assets expected to be recovered in:</b>		
<b>No more than 12 months</b>		
Cash and cash equivalents	287	287
Trade and other receivables	22,831	20,739
Prepayments	452	407
<b>Total no more than 12 months</b>	<b>23,570</b>	<b>21,433</b>
<b>More than 12 months</b>		
Buildings	8,013	5,469
Leasehold improvements	1,407	1,702
Plant and equipment	849	521
Intangible assets	12,004	12,369
<b>Total more than 12 months</b>	<b>22,273</b>	<b>20,061</b>
<b>Total assets</b>	<b>45,843</b>	<b>41,494</b>
<b>Liabilities expected to be settled in:</b>		
<b>No more than 12 months</b>		
Suppliers	1,245	763
Other payables	534	421
Leases	2,145	2,095
Employee provisions	2,395	4,462
<b>Total no more than 12 months</b>	<b>6,319</b>	<b>7,741</b>
<b>More than 12 months</b>		
Leases	5,897	3,386
Employee provisions	4,084	961
Other provisions	824	477
<b>Total more than 12 months</b>	<b>10,805</b>	<b>4,824</b>
<b>Total liabilities</b>	<b>17,125</b>	<b>12,565</b>

## 8.1B Administered - Current/non-current distinction for assets and liabilities

	2021 \$'000	2020 \$'000
<b>Assets expected to be recovered in:</b>		
<b>No more than 12 months</b>		
Trade and other receivables	15	34
<b>Total no more than 12 months</b>	<b>15</b>	<b>34</b>
<b>Total assets</b>	<b>15</b>	<b>34</b>
<b>Liabilities expected to be settled in:</b>		
<b>No more than 12 months</b>		
Other payables	163	302
Other provisions	48	64
<b>Total no more than 12 months</b>	<b>211</b>	<b>366</b>
<b>Total liabilities</b>	<b>211</b>	<b>366</b>



Australian Skills Quality Authority  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
 for the year ended 30 June 2021

**9 Budget variances commentary**

The following table provides explanations for significant variances between ASQA's original budget as presented in the 2020–21 Portfolio Budget Statements (PBS) and the 2020–21 final budget outcome as presented in accordance with Australian Accounting Standards. Budget adjustments were approved during the 2020–21 Mid-Year Economic Fiscal Outlook (MYEFO) budget round. The budget is not audited. High level explanations of the causes of the significant variances are provided below.

Explanations may relate to multiple line items, including across statements.

**Departmental**

ASQA's original 2020–21 Portfolio Budget Statements (PBS) result is for an operating loss of \$5.699 million. ASQA's Final Budget Outcome for 2020-21 is an operating loss of \$3.188 million, a positive variance of \$2.511 million.

Explanations of significant variances	Affected Statement/line items
<p>Employee expenses are \$1.078 million (4%) under the original budget. The underspend reflects a lower annual Average Staffing Level (ASL) of 188 against a budgeted ASL of 199. Shared Services and It Support expenses were correspondingly reduced at \$0.185 million below budget.</p> <p>Supplier expenses are \$1.831 million (12%) below the original budget. Contributing factors include continued limitations on ASQA's ability to undertake certain types of regulatory activity (e.g. onsite audits), due to COVID-19. This led to reduced expenditure on travel and training and development at \$0.397 million (66%) and \$0.035 (12%) below budget. ASQA's spend on other categories of supplier expenses is consistent with the previous financial year and allocated budget for 2020-21.</p> <p>Write-down of assets represents the early retirement of desktop computers due to the requirement for staff to work from home during COVID-19 (\$0.019 million).</p> <p>Annual depreciation and amortisation expenses exceeded budget by \$0.340 million which is in line with the depreciation forecasts submitted at the 2020-21 MYEFO budget update.</p>	<p><i>Statement of comprehensive income</i></p> <p><i>Expenses</i></p>
<p>Other revenue mainly consists of \$0.013 million revenue received for the conduct of VET Student Loans compliance audits on behalf of Department of Education and Training; Resources. Received Free of Charge representing the audit fee conducted by the Australian National Audit Office \$0.050 million and court awarded costs and reimbursements of \$0.032 million.</p> <p>Rental income represents rent received from the Asbestos Safety and Eradication Agency for the sub-lease of 324sqm of ASQA's premises at Level 10, 255 Elizabeth Street, Sydney. The reduction in revenue from last year reflects the termination of that sub-lease in November 2020.</p>	<p><i>Statement of comprehensive income</i></p> <p><i>Own-source income</i></p>
<p>Financial assets are \$6.908 million higher than the original budget and \$4.077 million higher than the MYEFO budget. The increase on the budget position reflects the increase in the balance of appropriation receivables due to unspent departmental ordinary and capital appropriation budgets.</p>	<p><i>Statement of financial position</i></p> <p><i>Financial assets</i></p>
<p>There is an increase of \$1.7 million in buildings against budget, reflecting the renewal of Melbourne and Sydney leases that were scheduled to terminate during the year.</p> <p>The underspend within the Intangible assets represents continued delays in the IT project with the migration of hosting services from DESE to ESA, delays in the enhancements to Asqanet (ASQA's Customer Registration Management System) coupled with the pandemic environment.</p>	<p><i>Statement of financial position</i></p> <p><i>Non-Financial assets</i></p>

## 8 Budget variances commentary (continued...)

Total liabilities are \$4.322 million (34%) over the original budget position. The approved MYEFO budget for total liabilities is \$13.372 million resulting in a revised variance to budget of \$3.753 million (28%). The variance to the MYEFO budget primarily represents an increase in lease liabilities and employee provisions.	<i>Statement of financial position</i>  <i>Liabilities</i>
ASQA's net assets and total equity is \$2.517 million (10%) over the original budget. The approved MYEFO budget for net assets and total equity is \$25.659 million which is \$3.059 million (12%) above the budget position for reasons noted in the above sections.	<i>Statement of financial position</i>  <i>Net assets</i>
The notable increases to ASQA's equity is largely due to contribution by owners of \$2.977 million. These contributions are in the form of an equity injection \$1.759 million (purchase of new financial assets) and Departmental Capital Budget \$1.218 million (for the replacement of existing assets).	<i>Statement of changes in equity</i>
The variances between budget and actuals in the statement of cash flows are primarily the flow on effect from the events already described and timing differences between cash receipts and expense payments.  The COVID environment has caused an underspend due to a continued reduction in regulatory activity. The impact of the underspend increases the balance of ASQA's appropriation receivable as savings are recognised as prior year appropriation.	<i>Cash flow statement</i>

### Administered

The budgeted result was total comprehensive income of \$0.916 million. The actual result was comprehensive income of \$2.100 million. The variance is \$1.184 million over budget.

<b>Explanations of significant variances</b>	<b>Affected Statement/line items</b>
On 12 April 2020 the Australian Government announced a package of measures designed to mitigate negative impacts of the COVID-19 pandemic on vocational education and training (VET) providers. As part of these measures, it was announced that ASQA will: waive fees and charges for some of its activities for the period 1 January 2020 to 31 December 2021; and reimburse payments made for the included fees and charges where invoices were issued on or after 1 January 2020.  Revenue from charges, fees and fines, which includes annual registration charges and compliance audit charges, is increased by \$1.109 million (121%) over the budget position, primarily due to higher volumes in VET and CRICOS initial applications.  ASQA does not budget for the write-down and impairment of receivables as the entity is obliged to pursue recovery of each debt for which the entity is responsible.	<i>Administered schedule of comprehensive income</i>
ASQA's balance of Receivables for 2020-21 is reflective of the COVID financial relief budget measure.  Other provisions reflect revenue received in advance for applications received during the cut over period of the new financial year \$0.048 million and Provisions for Refunds of \$0.163 million still to be administered for the COVID financial relief measure and return of annual charges for ceased registrations.	<i>Administered schedule of assets and liabilities</i>
The variances between budget and actuals in the statement of cash flows are primarily the flow on effect from the events already described and timing differences between cash receipts and expense payments.  Cash received for operating activities is \$1.231 million (134%) above the budget position.  Cash used for operating activities is \$1.048 million (114%) above the budget position.	<i>Cash flow statement</i>



Chapter 4: Finances



# Chapter 5: Appendices

With the changes we have made, we can now focus on achieving what we have set out to achieve through our revised purpose and new strategic deliverables.

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# Appendix A: List of requirements

Below is the table set out in Schedule 2 of the PGPA Rule. Section 17AJ(d) requires this table be included in entities' annual reports as an aid of access.

## Reporting requirements

PGPA Rule reference	Part of report	Description	Requirement
<b>17AD(g) Letter of transmittal</b>			
17AI	Preliminary pages	A copy of the letter of transmittal signed and dated by Accountable Authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the Annual Report.	Mandatory
<b>17AD(h) Aids to access</b>			
17AJ(a)	Preliminary pages	Table of contents.	Mandatory
17AJ(b)	Chapter 5	Alphabetical index.	Mandatory
17AJ(c)	Chapter 5	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	Chapter 5	List of requirements.	Mandatory
17AJ(e)	Inside front cover	Details of contact officer.	Mandatory
17AJ(f)	Inside front cover	Entity's website address.	Mandatory
17AJ(g)	Inside front cover	Electronic address of report.	Mandatory
<b>17AD(a) Review by Accountable Authority</b>			
17AD(a)	Chapter 1	A review by the Accountable Authority of the entity.	Mandatory
<b>17AD(b) Overview of the entity</b>			
17AE(1)(a)(i)	Chapter 1	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	Chapter 1	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	Chapter 1	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	Chapter 1 Chapter 2	A description of the purposes of the entity as included in Corporate Plan.	Mandatory



PGPA Rule reference	Part of report	Description	Requirement
17AE(1)(aa)(i)	Chapter 2	Name of the Accountable Authority or each member of the Accountable Authority	Mandatory
17AE(1)(aa)(ii)	Chapter 2	Position title of the Accountable Authority or each member of the Accountable Authority	Mandatory
17AE(1)(aa)(iii)	Chapter 3	Period as the Accountable Authority or member of the Accountable Authority within the reporting period	Mandatory
17AE(1)(b)	N/A	An outline of the structure of the portfolio of the entity.	Portfolio departments, Mandatory
17AE(2)	N/A	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.	If applicable, Mandatory
<b>17AD(c)</b>	<b>Report on the performance of the entity</b>		
	<i>Annual performance statements</i>		
17AD(c)(i); 16F	Chapter 2	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
<b>17AD(c)(ii)</b>	<b>Report on financial performance</b>		
17AF(1)(a)	Chapter 4	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	Appendices F & G	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	N/A	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.
<b>17AD(d)</b>	<b>Management and accountability</b>		
	<i>Corporate governance</i>		
17AG(2)(a)	Letter of Transmittal	Information on compliance with section 10 (fraud systems)	Mandatory



PGPA Rule reference	Part of report	Description	Requirement
17AG(2)(b)(i)	Letter of Transmittal	A certification by Accountable Authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	Letter of Transmittal	A certification by Accountable Authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)	Letter of Transmittal	A certification by Accountable Authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	Chapter 3	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	N/A	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.	If applicable, Mandatory
<b>Audit Committee</b>			
17AG(2A)(a)	Chapter 3	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	Chapter 3	The name of each member of the entity's audit committee.	Mandatory
17AG(2A)(c)	Chapter 3	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	Chapter 3	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	Chapter 3	The remuneration of each member of the entity's audit committee.	Mandatory
<b>External Scrutiny</b>			
17AG(3)	Chapter 3	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	Chapter 3	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory

PGPA Rule reference	Part of report	Description	Requirement
17AG(3)(b)	Chapter 3	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory
17AG(3)(c)	Chapter 3	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
<b>Management of Human Resources</b>			
17AG(4)(a)	Chapter 3	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	Chapter 3	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on full-time employees; (b) statistics on part-time employees; (c) statistics on gender (d) statistics on staff location	Mandatory
17AG(4)(b)	Chapter 3	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: • statistics on staffing classification level; • statistics on full-time employees; • statistics on part-time employees; • statistics on gender; • statistics on staff location; • statistics on employees who identify as Indigenous.	Mandatory
17AG(4)(c)	Chapter 3	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)	Chapter 3	Information on the number of SES and non-SES employees covered by agreements etc. identified in paragraph 17AG(4)(c).	Mandatory
17AG(4)(c)(ii)	Chapter 3	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	Chapter 3	A description of nonsalary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	N/A	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory



PGPA Rule reference	Part of report	Description	Requirement
17AG(4)(d)(ii)	N/A	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	N/A	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)	N/A	Information on aggregate amount of performance payments.	If applicable, Mandatory
<b>Assets management</b>			
17AG(5)	N/A	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory
<b>Purchasing</b>			
17AG(6)	Chapter 3	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory
<b>Reportable consultancy contracts</b>			
17AG(7)(a)	Chapter 3	A summary statement detailing the number of new reportable consultancy contracts entered into during the period; the total actual expenditure on all such contracts (inclusive of GST); the number of ongoing reportable consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7)(b)	Chapter 3	A statement that ' <i>During [reporting period], [specified number] new reportable consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of \$[specified million].</i>	Mandatory
17AG(7)(c)	Chapter 3	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)	Chapter 3	A statement that ' <i>Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website.</i>	Mandatory

PGPA Rule reference	Part of report	Description	Requirement
<b>Reportable non-consultancy contracts</b>			
17AG(7A)(a)	Chapter 3	A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7A)(b)	Chapter 3	A statement that <i>'Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website'</i> .	Mandatory
17AD(daa)	<i>Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts</i>		
17AGA	Chapter 3	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory
<b>Australian National Audit Office Access Clauses</b>			
17AG(8)	Chapter 3	If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory
<b>Exempt contracts</b>			
17AG(9)	Chapter 3	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the Annual Report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory



PGPA Rule reference	Part of report	Description	Requirement
<b>Small business</b>			
17AG(10)(a)	Chapter 3	A statement that ' <i>Name of entity</i> supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website.'	Mandatory
17AG(10)(b)	Chapter 3	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	N/A	If the entity is considered by the Department administered by the Finance Minister as material in nature – a statement that ' <i>[Name of entity]</i> recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website.'	If applicable, Mandatory
<b>Financial statements</b>			
17AD(e)	Chapter 4	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
<b>Executive remuneration</b>			
17AD(da)	Chapter 3	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 23 of the Rule.	Mandatory
<b>17AD(f) Other mandatory information</b>			
17AH(1)(a)(i)	N/A	If the entity conducted advertising campaigns, a statement that ' <i>During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website.</i>	If applicable, Mandatory
17AH(1)(a)(ii)	Chapter 3	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)	N/A	A statement that ' <i>Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website].</i>	If applicable, Mandatory

PGPA Rule reference	Part of report	Description	Requirement
17AH(1)(c)	Chapter 3	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	Chapter 3	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	N/A	Correction of material errors in previous Annual Report	If applicable, mandatory
17AH(2)	Appendix D	Information required by other legislation	Mandatory



# Appendix B: Key legislation

## Acts

*National Vocational Education and Training Regulator Act 2011 (NVR Act)*

*Education Services for Overseas Students Act 2000 (ESOS Act)*

*Education Services for Overseas Students (Registration Charges Act 1997 (ESOS Registration Charges Act)*

*National Vocational Education and Training Regulator (Charges) Act 2012 (NVR Charges Act)*

*Public Governance, Performance and Accountability Act 2013 (PGPA Act)*

## Instruments

*ASQA Authorised Officer Requirements 2012 (s 89(2A) NVR Act)*

*Australian Skills Quality Authority Instrument Fixing Fees Amendment Declaration (No 1) 2018 (s 232 of the NVR Act)*

*Australian Skills Quality Authority Instrument fixing fees No 1 of 2013 (ss 232(1) and 232(5) of the NVR Act)*

*ELICOS (English Language Intensive Courses for Overseas Students) Standards 2018 (s 176B(1) of the ESOS Act)*

*Financial Viability Risk Assessment Requirements 2011 (s 158 of the NVR Act)*

*Fit and Proper Person Requirements 2011 (s 186 of the NVR Act)*

*National Code of Practice for Providers of Education and Training to Overseas Students 2018 (s 33(1) of the ESOS Act)*

*National Vocational Education and Training Regulator (Charges) Determination 2013 (No 1) (ss 6B(1), 9(2), 12(2) and 13 of the NVR Act)*

*National Vocational Education and Training Regulator (Data Provision Requirements) (s 187 of the NVR Act)*

*National Vocational Education and Training Regulator Regulations 2011 (s 235 NVR Act)*

*Standards for NVR Registered Training Organisations (RTOs) 2015 (s 185 of the NVR Act)*

*Standards for VET Accredited Courses 2021 (s 188 of the NVR Act)*

*Standards for VET Regulators 2015 (s 189 of the NVR Act)*



# Appendix C: Compliance with *Standards for VET Regulators 2015* and *Standards for VET Accredited* *Courses 2021*

In pursuing our purpose in 2020–21, ASQA undertook our regulatory functions in accordance with the *Standards for VET Regulators 2015* and *Standards for VET Accredited Courses 2021*.

**Table 18: Reporting against required standards**

<b>Standards for VET Regulators 2015</b>	<b>Response/Reference</b>
Standard 1. The VET Regulator effectively and efficiently regulates RTOs.	See approaches 1–3 in the annual performance statement
Standard 2. Courses are accredited in accordance with the <i>Standards for VET Accredited Courses 2021</i> .	See approach 2 in the annual performance statement
Standard 3. The VET Regulator communicates effectively and implements a transparent complaints process to enhance regulatory practices and outcomes.	See approaches 4–6 in the annual performance statement
Standard 4. The VET Regulator reports to and responds to requests from the Industry and Skills Council or its delegate.	No requests were received for 2020–21
Standard 5. The VET Regulator evaluates and improves its regulatory performance and ensures that its delegates comply with the VET Regulator Standards.	See approaches 1–3 and 6 in the annual performance statement
Standard 6. The VET Regulator must be effectively and efficiently managed.	See Chapter 3 <i>Management and Accountability</i>



# Appendix D: Reporting against NVR Act requirements

Section 215 of the NVR Act requires the Annual Report prepared by the CEO and given to the Minister under section 46 of the PGPA Act must include the items shown in the table below.

**Table 19: Reporting against requirements of the NVR Act, s.215**

Requirement	Response
Requirement Reporting s.215 (a) an assessment of the extent to which the National VET Regulator's operations during the period have contributed to the objectives set out in the Corporate Plan for the period.	This is provided in the annual performance statement section of this report in Chapter 2.
s.215 (b) particulars of variations (if any) of the Corporate Plan taking effect during the period.	There were no variations to the Corporate Plan that took effect during the reporting period.
s.215 (c) a statement about the Regulator's compliance, during the period, with the <i>Standards for VET Regulators 2015</i> .	See Appendix C.
s.215 (d) a report on whether the Service Standards have been met by the Regulator during the period, including reasons in any case where the Service Standards have not been met.	This is provided in the annual performance statement section of this report in Chapter 2.
s.215 (e) details of the number of directions given to the Regulator by the Minister during the period.	No directions were given during the reporting period.
s.215 (f) details of the number and types of matters relating to vocational education and training which the Commonwealth, State and Territory Education Ministers referred to the Regulator during the period.	No matters were referred during the reporting period.
s.215 (g) details of the number and types of matters relating to vocational education and training which the Ministerial Council referred to the Regulator during the period.	No matters were referred during the reporting period.
s.215 (h) a general description of the Regulator's response to the matters mentioned in paragraphs (f) and (g).	No matters were referred during the reporting period.

## Appendix E: Supplementary report on implementation of the *Rapid Review of the Australian Skills Quality Authority's Regulatory Practices*

Key: Colours indicate alignment with our 2021–22 strategic deliverables

- 1** Our regulatory approach promotes a culture of self-assurance and continuous improvement
- 2** Our regulatory approach is best practice, integrated, risk-based and proportionate
- 3** Our regulatory approach is transparent and accountable
- 4** We engage and partner with stakeholders constructively and with mutual respect
- 5** We add value and are efficient, effective, and continuously improve
- 6** Our understanding of sector performance and promotion of self-assurance contributes to quality VET and informed consumers

Table 20: Rapid Review recommendation implementation

<b>1</b>	<b>2</b>	<b>3</b>
Develop a shared understanding of what 'quality' and 'outcomes' look like, how these should be reflected in outcomes-focused standards and performance assessed by ASQA.	Develop new standards in consultation with the sector, with a view to decreasing prescriptive detail and increasing the focus on quality training delivery and outcomes for students and employers.	Develop resources to support providers to meet the standards including self-assessment tools to encourage continuous improvement.
DESE has implementation carriage	DESE has implementation carriage	Implementation Q2 2022–23
<b>4</b>	<b>5</b>	<b>6</b>
Adjust ASQA's approach to performance monitoring in line with revised standards and a focus on provider self-assurance.	Publish more information regarding provider performance to support students and employers to differentiate between providers.	Realign ASQA's cost recovery arrangements to reflect ASQA's new approach to performance monitoring.
Implementation dependent on 1 and 2	Implementation Q2 2021–22	Implementation Q3 2021–22



<p><b>7</b></p> <p>Build a common understanding of ASQA's role and regulatory approach, what stakeholders can and cannot expect of ASQA and areas of shared stakeholder responsibility.</p>	<p><b>8</b></p> <p>Change ASQA's organisational structure and focus to strengthen strategic oversight and managerial capacity to:</p> <ul style="list-style-type: none"> <li>• support implementation of critical reforms (including in relation to engagement and education, performance assessment and proportionate response to non-compliance)</li> <li>• support change management</li> <li>• strengthen internal systems and quality controls.</li> </ul>	<p><b>9</b></p> <p>Establish an Advisory Council to improve access to high-level ongoing expert advice including in relation to ASQA's strategic objectives and approach to regulation.</p>
<p>Implementation Q1 2021–22</p>	<p>Implementation complete Continuous improvement focus</p>	<p>DESE has implementation carriage</p>
<p><b>10</b></p> <p>Strengthen ASQA's strategic stakeholder engagement and education, including to:</p> <ul style="list-style-type: none"> <li>• build provider capacity for self-assurance</li> <li>• co-design new regulatory tools with the sector (for example, to support self-assessment)</li> <li>• identify common areas of non-compliance and develop consistent guidance for external stakeholders and for ASQA.</li> </ul>	<p><b>11</b></p> <p>Strengthen strategic engagement with SSON, IRCs and SSOs to establish a feedback loop regarding broader VET reform, training packages, their intent and their implementation by providers.</p>	<p><b>12</b></p> <p>Expand ASQA's post-market monitoring to include risk-based and routine monitoring to support public confidence in the regulation of the sector.</p>
<p>Implementation Q2 2022–23</p>	<p>Implementation by Q2 2021–22</p>	<p>Implementation by Q2 2021–22</p>

<p><b>13</b></p> <p>Review the provider self-assessment tool and the Annual Declaration on Compliance, such that they better support providers to identify and address non-compliance and drive continuous improvement.</p>	<p><b>14</b></p> <p>Adopt a range of monitoring activities that can be selected based on risk and the purpose for monitoring, to better align regulatory effort to risk.</p>	<p><b>15</b></p> <p>More clearly distinguish the functions of monitoring provider performance and determining the most appropriate regulatory response where non-compliance is identified to improve consistency of audit outcomes and proportionality of regulatory response.</p>
<p>Implementation Q2 2022–23</p>	<p>Implementation Q2 2021–22</p>	<p>Implementation complete Continuous improvement focus</p>
<p><b>16</b></p> <p>Give providers opportunity to remedy any identified non-compliance within 20 working days, or in accordance with an undertaking to remedy (providing a longer period within which to address the non-compliance on a more systemic and sustained basis).</p>	<p><b>17</b></p> <p>Enhance opportunity to undertake early dispute resolution.</p>	<p><b>18</b></p> <p>Revise the report that is given to providers following audit to more comprehensively describe any non-compliance as identified issues against the student-centred journey; reduce the amount of non-essential text; and distinguish between minor non-compliances or areas for improvement and more significant non-compliances.</p>
<p>Implementation complete Continuous improvement focus</p>	<p>Implementation complete Continuous improvement focus</p>	<p>Implementation complete Continuous improvement focus</p>
<p><b>19</b></p> <p>Notify government agencies of provider non-compliance after the provider has had the opportunity to respond to the audit report (except where there is significant and immediate risk to public funding, students or others as a result of the identified non-compliance).</p>	<p><b>20</b></p> <p>In the short term, build on the information ASQA publishes in respect of regulatory decisions to include the main reasons for the decision, so as to improve transparency of decision-making.</p>	<p><b>21</b></p> <p>In the long-term, publish a summary of ASQA's findings regarding the provider's performance against the standards.</p>
<p>Implementation complete Continuous improvement focus</p>	<p>Implementation Q3 2021–22</p>	<p>Implementation Q2 2023–24</p>



<p><b>22</b></p> <p>Strengthen induction training for ASQA auditors and decision-makers, including to support consistent regulatory practice, decision-making and documentation.</p>	<p><b>23</b></p> <p>Implement a formal program for continuing professional development for ASQA auditors and decision-makers.</p>	<p><b>24</b></p> <p>Implement a program of internal quality assurance, including regular:</p> <ul style="list-style-type: none"> <li>• opportunities for moderation of audit outcomes and decision-making</li> <li>• internal review of audit reports and compliance outcomes.</li> </ul>
<p>Implementation complete Continuous improvement focus</p>	<p>Implementation Q2 2021-22</p>	<p>Implementation complete Continuous improvement focus</p>

# Appendix F: Entity Resource Statement

		Actual available appropriation for 2020–21 \$'000	Adjustment to Appropriation 2020–21 \$'000	Total appropriations available after adjustments 2020–21 \$'000	Payments made 2020–21 \$'000	Balance remaining 2020–21 \$'000
<b>Departmental</b>						
Annual appropriation <sup>1</sup>		41,801	-	41,801	20,437	21,364
Prior year appropriations available <sup>2</sup>		16,305	3,244	19,549	19,224	325
s74 Retained revenue receipts		132	1,712	1,844	1,844	-
<b>Total</b>		<b>58,238</b>	<b>4,956</b>	<b>63,194</b>	<b>41,505</b>	<b>21,689</b>
<b>Total ordinary annual services</b>	<b>A</b>	<b>58,238</b>	<b>4,956</b>	<b>63,194</b>	<b>41,505</b>	<b>21,689</b>
<b>Other services</b>						
<b>Departmental non-operating</b>						
Prior appropriations available		1,153	-	1,153	1,153	-
Equity injections		1,759	-	1,759	676	1,083
<b>Total</b>		<b>2,912</b>	<b>-</b>	<b>2,912</b>	<b>1,829</b>	<b>1,083</b>
<b>Total other services</b>	<b>B</b>	<b>2,912</b>	<b>-</b>	<b>2,912</b>	<b>1,829</b>	<b>1,083</b>
<b>Total departmental resourcing</b>		<b>61,150</b>	<b>4,956</b>	<b>66,106</b>	<b>43,334</b>	<b>22,772</b>
<b>Administered</b>						
<b>Special appropriations limited by criteria/entitlement</b>						
<i>Public Governance, Performance and Accountability Act 2013–s 77</i>		357	-	357	183	
<b>Total administered resourcing</b>	<b>C</b>	<b>357</b>	<b>-</b>	<b>357</b>	<b>183</b>	
<b>Total resourcing and payments</b>						
A+B+C		<b>61,507</b>		<b>66,463</b>	<b>43,517</b>	
<b>Total resourcing and payments for ASQA</b>		<b>61,507</b>		<b>66,463</b>	<b>43,517</b>	

<sup>1</sup> Appropriation Act (No. 1) 2020–21 and Appropriation Act (No. 3) 2020–21.

<sup>2</sup> Appropriation Act (No.1) 2019–20 and Appropriation Act (No.1 DCB) 2019–20.



# Appendix G: Entity Expense Statement

<b>Expenses for Outcome 1</b>			
<b>Outcome 1: Contribute to a high quality vocational education and training 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 vocational education and training.</b>	<b>Budget* expenses 2020–21 \$'000</b>	<b>Actual expenses 2020–21 \$'000</b>	<b>Variation 2020–21 \$'000</b>
	(a)	(b)	(a) – (b)
<b>Program 1.1: Regulation and Advice</b>			
Administered expenses			
Expenses not requiring appropriation in the budget year	-	-	-
Departmental expenses			
Departmental appropriation <sup>1</sup>	41,883	37,642	4,241
Expenses not requiring appropriation in the budget year <sup>2</sup>	5,950	6,290	(340)
<b>Total for Program 1.1</b>	<b>47,833</b>	<b>43,932</b>	<b>3,901</b>
<b>Outcome 1 totals by appropriation type</b>			
Administered expenses			
Expenses not requiring appropriation in the budget year	-	-	-
Departmental expenses			
Departmental appropriation <sup>1</sup>	41,883	37,642	4,241
Expenses not requiring appropriation in the budget year <sup>2</sup>	5,950	6,290	(340)
<b>Total expenses for Outcome 1</b>	<b>47,833</b>	<b>43,932</b>	<b>3,901</b>
	2020–21	2020–21	2020–21
<b>Average staffing level (number)</b>	<b>199</b>	<b>188</b>	<b>11</b>

\* Full year budget, including any subsequent adjustment made to the 2020-21 budget at Additional Estimates.

<sup>1</sup> Departmental appropriation combines ordinary annual services (Appropriation Act Nos. 1, 3 and 5) and retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*.

<sup>2</sup> Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses and audit fees.



# 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.

**ANAO Audit**

To assess the effectiveness of ASQA performance in planning and implementing Rapid Review recommendations the ANAO conducted an 'in-flight' audit of the agency.

**ASQA Info Line**

ASQA's phone and email contact centre.

**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 2021* have been met.

**cost recovery**

Cost recovery broadly encompasses fees and charges related to the provision 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.

**Department of Education, Skills and Employment (DESE)**

The Department of Education, Skills and Employment's purpose is to contribute to Australia's economic prosperity and social wellbeing by creating opportunities and driving better outcomes for people, through education, skills and employment pathways.

**ELICOS Standards 2018**

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

**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**

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.

### **industry**

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

### **National Code of Practice for Providers of Education and Training to Overseas Students 2018 (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](http://training.gov.au)

### **National Skills Commission**

The National Skills Commission (NSC) provides advice on Australia's labour market, future workforce changes and current and emerging skills needs, including VET pricing and performance.

### **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 (NVR Act)**

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.

### **overseas student**

A person studying onshore only with visa subclass 500, excluding students on Australian-funded scholarships or sponsorship or students undertaking study while in possession of other temporary visas.

### **performance assessment (audit)**

The systematic and documented process used to assess a provider's ongoing compliance with the *Standards for Registered Training Organisations (RTOs) 2015* and the National Code of Practice for Providers of Education and Training to Overseas Student 2018.

## **products of concern**

Training products (qualifications, courses or units of competency) which are identified to pose a degree of risk that warrants close scrutiny.

## **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.

## **Provider Registration and International Student Management System (PRISMS)**

Australian Government secure online system that allows CRICOS providers to comply with legislative requirements and Government agencies to monitor student compliance with visa conditions and provider compliance with the ESOS Act 2001.

## **provider risk**

Risk which is posed to the quality of student outcomes and the reputation of the VET sector due to individual provider behaviour.

## **Public Governance, Performance and Accountability Act 2013 (PGPA Act)**

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.

## **Rapid Review**

To inform the reform of ASQA, the Department of Education, Skills and Employment engaged mpconsulting to conduct a Rapid Review of ASQA's internal regulatory practices and processes in late 2019. The final report of the review was released in April 2020.

## **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*.

### **risk assessment**

Assessment conducted to gather data about operations of providers including through undertaking performance assessment (audit) activities.

### **Self-assurance**

The concept of self-assurance refers to the way providers manage their operations to ensure a focus on quality, continuous improvement, and ongoing compliance. Self-assurance requires providers to have systems in place to critically examine their performance (compliance with the Standards) and outcomes (student outcomes), on an ongoing basis, to identify ways to continuously improve.

### **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 (RTOs) 2015**

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

### **Standards for VET Accredited Courses 2021**

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.

### **systemic risk**

Risk that is likely to affect a significant proportion of providers across the VET sector or specific industry sectors and which represents a significant risk to the quality and outcomes of VET if left untreated.

### **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 (RTOs) 2015*
- the Fit and Proper Person Requirements
- the Financial Viability Risk Assessment Requirements
- the Data Provisions Requirements
- the Australian Qualifications Framework.

## **VET reform**

In 2019 the Australian Government announced reforms to the vocational education and training sector, in response to key recommendations of the Braithwaite and Joyce Reviews.

## **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.



# Acronyms and abbreviations

<b>AAT</b>	Administrative Appeals Tribunal
<b>ANAO</b>	Australian National Audit Office
<b>APS</b>	Australian Public Service
<b>ASQA</b>	Australian Skills Quality Authority
<b>CDPP</b>	Commonwealth Director of Public Prosecutions
<b>CEO</b>	Chief Executive Officer
<b>CRICOS</b>	Commonwealth Register of Institutions and Courses for Overseas Students
<b>DESE</b>	Department of Education, Skills and Employment
<b>DoF</b>	Department of Finance
<b>eDMs</b>	Electronic Direct Mail Service
<b>ELICOS</b>	English Language Intensive Courses for Overseas Students
<b>ERP</b>	Enterprise Resource Planning
<b>ESOS</b>	Education Services for Overseas Students
<b>FOI</b>	Freedom of Information
<b>ICT</b>	Information and Communication Technology
<b>IPS</b>	Information Publication Scheme
<b>NCVER</b>	National Centre for Vocational Education Research
<b>NVR Act</b>	<i>National Vocational Education and Training Regulator Act 2011</i>
<b>PBS</b>	Portfolio Budget Statements
<b>PGPA Act</b>	<i>Public Governance, Performance and Accountability Act 2013</i> (PGPA Act)
<b>QCAA</b>	Queensland Curriculum and Assessment Authority
<b>RTO</b>	Registered Training Organisation
<b>SES</b>	Senior Executive Service
<b>SLG</b>	Stakeholder Liaison Group
<b>SME</b>	Small and Medium Enterprises
<b>TAE</b>	Training and Education
<b>TEQSA</b>	Tertiary Education Quality and Standards Agency
<b>USI</b>	Unique Student Identifier
<b>VET</b>	Vocational Education and Training

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