



Australian Government

Australian Skills Quality Authority

ASQA Annual Report 2018–19



ASQA Annual Report 2018-19

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Letter of transmittal

13 September 2019
Senator the Hon Michaelia Cash
Minister for Employment, Skills, Small and Family Business
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 2018 to 30 June 2019.

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

I advise that this report has been prepared in accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013*, section 215 (1) of the NVR Act and *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 Guidelines, I certify that I am satisfied that ASQA has prepared fraud risk assessments and fraud control plans; has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes to meet ASQA's specific needs; and has taken all reasonable measures to minimise the incidence of fraud, and to investigate and recover the proceeds of fraud against the Authority.

Yours sincerely



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

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Chief Commissioner's report

The last financial year has seen some important changes to the work of the Australian Skills Quality Authority (ASQA). ASQA's risk-based approach to regulation has matured to see regulatory efforts more consistently address issues of non-compliance, leaving the majority of providers across the sector to continue their quality practices without a high level of scrutiny. This important shift has been achieved through significant organisational change to the way ASQA approaches all regulatory activities, which include collecting and assessing intelligence from the community, reviewing applications for courses and providers, conducting site audits and investigating legal matters, among other things. While targeting of serious non-compliance and consistency in decision-making have improved, further work is needed to ensure timeliness also lifts to support continuous improvement.

Another change for ASQA was a move to the Department of Employment, Skills, Small and Family Business following the 2019 federal election. This move signals closer connectivity with industry and growing enterprises—two areas that are integral to Australia's prosperity and which rely on a quality VET system for workforce development and sustainability.

Raising the bar

ASQA's increased scrutiny on new entrants to the training market came into effect from 1 July 2018. This 'Raising the bar' initiative has seen ASQA support quality in the sector by preventing new providers from entering the market without suitable evidence that they would be able to support quality training. In reviewing trends across providers in 2018, ASQA identified a concerning number of applications for initial registration from organisations with no industry or education background and a parallel trend of RTOs registering but not proceeding to deliver training. This indicated an emerging concern with the establishment of RTOs for purposes other than the delivery of quality training. ASQA sought to address this concern through increasing scrutiny on initial registration applicants and will continue this practice in 2019–20.

Recognising and supporting quality

There are two key elements to ASQA's work—making sure those that pose risks to quality training are removed from the sector, and helping to support good providers to do the right thing (achieve and maintain compliance). ASQA is increasing focus on this component of its role, undertaking an extensive consultation project to gain an understanding of sector expectations for support and recognition. The findings from this project revealed an overall desire to see ASQA continue as a strong regulator, and a common view that ASQA should take a more positive approach to regulation. There was also support for ASQA's risk-based approach to regulation and for the work undertaken to repair the reputation of the VET sector. All information gathered from this project will inform options for future activities aimed at recognising and supporting quality VET practices.

Changing environment

The recognising and supporting quality consultation project was driven in part by recommendations from last year's *All eyes on quality* report by Professor Valerie Braithwaite, which suggested growing ASQA's role to include an increased focus on recognising quality. Another significant government report released this year by the Hon Steven Joyce also recommended expanding ASQA's role to enhance engagement activities. The *Strengthening Skills* report includes a roadmap of actions that would increase the ways ASQA connects with the sector and with industry. The key areas recommended for attention and action in this latest report include quality assurance, qualification development, funding and skills matching, careers information and secondary school pathways, and increased access to VET for disadvantaged Australians. Work will continue with government, providers and industry bodies to explore the need for changes across these areas.

Strategic review into international education

In 2017 ASQA announced that it would undertake a strategic review into international education to ensure the quality of services delivered by relevant providers remains at a high standard, ensure students are protected, and ensure that Australia's reputation as a destination of choice for international students is enhanced. This significant project found that the great majority of overseas students are satisfied with their experience gaining qualifications in Australia, which suggests that the majority of providers are delivering quality training. However, international education is a complex and dynamic sector. ASQA's review identified areas where more work is needed to make sure providers meet their obligations. ASQA is continuing its focus on international education, and an initial priority is ensuring access to quality data to monitor activity effectively and eliminate poor behaviour. A strengthened education agenda has also commenced, to offer providers and their overseas students clear and accurate information about requirements for training and assessment.

The year ahead

ASQA's 2019-21 regulatory strategy includes a continued focus on international education and trainer and assessor capability, as well as a new focus on VET in Schools. VET in schools provides valuable opportunities for secondary school students to prepare for work and to learn specific technical skills, but students' learning experiences can be significantly affected when courses do not meet the required standards. ASQA will undertake a study and consult with other government bodies to identify the risks associated with VET in schools and determine if further analysis or changes are required. Consultation will also be carried out later this year to inform a new cost structure for ASQA activities. ASQA currently recovers 60 per cent of costs and is mandated to move to a full cost recovery model in 2020. This means 100 per cent of activity costs will need to be recovered through fees and charges. Any new activities will be assessed in line with cost recovery obligations as well as benefit to the sector.

ASQA has had some significant achievements over the last reporting period; now, new and challenging projects await. I acknowledge my fellow Commissioners, the Senior Management Group and all ASQA employees for their contribution to what we have achieved in this reporting period and for their commitment to ensuring another successful year ahead.

Mark Paterson AO

Chief Commissioner

Chief Executive Officer



Agency overview

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Vocational training and education (VET) is crucial to Australia's future—both financially and socially. International education is now Australia's third-highest export earner, generating over \$35 billion per year. More importantly, though, the VET sector plays a vital role in developing Australia's national workforce for the future.

There are 4.1 million students¹ (including overseas students) enrolled in VET courses throughout Australia. This number represents nearly a quarter of the working-age population in Australia.

The importance of the VET sector will only increase as we strive to keep pace with the rate of technologically driven change occurring globally.

The social and economic importance of VET to Australia means that there must be confidence in the sector—from students, employers and industry bodies. Maintaining this confidence and ensuring high-quality training and assessment is the duty of the Australian Skills Quality Authority (ASQA).

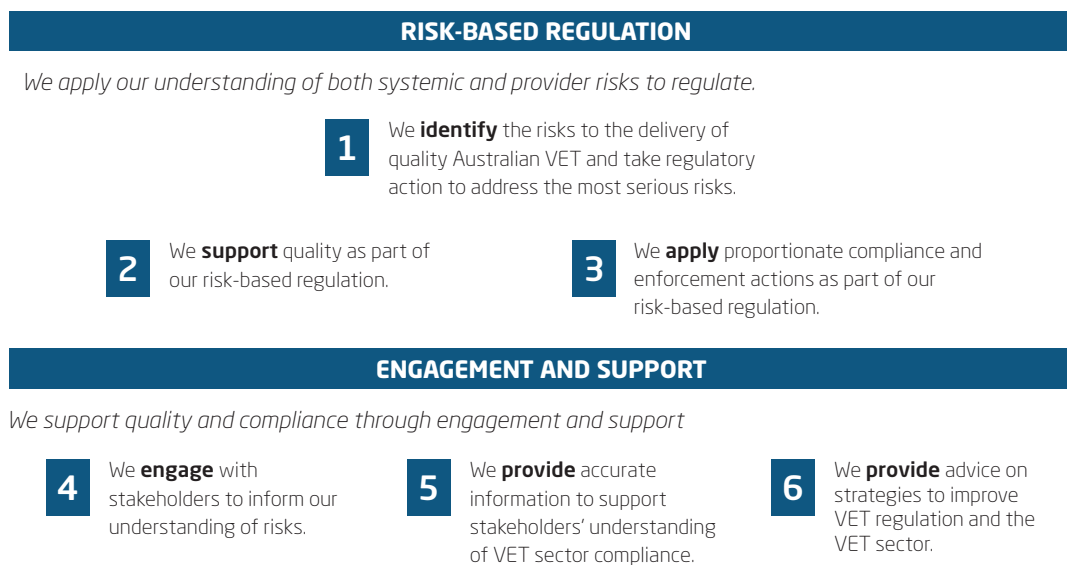
ASQA's role and functions

ASQA is the national regulator for the VET sector in Australia. ASQA maintains quality in the sector through the regulation of:

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

ASQA's purpose is to provide nationally consistent, risk-based regulation of VET that contributes to an informed, quality VET sector that meets Australia's needs. To achieve this purpose, ASQA utilises the strategic approach outlined in Figure 1.

Figure 1: ASQA's strategic approach



¹ NCVER 2019, *Australian vocational education and training statistics: Total VET students and courses 2018*, NCVER, Adelaide.

ASQA has the following functions under the *National Vocational Education and Training Regulator Act 2011* (NVR Act):

- to register an organisation as a Registered Training Organisation (RTO)
- to accredit courses that may be offered and/or provided by RTOs
- to carry out compliance audit activities of RTOs
- to promote, and encourage the continuous improvement of, an RTO's capacity to provide a VET course or part of a VET course
- to advise and make recommendations to the Minister on matters relating to VET
- to advise and make recommendations to the Minister responsible for training for a state or territory on specific matters relating to VET in the state or territory
- to advise and make recommendations to the Ministerial Council on general matters relating to VET in all jurisdictions
- to collect, analyse, interpret and disseminate information about VET
- to publish performance information, of a kind prescribed by the National Vocational Education and Training Regulations 2011, relating to RTOs
- to conduct training programs relating to the regulation of RTOs and/or the accreditation of courses
- to enter into arrangements with occupational licensing bodies, other industry bodies, or both, for the purpose of ensuring compliance by RTOs with the NVR Act
- to cooperate with a regulatory authority of another country that has responsibility relating to the quality or regulation of VET for all, or part, of the country
- to develop relationships with its counterparts in other countries
- to develop key performance indicators, to be agreed by the Minister, against which the regulator's performance can be assessed each financial year
- to develop service standards that the regulator must meet in performing its functions
- any other function relating to VET that is set out in a legislative instrument made by the Minister
- such other functions as are conferred on ASQA by or under:
 - the NVR Act, or
 - the *Education Services for Overseas Students Act 2000* (ESOS Act) or any other law of the Commonwealth.

Legislation

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

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

ASQA's regulation is supported by a comprehensive framework of legislation and standards, including the VET Quality Framework, the *Standards for VET Accredited Courses 2012* and related legislation for the providers of courses to overseas students.

ASQA monitors providers against the ESOS Act; the *National Code of Practice for Providers of Education and Training for Overseas Students 2018* (National Code); and the *ELICOS Standards 2018* (ELICOS Standards), where relevant.

The VET Quality Framework comprises the:

- *Standards for Registered Training Organisations (RTOs) 2015*
- *Fit and Proper Person Requirements 2011*
- *Financial Viability Risk Assessment Requirements 2011*
- *Data Provision Requirements 2012*
- Australian Qualifications Framework.

Commissioners

ASQA is an independent statutory authority. ASQA has three Commissioners, who are appointed by the Governor-General for up to five years:

- the Chief Commissioner
- the Deputy Chief Commissioner and Commissioner Risk Intelligence and Regulatory Support
- the Commissioner, Regulatory Operations.

For the purposes of the *Public Governance, Performance and Accountability Act 2013*, the Chief Commissioner is also ASQA's Chief Executive Officer and is responsible for ASQA's management and administration.

Mr Mark Paterson AO
Chief Commissioner and Chief Executive Officer

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

The Chief Commissioner is responsible for:

- providing the functions outlined in the NVR Act
- ensuring ASQA achieves its required outcomes under other legislative and regulatory requirements.

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

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

Ms Saxon Rice
Deputy Chief Commissioner and Commissioner, Risk Intelligence and Regulatory Support

Ms Saxon Rice has extensive experience across the VET and employment services sectors as well as the public policy process. Ms Rice is a former Assistant Minister for Technical and Further Education in the Queensland Government, and Chair of the then Ministerial Industry Commission; Director of Global Business Development for an Australian employment services company; Acting Secretary and Principal Research Officer to the Senate Foreign Affairs, Defence and Trade Committee; and Member of the Administrative Appeals Tribunal. Ms Rice is also a Member and Graduate of the Australian Institute of Company Directors.

Ms Rice commenced as a Commissioner of ASQA on 16 April 2018.

Dr Irene Ioannakis
Commissioner, Regulatory Operations

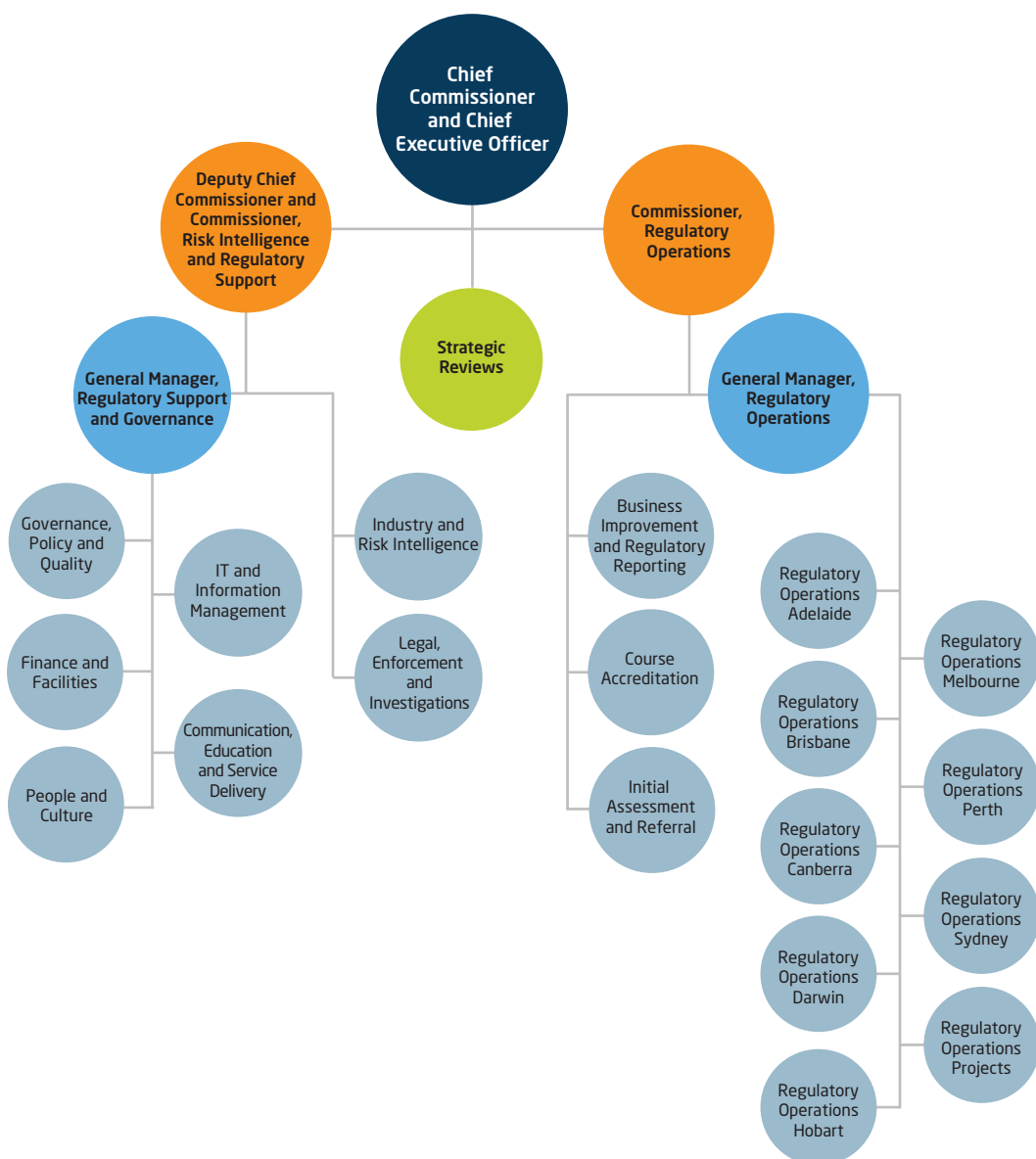
Dr Irene Ioannakis has extensive experience in the disciplines of vocational education and training (VET), secondary and tertiary education and human resources management. Dr Ioannakis is the former Chief Executive Officer of Ioannakis and Associates; Australian Business Unit Manager – Organisational Capability and Development at Chevron; Director of the GE Oil and Gas Skills Development Centre; Managing Director at the Caterpillar Institute (now the WesTrac Institute); Executive General Manager – Human Resources (WesTrac); Director – Safety, Education and Training at the Chamber of Minerals and Energy of Western Australia; member of the Training Accreditation Council (TAC) in Western Australia; and member of the Curtin Business School of Management Advisory Board. Dr Ioannakis is currently a Fellow of the Australian Institute of Management (FAIM).

Dr Ioannakis commenced as a Commissioner of ASQA on 11 September 2017.

Organisation structure

Figure 2 shows ASQA's national organisation structure as at 30 June 2019. Some of the functions shown are performed in multiple ASQA offices across Australia.

Figure 2: ASQA's national organisational structure



Outcome and program structure

ASQA's outcome and program structure for 2018-19 was set out in the 2018-19 Portfolio Budget Statements for the Education and Training portfolio. Table 1 summarises Program 1.1, which is associated with Outcome 1.

This table includes: the program objective, a summary of how the program is delivered, how the program relates to ASQA's purposes and the performance criteria that will be used to measure achievement against the outcome.

Table 1: Summary of Program 1.1 (associated with Outcome 1)

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 assure the quality of VET outcomes through national regulation and the communication of advice on vocational education and training.
Delivery	<p>The mechanisms through which Program 1.1 is delivered are:</p> <ul style="list-style-type: none"> • applying a risk-based and standards-based regulatory approach to the VET sector • taking regulatory action to remove poor quality providers from the sector • making ASQA's Regulatory Strategy and Regulatory Risk Framework publicly available • undertaking communications campaigns to address identified issues and providing stakeholders with timely and accurate advice.
Purposes	<p>Program 1.1 contributes to ASQA's purposes which are to:</p> <ul style="list-style-type: none"> • protect the quality and reputation of the vocational education training (VET) sector • regulate the VET sector utilising a contemporary, risk- and standards-based regulatory approach • facilitate access to accurate information about VET.
Performance information 1.1 Regulation and Advice	
Performance criteria	Expected achievement
Stakeholders consider that ASQA is improving the quality of VET outcomes in Australia.	<p>Application of risk-based regulation demonstrated by percentage of non-application-based audits to application based audits.</p> <p>Target: 50% non-application based audits.</p> <p>Providers and stakeholders indicate they are satisfied with ASQA's engagement with the regulated community.</p> <p>Target: 70% positive feedback from providers and stakeholders ('excellent' or 'good' in annual survey).</p>

Looking forward

During 2018-19, ASQA reviewed and updated its purpose and strategic approach as reflected in the *ASQA corporate plan 2019-20*. This has included updating the agency performance framework and incorporating service standards as an integral part of performance measurement.

To align all our reporting, we have updated our 2019-20 Portfolio Budget Statement to reflect our new purpose and planned measurement.

PURPOSE	Program 1.1 contributes to ASQA’s purposes which are to: <ul style="list-style-type: none">• 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.	
Performance Information 1.1 Regulation and Advice		
Year	Performance criteria	Planned measurement
2019-20	<p>Identify and develop understanding of the risks to VET and take regulatory action to address the most serious identified risks.</p> <p>Effectively manage risk-based registration of quality RTOs and accreditation of courses that meet Australia’s vocational education needs.</p> <p>Delivery of standards-based auditing based on risk and appropriate and proportionate regulatory decisions.</p> <p>Effectively seek information to inform understanding of risks in the VET sector.</p> <p>Provide clear, targeted and effective provision of information and support to stakeholders about the VET sector and compliance with standards.</p> <p>Provide input and advice on strategies to improve VET regulation and the VET sector.</p>	<p>ASQA collects qualitative and quantitative performance data to form an overall assessment against the performance criteria. ASQA monitors and analyses trends in quantitative data against relevant performance criteria, where appropriate, which includes:</p> <ul style="list-style-type: none">• demonstrated performance in identifying and taking action on serious risks to VET• comparative statistics on management of applications, regulatory processes and applied sanctions and conditions• levels and types of activities to effectively communicate with and support the sector• performance against published service standards across multiple activities• annual stakeholder/provider survey results relevant to specific performance criteria (<70% satisfaction).



Annual performance statement

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Statement of Preparation

I, Mark Paterson, as the accountable authority of the Australian Skills Quality Authority (ASQA), present the 2018-19 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.



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

Introduction

Link to purposes and outcome

ASQA's purposes as described in the *ASQA corporate plan 2018-19* are:

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

ASQA's intended outcome² is to:

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

² Australian Department of Education 2018, *Portfolio Budget Statements 2018-19 Education and Training Portfolio*, page 3.

Performance framework

ASQA's performance framework is structured to align with our purposes and consists of performance criteria with specified measures.

PURPOSE	PERFORMANCE INDICATOR	MEASURE	CRITERIA SOURCE ³
To protect the quality and reputation of the VET sector	ASQA protects the quality of VET by refusing entry to the sector to new providers, or rejecting renewal and change applications from existing providers, that do not meet the requirements for registration	Number of initial, renewal and change applications completed and percentage rejected	CP 2018–19
	ASQA undertakes audits of providers	Number of audits completed each year	CP 2018–19
	Provider compliance	Quantitative information on our risk-based audit activities and levels of compliance detected, with qualitative information on the risk context	CP 2018–19
	ASQA uses a range of appropriate regulatory tools, proportionate to the seriousness of breaches	Number of times regulatory tools are used	CP 2018–19
	ASQA's response times in relation to applications and audits are within targeted timeframes	Percentage of applications and audits completed within timeframes specified in ASQA service standards	CP 2018–19
	ASQA applies appropriate and proportional sanctions on non-compliant organisations	70 per cent positive feedback ('excellent' or 'good') in annual survey of providers	CP 2018–19
	Providers indicate they believe ASQA is improving the quality of VET outcomes in Australia	70 per cent positive feedback ('excellent' or 'good') in annual survey of providers	CP 2018–19
To regulate the VET sector utilising a contemporary risk- and standards-based regulatory approach	The development of ASQA's regulatory strategy is informed by e-scans and priority risks are identified	Summary of development of regulatory strategy and action taken to address priority risks is published	CP 2018–19
	ASQA undertakes strategic reviews of identified risk areas	A summary of strategic reviews and their outcomes is reported	CP 2018–19
	ASQA utilises a risk-based regulatory model	Compliance-based audits undertaken compared to application-based audits	CP 2018–19 PBS 2018–19

³ ASQA corporate plan 2018–19—<https://www.asqa.gov.au/news-publications/publications/asqa-corporate-plan-2018-19>

PURPOSE	PERFORMANCE INDICATOR	MEASURE	CRITERIA SOURCE ³
To facilitate access to accurate information about VET	Providers are satisfied with the specified elements of ASQA's information sessions	70 per cent positive feedback ('excellent' or 'good') in annual survey of providers	CP 2018-19
	Providers are satisfied with specified aspects of ASQA's Info Line phone call service	70 per cent positive feedback ('excellent' or 'good') in annual survey of providers	CP 2018-19
	Providers are satisfied with specified aspects of ASQA's Info Line email service	70 per cent positive feedback ('excellent' or 'good') in annual survey of providers	CP 2018-19
	Providers are satisfied with the specified aspects of ASQA's website	70 per cent positive feedback ('excellent' or 'good') in annual survey of providers	CP 2018-19
	Providers (and stakeholders) indicate they are satisfied with ASQA's engagement with the regulated community	70 per cent positive feedback ('excellent' or 'good') in annual survey of providers	CP 2018-19 PBS 2018-19

How ASQA measures performance

ASQA has a responsibility to contribute to a quality VET sector that meets Australia's social and economic needs. We share this responsibility with other Australian, state and territory government agencies, other regulators and licensing bodies, industry and employers. Overall achievement of this outcome is not always within our direct control or influence and we have specific responsibilities and functions that contribute to this shared effort.

Our performance framework consists of performance criteria for each purpose that collectively create the basis for assessment of ASQA's performance in achieving each purpose.

Our performance criteria consist of:

- quantitative measures, some with targets, while others we benchmark against previous performance with accompanying analysis to provide a basis for assessment
- qualitative evidence—descriptive information of our performance against criteria
- survey results—as our stakeholders' views, particularly those of the provider community, are important to understanding the effectiveness of some aspects of our performance. Our provider and stakeholder survey results are part of the suite of measures we use to assess our performance against each criterion. All survey results reflect percentages based on respondents that provided a response to the question.

Future changes

As ASQA continues to evolve our regulatory approach and respond to the changes in the sector, we have also evolved and broadened our approach to measuring performance. From 2019-20, a new performance framework aligned with our new approach (see page 10) will be implemented. In the analysis of our 2018-19 performance results, we have noted how our new approach will improve our performance reporting in the future.

Purpose 1—To protect the quality and reputation of the VET sector

Explanation: We measure our performance against this purpose through analysis of: our activities in scrutinising providers seeking to enter, remain registered or change their scope of training delivery; how we are responding to concerns about provider compliance; and the regulatory responses that we apply. Provider perception of our performance in improving VET quality is also measured.

Performance indicator: ASQA protects the quality of VET by refusing entry to the sector to new providers, or rejecting renewal and change applications from existing providers that do not meet the requirements for registration.

Measure: Number of initial, renewal and change of scope applications completed and percentage rejected.

Result:

REGISTRATION RENEWAL APPLICATIONS	2014-15	2015-16	2016-17	2017-18	2018-19
Number of applications received	712	538	514	628	892
Number of applications completed	789	659	512	587	879
Proportion of applications approved	95.4%	93.6%	93.6%	92.7%	90.3%
Proportion of applications rejected	3.2%	5.8%	5.1%	5.3%	6.5%
Proportion of applications withdrawn	1.4%	0.6%	1.4%	2.0%	3.2%

CHANGE OF SCOPE OF REGISTRATION APPLICATIONS	2014-15	2015-16	2016-17	2017-18	2018-19
Number of applications received	4821	5453	4773	3766	3219
Number of applications completed	4768	5412	4683	3718	3273
Proportion of applications approved	97.7%	97.2%	95.1%	90.6%	89.4%
Proportion of applications rejected	0.6%	0.7%	1.3%	3.0%	4.6%
Proportion of applications withdrawn	1.7%	2.1%	3.6%	6.4%	6.0%

INITIAL REGISTRATION APPLICATIONS	2014-15	2015-16	2016-17	2017-18	2018-19
Number of applications received	361	529	490	487	126
Number of applications completed	273	485	430	478	429*
Proportion of applications approved	88.6%	79.8%	75.8%	60.7%	35.7%
Proportion of applications rejected	9.2%	16.1%	19.5%	29.1 %	53.1%
Proportion of applications withdrawn	2.2%	4.1%	4.7%	10.3%	11.2%

* A significant number of applications received in late 2017-18 were processed during 2018-19

Analysis: Overall, the vast majority of providers applying to renew or change their scope of registration meet requirements and have been approved by ASQA. In relation to initial applications for registration, the impact of ASQA's efforts during 2018-19 to increase scrutiny on new entrants to the sector (see page 1) can be clearly seen in these results. The increased scrutiny of new entrants has resulted in both a reduction in applications received and a reduction in applications approved. ASQA considers that this activity has contributed to protecting the quality and reputation of the VET sector.

Performance indicator: ASQA undertakes audits of providers.

Measure: Number of audits completed each year.

Note: ASQA's legislation provides the opportunity for multiple reviews of regulatory decisions; additional audit activities are undertaken to assess evidence provided as part of these reviews. These consequential audit activities are included in the figures below.

Result:

	2014-15	2015-16	2016-17	2017-18	2018-19
Number of ASQA audits	1399	1174	1632	1478	1685

Analysis: Although the number of audits conducted by ASQA varies from year to year depending on the complexity and size of the providers being audited, the level of ASQA's audit activities remains broadly consistent with previous years.

Performance indicator: Provider compliance.

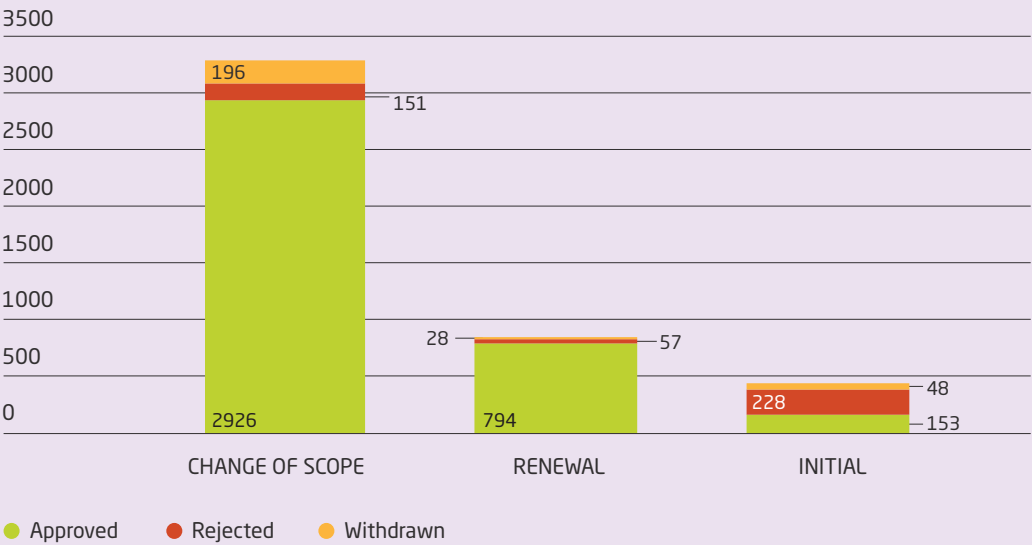
Measure: Quantitative information on our risk-based audit activities and levels of compliance detected, with qualitative information on the risk context.

Result:

Applications

ASQA takes a risk-based approach to ensuring compliance when assessing applications in relation to provider registration. The majority of applications are low risk and can be approved both with and without additional regulatory scrutiny, including audits. ASQA has identified higher levels of risk to quality associated with initial registration, and this is reflected in the outcomes noted below.

2018-19 application outcomes

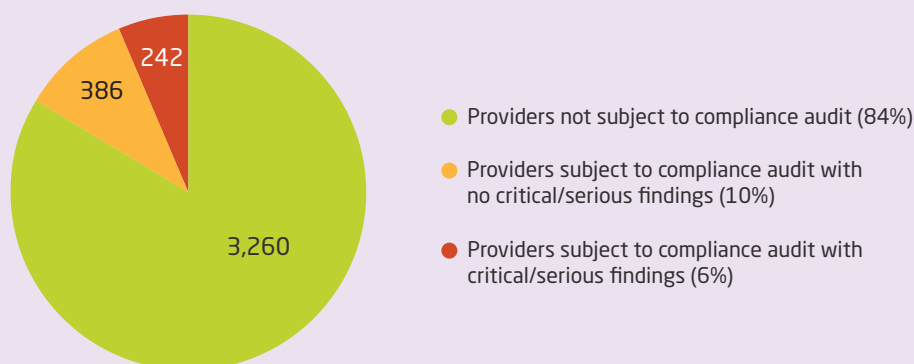


Compliance Monitoring

ASQA takes a risk-based approach to monitoring provider compliance with the required standards. The pie chart below illustrates that when we apply our regulatory risk framework, the majority of providers do not trigger the need for a compliance audit*. Of those providers that are audited (628 out of 3888 or 16 per cent), ASQA found that nearly two thirds of these do not have critical or serious non-compliance (resulting in only six per cent of the total regulated community being found to have critical or serious non-compliance following compliance audits). In many cases less serious non-compliance was identified, but did not warrant a sanction.

* Compliance audits are audits triggered by risk indicators and can include audits related to applications to renew or change the scope of registration. They do not include audits for initial registration or those consequential audits conducted as part of review processes.

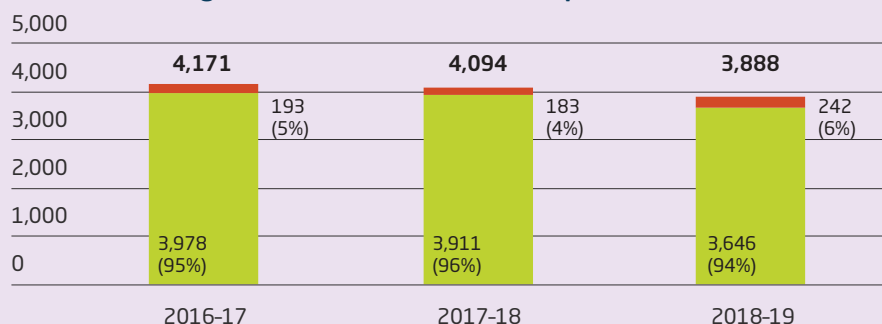
Number of providers regulated* compared to providers subject to compliance audit with and without critical/serious non-compliance findings in 2018-19



* The total number of providers regulated as at 30 June 2019—the number of providers can vary throughout the reporting period. The number of providers audited will not match the overall number of audits by ASQA as providers may be audited more than once during the reporting period. Often as part of a renewal process, those seeking registration are audited, and audits also take place as part of review processes.

Provider compliance over three years

Number of providers regulated compared to providers subject to compliance audit and with findings of Serious/Critical non-compliance



● Critical/Serious non-compliance

Analysis: ASQA takes a risk-based approach both to the consideration of registration applications as well as to our compliance monitoring activities. The majority of providers either have not presented any identified risks that have required regulatory scrutiny, or have been found to be compliant when audited.

Performance indicator: ASQA uses a range of appropriate regulatory tools, proportionate to the seriousness of breaches: cancellations, suspensions, written directions, civil penalty actions and infringement notices.

Measure: Number of times regulatory tools are used.

Note: During 2018-19 ASQA has made over 5000 regulatory decisions in relation to registration applications and when monitoring compliance with legislative obligations. This includes both positive and adverse regulatory decisions. Less than 20 per cent of all decisions result in any kind of regulatory sanction, with only about five per cent being decisions to cancel registration.

Result:

ASQA regulatory decisions taken in response to non-compliance by providers with their legislative obligations

	2014-15	2015-16	2016-17	2017-18	2018-19
Cancellations	27	69	125	322	263
Suspensions	54	15	56	40	76
Written directions	15	24	98	159	346
Amend scope	2	11	21	24	41
Infringement notices	0	7	31	23	196
Criminal prosecutions	1	0	1	1	0
Civil penalties	0	0	1	1	4

Cancellation decisions—breakdown of reasons

	2016-17	2017-18	2018-19
Non-compliance at audit	75	169	177
Failure to submit Annual Declaration on Compliance/Total VET Activity data	10	120	47
Failure to pay registration/audit charges	21	21	31
Provider going into liquidation/ceasing to operate	19	12	8
Total	125	322	263

Analysis: The results from the last two years show an increase in the most serious sanctions applied by ASQA—cancellation and suspension of registration.

ASQA's student-centred audit approach was fully implemented in 2017-18. Under this approach, providers that have a higher risk profile, poor compliance history or poor student outcomes are targeted through deeper level audits. Providers are also required to redress any impact their non-compliance may have caused to past or current students. The continuing evolution of our risk-based approach is aimed at improving our ability to better target and apply sanctions to providers demonstrating the highest risks to VET in Australia.

ASQA expects that over time, by evolving our risk-based approach to regulation to improve the ability to detect and respond to risks of non-compliance, the levels of non-compliance identified will rise. This is reflected in some of the increases in critical and serious non-compliance findings over the past few years. This does not mean that the sector is becoming less compliant, rather that ASQA has developed better methodologies to target providers that represent the highest risks.

The breakdown of the reasons for cancellation decisions shows that there have been significant increases in cancellation decisions over the last two years due to an increased number of RTOs failing to meet the requirements of registration by submitting their declaration on compliance, Total VET Activity data or pay for their registration or other charges. Providers are given multiple opportunities to meet these requirements prior to action being taken.

It should also be clarified that not all decisions to cancel result in provider closure. Providers have the opportunity to seek a review of the cancellation decision (in some cases, multiple opportunities) and, at that time, can provide new evidence of compliance.

During the last two years, there has been an increase in written directions to rectify breaches being applied where there has been a detection of non-compliance, but the seriousness of the non-compliance did not warrant cancellation or suspension of registration. Similarly, there has been an increase in ASQA amending the scope of a provider after audit, where a provider can demonstrate compliance against some, but not all, training products on their scope of registration.

The significant increase in infringement notices in 2018–19 (189 of the 196 recorded) was the result of ASQA applying the new legislative power that came into effect on 18 July 2018. These powers allow ASQA to issue infringement notices when providers fail to provide annual Total VET Activity data. Provision of this data is essential to ensuring records of student VET achievement are maintained, and accurate data on the sector is available. Providers are given multiple opportunities to meet this requirement before the infringement is issued.

Overall, the results indicate that ASQA's use of regulatory tools during 2018–19 is proportionate noting the levels of non-compliance/breaches detected.

Performance indicator: ASQA's response times in relation to applications and audits are within targeted timeframes.

Measure: Percentage of applications and audits completed within timeframes specified in ASQA service standards.

Note: The timeframes specified in ASQA's service standards in relation to applications were:

- Initial registration—finalisation within **six months** of accepting a properly completed and fully compliant application
- Renewal of registration—finalisation within **six months** of accepting a properly completed and fully compliant application
- Change of scope—finalisation within **six months** of accepting a properly completed and fully compliant application if audit required, and **one month** if audit is not required.

Result:**Percentage of applications processed within timeframes specified**

APPLICATION TYPE	2014-15	2015-16	2016-17	2017-18	2018-19 [^]
Initial registration	n/a*	91.3%	65.0%	58.9%	46.8%
Renewal of registration	n/a*	99.0%	96.0%	95.4%	99.6%
Change of scope (with audit)	n/a*	83.5%	42.7%	47.9%	94.9%
Change of scope (without audit)	n/a*	82.2%	84.6%	79.8%	74.2%

[^]Minor adjustments have been made to the calculation methodology used for 2018-19 to improve accuracy and align with ASQA's current business practice.

*n/a—service standard not measured in this year.

Note: The timeframe for audit reports in the service standard was 'the audit report is sent to the provider within **30 calendar days**⁴ of the final day of audit'.

AUDIT TYPE	PERCENTAGE OF REPORTS PROVIDED WITHIN TARGET				
	2014-15	2015-16	2016-17	2017-18	2018-19
Initial application audit	77.1%	89.7%	50.9%	41.5%	16.7%
Renewal application audit	79.9%	78.4%	37.7%	35.3%	56.4%
Change of scope application audit	89.8%	83.3%	31.6%	46.1%	41.1%
Compliance monitoring audit and post-initial registration audit	78.5%	70.2%	41.8%	30.1%	36.2%

Analysis: ASQA continues to experience challenges in the timely finalisation of regulatory processes and the provision of audit reports.

During 2018-19 there has been a decrease in timeliness performance concerning initial application audits. This decrease is attributable to two key factors:

1. ASQA's increased scrutiny on new entrants to the training market—the 'Raising the bar' initiative (see page 1).
2. A 'spike' in initial applications received at the end of 2017-18 and beginning of 2018-19 that occurred in response to the announcement of the changed application requirements for new entrants.

The resources needed to apply additional scrutiny to new entrants, coupled with the high number of applications received simultaneously, resulted in an initial registration application backlog. ASQA provided information to the sector about the delays and redirected resources to reduce this backlog (noting that ASQA must comply with fixed staffing level constraints), and managed to resolve this issue by the end of the reporting period; however this backlog caused a delay to most applications processed during 2018-19.

⁴ The ASQA corporate plan 2019-20 has moved these timeframes from calendar days to working days. This change is reflected in the service standards published on ASQA's website.

Another factor impacting on our performance has been that our Regulatory Operations teams have been engaged in evidence reviews for a significantly higher number of external reviews in the Administrative Appeals Tribunal than in previous periods. This has had an adverse impact on the ability of teams to progress other work in a timely manner.

ASQA implemented several initiatives during 2018-19 aimed at improving the timeliness of its processes. Unfortunately, these initiatives have not yet proved effective in providing the significant improvement needed. Aside from initial application audits, there has been a marginal improvement in the timeframes for finalising other application types, compared to results from 2017-18. However, overall results still fell short of ASQA's published service standards. Encouragingly, there are indications from the first two months of the 2019-20 financial year that there have now been significant improvements in timeframes for initial and renewal application audits, but more work is still needed, particularly with regard to change of scope and compliance audits.

Timeliness remains an issue of significant concern to ASQA and will be the subject of considerable effort and focus during 2019-20 to resolve and make substantial improvements to this result.

Performance indicator: ASQA applies appropriate and proportional sanctions for non-compliant organisations within its jurisdiction.

Measure: 70 per cent positive feedback ('excellent' or 'good') in annual survey of providers.

Note: ASQA conducted its annual survey of providers during July/August 2019, and over 1800 providers participated in the survey. Participants did not necessarily provide responses on all questions and only respondents that provided a rating are included.

Result: 62.6 per cent excellent/good response in annual survey of providers.

Analysis: ASQA did not meet the target for this indicator, and the perceptions of our stakeholders have become more negative during 2018-19, dropping from 82.3 per cent in 2017-18. ASQA has been aware of this changing perception, and this was acknowledged in the recently published *ASQA Regulatory Strategy 2019-21*⁵. During 2019-20, ASQA will continue to take positive steps to provide clear and accurate information to the sector about ASQA's proportional responses to non-compliance and to respond to the concerns being expressed by the sector.

5 <https://www.asqa.gov.au/news-publications/publications/asqa-regulatory-strategy-2019-21>

Performance indicator: Providers indicate they believe ASQA is improving the quality of VET outcomes in Australia.

Measure: 70 per cent positive feedback ('excellent' or 'good') in annual survey of providers.

Result: 65.6 per cent excellent/good in annual survey of providers.

Analysis: ASQA has not met this target and, as with the measure above, is concerned about stakeholder perceptions of ASQA. As explained in the analysis of the previous performance measure, activities will be undertaken in 2019–20 to both better understand these issues and work to address them. Our future surveys will also seek to ask a broader range of questions to assist in gathering information and insight on the particular issues driving perceptions within the sector.

Overall analysis on meeting Purpose 1—To protect the quality and reputation of the VET sector

ASQA has performed strongly or consistently with previous years in relation to scrutinising new entrants to the VET sector and those wishing to renew registration. The level of ASQA audit activity has been strong and has been effective in detecting non-compliance and then applying proportionate regulatory sanctions.

However, in undertaking this work, ASQA has not performed well in ensuring the timeliness of audit reports and processing applications. This lack of punctuality is a significant shortcoming and a critical target area for improvement.

Provider perceptions of ASQA's contribution to achieving this purpose have highlighted concerns about our regulatory approach. ASQA is aware of these concerns and will be working hard to respond to and better inform the sector on these issues.

ASQA also acknowledges that there are increasing concerns in the sector regarding the complexity and duplication in the *Standards for Registered Training Organisations (RTOs) 2015* and the difficulties this presents for providers. Although ASQA provides guidance and regulates compliance with these standards, ASQA does not have a role in determining or changing them.

Purpose 2—To regulate the VET sector utilising a contemporary risk and standards based regulatory approach

Explanation: We measure our performance against this purpose through evidence of our development activities in relation to our risk- and standards-based approach and our activities to address strategic risks. We also measure the proportion of our audit activity that arises from our risk-based approach (see note below).

Performance indicator: The development of ASQA's regulatory strategy is informed by e-scans and priority risks are identified.

Measure: Summary of development of regulatory strategy and action taken to address priority risks is published.

Result:

In October 2018, ASQA published the *ASQA regulatory strategy 2018-20*⁶ which identifies the priority systemic risks to be addressed commencing in the 2018-19 financial year.

The *ASQA regulatory strategy 2018-20* identifies the systemic risks—those likely to affect a significant or specific part of the sector—that ASQA will focus on addressing through its regulatory activity.

The *ASQA regulatory strategy 2018-20* was informed by an environmental scan (e-scan) completed in September 2018. The e-scan drew on internal regulatory data, external data and stakeholder consultation to identify existing and emerging issues in the VET sector.

ASQA analyses stakeholder concerns, products of concern and standards or clauses of concern from the *Standards for Registered Training Organisations (RTOs) 2015* in terms of the likelihood of a risk emerging and its potential impact. These risks are then prioritised for treatment.

The *Regulatory strategy 2018-20* identified two target areas and two strategic initiatives. Action taken by ASQA during 2018-19 towards addressing priority risks is shown in the following table.

⁶ In 2018, ASQA adopted a two-year regulatory strategy as complex risks can require more than 12 months to address. An annual update will provide transparency around ASQA's progress and allow ASQA to respond to emerging risks.

Summary of responses to priority risks identified in regulatory strategy

TARGET AREA	HOW ASQA ADDRESSED THIS RISK IN 2018-19
Australia's international education sector (see page 2 for further detail)	<p>Activities undertaken by ASQA in 2018-19 as part of the International Education Strategic Review (the Strategic review) included:</p> <ul style="list-style-type: none"> • working with stakeholders to source data and information to improve ASQA's risk identification practices • informing stakeholders about ASQA's role and approach to improve ASQA's ability to regulate against the revised ESOS framework • undertaking a series of regulatory activities with providers selected based on risk rating to assess: <ul style="list-style-type: none"> – provider compliance – risk indicators – regulatory strategies • exploring industry-led approaches to recognising and supporting high-quality training and assessment • identifying strategies to improve communications with providers about meeting the national standards, with the aim that these also be used by stakeholders to educate students and third parties. <p>This target area has been included in the <i>ASQA regulatory strategy 2019-20</i> as a strategic initiative to continue a focus on implementing commitments made in the Strategic Review report.</p>
Trainer and assessor capability	<p>To address concerns about the capability of trainers and assessors, in 2018-19 ASQA:</p> <ul style="list-style-type: none"> • continued scrutiny of providers who apply to deliver TAE training products: ASQA requires providers applying to deliver TAE training to submit additional evidence with their application • continued monitoring of, and regulatory activity focused on, providers delivering TAE training products to ensure providers: <ul style="list-style-type: none"> – deliver an adequate amount of training – have appropriate training and assessment strategies in place – have appropriate and compliant assessment tools and strategies – demonstrate how validation has contributed to training and assessment⁷ • provided further communication and education for providers to promote quality assessment practice at annual provider information sessions. These sessions included information about ASQA's scrutiny of TAE applications and providers' responsibilities to meet the Standards for RTOs, including when entering into third-party agreements. <p>This target area has been retained in the <i>ASQA regulatory strategy 2019-21</i>.</p>

⁷ The *Standards for Registered Training Organisations (RTOs) 2015* define validation as checking that assessment tools produce valid, reliable, sufficient, current and authentic evidence to enable reasonable judgements to whether the requirements of training packages or VET accredited courses are met.

STRATEGIC INITIATIVES	HOW ASQA ADDRESSED THIS RISK IN 2018-19
Recognising and supporting quality in the VET sector	<p>The first phase of ASQA's Recognising and supporting quality in the VET sector initiative was completed in 2018 and involved benchmarking national and international regulatory practice in recognising and supporting quality.</p> <p>In 2018-19, ASQA conducted the second phase of this initiative, taking account of recommendations made by the NVR Act review report. In this phase, ASQA consulted its stakeholders about its regulatory approach and how it could recognise and support quality.</p> <p>A total of 33 stakeholders from across the VET sector and 710 respondents to a public survey—the majority of which were providers or trainers/ assessors—provided input to this process.</p> <p>The key findings of this consultation helped inform the identification of initial initiatives ASQA will undertake to recognise and support quality.</p> <p>This strategic initiative has been retained in the <i>ASQA regulatory strategy 2019-21</i> to support the implementation of initiatives identified to recognise and support quality and ongoing work with Department of Employment, Skills, Small and Family Business (DESSFB).</p>
Strengthening registration requirements—increasing Fit and Proper Person scrutiny	<p>On 1 July 2018, ASQA implemented new resources to help VET and international education training provider applicants understand the requirements of initial registration. These new resources included:</p> <ul style="list-style-type: none"> • self-assessment tools • a new Financial Viability Risk Assessment tool • revised application forms and guidance • significantly strengthened fit and proper person declarations. <p>Fit and proper person declarations were expanded to:</p> <ul style="list-style-type: none"> • include greater consideration of applicants' associations with other providers • provide greater clarity on the high managerial agents and related persons required to complete the tool. <p>In 2018-19, ASQA also reviewed processes that apply when ownership of an RTO or CRICOS provider changes.</p> <p>This strategic initiative has been retained in the <i>ASQA regulatory strategy 2019-20</i> to continue work to strengthen fit and proper person requirements.</p>

In January 2019, ASQA commenced the 2019-20 environmental scan and it was finalised in July 2019. This scan informed the development of ASQA's current regulatory strategy.

Analysis: ASQA has demonstrated that it has met all aspects of this performance indicator.

Performance indicator: ASQA undertakes Strategic Reviews of identified risk areas.

Measure: A summary of strategic reviews and their outcomes is reported.

Result: ASQA conducts strategic reviews under Section 157 (1)(e) of the NVR Act.

Strategic reviews involve in-depth analysis of any issues, industry sectors, qualifications or methods of delivery that impact on the quality of vocational education and training. The focus is on examining systemic poor practice and identifying appropriate actions to address this poor practice across groups of providers or the system, not just resolving issues with individual providers.

In the *ASQA regulatory strategy 2017-18*, ASQA identified international education as a priority risk. To address this risk, ASQA commenced the International Education Strategic Review, a strategic review of international VET and English language education services delivered by ASQA-regulated providers. The review commenced in the 2017-18 reporting period and was finalised in 2018-19.

The strategic review involved analysing data and intelligence available to ASQA through its own risk intelligence and compliance monitoring work along with intelligence available to other government agencies. ASQA used this analysis to develop risk indicators to select providers of interest for scrutiny and used a variety of regulatory strategies to assess compliance in light of the evident risks.

ASQA undertook research into the international education sector and commissioned research into the quality of the data available for VET delivery offshore. It also undertook targeted consultation on strategies to recognise and support the quality of VET delivered to international students and ELICOS courses.

The strategic review was guided by a reference committee of key stakeholder organisations representing providers, industry and students, and Australian, state and territory government agencies.

The recommendations of the review, along with ASQA's commitment to undertake a number of actions, are designed to address the following key findings:

- While compliance by providers delivering to overseas students is comparable to compliance more broadly in the VET sector, there is an ongoing need to monitor the risk that some providers may act inappropriately in response to incentives and growth opportunities.
- Shared access to reliable, comprehensive and meaningful data that provides an accurate understanding of student numbers, provider activity and sector-wide trends is essential for the effective treatment of risk in international education.
- The regulatory environment for VET providers delivering to overseas students in Australia is complex, making it essential that the obligations providers are required to meet are explicit and clearly communicated.
- Overseas students can be vulnerable to exploitation by some providers, education agents and others, including some employers, making improved student information and engagement activities a priority for relevant government agencies.
- The best protection for VET quality, visa integrity and overseas student welfare is active participation in full-time study of a minimum of 20 scheduled course contact hours per week, and the National Code should be amended to consistently require this obligation.
- Broader policy settings, including visa arrangements for both student and post-study work visas, can affect the behaviour of some students, providers and education agents, making collaborative arrangements between government agencies essential to protecting the quality of VET and the integrity of Australia's visa program.

- Regulating offshore delivery of VET is challenging due to a range of factors including the lack of timely and reliable data being available to the regulator and there is a need to ensure that offshore students are afforded the same protections as other students.

The implementation of the strategic review's recommendations and actions will better protect VET and ELICOS quality, the integrity of the student visa program, and student participation. This is particularly important not only for the VET and ELICOS sectors but for Australia's reputation more broadly as a world-class destination for high-quality education that delivers excellent student outcomes.

Analysis: ASQA has demonstrated that it has met all aspects of this performance criteria.

Performance indicator: ASQA utilises a risk-based regulatory model.

Measure: Compliance-based audits undertaken compared to application-based audits.

PBS Performance indicator: Application of risk-based regulation demonstrated by percentage of non-application-based audits to application-based audits.

Measure: 50 per cent non-application-based audits.

Note: In 2014-15, when ASQA was evolving its risk-based approach, there was a conscious shift to move the focus of regulatory activity from almost exclusively responding to applications received, to increasingly responding to risks that were identified through other means. To measure this change, and the progress towards an advanced risk-based regulatory model, it was appropriate at the time to measure and monitor audit activity related to applications versus non-applications. As expected, non-application-based audits have increased over time as ASQA's risk-based approach matured. Since that time, ASQA has also incorporated risk methodologies into the processing of applications, so the distinction is now less relevant, and this measure will no longer be used to measure ASQA performance in this area in future.

Result:

COMPLETED AUDITS	2014-15	2015-16	2016-17	2017-18	2018-19
Number of application-based audits	867	759	713	633	572
Number of non-application-based audits	532	415	919	845	1113
Total number of audits	1399	1174	1632	1478	1685
Percentage of non-application-based audits	38.0%	35.3%	56.3%	57.1%	66.1%

Analysis: ASQA has increasingly utilised a range of risk indicators to trigger audit activity and 2018-19 continues this trend and has achieved the target for this measure.

Overall analysis on meeting Purpose 2—To regulate the VET sector utilising a contemporary risk and standards based regulatory approach

ASQA has a high level of demonstrated performance against its performance indicators and has refined its risks- and standards-based regulatory approach.

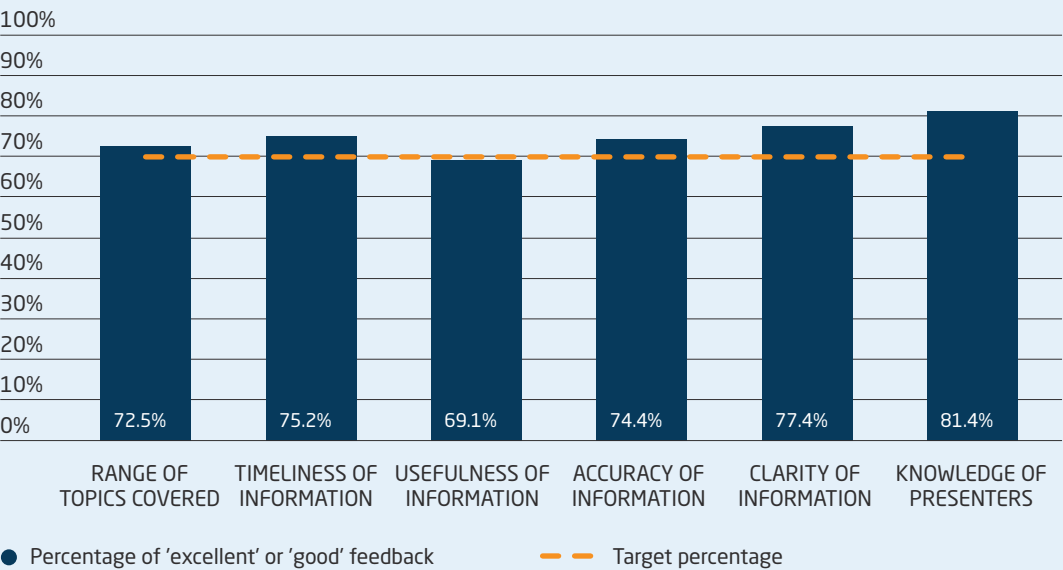
Purpose 3—To facilitate access to accurate information about VET

Explanation: We measure our performance against this criterion through survey results on satisfaction with some of our key methods of providing information—our provider information sessions and our Info Line. We also utilise survey results on perceptions of our overall engagement.

Performance indicator: Providers are satisfied with aspects of ASQA’s information sessions.

Measure: 70 per cent positive feedback (‘excellent’ or ‘good’) in annual survey of providers.

Result:

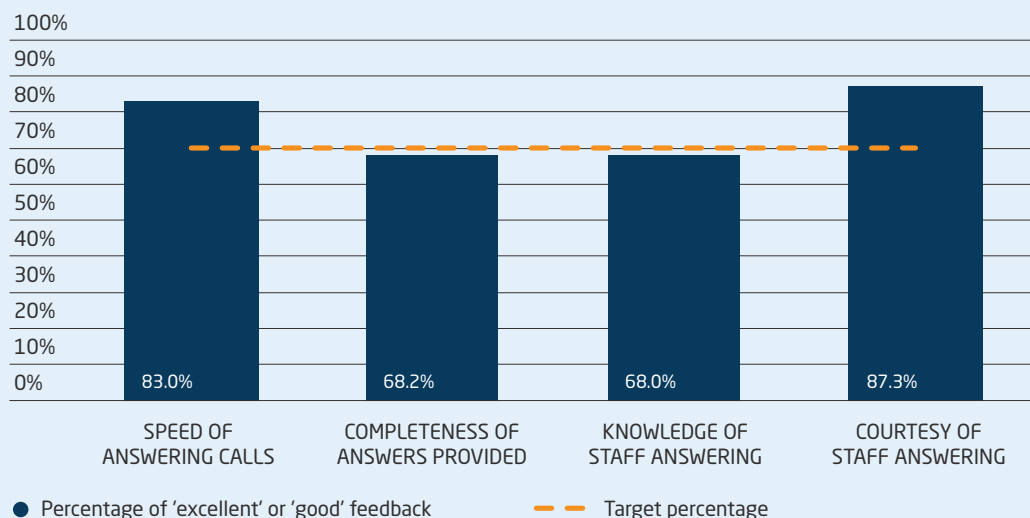


Analysis: ASQA achieved or exceeded all the targets related to information sessions, with the exception of one area. This area—usefulness of information—missed its target by less than one per cent.

Performance indicator: Providers are satisfied with aspects of ASQA's Info Line phone call service.

Measure: 70 per cent positive feedback ('excellent' or 'good') in annual survey of providers.

Result:

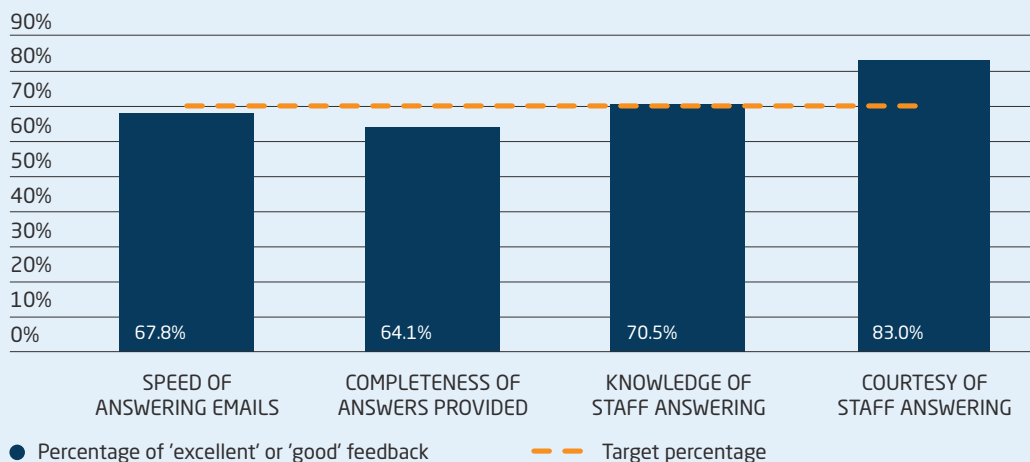


Analysis: ASQA achieved good results, for the most part, concerning provider satisfaction with our Info Line phone service. The completeness of answers provided and knowledge exhibited by Info Line staff missed the target by less than two per cent.

Performance indicator: Providers are satisfied with the following aspects of ASQA's Info Line email service.

Measure: 70 per cent positive feedback ('excellent' or 'good') in annual survey of providers.

Result:

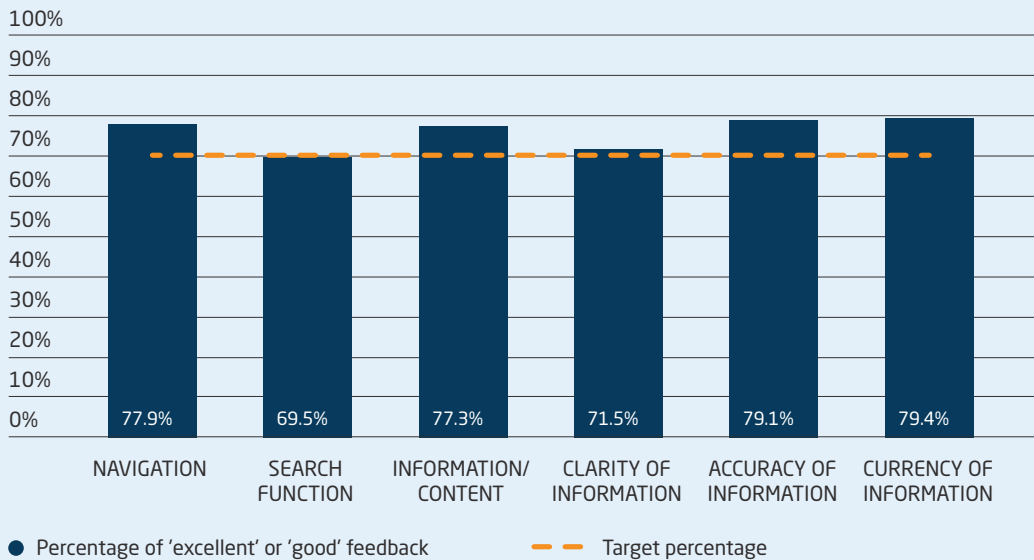


Analysis: ASQA achieved good results, for the most part, concerning provider satisfaction with our Info Line email service. Provider perceptions regarding the speed of email responses and the completeness of answers provided failed to reach their targets.

Performance Indicator: Providers are satisfied with the following aspects of ASQA's website.

Measure: 70 per cent positive feedback ('excellent' or 'good') in annual survey of providers.

Result:



Analysis: ASQA has achieved or exceeded all the targets for satisfaction with this aspect of our provision of information about VET with the exception of search functionality by half a per cent. During 2019–20, ASQA intends to launch a new website and this will include improved search functionality.

Performance indicator: Providers indicate they are satisfied with ASQA's engagement with the regulated community.

PBS Performance indicator: Providers and stakeholders indicate they are satisfied with ASQA's engagement with the regulated community.

Measure: 70 per cent positive feedback ('excellent' or 'good') in annual survey of providers (and stakeholders).

ASQA has conducted two surveys that have relevant results to these performance indicators.

Our annual provider survey, conducted in July/August 2018, and a broader survey of a range of stakeholders including providers conducted in March 2018.

Result: The result from the provider only survey was: 58.4 per cent 'excellent' or 'good'.

Our stakeholder survey asked respondents to indicate their satisfaction with engagement with ASQA by indicating whether they wanted more engagement, less engagement or that the level was right for them.

Result: The result from the stakeholder survey was that 50.6 per cent of respondents felt the level of engagement was right for them (44.3 per cent preferring more engagement and five per cent preferring less engagement).

Analysis: ASQA has not achieved the target for satisfaction with this aspect of our provision of information about VET and there is clearly an appetite within the sector for more engagement with ASQA. Staffing constraints and the move to full cost recovery impede our capacity in this area.

Overall analysis on meeting Purpose 3—To facilitate access to accurate information about VET

ASQA has achieved reasonable results relating to provider satisfaction with its provision of information through information sessions, the Info Line and ASQA website. Several aspects within these performance indicators were marginally below target levels, and ASQA will work to address these areas.

The results of our provider surveys on engagement clearly indicate that a significant proportion of the sector has an appetite for additional engagement with ASQA. Identifying and meeting these requirements will be a focus of activity for ASQA during 2019-20 within our current resourcing.

Some components of an enhanced engagement strategy include:

- a new website with improved navigation and search functionality
- ASQA-hosted webinars to offer timely information directly to the sector
- an increase in the amount of information for providers offering international education.



Financial statements



INDEPENDENT AUDITOR'S REPORT

To the Minister for Employment, 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 2019:

- (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 2019 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 statements as at 30 June 2019 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; 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* (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

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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.

Australian National Audit Office



Peter Kerr

Executive Director

Delegate of the Auditor-General

Canberra

13 September 2019

Statement by the Accountable Authority and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2019 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.....

Mark Paterson AO
Accountable Authority

13 September 2019

Signed.....

Jonella Welsh
Chief Financial Officer

13 September 2019

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Australian Skills Quality Authority

STATEMENT OF COMPREHENSIVE INCOME*for the period ended 30 June 2019*

	NOTES	2019 \$'000	2018 \$'000	ORIGINAL BUDGET \$'000
NET COST OF SERVICES				
Expenses				
Employee Benefits	1.1A	23,765	19,561	22,150
Suppliers	1.1B	13,264	12,413	14,216
Finance Costs		11	6	-
Write-Down and Impairment of Assets		-	(273)	-
Depreciation and amortisation	3.2	3,288	2,031	2,435
Total expenses		40,328	33,738	38,801
Own-Source Income				
Other Revenue	1.2A	1,026	852	-
Rental Income	1.2B	297	278	264
Total own-source income		1,323	1,130	264
Net cost of services		39,005	32,608	38,537
Revenue from Government	1.2C	36,102	33,099	36,102
Surplus/(deficit) attributable to Australian Government		(2,903)	491	(2,435)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		(81)	1,415	-
Total other comprehensive income		(81)	1,415	-
Total comprehensive income/(loss) attributable to the Australian Government		(2,984)	1,906	(2,435)

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

Australian Skills Quality Authority
STATEMENT OF FINANCIAL POSITION
as at 30 June 2019

	NOTES	2019 \$'000	2018 \$'000	ORIGINAL BUDGET \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	3.1A	284	287	335
Trade and other receivables	3.1B	17,987	17,225	18,559
Total financial assets		18,271	17,512	18,894
Non-financial assets				
Leasehold improvements	3.2	2,911	4,547	2,050
Plant and equipment	3.2	225	335	397
Intangible assets	3.2	11,770	11,068	13,372
Prepayments		696	345	178
Total non-financial assets		15,602	16,295	15,997
Total assets		33,873	33,807	34,891
LIABILITIES				
Payables				
Suppliers	3.3A	1,413	1,659	6,868
Other Payables	3.3B	2,249	2,785	11
Total payables		3,662	4,444	6,879
Provisions				
Employee provisions	6.1	5,284	4,502	6,779
Other provisions	3.4	483	490	264
Total provisions		5,767	4,992	7,043
Total liabilities		9,429	9,436	13,922
Net assets		24,444	24,371	20,969
EQUITY				
Contributed equity		27,758	24,701	27,758
Asset revaluation reserve		1,354	1,435	20
Retained earnings		(4,668)	(1,765)	(6,809)
Total equity		24,444	24,371	20,969

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 2019

	2019 \$'000	2018 \$'000	ORIGINAL BUDGET \$'000
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	24,701	24,223	24,701
Adjusted opening balance	24,701	24,223	24,701
Transactions with owners			
Contributions by owners			
Equity injection	1,845	478	1,846
Departmental capital budget	1,212	-	1,211
Total transactions with owners	3,057	478	3,057
Closing balance as at 30 June	27,758	24,701	27,758
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	(1,765)	(2,216)	(4,374)
Adjustment for repealed appropriations	-	(40)	-
Adjusted opening balance	(1,765)	(2,256)	(4,374)
Comprehensive income			
Surplus/(Deficit) for the period	(2,903)	491	(2,435)
Total comprehensive income	(2,903)	491	(2,435)
Closing balance as at 30 June	(4,668)	(1,765)	(6,809)
ASSET REVALUATION RESERVE			
Opening balance	1,435	20	20
Adjusted opening balance	1,435	20	20
Comprehensive income			
Other comprehensive income	(81)	1,415	-
Total comprehensive income	(81)	1,415	-
Closing balance as at 30 June	1,354	1,435	20

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

Australian Skills Quality Authority

STATEMENT OF CHANGES IN EQUITY (CONTINUED...)

for the period ended 30 June 2019

	2019 \$'000	2018 \$'000	ORIGINAL BUDGET \$'000
TOTAL EQUITY			
Opening balance	24,371	22,027	20,347
Adjustment for repealed appropriations	-	(40)	-
Adjusted opening balance	24,371	21,987	20,347
Comprehensive income			
Surplus/(Deficit) for the period	(2,903)	491	(2,435)
Other comprehensive income	(81)	1,415	-
Total comprehensive income	(2,984)	1,906	(2,435)
Transactions with owners			
Contributions by owners			
Equity injection	1,845	478	1,846
Departmental capital budget	1,212	-	1,211
Total transactions with owners	3,057	478	3,057
Closing balance as at 30 June	24,444	24,371	20,969

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 2019*

	2019 \$'000	2018 \$'000	ORIGINAL BUDGET \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	33,123	40,440	36,071
Sale of goods and rendering of services	2,364	1,075	264
GST received	1,360	1,605	-
Total cash received	36,847	43,120	36,335
Cash used			
Employees	21,025	20,565	22,119
Suppliers	12,101	17,775	14,219
Section 74 receipts transferred to Official Public Account	3,724	1,075	-
Total cash used	36,850	39,415	36,338
Net cash from/(used by) operating activities	(3)	3,705	(3)
INVESTING ACTIVITIES			
Cash used			
Purchase of plant and equipment	34	136	-
Purchase of leasehold improvements	75	1,215	-
Purchase of intangible software	2,175	2,880	3,054
Total cash used	2,284	4,231	3,054
Net cash used by investing activities	(2,284)	(4,231)	(3,054)
FINANCING ACTIVITIES			
Cash received			
Contributed equity	2,284	478	3,057
Total cash received	2,284	478	3,057
Net cash from financing activities	2,284	478	3,057
Net increase/(decrease) in cash held	(3)	(48)	-
Cash and cash equivalents at the beginning of the reporting period	287	335	335
Cash and cash equivalents at the end of the reporting period	284	287	335

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 2019

	NOTES	2019 \$'000	2018 \$'000	ORIGINAL BUDGET \$'000
NET COST OF SERVICES				
Expenses				
Write-down and impairment of receivables		231	413	-
Other		10	-	-
Total expenses		241	413	-
Income				
Non-taxation revenue				
Charges	2.1	15,246	15,250	17,946
Regulatory fees and fines	2.1	4,916	13,652	5,335
Total non-taxation revenue		20,162	28,902	23,281
Total revenue		20,162	28,902	23,281
Total income		20,162	28,902	23,281
Net contribution by services		19,921	28,489	23,281
Total comprehensive income		19,921	28,489	23,281

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 2019

	NOTES	2019 \$'000	2018 \$'000	ORIGINAL BUDGET \$'000
ASSETS				
Financial assets				
Trade and other receivables	4.1	323	319	368
Total financial assets		323	319	368
Total assets administered on behalf of Government		323	319	368
LIABILITIES				
Provisions				
Other provisions		84	427	117
Total provisions		84	427	117
Total liabilities administered on behalf of Government		84	427	117
Net assets		239	(108)	251

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

Australian Skills Quality Authority

ADMINISTERED RECONCILIATION SCHEDULE

as at 30 June 2019

	NOTES	2019 \$'000	2018 \$'000
Opening assets less liabilities as at 1 July		(108)	251
Net contribution by services			
Income		20,162	28,902
Expenses		(241)	(413)
Transfers (to)/from the Australian Government			
Appropriation transfers from Official Public Account			
Special appropriations (limited)	5.1C	683	602
Appropriation transfers to Official Public Account			
Transfers to Official Public Account		(20,257)	(29,450)
Closing assets less liabilities as at 30 June		239	(108)

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 the 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 2019

	2019 \$'000	2018 \$'000	ORIGINAL BUDGET \$'000
OPERATING ACTIVITIES			
Cash received			
Charges	15,246	15,250	
Regulatory Fees	4,691	14,193	
Fines	320	7	23,281
Total cash received	20,257	29,450	23,281
Cash used			
Refunds to registered training organisations	683	602	357
Total cash used	683	602	357
Net cash received from operating activities	19,574	28,848	22,924
Cash from Official Public Account			
Appropriations	683	602	357
Total cash from Official Public Account	683	602	357
Cash to Official Public Account			
Appropriations	20,257	29,450	23,281
Total cash to Official Public Account	20,257	29,450	23,281
Cash and cash equivalents at the end of the reporting period	-	-	-

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

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

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

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

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.

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

Overview (continued...)

Future Australian Accounting Standards Requirements

The following new/revised/amending standards and/or interpretations were issued by the Australian Accounting Standards Board prior to the signing of the statements by the Accountable Authority and Chief Financial Officer, and are expected to have a material impact on ASQA's financial statements for the future reporting period(s):

Standard	Application Date for ASQA	Nature of impending change(s) in accounting policy and likely impact on initial application
AASB 16 Leases	1 July 2019	<p>The changes introduce a single lessee accounting model that will move most of ASQA's operating leases onto the balance sheet.</p> <p>It is expected that this will have a material impact for ASQA.</p>

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.

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

1.1 Expenses

	2019	2018
	\$'000	\$'000
1.1A: Employee Benefits		
Wages and salaries	17,483	14,486
Superannuation		
Defined contribution plans	2,640	2,235
Defined benefit plans	337	324
Leave and other entitlements	3,305	2,516
Total employee benefits	23,765	19,561

Accounting policy

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

1.1B: Suppliers

Goods and services supplied or rendered

Consultants	846	632
Contractors	919	977
IT Services	2,849	3,017
Legal fees	1,268	617
Panel auditors	1,349	968
Property	984	1,000
Training	224	179
Travel	908	801
Resources received free of charge	50	55
Other	529	892
Total goods and services supplied or rendered	9,926	9,138

Goods supplied	83	212
Services rendered	9,843	8,926
Total goods and services supplied or rendered	9,926	9,138

Other suppliers

Operating lease rentals	3,229	3,114
Workers compensation expenses	109	161
Total other suppliers	3,338	3,275
Total suppliers	13,264	12,413

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

1.1 Expenses (continued...)

Leasing commitments

The Australian Skills Quality Authority in its capacity as lessee have leasing commitments for the following premises:

- 115 Grenfell Street, Adelaide
- 64 Northbourne Avenue, Canberra
- 255 Elizabeth Street, Sydney
- 595 Collins Street, Melbourne
- 215 Adelaide Street, Brisbane
- MOU Sublease arrangement - 226 Adelaide Terrace, Perth
- MOU Hosting arrangement - 39 Woods Street, Darwin
- MOU Hosting arrangement - 2 Kirksway Place, Hobart
- MOU Hosting arrangement - 516 Ruthven Street, Toowoomba.

	2019 \$'000	2018 \$'000
Leasing commitments		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	3,101	3,678
Between 1 to 5 years	5,354	9,168
More than 5 years	-	302
Total operating lease commitments	8,455	13,148

Accounting policy

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

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

1.2 Own-source revenue

	2019	2018
	\$'000	\$'000
1.2A: Other revenue		
Resources received free of charge - remuneration of auditors	50	55
Other revenue	976	797
Total other revenue	1,026	852

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

Operating lease	297	278
Total rental income	297	278

Subleasing rental income commitments

The Australian Skills Quality Authority in its capacity as lessor subleases 324sqm of level 10, 255 Elizabeth Street, Sydney to the Asbestos Safety and Eradication Agency (ASEA) under an MOU Sublease arrangement.

Commitments for sublease rental income receivables are as follows:

Within 1 year	292	281
Between 1 to 5 years	150	441
More than 5 years	-	-
Total sublease rental income commitments	442	722

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

1.2 Own-source revenue (continued...)

	2019 \$'000	2018 \$'000
1.2C: Revenue from Government		
Departmental appropriations	36,102	33,099
Total revenue from Government	36,102	33,099

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 2019

2.1 Administered - Income

	2019 \$'000	2018 \$'000
Revenue		
Non - Taxation Revenue		
Charges	15,246	15,250
Regulatory fees	4,596	13,645
Fines	320	7
Total fees and fines	20,162	28,902

Accounting policy

Revenue from regulatory fees

All administered revenues are revenues relating to the course of ordinary activities performed by ASQA on behalf of the Australian Government. Revenue is generated from collection of fees and charges (as per ASQA's published schedules of fees and charges), for managing the registration of VET training providers and for accrediting courses.

Charges include ASQA's annual registration charges and compliance audit charges. The annual registration charges are non-reciprocal in nature. The compliance audit charges and ASQA's regulatory fees are reciprocal under Australian Accounting Standards.

Revenue from fines is recognised when ASQA receives payment.

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

3.1 Financial assets		
	2019	2018
	\$'000	\$'000
3.1A: Cash and cash equivalents		
Cash on hand or on deposit	284	287
Total cash and cash equivalents	284	287
3.1B: Trade and other receivables		
Goods and services receivables		
Goods and services	254	140
Total goods and services receivables	254	140
Appropriations receivables		
Appropriation receivable	15,578	14,190
Total appropriations receivables	15,578	14,190
Other receivables		
Lease incentive receivable	2,011	2,528
GST from Australian Taxation Office	144	194
Other receivables	16	189
Total other receivables	2,171	2,911
Total trade and other receivables (gross)	18,003	17,241
Less impairment allowance	16	16
Total trade and other receivables (net)	17,987	17,225

Accounting policy

Credit terms for goods and services were within 30 days (2018: 30 days).

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 2019

3.2 Non-financial assets

Reconciliation of the opening and closing balances of leasehold improvements, plant and equipment, and intangible assets for 2019

	Leasehold improvements \$'000	Plant and equipment \$'000	Intangibles ¹ \$'000	Total \$'000
As at 1 July 2018				
Gross book value	4,735	501	17,792	23,028
Accumulated depreciation, amortisation and impairment	(188)	(166)	(6,724)	(7,078)
Total as at 1 July 2018	4,547	335	11,068	15,950
Additions				
Purchases	75	34	-	109
Internally developed	-	-	2,135	2,135
Depreciation, amortisation and impairment	(1,711)	(144)	(1,433)	(3,288)
Disposals	-	(1)	-	(1)
Write back accumulated depreciation - disposals	-	1	-	1
Total as at 30 June 2019	2,911	225	11,770	14,906
Total as at 30 June 2019 represented by				
Gross book value	4,810	534	19,927	25,271
Accumulated depreciation, amortisation and impairment	(1,899)	(309)	(8,157)	(10,365)
Total as at 30 June 2019	2,911	225	11,770	14,906

¹ The carrying amount of intangible assets (computer software) includes purchased software and internally generated software. No indicators of impairment were found for leasehold improvements, plant and equipment and intangible assets.

In 2017-18 leasehold improvements and plant and equipment were subject to an asset revaluation by an independent valuer. All revaluations were conducted in accordance with the revaluation policy stated overleaf.

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

3.2 Non-financial assets (continued...)

Accounting policy

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

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

Asset recognition threshold

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

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

Revaluations

Following initial recognition at cost, leasehold improvements, plant and equipment are carried at fair value less subsequent accumulated depreciation/amortisation and accumulated impairment losses. Valuations are conducted every three years to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets. ASQA last undertook an asset revaluation on 30 June 2018.

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.

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

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	2018-19	2017-18
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

Impairment

All assets were assessed for impairment at 30 June 2019. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

Derecognition

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

Intangible assets

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

Intangible assets with finite useful lives are amortised as an expense on a straightline basis over the asset's anticipated useful life.

ASQA has no intangible assets with indefinite useful lives.

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 2019

3.3 Payables

	2019 \$'000	2018 \$'000
3.3A: Suppliers		
Trade creditors and accruals	1,413	1,659
Total suppliers	1,413	1,659

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

3.3B: Other payables

Salaries and wages	182	165
Superannuation	56	52
Unamortised lease liabilities	2,011	2,568
Total other payables	2,249	2,785

3.4 Other provisions

	2019 \$'000	2018 \$'000
Other provisions		
Provision for leasehold restoration	483	490
Total other provisions	483	490

	Provision for leasehold restoration \$'000
As at 1 July 2018	490
Additional Provisions made	11
Provisions used	(18)
Total as at 30 June 2019	483

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

4.1 Administered - financial assets

	2019 \$'000	2018 \$'000
Trade and other receivables		
Fees	898	1,277
Total trade and other receivables	898	1,277
Total trade and other receivables (gross)	898	1,277
Less impairment allowance	(575)	(958)
Total trade and other receivables (net)	323	319

Credit terms for goods and services were within 30 days (2018: 30 days).

Reconciliation of the Impairment Allowance

Movements in relation to 2019

	Other receivables \$'000
As at 1 July 2018	958
Impairments	231
Amounts written off	(614)
Total as at 30 June 2019	575

Accounting policy

Receivables

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

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 2019

5.1: Appropriations

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

Annual Appropriations for 2019

	Annual Appropriation ¹ \$'000	Adjustment to Appropriation ² \$'000	Total appropriation \$'000	Appropriation applied in 2019 (current and prior years) \$'000	Variance \$'000
Departmental					
Ordinary annual services	36,102	2,364	38,466	35,487	2,979
Capital Budget	1,212	-	1,212	439	773
Equity Injections	1,845	-	1,845	1,845	-
Total departmental	39,159	2,364	41,523	37,771	3,752

¹ There were no appropriations reduced under Appropriations Acts (No 1, 1 DCB and 2) for 2018-19.

² S74 Receipts is net of Recoverable GST.

Annual Appropriations for 2018

	Annual Appropriation ¹ \$'000	Adjustment to Appropriation ² \$'000	Total appropriation \$'000	Appropriation applied in 2018 (current and prior years) \$'000	Variance \$'000
Departmental					
Ordinary annual services	33,099	1,075	34,174	39,365	(5,191)
Capital Budget	-	-	-	-	-
Equity Injections	478	-	478	478	-
Total departmental	33,577	1,075	34,652	39,843	(5,191)

¹ There were no appropriations reduced under Appropriations Acts (No 1, 1 DCB and 2) for 2017-18.

² S74 receipts are net of Recoverable GST.

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

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

	2019 \$'000	2018 \$'000
Departmental		
Appropriation Act (No. 1) 2015-2016 ¹	-	18
Appropriation Act (No. 1) 2017-2018	-	14,190
Appropriation Act (No. 1) 2018-2019	15,089	-
Appropriation Act (No. 1 DCB) 2018-2019	773	-
Total departmental	15,862	14,208

Reconciliation to appropriations receivable

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

	2019 \$'000	2018 \$'000
Total unspent appropriations	15,862	14,208
<i>Adjustments:</i>		
MYEFO 2014-15 measure Public Sector Superannuation Accumulation Plan	-	(18)
Closing appropriations receivable balance	15,862	14,190

¹ \$18,000 of the Appropriation Act (No. 1) for 2013-14 was quarantined under s.51 by the Department of Finance in relation to the MYEFO 2014-15 measure Public Sector Superannuation Accumulation Plan(PSSap).

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

Authority	Type	Purpose	Appropriation applied	
			2019 \$'000	2018 \$'000
<i>Public Governance, Performance and Accountability Act 2013</i> 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.	683	602
Total special appropriations applied			683	602

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

5.2 Regulatory charging summary

	2019 \$'000	2018 \$'000
Amounts applied		
Departmental		
Annual appropriations	37,771	39,843
Total amounts applied	37,771	39,843
Expenses		
Departmental	40,328	33,738
Administered	241	413
Total expenses	40,569	34,151
External Revenue		
Administered	20,162	28,902
Total external revenue	20,162	28,902

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>

5.3 Net cash appropriation arrangements

	2019 \$'000	2018 \$'000
Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations	304	3,937
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(3,288)	(2,031)
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	(2,984)	1,906

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

6.1 Employee provisions

	2019 \$'000	2018 \$'000
Employee provisions		
Leave	5,284	4,502
Total employee provisions	5,284	4,502

Accounting policy

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

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

Leave

The liability for employee benefits includes provision for annual and long service leave.

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 using the short-hand method. 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 Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other superannuation funds held outside the Australian Government.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance'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 2019

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. The entity has determined the key management personnel to be the Chief Commissioner/Commissioners/General Managers. Key management personnel remuneration is reported in the table below:

	2019 \$'000	2018 \$'000
Short-term employee benefits	1,506	1,475
Post-employment benefits	149	145
Other long-term employee benefits	18	34
Total key management personnel remuneration expenses¹	1,673	1,654

The total number of key management personnel that are included in the above table are 6 (2018: 7).

¹ 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 2019

7.1A Contingent assets and liabilities

	Guarantees		Claims for damages or costs		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Contingent assets						
Balance from previous period	44	44	125	-	169	44
New contingent assets recognised	-	-	75	125	75	125
Assets realised	-	-	(61)	-	(61)	-
Total contingent assets	44	44	139	125	183	169
Net contingent assets	44	44	139	125	183	169

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 2019

7.1B: Administered - Contingent assets and liabilities

	Claims for damages or costs		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Contingent assets				
Balance from previous period	117	-	117	-
New contingent assets recognised	265	117	265	117
Assets realised	(42)	-	(42)	-
Total contingent assets	340	117	340	117
Net contingent assets	340	117	340	117

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

7.2A Financial instruments

	2019	2018
	\$'000	\$'000
Categories of financial instruments		
Financial assets under AASB 139		
Receivables		
Cash and cash equivalents		287
Trade and other receivables		313
Total receivables		600
Financial assets under AASB 9		
Financial assets at amortised cost		
Cash and cash equivalents	284	
Trade and other receivables	254	
Total financial assets at amortised cost	538	
Total financial assets	538	600
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	1,413	1,659
Total financial liabilities measured at amortised cost	1,413	1,659
Total financial liabilities	1,413	1,659

Classification of financial assets on the date of initial application of AASB 9

Financial assets class	Note	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018	AASB 9 carrying amount at 1 July 2018
Cash and cash equivalents	3.1A	Loans and receivables	Amortised cost	287	287
Trade and other receivables	3.1B	Loans and receivables	Amortised cost	313	313
Total financial assets				600	600

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

7.2B Administered - Financial instruments					
				2019 \$'000	2018 \$'000
Categories of financial instruments					
Financial assets under AASB 139					
Receivables					
Trade and other receivables					319
Total receivables					319
Financial assets under AASB 9					
Financial assets at amortised cost					
Trade and other receivables				323	
Total financial assets at amortised cost				323	
Total financial assets				323	319
Classification of financial assets on the date of initial application of AASB 9					
Financial assets class	Note	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018	AASB 9 carrying amount at 1 July 2018
Trade and other receivables	4.1	Loans and receivables	Amortised cost	319	319
Total financial assets				319	319

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

7.2 Financial instruments (continued...)

Accounting policy

Financial assets

With the implementation of AASB 9 Financial Instruments for the first time in 2019, 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 2019

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.

	Fair value measurements at the end of the reporting period	
	2019 \$'000	2018 \$'000
Non-financial assets		
Leasehold improvements	2,911	4,547
Plant and equipment	225	335
Total non-financial assets	3,136	4,882

Accounting policy

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

ASSET CLASS	2018-19	2017-18
Leasehold improvements	Amortised replacement cost	Amortised replacement cost
Plant & equipment	Market price	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 2019

8.1A Aggregate assets and liabilities

	2019	2018
	\$'000	\$'000
Assets expected to be recovered in:		
No more than 12 months	18,967	17,858
More than 12 months	14,906	15,949
Total assets	33,873	33,807
Liabilities expected to be recovered in:		
No more than 12 months	3,773	3,553
More than 12 months	5,656	5,883
Total liabilities	9,429	9,436

8.1B Administered - Aggregate assets and liabilities

	2019	2018
	\$'000	\$'000
Assets expected to be recovered in:		
No more than 12 months	323	319
More than 12 months	-	-
Total assets	323	319
Liabilities expected to be recovered in:		
No more than 12 months	84	427
More than 12 months	-	-
Total liabilities	84	427

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

9 Budget variances commentary

The following table provides explanations of significant variances between the original budget as presented in the 2018-19 Portfolio Budget Statements (PBS) to the 2018-19 final outcome as presented in accordance with Australian Accounting Standards for ASQA, noting that budget adjustments were approved during the 2018-19 Mid-Year Economic Fiscal Outlook (MYEFO) budget round. The budget is not audited. High level explanations of the causes of the significant variances have been provided below.

Explanations may consolidate multiple line items, including across Statements.

Departmental

The budgeted result was an operating loss of \$2.435m, being the budgeted amount for depreciation and amortisation expenses. The actual result was an operating loss of \$2.903m.

EXPLANATIONS OF SIGNIFICANT VARIANCES	AFFECTED STATEMENT/LINE ITEMS
Employee expenses are reporting a \$1.615 million (7%) overspend against the original 2018-19 budget. Adjustments to ASQA's original 2018-19 budget were approved during the MYEFO process to replenish the employee benefits budget following previous budget round reductions as a result of efficiency dividend and parameter updates. The revised 2018-19 budget profile for employee benefits is \$23.594 million. Performance against the MYEFO budget profile has ASQA reporting a minor overspend of \$0.171 million (1%). The minor overspend reflects the impacts of ASQA's enterprise agreement which allowed for two salary increases in 2018-19 of 2% and 1% accordingly.	
ASQA's supplier expense budget is reporting a \$0.952 million (7%) underspend against the original budget. As previously noted, budget adjustments was approved during the MYEFO budget exercise which reduces ASQA's suppliers expense budget to \$12.772 million. Performance against the MYEFO budget profile has ASQA reporting a minor overspend of \$0.503 million (4%). The main driver for the overspend is largely within legal expenses associated with increased numbers of matters at the Administrative Appeals Tribunal (AAT).	<i>Statement of comprehensive income Expenses</i>
Depreciation was \$0.853 million (35%) higher than the original budget reflecting the flow on impacts of the 2017-18 asset revaluation exercise that resulted in an increase to ASQA's asset base of \$1.900 million. The 2018-19 original budget for depreciation was not updated to reflect the impacts of the revaluation exercise due to the timing difference between when the budget was set in April 2018 to when the revaluation exercise was undertaken in July 2018.	

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

9 Budget variances commentary (continued...)

EXPLANATIONS OF SIGNIFICANT VARIANCES	AFFECTED STATEMENT/LINE ITEMS
<p>Other revenue primarily consists of \$0.830 million revenue received for the conduct of VET Student Loans compliance audits on behalf of Department of Education and Training. This activity was not factored into the original budget due to the uncertainty if the audit activity that had commenced in 2017–18 would continue in 2018–19.</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 variance to the original budget reflects the increased in costs and usage associated with the outgoing operating expenditure for that office.</p>	<p><i>Statement of comprehensive income</i></p> <p><i>Own-source income</i></p>
<p>Financial assets are reporting a minor decrease to the original budget position of \$0.623 million (3%). Total financial assets are \$0.728 million (4%) above the approved MYEFO budget. The increase on the budget position is within the balance of appropriation receivables due to the rollover of unspent departmental capital budget.</p>	<p><i>Statement of financial position</i></p> <p><i>Financial assets</i></p>
<p>Non-financial assets are \$0.395 million (2%) below the original budget position. Against the approved MYEFO budget profile non-financial assets have increased to be \$1.315 million (8%) below the budget position. The variance against budget is reflective of delays to the scheduled software releases for ASQA's online regulatory management system ASQAnet.</p>	<p><i>Statement of financial position</i></p> <p><i>Non-financial assets</i></p>
<p>Total liabilities are \$4.500 million (32%) under the original budget position. The approved MYEFO budget for total liabilities is \$9.467 million resulting in a minor variance to budget of \$0.038 million (0.4%). The variance to the MYEFO budget represents a lower amount of payables at year end.</p>	<p><i>Statement of financial position</i></p> <p><i>Liabilities</i></p>
<p>ASQA's net assets and total equity is \$3.475 million (17%) over the original budget position. The approved MYEFO budget for net assets and total equity is \$24.993 million which is \$0.549 million (2%) above the budget position for reasons noted previously.</p>	<p><i>Statement of financial position</i></p> <p><i>Net assets</i></p>
<p>ASQA's closing equity balance is \$3.475 million (17%) above the original budget position. The approved MYEFO budget for closing equity is \$24.993 million which is \$0.549 million (2%) above the budget position for reasons noted previously.</p>	<p><i>Statement of changes in equity</i></p>
<p>Cash used for investing activities is \$0.770 million (25%) below the budget position, due to delays in software releases as detailed previously.</p> <p>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.</p>	<p><i>Cash flow statement</i></p>

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

9 Budget variances commentary (continued...)

Administered

The budgeted result was an operating surplus of \$23.281m. The actual result was an operating surplus of \$19.921m.

EXPLANATIONS OF SIGNIFICANT VARIANCES	AFFECTED STATEMENT/LINE ITEMS
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 for. ASQA does make provision for invoices over 90 days due and for invoices where a provider's registration has ceased at balance day.	
Revenue received from charging activities include the annual registration charge and for the conduct of compliance audits. Charging activities are \$2.700 million (15%) under the budget position. This is due to lower levels of compliance audit activity compared to budget as well as a reduction in the receipt of revenue from the annual registration charge due to withdrawals from the market coupled with movement of providers between the charging tiers of the annual registration charge.	<i>Administered schedule of comprehensive income</i>
Regulatory fees and fines are under budget by \$0.419 million (8%) predominately resulting from a sharp decline within new entrants to the market as a result of changes in ASQA's regulatory processes that increase the scrutiny of the new entrants.	
Receivables are reflective of ASQA's shift to the risk-based regulation approach.	
Other provisions reflect revenue received in advance for applications received during the cut over period of the new financial year.	<i>Administered schedule of assets and liabilities</i>



Management and accountability

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Corporate governance

In 2018–19, ASQA's corporate governance framework and practices ensured that ASQA's operations were efficient, effective and accountable. As part of our program of continual improvement, some adjustments were made to ASQA's committee structure to streamline and better support good governance.

ASQA's corporate governance framework is realised through:

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

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

Commissioners' meetings

During the reporting period, ASQA's Commissioners met formally on 51 occasions to consider regulatory decisions about provider registrations, regulatory policy and other items. The Commissioner, Regulatory Operations held (as a delegate) a further 47 meetings.

Under the NVR Act, the Chief Commissioner is responsible for ensuring that Commissioners' meetings are held 'as ... necessary for the efficient performance of [ASQA's] functions'.

Senior Management Group

The Senior Management Group comprises the:

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

In 2018–19 the Senior Management Group provided a forum for ensuring:

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

ASQA has established all mandatory committees:

- **Audit Committee**—the Chief Executive Officer has established the Audit Committee in compliance with section 42 of the PGPA Act. The Audit Committee reports directly to the Chief Executive Officer, providing independent assurance and assistance on ASQA's risk, control and compliance framework and its external accountability responsibilities. The Audit Committee also reviews ASQA-wide fraud control measures.
- **Health and Safety Committee**—the Chief Executive Officer has established the Health and Safety Committee under sections 75–79 of the *Work Health and Safety Act 2011*. The Health and Safety Committee reports directly to the Chief Executive Officer, providing advice on best practice and reporting on incidents and compliance, as well as on measures to reduce fraud and cases that are under investigation with Comcare.

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

- Budget Committee
- Staff Consultative Committee
- Information Management and Technology Committee
- Regulatory Managers' Network
- ASQA Leaders Forum.

In 2018–19 the Senior Management Group oversaw the development of many important initiatives, including:

- finalisation of ASQA's International Education Strategic Review
- development of the *ASQA regulatory strategy 2019–21*
- development of response options to the recommendations arising from the review of the NVR Act
- preparation for ASQA's move to full cost recovery in 2020–21
- refining ASQA's planning, performance and risk frameworks.

The Senior Management Group met 54 times in 2018–19.

Internal reporting and audit

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

During 2018–19 these reports included:

- monthly reports on finance, regulatory business statistics, complaints, issues and incidents, and communications (website and Info Line)
- quarterly reports on ASQA's Strategic and Operational Risks, human resource profiles and health and safety.

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

Ethical standards

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

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

ASQA's People and Culture team provides practical guidance on ethical standards to employees. ASQA's intranet provides 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.

Fraud control

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

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

ASQA actively seeks to raise awareness throughout the agency 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.

Freedom of information

ASQA is subject to the *Freedom of Information Act 1982* (FOI Act). Agencies subject to the FOI Act are required to publish information to the public as part of the Information Publications Scheme. ASQA complies with this requirement through the Freedom of Information disclosure log⁸ on the ASQA website.

ASQA is also required to comply with the timeframe requirements of the FOI Act, and during 2018-19 the timeframes were adhered to in 97 per cent of cases.

⁸ <https://www.asqa.gov.au/about/accountability-and-reporting/freedom-information>

Complaints about ASQA

As a requirement under the *Standards for VET Regulators 2015*, ASQA has a policy to manage and respond to stakeholder complaints about its regulatory practices and that if ASQA considers more than 90 days will be required to finalise the complaint, ASQA will inform the complainant in writing with reasons. ASQA also undertakes to acknowledge all complaints within five working days. During 2018–19, ASQA complied with all timeframe requirements relating to complaints about ASQA's regulatory processes.

External scrutiny

Reconsideration of decisions by ASQA

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

If a person affected by an ASQA decision applies for reconsideration, the person may submit new evidence. Where possible, evidence is assessed by an officer who was not involved in the original decision-making process. The officer will recommend that the Commissioners affirm, vary or revoke the original decision. In 2018–19, ASQA finalised 166 reconsideration applications. The results of these reconsideration applications are shown in Table 2.

Table 2: Outcomes of reconsideration applications submitted to ASQA, 1 July 2018 to 30 June 2019

OUTCOME TYPE	NUMBER
Decision revoked (evidence was provided to ASQA that non-compliance had been substantially rectified)	96
Decision affirmed (ASQA reviewed the reconsideration application and relevant evidence, and found that the provider remained non-compliant)	58
Decision varied (ASQA's original decision was revoked and a new decision was put in its place)	11
No decision made (procedural issues meant no decision was required)	0
Application withdrawn (by the applicant)	1
Total	166

Review by the Administrative Appeals Tribunal or Federal Court

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

In 2018–19 there were 244 applications that requested a review of a decision made by ASQA at the AAT, including a small number seeking review by the Federal Court. In addition, a further 115 matters were carried over from previous financial years. Of all matters, 162 were closed during 2018–19 and 197 have been carried into 2019–20. These matters are shown in Table 3.

Section 203 of the NVR Act provides for review of 'reviewable decisions' made by ASQA as that term is defined in the NVR Act. Unless otherwise limited, the AAT makes its decision based on the material available to it at the time of its decision, rather than on the basis of evidence or information available to the original decision-maker (i.e. ASQA). AAT reviews may take several months, and during this time, RTOs are afforded the opportunity to address areas of non-compliance by producing further evidence going to the non-compliances identified through ASQA's regulatory activity. Some providers achieve compliance through this process, and in those circumstances, ASQA will usually agree to resolve the review application.

The figures in Table 3 show a continued increase in the volume of applications to review ASQA decisions by the AAT. This reflects a corresponding increase in the number of adverse regulatory decisions reviewable by the AAT. However, those review applications that were determined after hearing resulted overwhelmingly in the AAT affirming ASQA's decisions.

The increase in the volume of AAT matters has posed resourcing challenges for both the ASQA Legal Services Unit and Regulatory Operations teams. While compliance with related AAT timelines and directions has been given the necessary priority, this may lead to a disruption in planned audit activities.

ASQA has addressed the resourcing challenges by increasing staff levels within the Legal Services Unit. ASQA is also working with the AAT to identify ways of better case managing ASQA matters as part of the AAT's overall review of its case management practices.

Table 3: Applications for review of an ASQA decision by a tribunal or court, 1 July 2018 to 30 June 2019

MATTER	NUMBER
Applications carried over from 2017-18	115
Opened	244
Total	359
Closed	162
Carried into 2019-20	197

Management of human resources

Employment conditions

The terms and conditions of employment for ASQA employees are set out in the *ASQA Enterprise Agreement 2017-20*. As at 30 June 2019, 209 ASQA employees were covered by the *ASQA Enterprise Agreement 2017-20*, two Senior Executive Service (SES) employees covered by an Individual S24 (1) Determination and three Commissioners covered by Remuneration Tribunal Determinations.

The salaries for employees for the reporting period covered by the *ASQA Enterprise Agreement 2017-20* range from \$49,913 for an APS 1 employee at the bottom pay point to \$142,764 for an EL 2 level employee at the top pay point.

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

As at 30 June 2019, ASQA had 24 employees with an individual flexibility agreement that varies the effect of the terms of the *ASQA Enterprise Agreement 2017–20*.

The *ASQA Enterprise Agreement 2017–2020* does not include provision for performance pay.

Information on Commissioners' and SES employees' total remuneration is set out on page 89–90.

Capability development

ASQA's Performance Development Framework (PDF) underpins capability development. The objectives of the PDF are to:

- clarify and align individual roles and work efforts to the outcomes of ASQA's strategic direction
- build high performance for individuals and teams
- develop employee's skills and capability.

Over 2018–19, ASQA actively invested in developing workforce capability, supporting a range of learning and development opportunities for its employees. These opportunities included:

- enrolment of 28 regulatory employees in the Diploma of Quality Auditing; Certificate IV in Training and Assessment and/or; Diploma of Vocational Education and Training
- approval of more than 150 formal training and development requests—including training in regulation, project management and data metrics—at an investment of over \$220,000
- supporting five employees with financial assistance and paid leave, through ASQA's study assistance program, to enhance their workplace capability and knowledge through the acquisition of formal qualifications
- providing all employees with access to Learnhub (online learning platform), enabling employees to complete self-paced modules to enhance their professional skills in a cost-effective manner.

Employee engagement

ASQA has high levels of engagement and performed well in the Australian Public Service (APS) Employee Census with an employee engagement score above the overall APS average. Employees reported they believed strongly in the purpose and objectives of ASQA and can identify a clear connection between their job and ASQA's purpose.

Workplace consultative arrangements

ASQA regularly consults with employees through various forums such as:

- bi-monthly interactive all staff meetings
- Staff Consultative Committee meetings
- a weekly announcement snapshot highlighting key information posted on ASQA's intranet.

Workplace health and safety

ASQA fulfils its responsibilities under the *Work Health and Safety Act 2011* by actively promoting work health and safety across the agency. Strategies and initiatives undertaken in 2018-19 included:

- meetings of the established Work Health and Safety Committee, comprised of employee representatives who are consulted in the development and review of standards, policies and procedures to protect the health and safety of ASQA employees
- Health and Safety Representatives for each work location, as well as trained employees who perform the roles of First Aid Officer and Fire Warden
- the provision of over 30 onsite workstation ergonomic assessments by an occupational therapist
- a Healthy Lifestyle Allowance of up to \$300 per annum for employee expenditure on healthy lifestyle activities or equipment
- an established influenza vaccination program for employees, provided in May 2019
- professional, confidential counselling and psychological services for employees and their families through our Employee Assistance Program
- successful completion of all activities following a Comcare audit of our Rehabilitation Management System.

Early intervention activities and workplace rehabilitation, coupled with the initiatives mentioned above, have contributed to a reduction in compensable injuries. As a consequence of effective work health and safety practices, no new compensation claims were accepted during the 2018-19 year.

No incidents required Comcare notification during the 2018-19 year, and there were no investigations conducted into ASQA's undertakings.

Workforce composition

Tables 4-15 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 2018 and at 30 June 2019, ASQA did not employ any ongoing or non-ongoing employees:

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

As at 30 June 2018 and 30 June 2019, ASQA did not employ any APS 1 or APS 2 classification level employees.

Note: the following statistics do not include the three ASQA Commissioners.

Table 4: ASQA ongoing employees by location and gender as at 30 June 2019

OFFICE LOCATION	MALE			FEMALE			TOTAL
	FULL-TIME	PART-TIME	TOTAL MALE	FULL-TIME	PART-TIME	TOTAL FEMALE	
NSW	11	0	11	20	2	22	33
QLD	16	0	16	35	5	40	56
SA	3	0	3	8	2	10	13
TAS	1	0	1	0	0	0	1
VIC	26	1	27	39	3	42	69
WA	0	0	0	3	3	6	6
ACT	3	0	3	1	3	4	7
NT	0	0	0	1	0	1	1
Total	60	1	61	107	18	125	186

Table 5: ASQA non-ongoing employees by location and gender as at 30 June 2019

OFFICE LOCATION	MALE			FEMALE			TOTAL
	FULL TIME	PART TIME	TOTAL MALE	FULL TIME	PART TIME	TOTAL FEMALE	
NSW	1	0	1	3	0	3	4
QLD	2	0	2	3	1	4	6
SA	1	0	1	2	0	2	3
TAS	0	0	0	0	0	0	0
VIC	6	0	6	4	1	5	11
WA	0	0	0	0	0	0	0
ACT	0	0	0	1	0	1	1
NT	0	0	0	0	0	0	0
Total	10	0	10	13	2	15	25

Table 6: ASQA ongoing employees by location and gender as at 30 June 2018

OFFICE LOCATION	MALE			FEMALE			TOTAL
	FULL-TIME	PART-TIME	TOTAL MALE	FULL-TIME	PART-TIME	TOTAL FEMALE	
NSW	10	0	10	14	3	17	27
QLD	17	0	17	33	6	39	56
SA	4	0	4	8	1	9	13
TAS	0	0	0	1	0	1	1
VIC	17	1	18	23	4	27	45
WA	0	0	0	3	2	5	5
ACT	3	0	3	4	2	6	9
NT	0	0	0	1	0	1	1
Total	51	1	52	87	18	105	157

Table 7: ASQA non-ongoing employees by location and gender as at 30 June 2018

OFFICE LOCATION	MALE			FEMALE			TOTAL
	FULL-TIME	PART-TIME	TOTAL MALE	FULL-TIME	PART-TIME	TOTAL FEMALE	
NSW	0	0	0	4	0	4	4
QLD	3	0	3	3	2	5	8
SA	0	0	0	0	0	0	0
TAS	0	0	0	0	0	0	0
VIC	7	0	7	6	1	7	14
WA	0	0	0	1	1	2	2
ACT	0	0	0	0	1	1	1
NT	0	0	0	0	0	0	0
Total	10	0	10	14	5	19	29

Table 8: ASQA ongoing employees by employment classification and gender as at 30 June 2019

CLASSIFICATION LEVEL	MALE			FEMALE			TOTAL
	FULL-TIME	PART-TIME	TOTAL MALE	FULL-TIME	PART-TIME	TOTAL FEMALE	
SES1	2	0	2	0	0	0	2
EL2	8	0	8	12	1	13	21
EL1	17	0	17	31	7	38	55
APS6	24	0	24	35	5	40	64
APS5	4	1	5	14	3	17	22
APS4	4	0	4	12	0	12	16
APS3	1	0	1	3	2	5	6
Total	60	1	61	107	18	125	186

Table 9: ASQA non-ongoing employees by employment classification and gender as at 30 June 2019

CLASSIFICATION LEVEL	MALE			FEMALE			TOTAL
	FULL-TIME	PART-TIME	TOTAL-MALE	FULL-TIME	PART-TIME	TOTAL-FEMALE	
SES1	0	0	0	0	0	0	0
EL2	0	0	0	0	0	0	0
EL1	1	0	1	1	1	2	3
APS6	4	0	4	5	1	6	10
APS5	1	0	1	3	0	3	4
APS4	2	0	2	1	0	1	3
APS3	2	0	2	3	0	3	5
Total	10	0	10	13	2	15	25

Table 10: ASQA ongoing employees by employment classification and gender as at 30 June 2018

CLASSIFICATION LEVEL	MALE			FEMALE			TOTAL
	FULL-TIME	PART-TIME	TOTAL MALE	FULL-TIME	PART-TIME	TOTAL FEMALE	
SES1	2	0	2	1	0	1	3
EL2	8	0	8	14	0	14	22
EL1	13	1	14	26	6	32	46
APS6	20	0	20	25	7	32	52
APS5	6	0	6	12	4	16	22
APS4	2	0	2	7	0	7	9
APS3	0	0	0	2	1	3	3
Total	51	1	52	87	18	105	157

Table 11: ASQA non-ongoing employees by employment classification and gender as at 30 June 2018

CLASSIFICATION LEVEL	MALE			FEMALE			TOTAL
	FULL-TIME	PART-TIME	TOTAL MALE	FULL-TIME	PART-TIME	TOTAL FEMALE	
SES1	0	0	0	0	0	0	0
EL2	0	0	0	0	0	0	0
EL1	0	0	0	2	2	4	4
APS6	3	0	3	4	0	4	7
APS5	3	0	3	1	0	1	4
APS4	1	0	1	3	0	3	4
APS3	3	0	3	4	3	7	10
Total	10	0	10	14	5	19	29

Table 12: ASQA employees type by employment classification as at 30 June 2019

CLASSIFICATION LEVEL	ONGOING			NON-ONGOING			TOTAL
	FULL-TIME	PART-TIME	TOTAL ONGOING	FULL-TIME	PART-TIME	TOTAL NON-ONGOING	
SES1	2	0	2	0	0	0	2
EL2	20	1	21	0	0	0	21
EL1	48	7	55	2	1	3	58
APS6	59	5	64	9	1	10	74
APS5	18	4	22	4	0	4	26
APS4	16	0	16	3	0	3	19
APS3	4	2	6	5	0	5	11
Total	167	19	186	23	2	25	211

Table 13: ASQA employees type by employment classification as at 30 June 2018

CLASSIFICATION LEVEL	ONGOING			NON-ONGOING			TOTAL
	FULL-TIME	PART-TIME	TOTAL ONGOING	FULL-TIME	PART-TIME	TOTAL NON-ONGOING	
SES1	3	0	3	0	0	0	3
EL2	22	0	22	0	0	0	22
EL1	39	7	46	2	2	4	50
APS6	45	7	52	7	0	7	59
APS5	18	4	22	4	0	4	26
APS4	9	0	9	4	0	4	13
APS3	2	1	3	7	3	10	13
Total	138	19	157	24	5	29	186

Table 14: ASQA employee status by location as at 30 June 2019

OFFICE LOCATION	ONGOING	NON-ONGOING
NSW	35	4
QLD	55	6
SA	13	3
TAS	1	0
VIC	68	11
WA	6	0
ACT	7	1
NT	1	0
Total	186	25

Table 15: ASQA employee status by location as at 30 June 2018

OFFICE LOCATION	ONGOING	NON-ONGOING
NSW	27	4
QLD	56	8
SA	13	0
TAS	1	0
VIC	45	14
WA	5	2
ACT	9	1
NT	1	0
Total	157	29

Table 16: Employment arrangements

	SES	NON-SES	TOTAL
Individual flexibility agreement (IFA)	0	24	24
Total	0	24	24

Table 17: Salary ranges by classification level as at 30 June 2019 (refer ASQA Enterprise Agreement 2017-20)

CLASSIFICATION LEVEL	MIN SALARY	MAX SALARY
EL2	\$124,061	\$142,764
EL1	\$101,807	\$111,702
APS6	\$83,480	\$90,383
APS5	\$73,448	\$78,162
APS4	\$66,952	\$70,815
APS3	\$62,368	\$63,402
APS2	\$56,083	\$58,085
APS1	\$49,913	\$50,743

Executive remuneration

During the reporting period ended 30 June 2019, ASQA had six executives who met the definition of key management personnel (KMP). Their names and the length of term as KMP are summarised below.

Table 18: ASQA executive staff

NAME	POSITION	TERM AS KMP
Mr Mark Paterson AO	Chief Commissioner/Chief Executive Officer	Full year
Ms Saxon Rice	Deputy Chief Commissioner/Commissioner, Risk Intelligence and Regulatory Support	Full year
Dr Irene Ioannakis	Commissioner, Regulatory Operations	Full year
Ms Elizabeth Stafford	General Manager Regulatory Support and Governance	Part-year—1 July 2018 to 14 September 2018
Mr David Miller	General Manager Regulatory Support and Governance	Part-year—commenced 19 November 2018
Mr David Garner	General Manager Regulatory Operations	Full year

Table 19: 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		LONG SERVICE LEAVE	OTHER LONG-TERM BENEFITS		
Mr Mark Paterson AO	Chief Commissioner Chief Executive Officer	395,674	-	-	20,535	8,639	-	-	424,848
Ms Saxon Rice	Deputy Chief Commissioner Commissioner, Risk Intelligence and Regulatory Support	327,611	-	-	50,243	1,687	-	-	379,541
Dr Irene Ioannakis	Commissioner, Regulatory Operations	348,844	-	33,075	20,535	1,059	-	-	403,514
Ms Elizabeth Stafford	General Manager Regulatory Support and Governance	47,181	-	9,840	10,679	3,389	-	-	71,089
Mr David Miller	General Manager Regulatory Support and Governance	115,482	-	16,256	18,364	2,488	-	-	152,590
Mr David Garner	General Manager Regulatory Operations	185,982	-	26,334	28,243	893	-	-	241,452

ASQA has not prepared tables for Senior Executives and Other Highly Paid Staff remuneration as there are no staff in these categories during 2018-19.



Budget and finance

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Assets management

Part 5 (d) (d) of the *Resource Management Guide 135—Annual report for non-corporate Commonwealth entities* sets out the requirement for an assessment of the effectiveness of assets management where it is a significant aspect of the strategic business of an entity. Assets management does not form a significant aspect of the strategic business of ASQA.

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.

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

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

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

Consultants

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

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

During 2018-19, 16 new consultancy contracts were entered into involving total actual expenditure of \$0.886m. In addition, one ongoing consultancy contract was active during the period, involving total actual expenditure of \$0.045m.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.

Australian National Audit Office Access clauses

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

Exempt contracts

No contracts in excess of \$10,000 (inclusive of GST) or standing offers were exempted by the Chief Executive Officer from being published on AusTender during the 2018-19 reporting year.

Small business

Consistent with the *Commonwealth Procurement Rules*, ASQA's procurement practices provide appropriate opportunities for small businesses to compete and ensure they are not unfairly discriminated against.

The following processes are followed when undertaking procurement:

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

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.



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Appendix 1: Additional performance reporting

Compliance with the national standards

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

Reporting against requirements in the NVR Act 2011

Section 215 of the *National Vocational Education and Training Regulator Act 2011* (NVR Act) requires that the annual report prepared by the Chief Executive Officer and given to the Minister under section 46 of the Public Governance, Performance and Accountability Act 2013 (PGPA Act) for a period must include the items shown in Table 18.

Reporting against requirements in ASQA service standards

ASQA publishes the service standards shown in Table 21 on its website at www.asqa.gov.au. In accordance with s.215 (d) of the NVR Act, ASQA's performance against each of these standards in the reporting period is shown in Table 20.

Table 20: Reporting against requirements of the NVR Act, s.215

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 annual operational plan for the period	<p>This is provided in the 'Annual performance statement' section of this report, beginning on page 12.</p> <p>Note that as per the PGPA Act, the terminology that describes this reporting has varied. ASQA now reports against a corporate plan, which includes purposes and performance criteria (rather than an operational plan that includes objectives).</p>
s.215 (b) particulars of variations (if any) of the annual operational 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 Standards for VET Regulators	In pursuing its purposes ASQA has undertaken its regulatory functions in accordance with both the <i>Standards for VET Regulators 2015</i> and the <i>Standards for VET Accredited Courses 2012</i> during the reporting period. This has included the provision of quarterly reports to the Minister relating to complaints about RTO non-compliance with the <i>Standards for Registered Training Organisations (RTOs) 2015</i> .
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 this annual report on page 97, Table 21.
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.

Table 21: ASQA performance against service standards, 2018-19

SERVICE	STANDARD	PERFORMANCE IN 2018-19
The overall quality of ASQA's services	<ul style="list-style-type: none"> ASQA will publish annual reports of its performance in regulating vocational education and training. 	Met: ASQA published its annual reports on its website.
Fees and charges	<ul style="list-style-type: none"> ASQA will levy fees and charges in accordance with the relevant Legislative Instruments. 	Met: ASQA levied fees and charges in accordance with relevant legislation.
	<ul style="list-style-type: none"> ASQA will publish its fees and charges on its website. 	Met: ASQA published its fees and charges on its website.
Provision of information to stakeholders	<ul style="list-style-type: none"> ASQA will provide stakeholders with accurate, sufficient and up-to-date information on compliance requirements. 	Met: ASQA regularly provided updates and information to stakeholders.
	<ul style="list-style-type: none"> ASQA will provide a range of communication channels to facilitate access to information. 	Met: ASQA provided a range of communication channels.
	<ul style="list-style-type: none"> ASQA will publish details of relevant regulatory actions on its website and/or the National Register. 	Met: ASQA published relevant decisions on its website and/or the National Register.
Telephone enquiries	<ul style="list-style-type: none"> ASQA will convey information in a clear, easy-to-understand manner. 	Partially met: See survey results on page 30.
	<ul style="list-style-type: none"> ASQA will reinforce information by referring callers to relevant material on ASQA's website and providing advice on the use of online tools to enable self-service through our website. 	Met: ASQA referred callers to its website/online tools where appropriate.
	<ul style="list-style-type: none"> ASQA will answer calls within 120 seconds. 	Met: Average call answer time—32 seconds.
	<ul style="list-style-type: none"> ASQA will resolve simple procedural enquiries immediately. 	Met: Simple enquiries were resolved immediately.
	<ul style="list-style-type: none"> ASQA will offer a clear procedure for the escalation of complex enquiries. 	Met: ASQA has an established escalation process.
	<ul style="list-style-type: none"> ASQA will escalate enquiries that are complex, or require a response from a non- Info Line team, within two working days of receipt and provide callers with information about likely resolution times for those complex enquiries. 	Met: Complex enquiries were escalated within two days.
Email enquiries to the Info Line	<ul style="list-style-type: none"> ASQA will confirm the receipt of all emails within one working day 	Met: Receipt was confirmed within one day.
	<ul style="list-style-type: none"> ASQA will respond within two working days to simple procedural enquiries. 	Met: Simple procedural enquiries were responded to within two working days.
	<ul style="list-style-type: none"> ASQA will respond within ten working days to complex enquiries. 	Met: Complex enquiries were responded to within ten working days.

SERVICE	STANDARD	PERFORMANCE IN 2018-19
Conduct of regulatory processes—applications for course accreditation	<ul style="list-style-type: none"> ASQA will finalise course accreditation applications within six months of accepting a properly completed and fully compliant application. 	Met: All course accreditation applications finalised within six months.
Conduct of regulatory processes—applications for registration	<ul style="list-style-type: none"> ASQA will finalise initial registration applications within six months of accepting a properly completed and fully compliant application. 	Not met: See results on page 21.
	<ul style="list-style-type: none"> ASQA will finalise renewal of registration applications within six months of accepting a properly completed and fully compliant application. 	Met: See results on page 21.
	<ul style="list-style-type: none"> ASQA will finalise change-of-scope applications (that do not require an audit) within one month of accepting a properly completed and fully compliant application. 	Partially met: See results on page 21.
	<ul style="list-style-type: none"> ASQA will finalise change-of-scope applications (that do require an audit) within six months of accepting a properly completed and fully compliant application. 	Partially met: See results on page 21.
Conduct of audits	<ul style="list-style-type: none"> Unless circumstances dictate a shorter, or no, notification period, organisations will be provided with at least ten working days' notice prior to an audit. 	Met: Procedure provides discretion to the auditor (standard is 2–3 months in advance).
	<ul style="list-style-type: none"> The organisation will be provided with an interim audit report within 30 calendar days of the site visit. 	Not met: See results on page 21.
Complaints and appeals—complaints about training organisations	<ul style="list-style-type: none"> For complaints lodged using ASQA's online complaints process, ASQA will acknowledge to the complainant, in writing, receipt of the complaint within five working days. For complaints lodged through other channels, ASQA will respond as quickly as practicable. 	Met: Online complaints received automatic acknowledgement.
	<ul style="list-style-type: none"> Complaints, other than those which involve a formal investigation, appeal process or external mediation, will be closed within four months of receipt of the complaint. If a complaint takes more than four months to finalise, the complainant will continue to be informed of the status of the complaint process. 	Partially met: 243 complaints (18%) were closed outside of the timeframe.
	<ul style="list-style-type: none"> The complainant and the RTO will be provided with written confirmation of the outcome of the complaint within ten working days of the final decision. 	Met: Timeframe is built into business procedure.
	<ul style="list-style-type: none"> ASQA will provide quarterly reports to the Minister on its handling of reports of an RTO's non-compliance with the <i>Standards for Registered Training Organisations (RTOs) 2015</i>. 	Met: Quarterly reports were provided to the Minister.

SERVICE	STANDARD	PERFORMANCE IN 2018-19
Complaints and appeals—complaints about ASQA	<ul style="list-style-type: none"> For complaints about ASQA lodged in accordance with the procedure published on ASQA's website, ASQA will acknowledge to the complainant, in writing, receipt of the complaint within five working days of the complaint being received. For complaints about ASQA lodged through other channels, ASQA will respond as quickly as practicable. 	Met: All complaints lodged in accordance with the procedure published on ASQA's website received acknowledgement within five working days.
	<ul style="list-style-type: none"> ASQA will act to investigate complaints as quickly as practicable. If ASQA considers more than 90 calendar days will be required to finalise a complaint, it will write to the complainant to explain the reasons why more than 90 calendar days is required. 	Met: Providers were notified if more than 90 calendar days was required.
Complaints and appeals—reconsideration of ASQA decisions	<ul style="list-style-type: none"> ASQA will acknowledge, in writing, receipt of a reconsideration application within ten working days of the application being received by the responsible team within ASQA. 	Met: All applications were acknowledged within the timeframes.
	<ul style="list-style-type: none"> ASQA will inform the applicant of the decision on its application within 90 calendar days of receiving a complete reconsideration application. 	Met: All applicants were informed of ASQA's decision within 90 calendar days.
	<ul style="list-style-type: none"> ASQA will give the applicant a written statement of its reasons for its decision within 30 calendar days of making its decision. 	Met: All applicants were provided with a statement within 30 calendar days.
Freedom of Information (FOI)	<ul style="list-style-type: none"> FOI requests will be acknowledged in writing as soon as practicable, but not later than 14 calendar days after the request is received by the responsible team within ASQA. 	Met: All requests were acknowledged within 14 calendar days.
	<ul style="list-style-type: none"> ASQA will comply with the requirements (including timeframes) of the <i>Freedom of Information Act 1982</i>. This means that, at times, ASQA may need to consult with other agencies or third parties prior to making a decision about a request. 	<p>Partially met: FOI Act timeframes were adhered to in 97% of cases.</p> <p>In three instances, ASQA made a decision not to respond within the timeframe due to other circumstances.</p>

Appendix 2: Other mandatory information

Disability reporting

Since 1994, non-corporate Commonwealth entities have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service reports and the *APS Statistical Bulletin*.

These reports are available at www.apsc.gov.au.

From 2010–11, entities have no longer been required to report on these functions. The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level, two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring. The first of these progress reports was published in 2014, and can be found at www.dss.gov.au.

Advertising and market research

During the 2018–19 financial year, ASQA did not undertake any advertising campaigns or market research.

Ecologically sustainable development and environmental performance

The Technology Services Division (TSD) of the Department of Employment, Skills, Small and Family Business (DESSFB) aggregates ASQA's environmental performance for the information and communication technology (ICT) services, including ICT procurement services and security access under a Memorandum of Understanding (MOU) arrangement. Currently, the Service Delivery Office within the Department of Finance provides payroll services and SAP/ERP services.

On 1 October 2018, ASQA transitioned to the Whole-of-Government Property Services Coordinated Procurement arrangements. Jones Lang LaSalle (JLL) is the Property Services Provider (PSP) for ASQA. JLL aggregates ASQA's environmental performance for property and facility related services, including energy consumption and waste removal services.

ASQA is committed to using 100 per cent recycled content when purchasing copy paper. ASQA continues to evaluate and improve its operational efficiency to ensure that its activities contribute to successful long-term outcomes and to increase its understanding of sustainability beyond the environmental scope.

Grant programs

ASQA does not administer any grant programs.

Information publication scheme

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

ASQA's IPS plan can be found at:

<https://www.asqa.gov.au/about/accountability-and-reporting/information-publication-scheme>

Remediation of information published in previous annual reports

ASQA has identified an error in the staff turnover rate reported in the ASQA annual report 2017–18 on page 100. The 2017–18 year staff turnover rate was 19.6 per cent of ASQA's ongoing workforce, rather than the 27.7 per cent originally reported.

Appendix 3: Agency resource statement

Australian Skills Quality Authority Resource Statement 2018-19

	Actual available appropriation for 2018-19 \$'000	Adjustment to appropriation 2018-19 \$'000	Total appropriations available after adjustments 2018-19 \$'000	Payments made 2018-19 \$'000	Balance remaining 2018-19 \$'000
Ordinary annual services¹					
Departmental appropriation					
Annual appropriation ²	37,314	-	37,314	21,736	15,578
Prior year appropriations available	16,355	(2,165)	14,190	14,190	-
s74 Retained revenue receipts	264	2,100	2,364	-	-
Total	53,933	(65)	53,868	35,926	15,578
Total ordinary annual services	A 53,933	(65)	53,868	35,926	15,578
Other services					
Departmental non-operating					
Equity injections	1,845	-	1,845	1,845	-
Total	1,845	-	1,845	1,845	-
Total other services	B 1,845	-	1,845	1,845	-
Total available annual appropriations and payments	55,778	(65)	55,713	37,771	
Total resourcing and payments					
A+B	55,778		55,713	37,771	
Total net resourcing and payments for ASQA	55,778		55,713	37,771	

1 Appropriation Act (No. 1) 2018-19. Also includes prior-year departmental appropriations and section 74 retained revenue receipts.

2 Includes an amount of \$1.212m for the departmental capital budget.

Appendix 4: Expenses and resources for outcome

Expenses for Outcome 1

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.	Budget*	Actual	Variation
	2018-19 \$'000	2018-19 \$'000	2018-19 \$'000
	(a)	(b)	(a) - (b)
Program 1.1: Regulation and Advice			
Administered expenses			
Expenses not requiring appropriation in the budget year	-	241	(241)
Departmental expenses			
Departmental appropriation ¹	37,578	37,040	538
Expenses not requiring appropriation in the budget year	2,435	3,288	(853)
Total for Program 1.1	40,013	40,569	(556)
Outcome 1 totals by appropriation type			
Administered expenses			
Expenses not requiring appropriation in the budget year	-	241	(241)
Departmental expenses			
Departmental appropriation ¹	37,578	37,040	538
Expenses not requiring appropriation in the budget year	2,435	3,288	(853)
Total expenses for Outcome 1	40,013	40,569	(556)
	2018-19	2018-19	
Average staffing level (number)	199	195	4

* Full year budget, including any subsequent adjustment made to the 2018-19 budget at Additional Estimates.

¹ 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*.



References

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Glossary

accreditation

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

accredited VET course

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

ASQA Info Line

ASQA's phone and email contact centre.

asqanet

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

audit

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

Australian Qualifications Framework (AQF)

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

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

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

competency

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

compliance

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

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.

Data Provision Requirements 2012

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

Department of Employment, Skills, Small and Family Business

The Department of the Australian Government responsible for national policies and programs that help Australians find and keep employment and work in safe, fair and productive workplaces.

ELICOS Standards 2018

Guidelines for designated authorities to make recommendations for acceptance of 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 2011

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

industry

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

international student

Students who hold a student visa or a temporary resident permit or who reside in an overseas country for the purpose of undertaking education and training.

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

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 (whether within or outside Australia) who holds a student visa. This term is consistent with the definition under the ESOS Act.

provider

'Provider' may refer to:

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

Public Governance, Performance and Accountability Act 2013

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

qualification

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

registered training organisation (RTO)

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

registration

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

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

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

reviewable decision

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

risk assessment

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

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 2012

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

Standards for VET Regulators 2015

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

strategic reviews

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

student-centred audit approach

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

training package

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

VET Quality Framework

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

The VET Quality Framework comprises:

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

vocational education and training

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

List of acronyms and abbreviations

AAT	Administrative Appeals Tribunal
APS	Australian Public Service
ASQA	Australian Skills Quality Authority
CRICOS	Commonwealth Register of Institutions and Courses for Overseas Students
DESSFB	Department of Employment, Skills, Small and Family Business
ELICOS	English Language Intensive Courses for Overseas Students
ERP	Enterprise Resource Planning
ESOS	Education Services for Overseas Students
FOI	Freedom of Information
ICT	Information and Communication Technology
IPS	Information Publication Scheme
MOU	Memorandum of Understanding
NCVER	National Centre for Vocational Education Research
PBS	Portfolio Budget Statements
PDF	Performance Development Framework
PGPA	Public Governance, Performance and Accountability
RTO	Registered Training Organisation
SES	Senior Executive Service
SME	Small and Medium Enterprises
TAC	Training Accreditation Council
TAE	Training and Education
VET	Vocational Education and Training

List of requirements

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	PAGE NUMBER
17AD(g)	Letter of transmittal		
17AI		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.	iii
17AD(h)	Aids to access		
17AJ(a)		Table of contents.	iv-v
17AJ(b)		Alphabetical index.	115-118
17AJ(c)		Glossary of abbreviations and acronyms.	105-109
17AJ(d)		List of requirements.	110-114
17AJ(e)		Details of contact officer.	ii
17AJ(f)		Entity's website address.	ii
17AJ(g)		Electronic address of report.	ii
17AD(a)	Review by accountable authority		
17AD(a)		A review by the accountable authority of the entity.	1-2
17AD(b)	Overview of the entity		
17AE(1)(a)(i)		A description of the role and functions of the entity.	4-5
17AE(1)(a)(ii)		A description of the organisational structure of the entity.	8
17AE(1)(a)(iii)		A description of the outcomes and programmes administered by the entity.	9-10
17AE(1)(a)(iv)		A description of the purposes of the entity as included in corporate plan.	4
17AE(1)(aa)(i)		Name of the accountable authority or each member of the accountable authority	6-7
17AE(1)(aa)(ii)		Position title of the accountable authority or each member of the accountable authority	6-7
17AE(1)(aa)(iii)		Period as the accountable authority or member of the accountable authority within the reporting period	n/a
17AE(1)(b)		An outline of the structure of the portfolio of the entity.	n/a
17AE(2)		Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	n/a

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	PAGE NUMBER
17AD(c)	Report on the Performance of the entity		
	Annual performance Statements		
17AD(c)(i); 16F		Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	11–32
17AD(c)(ii)	Report on Financial Performance		
17AF(1)(a)		A discussion and analysis of the entity's financial performance.	33–74
17AF(1)(b)		A table summarising the total resources and total payments of the entity.	102
17AF(2)		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.	33–74
17AD(d)	Management and Accountability		
	Corporate Governance		
17AG(2)(a)		Information on compliance with section 10 (fraud systems)	78
17AG(2)(b)(i)		A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	iii
17AG(2)(b)(ii)		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.	iii
17AG(2)(b)(iii)		A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	iii
17AG(2)(c)		An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	76
17AG(2)(d) – (e)		A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	n/a
	External Scrutiny		
17AG(3)		Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	79
17AG(3)(a)		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	79–80

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	PAGE NUMBER
17AG(3)(b)		Information on any reports on operations of the entity by the AuditorGeneral (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman	n/a
17AG(3)(c)		Information on any capability reviews on the entity that were released during the period.	n/a
Management of Human Resources			
17AG(4)(a)		An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	81-82
17AG(4)(aa)		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	82-88
17AG(4)(b)		Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: <ul style="list-style-type: none"> • 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. 	82-88
17AG(4)(c)		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> .	80-81
17AG(4)(c)(i)		Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	80-81
17AG(4)(c)(ii)		The salary ranges available for APS employees by classification level.	89
17AG(4)(c)(iii)		A description of nonsalary benefits provided to employees.	80-81
17AG(4)(d)(i)		Information on the number of employees at each classification level who received performance pay.	80-81
17AG(4)(d)(ii)		Information on aggregate amounts of performance pay at each classification level.	n/a
17AG(4)(d)(iii)		Information on the average amount of performance payment, and range of such payments, at each classification level.	n/a
17AG(4)(d)(iv)		Information on aggregate amount of performance payments.	n/a

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	PAGE NUMBER
Assets Management			
17AG(5)		An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	92
Purchasing			
17AG(6)		An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	92
Consultants			
17AG(7)(a)		A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	92-93
17AG(7)(b)		A statement that "During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]".	92-93
17AG(7)(c)		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.	92-93
17AG(7)(d)		A statement that "Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website."	92-93
Australian National Audit Office Access Clauses			
17AG(8)		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 AuditorGeneral 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.	93
Exempt contracts			
17AG(9)		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.	93

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	PAGE NUMBER
Small business			
17AG(10)(a)		A statement that “[Name of entity] 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.”	93
17AG(10)(b)		An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	93
17AG(10)(c)		If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[Name of entity] 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.”	n/a
Financial Statements			
17AD(e)		Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	33-74
Executive Remuneration			
17AD(da)		Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 23 of the Rule.	89-90
17AD(f)	Other Mandatory Information		
17AH(1)(a)(i)		If the entity conducted advertising campaigns, a statement that “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.”	n/a
17AH(1)(a)(ii)		If the entity did not conduct advertising campaigns, a statement to that effect.	100
17AH(1)(b)		A statement that “Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].”	101
17AH(1)(c)		Outline of mechanisms of disability reporting, including reference to website for further information.	100
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