



Australian Government

Australian Skills Quality Authority

Annual Report 2019-20



Australian Skills
Quality Authority
Annual Report
2019–20

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Letter of transmittal

17 September 2020
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 2019 to 30 June 2020.

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 report for non-corporate Commonwealth entities*, as published by the Department of Finance.

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

Yours sincerely



Saxon Rice
Chief Commissioner
Chief Executive Officer
Australian Skills Quality Authority

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Chief Commissioner's report

The past year was one of significant challenge, change and opportunity at the Australian Skills Quality Authority (ASQA), as we began adapting and adjusting our approach to regulating the Vocational Education and Training (VET) sector and implement reform measures.

From the nationwide bushfires in late 2019 to the emergence of the COVID-19 pandemic in January 2020, this period presented a series of unique challenges for the VET sector. These national crises have had pronounced effects, both on providers' ability to operate, and how they operate. ASQA has addressed these challenges by working closely with Australian, state and territory governments and the sector to enhance our regulatory approach, and ensure quality outcomes for students.

Firstly, we committed to a flexible approach to regulating the sector during the bushfires and the ongoing pandemic. In addition, we increased our flexibility with registration periods, and reduced regulatory burden wherever possible by enabling providers to temporarily cease operations and extend transition and teach out periods for superseded training products. Moving forward, we will maintain our commitment to supporting providers through these difficult times, as we continue enhancing our engagement with the sector. Our collaborative approach directly supports our goals of working together for better regulation and building a shared understanding of, and capacity for, self-assurance and continuous improvement.

Working together for better regulation

ASQA's current reform work is part of the broader government agenda for VET, as outlined in the *Heads of Agreement for Skills Reform*, which includes supporting reforms to strengthen standards and build provider capacity through self-assurance.

The Agreement, published in August 2020, sets out immediate reforms for the VET sector, as agreed between the Australian Government and all states and territories. The Agreement acknowledges the importance of VET to Australia's future growth and prosperity, and the role the sector will play in the nation's economic recovery in the wake of the COVID-19 pandemic. As Australia recovers from the pandemic, the VET sector will provide crucial support for job seekers through access to initial learning, reskilling or upskilling. The Agreement has also placed a priority on the development of a new National Skills Agreement to replace the National Agreement for Skills and Workforce Development. As the national regulator, reforms to ASQA will ensure our work aligns with the policy intent of the Agreement.

This year saw the release of the report on the *Rapid Review of the Australian Skills Quality Authority's Regulatory Practices and Processes*. This report made 24 recommendations outlining a long-term vision and approach for the regulation of VET, all of which were accepted by the Australian Government. Drawing on the recommendations made in previous sector-wide reviews by Professor Valerie Braithwaite and the Hon Steven Joyce, these recommendations seek to enhance ASQA's standing as an effective and best practice regulator that has the confidence of all stakeholders.

Focused on ensuring quality vocational education and training, we have already begun implementing enhancements to our regulatory functions in line with best practice methods. Initial improvements to our audit practice focus on how we engage with providers during the audit process, how we deal with minor deficiencies and how we present information in audit reports.

New governance arrangements were also proposed for the agency to support our continuous improvement as a regulator. The new structure, which sees the three commissioners replaced with a single Chief Executive Officer (CEO) as the accountable authority, was outlined in National Vocational Education and Training Regulator Amendment (Governance and Other Matters) Bill 2020 introduced in Parliament in February 2020. The Bill was subsequently passed in August and further internal structural changes, such as the creation of an expert advisory council to support the CEO, will be implemented over the coming year.

During 2019-20, we also worked to expand our engagement activities, developing a more comprehensive approach in how we educate and communicate with stakeholders across the sector. We responded quickly to the onset of COVID-19, supporting providers to navigate the new challenges brought on by the pandemic. In doing so, we developed a range of materials and initiatives to assist providers in maintaining delivery of quality training outcomes for students. Some of these initiatives included educational webinars and online learning guides, in addition to maintaining our Info Line service where we responded to 1541 stakeholder enquiries related to COVID-19 throughout 2019-20.

As part of our ongoing commitment to working with the sector, we also commenced the recruitment of a new Stakeholder Liaison Group (SLG) in April 2020. The SLG is made up of representatives from the diverse VET and international provider community, and provides an important platform for ASQA to effectively engage and collaborate on key issues and risks facing the sector.

Our role as a regulator

As we implement reform measures, the nature and scope of how we undertake our regulatory responsibilities is continuing to evolve.

Our regulatory approach focuses on outcomes which encourage providers to improve their performance to achieve excellence in training outcomes, and to ensure that compliance with their obligations is a core part of their business. Where ASQA detects issues, it takes a responsive, graduated and risk-based approach using a range of proportionate regulatory responses to ensure compliance. Where appropriate, providers will be supported to address non-compliances and return to sustained compliance as soon as possible.

Furthermore, we will help providers to meet their regulatory obligations through the provision of timely information and guidance that encourages and supports continuous improvement through provider self-assurance. This shift in regulatory approach relies on strong cooperative relationships and effective ongoing engagement between ASQA, providers and other stakeholders.

The year ahead

Moving forward, ASQA will remain focused on continuing and expanding its reform agenda. In doing so, the shifting emphasis from input and compliance controls to provider self-assurance and excellence in training outcomes will be a core area of attention. In August 2020, we released our *Working together towards effective self-assurance* consultation paper. The feedback on this paper will be crucial in informing how we design and implement future initiatives to build a shared understanding of what self-assurance means for both providers and ASQA alike.

In August 2020, we also released our 2020–22 Regulatory Strategy, which outlines our regulatory priorities for the next two years. As part of the Strategy, we announced a strategic review into online learning. The importance of skills and training has already been demonstrated in the immediate response to COVID-19, and while online delivery in the VET sector is not a new concept, a higher number of providers than ever before are offering courses through online delivery as a direct result of the pandemic. The strategic review will engage with key stakeholders and providers to understand the benefits, opportunities and risks posed by the transition to online learning, as well as the areas where providers may still face challenges, and where ASQA can provide further support.

In line with the recommendations of the Rapid Review, we will be implementing further changes to our regulatory practice over the coming year. This includes more clearly distinguishing the functions of monitoring provider performance and determining the most appropriate regulatory response where non-compliance is identified to improve consistency of audit outcomes and proportionality of regulatory response. All of these changes will be supported by our enhanced approach to engagement and education, thus ensuring clear guidance and information is provided to the right stakeholders at the right time. We will also be engaging with broader sector initiatives, and working closely and collaboratively with state and territory governments to support the implementation of the JobTrainer Fund.

The 2018–19 Australian Government Budget signalled that ASQA would move to a full cost recovery model from 1 July 2020. As part of the Government's COVID-19 financial relief package announced in April 2020, full cost recovery was postponed until 1 July 2021. Over the coming months, we will continue to engage with VET stakeholders through public consultation about potential changes to our fees and charges schedule.

While the year ahead will undoubtedly bring new and enduring challenges, it equally brings an exciting period of transition and opportunity for both ASQA and the wider VET sector. Our ongoing commitment to implementing the Rapid Review recommendations has already led to a more efficient and responsive agency, positioning us well to continue working together with our stakeholders for better regulation and quality VET outcomes.



Saxon Rice

**Chief Commissioner
Chief Executive Officer
Australian Skills Quality Authority**



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Vocational education and training (VET) is of vital importance to Australia's social and economic success, and the Australian Skills Quality Authority (ASQA) plays a crucial role in supporting quality outcomes for students and employers. A high-quality VET sector promotes confidence in the workforce, enhancing an individual's opportunity for employment and career advancement. The delivery of quality VET ensures Australia is well placed to both meet the needs of the domestic labour market and to export VET to the world through international education.

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. It contributes to the quality of vocational education and training through effective regulation so that students, employers, the community and Australian, state and territory governments can have confidence in the integrity of national qualifications issued by training providers. ASQA's strategic approach to achieve this purpose is outlined in Figure 1.

Figure 1: ASQA's strategic approach



ASQA's role and functions

ASQA is the national regulator for the VET sector in Australia, and contributes to a quality 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).

Legislation

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

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

- such other functions as are conferred on ASQA by or under:
 - the NVR Act, or
 - the *Education Services for Overseas Students Act 2000* (ESOS Act) or any other law of the Commonwealth.

Risk management approach

ASQA undertakes its role as a regulator through a risk-based approach, as required by the *Standards for VET Regulators 2015*. This approach recognises that while we cannot mitigate every risk, we can direct our focus to identify and treat the most significant risks facing the Australian VET sector.

ASQA's Regulatory Risk Framework outlines how we identify and respond to risk in the VET sector. We gather data and intelligence to detect risks to the delivery and quality of Australian VET and take regulatory action to address the most serious risks identified. We seek to understand and respond to risk at two levels—provider risk and systemic risk.

We address sector risk priorities through two kinds of work:

1. Focus areas
2. Strategic initiatives.

Focus areas concentrate regulatory resources/attention on those sector concerns that present the most significant risk to the quality of VET outcomes.

Strategic initiatives and reviews support continuous improvement of ASQA's regulatory approach to a focus area.

For more in-depth information on how we manage risk, see our current regulatory strategy at www.asqa.gov.au/regulatory-strategy.

Commissioners

ASQA is an independent statutory authority. Commissioners are appointed by the Governor-General for up to five years. For the period covered by this annual report, ASQA had three Commissioners until the departure of Mark Paterson AO in October 2019:

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

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.

Ms Saxon Rice

Chief Commissioner and Chief Executive Officer

Ms Saxon Rice commenced as a Commissioner of ASQA on 16 April 2018 and as Chief Commissioner and CEO (initially Acting) on 7 October 2019.

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*.

Ms Rice has extensive experience across the VET and employment services sectors as well as in public policy. Ms Rice previously held a range of senior government, VET and management positions. She was Assistant Minister for Technical and Further Education in the former Queensland Government from 2012 to 2015, and Chair of the then Ministerial Industry Commission responsible for industry engagement.

Ms Rice is a former Director of Global Business Development for an Australian employment services company and was responsible for significant growth into new countries in the European and Asian markets. Ms Rice has also served in a range of Senate Committee Secretariats, including as Acting Secretary and Principal Research Officer to the Senate Foreign Affairs, Defence and Trade Committee. More recently, Ms Rice was a Member of the Administrative Appeals Tribunal from 2016 to 2018 and she is a Member and Graduate of the Australian Institute of Company Directors.

Dr Irene Ioannakis

Deputy Chief Commissioner and Commissioner, Regulatory Operations

Dr Ioannakis has extensive experience in the disciplines of vocational education and training (VET), secondary and tertiary education and human resources management. Dr Ioannakis' most recent position was Chief Executive Officer of Ioannakis and Associates. Prior to returning to her consultancy business, Dr Ioannakis was employed by Chevron as the Australian Business Unit Manager – Organisational Capability and Development and, prior to this role, Dr Ioannakis was the inaugural Director of the GE Oil and Gas Skills Development Centre.

Dr Ioannakis is a former Managing Director and Executive General Manager responsible for expanding the Caterpillar Institute (now the WesTrac Institute), a registered training organisation, specialising in the heavy vehicle mechanical trade area. During this phase of her career, Dr Ioannakis was promoted to Executive General Manager – Human Resources. She also served as the Director – Safety, Education and Training at the Chamber of Minerals and Energy of Western Australia, was a member of the Training Accreditation Council (TAC) in Western Australia for almost 18 years, and served on 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 and as Deputy Chief Commissioner on 13 December 2019.

Mr Mark Paterson AO

Former Chief Commissioner and Chief Executive Officer

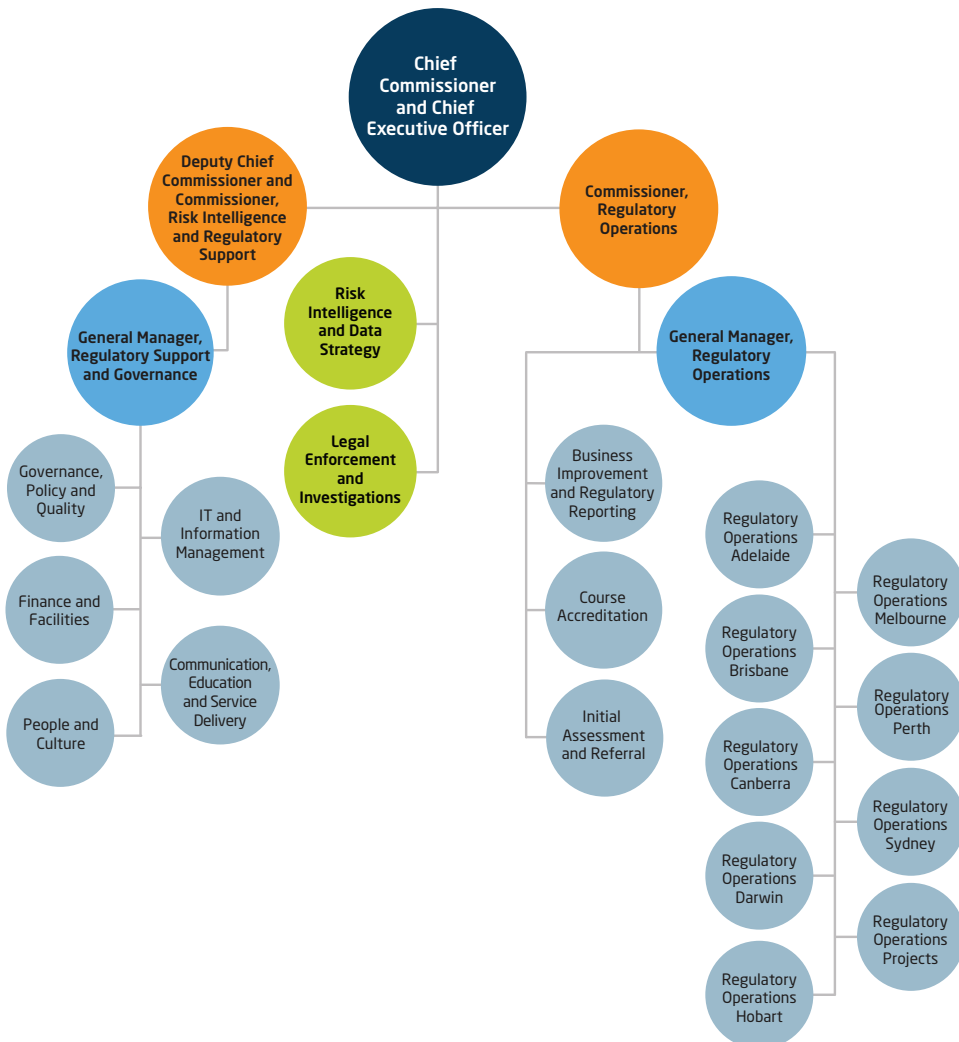
Mr Mark Paterson AO commenced as a Commissioner of ASQA on 30 May 2016. He commenced as Chief Commissioner and Chief Executive Officer on 1 January 2017 and concluded his term as Chief Commissioner and CEO of ASQA on 6 October 2019.

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.

Organisation structure

Figure 2 shows ASQA's national organisation structure as at 30 June 2020. Some of the functions shown are performed in multiple ASQA offices across Australia.

Figure 2: ASQA's national organisational structure as at 30 June 2020



Changes to ASQA's organisation structure

New governance arrangements passed by the Australian Parliament on 24 August 2020 mean that ASQA commissioners will be replaced with a single head of agency who is the accountable authority. The agency will be supported by an advisory council comprising experts from areas such as regulatory practice, sector and business engagement and education and training. In addition, a wider restructure of the organisation has been undertaken based on recommendations made in the *Rapid Review of the Australian Skills Quality Authority's Regulatory Practices and Processes*. On 1 July 2020, four new groups were established to deliver ASQA's reform agenda, reporting to the following SES positions:

- General Manager, Strategy and Performance
- General Manager, Registration and Risk
- General Manager, Quality Assessment and Compliance
- General Manager, Engagement and Education.

In addition, the position of Executive General Manager, Quality and Risk was created and will also act as the Deputy CEO.

Further structural changes will come into effect during 2020–21 as part of the continued implementation of the Rapid Review recommendations.

Implementing reform

During 2019–20, ASQA began work in response to VET sector reviews by Professor Valerie Braithwaite (June 2018) and the Hon. Steven Joyce (April 2019), and the Government's subsequent Rapid Review into ASQA's regulatory practices, governance and culture.

ASQA's reform is part of broader sector reforms being undertaken to deliver on the Council of Australian Governments' vision for VET, to be a responsive, dynamic and trusted sector that delivers excellent standards of education and training. Consistent with this vision, our reform agenda 'Working Together for Better Regulation' represents an enhanced focus on quality in student outcomes, education and engagement and building a culture of continuous improvement for ASQA and providers.

The reform focuses on adjusting ASQA's regulatory approach to deliver on the priorities set out in the Rapid Review report, to:

- promote and facilitate a culture of effective self-assurance as an integral part of a provider's routine operations
- drive cooperative relationships between ASQA, providers and other stakeholders while strengthening our focus on excellence in training outcomes
- consistently understand provider performance against standards and in the context of their operating environment
- embed a variable-touch approach to regulation, guided by regulatory necessity, risk and proportionality
- communicate regulatory decisions and advice in a way that is clear, consistent and timely
- coordinate and appropriately share information with other regulatory agencies, policy makers and funding bodies
- restructure ASQA's governance.

ASQA is implementing changes to the way we operate to deliver best practice and achieve greater transparency, efficiency and effectiveness as the national VET regulator. These changes include adjusting our regulatory approach to focus on provider self-assurance, and to better support providers to identify and address non-compliance. Throughout this process, we are continuing to strengthen our engagement and education with stakeholders.

The work we have already completed towards our reform agenda has prepared ASQA to implement further changes over the coming year. This work is, and will continue to be, reflected in the way we conduct audits and deal with minor deficiencies and remediation. We will also establish new ways to engage meaningfully with the sector, particularly through new forums such as the Stakeholder Liaison Group (SLG) that will bring together a diversity of sector stakeholders to collaborate with ASQA on key matters of regulatory importance to the sector.

Our commitment to fostering a long-term vision for better regulation is undertaken in close ongoing partnership with the Australian VET sector. This ultimately ensures that students, employers, the community and Australian, state and territory governments continue to have confidence in the integrity of national qualifications issued by training providers.

Sector engagement

Engagement and education are essential and inherent components of effective regulation. In line with the direction of Skills Ministers and the findings of the Rapid Review, ASQA has continued to enhance our approach to effective engagement across the VET community. ASQA is committed to strengthening collaboration with providers and a broad range of stakeholders, including peak bodies, states and territories, industry, other government organisations and the international education sector.

We will continue to proactively engage with our stakeholders about changes resulting from ASQA's reform, and the broader VET regulatory reforms. By working together to understand the most relevant issues facing the sector, we will be able to better support providers to deliver quality training and student outcomes. This engagement is also crucial in helping to shape ASQA's guidance and regulatory tools that are necessary to promote and support the sector.

ASQA is working together with a diverse range of stakeholders and providers on important issues facing the sector, such as the impact of the Australia's bushfires and the COVID-19 pandemic on training providers. In May 2020, ASQA published guidance to ensure providers are able to meet the challenges of changing operations in response to the pandemic. This guidance supports the identified risks associated with the expansion of scope, distance learning, work placement and practical workplace assessment. In addition, ASQA implemented the Australian Government's decision to waive or reimburse some fees and charges. ASQA also provided flexibility on regulatory activities such as audits, and through other measures such as placing registrations on temporary hold.

Through our enhanced engagement approach, ASQA will also continue to share timely insights on VET sector performance and risks, and provide advice that directly supports providers in continuously improving the quality of their training delivery.

Stakeholder Liaison Group

ASQA is establishing a Stakeholder Liaison Group (SLG) to engage and consult with providers and other key sector stakeholders on ASQA's approach to engagement and education, and identify and respond to priority issues facing providers. SLG members have been selected based on their experience and standing in the VET and ELICOS sectors. Profiles of SLG members can be viewed at www.asqa.gov.au/slg.

The SLG will provide a forum for engagement and collaboration through which its members can:

- identify how ASQA can expand its educative role
- share information about key issues and risks to quality of VET and student outcomes
- consult on priorities under ASQA's 2020–22 Regulatory Strategy
- identify the guidance and materials that providers need to understand their regulatory obligations and build capability for self-assurance of quality and compliance
- contribute to the co-design of new regulatory tools or approaches
- collaborate on other matters of operational importance to the sector.

The inaugural meeting of the ASQA SLG was held on 28 July 2020 via videoconference.

The Education Regulators and Immigration Committee

The Education Regulators and Immigration Committee (ERIC) is a forum for Commonwealth agencies responsible for regulation of the international education industry. Member agencies are Department of Education, Skills and Employment; Department of Home Affairs; Tertiary Education Quality and Standards Agency; and Australian Skills Quality Authority. The Committee meets quarterly and is supported by a Working Group that meets monthly or more often as needed.

Since the commencement of the COVID-19 pandemic, member agencies have met frequently to establish a shared approach on regulation for the international student sector given COVID-19 impacts. Members have responded quickly and collaboratively, sharing information and data to enable a comprehensive picture of COVID-19 impacts and develop a consistent position on regulation during this time.

Going forward, ERIC will retain many of the benefits of the heightened collaborative working arrangements that arose early on at the emergence of COVID-19, particularly in relation to data sharing. All members have a commitment to ensuring a quality international education sector whilst supporting international students and education providers, supported by efficient and effective regulatory frameworks.

Outcome and program structure

ASQA's outcome and program structure for 2019–20 was set out in the 2019–20 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 purpose and the performance criteria that will be used to measure achievement against the outcome. The purpose, delivery mechanisms and performance criteria align with ASQA's 2019–20 Corporate Plan. This is the first year of reporting against the new performance framework established for 2019–20.

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"> identifying the risks to quality VET in Australia and taking regulatory action to reduce the most serious risks undertaking risk-based regulation to support quality VET delivery undertaking risk-based regulation to respond to non-compliance and remove poor quality providers from the sector engaging with stakeholders to inform our understanding of the risks to the VET sector supporting the VET sector by providing accurate information to support stakeholder understanding of VET sector compliance providing input and advice on strategies to improve VET regulation and the VET sector.
Purpose	<p>Program 1.1 contributes to ASQA's purpose which is to:</p> <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	
Performance criteria	Planned Measurement
Identify and develop understanding of the risks to VET and take regulatory action to address the most serious identified risks.	<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)
Effectively manage risk-based registration of quality RTOs and accreditation of courses that meet Australia's vocation education needs.	
Delivery of standards-based auditing based on risk and appropriate and proportionate regulatory decisions.	
Effectively seek information to inform understanding of risks in the VET sector.	
Provide clear, targeted and effective provision of information and support to stakeholders about the VET sector and compliance with standards.	
Provide input and advice on strategies to improve VET regulation and the VET sector.	

Looking forward

Looking forward to 2020–21, we have maintained a largely consistent performance framework, with only a few minor changes and clarifications. ASQA will maintain its current Portfolio Budget Statement (PBS) Outcome and will reflect the following performance information for Program 1.1 for 2020–21.

Performance Criteria 2020–21	Planned Measurement
Identify and develop understanding of the risks to VET and take regulatory action to address the most serious identified risks.	<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)
Provide support to the sector to build a shared understanding of self-assurance, and improve capability.	
Effectively manage risk-based registration of quality providers and accreditation of courses that meet Australia's vocational education needs.	
Deliver sector monitoring and standards-based performance assessment/auditing based on risk, and apply appropriate and proportionate regulatory decisions.	
Effectively seek information to inform our understanding of risks in the VET sector.	
Provide clear, targeted and effective information and support to stakeholders about the VET sector and compliance with standards.	
Provide input and advice on strategies to improve VET regulation and the VET sector	



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Statement of preparation

I, Saxon Rice, as the accountable authority of the Australian Skills Quality Authority (ASQA), present the 2019–20 annual performance statements of ASQA, as required under paragraph 39(1) (a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the entity, and comply with subsection 39(2) of the PGPA Act.



Saxon Rice
Chief Commissioner
Chief Executive Officer
Australian Skills Quality Authority

Introduction

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.

This aligns with ASQA's PBS Outcome:





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

Our performance criteria align with our purpose and strategic approach and incorporate our service standards. ASQA's performance criteria are also reflected in the PBS.

Each performance criterion has several measures for efficiency and effectiveness (incorporating, where appropriate, a mix of quantitative and qualitative information). Some criteria also use results from our provider and course owner survey as a measure.

Any assessment of our performance for 2019–20 must take into account the significant environmental factors that were at play during the reporting period. Primary amongst these were an expansive reform agenda (see page 10) and the effects of the summer bushfires and COVID-19 pandemic. Responding to these issues required us to adapt and make significant changes to our regulatory practices and business processes during the reporting period and this has been reflected in our assessments against the performance criteria.

Summary of ASQA's 2019-20 results

Strategic Approach Element	Performance Criteria	2019-20 Assessment
Risk-Based Regulation		
1. We apply our understanding of both systemic and provider risk to regulate.	Identify and develop understanding of the risks to VET and take regulatory action to address the most serious identified risks.	 Met
2. We support quality as part of our risk-based regulation.	Effectively manage risk-based registration of quality RTOs and accreditation of courses that meet Australia's vocational education needs.	 Partially Met
3. We apply proportionate compliance and enforcement actions as part of our risk-based regulation.	Deliver standards-based auditing based on risk and apply appropriate and proportionate regulatory decisions .	 Partially Met
Engagement and Support		
4. We engage with stakeholders to inform our understanding of risk.	Effectively seek information to inform our understanding of risks in the VET sector.	 Met
5. We provide accurate information to support stakeholders' understanding of VET sector compliance.	Provide clear, targeted and effective information and support to stakeholders about the VET sector and compliance with standards.	 Met
6. We provide advice on strategies to improve VET regulation and the VET sector.	Provide input and advice on strategies to improve VET regulation and the VET sector.	 Partially Met

Risk-Based Regulation

ASQA's Approach 1:

We apply our understanding of both systemic and provider risks to regulate.

Approach 1: Performance Criterion

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

Source:

ASQA Corporate Plan 2019-20 page 19 and *ASQA PBS 2019-20* page 144.

Result Against Criterion:



Met

Explanation:

We take a risk-based approach to regulation that aims to manage both provider risk and systemic risk.

This approach is detailed in our *Regulatory Risk Framework* which outlines how ASQA identifies and responds to risk in the VET sector.

In addition to the framework, each year we publish a regulatory strategy outlining the systemic risks we will target over the next two years. The regulatory strategy targets risks likely to affect a significant proportion of providers and that may risk the quality of VET outcomes if they are not treated.

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

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

Approach 1: Achievements

1. Publication of Regulatory Risk Framework

ASQA Regulatory Risk Framework is published on the ASQA website.

The framework notes that ASQA **identifies** systemic risks utilising environmental scanning that draws on a range of sources, including:

- stakeholder consultations
- print and social media
- government and industry reviews and findings
- ASQA regulatory data (registration and regulation data)
- intelligence from internal and external sources
- other external data including National Centre for Vocational Education Research (NCVER).

Areas of concern identified through scanning activities are **analysed** and **evaluated** against a range of 'likelihood' and 'impact' measures to identify the systemic risks that will be prioritised for treatment.

The prioritised risks ASQA intends to treat are published annually in ASQA's Regulatory Strategy.

ASQA had intended to revise the Regulatory Risk Framework and Regulatory Principles during 2019–20, however this was deferred until the completion of the ASQA Rapid Review (see page 10) to ensure that the revised framework incorporated any relevant outcomes from the review.

2. Publication of Regulatory Strategy 2019–21

ASQA published the Regulatory Strategy 2019–21 on 5 August 2019.

ASQA publishes its regulatory strategies to ensure there is clear public information about ASQA's evidence-based approach to **identifying** and **treating** systemic risk in the VET sector. Publishing and regularly communicating about the strategy enables providers to proactively review their operations in the identified risk areas, and VET sector stakeholders to consider how they might also contribute to addressing the systemic risks identified.

ASQA released its Regulatory Strategy for 2020–22 on 10 August 2020 (see page 3).

3. ASQA's risk management strategies and strategic reviews

In our Corporate Plan 2019–20 and Regulatory Strategy 2019–21, we identified key strategies to manage risks. Highlights of our achievements in the reporting period in managing these risks are:

- **VET delivered to secondary school students** was a new target area for 2019–20 and a **scoping study** to further understand the nature of the risks **commenced** in consultation with state and territory governments. Initial consultation with government agencies was completed in 2019. Research and analysis commenced in the first quarter of 2020 and is ongoing, with input from relevant government agencies. The progress of this study has been impacted by the COVID-19 pandemic.

- Following the July 2019 release of the strategic review report into *Protecting the quality of international VET and English language education*, **Australia's international education sector** has continued to be an identified area of significant risk. Following the strategic review, ASQA has continued regulatory monitoring of this sector and during 2019–20 has undertaken **259 audits** of providers registered on the *Commonwealth Register of Institutions and Courses for Overseas Students* (CRICOS). ASQA has also progressed all five of the actions emanating from the strategic review, which were:
 - enhancing asqanet to enable interoperability with PRISMS
 - continuing to place a priority on the scrutiny of CRICOS providers
 - assessing the compliance of VET providers operating in key offshore markets
 - developing guidance materials for VET and ELICOS providers delivering to overseas students, and providers delivering VET offshore
 - expanding information-sharing protocols with state and territory governments to include agencies with responsibility for international education and establishing a Memorandum of Understanding (MoU) with Austrade.
- Australian providers delivering **Australian VET offshore** have also been identified as a risk area. ASQA has commenced activities to develop mechanisms to identify high-risk providers in this sector for regulatory scrutiny. Following consultation with 50 providers that demonstrated data reporting was presenting challenges, ASQA developed a range of guidance materials to support improved reporting. As many offshore providers operate in China, the COVID-19 pandemic and subsequently the curtailment of ASQA's regulatory activities in Australia has disrupted the progress of many offshore activities.
- We identified potential risks with **providers who held RTO registration, but had not delivered any training over consecutive years**. The risks include: that the financial viability of the provider may have diminished since registration, posing a risk to students about the quality of training and access to sufficient and current resources when training commences, or that the registration was being maintained for non-genuine purposes (e.g. for on-selling or to claim tax exemptions). During 2019–20, as part of this risk strategy, we applied regulatory scrutiny to 89 providers resulting in: 40 providers being verified as viable and compliant with the requirements, three providers verified as viable and compliant on receipt of further information, 12 providers found with low-level concerns but who remain registered and able to operate, 26 providers choosing to withdraw their registration, seven providers cancelled by ASQA (three remain subject to review opportunities), and one provider where the activity is still in progress.
- As ASQA is a risk-based regulator, as a result, regulatory scrutiny has been focused on providers that display some type or combination of risks. ASQA received funding from government to undertake a program to monitor **providers that had not been subject to recent regulatory attention**, but were active in key growth areas. We conducted 201 audits of this cohort during the reporting period.
- ASQA's Regulatory Strategy 2019–21 identified a number of **products of concern** representing a degree of risk that warrants closer scrutiny (including those related to training and assessment). We undertook 332 audits that included a product of concern during the reporting period. These products include:
 - *CHC33015 Certificate III in Individual Support* (which includes qualifications for disability support, relevant to the National Disability Insurance Scheme)
 - *CHC50113 Diploma of Early Childhood Education and Care*

- TAE40116 Certificate IV in Training and Assessment
- CPCCWHS1001 Prepare to work safely in the construction industry
- BSB50215 Diploma of Business.
- Risks in relation to **trainer and assessor capability** continue to be a target area for us and regulatory scrutiny of those who are delivering TAE training package products has continued with regular (six monthly) monitoring of all providers offering trainer and assessor qualifications. In addition, 19 audits were conducted which included these products during the reporting period. We also commenced further investigation of issues in relation to trainer and assessor capability in collaboration with the Department of Education, Skills and Employment (DESE). This work was designed to better understand further actions required to support improvement in trainer and assessor capability, and the organisations best placed to progress them. Since 2016 we have also worked to help ensure providers, and trainers and assessors, understand their compliance obligations, through:
 - information sessions addressing the delivery of training and assessment
 - working with trainer and assessor professional development organisations and VET sector peak bodies to encourage professional development for trainers and assessors
 - developing guidance on third-party arrangements, including fact sheets.
- We implemented changes from 31 October 2019 to ensure there is regulatory scrutiny on the circumstances of **changes of ownership** and to ensure people associated with providers are **fit and proper**. Since the changes were implemented, 157 material change applications relating to change of ownership have been received, processed and analysed with 24 providers referred for further regulatory scrutiny.

Approach 1: Performance Criterion Analysis

ASQA has achieved the performance goals of producing annual regulatory strategies and maintained its Regulatory Risk Framework appropriately during a time of considerable change for the agency, focusing on preparing for significant reform and dealing with the COVID-19 pandemic.

ASQA has undertaken significant regulatory action in response to risks, similar to levels in recent years – noting that some activities have been impacted by the restrictions imposed by the COVID-19 pandemic, including our offshore monitoring program and progressing the planned VET in schools scoping study.

Many of ASQA's activities span across reporting periods and it should be noted that in future years ASQA will be improving the ability to report not just the levels (and types) of regulatory scrutiny undertaken, but also statistics on the range of outcomes achieved – such as verifying compliance, supporting providers return to compliance or undertaking regulatory sanctions where they are necessary. This will be part of the future maturing of ASQA performance framework.

Overall our results indicate that, given the circumstances, we have **met** this performance criterion.

Risk-Based Regulation

ASQA's Approach 2:

We support quality as part of our risk-based regulation.

Approach 2: Performance Criterion

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

Source:

ASQA Corporate Plan 2019-20 page 19 and *ASQA PBS 2019-20* page 144.

Result Against Criterion:



Partially met

Explanation:

This performance criterion directly relates to our role in managing the registration of providers and the accreditation of VET courses.

Although the quantity of applications received is not a measure of ASQA's performance, this information is provided to give context to ASQA's performance managing registration of providers and accreditation of courses.

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

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

2a: Quantitative information on regulatory management of:

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

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

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

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

Approach 2: Achievements

1. Our risk-based approach to assessing applications.

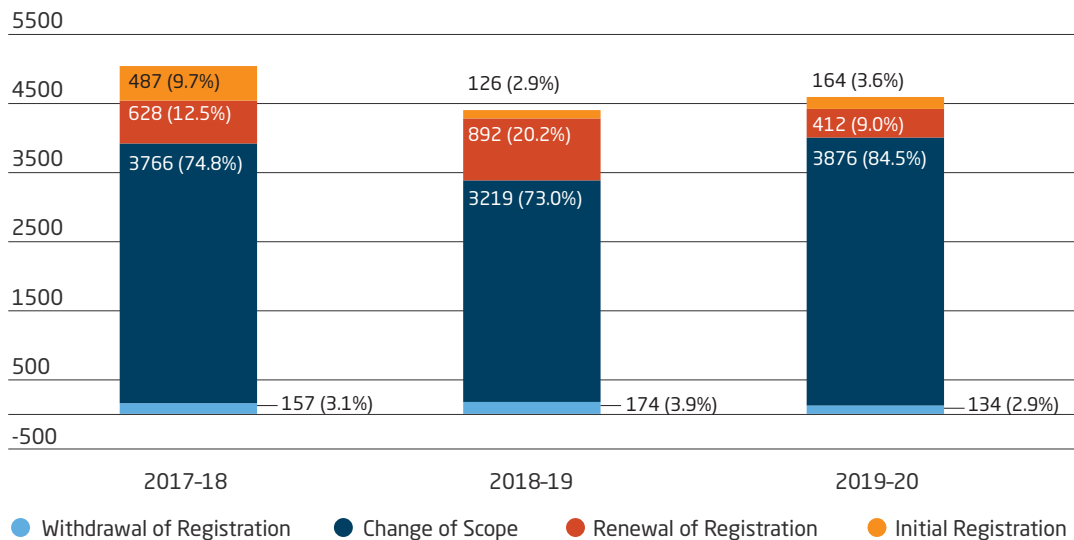
ASQA takes a **risk-based approach** to the evaluation of applications. This approach means that we focus our regulatory interventions on those application types that present greater risk. As an example, ASQA audits all applications for initial registration, to ensure applicants are able to meet all required standards and obligations. Typically, only a third of renewal applications are audited and some ten percent of change of scope applications require deeper consideration through audit.

Where ASQA has developed strategies to manage specific risks as identified in the Regulatory Strategy in relation to providers or products of concern (see page 19), these strategies are also applied to the consideration of applications.

2a: Our regulatory management of registration and course accreditation

Overview of registration applications received

APPLICATIONS RECEIVED

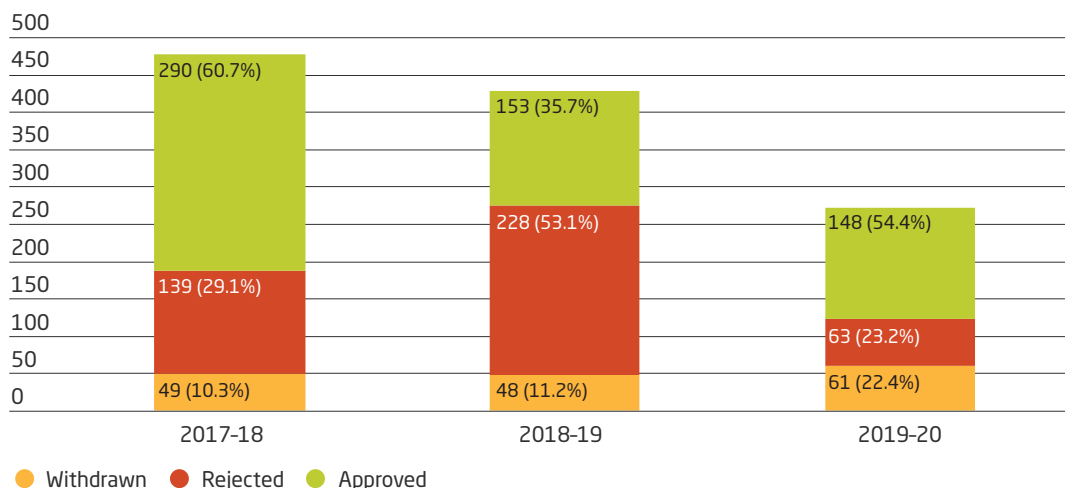


Note: These 'received' figures vary from the 'completed' figures that follow, as a number of applications are always underway and carry over between reporting periods.

2a(i) Initial registration applications completed

The trend of relatively low numbers of completed initial registration applications continued in 2019-20 following our increased scrutiny of new entrants to the market from 1 July 2018. Many of the initial application audits conducted during 2018-19 were those submitted just prior to the commencement of the increased scrutiny. The decreasing numbers of rejections during 2019-20 compared to 2018-19 may reflect the sector becoming more familiar with and prepared for the requirements associated with the increased scrutiny of new entrants into the VET sector.

COMPLETED INITIAL APPLICATIONS

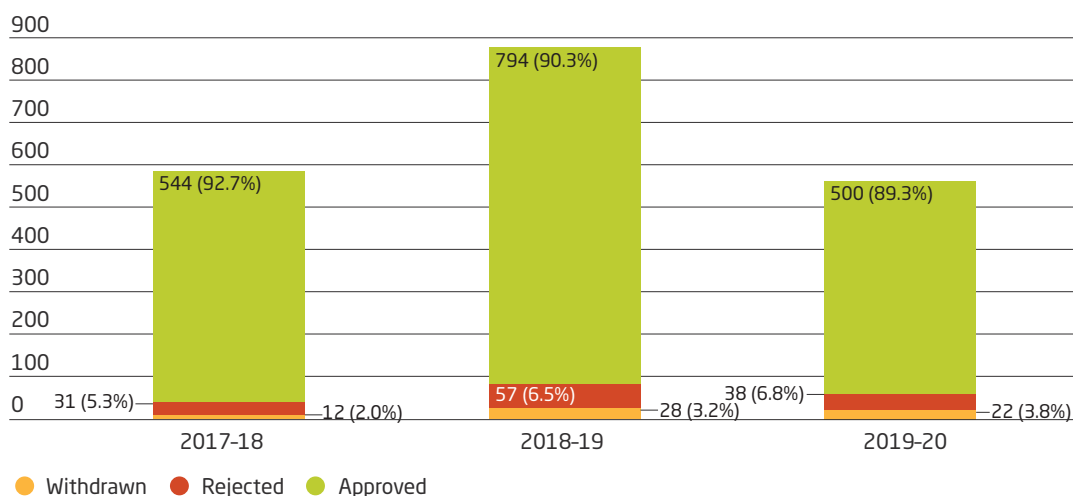


2a(ii) Renewal applications completed

The number of renewal applications completed has fallen from 2018-19 to 2019-20 in line with the decreased numbers of applications received. The reason for the decreased number of applications is due to two factors. Firstly, changes made to the length of registrations in 2015 (from 5 years to 7 years) has resulted in fewer registrations expiring during this reporting year. Secondly, with the onset of the COVID-19 pandemic in March 2020, ASQA extended over 100 registrations that would have otherwise required application during 2020.

The outcomes of registration renewals remain consistent with previous years, with a low proportion of applications rejected.

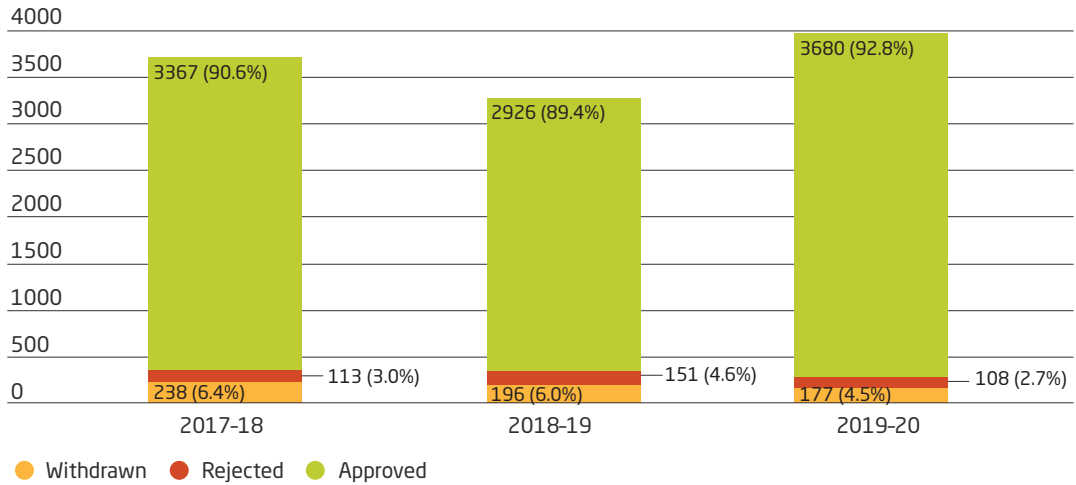
COMPLETED RENEWAL APPLICATIONS



2a(iii) Change of scope applications

Both the number and outcomes of change applications remain consistent with previous years.

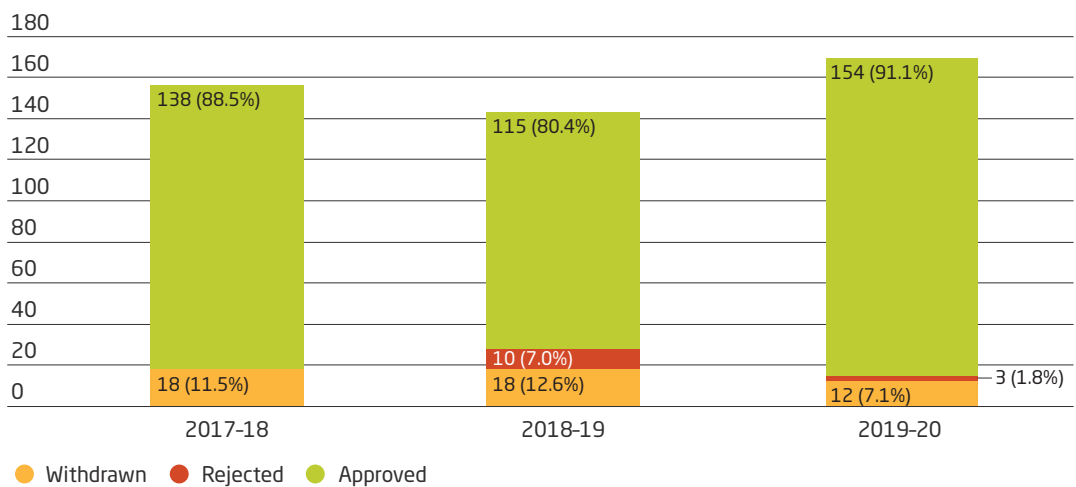
COMPLETED CHANGE OF SCOPE APPLICATIONS



2a(iv) Withdrawal applications

There is a moderate increase in the number of withdrawal applications processed compared to previous years. This is partly due to the monitoring activity noted on page 20 in relation to RTOs that had registered but not delivered for multiple years. The outcomes of withdrawal applications remain broadly consistent with previous years.

COMPLETED WITHDRAWAL APPLICATIONS



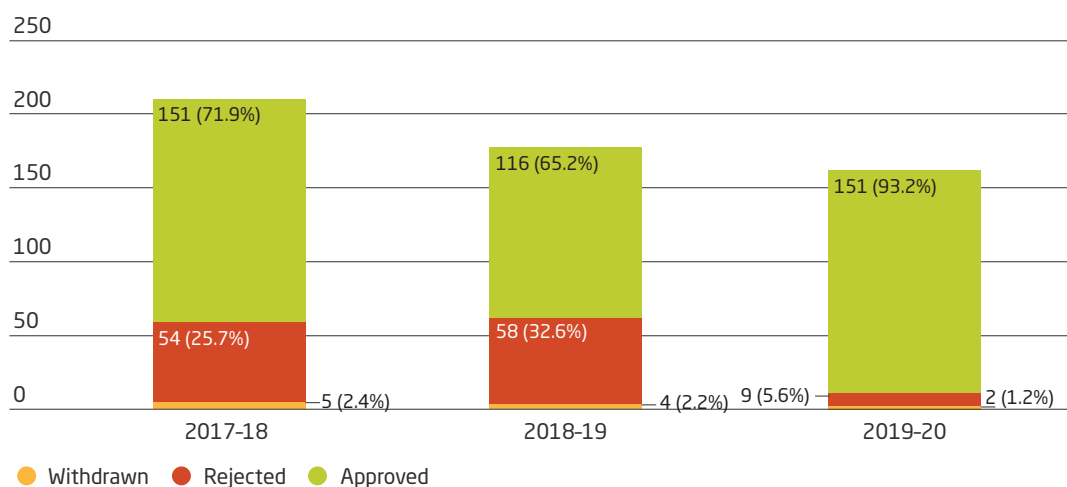
2a(v) Course accreditation/amendment

VET accredited courses address skills requirements where these are not covered in nationally endorsed training packages.

Accreditation of a course is confirmation by ASQA that the course meets the Standards for VET Accredited Courses 2012, the Standards for Training Packages and the Australian Qualifications Framework (AQF). Accreditation means the course is nationally recognised and that a registered training organisation (RTO) can issue a nationally recognised VET qualification or, following full or partial completion by learners, a VET statement of attainment. Accreditation with ASQA ensures that courses are nationally recognised and meet an established industry, enterprise, educational, legislative or community need.

There has been a significant decrease in the number of course accreditation rejection decisions for 2019-20 compared to the two previous reporting periods. This decrease likely reflects the significant change we implemented when we introduced a **VET course concept stage** in the course accreditation application process. This requires preliminary course information to be provided and assessed as to whether the course meets eligibility requirements for accreditation, before the course is fully developed. This has significantly reduced the potential for providers to invest in course development and have the application rejected. A range of improved educative materials were also developed and published.

COMPLETED COURSE ACCREDITATION APPLICATIONS



During 2019-20 ASQA also processed 1977 **material change applications** where providers are obliged to report on changed circumstances relevant to their registration (e.g. changed contact details, key personnel, business ownership etc.). Although ASQA does not approve or reject these applications, they are routinely reviewed.

ASQA uses this information to ensure that details relating to the provider are recorded accurately, for example to confirm CEO information and business names are accurate on the National Register. This information is also used to manage potential emerging risks (see page 21 for ASQA activities in managing change of ownership).

Zb: Service standards in relation to our management of applications

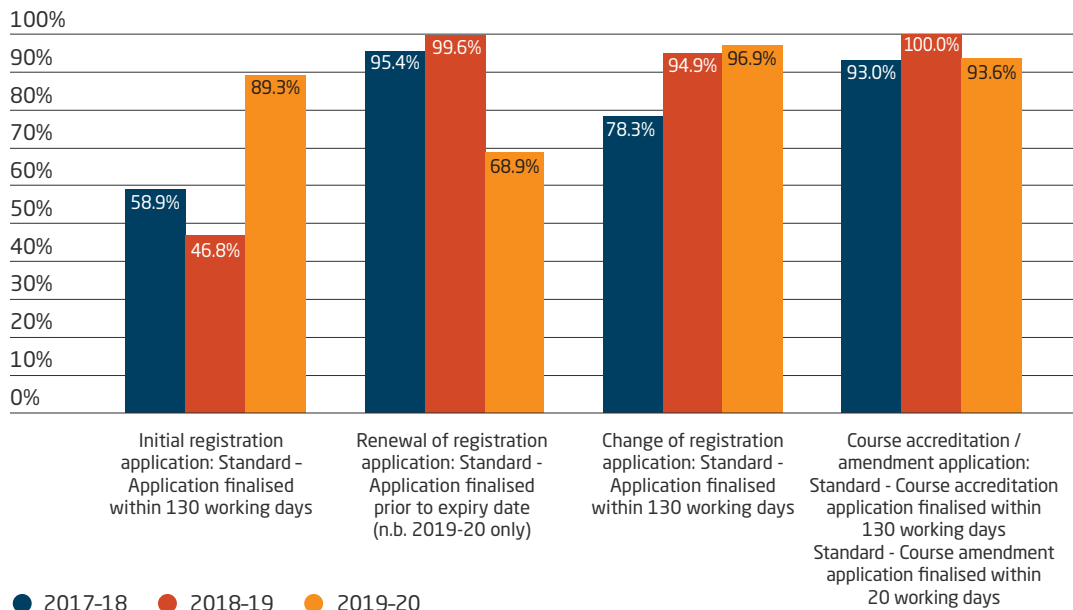
Our performance against these service standards shows significant improvement for initial registration applications, up from 47% in 2018-19 to 89% in 2019-20, and a continuing high level of performance for course accreditation and change of scope applications.

The service standard for renewal of registration changed between 2018-19 and 2019-20 from a benchmark of *six months from when the renewal application was received*, to a new benchmark that ASQA makes a decision about the renewal *prior to the expiry date of the registration*. Providers are required to apply for renewal of registration at least 90 days prior to expiry. As most renewal applications are received shortly before the 90 day deadline, the new service standard reduced the benchmark from six months to as short as three months. This new, more challenging standard reflected ASQA's intention to reach a decision prior to the expiration of the registration. It is important to note that where we do not meet this service standard, there is no impact on the provider as registration is deemed to continue until a final decision on the renewal application takes effect.

ASQA has typically struggled to meet the timeframe of this revised performance standard for renewal applications that require audit, due to the time needed to notify, conduct and conclude an audit, including the time for the provider to respond to the audit report (if required).

As part of our reform program (see page 10), we are changing both the process for conducting audits/assessments of performance and our internal approach to application processing. It is anticipated that both of these reforms will improve our ability to better meet this performance standard in coming years.

REGISTRATION & COURSE APPLICATIONS - RESULTS AGAINST SERVICE STANDARDS



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

3. Other initiatives we undertake to support quality in VET

The Rapid Review of ASQA's Regulatory Practices and Processes (see page 10) recommended changes to ASQA's regulatory approach and practice in line with a focus on provider self-assurance.

While ASQA's regulatory approach has not always specifically focused on provider self-assurance, the expectation providers quality assure their operations has always formed part of the VET regulatory framework. This means that applying a stronger focus on self-assurance will not increase regulatory burden for providers.

A self-assurance approach enables each provider to critically examine their practice, relative to their own circumstances, to understand their compliance with the required standards and the quality of education experienced by students. As the regulator, ASQA's role is to promote and support a culture of effective self-assurance, and monitor each provider's performance against the Standards, supporting providers to return to compliance (or to apply sanctions where this is not possible). Together, the regulator and providers share responsibility for quality outcomes.

To begin engagement with the sector regarding the practice of self-assurance, ASQA prepared a consultation paper for release early in 2020-21. The paper aims to build a shared understanding of self-assurance. A key objective of the consultation is to seek feedback from the VET sector about how we can support providers in building capability for self-assurance, through critical examination and continuous improvement of practices for sustained compliance, to produce quality outcomes for students, employers, and the community.

With the COVID-19 pandemic impacting the sector, ASQA also took action to support quality by developing a COVID-19 risk management strategy (see page 11 for details) which was underpinned by the provision of extensive guidance to the sector.

Approach 2: Performance Criterion Analysis

Many factors can impact on the number of applications ASQA receives and is required to process within a reporting period. Overall the number of application during 2019-20 was up slightly (+4%) compared with 2018-19. Although we were required to adjust our operations due to the COVID-19 pandemic, this did not impact on our ability to continue to respond to the changing environment to support the immediate needs of providers. Key activities included changing the scope of provider registrations and the management of provider renewals.

ASQA's performance in meeting the services standards in relation to application processing has been a persistent challenge over recent years. This year's result shows an improvement – particularly in relation to initial applications – and deeper analysis also reveals that there has been an increasing trend towards meeting the service standards as the year has progressed. This improvement reflects many of the strategies put in place to address this issue during last year that have taken time to impact our performance against the service standards. The effect of these strategies was evident even before the impact of the COVID-19 pandemic on our regulatory operations.

As we continue our program of reform and making adjustments to our regulatory approach, there will be a continuing focus on ensuring ASQA is timely in the management of applications, particularly in relation to renewal of registration.

We are confident our efforts to support quality and build the sector's capability in relation to self-assurance will produce quality outcomes for students, employers, and the community.

Overall, although there has been an improvement in our performance since last year, our results support the assessment that we have **partially met** this performance criterion.

Risk-Based Regulation

ASQA's Approach 3:

We apply proportionate compliance and enforcement actions as part of our risk-based regulation.

Approach 3: Performance Criterion

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

Source:

ASQA Corporate Plan 2019-20 page 19 and ASQA PBS 2019-20 page 144.

Result Against Criterion:



Partially met

Explanation:

This performance criterion directly relates to our role in applying regulatory scrutiny and any resulting compliance and enforcement actions.

We measure our performance against this criterion through the following:

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

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

2b. Service Standards in relation to this function:

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

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

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

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

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

Approach 3: Achievements

1. Our regulatory approach adjustments based on our understanding of risks

ASQA has developed strategies to manage specific risks as identified in the Regulatory Strategy in relation to providers or products of concern (see page 19). These strategies are integral to our risk-based regulatory approach including our monitoring and audit activities, and our application of appropriate and proportionate sanctions.

In response to the impact of the devastating Australian bushfire season and then the COVID-19 pandemic on the sector during 2019–20, we applied a range of temporary flexible regulatory arrangements. These maintained an appropriate focus on quality and assisted providers to continue to operate and students to continue to learn during the pandemic. These initiatives included:

- postponing regulatory activity
- providing time extensions for responding to regulatory decisions
- allowing providers that have determined that they need to cease all delivery, to maintain their registration by placing it on hold (effectively in hibernation) until the situation improves
- extending some registration periods to relieve pressure in relation to renewal applications
- extending the transition periods for some qualifications, and teach out periods for VET accredited courses
- facilitating the waiving/reimbursing of some fees and charges
- developing dedicated information resources on ASQA's website
- working with providers to develop adaptive measures.

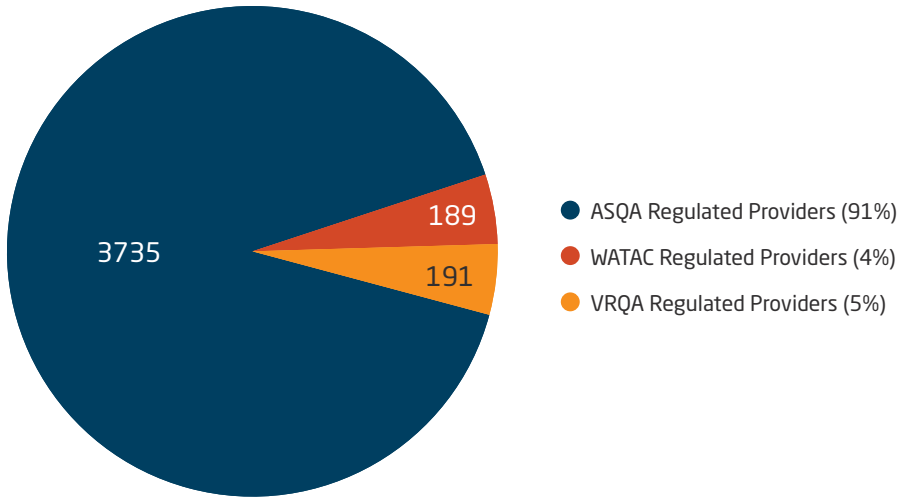
In April 2020, in response to the COVID-19 pandemic, ASQA established a Risk Monitoring Group that reviewed observed changes in the environment and provider activity that could signal the emergence of risk requiring response. This group connected with key external stakeholders who also provide input into monitoring the sector to understand risks in the sector during the pandemic. This understanding has been used to guide ASQA's regulatory monitoring activities and inform the provision of targeted information to help providers manage risks associated with delivery during the pandemic, and understand how we intend to monitor and respond to these risks. This approach was directly informed by feedback from stakeholders and provides an example of the way we intend to continue to engage, by working together with the sector to identify and respond to emerging risks.

2a. Our risk-based audit activities

Overview of regulated community

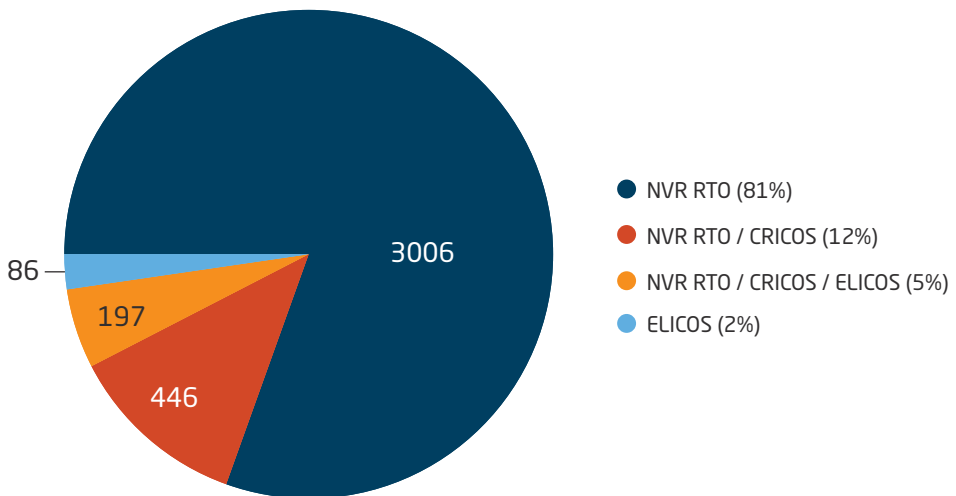
As at 30 June 2020, ASQA was responsible for the regulation of 3735 providers, which represents 91% of the total national provider market (i.e. including providers regulated by the Victorian Registration and Qualifications Authority (VRQA) and Training Accreditation Council Western Australia (WA TAC).

PROVIDERS NATIONALLY AT 30 JUNE 2020 - REGULATORY RESPONSIBILITY



The registration status of the 3735 ASQA regulated providers is detailed below with providers registered as NVR RTOs; Commonwealth Register of Institutions and Courses for Overseas Students providers (CRICOS), and/or, English Language Intensive Courses for Overseas Students providers (ELICOS).

ASQA REGULATED PROVIDERS - 30 JUNE 2020

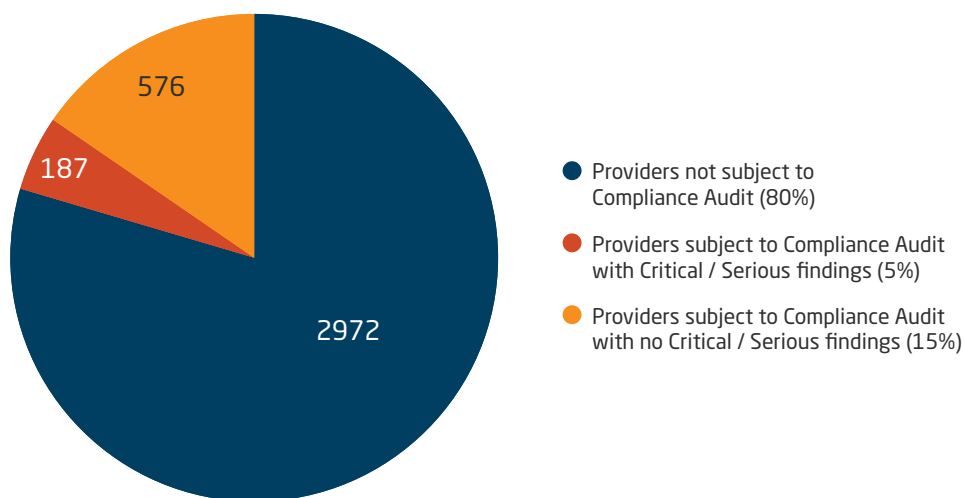


Risk-based audit activity:

We take 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.¹ Of those providers audited (763 out of 3735 or 20%), ASQA confirmed that more than three quarters (576 providers or 76%) do not have critical or serious non-compliance.

Only 5% of the total regulated community (187 providers) were found to have critical or serious non-compliance following compliance audits. In some cases less serious non-compliance was identified, but did not warrant a serious sanction.

NUMBER OF PROVIDERS REGULATED* COMPARED TO PROVIDERS SUBJECT TO COMPLIANCE AUDIT WITH AND WITHOUT CRITICAL / SERIOUS NON-COMPLIANCE FINDINGS IN 2019-20



*The total number of providers regulated as at 30 June 2020 – 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.

2019-20 audit program

ASQA's audit program has been disrupted during 2019-20 due to the COVID-19 pandemic and bushfires earlier in the year, with many audits scheduled or commenced in the last quarter deferred in consultation with the provider. A significant number of audits were also reduced in their scope and limited to key risk areas only. However, due to the deferments and the normal time periods over which an audit activity take places and is finalised, this reduced level of activity will not be reflected until the 2020-21 reporting on audit activity.

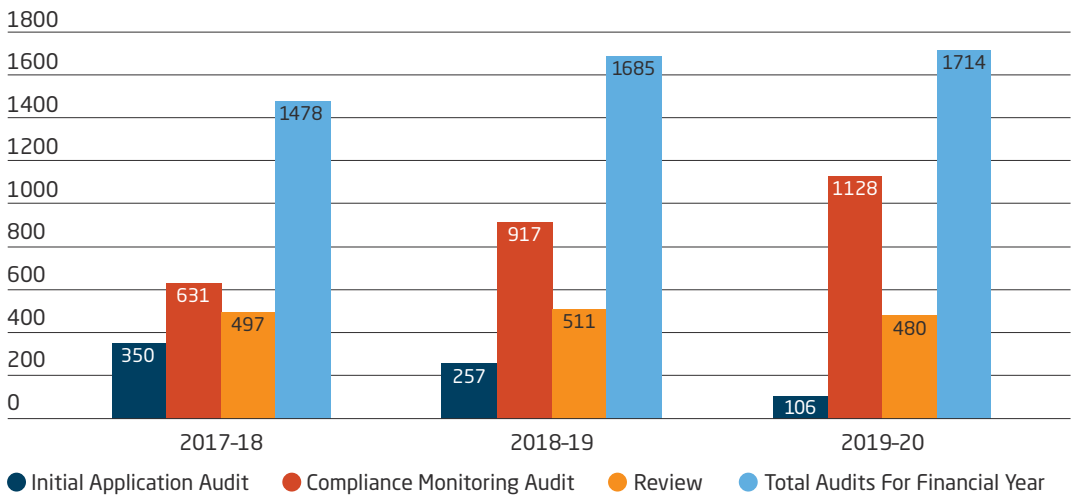
¹ Compliance audits are audits triggered by risk indicators and can include audits related to applications to renew or change the scope of registration. They do not include audits for initial registration or the auditing of additional evidence conducted as part of review processes.

The completion of audits commenced during 2018-19 and the number of limited scope audit activities in the early part of 2019-20 focusing on specific risks enabled us to complete more audits. As reflected in the graph below, this resulted in a slightly increased number of audit and review activities completed in 2019-20 compared to the previous financial year. One of the limited scope activities contributing to the overall audit number, included the 89 audits undertaken on providers that had not commenced training for consecutive years (see page 20).

The reduced number of audits related to initial applications for registration has declined in line with the reduced number of these applications (see page 23). The level of activity in relation to auditing evidence as part of decision review processes has remained broadly consistent with previous years.

Note: ASQA's legislation provides the opportunity for multiple reviews of regulatory decisions, and additional audit activities are undertaken to assess evidence provided as part of these reviews. These consequential figures are identified and included in the total audit activities noted below. As part of ASQA's reforms, the way that we define different types of monitoring activities is being reviewed to better reflect our new approach and we are likely in the future to report a mixture of current and new activities as we gradually implement our reforms.

AUDITS COMPLETED BY TYPE



The Queensland Curriculum and Assessment Authority (QCAA), as a delegate of ASQA, also registers and audits Queensland school RTOs. In 2019-20 QCAA completed 73 audits.

2b. Service standards results

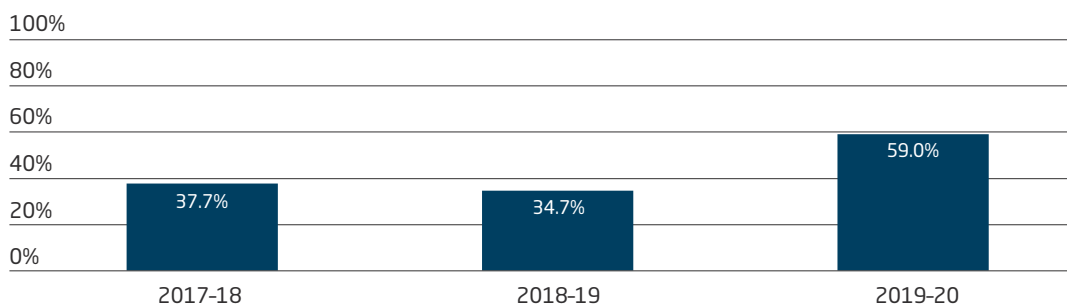
ASQA has two service standards in relation to audits. These are:

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

We have improved our timeliness in the provision of **audit reports** during 2019-20 to **meeting the standard 59% of the time** with the graph below reflecting a considerable improvement compared to previous years, although we are not yet meeting the service standard satisfactorily.

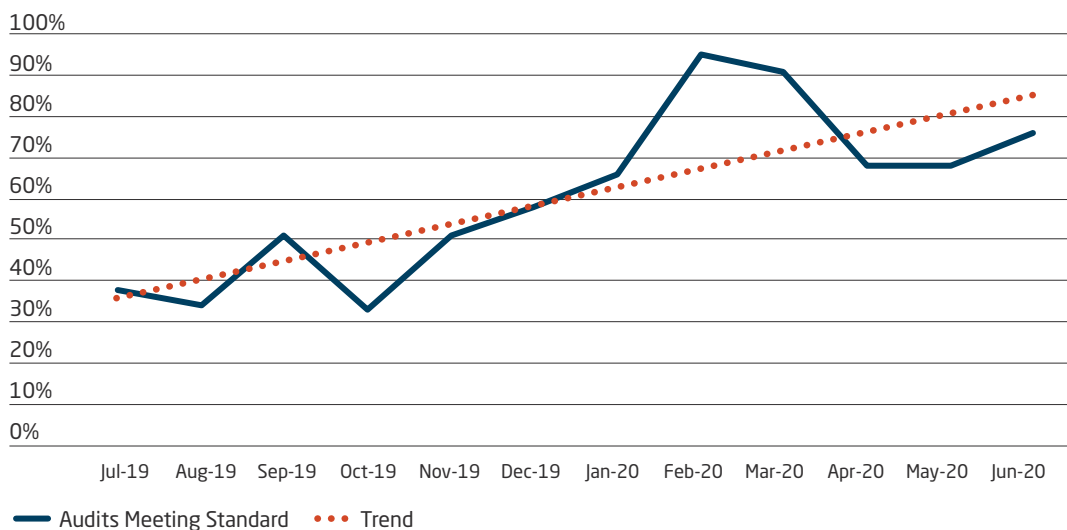
After an audit where non-compliance is found, as part of the process to enable providers to achieve compliance, the opportunity is provided for RTOs to rectify the non-compliance and provide us **additional evidence** in relation to this. We set a new service standard for 2019-20 to provide a decision on this evidence within 30 working days. Our performance against this service standard was slightly stronger than the audit report standard – **achieving this 62% of the time** (or 314 times out of 507).

AUDITS – RESULTS AGAINST SERVICE STANDARDS

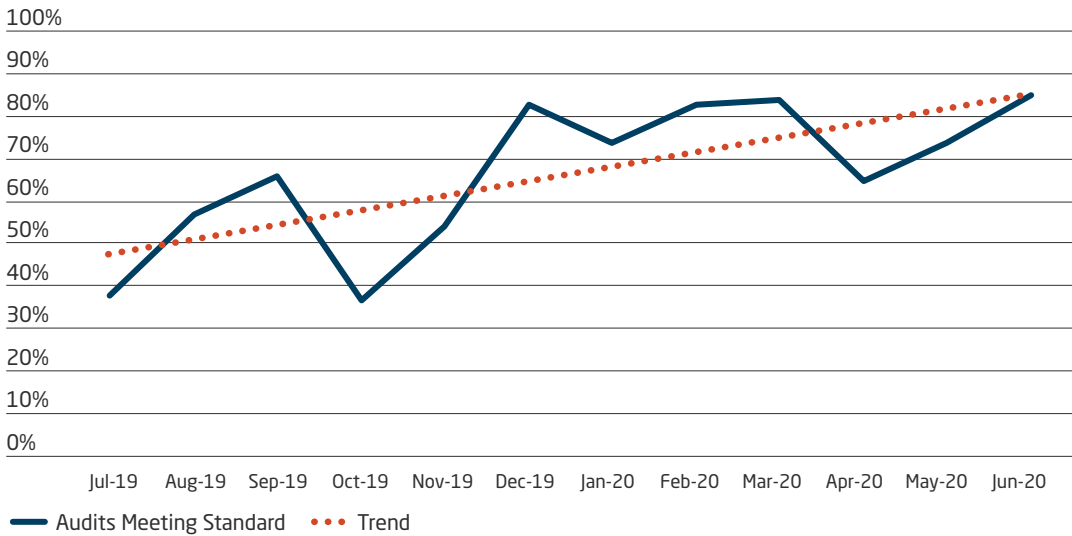


The following graphs illustrate that there has been improvement during the second half of 2019-20 financial year for both these service standards, save for a drop stemming from the first COVID-19 pandemic lock-down period. Last year we noted we had implemented a number of strategies to improve on these issues and these are now being reflected in the results. We note, however, that continuing reforms during 2020-21 may also impact on this result in the coming year.

AUDITS – RESULTS AGAINST SERVICE STANDARDS (20 WORKING DAYS): MONTHLY



AUDITS - RESULTS AGAINST SERVICE STANDARDS (ADDITIONAL EVIDENCE): MONTHLY



3a. Our regulatory processes, sanctions, enforcement activities, and outcomes of contested sanctions

Where necessary, and in accordance with our student-centred, risk-based regulatory approach, we may take regulatory action where we believe this is required to protect the quality of the VET sector.

ASQA ensures that relevant **procedural fairness** requirements are applied at all times during the regulatory process. This means that when provider non-compliance is identified through audit or other regulatory activity, ASQA allows providers **an opportunity to supply a written response and rectification evidence** to address the non-compliance prior to any adverse regulatory decision being made. This is known as the Notice of Intention stage of the regulatory process.

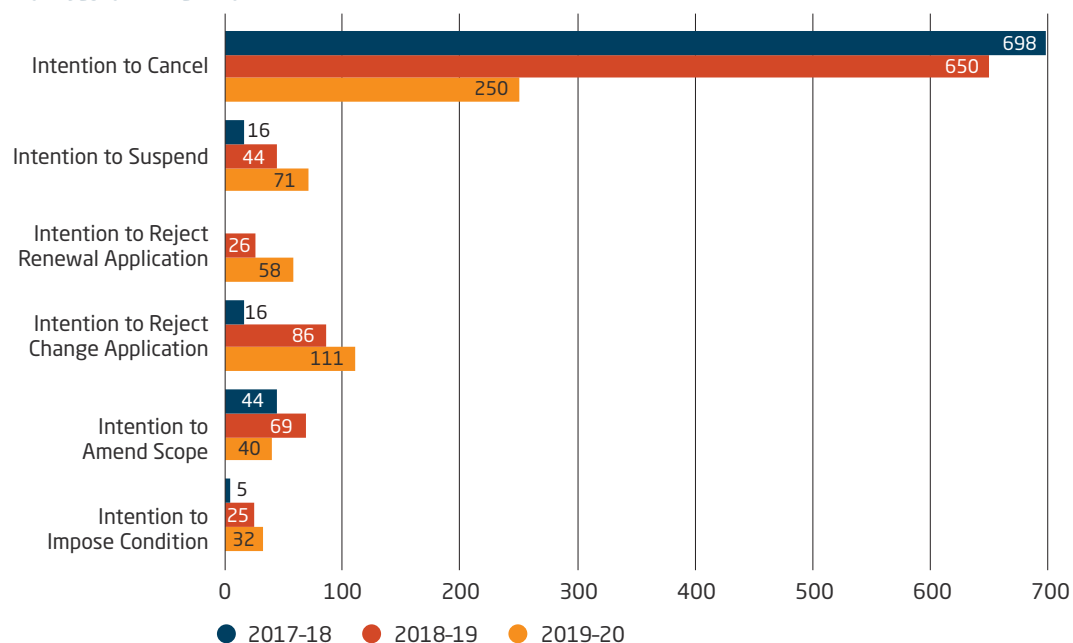
Should providers be unable to demonstrate compliance at the Notice of Intention stage, and an adverse regulatory decision is ultimately made by ASQA, there are **two further opportunities for providers to address outstanding issues** and achieve compliance – through an **ASQA internal review** of the decision (known as a reconsideration) and/or a **review by the Administrative Appeals Tribunal (AAT)**.

ASQA's goal is that providers achieve compliance with their regulatory obligations. A provider that becomes compliant during either the Notice of Intention stage, reconsideration stage, or at the conclusion of an AAT review process is considered a regulatory success as the provider is able to continue training in compliance with the VET Quality Framework.

Notices of intent

Prior to making an adverse decision due to non-compliance, ASQA will issue a 'notice of intent' indicating the relevant areas of non-compliance and providing an opportunity for the provider to submit additional evidence of compliance prior to a final decision being made. If the new evidence demonstrates compliance, ASQA will not proceed with the adverse decision.

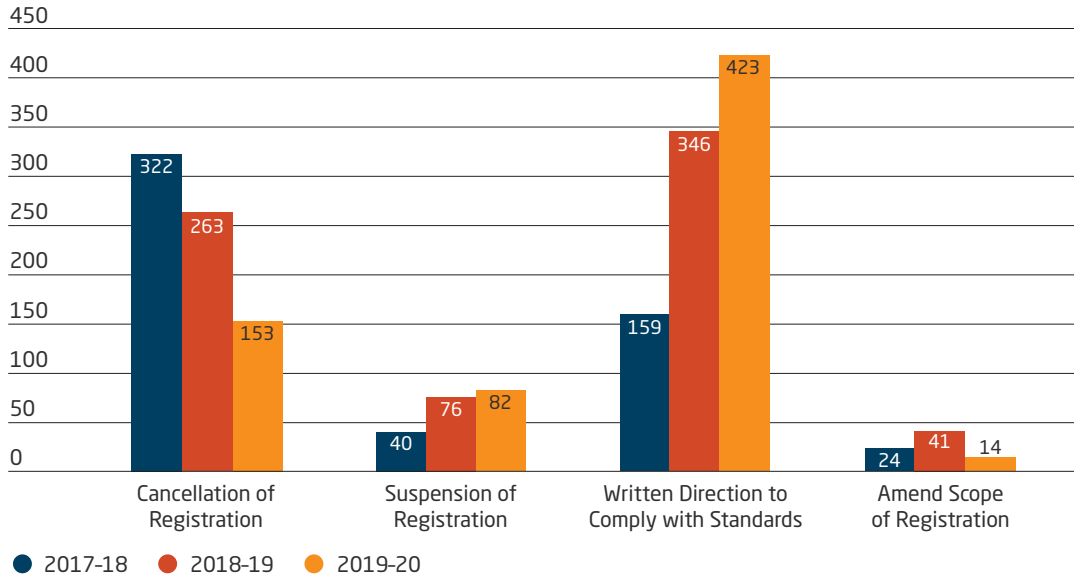
NOTICES OF INTENTION



	2019-20	Decision proceeded	Decision did not proceed	Ongoing
Intention to Cancel	250	83	129	38
Intention to Suspend	71	17	45	9
Intention to Reject Renewal Application	58	9	16	33
Intention to Reject Change Application	111	20	59	32
Intention to Amend Scope	40	10	24	6
Intention to Impose Condition	32	2	2	28

ASQA's regulatory decisions

ADVERSE REGULATORY DECISIONS



ASQA makes over 5000 regulatory decisions each year in relation to registration applications and in monitoring compliance with legislative obligations. These include both positive and adverse regulatory decisions. In 2019-20, less than 20% of all decisions resulted in any kind of regulatory sanction, with only 3% being decisions to cancel registration.

There has been a significant decrease (-42%) in cancellation decisions made by ASQA in 2019-20 compared to the previous year and an increase in written directions. This reflects ASQA taking a proportionate approach in relation to regulatory interventions based on the levels of non-compliance detected. As noted in the tables below, this proportionate response was particularly relevant to how we responded to the non-submission of Annual Declarations on Compliance / Total VET Activity (TVA) data and the payment of fees during the COVID-19 pandemic.

Reasons for cancellation decisions	2017-18	2018-19	2019-20
Non-compliant at audit	169	177	144
Failure to submit Annual Declaration / TVA Data	120	47	0
Failure to Pay Registration / Audit Charges	21	31	6
Provider going into Liquidation / Ceasing to Operate	12	8	3
Total	322	263	153

Reconsideration by ASQA (including 3b. service standard results)

If an RTO affected by a reviewable ASQA decision applies for internal reconsideration of the decision, the RTO may submit new evidence. In 2019-20, ASQA finalised 125 reconsideration applications. The outcome of these reconsideration applications and ASQA's strong results in achieving the service standard (*reconsideration applications finalised within 65 working days (three months)*) are shown below.

Finalised reconsiderations	2017-18	2018-19	2019-20	2019-20 Service standard met %
Original Decision Revoked	47	96	47	100
Original Decision Affirmed	58	58	33	100
Original Decision Varied	12	11	41	100
ASQA did not make a Decision	0	0	0	n/a
Withdrawn by Applicant	1	1	4	n/a
Total finalised	118	166	125	100

External review of ASQA's regulatory decisions

If a provider is dissatisfied with the outcome of a reviewable decision made by ASQA, it may apply for review by the AAT. This review considers the evidence available to the Tribunal at the time, so the provider is able to produce further evidence that the non-compliance has been addressed. Many providers are able to achieve compliance through this process and in these cases the matter is resolved between the applicant and ASQA. When the matter proceeds, the majority of decisions affirm ASQA's decision. For further information on AAT reviews, please see page 110.

AAT Outcomes finalised from 1 July 2019 - 30 June 2020.

Outcome	2017-18	2018-19	2019-20
ASQA's Decision Affirmed	0	6	13
Application for review dismissed by Court or Tribunal	8	25	16
Resolved between Applicant and ASQA	30	81	156
Withdrawn by Applicant	20	50	50
ASQA's Decision Varied	0	0	0
ASQA's Decision Set Aside	1	0	3
Total	59	162	238

Enforcement activities

Last year we noted the new legislative power that enabled ASQA during 2018–19 to issue infringement notices when providers fail to provide annual Total VET Activity data. In 2019–20, as provision of this data was due during the first COVID-19 pandemic period, no infringement notices were issued under this power. Of the 36 infringement notices that were issued in 2019–20, 31 were in relation to a single provider who had been previously warned about entering inaccurate information in the Provider Registration and International Student Management System (PRISMS). As a result these infringement notices were issued under the ESOS Act (the first time such notices had been issued by ASQA). The remaining 5 notices related to a non-RTO advertising to deliver VET courses without identifying the parties responsible for issuing the VET qualification.

Enforcement activities	2017-18	2018-19	2019-20
Infringement Notices	23	196	36
Criminal Prosecutions	1	0	0
Civil Penalties	1	4	1

4. Provider survey results on our proportionate application of sanctions

We acknowledge that a proportion of stakeholders are not always likely to be satisfied with our application of sanctions. However the provider survey response shows that there continues to be a significant minority of the regulated community with either negative (16%) or ambivalent (29%) perceptions regarding ASQA's regulatory decision-making. We will continue to engage with the sector and communicate about our decision making to seek to address these perceptions.

Provider survey question: **'ASQA's regulatory decision-making (both positive and negative decisions) are appropriate and proportionate.'**

Provider survey results: **55% Strongly agree/agree** (16% Strongly disagree/disagree, 29% neither agree or disagree).

Last year's provider survey result on a similar question: 'ASQA applies appropriate and proportional sanctions for non-compliant organisations within its jurisdiction' **62.8% excellent/good**, 17.6% fair, 12.5 very poor/poor.

The benchmark for this measure is more than 70% satisfaction.

Approach 3: Performance Analysis

The performance data provided clearly demonstrates ASQA takes a risk-based approach to monitoring the performance of providers in meeting the required standards. ASQA has undertaken a significant, but proportionate auditing program during 2019–20. Looking ahead, ASQA plans to expand the types of monitoring activities, beyond current auditing activities, to further refine the application of regulatory resources in a manner that is proportionate to the risk.

ASQA provides a number of opportunities for providers to return to compliance, however in the very small number of cases where sanctions are applied and then do proceed through the AAT to decision, the vast majority affirm ASQA's decisions.

ASQA has not fully met the timeliness service standards when undertaking these activities, however there has been a significant improvement on previous years and there is a clear positive trend during the year, which demonstrates that our focus on timeliness has resulted in continuous improvement against these measures.

The results from the provider survey regarding perceptions of our regulatory decision-making do not meet the benchmark of 70% satisfaction and will be a continuing focus for improvement.

Overall our results show strong performance in the delivery of standards-based auditing and demonstrate appropriate and proportionate regulatory decision making. However with further improvement still required in meeting our timeliness service standards and improving the perceptions of our regulatory decision-making, it is assessed that we have **partially met** this performance criterion.

Engagement and Support

ASQA's Approach 4:

We engage with stakeholders to inform our understanding of risk.

Approach 4: Performance Criterion

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

Source:

ASQA Corporate Plan 2019-20 page 20 and ASQA PBS 2019-20 page 144.

Result Against Criterion:



Met

Explanation:

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

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

Approach 4: Achievements

1. Our engagement with stakeholders to gather information on regulatory risks

Throughout the reporting period ASQA has engaged with VET stakeholders to share information, collaborate and better understand issues and risks facing the sector. This engagement works to inform and improve ASQA's regulatory approach as well as the sector more generally. ASQA engages key stakeholders through regular formal meetings. These include:

- ASQA / DESE monthly meetings of senior executives
- VET Regulator quarterly meetings between ASQA and the state-based VET regulators, the VRQA and WA TAC
- Reference Group quarterly meetings between ASQA and the higher education regulator, the Tertiary Education Quality and Standards Agency (TEQSA)
- Education Regulators and Immigration Committee meetings between ASQA senior staff and the Department of Home Affairs, DESE and TEQSA
- Quarterly meetings with the Office of the Commonwealth Ombudsman

- Provider Round-table quarterly meetings between ASQA and peak VET provider representative bodies:
 - Independent Tertiary Education Council Australia (ITECA)
 - TAFE Directors Australia (TDA)
 - Community Colleges Australia (CCA)
 - Enterprise RTO Association (ERTO)
 - English Australia (EA)
- Twice annual meetings between senior ASQA staff and state / territory training authorities via established Communication Protocols. A review of these protocols was undertaken in 2019-20 that confirmed the utility of these arrangements and, in line with an action arising from ASQA's International Education Strategic Review, there was also agreement for the protocols to expand to also include state / territory agencies with responsibility for international education.

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

ASQA also conducts structured engagement activities for specific purposes. During the reporting period these have included:

- Environmental scanning undertaken in 2020 to support development of the ASQA Regulatory Strategy which involved:
 - 20 key stakeholder group interviews
 - two group discussion sessions involving 10 VET sector consultants
 - 1329 providers responses to a publicly available survey
- Consultation to date for the VET in schools scoping study involving:
 - round-table discussions with a total of 72 participants representing 44 agencies across Australia, including government departments with responsibility for skills and training and / or education, non-government school sectors, curriculum authorities and state regulatory authorities held in each state and territory and the Australian Government
 - face-to-face interviews or teleconferences with 40 participants from 30 stakeholder organisations, including peak VET sector, industry and employer, career advisor, and employee representative groups, skills service organisations, and a youth organisation.

ASQA regularly consults with and provides advice to all six Skills Service Organisations (SSOs), as well as engaging with industry associations, state and territory training authorities, state-based training ombudsman, and other regulatory and licensing bodies such as the Australian Nursing and Midwifery Accreditation Council (ANMAC), Australian Health Practitioners Regulatory Authority (AHPRA), and Safe Work Australia.

With the appointment of the interim National Skills Commission (NSC) during 2019-20, ASQA has met with and established a relationship with the Commission. ASQA has also participated in activities initiated by the National Careers Institute that was established in July 2019.

ASQA has also contributed to and supported the work of the Australian Industry and Skills Council (AISC) Emergency Response Sub-Committee under the direction of the then Council of Australian Governments Skills Council in response to the COVID-19 pandemic and the subsequent impact on the economy. The sub-committee enables short-term and urgent adjustments to qualifications and training products to meet needs during the pandemic and to support economic recovery.

As part of ASQA's reforms, we also announced the establishment of the new Stakeholder Liaison Group (SLG). Calls for expressions of interest for membership across the VET sector were made in April 2020 with a membership reflecting the diversity of ASQA's regulated community announced in July 2020. One of the objectives of the SLG is to share information about key issues and risks facing providers.

Invitations/speaking engagements

Although a relatively small agency ASQA actively engages with the sector and participates in sector events. In the reporting period ASQA accepted **speaking invitations at 35 events**, with the majority attended at the Commissioner or General Manager level. These invitations are received from a range of stakeholders including sector peak bodies, government and overseas organisations. ASQA senior staff have also participated in or attended an additional **20 sector events**, with 11 of these at the Commissioner or General Manager level.

2. Our management of complaints/reports that allege provider non-compliance

In December 2020, ASQA changed the way it managed complaints or reports alleging provider non-compliance, to ensure it was focusing its resources on providers at risk of causing the greatest harm. As a result, ASQA ceased the previous process which sought to substantiate and/or resolve individual complaints*. ASQA does not have responsibility for consumer affairs and it is not the role of ASQA to act as an ombudsman. ASQA notifies providers of complaints it receives about their operations (reminding them of their obligations) and provides advice to complainants about alternative complaints handling bodies. The change to ASQA's complaints management means that it no longer expends regulatory resources seeking to substantiate all individual complaints and corresponding with providers and complainants in relation to these matters.

Instead, ASQA assesses all information it receives to inform an understanding of a provider's pattern of behaviour, a process which also takes into account a range of other circumstances beyond the individual complaint. It uses this assessment to inform decisions on when and if further regulatory scrutiny of the provider is required. This ensures that ASQA directs its regulatory activity towards providers that collective data and intelligence suggest are exhibiting a pattern of non-compliant behaviour or practice within ASQA's jurisdiction.

ASQA receives complaints from members of the public, including students, through the ASQA complaints portal and during 2019–20 received 921 complaints. Due to the change in process and supporting technology taking place part way through the year, a breakdown on the sources and types of complaints is not available for 2019–20 but will be reported in future year reporting.

ASQA also receives reports of alleged non-compliance from a range of stakeholders through other mechanisms and during 2019–20 received 755 reports of this type.

* Due to this change, the service standards in relation to complaints were made redundant and removed.

Approach 4: Performance Analysis

ASQA has demonstrated an active and comprehensive level of engagement with the sector to share information and improve our understanding of risk and has performed well against this criterion. In addition, the changes implemented during the year to further expand our suite of engagement mechanisms and better manage and utilise complaints made about providers has positioned ASQA well for future performance.

As a result, it is assessed that ASQA has **met** this performance criterion.

Engagement and Support

ASQA's Approach 5:

We provide accurate information to support stakeholders' understanding of VET sector compliance.

Approach 5: Performance Criterion

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

Source:

ASQA Corporate Plan 2019–20 page 20 and *ASQA PBS 2019–20* page 144.

Result Against Criterion:



Met

Explanation:

We recognise the value of providing accurate, helpful, and user-friendly information about the VET sector and compliance with the standards to our stakeholders.

To achieve this we use a broad array of engagement mechanisms and approaches to ensure that our stakeholders are able to access information easily, and that it is provided in formats conducive to effective dissemination and understanding.

We measure our performance against this criterion through the following:

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

ASQA has some key communication channels to achieve against this criterion and provides quantitative and qualitative evidence about performance in these areas.

1a. Info Line service

1b. Website

1c. Provider briefings.

ASQA also has service standards in relation to its information line service and measures satisfaction through provider survey results.

1a. ASQA Info Line Service Standards

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

- 1a. Provider survey results (more than 70% satisfaction) with Info Line assistance
- 1b. Provider survey results (more than 70% satisfaction) with ASQA web usability
- 1c. Provider survey results (more than 70% satisfaction) with provider briefing sessions.
- 2a. Qualitative and quantitative information on our other efforts to provide clear and accurate information about VET sector compliance to stakeholders
- 2b. Provider survey results (more than 70% satisfaction) with ASQA's engagement activities
- ASQAs efforts include webinars, vodcasts, mailouts, and other engagement and provision of information to the sector.
3. Quantitative information about the support provided to the sector to collect and manage student records when RTOs close down.

Approach 5: Achievements

1. Our efforts to provide clear and accurate information about VET sector compliance to stakeholders

1a. ASQA's Info Line service

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

Year	No. of phone calls received	No. of emails received
2019-20	39,026	14,843
2018-19	43,225	15,097
2017-18	48,770	16,425

Service standards - (ASQA Info Line)

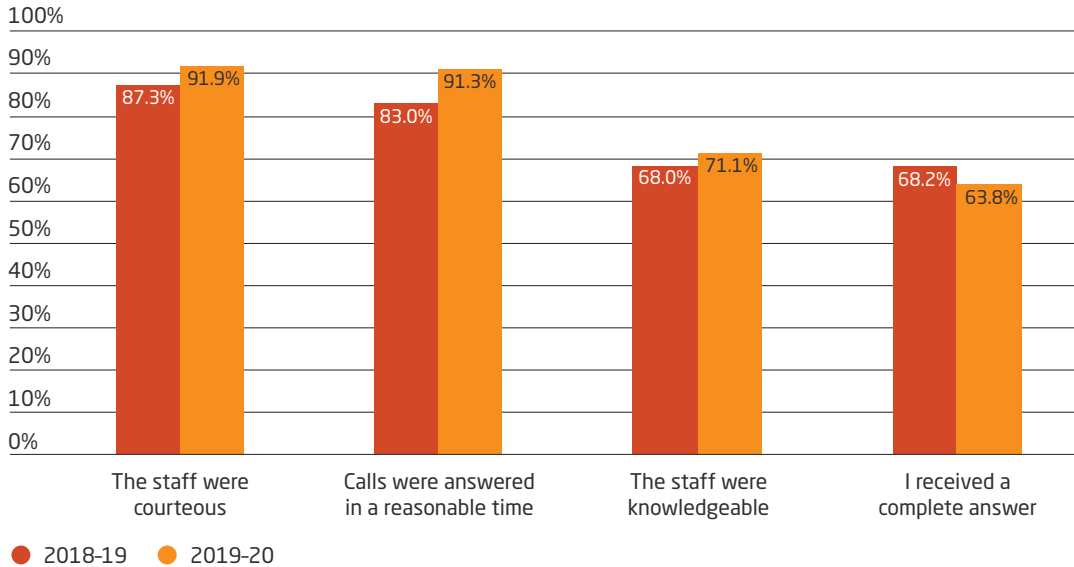
Note: Relevant service standards are:

- Responding to simple email queries within two working days and complex email queries within 10 working days
- Complex telephone queries escalated within two working days.

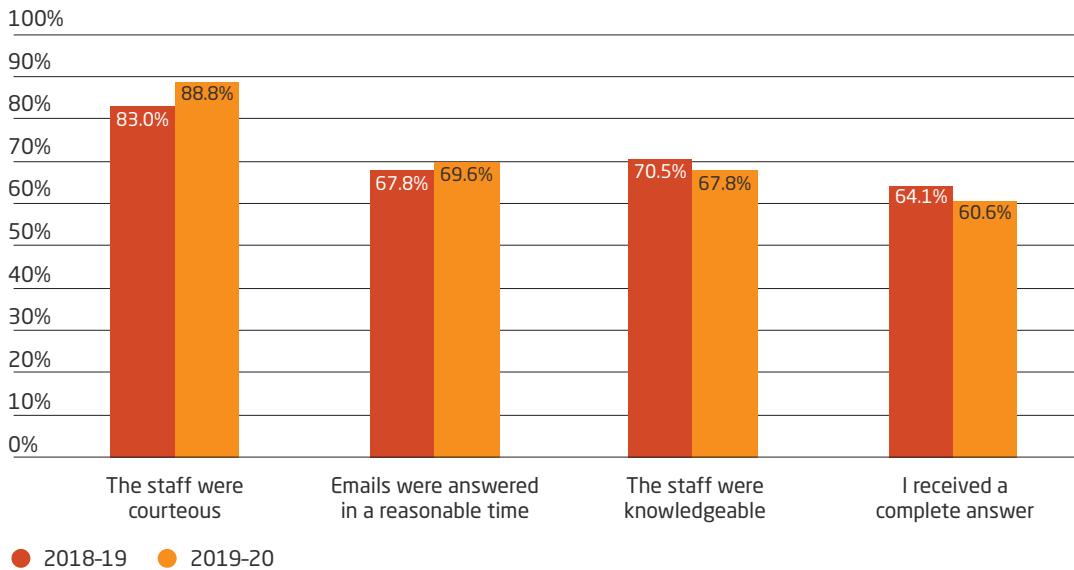
Service Standard	% Standard Met
Simple procedural email queries responded to within two working days.	100%
Complex telephone queries escalated within two working days (with likely resolution time, if applicable).	100%
Complex email queries responded to within 10 working days	100%

The following graphs contain the survey results from ASQA's annual provider survey in relation to ASQA's Info Line services. Overall these results are largely consistent with last year, with some small increases and some small decreases across the different questions. Some results are below the 70% benchmark.

SURVEY RESULTS: SATISFACTION WITH INFO LINE CALL SERVICE



SURVEY RESULTS: SATISFACTION WITH INFO LINE EMAIL



1b. ASQA's website

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

We have seen an overall increase in recent years (on a page view basis) in stakeholders accessing our website.

Financial year	ASQA Website page views
2019-20	4,154,265
2018-19	4,195,548
2017-18	3,273,670
2016-17	2,924,811

ASQA launched a new website on 29 January 2020.

The new website presents a significant upgrade from our previous site, featuring:

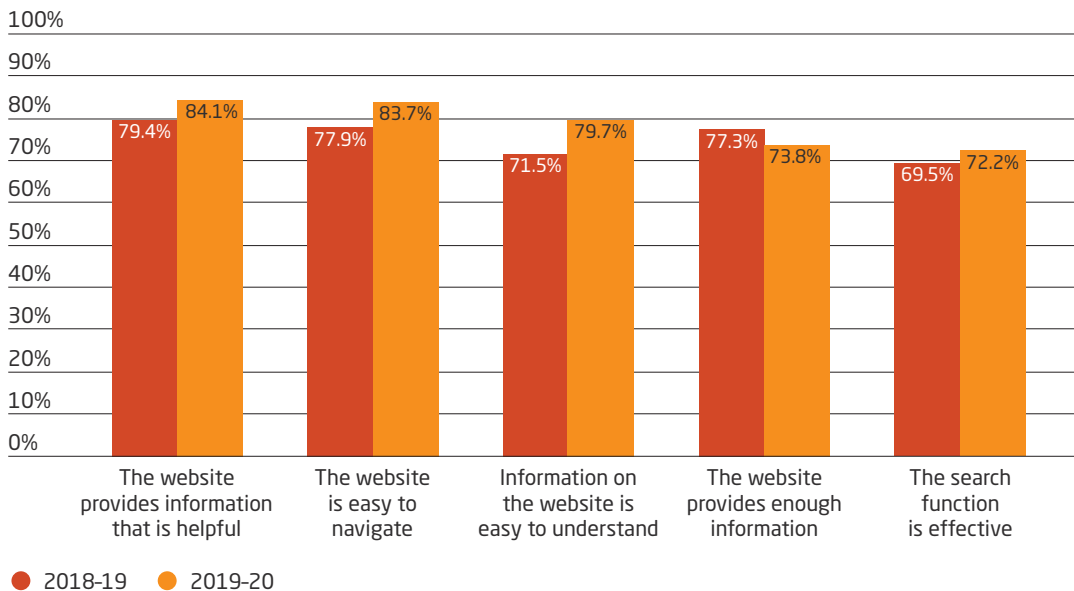
- a clean, brighter and easy-to-read design
- responsive, mobile-friendly functionality, meaning the website now correctly resizes for mobile devices
- a more refined and simplified site structure with content that is simpler to find
- a move toward plain English language use and reduction in the use of jargon
- creation of new content sections, including:
 - COVID-19 information hub, including ASQA's regulatory flexibility, expectations and regularly updated FAQs
 - Information about emerging risks resulting from COVID-19 with guidance to avoid non-compliance
 - legislative changes information
 - distance education guidance
 - *working together for better regulation* reform information
 - new online information materials on change of ownership
 - new CRICOS information materials
 - advice to the sector in relation to COVID-19
 - a guide to provider default obligations under the ESOS Act.

The upgraded site is part of our commitment to provide easier access to information.

We have incorporated feedback from user testing sessions with a range of provider and student users into the final website design. ASQA expects that the new site will prove to be a useful resource for all stakeholders.

The following graph contains the results from ASQA's annual provider survey in relation to ASQA's website. The 2019–20 survey asked specifically in relation to the new website and the results show an overall improvement with all results above the benchmark. This suggests the new site is proving to be useful and an improved resource for all stakeholders.

SURVEY RESULTS: SATISFACTION WITH ASQA WEBSITE



1c. Provider briefing sessions

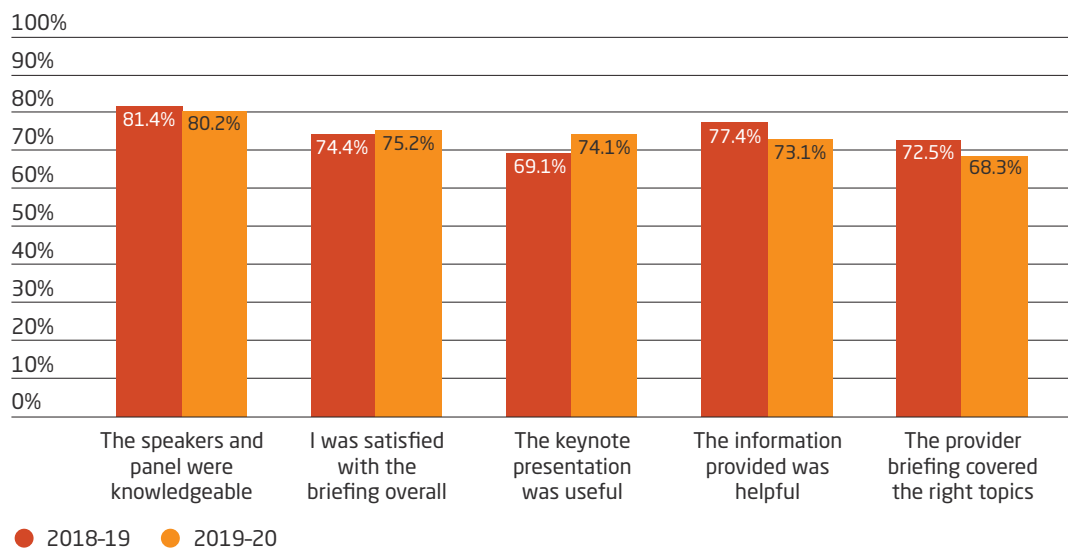
ASQA held 23 face-to-face events for providers across Australia in the reporting period. (Note: two events were held in June 2019).

The events were held across 18 major cities and five regional locations. The events attracted 2799 attendees.

The briefings covered important information on core activity across the VET sector, upcoming changes and planned activities for the coming year, and provided the opportunity for attendees to ask questions of ASQA Commissioners, General Managers and regulatory operations staff.

The following graph contains the results from ASQA's annual provider survey in relation to ASQA's provider briefings. The results are consistent with last year with all results above or very close to the 70% benchmark.

SURVEY RESULTS: SATISFACTION WITH PROVIDER BRIEFING SESSIONS



2. Support provided to the regulated community to improve compliance with standards and quality VET provision

Webinars

ASQA has provided a total of seven live educational webinars for the reporting period, with recordings posted on the website.

Over 2019-20, we developed our webinar program to deliver more regular, more interactive, topical sessions presented by subject matter experts. The webinars are part of ASQA's role to ensure training providers understand their regulatory obligations.

In response to growing demand for webinar attendance, ASQA tripled the number of places available for each session, reaching a peak of 920 attendees at a Distance Learning webinar. ASQA presented seven live interactive educational webinars for the reporting period to over 3456 attendees, with 7319 views of webinar recordings posted on the website.

Topic	Attendees	Views of Recording
1) Training Providers	216	1879
2) Third Party Arrangements	302	951
3) Proposed Changes to Fees / Charges 2020-21	301	333
4) Change of Ownership	233	417
5) Initial Applications	711	658
6) Response to COVID-19	773	942
7) Distance Learning (incl. chapter views)	920	2139
Totals	3456	7319

Mail outs (eDMs)

ASQA provides an Electronic Direct Mail Service (eDMs) to more than 36,000 subscribers. ASQA also sends direct communication to the identified contacts for the more than 3700 regulated providers.

Throughout the reporting period mail outs have provided information relating to:

- COVID-19 updates, including flexibility provided to the sector, details on the Australian Government's fee relief measures, emerging trends and risks for providers, and resumption planning
- Available guidance for providers, including for distance education, responding to challenges resulting from COVID, new FAQs, third party arrangements, provider default under the ESOS Act, and legislative changes
- ASQA's reform updates, including the release of the Rapid Review Report, proposed governance changes, consultation information and opportunities and progress updates
- Reminders and information in relation to RTO obligations including the annual declaration on compliance
- Notifying providers of upcoming webinars on issues of interest
- Notifying providers of information videos available
- ASQA Updates
- Adjustments to ASQA regulatory activities due to bushfire emergency
- Extended transition dates
- Release of key documents and initiatives, including the regulatory strategy and annual report and annual provider survey and e-scan survey
- A one-page infographic-style obligations checklist for easy printing and display.

Providing information to the VET sector

We are working to enhance the way we interact with, and provide information to, the VET sector which included:

- collaborating with stakeholders across the VET sector to produce videos that provide answers to common regulatory questions.

ASQA has now released two videos focusing on:

- audit process (12 February 2020) (3335 views of full video and 1143 views of the chapters in the reporting period – financial year)
- assessment questions (19 February 2020) (10,550 views of full video and 5006 views of the chapters during the reporting period – financial year).

The videos feature round-table discussions involving ASQA auditors and VET leaders from the Independent Tertiary Education Council Australia (ITECA), the Victorian TAFE Association and from Community Colleges Australia (CCA). The videos were made available in full length and *as smaller chapters*. They have attracted more than 15,028 views.

As previously noted, ASQA established a SLG comprised of 15 providers and two consultants representing a broad segment of the sector. The SLG is a forum for engagement and collaboration through which its members can:

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

Provider survey results (more than 70% satisfaction) with engagement activities

Provider survey question: **'ASQA provides useful educative materials to the provider community'.**

Provider survey results: **71% Strongly agree/agree** (10% Strongly disagree/disagree, 19% neither agree or disagree).

No similar question was asked in last year's provider survey.

Provider survey question: **'ASQA engages effectively with the provider community'.**

Provider survey results: **64% Strongly agree/agree** (14% Strongly disagree/disagree, 22% neither agree or disagree).

Last year's provider survey results on a similar question in relation to the level of satisfaction with ASQA's engagement with the regulated community – **58.4% excellent or good**.

3. Support provided to the sector to collect and manage student records when RTOs close down

ASQA may hold student records for providers that have ceased to operate as an RTO.

We rely on providers that are closing to supply a copy of their student records. We do not hold records for all closed providers.

ASQA maintains a student records register where students can check whether we hold a copy of their provider's student records. The register is accessed via ASQA's website.

	2017-18	2018-19	2019-20
Number of student enquiries processed	3,826	5,675	6,301

Approach 5: Performance Criterion Analysis

ASQA has demonstrated a strong level of performance against this criterion with its educative and information services both meeting services standards and receiving broadly positive feedback from the provider survey. The demonstrated extent and type of educative material provided by ASQA has been significant during the reporting period.

Overall, it is assessed that ASQA has **met** this criterion

Engagement and Support

ASQA's Approach 6:

We provide advice on strategies to improve VET regulation and the VET sector.

Approach 6: Performance Criterion

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

Source:

ASQA Corporate Plan 2019–20 page 20 and *ASQA PBS 2019–20* page 144.

Result Against Criterion:



Partially met

Explanation:

ASQA provides a range of input, through various channels and forums, aimed at improving both the regulation of VET and the sector more generally.

Sometimes this input is provided through established and regularised processes and mechanisms, and at other times it is provided in response to a particular event or issue.

In determining a result against the performance criterion the following items will be assessed:

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

Approach 6: Achievements

1. Providing input and advice to initiatives/reviews to strengthen VET regulation and improve the VET sector

Contributing to the ASQA Rapid Review

ASQA made significant contributions to the recently completed **ASQA Rapid Review** undertaken by mpconsulting on behalf of DESE. The review made 24 recommendations on how ASQA can improve its regulatory approach. ASQA has identified a governance structure to oversee implementation of the recommendations. This includes:

- a Reform Implementation Steering Committee that met weekly from 9 April 2020 to oversee the changes
- the development and resourcing of five projects that together will address our implementation of the recommendations.

The five projects are:

Audit practice

- An update of ASQA's audit approach to align with the review recommendations and best practice regulation with a focus on consistency.

Assessment and compliance

- The design of an 'Assessment and compliance model' that will see ASQA's current audit functions split into separate performance assessment and compliance teams, as recommended by the review.

Self-assurance, risk-based and routine monitoring

- The development of ASQA's approach to building provider capacity for self-assurance and strengthening our own practice of monitoring the sector by implementing broader routine monitoring strategies.

Sector communication, education and engagement

- The strengthening of ASQA's strategic stakeholder engagement and education.

Structure, roles and capability

- Oversight of a two stage organisation restructure complemented through improved induction training and continuing professional development for ASQA staff.

Contributing to the drafting of amendments to the *National Vocational Education and Training Regulator Act 2011*

Following the *All eyes on quality* report by Professor Valerie Braithwaite, the *Strengthening Skills* report by Hon Steven Joyce and the ASQA Rapid Review, ASQA provided feedback, guidance and input into the development and progression of two Bills responding to recommendations from these reports to amend the NVR Act to strengthen both the efficiency of ASQA's regulatory framework and its governance arrangements. These are:

1. the *National Vocational Education and Training Regulator Amendment Bill 2019*
2. the *National Vocational Education and Training Regulator Amendment (Governance and Other Matters) Bill 2020*.

Contributing to VET reform

On 30 June 2017, ASQA released the findings of its strategic review in course duration, *A review of issues relating to unduly short training*. The review found that the long-term quality of Australia's VET sector is at risk unless the issue of unduly short training is definitively addressed. The report made three detailed recommendations to address the issues identified, including changes to the way course duration is regulated.

At its meeting on 20 September 2019, the then COAG Skills Council (Council) considered the findings and recommendations of the review. Council agreed to amend the Standards for Training Packages to allow for implementation of Recommendation Two, that *Training package developers be able to respond to industry-specific risks by setting mandatory requirements, including an amount of training, in exceptional high-risk circumstances.*

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

As noted on pages 41–43, ASQA has engaged with VET stakeholders throughout the reporting period to provide input, collaborate and better understand issues facing the sector.

2. Stakeholder survey results about our performance in advising on strategies to improve VET regulation and the VET sector

ASQA did not undertake any broad stakeholder survey activity to inform the assessment of our performance in this area during the reporting period. As our agency is one contributor to the efforts to improve VET regulation and the VET sector alongside many Commonwealth, state and territory government departments, industry and provider bodies, effectively measuring our performance in contributing to this outcome is a challenging aspect of our framework. Over the coming year we will explore utilising our existing stakeholder engagement mechanisms to seek feedback on this aspect of our performance.

The providers and course owners regulated by ASQA are an important subset of our stakeholders and we did undertake a provider survey this year. Part of the survey sought information on the level of awareness providers had of a range of our activities in this area, and the results indicated that, although there was strong recognition of our strategic reviews into key areas of VET sector risk and responding to the impact of COVID-19 on the VET sector, there was less awareness of other elements of our contributions and this is likely to have contributed to almost a quarter of respondents providing a neutral response to this question.

Provider survey question: **ASQA engages effectively to strengthen the VET sector and VET sector regulation.**

Provider survey results: **64% Strongly agree/agree** (13% Strongly disagree/disagree, 23% neither agree or disagree).

The benchmark for this service standard is 70% satisfaction.

Approach 6: Performance Analysis

ASQA has demonstrated a sound level of performance in contributing to strategies to improve the sector and its regulation. The provider survey results do not meet our benchmark of 70% positive responses, although the level of negative feedback on ASQA's performance is low (13%). As the evidence available is not definitive, it is assessed that ASQA has **partially met** this criterion and further efforts will be made in 2020–21 to find better avenues to measure stakeholder assessments of ASQA's contributions in this area.

Overall Agency performance analysis

In this year of significant change both within ASQA, across the VET sector and during a series of national crises, ASQA has continued to perform consistently against its performance criteria.

ASQA has performed well in identifying and managing risks, managing registration of providers and accreditation of courses, undertaking audits and making appropriate and proportionate regulatory decisions, including providing multiple opportunities for providers to submit additional evidence of compliance.

ASQA has also been very active in engaging with the sector to seek information and understand risks, as well as providing input and advice on improving the sector. In particular ASQA's own reforms demonstrate a significant effort into the strengthening of regulation and the VET sector. ASQA's increased focus on improvements to its educative role and expanding engagement approaches to provide effective information to the sector are evident in the reported results.

Although ASQA has struggled to meet some service standards in relation to audits, the year has seen overall improvements, with the trends indicating that this improvement is likely to continue. Although the majority of providers rate ASQA's performance positively, there continues to be a mix of results from the survey of providers, with areas of high satisfaction, and other results suggesting that a significant minority of the sector remains undecided or unclear on ASQA's performance. Continued improvement to our engagement with the sector is anticipated to clarify these views and improve our understanding of the drivers of these perceptions.

Overall, 2019-20 represents a solid level of performance by ASQA during a challenging period of substantial change.

The background features large, light blue, stylized letters 'A', 'S', 'Q', and 'A' arranged in a grid-like pattern. A horizontal bar with four colored segments (orange, purple, orange, green) is positioned across the middle of the image, with a white segment on the left and a red segment on the right.

Financial statements



OFFICIAL



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 2020:

- (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 2020 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2020 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 (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Australian National Audit Office



Peter Kerr

Executive Director

Delegate of the Auditor-General

Canberra

12 September 2020

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Statement by the Accountable Authority and Chief Financial Officer

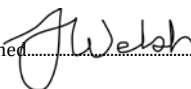
In our opinion, the attached financial statements for the year ended 30 June 2020 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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

Signed 

Saxon Rice
Accountable Authority

11 September 2020

Signed 

Jonella Welsh
Chief Financial Officer

11 September 2020

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Australian Skills Quality Authority

STATEMENT OF COMPREHENSIVE INCOME*for the period ended 30 June 2020*

		2020	2019	Original Budget
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee Benefits	1.1A	24,782	23,765	23,578
Suppliers	1.1B	9,045	13,264	13,140
Finance Costs	1.1C	81	11	-
Write-Down and Impairment of Assets	1.1D	10	-	-
Depreciation and amortisation	3.2	6,140	3,288	3,464
Total expenses		40,058	40,328	40,182
Own-Source Income				
Own-Source revenue				
Other Revenue	1.2A	98	1,026	-
Rental Income	1.2B	294	297	264
Total own-source revenue		392	1,323	264
Gains				
Other gains	1.2C	16	-	-
Total gains		16	-	-
Total own-source income		408	1,323	264
Net cost of services		39,650	39,005	39,918
Revenue from Government	1.2D	39,411	36,102	36,454
Surplus/(deficit) attributable to Australian Government		(239)	(2,903)	(3,464)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		-	(81)	-
Total other comprehensive income		-	(81)	-
Total comprehensive income/(loss) attributable to the Australian Government		(239)	(2,984)	(3,464)

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

Australian Skills Quality Authority
STATEMENT OF FINANCIAL POSITION
as at 30 June 2020

	Notes	2020 \$'000	2019 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	3.1A	287	284	287
Trade and other receivables	3.1B	20,739	17,987	17,256
Total financial assets		21,026	18,271	17,543
Non-financial assets¹				
Buildings	3.2	5,469	-	-
Leasehold improvements	3.2	1,702	2,911	3,449
Plant and equipment	3.2	521	225	317
Intangible assets	3.2	12,369	11,770	13,566
Prepayments		407	696	345
Total non-financial assets		20,468	15,602	17,677
Total assets		41,494	33,873	35,220
LIABILITIES				
Payables				
Suppliers	3.3A	763	1,413	4,368
Other Payables	3.3B	421	2,249	5
Total payables		1,184	3,662	4,373
Interest bearing liabilities				
Leases	3.4	5,481	-	-
Total interest bearing liabilities		5,481	-	-
Provisions				
Employee provisions	6.1	5,423	5,284	4,765
Other provisions	3.5	477	483	329
Total provisions		5,900	5,767	5,094
Total liabilities		12,565	9,429	9,467
Net assets		28,929	24,444	25,753
EQUITY				
Contributed equity		31,982	27,758	31,982
Asset revaluation reserve		1,354	1,354	1,472
Retained earnings		(4,407)	(4,668)	(7,701)
Total equity		28,929	24,444	25,753

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

¹: Right-of-use assets are included in Non-Financial assets as part of Buildings.

Australian Skills Quality Authority
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2020

	2020 \$'000	2019 \$'000	Original Budget \$'000
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	27,758	24,701	27,758
Adjusted opening balance	27,758	24,701	27,758
Transactions with owners			
Contributions by owners			
Equity injection	3,013	1,845	3,013
Departmental capital budget	1,211	1,212	1,211
Total transactions with owners	4,224	3,057	4,224
Closing balance as at 30 June	31,982	27,758	31,982
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	(4,668)	(1,765)	(4,237)
Adjustment on initial application of AASB 16	500	-	-
Adjusted opening balance	(4,168)	(1,765)	(4,237)
Comprehensive income			
Surplus/(Deficit) for the period	(239)	(2,903)	(3,464)
Total comprehensive income	(239)	(2,903)	(3,464)
Closing balance as at 30 June	(4,407)	(4,668)	(7,701)
ASSET REVALUATION RESERVE			
Opening balance	1,354	1,435	1,472
Adjusted opening balance	1,354	1,435	1,472
Comprehensive income			
Other comprehensive income	-	(81)	-
Total comprehensive income	-	(81)	-
Closing balance as at 30 June	1,354	1,354	1,472

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 2020

	2020 \$'000	2019 \$'000	Original Budget \$'000
TOTAL EQUITY			
Opening balance	24,444	24,371	24,993
Adjustment on initial application of AASB 16	500	-	-
Adjusted opening balance	24,944	24,371	24,993
Comprehensive income			
Surplus/(Deficit) for the period	(239)	(2,903)	(3,464)
Other comprehensive income	-	(81)	-
Total comprehensive income	(239)	(2,984)	(3,464)
Transactions with owners			
Contributions by owners			
Equity injection	3,013	1,845	3,013
Departmental capital budget	1,211	1,212	1,211
Total transactions with owners	4,224	3,057	4,224
Closing balance as at 30 June	28,929	24,444	25,753

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 2020*

	2020	2019	Original Budget
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	36,165	33,123	36,454
Sale of goods and rendering of services	1,250	2,364	264
Net GST received ¹	34	1,360	-
Total cash received	37,449	36,847	36,718
Cash used			
Employees	24,643	21,025	23,578
Suppliers	8,673	12,101	13,140
Interest payments on lease liabilities	71	-	-
Section 74 receipts transferred to Official Public Account	868	3,724	-
Total cash used	34,255	36,850	36,718
Net cash from/(used by) operating activities	3,194	(3)	-
INVESTING ACTIVITIES			
Cash used			
Purchase of plant and equipment	455	34	-
Purchase of leasehold improvements	12	75	-
Purchase of intangible software	2,259	2,175	4,224
Total cash used	2,726	2,284	4,224
Net cash used by investing activities	(2,726)	(2,284)	(4,224)
FINANCING ACTIVITIES			
Cash received			
Contributed equity	2,633	2,284	4,224
Total cash received	2,633	2,284	4,224
Cash used			
Principal payments of lease liabilities	3,098	-	-
Total cash used	3,098	-	-
Net cash from financing activities	(465)	2,284	4,224
Net increase/(decrease) in cash held	3	(3)	-
Cash and cash equivalents at the beginning of the reporting period	284	287	287
equivalents at the beginning of the reporting period	-	-	-
Cash and cash equivalents at the end of the reporting period	287	284	287

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

Australian Skills Quality Authority

ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME

for the period ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Write-down and impairment of receivables		208	231	-
Other		-	10	-
Total expenses		208	241	-
Income				
Non-taxation revenue				
Charges	2.1	14,747	15,246	19,962
Regulatory fees and fines	2.1	3,014	4,916	4,147
Total non-taxation revenue		17,761	20,162	24,109
Total revenue		17,761	20,162	24,109
Total income		17,761	20,162	24,109
Net contribution by services		17,553	19,921	24,109
Total comprehensive income		17,553	19,921	24,109

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 2020*

	Notes	2020 \$'000	2019 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Trade and other receivables	4.1	34	323	319
Total financial assets		34	323	319
Total assets administered on behalf of Government		34	323	319
LIABILITIES				
Payables				
Refunds payable	4.2	302	-	-
Total payables		302	-	-
Provisions				
Other provisions	4.2	64	84	427
Total provisions		64	84	427
Total liabilities administered on behalf of Government		366	84	427
Net assets		(332)	239	(108)

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

Australian Skills Quality Authority

ADMINISTERED RECONCILIATION SCHEDULE

as at 30 June 2020

	Notes	2020 \$'000	2019 \$'000
Opening assets less liabilities as at 1 July		239	(108)
Net contribution by services			
Income		17,761	20,162
Expenses		(208)	(241)
Transfers (to)/from the Australian Government			
Appropriation transfers from Official Public Account			
Special appropriations (limited)	5.1C	2,190	683
Appropriation transfers to Official Public Account			
Transfers to Official Public Account		(20,314)	(20,257)
Closing assets less liabilities as at 30 June		(332)	239

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

Accounting policy

Administered cash transfers to and from the Official Public Account

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

Australian Skills Quality Authority

ADMINISTERED CASH FLOW STATEMENT*for the period ended 30 June 2020*

	2020	2019	Original Budget
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Charges	15,923	15,246	19,962
Fees and Fines	4,391	5,011	4,504
Total cash received	20,314	20,257	24,466
Cash used			
Refunds to registered training organisations	2,190	683	357
Total cash used	2,190	683	357
Net cash received from operating activities	18,124	19,574	24,109
Cash from Official Public Account			
Appropriations	2,190	683	357
Total cash from Official Public Account	2,190	683	357
Cash to Official Public Account			
Appropriations	20,314	20,257	24,466
Total cash to Official Public Account	20,314	20,257	24,466
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 2020

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.

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 2020

Overview (continued...)

Adoption of new Australian Accounting Standards

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

Standard	Nature of change in accounting policy, transitional provisions, and adjustments to the financial statements
AASB 15 <i>Revenue from Contracts with Customers</i> / AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i> and AASB 1058 <i>Income of Not-For-Profit Entities</i>	AASB 15, AASB 2016-8 and AASB 1058 became effective 1 July 2019.
	AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 <i>Revenue</i> , AASB 111 <i>Construction Contracts</i> and Interpretation 13 <i>Customer Loyalty Programmes</i> . The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.
	AASB 1058 is relevant in circumstances where AASB 15 does not apply. AASB 1058 replaces most of the not-for-profit (NFP) provisions of AASB 1004 <i>Contributions</i> and applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received.
	The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.
AASB 16 <i>Leases</i>	AASB 16 became effective on 1 July 2019.
	This new standard has replaced AASB 117 <i>Leases</i> , Interpretation 4 <i>Determining whether an Arrangement contains a Lease</i> , Interpretation 115 <i>Operating Leases—Incentives</i> and Interpretation 127 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i> .
	AASB 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained. The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

Overview (continued...)

Application of AASB 15 Revenue from Contracts with Customers / AASB 1058 Income of Not-For-Profit Entities

ASQA adopted AASB 15 and AASB 1058 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under the various applicable AASBs and related interpretations.

Under the new income recognition model ASQA shall first determine whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are 'sufficiently specific'. If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), ASQA applies the general AASB 15 principles to determine the appropriate revenue recognition. If these criteria are not met, ASQA shall consider whether AASB 1058 applies.

In relation to AASB 15, ASQA elected to apply the new standard to all new and uncompleted contracts from the date of initial application. ASQA is required to aggregate the effect of all of the contract modifications that occur before the date of initial application.

In terms of AASB 1058, ASQA is required to recognise volunteer services at fair value if those services would have been purchased if not provided voluntarily, and the fair value of those services can be measured reliably.

The first column shows amounts prepared under AASB 15 and AASB 1058 and the second column shows what the amounts would have been had AASB 15 and AASB 1058 not been adopted:

Impact on transition

There is no impact on departmental assets and liabilities, therefore no adjustment required at 1 July 2019.

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

Overview (continued...)

Set out below are the amounts by which each financial statement line item is affected as at and for the year ended 30 June 2020 as a result of the adoption of AASB 15 and AASB 1058. The first column shows amounts prepared under AASB 15 and AASB 1058 and the second column shows what the amounts would have been had AASB 15 and AASB 1058 not been adopted:

Transitional disclosure	AASB 15 / AASB 1058 \$'000	Previous AAS \$'000	Increase / (decrease) \$'000
Administered			
Expenses			
Write-down and impairment of receivables	208	208	-
Total Expenses	208	208	-
Revenue			
Charges	14,747	14,747	-
Regulatory fees and fines	3,014	3,014	-
Total Revenue	17,761	17,761	-
Net (cost of)/contribution by services	(17,553)	(17,553)	-
Assets			
Receivables	34	34	-
Total Assets	34	34	-
Liabilities			
Payables	302	302	-
Other provisions	64	64	-
Total Liabilities	366	366	-
Net Assets	(332)	(332)	-

There are no changes to expenses, revenue, assets or liabilities due to the implementation of AASB 1058 or AASB 15.

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

Overview (continued...)

Application of AASB 16 Leases

ASQA adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2018-19 is not restated, that is, it is presented as previously reported under AASB 117 and related interpretations.

ASQA elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under AASB 117 were not reassessed. The definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

AASB 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Entity applied the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if AASB 16 had been applied since the commencement date;
- Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under AASB 136 Impairment of assets as at the date of initial application; and
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, ASQA previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, ASQA recognises right-of-use assets and lease liabilities for most leases. However, ASQA has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of AASB 16, ASQA recognised right-of-use assets and lease liabilities in relation to leases of office space which had previously been classified as operating leases.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using ASQA's incremental borrowing rate as at 1 July 2019. ASQA's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 0.99%

The right-of-use assets were measured as follows:

- a) Office space: measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

Overview (continued...)

Impact on transition

On transition to AASB 16, ASQA recognised additional right-of-use assets and additional lease liabilities and recognised lease straightlining balance in retained earnings. The impact on transition is summarised below:

Departmental	1 July 2019
Buildings	8,460
Lease liabilities	8,460
Retained earnings	500

The following table reconciles the Departmental minimum lease commitments disclosed in the entity's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	1 July 2019
Minimum operating lease commitment at 30 June 2019	8,455
Plus: adjustment to the opening balance	64
Less: short-term leases not recognised under AASB 16	(162)
Less: low value leases not recognised under AASB 16	-
Plus: effect of extension options reasonably certain to be exercised	273
Undiscounted lease payments	8,630
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(170)
Lease liabilities recognised at 1 July 2019	8,460

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

1.1 Expenses

	2020 \$'000	2019 \$'000
1.1A: Employee Benefits		
Wages and salaries	18,609	17,483
Superannuation		
Defined contribution plans	2,766	2,640
Defined benefit plans	388	337
Leave and other entitlements	3,019	3,305
Total employee benefits	24,782	23,765

Accounting policy

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

1.1B: Suppliers

Goods and services supplied or rendered

Consultants	539	846
Contractors	1,069	919
IT Services	3,025	2,849
Legal fees	1,095	1,268
Panel auditors	570	1,349
Property	940	984
Training	103	224
Travel	633	908
Resources received free of charge	50	50
Other	613	529
Total goods and services supplied or rendered	8,637	9,926

Goods supplied

70 83

Services rendered

8,567 9,843

Total goods and services supplied or rendered

8,637 9,926

Other expenses

Operating lease rentals ¹	-	3,229
Short-term leases	238	-
Workers compensation expenses	170	109

Total other suppliers

408 3,338

Total suppliers

9,045 13,264

¹ ASQA has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

ASQA has no short-term lease commitments as at 30 June 2020.

The above lease disclosures should be read in conjunction with the accompanying notes 1.1C, 1.2B, 3.2 and 3.4.

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

1.1 Expenses (continued...)

Accounting policy

Short-term leases and leases of low-value assets

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

	2020 \$'000	2019 \$'000
1.1C: Finance Costs		
Interest on Lease Liabilities	71	-
Unwinding of discount	10	11
Total finance costs	<u>81</u>	<u>11</u>

Accounting policy

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 1.2B, 3.2 and 3.4.

All borrowing costs are expensed as incurred.

1.1D: Write-Down and Impairment of Assets

Plant and equipment write-down	10	-
Total write-down and impairment of assets	<u>10</u>	<u>-</u>

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

1.2 Own-source revenue

	2020	2019
	\$'000	\$'000
1.2A: Other revenue		
Resources received free of charge - remuneration of auditors	50	50
Other revenue	48	976
Total other revenue	98	1,026

Accounting policy

Resources received free of charge

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

1.2B: Rental income

Lease income	294	297
Total rental income	294	297

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.

Maturity analysis of operating lease income receivables:

Within 1 year	150	292
Between 1 to 5 years	-	150
More than 5 years	-	-
Total undiscounted lease payments receivable	150	442

1.2C: Other gains

Reversal of make good provision	16	-
Total rental income	16	-

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

1.2 Own-source revenue (continued...)

	2020	2019
	\$'000	\$'000
1.2D: Revenue from Government		
Departmental appropriations	39,411	36,102
Total revenue from Government	39,411	36,102

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 2020

2.1 Administered - Income

	2020 \$'000	2019 \$'000
Revenue		
Non - Taxation Revenue		
Charges	14,747	15,246
Regulatory fees	2,886	4,596
Fines	128	320
Total fees and fines	17,761	20,162

Accounting policy

Revenue from regulatory fees and charges

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

Charges include ASQA's annual registration charges and compliance audit charges. The annual registration charges are recognised as revenue at the time of invoicing. The compliance audit charges are recognised as revenue when an audit is closed. ASQA's regulatory fee income is recognised as revenue when an application reaches to a non-refundable stage. Revenue from fines is recognised when ASQA receives payment.

Event impacting ASQA in 2019-20

Unexpected and significant events in 2019-20 have impacted the financial statements.

In the final quarter of 2019-20, impacts of the COVID-19 pandemic on ASQA's operations included a decline in audit activities, a decline in applications for initial registration, and changes in stakeholder expectations.

In April 2020 the Australian Government announced a package of measures to relieve the financial pressures the COVID-19 pandemic created for vocational education and training (VET) providers. As part of these measures, ASQA announced it would waive some of its fees and charges from 1 January 2020 through 30 June 2021 (including reimbursement of payments already made for invoices issued in that period). During financial year 2019-20 ASQA waived \$4.404m in fees and charges.

The revenue disclosed is net of fees/charges waivers.

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

3.1 Financial assets

	2020 \$'000	2019 \$'000
3.1A: Cash and cash equivalents		
Cash on hand or on deposit	287	284
Total cash and cash equivalents	287	284

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

3.1B: Trade and other receivables

Goods and services receivables

Goods and services	214	254
Total goods and services receivables	214	254

Appropriations receivables

Appropriation receivable	20,415	15,578
Total appropriations receivables	20,415	15,578

Other receivables

Lease incentive receivable	-	2,011
GST from Australian Taxation Office	110	144
Other receivables	16	16
Total other receivables	126	2,171

Total trade and other receivables (gross)

	20,755	18,003
Less impairment allowance	16	16
Total trade and other receivables (net)	20,739	17,987

Credit terms for goods and services were within 30 days (2019: 30 days).

Accounting policy

Financial assets

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

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

3.2 Non-financial assets

Reconciliation of the opening and closing balances of leasehold improvements, plant and equipment, and intangible assets for 2020

	Buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Intangibles ¹ \$'000	Total \$'000
As at 1 July 2019					
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 1 July 2019	-	2,911	225	11,770	14,906
Recognition of right of use asset on initial application of AASB 16	8,460	-	-	-	8,460
Adjusted total as at 1 July 2020	8,460	2,911	225	11,770	23,366
Additions					
Purchases	-	12	455	-	467
Internally developed	-	-	-	2,259	2,259
Right-of-use assets	119	-	-	-	119
Depreciation, amortisation and impairment	(3,110)	(1,221)	(149)	(1,660)	(6,140)
Disposals	-	-	(52)	-	(52)
Write back accumulated depreciation -	-	-	42	-	42
Total as at 30 June 2020	5,469	1,702	521	12,369	20,061
Total as at 30 June 2020 represented by					
Gross book value	8,579	4,822	937	22,186	36,524
Accumulated depreciation, amortisation and impairment	(3,110)	(3,120)	(416)	(9,817)	(16,463)
Total as at 30 June 2020	5,469	1,702	521	12,369	20,061
Carrying amount of right-of-use assets	5,469	-	-	-	5,469

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

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

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^F

for the year ended 30 June 2020

3.2 Non-financial assets (continued...)

Accounting policy

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

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

Asset recognition threshold

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

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

Lease Right-of-Use (ROU) Assets

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

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

Revaluations

Following initial recognition at cost, leasehold improvements, plant and equipment (**excluding ROU assets**) are carried at fair value (or an amount not materially different from 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.

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

Australian Skills Quality Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2020

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	2019-20	2018-19
Leasehold improvements	Lesser of the lease term & useful life	Lesser of the lease term & useful life
Plant & equipment	Four to ten years	Four to ten years

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

Impairment

All assets were assessed for impairment at 30 June 2020. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

Derecognition

An asset is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Intangible assets

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

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

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

3.3 Payables

	2020 \$'000	2019 \$'000
3.3A: Suppliers		
Trade creditors and accruals	763	1,413
Total suppliers	763	1,413

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

3.3B: Other payables

Salaries and wages	341	182
Superannuation	80	56
Unamortised lease liabilities ¹	-	2,011
Total other payables	421	2,249

¹ ASQA has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

3.4 Interest bearing liabilities

	2020 \$'000	2019 \$'000
Interest bearing liabilities		
Leases	5,481	-
Total leases	5,481	-

Accounting policy

ASQA has implemented AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

The above lease disclosure should be read in conjunction with the accompanying notes 1.1B, 1.1C, 1.2B, 3.2 and refer to the overview section for the accounting policy on leases.

3.5 Other provisions

	2020 \$'000	2019 \$'000
Other provisions		
Provision for leasehold restoration	477	483
Total other provisions	477	483

	Provision for leasehold
As at 1 July 2019	483
Additional Provisions made	10
Provisions reversed	(16)
Total as at 30 June 2020	477

ASQA currently has three (3) (2019: 4) agreements for the leasing of premises which have provisions requiring ASQA to restore the premises to their original condition at the conclusion of the lease. The entity has made a provision to reflect the present value of this obligation.

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

4.1 Administered - financial assets

	2020 \$'000	2019 \$'000
Trade and other receivables		
Fees and charges	305	898
Total trade and other receivables	<u>305</u>	<u>898</u>
Total trade and other receivables (gross)	<u>305</u>	<u>898</u>
Less impairment allowance	<u>(271)</u>	<u>(575)</u>
Total trade and other receivables (net)	<u>34</u>	<u>323</u>

Credit terms for goods and services were within 30 days (2019: 30 days).

Accounting policy

Receivables

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

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

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

4.2 Administered - Liabilities

	2020 \$'000	2019 \$'000
Suppliers		
Covid-19 Refund Liabilities	138	-
Other Refund Liabilities	164	-
Total Payables	302	-
Provisions		
Revenue Received in Advance	64	84
Total Provisions	64	84
Total trade and other receivables (net)	366	84

Accounting policy

Payables

Unexpected and significant events in 2019-20 have impacted the financial statements.

In the final quarter of 2019-20, impacts of the COVID-19 pandemic on ASQA's operations included a decline in audit activities, a decline in applications for initial registration, and changes in stakeholder expectations.

In April 2020 the Australian Government announced a package of measures to relieve the financial pressures the COVID-19 pandemic created for vocational education and training (VET) providers. As part of these measures, ASQA announced it would waive some of its fees and charges from 1 January 2020 through 30 June 2021 (including reimbursement of payments already made for invoices issued in that period).

During financial year 2019-20 ASQA waived \$4.404m in fees and charges.

As at the balance date, refunds amounting to \$0.138m are still payable to registered training providers.

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

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

Australian Skills Quality Authority
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2020

5.1: Appropriations

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

Annual Appropriations for 2020

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

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

² S74 Receipts is net of Recoverable GST.

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.

Australian Skills Quality Authority
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2020

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

	2020 \$'000	2019 \$'000
Departmental		
Appropriation Act (No. 1) 2018-2019		15,089
Appropriation Act (No. 1 DCB) 2018-2019		773
Appropriation Act (No. 1) 2019-2020	15,381	-
Appropriation Act (No. 1 DCB) 2019-2020	706	-
Appropriation Act (No. 2) 2019-2020	1,153	-
Appropriation Act (No. 3) 2019-2020	2,957	-
Supply Act (No. 1 DCB) 2019-2020	505	-
Total departmental	20,702	15,862

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

Authority	Type	Purpose	Appropriation applied 2020 \$'000	2019 \$'000
<i>Public Governance, Performance and Accountability Act 2013 s.77, Administered</i>	Refund	To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and the Finance Minister is satisfied that, apart from this section, there is no specific appropriation for the repayment.	2,190	683
Total special appropriations applied			2,190	683

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

5.2 Regulatory charging summary

	2020 \$'000	2019 \$'000
Amounts applied		
Departmental		
Annual appropriations	39,666	37,771
Total amounts applied	<u>39,666</u>	<u>37,771</u>
Expenses		
Departmental	40,058	40,328
Administered	208	241
Total expenses	<u>40,266</u>	<u>40,569</u>
External Revenue		
Administered	17,761	20,162
Total external revenue	<u>17,761</u>	<u>20,162</u>

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>

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

6.1 Employee provisions

	2020	2019
	\$'000	\$'000
Employee provisions		
Leave	5,423	5,284
Total employee provisions	5,423	5,284

Accounting policy

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

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

Leave

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

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including ASQA's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid on termination.

The liability for long service leave has been determined at the work of an actuary as at 30 June 2020. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Superannuation

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

The PSS is a defined benefit scheme for the Australian Government. The PSSap is a defined contribution scheme.

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

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

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

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

6.2 Key management personnel remuneration

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

	2020	2019
	\$'000	\$'000
Short-term employee benefits	1,310	1,506
Post-employment benefits	133	149
Other long-term employee benefits	24	18
Termination benefits	640	-
Total key management personnel remuneration expenses¹	2,107	1,673

The total number of key management personnel that are included in the above table are 6 (2019: 6).

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.

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

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 2020

7.1A Contingent assets and liabilities

	Guarantees		Claims for damages or costs		Total	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Contingent assets						
Balance from previous period	44	44	139	125	183	169
New contingent assets recognised	-	-	138	75	138	75
Assets realised	-	-	(21)	(61)	(21)	(61)
Total contingent assets	44	44	256	139	300	183
Net contingent assets	44	44	256	139	300	183

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 2020

7.1B: Administered - Contingent assets and liabilities

	Claims for		Total	
	damages or costs			
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Contingent assets				
Balance from previous period	340	117	340	117
New contingent assets recognised	125	265	125	265
Assets realised	(28)	(42)	(28)	(42)
Total contingent assets	437	340	437	340
Net contingent assets	437	340	437	340

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

7.2A Financial instruments

	2020	2019
	\$'000	\$'000
Categories of financial instruments		
Financial assets at amortised cost		
Cash and cash equivalents	287	284
Trade and other receivables	214	254
Total financial assets at amortised cost	<u>501</u>	<u>538</u>
Total financial assets	<u>501</u>	<u>538</u>
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	763	1,413
Total financial liabilities measured at amortised cost	<u>763</u>	<u>1,413</u>
Total financial liabilities	<u>763</u>	<u>1,413</u>

7.2B Administered - Financial instruments

	2020	2019
	\$'000	\$'000
Categories of financial instruments		
Financial assets at amortised cost		
Trade and other receivables	34	323
Total financial assets at amortised cost	<u>34</u>	<u>323</u>
Total financial assets	<u>34</u>	<u>323</u>

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

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 2020

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	
	2020 \$'000	2019 \$'000
Non-financial assets		
Leasehold improvements	1,702	2,911
Plant and equipment	521	225
Total non-financial assets	2,223	3,136

Accounting policy

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

Asset class	2019-20	2018-19
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 2020***8.1A Aggregate assets and liabilities**

	2020 \$'000	2019 \$'000
Assets expected to be recovered in:		
No more than 12 months	21,433	18,967
More than 12 months	20,061	14,906
Total assets	<u>41,494</u>	<u>33,873</u>
Liabilities expected to be settled in:		
No more than 12 months	5,429	3,773
More than 12 months	7,136	5,656
Total liabilities	<u>12,565</u>	<u>9,429</u>

8.1B Administered - Aggregate assets and liabilities

	2020 \$'000	2019 \$'000
Assets expected to be recovered in:		
No more than 12 months	34	323
More than 12 months	-	-
Total assets	<u>34</u>	<u>323</u>
Liabilities expected to be settled in:		
No more than 12 months	366	84
More than 12 months	-	-
Total liabilities	<u>366</u>	<u>84</u>

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

9 Budget variances commentary

The following table provides explanations for significant variances between ASQA's original budget as presented in the 2019–20 Portfolio Budget Statements (PBS) and the 2019–20 final budget outcome as presented in accordance with Australian Accounting Standards. Budget adjustments were approved during the 2019–20 Mid-Year Economic Fiscal Outlook (MYEFO) budget round. The budget is not audited. High level explanations of the causes of the significant variances are provided below.

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

Departmental

ASQA's original 2019–20 Portfolio Budget Statements (PBS) result is for an operating loss of \$3.464m. ASQA's Final Budget Outcome for 2019-20 is an operating loss of \$0.239m, a variance of \$3.225m.

Explanations of significant variances	Affected Statement/ line items
<p>Employee expenses are \$1.204 million (5%) over the original budget. Contributing factors include:</p> <ul style="list-style-type: none"> • Additional expenditure reflecting changes in ASQA's governance arrangements announced in the MYEFO budget measure Skills Package – strengthening the national training system. • Backfilling of a higher than expected number of paid parental leave arrangements. • Staff taking fewer annual leave days than anticipated, due to the impacts of COVID-19. <p>Supplier expenses are \$4.095 million (31%) below the original budget. Contributing factors include:</p> <ul style="list-style-type: none"> • Limitations on ASQA's ability to undertake certain types of regulatory activity (e.g. onsite audits), due to COVID-19. This led to a reduced expenditure on contract auditors (32%) and travel (34%). • The transfer of ASQA's 2019-20 property operating lease expenses of \$2.921 million from 'suppliers expense' to 'depreciation expense'. This was due to ASQA's adoption of Australian Accounting Standard 16 (AASB 16) Leases in 2019-20. • The transition of financial processing services to the Service Delivery Office (SDO) within the Department of Finance, commencing in the late 2019-20 financial year and to continue in 2020-21. These services are tied to Shared Common Services Program funding of \$0.552 million with approval provided by the Department of Finance to carry over the funding (via an operating loss mechanism) into 2020-21. <p>ASQA's spend on other categories of supplier expenses is consistent with the previous financial year and allocated budget for 2019-20.</p> <p>Finance costs for the unwinding of discount relates to the make-good provision for ASQA's Melbourne, Sydney and Brisbane offices in accordance with AASB 136.116, the effect of bringing the present value of an asset in line with the fair value at the end of the make-good term.</p> <p>Write-down of assets represents the retirement of computer equipment (\$10k).</p>	<p><i>Statement of comprehensive income</i></p> <p><i>Expenses</i></p>

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

9 Budget variances commentary (continued...)

Explanations of significant variances	Affected Statement/ line items
<p>Depreciation expenses \$2.676m (77%) over the original budget. Contributing factors include:</p> <ul style="list-style-type: none"> The transfer of ASQA's 2019-20 property operating lease expenses of \$2.921 million from the line item 'suppliers expense' to the 'depreciation expense' line (as noted above). Delays in the release of internally developed software during 2019–20, which led to underspend of (\$0.433m) (13%) on the budgeted amount for Depreciation and Amortisation. 	
<p>Other revenue primarily consists of \$0.020 million revenue received for the conduct of VET Student Loans compliance audits on behalf of Department of Education and Training; Resources Received Free of Charge representing the 2019-20 audit fee conducted by the Australian National Audit Office \$0.050m and court awarded costs and reimbursements of \$0.027 million.</p> <p>Rental income represents rent received from the Asbestos Safety and Eradication Agency for the sub-lease of 324sqm of ASQA's premises at Level 10, 255 Elizabeth Street, Sydney. The 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 an increase to the original budget position of \$3.484 million (20%). Total financial assets are \$2.756 million (16%) 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 budget as approved by the Department of Finance.</p>	<p><i>Statement of financial position</i></p> <p><i>Financial assets</i></p>
<p>Non-financial assets are \$2.790 million (16%) above the original budget position. Against the approved MYEFO budget profile non-financial assets have decreased to be \$1.018 million (6%) below the budget position. The variance to budget represents an underspend in leasehold improvements and Intangible assets.</p>	<p><i>Statement of financial position</i></p> <p><i>Non-financial assets</i></p>
<p>Total liabilities are \$3.098 million (33%) over the original budget position. The approved MYEFO budget for total liabilities is \$14.848 million resulting in a revised variance to budget of \$2.283 million (24%). 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 \$3.175 million (12%) over the original budget. The approved MYEFO budget for net assets and total equity is \$24.908 million which is \$4.020 million (16%) above the budget position for reasons noted in the above sections.</p>	<p><i>Statement of financial position</i></p> <p><i>Net assets</i></p>
<p>The notable increases to ASQA's equity is largely due to contribution by owners of \$4.224 million. These contributions are in the form of an equity injection \$3.013 million (purchase of new financial assets) and Departmental Capital Budget \$1.211 million (for the replacement of existing assets).</p>	<p><i>Statement of changes in equity</i></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>The COVID environment has caused an underspend (against the MYEFO budget) due to the reduced amount of regulatory activity undertaken between March and June 2020. The impact of the underspend increases the balance of ASQA's appropriation receivable as savings are recognised as prior year appropriation.</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 2020

9 Budget variances commentary (continued...)

Administered

The budgeted result was total comprehensive income of \$24.109m. The actual result was comprehensive income of \$17.553m. The variance is \$6.556 million.

Explanations of significant variances	Affected Statement/ line items
<p>On 12 April 2020 the Australian Government announced a package of measures designed to mitigate negative impacts of the COVID-19 pandemic on vocational education and training (VET) providers. As part of these measures, it was announced that ASQA will: waive fees and charges for some of its activities for the period 1 January 2020 to 30 June 2021; and reimburse payments made for the included fees and charges where invoices were issued on or after 1 January 2020.</p> <p>Revenue from charging activities, which includes annual registration charges and compliance audit charges, is \$5.215 million (26%) under the budget position. Due to the impacts of COVID-19, the amount of compliance audit activity undertaken was lower than the original budget.</p> <p>Revenue from annual registration charges was lower than the original budget due to providers withdrawing from the market, and providers moving to lower charging tiers due to a contraction of their operations.</p> <p>Regulatory fees are \$1.133 million (28%) under the budget position, this is predominately due to a lower number of applications received for renewal of registration and course accreditation.</p> <p>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. ASQA does make provision for invoices more than 90 days overdue.</p>	<p><i>Administered schedule of comprehensive income</i></p>
<p>ASQA's balance of Receivables for 2019-20 is reflective of the COVID financial relief budget measure. Other provisions reflect revenue received in advance for applications received during the cut over period of the new financial year \$0.064 million and Provisions for Refunds of \$0.138 million still be administered for the COVID financial relief measure and \$0.164 million for pro-rata annual registration fee refunds for providers who have ceased registration part way through the financial year.</p>	<p><i>Administered schedule of assets and liabilities</i></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>Cash received for operating activities is \$4.152 million (17%) below the budget position.</p> <p>Cash used for operating activities is \$5.985 million (25%) below the budget position.</p> <p>Cash from the Official Public Account of \$2.190 million represents reimbursements of payments made from providers.</p>	<p><i>Cash flow statement</i></p>



Management and accountability

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Corporate governance

In 2019–20, ASQA's corporate governance framework and practices ensured that ASQA's operations were efficient, effective and accountable.

ASQA's corporate governance framework is realised through:

- the work of the Senior Executive Committee (SEC) 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 regulatory decisions and decisions about regulatory policy.

Commissioners' meetings

During the reporting period, ASQA's Commissioners met formally on 47 occasions to consider regulatory decisions about provider registrations, regulatory policy and other items. The Commissioners also made decisions out of session on five occasions. The Commissioner, Regulatory Operations held (as a delegate) a further 58 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 Executive Committee

The SEC comprises the:

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

In 2019–20 the SEC provided a forum for ensuring:

- appropriate agency strategic management and direction
- effective and efficient management of ASQA resources
- management of risk
- 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 *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The Audit Committee reports directly to the Chief Executive Officer, providing independent assurance and assistance on ASQA's risk, control and compliance framework and its external accountability responsibilities. The Audit Committee also reviews ASQA-wide fraud control measures.
- **Health and Safety Committee**—the Chief Executive Officer has established the Health and Safety Committee under 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 SEC is supported by the following advisory committees:

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

In 2019–20 the SEC oversaw many important initiatives, including:

- informing the development of—and progressing reforms in relation to—the Rapid Review
- coordinating ASQA's response to the bushfire and COVID-19 crises
- the development of the ASQA regulatory strategy 2020–22
- the implementation of a new complaints management process.

The SEC met 49 times in 2019–20.

Planning

ASQA produces annual corporate plans in accordance with NVR and PGPA Act requirements. The corporate plan is the primary planning document for the agency, setting out ASQA's purpose, operating context and the key activities, initiatives and strategies for both the coming year and the four-year planning horizon. The plan also sets out how agency performance will be measured and assessed. ASQA's corporate plan also reflects and aligns with its regulatory strategy.

The activities detailed in ASQA's corporate plan are mapped to team plans, which also include the full spectrum of team deliverables. These team plans in turn inform individual performance plans for each team member.

Internal reporting and audit

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

During 2019-20 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 Australian Public Service (APS) employees, are required under the APS Code of Conduct to behave at all times in a way that upholds the APS Values and Employment Principles. The APS Values include maintaining the highest ethical standards.

All ASQA ongoing and non-ongoing employees sign a Declaration of Interest on commencement with ASQA. 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 APS 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 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 agency-wide awareness of the fraud prevention measures set out in the Fraud Control Plan. Fraud control certification is included in the letter of transmittal at the beginning of this report.

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 log on the ASQA website at www.asqa.gov.au/about/reporting-and-accountability/freedom-information.

ASQA is also required to comply with the timeframe requirements of the FOI Act, and during 2019-20 the timeframes were adhered to in 99 per cent of cases.

Complaints about ASQA

As is required under the *Standards for VET Regulators 2015*, ASQA has a policy to manage and respond to stakeholder complaints about its regulatory practices. ASQA undertakes to acknowledge all complaints within five working days and, if ASQA considers more than 90 days will be required to finalise the complaint, to inform the complainant in writing with reasons. During 2019-20, while ASQA complied with the 90-day timeframe on all occasions, the Authority failed to acknowledge one complaint within five days.

Audit Committee

The functions of the ASQA Audit Committee (the audit committee) are to review the appropriateness of ASQA's:

- financial reporting
- performance reporting
- systems of risk oversight and management
- systems of internal control.

The charter determining the functions of the audit committee is available at www.asqa.gov.au/media/1250. This charter was updated during the period covered in this report to better reflect the standard charter.

In 2019-20 the audit committee met four times:

- 10 September 2019
- 3 December 2019
- 17 March 2020
- 2 June 2020.

In 2019-20, three persons were members of the audit committee:

- Vanessa Graham (Chair)
- Dr Irene Ioannakis (Deputy Chair)
- Renae Houston.

Table 2 below lists the qualifications, knowledge, skills and experience of each audit committee member, information about each member's attendance at audit committee meetings during 2019-20, and the remuneration for each audit committee member's service during 2019-20.

Table 2: Audit Committee members and meeting details

Member name	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of meetings attended/ total number of meetings	Total annual remuneration
Vanessa Graham	<ul style="list-style-type: none"> • Bachelor of Commerce (Accounting major). • Fellow Certified Practising Accountant (FCPA). • Over 15 years' experience as a senior executive in a number of Australian Government departments and agencies, including the Department of Finance. • Extensive experience in corporate and financial roles across the Australian Government. • Expertise in Australian Government financial, governance and reporting frameworks. 	4/4	\$0
Dr Irene Ioannakis	<ul style="list-style-type: none"> • Deputy Chief Commissioner, Australian Skills Quality Authority. • Former Commissioner, Regulatory Operations, Australian Skills Quality Authority. • Doctor of Philosophy. • Master of Education. • Bachelor of Education. • Extensive experience in executive positions at organisations including Chevron Australia, GE Oil & Gas, WesTrac, Chamber of Minerals and Energy of WA. 	4/4	\$0
Renae Houston	<ul style="list-style-type: none"> • Bachelor of Arts and Graduate Certificate in Public Administration. • Over five years' experience as a senior executive in the Department of Education, Skills and Employment. • Expertise in program and project management, policy development and implementation. • Experienced budget and financial manager. • Sound knowledge and understanding of the Vocational Education and Training sector. 	4/4	\$0

External scrutiny

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 Administrative Appeals Tribunal (AAT) or a court.

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

Section 203 of the NVR Act provides for review of certain 'reviewable decisions' made by ASQA, which may be reviewed by the AAT. Unless otherwise limited, as a 'merits review' jurisdiction, 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).

The AAT review process encourages parties to resolve disputes as efficiently as possible without having to proceed to a hearing. During AAT conferences, which may include a conciliation conference, parties will seek to identify and narrow the issues before the AAT, identify and provide any further evidence relevant to the reviewable decision, and explore whether an agreed outcome can be reached.

During the AAT review process, the evidence submitted by RTOs will often seek to address areas of non-compliance as originally identified by ASQA. In light of such further evidence, ASQA will assess whether the non-compliance which led to the decision under review has subsequently been addressed. Where ASQA is satisfied that the evidence supports compliance, the parties will work together to finalise the application.

In 2019-20 there were 153 applications to the AAT to review a decision (or decisions) made by ASQA. In addition, a further 197 matters were carried over from previous financial years. Of all matters, 238 were closed during 2019-20 and 112 have been carried into 2020-21.

For further information on AAT outcomes see page 38.

Table 3: AAT applications for review of an ASQA decision in 2018-19 and 2019-20

AAT applications for review of an ASQA decision	2018-19	2019-20
Applications carried over from previous year	115	197
Opened	244	153
Total	359	350
Closed	162	238
Carried into following year	197	112

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 2020, 200 ASQA employees were covered by the *ASQA Enterprise Agreement 2017-20*, including one acting Senior Executive Service (SES) employee, one substantive SES employee covered by an Individual S24 (1) Determination and two 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 2020, ASQA had 15 employees with an individual flexibility agreement that varies the effect of the terms of the *ASQA Enterprise Agreement 2017-20*.

The *ASQA Enterprise Agreement 2017-20* does not include provision for performance pay.

Information on Commissioners' and SES employees' total remuneration is set out on page 120.

COVID-19 response

The declaration of a global pandemic in March 2020 saw a shift in priorities for ASQA and the need to support a swift transition to a home-based work environment for all employees, to assist in reducing the spread of COVID-19.

ASQA developed guidance material to support employees during this time, including:

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

ASQA supported the wellbeing of employees working from home by:

- regular communication to managers with resources for effectively managing remote teams
- regular announcements promoting physical and mental health and wellbeing for all employees.

During this time, a mobility register was established by the APS Workforce Management Taskforce to support critical functions in the APS. ASQA redeployed five ASQA employees for short-term secondments to Services Australia to assist with processing JobSeeker applications.

Capability development

The ASQA Learning and Development Strategy 2019-2021 was launched in November 2019 and determines the priority areas for learning and development delivery. The strategy has seven focus areas that influence the delivery of capability development solutions:

- ASQA induction program and Probation Policy
- understanding corporate responsibilities framework
- maximising e-learning opportunities
- appropriate workplace behaviours
- developing leadership capability
- ASQA mentoring program
- operational training.

ASQA's Performance Development Framework (PDF) also 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 2019-20, ASQA actively invested in developing workforce capability, supporting a range of learning and development opportunities for its employees. These included:

- participation of 186 employees in Appropriate Workplaces training delivered by Susan Halliday AM, the former Federal Sex Discrimination Commissioner
- delivery of Managing People Through Change workshops for 61 EL 1 and EL 2 staff with supervisory responsibility, to support the reform implementation agenda
- enrolment of 32 regulatory employees in one or more units of competency of the Diploma of Quality Auditing, Certificate IV in Training and Assessment and/or the Diploma of Vocational Education and Training
- approval of 47 formal training and development requests—including training in regulation, project management and data metrics
- supporting 17 employees with financial assistance or 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.

Workplace communication

ASQA is committed to inclusive, engaging and multi-channel communication with employees to ensure its internal approach is aligned with its increased focus on external engagement.

ASQA recognises that employee communication is a critical part of the reform and transformation process and regularly consults with employees through the following internal forums and channels:

- bi-monthly interactive all staff meetings
- regular CEO update e-mails (55 in 2019/20)
- regular leaders meetings
- quarterly Staff Consultative Committee meetings
- information sessions and webinars
- daily intranet announcements (519 in 2019/20)
- senior leaders and SMEs attending team meetings
- regular surveys
- dedicated information portals about topical issues, including COVID-19 and reform work
- 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 2019–20 included:

- quarterly meetings of the 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 13 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
- a reimbursement for influenza vaccinations from May 2020
- professional, confidential counselling and psychological services for employees and their families through our Employee Assistance Program.

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 2019–20 year.

There were no incidents requiring notification to Comcare during the 2019–20 year and there were no investigations conducted into ASQA's undertakings.

Rapid Review implementation

The 'Working Together for Better Regulation' reform program includes the work to implement the first stage of a two-stage organisational restructure (which came into effect on 1 July 2020). The new structure involves the separation of our functions into four new groups. To support the delivery of the new organisational structure, the following work was undertaken:

- development of position descriptions documentation to support the recruitment of three new SES officers
- mapping all employees to positions in the new structure and ensuring systems accurately reflect new structure from the effective date
- extensive employee engagement about structural changes and the expected impacts for individuals and teams.

Workplace diversity

The 2019–20 financial year saw significant steps taken to increase ASQA's workplace diversity capacity. In November 2019, the *ASQA Diversity and Inclusion Strategy 2019–2022* was launched, the purpose of which is to acknowledge the value of our employees and highlight how their differences can improve the workplace for both the organisation and the individual.

Achievements made against the Strategy in 2019–20 to date include the:

- appointment of ASQA's first Diversity Champion
- establishment of the ASQA Diversity Working Group, comprising 11 volunteers from across ASQA
- development of ASQA's first Reconciliation Action Plan (RAP), which was submitted to Reconciliation Australia for endorsement on 12 June 2020.

Workforce planning

In December 2019, People and Culture launched the *ASQA Workforce Plan 2019–21* (Workforce Plan), which sets out the strategies and actions to guide ASQA's workforce strategy. The Workforce Plan was developed in consultation with managers from all business areas across ASQA to ensure that our workforce will meet the predicted challenges and changes over the two years of the Plan, and into the future.

Workforce composition

Tables 4–17 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 2019 and at 30 June 2020, ASQA did not employ any ongoing or non-ongoing employees who:

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

Note—the following statistics do not include the two ASQA Commissioners.

Table 4: ASQA ongoing employees by location and gender as at 30 June 2020

Office location	Male			Female			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	
NSW	9	0	9	19	2	21	30
QLD	17	0	17	33	10	43	60
SA	2	0	2	9	1	10	12
TAS	1	0	1	0	0	0	1
VIC	25	1	26	37	3	40	66
WA	1	0	1	4	2	6	7
ACT	2	0	2	3	2	5	7
NT	0	0	0	1	0	1	1
Total	57	1	58	106	20	126	184

Table 5: ASQA non-ongoing employees by location and gender as at 30 June 2020

Office location	Male			Female			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	
NSW	0	0	0	0	0	0	0
QLD	1	0	1	2	1	3	4
SA	1	0	1	2	0	2	3
TAS	0	0	0	0	0	0	0
VIC	4	0	4	5	0	5	9
WA	0	0	0	0	0	0	0
ACT	0	0	0	0	0	0	0
NT	0	0	0	0	0	0	0
Total	6	0	6	9	1	10	16

Table 6: 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 7: 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 8: ASQA ongoing employees by employment classification and gender as at 30 June 2020

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	6	0	6	13	2	15	21
EL1	15	0	15	28	6	34	49
APS6	23	0	23	36	4	40	63
APS5	5	1	6	14	5	19	25
APS4	4	0	4	11	1	12	16
APS3	2	0	2	4	2	6	8
Total	57	1	58	106	20	126	184

Table 9: ASQA non-ongoing employees by employment classification and gender as at 30 June 2020

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	2	0	2	3
APS6	2	0	2	4	0	4	6
APS5	0	0	0	1	0	1	1
APS4	2	0	2	0	1	1	3
APS3	1	0	1	2	0	2	3
Total	6	0	6	9	1	10	16

Table 10: 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
APS2	0	0	0	0	0	0	0
Total	60	1	61	107	18	125	186

Table 11: 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
APS2	0	0	0	0	0	0	0
Total	10	0	10	13	2	15	25

Table 12: ASQA employees type by employment classification as at 30 June 2020

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	19	2	21	0	0	0	21
EL1	43	6	49	3	0	3	52
APS6	59	4	63	6	0	6	69
APS5	19	6	25	1	0	1	26
APS4	15	1	16	2	1	3	19
APS3	6	2	8	3	0	3	11
Total	163	21	184	15	1	16	200

Table 13: 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
APS2	0	0	0	0	0	0	0
Total	167	19	186	23	2	25	211

Table 14: ASQA employee status by location as at 30 June 2020

Office location	Ongoing	Non-ongoing
NSW	30	0
QLD	60	4
SA	12	3
TAS	1	0
VIC	66	9
WA	7	0
ACT	7	0
NT	1	0
Total	184	16

Table 15: 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 16: Employment arrangements

	SES	Non-SES	Total
Individual flexibility agreement (IFA)	0	15	15
Total	0	15	15

Table 17: Salary ranges by classification level as at 30 June 2020 (refer *ASQA Enterprise Agreement 2017-20*)*

	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

*Note: ASQA employs only two SES employees, therefore the SES salary range is not disclosed.

Executive remuneration

Table 18: ASQA executive staff

Name	Position	Term as KMP
Mr Mark Paterson AO	Chief Commissioner/Chief Executive Officer	Part-year Cessation date 7 October 2019
Ms Saxon Rice	Deputy Chief Commissioner/Chief Commissioner / Chief Executive Officer	Full Year Commencement date as CC/CEO 7 October 2019
Dr Irene Ioannakis	Commissioner, Regulatory Operations	Full Year
Mr Benn Gramola	General Manager Regulatory Operations/Manager Regulatory Operations	Part-year Commenced 24 February 2020
Mr David Miller	General Manager Regulatory Support and Governance	Full Year
Mr David Garner	General Manager Regulatory Operations	Part-year Cessation date 13 March 2020

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	Superannuation contributions	Long service leave	Other long-term benefits			
Mr Mark Paterson	Chief Commissioner Chief Executive Officer	106,642	-	-	6,572	390	-	-	500,000	613,604
Ms Saxon Rice	Deputy Chief Commissioner Commissioner, Risk Intelligence and Regulatory Support	377,782	-	-	48,400	5,003	-	-	-	431,185
Dr Irene Ioannakis	Commissioner, Regulatory Operations	340,869	-	33,150	21,003	6,198	-	-	-	401,219
Mr David Miller	General Manager Regulatory Support and Governance	195,930	-	26,871	29,474	7,138	-	-	-	259,414
Mr David Garner	General Manager Regulatory Operations	139,473	-	18,436	20,273	3,883	-	-	140,019	322,084
Mr Benn Gramola	General Manager Regulatory Operations	71,413	-	-	7,610	1,287	-	-	-	80,311

ASQA has not prepared tables for Senior Executives and Other Highly Paid Staff remuneration as there are no staff in these categories during 2019-20.



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Assets management

Section 17AG(5) of the *Public Governance, Performance and Accountability Rule 2014* sets out the requirement for an assessment of the effectiveness of assets management where it is a significant aspect of the strategic business of an entity. Assets management does not form a significant aspect of the strategic business of ASQA.

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.

Consultancy contracts

'Consultancy contracts' refers to arrangements that are published on AusTender as a consultancy. 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 2019–20, eight new consultancy contracts were entered into involving total actual expenditure of \$0.567m. In addition, one ongoing consultancy contract was active during the period, involving total actual expenditure of \$0.098m.

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

Non-consultancy contracts

‘Non-consultancy contracts’ refers to arrangements that are published on AusTender and are not consultancy contracts (i.e. a contract published on AusTender as anything other than a consultancy).

During 2019–20, 80 new non-consultancy contracts were entered into involving total actual expenditure of \$5.808m. In addition, 22 ongoing non-consultancy contracts were active during the period, involving total actual expenditure of \$1.186m.

Information on the value of non-consultancy contracts 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 2019–20 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
- 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.

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 PGPA Act for a period must include the items 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 corporate plan for the period.	This is provided in the 'Annual performance statement' section of this report, beginning on page 16.
s.215 (b) particulars of variations (if any) of the corporate plan taking effect during the period.	There were no variations to the corporate plan that took effect during the reporting period.
s.215 (c) a statement about the Regulator's compliance, during the period, with the Standards for VET Regulators.	See page 125.
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 in the Annual performance statement on pages 16–56.
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.

Reporting against requirements in ASQA service standards

ASQA publishes the service standards on its website at www.asqa.gov.au/service-standards. ASQA has incorporated these service standards as part of the ASQA performance framework as detailed in pages 19–20 of the *ASQA Corporate Plan 2019–20*. In accordance with s.215 (d) of the NVR Act, ASQA's performance against each of these standards in the reporting period is detailed in the 2019–20 Annual performance statement (see pages 15–56).

Reporting against the Australian Government Regulator Performance Framework

Commonwealth regulators that administer, monitor or enforce regulation are required to implement the Australian Government Regulator Performance Framework (RPF).

The RPF consists of six outcomes-based key performance indicators (KPIs), approved performance metrics related to the KPIs and the production of assessment reports. During 2019–20 ASQA liaised with its approved stakeholders to adopt a new approach that aligns our mandatory reporting obligations and removes unnecessary duplication. As a result, our obligations to report against the RPF are achieved through the publication of our Annual performance statement (see pages 15–56).

The elements of ASQA's performance framework utilised to report against the RPF KPIs are mapped in Table 21.

Table 21: Reporting against the Australian Government Regulator Performance Framework

As noted on page 13, the following table maps the elements of ASQA's performance framework reporting utilised to report against the Regulator Performance Framework KPIs. For a summary of the Performance Statement Approaches, please see page 17.

Regulator Performance Framework (RPF) KPIs	Annual performance statement results (approaches) linked to RPF KPI			
KPI 1 – Regulators do not unnecessarily impede the efficient operation of regulated entities	1	2	5	6
KPI 2 – Communication with regulated entities is clear, targeted and effective	4	5		
KPI 3 – Actions undertaken by regulators are proportionate to the regulatory risk being managed	1	2	3	
KPI 4 – Compliance and monitoring approaches are streamlined and coordinated	3	4		
KPI 5 – Regulators are open and transparent in their dealings with regulated entities	1	4		
KPI 6 – Regulators actively contribute to the continuous improvement of regulatory frameworks	1	6		

Appendix 2: Other mandatory information

Disability reporting

The *National Disability Strategy 2010–2020* is Australia's overarching framework for disability reform. It acts to ensure the principles underpinning the United Nations *Convention on the Rights of Persons with Disabilities* are incorporated into Australia's policies and programs that affect people with disability, their families and carers.

All levels of government will continue to be held accountable for the implementation of the strategy through biennial progress reporting to the Council of Australian Governments. Progress reports can be found at www.dss.gov.au.

Disability reporting is included in the Australian Public Service Commission's State of the Service reports and the *APS Statistical Bulletin*. These reports are available at www.apsc.gov.au.

Advertising and market research

During the 2019–20 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 Education, Skills and Employment (DESE) aggregates ASQA's environmental performance for 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: www.asqa.gov.au/about/reporting-and-accountability/information-publication-scheme.

Appendix 3: Agency resource statement

Australian Skills Quality Authority Resource Statement 2019-20

		Actual available appropriation for 2019-20 \$'000	Adjustment to Appropriation 2019-20 \$'000	Total appropriations available after adjustments 2019-20 \$'000	Payments made 2019-20 \$'000	Balance remaining 2019-20 \$'000
Departmental						
Annual appropriation ¹		37,665	2,957	40,622	21,360	19,262
Prior year appropriations available ²		13,899	1,679	15,578	15,578	-
s74 Retained revenue receipts		264	604	868	868	-
Total		51,828	5,240	57,068	37,806	19,262
Total ordinary annual services	A	51,828	5,240	57,068	37,806	19,262
Other services						
Departmental non-operating						
Equity injections		3,013	-	3,013	1,860	1,153
Total		3,013	-	3,013	1,860	1,153
Total other services	B	3,013	-	3,013	1,860	1,153
Total departmental resourcing		54,841	5,240	60,081	39,666	20,415
Administered						
Special appropriations limited by criteria/entitlement						
<i>Public Governance, Performance and Accountability Act 2013 -s 77</i>		357	1,833	2,190	2,190	
Total administered resourcing	C	357	1,833	2,190	2,190	
Total resourcing and payments						
A+B+C		55,198		62,271	41,856	
Total resourcing and payments for ASQA		55,198		62,271	41,856	

1 Appropriation Act (No. 1) 2019-20 and Appropriation Act (No. 3) 2019-20.

2 Appropriation Act (No.1) 2018-19 and Appropriation Act (No.1 DCB) 2018-19.

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* 2019-20 \$'000	Actual 2019-20 \$'000	Variation 2019-20 \$'000
	(a)	(b)	(a) - (b)
Program 1.1: Regulation and Advice			
Administered expenses			
Expenses not requiring appropriation in the budget year	-	208	(208)
Departmental expenses			
Departmental appropriation ¹	40,886	33,918	6,968
Expenses not requiring appropriation in the budget year	3,464	6,140	(2,676)
Total for Program 1.1	44,350	40,266	4,084
Outcome 1 totals by appropriation type			
Administered expenses			
Expenses not requiring appropriation in the budget year	-	208	(208)
Departmental expenses			
Departmental appropriation ¹	40,886	33,918	6,968
Expenses not requiring appropriation in the budget year	3,464	6,140	(2,676)
Total expenses for Outcome 1	44,350	40,266	4,084
	2019-20	2019-20	Variation
Average staffing level (number)	199	200	-1

* Full year budget, including any subsequent adjustment made to the 2019-20 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*.



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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. Audit activities are scheduled at ASQA's discretion with the authority of an ASQA Commissioner.

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 Education, Skills and Employment (DESE)

The Department of Education, Skills and Employment's purpose is to help create an inclusive and prosperous Australia by maximising opportunity through national leadership on education, skills and employment policy.

ELICOS Standards 2018

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

English Language Intensive Courses for Overseas Students (ELICOS)

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

Financial Viability risk assessment(s)

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

Financial Viability Risk Assessment Requirements 2011

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

Fit and Proper Person Requirements

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

industry

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

National Careers Institute

The National Careers Institute provides a single, independent and impartial government source of careers information, with a particular focus on marketing and promoting vocational careers and pathways.

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 Skills Commission

The National Skills Commission (NSC) provides advice on Australia's labour market, future workforce changes and current and emerging skills needs, including VET pricing and performance.

national VET regulator

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

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

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

non-compliance

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

overseas student

A person studying onshore only with visa subclass 500, excluding students on Australian-funded scholarships or sponsorship or students undertaking study while in possession of other temporary visas.

products of concern

Training products (qualifications, courses or units of competency) which are identified to pose a degree of risk that warrants close scrutiny.

provider

'Provider' may refer to:

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

Provider Registration and International Student Management System (PRISMS)

Australian Government secure online system that allows CRICOS providers to comply with legislative requirements and Government agencies to monitor student compliance with visa conditions and provider compliance with the ESOS Act 2001.

provider risk

Risk which is posed to the quality of student outcomes and the reputation of the VET sector due to individual provider behaviour.

Public Governance, Performance and Accountability Act 2013

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

qualification

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

Rapid Review

To inform the reform of ASQA, the Department of Education, Skills and Employment engaged mpconsulting to conduct a Rapid Review of ASQA's internal regulatory practices and processes in late 2019. The final report of the review was released in April 2020.

registered training organisation (RTO)

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

registration

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

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

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

reviewable decision

Reviewable decisions include those decisions listed in section 199 of the *National Vocational Education and Training Regulator Act 2011*. 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.

Self-assurance

The concept of self-assurance refers to the way providers manage their operations to ensure a focus on quality, continuous improvement, and ongoing compliance. Self-assurance requires providers have systems in place to critically examine their performance (compliance with the Standards) and outcomes (student outcomes), on an ongoing basis, to identify ways to continuously improve.

Skills Service Organisations

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

scope of registration

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

Standards for Registered Training Organisations (RTOs) 2015

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

Standards for VET Accredited Courses 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.

systemic risk

Risk that is likely to affect a significant proportion of providers across the VET sector or specific industry sectors and which represents a significant risk to the quality and outcomes of VET if left untreated.

training package

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

VET Quality Framework

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

The VET Quality Framework comprises:

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

VET reform

In 2019 the Australian Government announced reforms to the vocational education and training sector, in response to key recommendations of the Braithwaite and Joyce Reviews.

vocational education and training

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

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
DESE	Department of Education, Skills and Employment
DoF	Department of Finance
ELICOS	English Language Intensive Courses for Overseas Students
ERIC	Education Regulators and Immigration Committee
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
PRISMS	Provider Registration and International Student Management System
RTO	Registered Training Organisation
SES	Senior Executive Service
SLG	Stakeholder Liaison Group
SME	Small and Medium Enterprises
TAC	Training Accreditation Council
TAE	Training and Education
TVA	Total VET Activity
VET	Vocational Education and Training
VRQA	Victorian Registration and Qualifications Authority
WATAC	Training Accreditation Council Western Australia

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List of requirements

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17AD(g) Letter of transmittal			
17AI	iii	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h) Aids to access			
17AJ(a)	iv-v	Table of contents.	Mandatory
17AJ(b)	144-149	Alphabetical index.	Mandatory
17AJ(c)	131-136	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	138-143	List of requirements.	Mandatory
17AJ(e)	ii	Details of contact officer.	Mandatory
17AJ(f)	ii	Entity's website address.	Mandatory
17AJ(g)	ii	Electronic address of report.	Mandatory
17AD(a) Review by accountable authority			
17AD(a)	1-3	A review by the accountable authority of the entity.	Mandatory
17AD(b) Overview of the entity			
17AE(1)(a)(i)	6	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	9	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	13-14	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	5	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	8-9	Name of the accountable authority or each member of the accountable authority	Mandatory
17AE(1)(aa)(ii)	8-9	Position title of the accountable authority or each member of the accountable authority	Mandatory
17AE(1)(aa)(iii)	8-9	Period as the accountable authority or member of the accountable authority within the reporting period	Mandatory
17AE(1)(b)	N/A	An outline of the structure of the portfolio of the entity.	Portfolio departments mandatory
17AE(2)	N/A	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory

PGPA Rule Reference	Part of Report (page number)	Description	Requirement
17AD(c)	Report on the Performance of the entity		
<i>Annual performance Statements</i>			
17AD(c)(i); 16F	15-56	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	Report on Financial Performance		
17AF(1)(a)	57-103	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	128-129	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	81	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.
17AD(d)	Management and Accountability		
<i>Corporate Governance</i>			
17AG(2)(a)	107	Information on compliance with section 10 (fraud systems)	Mandatory
17AG(2)(b)(i)	iii	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	iii	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)	iii	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	105	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	N/A	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory
<i>Audit Committee</i>			
17AG(2A)(a)	108	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	109	The name of each member of the entity's audit committee.	Mandatory
17AG(2A)(c)	109	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory

PGPA Rule Reference	Part of Report (page number)	Description	Requirement
17AG(2A)(d)	109	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	109	The remuneration of each member of the entity's audit committee.	Mandatory
External Scrutiny			
17AG(3)	110	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	110	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory
17AG(3)(b)	N/A	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory
17AG(3)(c)	N/A	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
Management of Human Resources			
17AG(4)(a)	112	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	114-116	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on full-time employees; (b) statistics on part-time employees; (c) statistics on gender (d) statistics on staff location	Mandatory
17AG(4)(b)	116-119	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: • Statistics on staffing classification level; • Statistics on full-time employees; • Statistics on part-time employees; • Statistics on gender; • Statistics on staff location; • Statistics on employees who identify as Indigenous.	Mandatory
17AG(4)(c)	111	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)	119	Information on the number of SES and non-SES employees covered by agreements etc. identified in paragraph 17AG(4)(c).	Mandatory

PGPA Rule Reference	Part of Report (page number)	Description	Requirement
17AG(4)(c)(ii)	119	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	111	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	111	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	N/A	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	N/A	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)	N/A	Information on aggregate amount of performance payments.	If applicable, Mandatory
Assets Management			
17AG(5)	122	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, mandatory
Purchasing			
17AG(6)	122	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory
Consultants			
17AG(7)(a)	122-123	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).	Mandatory
17AG(7)(b)	122-123	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]".	Mandatory
17AG(7)(c)	122-123	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)	122-123	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."	Mandatory

PGPA Rule Reference	Part of Report (page number)	Description	Requirement
Australian National Audit Office Access Clauses			
17AG(8)	123	If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory
Exempt contracts			
17AG(9)	123	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory
Small business			
17AG(10)(a)	123	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."	Mandatory
17AG(10)(b)	123	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	123	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."	If applicable, Mandatory
Financial Statements			
17AD(e)	57-103	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
Executive Remuneration			
17AD(da)	120	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 23 of the Rule.	Mandatory

PGPA Rule Reference	Part of Report (page number)	Description	Requirement
17AD(f)	Other Mandatory Information		
17AH(1)(a)(i)	N/A	If the entity conducted advertising campaigns, a statement that <i>"During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website."</i>	If applicable, Mandatory
17AH(1)(a)(ii)	127	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)	N/A	A statement that <i>"Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."</i>	If applicable, Mandatory
17AH(1)(c)	127	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	127	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	N/A	Correction of material errors in previous annual report	If applicable, mandatory
17AH(2)	127	Information required by other legislation	Mandatory

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