

2011-12

Australian Skills Quality Authority Annual Report



Australian Government

Australian Skills Quality Authority





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Annual report 2011–12



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Australian Skills Quality Authority

24 September 2012

Letter of transmittal

Senator the Hon Chris Evans
Minister for Tertiary Education, Skills, Science and Research
Parliament House
CANBERRA ACT 2600

Dear Minister,

I am pleased to present you with the inaugural annual report for the Australian Skills Quality Authority (ASQA), covering the period 1 July 2011 – 30 June 2012.

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* to prepare and give to the Minister, for presentation to Parliament, a report relating to the performance of the regulator's functions during the year.

This report has been prepared in accordance with section 70 of the *Public Service Act 1999*.

In addition, and as required by the Commonwealth Fraud Control Guidelines, I certify that I am satisfied that the Australian Skills Quality Authority has prepared fraud risk assessments and fraud control plans; has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet the 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 agency.

In its first year of operation, the Australian Skills Quality Authority has made great progress toward streamlining regulation, increasing procedural consistency across states and territories, and addressing quality concerns. This first year has been a very busy one for ASQA with more than 3600 regulatory decisions being made by the Authority in the reporting period. We are keen to build on these achievements in the coming year, and look forward to making further positive contributions to Australia's vocational education and training sector, which is so crucial for our future economic prosperity.

A stylized, handwritten signature in dark blue ink, appearing to read 'CR', followed by a long horizontal flourish.

Yours sincerely,

Christopher Robinson

Chief Commissioner
Australian Skills Quality Authority

Contact

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For more information on ASQA, visit www.asqa.gov.au.

Online reports

The Australian Skills Quality Authority website is located at www.asqa.gov.au.

This report can be downloaded from the page www.asqa.gov.au/media-and-publications/annual-reports.html.

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About this report

This is the first annual report for the Australian Skills Quality Authority (ASQA). Information about the activities and performance of ASQA in the period 1 July 2011 to 30 June 2012 are documented in this report.

In preparing this report the *Requirements for Annual Reports for Departments, Agencies and FMA Act Bodies 2012*, prepared by the Department of the Prime Minister and Cabinet and approved by the Joint Committee of Public Accounts and Audit, have been followed.

The report is presented in seven parts:

Chief Commissioner's review

A review of the operations of the agency by the Chief Commissioner and Chief Executive Officer of ASQA.

Agency overview

An outline of ASQA's purpose and functions.

Report on performance

Agency performance in relation to the outcome and output framework described in the 2011–12 Portfolio Budget Statements for the Education, Employment and Workplace Relations portfolio.

- In accordance with Part 10, Section 215 (3)(a) of the *National Vocational Education and Training Regulator Act 2011*, this 'Report on performance' reports separately on each of the three objectives set out in the *ASQA Strategic Plan 2011–14* and *Operational Plan 2011–12*.



- Reporting on the key performance indicators set out for ASQA in both the Portfolio Budget Statements and the *ASQA Strategic Plan 2011-14 and Operational Plan 2011-12* are shown in tabular format throughout the narrative of the 'Report on performance'. Tables showing the location of these key performance indicators throughout the report can be found on page 26 and 28.

Management and accountability

A report on the agency's management practices, including the corporate governance framework, human and financial resources, internal controls, external scrutiny and financial management.

Financial statements

Includes the audited financial statements for 2011-12 and the audit report.

Appendices

Includes mandatory information and statistics.

References

Includes a glossary, a list of abbreviations, a compliance index and a general index.

Chief Commissioner's review

This annual report marks the first year of operation for ASQA, the new national regulator for Australia's vocational education and training (VET) sector, and for the *National Vocational Education and Training Act 2011*.

In February 2011, the Council of Australian Governments (COAG) endorsed the *Intergovernmental Agreement for Regulatory Reform of Vocational Education and Training*.¹ This agreement provided the framework for national VET regulation, including the establishment of ASQA and the National Skills Standards Council. ASQA's establishment as the national VET regulator has involved the referral of powers to the Commonwealth from all states (excepting Victoria and Western Australia) as set out in this agreement.²

From 1 July 2011, ASQA assumed responsibility for the regulation of approximately 2000 providers—as well as for accredited VET courses—in New South Wales, the Northern Territory, the Australian Capital Territory, Victoria and Western Australia. During the reporting year, ASQA assumed responsibility for VET regulation in Tasmania, South Australia, and Queensland.

The new national VET regulator was established to streamline regulation, increase consistency across the states and territories, and address emerging quality concerns. The *National Vocational Education and Training Act 2011* and related legislation now provide a strong framework that enables ASQA to regulate effectively. The standards that providers and course owners must meet are enshrined as legislative instruments, meaning that compliance with

¹ With the exception of Victoria and Western Australia

² ASQA regulates those providers in Victoria or Western Australia that enrol international students, or that operate in a territory or a state other than Victoria or Western Australia.



these standards is required by law for continued registration. Where non-compliance is identified, ASQA can apply a range of escalating sanctions. ASQA ensures consistency across Australia through active moderation of its audit practices and uniform nationwide online systems. ASQA also works closely with industry, through our Industry Engagement team, to identify risks to the quality of Australia's VET sector.

During this establishment year, ASQA has successfully facilitated the transitions of the states and territories to national regulation. This involved collaboration with state and territory registering bodies to transfer records and registration, and to facilitate the transfer of staff. ASQA now has offices in each state and territory, and at the end of the reporting period, we employed 156 staff.

During the reporting period, we have put in place the systems and processes to commence delivery of effective regulation, including the implementation of a risk assessment framework that allows us to focus resources on areas of greatest risk. More than 4800 applications were submitted to ASQA this year, including 1013 applications transferred to us from state and territory regulators. One of the biggest challenges for ASQA has been processing the applications transferred from state and territory regulators, including the 611 applications we received on our first day of operations, 1 July 2011. As each new state referred powers during the year—Tasmania on 15 February 2012, South Australia on 26 March 2012, and Queensland on 29 June 2012—further open applications were transferred to ASQA.

In addition, 3860 new applications that had not previously been submitted to a state or territory regulator were submitted to ASQA during the reporting year.



I am pleased to report that by 30 June 2012, ASQA had finalised more than 3600 applications, or three quarters of all applications received (both new applications and transferred). During the year, the time taken to process applications has consistently improved. ASQA now assesses more than 80 per cent of new applications in less than two months, and assesses low-risk, complete applications to add new courses to a VET provider's registration within 15 business days.³

I am also pleased to report that during the year, most training providers and providers of English language courses assessed by ASQA were found compliant with the standards required of training providers in Australia. This year ASQA approved more than 3200 applications, which equates to 90 per cent of the applications processed.

ASQA took decisive action where serious non-compliance with the standards was identified. ASQA Commissioners rejected 202 applications between 1 July 2011 and 30 June 2012. Of these, 45 were rejections of applications to register as a new provider; 126 were rejections of applications to add new courses to a provider's scope of registration; and a further 28 were rejections of applications to renew the registration of existing providers. ASQA also took action to cancel or suspend the registrations of a further 22 providers.⁴

A key part of our activity in this transition year has been providing information to the vocational education and training sector and the broader Australian community about ASQA and its regulatory approach. We have been assisting providers, course owners and other stakeholders to adjust to changes in the sector following the establishment of ASQA and the National Skills Standards

³ More than two-thirds of all new applications to ASQA are in this category.

⁴ Of these, four were partial suspensions of providers' registrations.



Council. We have done this by establishing an Info line and email enquiries service, which has responded to more than 45,000 telephone calls and emails this year. During the year the Commissioners have engaged with the sector through a program of information sessions and other speaking engagements across Australia, to assist providers and other stakeholders in understanding ASQA's role and the compliance requirements of the new Act.

In terms of financial performance, ASQA has reported an operating surplus for 2011–12 of \$5.9 million (22 per cent of departmental revenue). The operating result primarily reflects the impact of costs associated with the delays in the transition of state regulators to ASQA in 2011–12. These resulted from delays with the passage of necessary legislation in Tasmania, South Australia and Queensland.

From 2012–13, ASQA's focus will be increasingly upon proactive, targeted action to ensure quality and compliance across the sector. The passage of the *National Vocational Education and Training Regulator (Charges) Act 2012*, and additional funding allocated to ASQA in the federal Budget in May 2012, will increase ASQA's capacity to undertake targeted regulatory work aimed at areas of the sector with histories of poor training outcomes.

To support this activity, our Industry Engagement team will continue to develop relationships with industry bodies and industry regulators. Work with these bodies directly informs ASQA's regulatory activity. Following the establishment of an ASQA Regulatory Data Analysis team at the end of the financial year, we will also be increasing our data analysis capacity, which will assist us in identifying and targeting VET system risks.



Further planned activity for 2012–13 includes expanding our program of activities to increase engagement with training providers and other stakeholders. We will be scheduling a second nationwide program of Training Provider Information Sessions. We will also be producing a series of video seminars designed to help providers and the owners of accredited VET courses understand their compliance obligations. ASQA's online application system will also be expanded in the coming year.

I would like to thank my fellow Commissioners and all of the staff involved in ASQA's establishment year. Their extraordinary hard work and dedication in this challenging but rewarding phase have enabled us to build a solid foundation for national regulation of Australia's VET sector.



Christopher Robinson

Chief Commissioner and Chief Executive Officer









Section 1

Agency overview

Establishment

The Australian Skills Quality Authority was established on 1 July 2011 by the enactment of the *National Vocational Education and Training Regulator Act 2011* and supplementary legislation.

Prior to the establishment of ASQA on 1 July 2011, regulatory arrangements for VET were dispersed between eight states and territories. Some jurisdictions also delegated regulatory activities to other bodies, such as the National Audit and Registration Authority.

In December 2009, the Council of Australian Governments (COAG) agreed to a model for national regulation for the VET sector that would comprise a national regulator and a separate standards setting council. Consequently, in February 2011 COAG agreed an *Intergovernmental Agreement for Regulatory Reform of Vocational Education and Training*.⁵ This agreement provided the framework to establish national VET regulation, including the establishment of the national VET regulator and the National Skills Standards Council.

Section 51(xxxvii) of the Australian Constitution permits the Commonwealth to legislate on matters referred to the Commonwealth by any state. ASQA's establishment as the national VET regulator has involved the referral of powers to the Commonwealth from all states (excepting Victoria and Western Australia) as set out in this agreement. The exercise of the Commonwealth's constitutional power provides for ASQA's operation in the Australian Capital Territory and the Northern Territory.

⁵ The Victorian and Western Australian governments did not refer their powers to enable full national regulation of VET. However, the Commonwealth legislation means that training providers in Victoria or Western Australia that deliver courses to international students; or that operate in New South Wales, the Australian Capital Territory, the Northern Territory, Tasmania, South Australia or Queensland fall within the jurisdiction of the national VET regulator.



ASQA assumed regulatory responsibility for VET from state and territory jurisdictions in phases throughout the reporting year. On 1 July 2011, ASQA assumed regulatory responsibility for VET providers in New South Wales, the Northern Territory, and the Australian Capital Territory. In addition, ASQA also became the regulatory body for VET providers in Victoria and Western Australia that provided training to international students, or that operated in a territory or any state other than Victoria or Western Australia, on that date.

Tasmania transferred to ASQA's jurisdiction on 15 February 2012, followed by South Australia on 26 March 2012 and Queensland on 29 June 2012.

Legislation

ASQA operates according to a robust framework of legislation and standards.

ASQA was established through the enactment of the *National Vocational Education and Training Regulator Act 2011*, which received royal assent on 12 April 2011, and the:

- *National Vocational Education and Training Regulator (Consequential Amendments) Act 2011*, and
- *National Vocational Education and Training Regulator (Transitional Provisions) Act 2011* (Transitional Provisions Act). Providers were previously registered with their state or territory regulator for a period of five years. The Transitional Provisions Act allowed for providers that were registered in a state or territory to continue their registration with ASQA when that state or territory's VET regulatory powers transferred to ASQA.

Education for overseas students (ESOS) legislation

During the period from 1 July 2011 to 30 June 2012, ASQA—as a designated authority under the *Education Services for Overseas Students (ESOS) Act 2000*—assessed the registration and re-registration of courses on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) and monitored providers against the:

- *Education Services for Overseas Students Act 2000*, and
- *National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students 2007*.

Legislative instruments

Under the *National Vocational Education and Training Regulator Act 2011*, the national training standards are established as legislative instruments—setting mandatory standards which are binding in their application. This means that providers are required to be compliant with the standards prescribed in the legislative instruments at all times in order to be registered as a training provider in Australia.

In performing its functions, ASQA is supported by a range of legislative instruments:

- *Standards for NVR Registered Training Organisations 2011*: Standards to ensure nationally consistent, high-quality training and assessment across Australia's VET system.
- *Financial Viability Risk Assessment Requirements 2011*: An instrument relating to the financial viability risk assessment of registered and applicant training organisations.
- *Data Provision Requirements 2011*: An instrument requiring providers to submit data to ASQA upon request and to submit quality indicator data annually



- *Fit and Proper Person Requirements 2011*: An instrument relating to the assessment of persons that have some control or influence over the management of providers.
- *Standards for VET Regulators 2011*: Standards for VET regulators performing functions under the *National Vocational Education and Training Regulator Act 2011*.
- *Standards for VET Accredited Courses 2011*: Standards for accrediting VET courses.
- *Australian Skills Quality Authority instrument fixing fees No. 1 of 2011*: An instrument relating to setting of fees and recovery of costs incurred by ASQA in performing its functions.

Role and functions

The objects of the *National Vocational Education and Training Regulator Act 2011* are:

- to provide for national consistency in the regulation of vocational education and training
- to regulate VET using a standards-based quality framework and risk assessments where appropriate
- to protect and enhance quality, flexibility and innovation in VET; and Australia's reputation for VET nationally and internationally
- to provide a regulatory framework that encourages and promotes a VET system that is appropriate to meet Australia's social and economic needs for a highly educated and skilled population
- to protect students undertaking, or proposing to undertake, Australian VET by ensuring the provision of quality VET, and

- to facilitate access to accurate information relating to the quality of VET.

ASQA's role is to build confidence in the quality of vocational education and training outcomes. ASQA is able to do this by applying a strong audit and monitoring regime—with a range of escalating sanctions—to manage the risks to quality VET.

Under the *National Vocational Education and Training Regulator Act 2011*, ASQA has the following functions:

- to register organisations as registered training organisations
- to accredit courses that may be offered and/or provided by registered training organisations
- to carry out compliance audits of 'registered training organisations'
- to promote, and encourage the continuous improvement of, a registered training organisation'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 vocational education and training
- to advise and make recommendations to the Education Minister for a state or territory on specific matters relating to vocational education and training in the state or territory
- to advise and make recommendations to the Ministerial Council on general matters relating to vocational education and training in all jurisdictions
- to collect, analyse, interpret and disseminate information about vocational education and training



- to publish performance information, of a kind prescribed by the *National Vocational Education and Training Regulator Regulations 2011*, relating to registered training organisations
- to conduct training programs relating to the regulation of registered training organisations 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 registered training organisations with the *National Vocational Education and Training Regulator Act 2011*
- to cooperate with a regulatory authority of another country that has responsibility relating to the quality or regulation of vocational education and training 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 ASQA's performance can be assessed each financial year
- to develop service standards that ASQA must meet in performing its functions
- any other function relating to vocational education and training that is set out in a legislative instrument made by the Minister
- such other functions as are conferred on ASQA by or under:
 - › the *National Vocational Education and Training Regulator Act 2011*
 - › the *Education Services for Overseas Students Act 2000*, or
 - › any other law of the Commonwealth.

ASQA's functions—registration of training providers

Essentially, registration with ASQA is official recognition that a training provider meets the required standards.

A training provider registered with ASQA has successfully applied to be able to provide specific vocational education and training qualifications.⁶

Registration indicates that:

- a provider can deliver and assess qualifications to a nationally agreed standard
- a provider can issue recognised Australian Qualifications Framework qualifications.

To be registered with ASQA to deliver VET training and assessment, all providers must meet the requirements of the VET Quality Framework (see 'Regulatory approach' on page 11).

Registration to provide services to overseas students

ASQA, as a designated authority, monitors providers registered on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) against the:

- *Education Services for Overseas Students Act 2000*, and
- *National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students 2007*

⁶ The qualifications that a provider is able to deliver are sometimes called the provider's 'scope of registration'. Providers wanting to add new courses to this scope must apply to ASQA, and be approved to deliver each qualification.

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

ASQA assesses CRICOS applications from registered training organisations that wish to enrol overseas students who hold student visas.

ASQA also assesses CRICOS applications from providers offering English Language Intensive Courses for Overseas Students (ELICOS) to overseas students who hold student visas.

ASQA's functions—accreditation of vocational education and training courses

Vocational education and training in Australia is delivered through Training Packages and accredited courses.⁷

ASQA can provide accreditation for vocational education and training courses. For a VET course to be accredited by ASQA, the course must comply with the *Standards for VET Accredited Courses 2011*.

Accredited courses address industry, enterprise, educational, legislative or community needs not covered in training packages. Accredited courses can address the training needs of new or changing industry sectors.

An accredited course must be delivered by a registered training organisation for a graduate to be issued with a nationally recognised qualification.

⁷ Training Packages are developed through extensive consultation with industry and prescribe the skills and competencies required for different VET qualifications (under the Australian Qualifications Framework) in different industries.

Course accreditation is formal confirmation that the course:

- is nationally recognised
- meets an established industry, enterprise, educational, legislative or community need
- provides appropriate competency outcomes and a satisfactory basis for assessment
- meets national quality assurance requirements, and
- is aligned appropriately to the Australian Qualifications Framework, providing the course leads to a qualification.

Vision

ASQA's vision is that 'students, employers and governments have full confidence in the quality of vocational education and training outcomes delivered by Australian registered training organisations'.

Values

ASQA is committed to:

- independence in its regulatory role and in providing advice
- transparency in regulatory decisions and activities, and
- collaboration with industry bodies, other VET regulators, governments, registered training organisations and other providers.



Regulatory approach

ASQA regulates in accordance with the VET Quality Framework and the *Standards for Accredited Courses 2011*.

The VET Quality Framework comprises the:

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

ASQA exercises its responsibilities based on:

- a robust framework of legislation and standards
- a risk-assessment focus
- active engagement with industry
- a rigorous audit methodology
- fairness and transparency
- promoting informed consumer choice
- accountability, and
- accessibility.

ASQA's regulatory model is based on the assessment of risk, allowing those providers that are consistently compliant and that demonstrate good practices to operate with a minimum of regulatory intervention. The model allows regulatory efforts to be focused on those providers assessed as being at greater risk of providing low-quality outcomes.

Commissioners

ASQA is an independent statutory agency, comprising a Chief Commissioner, a Commissioner—Compliance and a Commissioner—Risk Analysis and Investigation.

ASQA's Commissioners are appointed by the Governor-General for up to five years.

ASQA commenced on 1 July 2011 with Mr Christopher Robinson as Chief Commissioner and Dr Dianne Orr as Commissioner—Compliance.

The Hon Michael Lavarch AO was appointed as Commissioner—Risk Analysis and Investigation in February 2012, and commenced work with ASQA in April 2012.



Christopher Robinson, Chief Commissioner

ASQA's Chief Commissioner also holds the role of Chief Executive Officer.

The Chief Commissioner is responsible for:

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



Additional legislation sets out the other responsibilities and accountabilities of the CEO within the Australian Public Sector framework, including the *Public Service Act 1999* and the *Financial Management and Accountability Act 1997*. These accountabilities include management of people, finances, audit and risk, and the procurement of goods and services for ASQA.

Christopher Robinson has held a number of senior government positions in education, training and related fields, including Chief Executive Officer of the Department of Education and Children's Services, South Australia; Deputy Director-General of the Department of Employment and Training, Queensland; and Managing Director of the National Centre for Vocational Education and Training Research. Christopher Robinson also held numerous senior executive roles in the Department of Prime Minister and Cabinet and in the Australian Government departments responsible for education and training, and the Department of Employment and Training in the United Kingdom.

Mr Robinson was formerly a member of the National Quality Council (the predecessor to the National Skills Standards Council) and of the Australian Qualifications Framework Council.

Mr Robinson held the role of Acting Chief Commissioner of ASQA from 1 July 2011, and was appointed as Chief Commissioner and Chief Executive Officer from 1 October 2011 for a period of five years.

Dianne Orr, Commissioner–Compliance

The Commissioner–Compliance is responsible for the conduct of ASQA's national compliance audit program, through a national network of regional offices.

The Commissioner–Compliance ensures that:

- audits are conducted in a systematic and rigorous manner
- providers' operations are monitored through the compliance assessment strategy, based on the levels of risk assessed through the risk assessment process, and
- auditing is professional, ethical, consistent and of a high standard.



Dr Dianne Orr has ten years' experience in VET regulation, and previously held the position of Executive Director of Training and International Quality in the Queensland Department of Education and Training.

Prior to that, Dr Orr developed regulatory policy with the Australian National Training Authority. Dr Orr was formerly a member of the National Quality Council and has worked on a number of the Council's national action groups.

Dr Orr was also the Project Manager for Regulatory Strategy in the National VET Regulator Taskforce (formed to set up ASQA). Dr Orr held the role of Acting Commissioner of ASQA from 1 July 2011, and was appointed to the role of Commissioner from 1 October 2011 for a period of five years.

Michael Lavarch, Commissioner–Risk Analysis and Investigation

The Commissioner–Risk Analysis and Investigation is responsible for overseeing ASQA's risk assessment program. This program enables the identification, analysis and evaluation of the key risks to quality in individual training organisations and in the VET system.

The Commissioner also oversees the industry engagement process, which aims to build ASQA's relationship with industry, regulators and peak bodies in order to gather information useful to risk assessment.



The Hon Michael Lavarch AO has extensive experience in higher education and the public policy process. He is a former Dean of the Faculty of Law of

the Queensland University of Technology and Secretary-General of the Law Council of Australia. From 1987 to 1996, Mr Lavarch was a Member of the Australian Parliament and he served as Attorney-General from 1993 to 1996. He was made an Officer of the Order of Australia in 2012 for his contribution to the law, education and human rights.

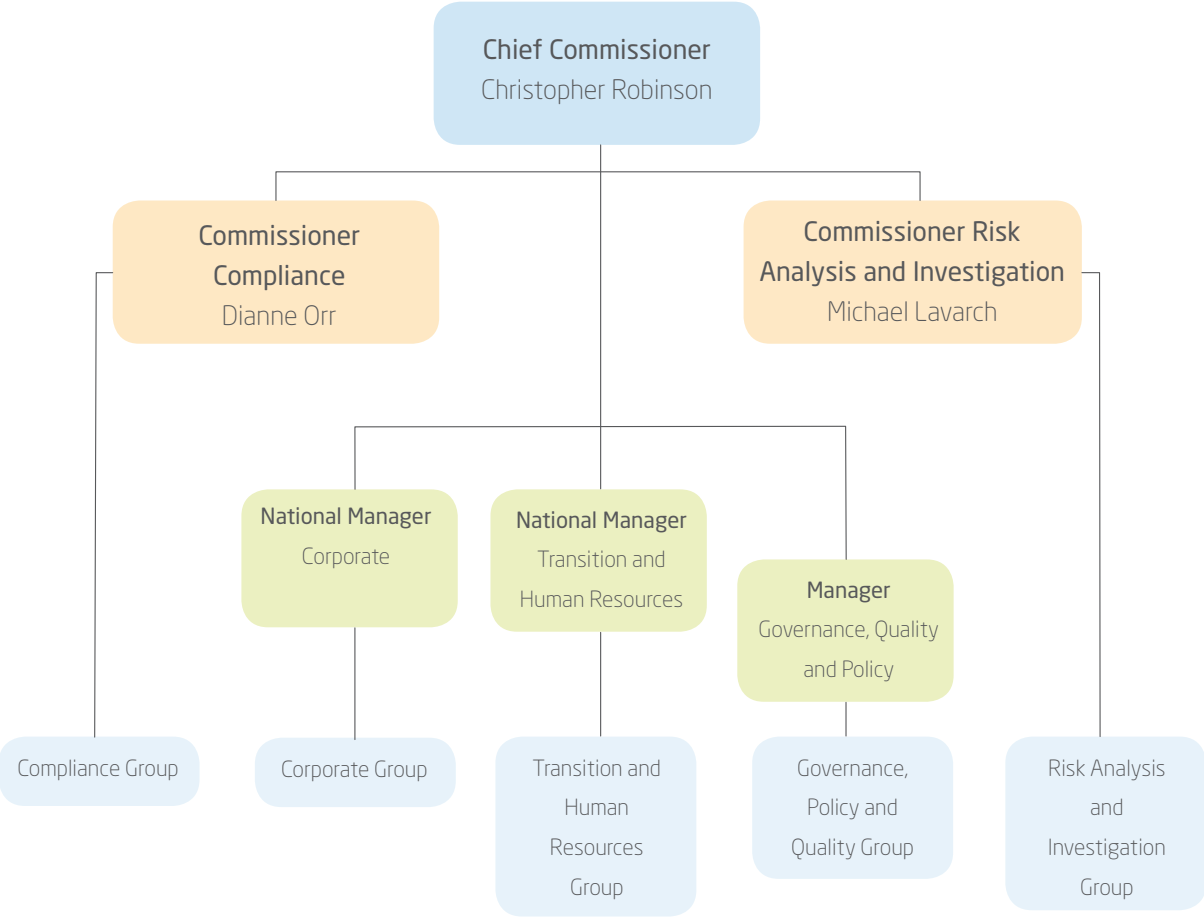
Michael Lavarch was appointed Commissioner—Risk Analysis and Investigation in February 2012 for a period of five years. He commenced as a Commissioner of ASQA on 16 April 2012.



Organisational structure

ASQA’s national organisational structure at the end of the reporting period is shown in Figure 1. Some of the functions shown below are carried out in in multiple ASQA offices across Australia.

Figure 1: ASQA organisational structure as at 30 June 2012



Outcome and program structure

ASQA had one planned outcome and program for 2011–12, as set out in the 2011–12 Portfolio Budget Statements for the Education, Employment and Workplace Relations portfolio. The agency’s performance against this program is outlined in the ‘Report on performance’.

ASQA’s outcome and program structure is shown in Table 1.

Table 1: Australian Skills Quality Authority outcome and program structure

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.
Contribution to Outcome 1	Program 1.1: Regulation and advice
Program 1.1 Deliverables	<ul style="list-style-type: none">• register training organisations that meet national standards• accredit courses that meet national standards• monitor and enforce compliance• provide advice to and make recommendations to the Portfolio Minister, and/or state and territory ministers and/or the Ministerial Council on matters relating to VET• collect, analyse, interpret and disseminate information about VET and the performance of registered training organisations.

Portfolio changes in 2011-12

As a consequence of Administrative Arrangement Orders released on 14 December 2011 and 9 February 2012, the following functions transferred from the Education, Employment and Workplace Relations portfolio to the Industry, Innovation, Science, Research and Tertiary Education portfolio:

- training, including apprenticeships and training and assessment services
- support for introduction of a national occupation licensing system
- higher education, skills and vocational education policy and program
- indigenous higher education and vocational training
- policy, coordination and support for international education
- income support policies and programs for students and apprentices

These changes resulted in ASQA moving from the Education, Employment and Workplace Relations portfolio to the Industry, Innovation, Science, Research and Tertiary Education portfolio during the reporting period.

Senator the Hon Chris Evans retained ministerial responsibility for ASQA as the Minister for Tertiary Education, Skills, Science and Research.





Section 2

Report on
performance

Performance summary

- The Australian Skills Quality Authority (ASQA) received a total of 4873 applications in the year to 30 June 2012.
- ASQA received 611 applications from regulators in New South Wales, the Australian Capital Territory, the Northern Territory, Victoria and Western Australia on 1 July 2011. Some of these applications were partially completed, while the processing of others had not commenced at the time they were transferred to ASQA. ASQA commenced regulatory activity on all of these transferred applications—and had completed the processing of 597 of these applications—during the reporting period.
- Of the applications received, 4202 applications (86.3 per cent) were applications relating to registration as a vocational education and training (VET) provider and 671 (13.7 per cent) were applications relating to registration on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS).
- By the final two quarters of the reporting year, ASQA was consistently completing more than 80 per cent of applications within two months of receipt.
- As at the end of the reporting period, most applications for adding new courses to a VET provider's registration were completed within 15 business days (with the exception of those that required greater scrutiny and were subject to an audit).

- During the reporting period, ASQA undertook 749 application-related audits to assess compliance with the VET Quality Framework. Approximately half of these, or 380 audits, related to applications transferred to ASQA from state and territory regulators on 1 July 2011. In addition, a further 646 audits had been scheduled or commenced by 30 June 2012.
- Three quarters of all applications received in the first year of operation were finalised by 30 June 2012. Most of these applications (89.7 per cent) were approved. However, ASQA rejected 202 applications in 2011–12, these being:
 - › 48 applications to establish a new provider
 - › 28 applications to re-register an existing provider, and
 - › 126 applications to add new courses to a provider's registration.
- ASQA took action to cancel or suspend the registrations of 22 providers during the reporting period.⁸
- ASQA commenced implementing a risk assessment framework that will allow regulatory activity to be focused on high-risk providers.
- ASQA carried out considerable direct communication to assist providers with the transition, including responding to more than 45,000 enquiries through the ASQA Info line phone and email service.
- ASQA Commissioners presented at 16 information sessions across Australia. The sessions were attended by more than 1 400 representatives of training organisations, as well as other interested stakeholders.

⁸ Of these actions, four were partial suspensions of a provider's registration.

Performance reporting requirements

ASQA is accountable for its annual performance according to reporting requirements set out in:

- the *ASQA Strategic Plan 2011–14 and Operational Plan 2011–12* as specified by the *National Vocational Education and Training Regulator Act 2011*, and
- the 2011–12 Portfolio Budget Statements for the Education, Employment and Workplace Relations portfolio.

Performance reporting requirements of the *National Vocational Education and Training Regulator Act 2011*

This section of the report is structured to reflect the three objectives set out in the *ASQA Strategic Plan 2011–14 and Operational Plan 2011–12*:

- Objective 1: Assure the quality of vocational education and training outcomes through national regulation.
- Objective 2: Improve the quality of the vocational education and training system through regulatory intelligence and advice.
- Objective 3: Ensure that ASQA is a professional and innovative regulator.



Part 10, sub-sections 215 (3) (a), (b) and (d) of the *National Vocational Education and Training Regulator Act 2011* sets out that ASQA's annual report must include:

- (a) an assessment of the extent to which the Regulator's operations during the year have contributed:
 - (i) to the objectives set out in the strategic plan applicable for the year, and
 - (ii) to the objectives set out in the annual operational plan for the year
- (b) particulars of variations (if any) of the strategic plan and the annual operational plan taking effect during the year
- (d) an evaluation of the Regulator's overall performance during the year against the other performance indicators set out in the annual operational plan for the year.

ASQA made one minor variation to its strategic and operational plan during the financial year. The variation related to ASQA moving from the implementation of a quality management system that could be externally certified to a system tailored to ASQA's specific needs (refer to 'Quality management system—external certification' on page 90). The Minister was informed of the minor variation, which has been reflected in ASQA's 2012–13 operational plan.

Evaluation of ASQA's performance against the performance indicators in the strategic and operational plan can be found throughout this 'Report on Performance', as set out in Table 2.

Table 2: Reporting against key performance indicators in the *ASQA Strategic Plan 2011-14 and Operational Plan 2011-12*

Key performance indicator	Page on which this indicator is listed
Level of compliance on application (prior to rectification)	Page 34
Regulatory business transfers from the states and territories on agreed dates, as per bilateral agreements and memoranda of understanding	Page 36
Number of training organisations registered and number of courses accredited	Page 42
Improved risk management framework developed	Page 44
Proportion of providers subject to high risk monitoring	Page 47
Proportion of providers to which written directions, conditions, sanctions, offences and civil penalties were applied	Page 53
Level of audit variation identified and scope of corrective action	Page 60
Performance against service standards and national standards for registering bodies	Page 71
Level of compliance against statutory requirements	Page 71
Number and type of complaints and the action taken	Page 86
Development and implementation of Information and Communications Technology Strategic Plan	Page 89
External certification for quality management systems	Page 90
Performance of online functionality and the website	Page 96



Stakeholder perception of ASQA's performance in relation to the timeliness, quality, scope and dissemination of advice and information	Page 99
Consumer perception of ASQA's performance in relation to the timeliness, quality and scope of published information	Page 99
Stakeholder perception of ASQA's performance in relation to engagement with industry bodies and the effectiveness of ASQA's regulatory approach	Page 99

Performance reporting requirements of the Portfolio Budget Statements

ASQA is required to report against the deliverables and key performance indicators set out for the agency in the 2011–12 Portfolio Budget Statements for the Education, Employment and Workplace Relations portfolio. This reporting is included throughout this section, and locations of reporting on Portfolio Budget Statement key performance indicators and deliverables are set out in Table 3.

Table 3: ASQA deliverables and key performance indicators in the 2011-12 Portfolio Budget Statements

Program 1.1 Deliverables	Page on which this indicator is listed
Register training organisations that meet national standards	'Evaluation of 2011-12 regulatory activity' on page 30
Accredit courses that meet national standards	See 'Accreditation applications: overview' on page 41
Monitor and enforce compliance	See 'Monitoring and enforcing compliance' on page 49
Provide advice to and make recommendations to the Portfolio Minister, and/or state and territory Ministers and/or the Ministerial Council on matters relating to VET	See 'Advice and recommendations' on page 64
Collect, analyse, interpret and disseminate information about VET and the performance of registered training providers	See 'Collecting, analysing, interpreting and disseminating information' on page 67



Program 1.1 Key Performance Indicators	Page on which this indicator is listed
Proportion of training organisations registered within the time frames identified in the national VET regulator's service charter.	Page 40
Proportion of courses accredited within the time frames identified in the national VET regulator's service charter.	Page 40
Proportion of registered training organisations providers subject to high risk monitoring.	Page 47
Proportion of providers to which written directions, conditions, sanctions, offences or civil penalties were applied.	Page 53
Stakeholder perception of the National VET Regulator's performance of its statutory function	Page 99

Objective 1: Assuring the quality of vocational education and training through national regulation

In this establishment year, significant progress has been made towards implementing a risk-based regulatory approach. ASQA has completed a considerable amount of regulatory activity in registering vocational education and training (VET) and Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) training providers, and accrediting VET courses.

Evaluation of 2011-12 regulatory activity

Registration as a training provider essentially means that the organisation has an official 'license to operate' as an Australian training provider issuing Australian qualifications (or parts thereof).

ASQA received a total of 4873 applications in relation to registration as a VET or CRICOS provider between 1 July 2011 and 30 June 2012. Applications in relation to registration as a VET or CRICOS provider include:

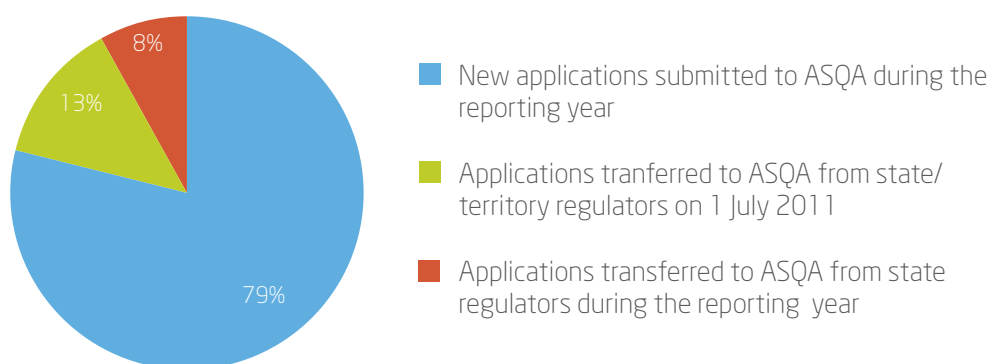
- applications for initial registration
- applications to renew a provider's registration
- applications to add new courses to a provider's registration, and
- applications to withdraw registration.



As shown in Figure 2, of the applications received in the reporting year:

- 611 were open applications, transferred to ASQA for completion from regulators in New South Wales, Victoria, Western Australia, the Australian Capital Territory and the Northern Territory on ASQA's first day of operation
- 3860 were new applications (that is, applications which had not been originally submitted to a state or territory regulator) submitted to ASQA during the year
- 402 were open applications, transferred to ASQA from state regulators in Tasmania, South Australia and Queensland during the reporting year.

Figure 2: Source of applications received by ASQA between 1 July 2011 and 30 June 2012



Of all applications received, 3609 (74.1 per cent) were finalised by 30 June 2012. It should be noted that 348 applications were transferred to ASQA from Queensland on 29 June 2012—the last working day of the financial year. Excluding these Queensland applications, ASQA had finalised 79.8 per cent of all other applications as at 30 June 2012.

Of all registration applications received in the reporting period, 4202 were related to registration as a VET provider and 671 related to registration as a CRICOS provider.

More than three quarters of the applications received by ASQA during the reporting year were 'change of scope' applications, that is, applications to add new courses to a provider's registration.

The types of applications received by ASQA in the reporting period are shown in Table 4.

Table 4: Types of applications received by ASQA between 1 July 2011 and 30 June 2012 (VET and CRICOS applications)

Application type	Number received	Percentage of all applications received %
Application for initial registration as a new provider	327	6.7
Application for renewal of registration as a provider	598	12.3
Application to add new courses to (change the scope of) registration	3884	79.7
Application to withdraw registration as a provider	64	1.3
TOTAL	4873	100

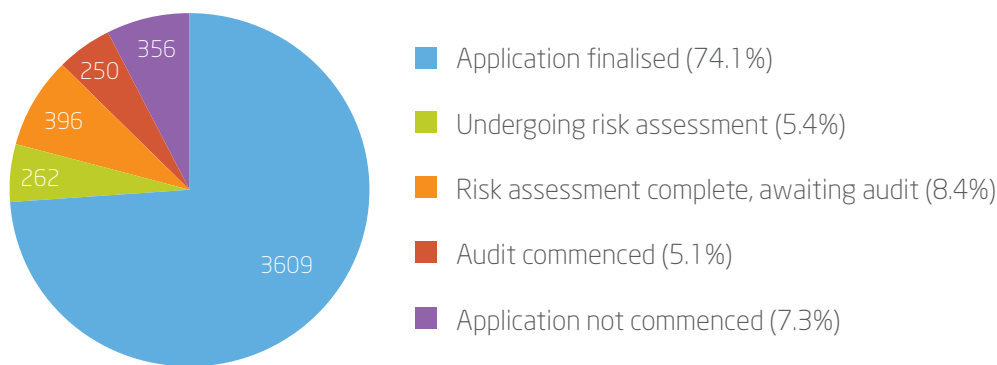
By 30 June 2012, ASQA had finalised 3609 of the 4873 applications received in the reporting year.

At 30 June 2012, 18.6 per cent of all applications were being processed (that is, they were undergoing risk assessment, awaiting audit, or undergoing audit).

Processing had not yet commenced on 7.3 per cent of applications received.

The status of applications received during the reporting period as at 30 June 2012 is shown in Figure 3.⁹

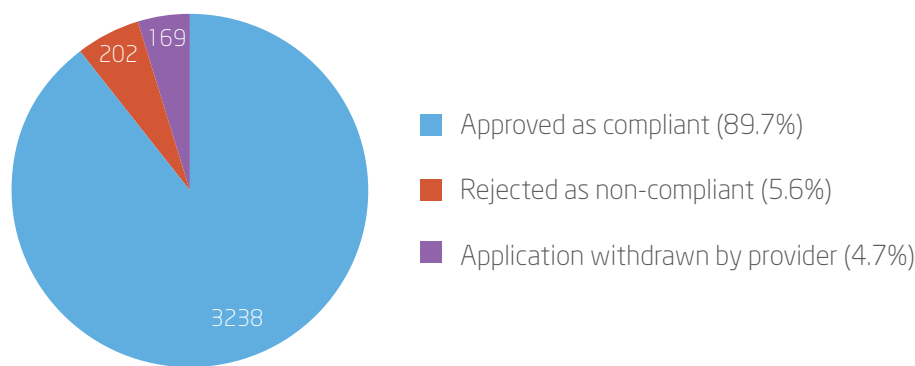
Figure 3: Status of all applications received by ASQA between 1 July 2011 and 30 June 2012, as at 30 June 2012



The majority of applications received during the reporting year were approved. The number and percentage of finalised applications that were approved, refused, or withdrawn by the applicant during the reporting period is shown in Figure 4.

⁹ This figure includes the 348 open applications that transferred to ASQA from the Queensland regulator immediately before the end of the reporting period, on 29 June 2012.

Figure 4: Outcomes of applications completed by ASQA between 1 July 2011 and 30 June 2012



Key performance indicator:
Level of compliance on application (prior to rectification).

Data has only been collected on the level of provider compliance for completed applications. Of all ASQA applications completed during the reporting year, 89.7 per cent were found to be compliant, and 5.6 per cent were rejected for serious non-compliances, as shown in Figure 4.

Applications transferred from state and territory regulators

On 1 July 2011, ASQA commenced operations in New South Wales, Victoria, Western Australia, the Northern Territory and the Australian Capital Territory. On this date, 611 applications which had been initially lodged with regulators in these states and territories were transferred to ASQA. These applications were either partially completed, or processing had not commenced. Many had been received by state/territory regulators weeks or months before; others were complex applications that—due to the impending establishment of ASQA—previous regulators had not started processing.

By 30 June 2012, ASQA had commenced regulatory activity on—or completed—all of the applications transferred from state or territory regulators. Of these:

- 597 were finalised
- 14 remained open (an audit had either been completed, commenced or scheduled for each of these 14 on 30 June 2012).

Applications transferred from state regulators in Tasmania, South Australia and Queensland

In addition to the applications transferred to ASQA on 1 July 2011, a further 402 applications from state regulators were received during the reporting period. Of these:

- 13 open applications were received from Tasmania on 15 February 2012
- 41 open applications were received from South Australia on 26 March 2012
- 348 open applications were received from Queensland on 29 June 2012 (immediately before the end of the reporting period).

Of these 402 applications, as at 30 June 2012:

- 53 were finalised
- 349 remained open.

Collaboration with other vocational education and training regulators

During the reporting year, ASQA collaborated with state and territory regulators in referring jurisdictions to ensure smooth transitions of functions and staff:

- from the referring jurisdictions of New South Wales, the Australian Capital Territory and the Northern Territory on 1 July 2011

- from Tasmania on 15 February 2012
- from South Australia on 26 March 2012
- from Queensland on 29 June 2012.

ASQA also had memoranda of understanding in place with the non-referring jurisdictions of Victoria and Western Australia and their VET regulators to ensure the transition of some regulatory functions, and the records and registrations of some providers, from 1 July 2011.

Key performance indicator:

Regulatory business transfers from the states and territories on agreed dates, as per bilateral agreements and memoranda of understanding.

The transfer of regulatory business from Tasmania, South Australia and Queensland took longer than ASQA had initially anticipated.

Delays in this process occurred due to the complexity of the transferral process, and in the case of Queensland, a state election.

Despite this, effective collaboration between these states and ASQA to negotiate memoranda of understanding and develop flexible transition strategies saw the transfer of regulatory business completed within the time frames specified under the relevant memoranda of understanding.



New registration applications

In the first 12 months of operation, ASQA received 3860 new applications, that is, applications that had not been originally lodged with state or territory regulators:

- By 30 June 2012 regulatory action had commenced on 3745 (97.0 per cent) of new applications lodged with ASQA between 1 July 2011 and 30 June 2012.
- Of the 3860 new applications received, 3360 were VET applications and 500 were CRICOS applications.

Application processing time frames

During the reporting period, ASQA's application processing times were significantly affected by the volume and type of applications received from state and territory regulators on 1 July 2011.

In addition, the following factors also affected application processing times:

- The transitions of Tasmania, Queensland and South Australia occurred later than expected, meaning that staff resources were available later than anticipated.
- A large number of open, incomplete applications transferred to ASQA from Tasmania, South Australia and Queensland during the reporting year.

These irregular factors have made it difficult for ASQA to establish accurate indicative time frames for application processing. Application processing times for new registrations received by ASQA since 1 July 2011 are shown in Table 5. This includes both VET and CRICOS applications.

As illustrated in Table 5, across the reporting year, more than 70 per cent of all applications were completed by ASQA in less than two months.

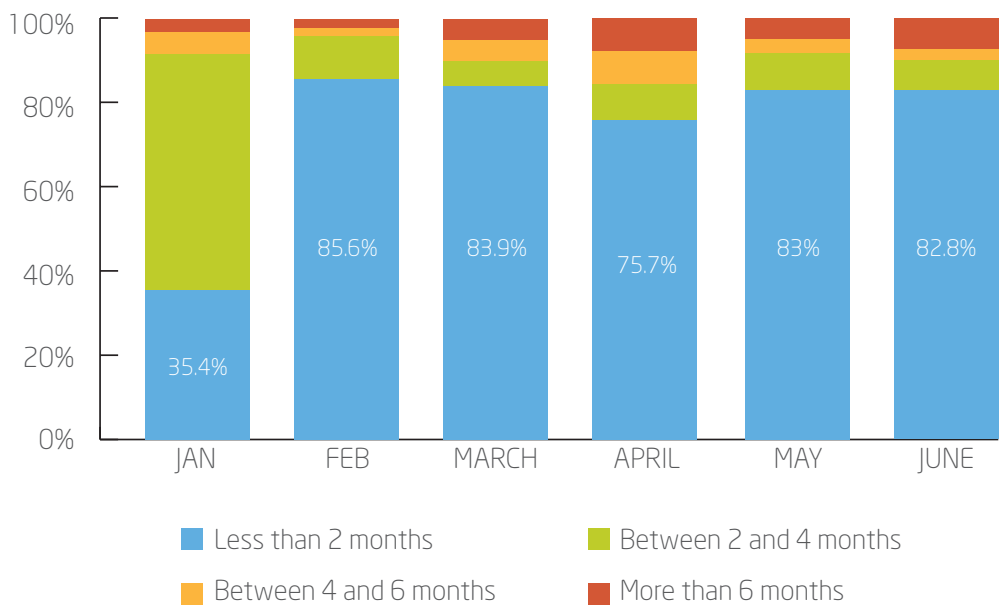
Table 5: Application processing times by application type, across the period 1 July 2011 – 30 June 2012 (new applications received)

Application type	Less than two months to complete %	Between two and four months to complete %	Between four and six months to complete %	More than six months to complete %	Total %
Initial registration	21.8	15.9	24.6	37.7	100
Renewal of registration	33.1	27.3	15.6	24.0	100
Change to scope of registration	73.1	21.9	2.6	2.4	100
Withdrawal of registration	76.9	11.6	11.5	0	100
All applications	70.4	21.8	3.7	4.1	100

Changes to application processing time frames over the second half of the reporting period are shown in Figure 5. (As the time frames shown include the category 'More than six months', the information is shown for the second half of the reporting year only.) It is evident from Figure 5 that by the end of the reporting period, the effect of the applications transferred from state and territory regulators was decreasing, and ASQA was consistently processing the great majority of applications within two months.



Figure 5: Application processing time frames by month,
1 January 2012 – 30 June 2012



In March 2012, ASQA published indicative time frames for VET ‘Change of scope’ applications on its website and in the *ASQA Update* newsletter. ASQA processes these applications in 15 working days subject to the caveats outlined on the ASQA website.

As all state and territory referrals were complete by the end of the reporting period, ASQA expects to set indicative time frames for other application types during 2012–13.

Key performance indicator:

Proportion of training organisations registered within the time frames identified in the national VET regulator's service charter.

ASQA's service charter does not contain time frames for processing registration applications. However, indications of average application processing times are given in Table 5.

The average time taken to complete the consideration of applications received by ASQA between 1 July 2011 and 30 June 2012 (excluding the 611 that were transferred to ASQA on 1 July 2011) has been:

- 133 days for an application to become a new provider
- 113 days for an application to renew the registration of an existing provider
- 35 days for a VET 'change of scope' application (to add new courses to a VET provider's registration)
- 62 days for a CRICOS 'change of scope' application (to add new courses for overseas students to a provider's registration).

ASQA now completes applications to add new courses to a VET provider's registration within 15 business days, providing the application is low risk and all required information has been supplied. More than two-thirds of all applications are in this category.



Accreditation applications—overview

Vocational education and training in Australia is delivered through training packages and accredited courses. Accreditation of a course is formal confirmation that the course is nationally recognised and meets an established industry, enterprise, educational, legislative or community need.

ASQA undertook 420 course accreditation activities between 1 July 2011 and 30 June 2012. Course accreditation activities in this period comprised:

- course concept approvals
- initial accreditation applications
- renewal of accreditation applications
- amend accredited course requests
- cancellation of accredited courses, and
- extension of accredited course requests.

By 30 June 2012, 92.0 per cent of the course accreditation activities undertaken were completed. Nearly half (48.0 per cent) of the course accreditation activity undertaken by ASQA in the period related to course concept approvals. ASQA removed the requirement for applicants to submit a course concept proposal from 1 July 2012.

The accreditation of one course was cancelled during the reporting period, at the request of the course owner.

Key performance indicator:

Number of training organisations registered and number of courses accredited.

ASQA completed the initial registration of, or renewed the registration of, 254 training organisations in the reporting period.

ASQA completed the initial accreditation of or renewed the accreditation of 132 VET courses in the reporting period.

Key performance indicator:

Proportion of courses accredited within the timeframes identified in the national VET regulator's service charter.

ASQA's service charter does not contain timeframes for processing course accreditation applications. However, ASQA expects to set indicative timeframes for course accreditation activity in the 2012–13 financial year.

- On average, during the reporting period it took 74 days for a complete initial course accreditation submission to be assessed against the *Standards for VET Accredited Courses 2011*, and 56 days for a complete renewal of course accreditation submission to be assessed.
- In total, ASQA accredited 132 VET courses during the reporting year:
 - 57 applications for the initial accreditation of a VET course were completed and approved.
 - 75 applications to renew the accreditation of an existing VET course were completed and approved.

Strategic activity in the aged care training sector

Growing community concern regarding standards of aged care resulted in the August 2011 Productivity Commission report *Caring for Older Australians*. As part of the Australian Government's response to the issues raised in the report, ASQA has committed to undertaking targeted activity with the aim of strengthening the quality of training in that sector.

During the reporting period, ASQA commenced planning for targeted regulatory activity focused on the aged care training sector in 2012–13.

ASQA also took the following initial actions in response to concerns about this sector:

- treated all aged care qualifications as potentially high risk from 1 January 2012
- undertook a survey of all ASQA providers delivering aged care qualifications
- developed a memorandum of understanding with the Department of Health and Ageing for sharing information about vocational education and training services provided to the aged care workforce
- commenced collaboration with the Aged Care Standards and Accreditation Agency to contribute to a strategic review of providers delivering training in the aged care industry in 2012–13, and
- collaborated with the Community Services and Health Industry Skills Council to raise awareness among aged care training providers about increased scrutiny of quality compliance, penalties for non-compliance and models of best practice.

Implementing a risk-based approach to regulation

Risk assessment

When assessing applications for registration and monitoring the compliance of registered training organisations and other providers, ASQA uses a risk assessment approach.

ASQA's risk assessment approach is directed by the Risk Assessment Framework.¹⁰

Risk assessment allows ASQA to determine:

- the likelihood of poor quality training and assessment services and outcomes occurring, and
- the potential impact of poor quality delivery on students, industry, the VET sector and the broader Australian economy.

Key performance indicator:

Improved risk management framework developed.

ASQA's implementation of a risk management framework is discussed in the following section, 'Risk assessment process'.

¹⁰ The Risk Assessment Framework is defined in s.190 of the *National Vocational Education and Training Regulator Act 2011*.

Risk assessment process

The Risk Assessment Framework implemented during the reporting year allows ASQA to assess risk at three levels—through registration application risk assessments, provider risk ratings and VET system risk analyses.

All registration applications are risk assessed to determine the level of regulatory action required to manage the potential risk of poor quality training. Regulatory action may range from direct approval of an application to a comprehensive site audit.

Generally, the risk factors considered in assessing registration applications include:

- the risk rating of the provider submitting the application, if a rating has been assigned
- whether the provider is subject to any other ongoing regulatory action or investigation
- whether ASQA has commitments with other parties, such as industry regulators, relating to the qualifications sought
- time elapsed since the provider was last subjected to a full-scope compliance audit.

Providers are assigned a risk rating, indicating their likelihood of not delivering quality training and assessment services and outcomes. The rating is based on a quantitative analysis of data against risk indicators in three categories: performance, governance and profile, as shown in Table 6.¹¹

¹¹ The data to inform these indicators may be gathered through analysis of: trends in ASQA's regulatory activities, quality indicator data submissions, additional data about a provider's activities and operations and other government databases.

Table 6: Risk indicators for assessing a provider's overall risk rating

Risk indicator:

Performance	<p>Historical performance in meeting compliance requirements:</p> <ul style="list-style-type: none"> • levels, trends and areas of non-compliance at recent audits • trends and areas of recent substantiated complaint investigations • performance feedback from other valid sources (e.g. industry advice).
Governance	<p>Stability and transparency of governance (including financial viability and suitability of management):</p> <ul style="list-style-type: none"> • financial viability risk factors • recent changes to the provider's scope of operations or influential personnel • reliance on other organisations to train and/or assess on the provider's behalf (partnerships or auspicings arrangements) • transparency of legal ownership and associations with other organisations.
Profile	<p>Operational delivery profile</p> <ul style="list-style-type: none"> • scope of registration (industry training areas and levels of qualifications delivered) • student enrolments and qualification issuances • demographics of student clientele and delivery methodologies.

Key performance indicator:

Proportion of providers subject to high-risk monitoring.

ASQA is systematically assigning risk ratings to providers. Where provided, risk ratings from former jurisdictions have been used as a benchmark while ASQA gathers the necessary data and develops management systems to assign its own risk ratings. It is expected that by the end of 2013, ASQA will have assigned its own risk rating to every provider that has undergone a post-initial registration audit.

Providers rated as high risk:

- are subjected to greater scrutiny when submitting registration applications
- are sanctioned or have conditions imposed on their registration when considered necessary, and
- are subjected to increased compliance monitoring activities, such as more frequent audits or more regular requests for data provision.

All applications for initial registration are rigorously audited to ensure the applicant organisation is sufficiently resourced and is fully prepared to satisfy all ongoing compliance obligations.

ASQA's risk management approach to regulation also addresses industry concerns relating to heightened risk across specified VET sectors. For instance, particular regulatory scrutiny is focused on:

- delivery to international students in Australia
- delivery in high-risk work licensing areas, and
- delivery in the aged care, child care and security vocational areas.

Financial viability risk assessment

The requirement for ASQA to manage providers' financial viability risk under the *National Vocational Education and Training Regulator Act 2011* is detailed in the legislative instrument *Financial Viability Risk Assessment Requirements 2011*.

As a designated authority under the *Education Services for Overseas Students Act 2000*, ASQA must also apply a risk management approach to performing its functions. ASQA has engaged an external supplier to conduct independent financial viability risk assessments, upon which ASQA makes risk-based judgements about the provider's exposure.

During the reporting period, ASQA requested 458 such assessments. Of these, 245 resulted in an 'acceptable' outcome, while 178 were found unsatisfactory.¹²

Of the 178 cases which resulted in an unsatisfactory outcome, 110 applicants requested a second assessment. Applicants who have an unsuccessful initial assessment are given the opportunity to supply further information to demonstrate their financial viability, and to apply for a second assessment at their own expense. Of the 110 applicants who did so in the reporting period, 103 returned an 'acceptable' outcome. Six remained unsatisfactory.

There were a further 38 cases in progress at the end of the reporting period.

¹² A further eight requests were cancelled. There were 27 first assessments still in progress at the end of the reporting period.



Monitoring and enforcing compliance

ASQA identifies, analyses and evaluates risks to maintaining quality in Australia's VET sector in accordance with the VET Quality Framework. In assessing risk, ASQA is empowered by the *National Vocational Education and Training Regulator Act 2011* to use a range of regulatory tools to gather data about the operations of providers and applicant organisations. One of the regulatory tools ASQA uses is the conducting of audits.

Audit

ASQA undertakes audits to assess VET providers' compliance with the VET Quality Framework. As a designated authority under the *Education Services for Overseas Students Act 2000*, ASQA also conducts audits of providers delivering to (or seeking to deliver to) international students to assess compliance with the requirements of the:

- *Education Services for Overseas Students Act 2000*, and
- *National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students 2007*.

As a minimum, providers are audited when they apply for initial registration as a new provider and again within one year of registration or commencement of training delivery.

Audits may also occur:

- upon renewal of registration
- when an application to add new courses to a provider's 'scope of registration' is received
- if there is a change of management

- to investigate sector-wide quality issues
- to follow up on previously identified compliance issues
- during investigation of a complaint, or
- to monitor ongoing compliance.

The scope and complexity of an audit will vary according to its purpose and the risk rating of the organisation or industry being audited.

ASQA completed 749 application-related audits during the financial year. Of these, 380 audits, or just over half of those completed, related to applications transferred from state and territory regulators on the first day of ASQA operations, 1 July 2011. A further 646 audits had been scheduled or commenced by 30 June 2012.

ASQA also completed 24 monitoring audits during the reporting period. Monitoring audits are not directly related to an application, and may be undertaken in response to information received about non-compliance, for example, as the result of a complaint about a provider.

Where non-compliance is identified, ASQA has a range of enforcement options.

Framework for enforcing compliance

The *National Vocational Education and Training Regulator Act 2011* provides a range of sanctions of increasing severity, escalating from enforceable undertakings and additional conditions on registration, through to suspending or cancelling the registration of a provider.



ASQA may:

- amend or shorten registration or accreditation
- impose conditions on a registration or a course's accreditation
- issue directions for an organisation to take specific steps or refrain from doing certain things
- suspend or cancel registration or accreditation
- prosecute organisations that breach the legislation.

Providers and course owners may seek a review of an ASQA decision. This review may be undertaken by ASQA itself (a process called 'reconsideration') or externally by the Administrative Appeals Tribunal.

The outcomes of Administrative Appeals Tribunal reviews of ASQA decisions can be found under 'External scrutiny' on page 119 of this report.

Sanctions

ASQA developed frameworks in the reporting year which will allow it to undertake investigations of providers where there are indications of serious non-compliance, and to apply strong enforcement measures where non-compliance is found.

ASQA is empowered by the *National Vocational Education and Training Regulator Act 2011* to use a range of regulatory tools to gather data about the operations of applicant organisations and providers. If a provider is found non-compliant, ASQA has a range of enforcement options.

Following the appointment of the Commissioner—Risk Analysis and Investigation in the final quarter of the reporting year, ASQA began developing frameworks to implement the full enforcement provisions of the *National Vocational Education and Training Regulator Act 2011*.

The following activities, commenced during the reporting period, will allow ASQA to begin applying criminal offences and civil penalties from 2012–13:

- recruitment and training of authorised officers
- development of internal policy and processes to support investigation and enforcement
- development of the legislative instrument which will complete the legal framework that supports ASQA's enforcement activity, and
- development of an 'Enforcement Manual'.

Under the *National Vocational Education and Training Regulator Act 2011*, ASQA administers:

- nine administrative sanctions
- 22 criminal offences, and
- 28 civil penalties.

Where necessary, ASQA has taken decisive action to reduce non-compliance during the reporting year.



Key performance indicator:

Proportion of providers to which written directions, conditions, sanctions, offences and civil penalties were applied.

ASQA undertook the following actions relating to cancelling or suspending all or part of a provider's registration during the reporting period:

- six decisions to cancel provider registration
- four decisions to suspend provider registration (of which three were partial suspensions)
- one notice of intention to suspend provider registration (partial suspension), and
- eleven notices of intention to cancel provider registration.

Other sanctions applied during the reporting period were:

- one written direction requiring a provider to rectify breach of a condition, and
- two amendments to providers' scope of registration.

Under the *National Vocational Education and Training Regulator Act 2011*, section 29(1), ASQA also applied conditions to the registrations of 16 providers in the reporting period.

At 30 June 2012, ASQA had not initiated any criminal offences or civil penalties.

Detailed information on ASQA's sanctions and deregistration activity during the reporting period is included in Appendix 1 of this report.

Deregistration activity

Of the 3609 applications that ASQA had completed at 30 June 2012:

- 3238 (90.0 per cent) were approved
- 202 (5.5 per cent) were rejected, and
- 169 (4.5 per cent) were withdrawn by the provider.

Of the 202 rejections:

- 48 were rejections of applications for initial registration
- 28 were rejections of applications for renewal of registration, and
- 126 were rejections of applications to change the scope of a provider's registration.

As shown in Table 7, where applications were rejected by ASQA due to critical levels of non-compliance with the standards, in almost all cases, this involved failure to comply with the standards relating to delivery of training packages or individual qualifications, failure to have appropriate assessment methods or systems in place, or failure to have trainers employed with the appropriate competencies or the relevant industry experience.

During the reporting period, ASQA took action to cancel or suspend the registrations of 22 training providers.¹³ Detailed information on this activity is included in Appendix 1 of this report.

¹³ Of these, four were partial suspensions of a provider's registration.



Table 7: Standards against which applicants demonstrated non-compliance, leading to rejections of applications, 1 July 2011 – 30 June 2012

National standard ¹⁴	Description	Rejected applications for initial registration that were non-compliant with this standard %	Rejected applications to renew registration that were non-compliant with this standard %	Rejected applications to change scope of registration that were non-compliant with this standard %
4/15	Quality training and assessment in compliance with training package and trainer and assessor competency requirements	85.7	95.5	96.1
5/16	Maximising access and equity for clients	54.3	50.0	45.5
6/17	Responsive management systems	40.0	40.9	18.2
7/18	Governance arrangements	37.1	22.8	14.3
8/19	Cooperating with the national VET regulator	20.0	9.1	2.6
9/20	Compliance with legislation	17.1	4.5	7.8

¹⁴ The first number in this column refers to the relevant standard in the 'Essential Standards for Initial Registration' in the *Standards for NVR Registered Training Organisations 2011*. The second number in this column refers to the relevant standard in the 'Essential Standards for Continuing Registration' in the *Standards for NVR Registered Training Organisations 2011*.

10/21	Public liability arrangements	17.1	0	0
11/22	Financial management	28.6	0	5.2
12/23	Issuing qualifications and statements of attainment in accordance with the Australian Qualifications Framework	20.0	13.6	15.6
13/24	Accuracy and integrity of marketing	34.3	9.1	10.4
14/25	Strategies for transition from superseded training packages and accredited courses	17.1	4.5	5.2



Complaints about registered training organisations and other providers

ASQA can receive complaints about providers from students, training organisation personnel, employers, parents, industry personnel, or any other member of the community.¹⁵

ASQA investigates complaints about:

- providers registered with ASQA, and
- other training providers falsely purporting to be 'registered training organisations'.¹⁶

During the period 1 July 2011 – 30 June 2012, ASQA received 729 complaints. All complaints were logged and acknowledged during the reporting period.

In the reporting period, ASQA closed 310 of these complaints, of which:

- 237 were investigated and found not to be substantiated (12 of these complaints were later withdrawn)
- 81 were referred to other regulators, and
- 73 were substantiated and appropriate action taken.

There is a broad range of action taken in response to substantiated complaints. In some cases, ASQA may write to a provider and ask that they take specific action to resolve the complaint, for example, through issuing students' outstanding certificates. In the most serious cases, substantiated complaints

¹⁵ Overseas students enrolled with a private training provider can lodge an external appeal with the Commonwealth Overseas Students Ombudsman. Overseas students enrolled with a public training provider (i.e. TAFE) can lodge an external appeal with their State Ombudsman's Office (or in South Australia, the Training Advocate).

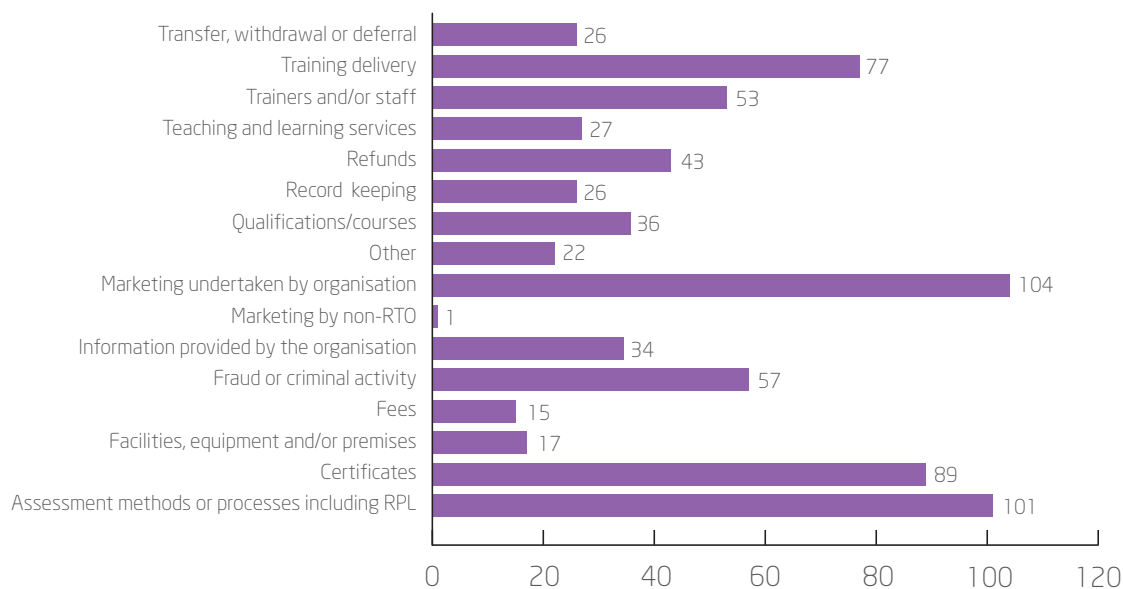
¹⁶ In accordance with Subdivisions B and C of Part 6 of the *National Vocational Education and Training Regulator Act 2011*

during the reporting period led to unannounced audits and/or cancellation of the provider’s registration.

At the end of the reporting period ASQA was investigating 419 complaints; of these, 77 had been referred for audit. A further 17 were referred to ASQA’s Investigations and legal team for review.

The number of complaints received during the reporting period, according to the primary concern of the complainant, is shown in Figure 6. Most complaints received during the reporting period related to assessment methods, inappropriate marketing and the failure of providers to issue students with certificates or statements of attainment. There were also a large number of complaints relating to organisations’ trainers and other staff.

Figure 6: Primary concerns–complaints about registered training organisations and other providers received between 1 July 2011 and 30 June 2012



Delivering nationally consistent and streamlined regulation

During the year ASQA has worked to increase the consistency and effectiveness of vocational education and training regulation through:

- collaborating with partnering organisations and other government agencies to streamline regulatory effectiveness and reduce duplication
- building data-gathering and data analysis systems to enable improved risk management capability
- implementing standardised processes for registration and accreditation across Australia (ASQA providers from all states and territories use the same application processes; undergo consistent, centralised risk assessments; and are audited using the same processes and documentation)
- moderating audit processes, and
- where possible, instituting online application and payment processes.

Audit process—ensuring national consistency

National regulation provides an opportunity to achieve greater consistency in decisions about compliance across the states and territories.

ASQA strives to continually increase consistency through:

- holding regular auditor workshops to share best practice approaches to auditing and to moderate judgements made by auditors about compliance with national standards, and

- considering provider feedback about the conduct of audits to identify opportunities to improve the audit approach. Analysing this information will allow ASQA to track trends in the quality of the audit process over time, and will contribute to the development of further consistency in compliance.

Key performance indicator:

Level of audit variation identified and scope of corrective action.

ASQA undertook an online survey of providers that submitted an application to ASQA and had a site audit conducted and finalised in the period 7 March – 30 May 2012.

(The survey excluded providers that were audited in relation to an application transferred from a state or territory regulator, providers that were audited in relation to a complaint, and providers that underwent unannounced audits.)

Of the 69 providers surveyed, 30 responded. The results of the survey indicated high levels of consistency in regard to these providers' experiences of the audit process—see Table 8. Very little variation was identified through this survey.

ASQA takes steps to minimise the potential for audit variation through the following internal processes:

- Auditor moderation workshops: Held twice each year, these workshops focus on moderating issues that may lead to inconsistency in audit outcomes and on sharing approaches to overcome these.



- 'Auditor online' extranet: A sub-site of the ASQA extranet, Auditor Online is an online resource that allows auditors to participate in discussions about topical issues and to provide feedback. A Moderation Log on ASQA's extranet also systematically documents agreed positions on compliance and auditing issues.
- Compliance Manager meetings: Monthly meetings of ASQA Compliance Managers from each regional office, the Compliance Manager–Business Improvement and the Commissioner–Compliance provide further opportunity to discuss and improve audit processes and procedures.

The results of the first online audit survey indicated high levels of consistency in regard to training providers’ perceptions of the audit experience. Results from this survey are shown in Table 8.

Table 8: Responses to first ASQA Site Audit Survey, 7 March 2012 – 30 May 2012

Communication prior to the site visit	<ul style="list-style-type: none">• 100 per cent of respondents indicated that it was made clear to them why the audit was being conducted.• 100 per cent of respondents indicated that it was made clear to them which standards were being audited.• 97 per cent of respondents indicated that it was made clear to them who the members of the audit team would be.• 94 per cent of respondents indicated that the duration and process of the audit were made clear to them.
The site visit	<ul style="list-style-type: none">• 100 per cent of respondents indicated that they were advised of the audit purpose, scope and process at the opening meeting.• 93 per cent of respondents indicated that they had had the opportunity to provide information about their organisation’s operations.

	<ul style="list-style-type: none"> • Of those respondents who reported a change to the audit plan occurred, 100 per cent indicated that they were informed of the changes and the reason for the changes; 93 per cent indicated that their organisation was given sufficient opportunity to provide evidence during the audit. • Of those respondents who reported that non-compliance issues were identified during the audit, 96 per cent indicated that their organisation was informed of the issues as they were identified.
Audit team competencies	<ul style="list-style-type: none"> • 93 per cent of respondents agreed (or 'strongly agreed') that the audit team was knowledgeable, professional and objective; 90 per cent of respondents agreed (or 'strongly agreed') that the audit team was well-organised.
The audit report	<ul style="list-style-type: none"> • Of those respondents who indicated that non-compliance was identified at audit, 79 per cent indicated that the audit report was sufficiently detailed to enable them to understand the non-compliance and rectification requirements.
Fairness and transparency	<ul style="list-style-type: none"> • 93 per cent of respondents indicated that they were either satisfied or very satisfied with the fairness and transparency of the audit process.

Objective 2: Improving the quality of the VET system through regulatory intelligence and advice

This objective relates to ASQA's role in contributing to the quality of the VET system through the provision of information and advice to the Minister for Tertiary Education, Skills, Science and Research, the National Skills Standards Council and key training sector bodies.

Advice and recommendations

Regulatory activity briefings

ASQA provides the Minister for Tertiary Education, Skills, Science and Research with quarterly 'Regulatory Activity' briefings. These briefings provide information on ASQA registration, accreditation and compliance activity, as well as related issues for the quarter.

Industry engagement

Ongoing collaboration with regulators and industry bodies is managed by ASQA's Industry Engagement team.

The core function of Industry Engagement is to establish and maintain mutually beneficial relationships with industry bodies in order to identify and mitigate risks to the quality of Australia's VET sector. The Industry Engagement team works collaboratively with industry representative bodies to ensure industry confidence in the outcomes delivered by training providers.

Industry Engagement focus during ASQA's establishment phase has included the review of all memoranda of understanding (MoUs) from referring states



and territories. This included 13 Industry Engagement MoUs and 36 Industry Regulation MoUs (including those relating to occupational regulation).

ASQA also established MoUs with seven of the twelve industry skills councils (ISCs), with MoUs with the remaining five ISCs in progress at the end of the reporting year.

ASQA completed the establishment of two agreements with national industry regulators during the reporting year. A further nine agreements were being negotiated at the end of the reporting period.

Biannual reports to National Skills Standards Council

ASQA reports biannually to the National Skills Standards Council. The Council is a committee of the Standing Council on Tertiary Education, Skills and Employment, one of several Standing Councils that report to the Council of Australian Governments.

ASQA's first report to the Council—covering the period from 1 July 2011 to 31 December 2011—was submitted in March 2012. The report included an overview of the regulatory market, information on current and future areas of priority or focus for ASQA, and a summary of ASQA regulatory activity.

The report also summarised new and emerging issues with the *Standards for National VET Regulator Registered Training Organisations 2011*. ASQA prepared this summary based on reviews of available data and provider feedback.

Requirements under the *National Vocational Education and Training Regulator Act 2011* in relation to the provision of information and advice

ASQA's activity in relation to matters referred or directed by the Minister or Ministerial Council in 2011–12, in line with the reporting requirements outlined in Part 10, sub-sections 215 (3)(g) – (j) of the *National Vocational Education and Training Regulator Act 2011*, is set out in Table 9.

Table 9: Directions and matters referred, 1 July 2011 – 30 June 2012

Reporting requirement	
Number of directions given by Minister	There were no formal directions to ASQA made by the Minister for Tertiary Education and Skills in the reporting period.
Number/type of matters referred by Ministerial council	There were no matters formally referred to ASQA by the Standing Council for Tertiary Education, Skills and Employment in the reporting period.
Number/type of matters referred by Minister	One matter was referred in the reporting year, the Productivity Commission's report <i>Caring for Older Australians</i> .
Regulator's response to referred matters	ASQA's response to the referred matter is detailed in the section 'Strategic activity in the aged care training sector' on page 43.

Collecting, analysing, interpreting and disseminating information

Data collection

ASQA undertook the following major data collection activities in the reporting year:

- *Audit survey:* ASQA surveyed all providers that underwent an audit related to an application between 7 March 2012 and 30 May 2012. The outcomes of this survey are discussed in 'Audit process—ensuring national consistency' on page 59.
- *Aged care training provider survey:* ASQA commenced a survey of aged care training providers as the first step in a strategic review of the aged care training sector planned for 2012–13.
- *Stakeholder survey:* A stakeholder survey focusing on ASQA's performance in the 2011–12 financial year was undertaken shortly after the end of the reporting period. The outcomes of this survey are discussed in '*ASQA Stakeholder Survey 2011–12*' on page 97.
- *Horse-riding training provider survey:* In response to a coronial enquiry into a horse-riding accident which occurred in 2009 (prior to ASQA's establishment), ASQA wrote to all providers delivering horse-riding units of competency. ASQA requested information about resources and trainer information. ASQA will use the information provided through the survey to inform strategies to strengthen the quality of training standards in this industry.

Regulatory data analysis

ASQA undertakes frequent analysis of data relating to its regulatory activity.

This data is used to develop understanding and information about trends in non-compliance, which is disseminated to the sector through ASQA's program of Training Provider Information Sessions and other presentations made by ASQA Commissioners and senior employees.

This data also informs ASQA's quarterly 'Regulatory Activity Briefings', submitted to the Minister for Tertiary Education, Skills, Science and Research.

At the end of the reporting year, ASQA had recently established a Regulatory Data Analysis team. Future annual reports will cover the gathering, analysis and use of regulatory data in more detail.

Disseminating information on non-compliant providers

ASQA currently publishes certain information about non-compliant providers on its website at www.asqa.gov.au. This information is provided to inform students, industry and government about the vocational education and training sector.

The website includes information about providers in cases where ASQA has made a decision to:

- cancel a provider's registration (there were six decisions to cancel registration in the 2011–12 reporting year)
- suspend a provider's registration (there were four decisions to suspend registration in the 2011–12 reporting year)



- impose a sanction on a provider under section 36 of the *National Vocational Education and Training Regulator Act 2011* (in addition to the ten cancellations and suspensions, three other sanctions were applied in the reporting period)
- impose a condition on a provider's registration under section 29(1) of the *National Vocational Education and Training Regulator Act 2011* (there were 16 decisions to impose a condition in the 2011–12 reporting year), or
- reject an application to renew a provider's registration under Section 17 of the *National Vocational Education and Training Regulator Act 2011* (28 decisions were made to reject applications to renew registration in the 2011–12 reporting year).

ASQA publishes this information in accordance with sections 209 and 216 of the *National Vocational Education and Training Regulator Act 2011*. Section 209 provides that ASQA may release information to the public if the information 'would reasonably inform a person's choice to enrol as a VET student with a registered training organisation'. Section 216 provides for the publication of certain information on the national register, training.gov.au.

Detailed information on ASQA's sanctions and deregistration activity in the reporting period is listed in Appendix 1.

Objective 3: Ensuring that ASQA is a professional and innovative regulator

As a statutory agency, ASQA must meet government accountability requirements.

ASQA is required to comply with the legislative instrument *Standards for VET Regulators 2011* and provides a report on its performance to the National Skills Standards Council twice yearly.

ASQA reports annually to the Minister for Tertiary Education, Skills, Science and Research and the ministerial council, the Standing Council on Tertiary Education, Skills and Employment.

ASQA's performance is examined by the Australian Parliament at senate estimates committees three times each year.

ASQA pursues innovation in its regulatory function through:

- commitment to a targeted, risk-based regulatory model, discussed in more detail in the section 'Implementing a risk-based approach to regulation' on page 44
- close relationships with industry, managed by the Industry Engagement team, and
- the management of a substantial proportion of regulatory business online, using online application systems, and a comprehensive online communication system.



National standards

The *Standards for VET Regulators 2011* formally identify as a legislative instrument, ASQA's performance requirements under the *National Vocational Education and Training Regulator Act 2011*.

Key performance indicators:

ASQA performance against its service standards and national standards for registering bodies.

Level of compliance and against statutory requirements.

ASQA currently reports on its operation through the accountability arrangements discussed in 'Objective 3: Ensuring ASQA is a professional and innovative regulator', above. ASQA does not have 'service standards' in addition to these requirements; however, ASQA's performance against its charter is discussed in Table 11.

ASQA's performance against the national *Standards for VET Regulators 2011* is outlined in Table 10.

Table 10: ASQA performance against the *Standards for VET Regulators 2011*

Standard	Meeting the standard
Standards 1, 2 and 3	<p>Standards 1, 2 and 3 relate to arrangements on commencement of the standards, that is:</p> <ul style="list-style-type: none">• Standard 1: Name of Standards• Standard 2: Commencement• Standard 3: Definitions. <p>As such, there is no reporting required against Standards 1, 2 and 3.</p>
Standard 4: Regulatory activities must ensure nationally consistent registration outcomes	<p>ASQA works to ensure that its registration functions are consistent through the centralised processing of applications. ASQA analyses data about the processing of applications to identify and address issues.</p> <p>ASQA's regulatory activities are guided by a nationally consistent risk management approach. Refer to 'Implementing a risk-based approach to regulation' on page 44.</p> <p>ASQA works to achieves quality and consistency through its audit moderation processes. Refer to 'Audit process—ensuring national consistency' on page 59.</p>

Where ASQA has applied sanctions or conditions, these have been applied consistently and in accordance with the requirements of the *National Vocational Education and Training Regulator Act 2011*. Refer to 'Sanctions and deregistration activity' on page 54.

ASQA's External Communications Strategy supports consistency in its communication with providers. Refer to 'Communication with providers and stakeholders' on page 91.

Standard 5:
Regulatory services
must meet the
needs of industry
and clients

ASQA has established Industry Engagement and Regulatory Data Analysis teams, which function to ensure that regulatory services meet the needs of industry and clients.

ASQA engages with providers, students, industry bodies, and state and territory government bodies through various forums. Refer to 'Industry engagement' on page 64.

ASQA has undertaken a stakeholder survey aimed at gauging the views of ASQA's stakeholders in relation to various aspects of the regulator's activity. Refer to 'ASQA Stakeholder Survey 2011–12' on page 97.

ASQA has implemented a 'Provider roundtable' forum as a means of discussing significant regulatory issues with peak bodies. Refer to 'Provider roundtable meetings' on page 91.

ASQA has established a Regulator–Provider Forum for issues relating to the regulation of providers delivering to overseas students. See ‘Regulator–Provider Forum for ELICOS/CRICOS’ on page 93.

ASQA has a dedicated Info line that has taken 32,540 calls and responded to 13,363 emails during the reporting period. Info line officers work to resolve queries from providers, students and industry. Refer to ‘Info line’ on page 84.

Feedback on ASQA’s performance from complainants is also utilised to inform ASQA’s regulatory processes. Refer to ‘Complaints about ASQA’ on page 86

Standard 6:
Management
systems are
responsive to the
needs of the VET
sector.¹⁷

ASQA is committed to the continuous improvement of its registration functions. ASQA analyses and acts upon data collected in relation to the processing of applications to identify and address issues.

ASQA progresses registrations through a defined and documented system. This system is adaptable and can be altered to ensure continued suitability and effectiveness.

Where ASQA has delegated registration functions, it has ensured, through the delegation instrument, that decisions made by delegates are nationally consistent.

¹⁷ Note that Standard 6 refers to the function of registering providers; Standard 10 refers to the function of accrediting vocational education and training courses.

Standard 7:
Requirements
for undertaking
registering
functions

ASQA ensures that its auditors, technical advisors and audit teams meet national competency standards through its recruitment and professional development programs.

When deciding whether or not to register a provider (or to add new courses to a provider's registration), or whether to impose sanctions, cancel or suspend a provider's registration, ASQA ensures that the person[s] making the decision have not participated in the audit of the provider.

Standard 8:
Course accrediting
activities ensure
nationally
consistent
outcomes.

ASQA works to ensure that its course accreditation functions are consistent through the centralised processing of applications.

ASQA analyses and acts upon data collected in relation to the accreditation of courses to inform and improve its processes.

ASQA maintains links with national training package developers to ensure that industry needs are met.

ASQA ensures, through its *Users' guide to the Standards for VET Accredited Courses 2011*, that units of competency from nationally endorsed training packages are incorporated within accredited courses where appropriate.

ASQA works to achieve quality and consistency in its course accreditation activities through moderation processes.

Standard 9:
Accreditation
services to meet
the needs of
industry and clients

ASQA developed the *Users' guide to the Standards for VET Accredited Courses 2011* to assist clients through the accreditation process.

ASQA has established Industry Engagement and Regulatory Data Analysis teams, which function to ensure that accreditation services are continuously improved by feedback from clients and stakeholders.

ASQA engages providers, students, industry bodies, and state and territory government bodies through various forums. Refer to 'Industry engagement' on page 64.

ASQA has undertaken a stakeholder survey aimed at gauging the views of ASQA's stakeholders in relation to various aspects of the regulator's activity. Refer to 'ASQA Stakeholder Survey 2011–12' on page 97.

ASQA has implemented a 'Provider roundtable' forum as a means of discussing significant regulatory issues with peak bodies. Refer to 'Provider roundtable meetings' on page 91.

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Feedback on ASQA's performance from complainants is also utilised to inform ASQA's regulatory processes. Refer to 'Complaints about ASQA' on page 86.

Standard 10:
Management
systems are
responsive to the
needs of the VET
sector

ASQA is committed to the continuous improvement of its accreditation functions and analyses and acts upon data collected in relation to the processing of applications to identify and address issues. ASQA progresses course accreditations through a defined and documented system. This system is adaptable and can be altered to ensure continued suitability and effectiveness.

Where ASQA has delegated registration functions, it has ensured, through the delegation instrument, that decisions made by delegates are nationally consistent.

Standard 11:
Requirements
for undertaking
accreditation
functions

ASQA provides detailed advice to course developers through the *Users' guide to the Standards for VET Accredited Courses 2011* in relation to the circumstances under which courses can and cannot be accredited.

ASQA ensures that accreditation functions are undertaken by persons with the appropriate knowledge and skills through its recruitment and professional development processes .

When deciding whether or not to accredit a course, ASQA ensures that the person[s] making the decision has not participated in the assessment of the course.

Standard 12:
Consistency

The data requirements against which ASQA is required to report in relation to this standard have not yet been specified.

Standard 13:
Effectiveness

The data requirements against which ASQA is required to report in relation to this standard have not yet been specified.

Standard 14:
Consistency

The data requirements against which ASQA is required to report in relation to this standard have not yet been specified.

Standard 15:
Effectiveness

The data requirements against which ASQA is required to report in relation to this standard have not yet been specified.

Standard 15:
Effectiveness

The data requirements against which ASQA is required to report in relation to this standard have not yet been specified.



Service and complaints

Service charter

ASQA has a service charter that outlines the principles used in undertaking its regulatory work. ASQA will give consideration to the development of 'service standards' once the establishment phase is complete, and once the agency has been able to accurately measure the timeframes required to undertake various regulatory tasks.

ASQA regulates providers according to the *Standards for NVR Registered Training Organisations 2011* (and other relevant standards for CRICOS providers). The Council of Australian Governments' Standing Council on Tertiary Education, Skills and Employment, informed by advice from the National Skills Standards Council, approves these standards.

ASQA organisational performance has been in accordance with the service charter throughout its first year of operation. ASQA's service charter and the actions taken to meet the service charter are shown in Table 11.

Table 11: ASQA performance against its service charter,
1 July 2011 - 30 June 2012

ASQA service charter

Our service commitments

We will implement relevant policies and decisions by:

- ensuring decisions reflect the current legislation, regulations and national standards
- ensuring all decisions are clear and transparent.

We will behave in a professional and ethical manner by:

- being courteous, helpful and efficient
- respecting privacy and confidentiality and by using information held about organisations and individuals only for the purposes for which it was gathered and for directly related purposes
- providing appropriate access for individuals to check their personal information
- acting impartially according to established procedures and criteria.

We will communicate effectively by:

- answering telephone calls and returning messages promptly
- minimising the time and number of people who callers need to talk to in getting a response to their query

- minimising the time and number of people who callers need to talk to in getting a response to their query
- making clear, accurate, current and timely information available online that will satisfy users' needs for general enquiries and ensure applicants are informed of their rights and obligations
- writing in plain English and providing the details of a contact person in correspondence.

We will continuously improve our processes and procedures by:

- seeking and acting on feedback
- acting on complaints received about our performance.

We will provide for reviews of decisions by:

- informing the public of which decisions can be reviewed
- informing the public of the processes for seeking a review of a decision.

What does ASQA do to meet its service charter?

- ASQA has developed its decision-making processes in accordance with the requirements of the *National Vocational Education and Training Regulator Act 2011* and the *Standards for VET Regulators 2011*.

What does ASQA do to meet its service charter?—continued

ASQA's decision-making is impartial and all regulatory decisions conform to requirements set out in the Act and the Standards.

- ASQA communicates policy and regulatory decisions directly to affected parties, as well as through its website where applicable.
- 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*, which includes maintaining the highest ethical standards.
- Information collected by ASQA is used only for the purposes for which it was gathered. For example, personal information gathered through the application process is used only for application processing. The contact details of ASQA's subscribers are utilised only for the dissemination of regulatory information and news.
- ASQA provides individuals with access to personal information it holds about them. For example, users of ASQAnet, ASQA's online application system, can log on and view their personal information.

- ASQA provides a dedicated Info line service for providers, course owners and other stakeholders. This service responded to more than 45,000 enquiries during the reporting period. Info line employees undergo extensive induction and training.
- ASQA's website provides an extensive range of information relating to topics including application processes and regulatory decisions. The website includes a range of guides and fact sheets. ASQA also provides information on its review processes through the website, including a fact sheet detailing which decisions can be reviewed and the process for seeking a review. This information is presented in plain English and is reviewed and updated regularly.
- ASQA has established processes for handling complaints about providers, as well as complaints about ASQA. ASQA strives to resolve complaints as quickly as possible, and utilises the feedback received through its complaints processes to inform and improve its regulatory approach and business systems.

Info line

The ASQA Info line is a contact centre based in Melbourne, with 11 employees. The contact centre operates between the hours of 9.00 am and 7.00 pm Monday to Friday (AEST) and provides information on a wide range of issues within ASQA's scope of operation. The ASQA Info line also provides information to the Agency regarding emerging trends in enquiries. This information is then used to develop fact sheets and other information materials.

During the period 1 July 2011 to 30 June 2012, the Info line responded to 32,540 calls and 13,363 emails. Most simple email enquiries are responded to within two business days.

The five most common telephone and email enquiries responded to by the ASQA Info line during the reporting period are shown in Table 12.



Table 12: Five most common email and telephone enquiries responded to by the ASQA Info line, 1 July 2011 – 30 June 2012

Telephone enquiry types		%	Email enquiry types		%
1	Registration enquiries from existing providers (includes change of scope application process, evidence requirements, risk assessment and audit procedures)	26	Registration enquiries from existing providers (includes change of scope application process, evidence requirements, risk assessment and audit procedures)		18
2	<i>Standards for NVR Registered Training Organisations 2011</i> (includes ASQA's transition and teach out policy, retention of student records and process for maintaining a current scope of registration)	17	<i>Standards for NVR Registered Training Organisations 2011</i> (includes ASQA's transition and teach out policy, retention of student records and process for maintaining a current scope of registration)		15
3	Request for application status update	10	Request for application status update		10
4	Student complaints or enquiries about complaints process	5	Changing provider details on the national register, training.gov.au		7
5	Annual reporting requirements for VET providers	5	Student enquiries, in particular, students seeking copies of previously issued certificates		5

Complaints about ASQA

There were 64 complaints about ASQA received during the reporting period.

Complaints about ASQA are handled by ASQA's Governance, Policy and Quality team, which reports directly to the Chief Commissioner and as such retains independence from regulatory functions.

Key performance indicator:

Number and type of complaints and the action taken.

There were 64 complaints about ASQA received in the reporting period.

These complaints related to:

- application processing times
- audit outcomes
- complaints processing
- ASQA information and engagement, and
- Financial Viability Risk Assessment.

Of the 64 complaints received, 49 were closed during the reporting period. Fifteen complaints remained open and were being addressed as at 30 June 2012.



ASQA took the following action in response to complaints:

- implemented procedures aimed at expediting application processing times— improvements in application processing times are discussed in 'Application processing timeframes' on page 37, and ASQA now completes most applications to add new courses to the scope of a provider's registration in 15 working days
- provided additional information to providers about the audit process
- worked to expedite its complaints processes, and
- updated communication materials and engagement strategies, including publishing a Financial Viability Risk Assessment fact sheet.

Information technology

ASQA is committed to utilising information technology to ensure consistent and streamlined regulatory processes.

The majority of applications submitted to ASQA during the reporting year were submitted through the online ASQAnet system. Additional functionality will be added to ASQAnet in 2012–13.

ASQAnet

ASQAnet is ASQA's online application service and regulatory management system. Providers can access ASQAnet through the Internet.

Between 1 July 2011 and 30 June 2012 approximately 1300 providers had submitted around 2800 online VET applications using ASQAnet. At the end of the reporting period, there were approximately 3400 account holders on the system.

ASQAnet allows training organisations to:

- make and pay for applications online (currently, ASQAnet allows applicants to apply for initial registration, to renew registration, to change the scope of their organisation's registration, and to withdraw registration)
- track the progress of an application, and
- validate details against the Australian Business Register, Australia Post locality data and the national register for vocational education and training (training.gov.au).

ASQAnet serves ASQA's internal users:

- as a register of rejected applicants, registered training organisations and nationally recognised training products
- to process and action decisions about VET and CRICOS registration
- to record compliance audit activity and non-compliances against the *Standards for NVR Registered Training Organisations 2011*
- to record compliance audit activity and non-compliances against the *National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students 2007* for CRICOS providers in ASQA's jurisdiction, and
- to manage and maintain provider information (which is automatically published on training.gov.au).



ASQAnet and training.gov.au

Key ASQA provider information, including scope and coverage, is published on the national register, training.gov.au. Information for new providers and changes to information for existing providers is uploaded daily from ASQAnet to training.gov.au.

Key performance indicator:

Develop and commence implementation of ASQA's Information and Communications Technology (ICT) strategic plan.

During the reporting year, ASQA commenced development of an ICT Strategic Plan.

The plan will:

- consider ICT investment until June 2016
- identify ASQA's options for hosting its ICT systems, and
- provide a roadmap of ICT projects.

Quality management system–external certification

ASQA has undertaken an extensive review process aimed at identifying the agency's needs in relation to the adoption and implementation of a quality management system.

During the reporting period, ASQA evaluated the *ISO 9001 Quality Management System* standard against the merits of developing a tailored system.

Through this evaluation it was determined that a tailored system, designed to meet ASQA's particular needs as a regulator and scaled to ASQA's organisational characteristics, would offer the best outcome. Tailored quality management systems are commonly used across both the public and private sectors.

Key performance indicator:

ASQA achieves external certification for its quality management systems.

ASQA is currently working to design and implement a tailored system, and will engage expert advice and assistance in this regard in 2012–13. This tailored quality management system will be implemented by the next reporting cycle.

While tailored quality management systems cannot receive 'external certification', as they do not conform to established standards, they can be independently audited and compliance assessed.



Communication with providers and stakeholders

ASQA has undertaken considerable direct communication with providers, course owners and other stakeholders in the reporting year.

Key components of ASQA's External Communications Strategy for 2011–12 included:

- sharing information with providers through the ASQA website, www.asqa.gov.au
- distributing the monthly *ASQA Update* email newsletter
- direct communication with providers through the ASQA Info line and enquiries service
- a program of information sessions across Australia.

In addition, ASQA's Commissioners engaged industry stakeholders through quarterly provider roundtable meetings, and a comprehensive program of speaking engagements at industry events across Australia.

Provider roundtable meetings

Provider roundtables are a consultative forum and feedback mechanism.

The roundtables focus on regulatory issues of mutual interest to ASQA and peak bodies. ASQA Commissioners may also meet with roundtable members between meetings as required.

Provider roundtables are attended by ASQA's Commissioners and representatives from:

- Australian Council for Private Education and Training
- Community Colleges Australia
- Enterprise Registered Training Organisation Association
- TAFE Directors Australia.

In the establishment year, there were three meetings held: in October 2011, February 2012 and June 2012.

Key topics discussed at the 2011–12 provider roundtables included:

- how ASQA communicates with providers
- data collection protocols and quality indicators
- the progress of state transitions
- ASQA regulatory activity, in particular, application processing
- issues with the *Standards for National VET Regulator Registered Training Organisations 2011*
- student fee protection and changes to tuition assurance
- training package updates
- ASQA student complaints processes and protocols
- updates on the progress of the *National VET Regulator (Charges) Act 2012*.

In addition, ASQA also invited representatives of the National Skills Standards Council (NSSC) to attend the June 2012 roundtable to provide an introduction to the review of the national standards for vocational education and training, which was to be conducted by the NSSC in the second half of 2012.



Regulator-provider forum for ELICOS/CRICOS

During the reporting period ASQA established a regulator-provider forum with English Australia. This forum met to discuss issues relating to ASQA and English Language Intensive Courses for Overseas Students (ELICOS). This forum has been expanded to include the Tertiary Education Quality and Standards Agency, English Australia and the Australian Council for Private Education and Training so a broader range of issues may be addressed. The forum considers issues relating to the regulation of providers delivering to overseas students (including providers delivering intensive English language courses).

Training Provider Information Sessions

Sixteen Training Provider Information Sessions were held from March to May 2012. Sessions were held in all Australian capital cities, except Brisbane, and in some regional centres. Following the transfer of Queensland providers to ASQA on 29 June 2012, a further five information sessions were scheduled for Queensland.

A total of 1471 attendees attended an information session during the reporting period. These sessions provided an opportunity for providers, course owners and other interested stakeholders to hear from the Commissioners about the establishment and role of ASQA; transition arrangements; and ASQA's approach to regulation, risk management and auditing. Each session included a question and answer period.

To assist providers who were unable to attend the sessions, video and transcript of the sessions are available on ASQA's website.



Commissioner speaking engagements

ASQA Commissioners spoke at a number of industry events during the reporting year.

These events provide an opportunity for the Commissioners to inform industry and the VET sector about ASQA and changes to the VET regulatory landscape.

Chief Commissioner, Mr Christopher Robinson

26 August 2011	Australian Council for Private Education and Training 2011 National Conference—the Future of Tertiary Education
4 November 2011	Community Colleges Australia
21 November 2011	Institute for International Research Third Annual Vocational Education Summit
28 February 2012	TAFE Governance and Regulations Forum
16 March 2012	University of Ballarat Workshop
22 May 2012	Tasmanian Skills Conference
19 June 2012	Modelling Best Practices in Aged Care Training Conference

Commissioner—Compliance, Dr Dianne Orr

13 July 2011	Council of International Students Australia Conference
25 July 2011	VELG Training National Conference
5 August 2011	‘Quality in VET’ presentation



25 August 2011	VIC TAFE International Presentation—Special Interest Group
29 August 2011	Construction and Property Services Industry Skills Council Conference
5 September 2011	National Conference for TAFE Directors Australia
22 September 2011	English Australia Conference
19 January 2012	Queensland Vocational Education and Training Development Centre
27 February 2012	Service Skills Australia Biannual Conference

The Commissioner—Risk Analysis and Investigation, Michael Lavarch, commenced his role with ASQA shortly before the end of the reporting period, and as such did not undertake any speaking engagements during this time.

ASQA website

ASQA’s website is the primary information-sharing tool used to inform providers and course owners about the registration and accreditation processes.

The website includes information about and links to legislation and standards, and a range of tools—including fact sheets, videos, and answer to frequently asked questions—that help providers understand their obligations. A ‘latest news’ carousel on the ASQA home page provides real-time updates on developments relating to ASQA and to the training sector.

ASQA's website is a portal to the online regulatory management system, ASQAnet. Video and text information to assist ASQAnet users is available from the site.

The website also contains key information for students and potential students about issues such as choosing a training provider or making a complaint.

Key performance indicator:

Performance of online functionality and the website.

ASQA received positive feedback in relation to the performance of its website at www.asqa.gov.au. This feedback is discussed in the section of this report titled 'ASQA Stakeholder Survey 2011–12' on page 97.

In total, 142,790 people visited the site, making more than 340,000 visits.

The site was also the recipient of an Interactive Media Awards™ 'Best in Class' award in the category 'Government' in 2011.

The performance of ASQA's online regulatory management system, ASQAnet, is discussed in the section 'Information technology' on page 87.

ASQA Update newsletter

ASQA communicates with providers, course owners and stakeholders through the monthly *ASQA Update* newsletter. The newsletter is sent to the key contact for each provider as listed on the national register, training.gov.au, as well as to course owners and other subscribers. The newsletter is sent to 12,000 recipients each month.



ASQA Stakeholder Survey 2011–12

ASQA's inaugural stakeholder survey was undertaken shortly after the end of the 2011–12 financial year. The following stakeholder groups were invited to provide feedback:

- professional associations, including those representing providers
- industry bodies (including Industry Skills Councils)
- industry regulators
- employer peak bodies, and
- employee associations.

Questions were designed to measure ASQA's performance against the *Strategic Plan 2011–14 and Operational Plan 2011–12*, organisational values, and performance requirements under the *National Vocational Education and Training Regulator Act 2011*.

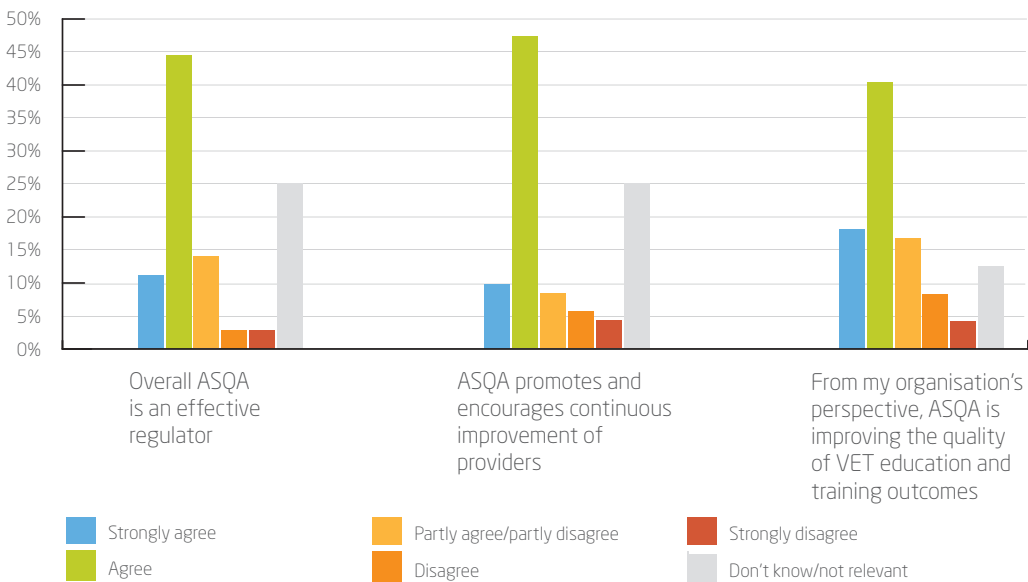
The questionnaire covered the topics of:

- consultation and communication
- ASQA's values, decisions and overall effectiveness
- stakeholder interactions with ASQA employees, and
- information ASQA publishes, including its website.

A summary of results from the survey is provided in this section. Overall, stakeholder feedback on ASQA's performance was positive, although a number of respondents noted that at the time of the *ASQA Stakeholder Survey 2011–12*, it was too early in the regulator's operations to comment on some aspects of performance.

Stakeholder perception of ASQA's overall performance—as shown in Figure 7—was largely positive; however, in the more specific questions shown in Figure 8, 9 and 10, some respondents identified areas for further development.

Figure 7: Stakeholder perception–ASQA performance



Key performance indicators:

Stakeholder perception of the National VET Regulator's performance of its statutory functions.

Stakeholder perception of ASQA's performance in relation to ASQA's engagement with industry bodies and the effectiveness of ASQA's regulatory approach.

Stakeholder perception of ASQA's performance in relation to the timeliness, quality and scope and dissemination of advice and information.

Consumer perception of ASQA's performance in relation to the timeliness, quality and scope of published information.

ASQA asked relevant stakeholder to respond to these criteria in the *ASQA Stakeholder Survey 2011–12*. Stakeholder responses are presented in Figures 7 to 10.

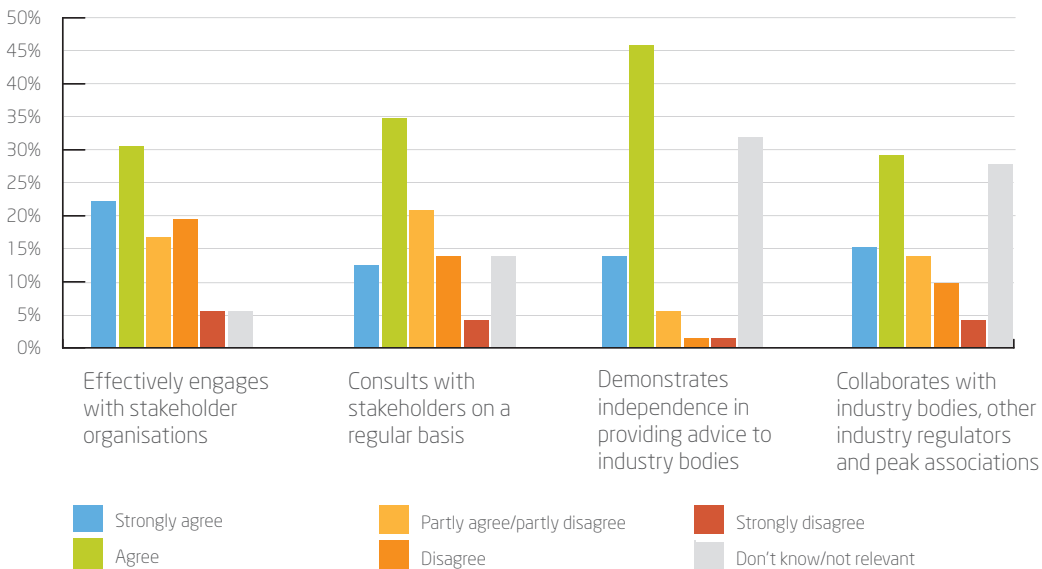
Consumers were represented through peak bodies and industry organisations.

As shown in Figure 8, some respondents stated that they believed ASQA had potential for improvement in the areas of stakeholder engagement and the provision of information and advice. For example, stakeholders identified that ASQA could increase engagement with industry bodies, other regulators and peak associations. ASQA is working to further cultivate these relationships through, among other things, the activities of its Industry Engagement team. As a new organisation, ASQA undertook considerable work towards developing

relationships with stakeholder bodies during the reporting period. ASQA's Commissioners engaged with industry stakeholders through quarterly provider roundtable meetings, the English Language Intensive Courses for Overseas Students (ELICOS) forum, and a series of speaking engagements at industry events across Australia.

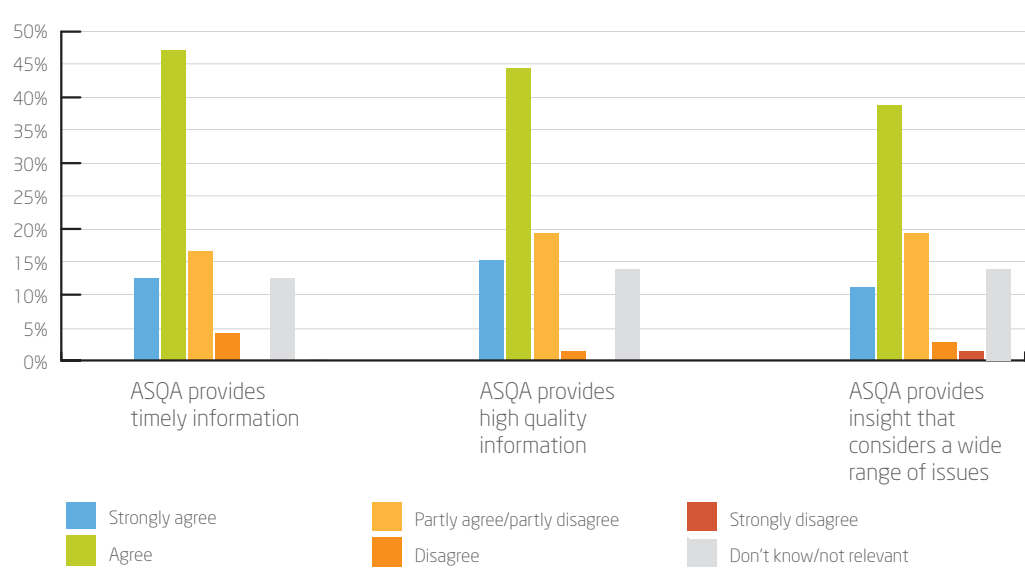
Relationships with industry were further strengthened through the establishment of memoranda of understanding, and work continued on streamlining processes regulating dual-sector providers, via collaboration with the Tertiary Education Quality and Standards Agency. In addition, ASQA has been working with state and territory government agencies to develop memoranda of understanding that will form the basis of strong partnerships to further strengthen the quality of VET.

Figure 8: Stakeholder perception–ASQA’s stakeholder engagement and provision of information and advice



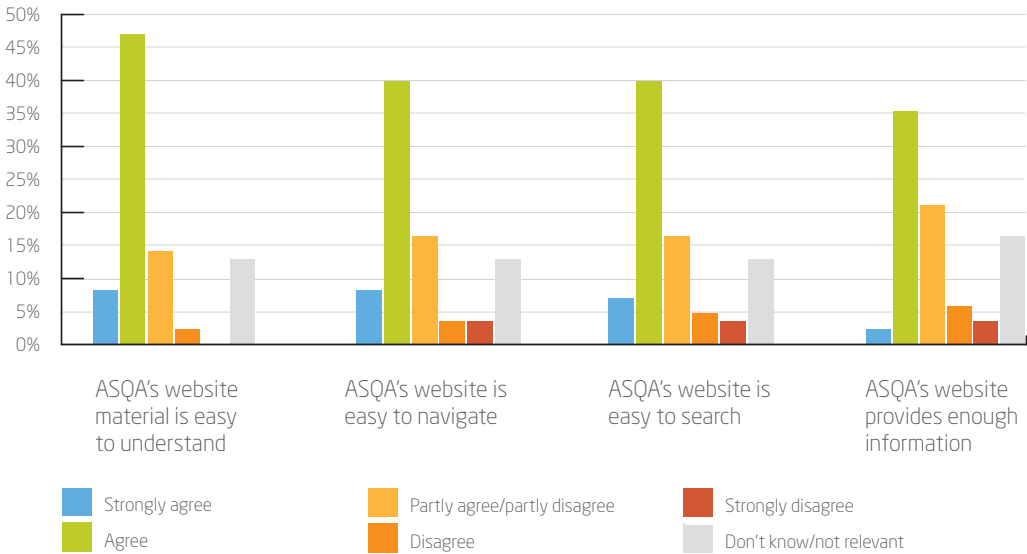
Feedback on ASQA’s information services was largely positive, as illustrated in Table 9. For example, more than 60 per cent of respondents agreed or strongly agreed with the statement ‘ASQA provides high-quality’ information’; whereas only 1.4 per cent of respondents disagreed. Similarly, only 4.2 per cent of respondents disagreed with the statement ‘ASQA provides timely information’, whereas more than 60 per cent of respondents agreed or strongly agreed with this statement. More specific feedback from this survey has also assisted ASQA in identifying ‘information gaps’ in its communications materials. ASQA is taking action to further develop its information services in the next year through the development of a series of web-based videos for providers and a second nationwide program of information sessions.

Figure 9: Stakeholder perception–ASQA’s published information



Stakeholder perception of the effectiveness of ASQA’s website, as canvassed through the *ASQA Stakeholder Survey 2011–12*, is shown in Figure 10. In line with stakeholder perception of ASQA’s information services overall, feedback on the ASQA website was largely positive. For example, only 2.8 per cent of respondents disagreed with the statement that ‘ASQA’s website material is easy to understand’. However, 11 per cent of respondents felt that ASQA’s website should contain more information. Responses to this survey in relation to the website and public information will inform a usability review of the ASQA website scheduled for 2012–13.

Figure 10: Stakeholder perception—effectiveness of ASQA’s website









Section 3

Management and
accountability

Outcomes through purchaser/provider arrangements

ASQA had purchaser/provider arrangements with one Australian Government department, the Department of Education, Employment and Workplace Relations, in the reporting year. These arrangements related to the provision of corporate services, specifically, information technology and payroll services.

Corporate governance

ASQA operates as a legal entity of the Commonwealth and operates under the Australian Government's accountability and governance frameworks. The Chief Commissioner is also the Chief Executive Officer of the national vocational education and training regulator.

Given ASQA's responsibility for the regulation of registered training organisations and other providers, the accreditation of courses and the provision of information to stakeholders to support the quality of outcomes for VET, ASQA has developed strategies, systems and processes to ensure its operations are effective, efficient and accountable.

ASQA is committed to governance that:

- is articulated in policy and structures
- demonstrates an ethical and values-based culture
- promotes effective stakeholder relationships
- promotes internal and external communication
- has clear lines of accountability and responsibility



- establishes planning, monitoring, reporting and evaluation systems, and
- has rigorous and systematic risk management.

Governance objectives

ASQA's governance framework is designed to ensure that the agency meets the requirements of law, regulation, standards and community expectations of accountability, probity and transparency.

The supporting corporate governance and regulatory business practices are aimed toward:

- enhancing ASQA's cost-effectiveness
- enabling management and staff to understand and manage risk to minimise negative aspects and maximise the opportunities for continuous improvement
- strengthening client, stakeholder and community confidence in ASQA
- enhancing the public reputation of ASQA through transparency and accountability
- enabling ASQA to demonstrate how it is discharging its regulatory obligations
- providing a mechanism for benchmarking through service standards and quality certification, and
- assisting in the prevention and detection of fraudulent, dishonest and/or unethical behaviour.

Strategic and business planning

ASQA has developed a strategic and business planning framework to support its governance arrangements and meet its legislative responsibilities. The planning framework has the following components:

- a **Strategic Plan** outlining ASQA's vision and values, objectives and strategies for the coming three years
- an **Annual Operational Plan** that sets out the actions to be undertaken by ASQA to contribute to the achievement of the objectives in the Strategic Plan.
- a **Risk Management Plan** that identifies and analyses ASQA's key business risks and describes controls for minimising these risks
- an **Information and Communications Technology (ICT) Strategic Plan** that expresses vision for the organisation, which complements and supports the priorities detailed in the Strategic Plan and sets out the key IT objectives to be achieved for the coming three years
- a **Quality Management Framework** that outlines ASQA's quality objectives for our regulatory business and corporate operations
- **Communications and Stakeholder Engagement Plans** that describe the levels and objectives of engagement and communications activities with a range of stakeholders, and
- **Staff Performance Plans** that outline how individual employees contribute to the overall business of ASQA and are directly linked to the Operational Plan and business unit plans.



Internal reporting and audit

Internal reporting enables senior staff to monitor ASQA's operational and budget performance and progress in meeting performance requirements.

These reports include:

- monthly reports on finance; regulatory business statistics; complaints, issues and incidents; communications (website and Info line statistics)
- quarterly reports on operational plan progress (targets and budget); human resources profiles; health and safety.

Ethical standards

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

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

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

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

ASQA has not been required to undertake any formal code of conduct violation investigations in its first year of operation.

Instructions, policies and guidelines

ASQA has a range of documents to support the implementation and quality of governance across the agency. These are grouped into the following categories:

Chief Executive Instructions/Delegations and Authorisations

ASQA has in place Chief Executive Instructions/Delegations and Authorisations that enable specified/nominated ASQA staff to give effect to and/or exercise powers conferred by the:

- *Financial Management and Accountability Act 1997* (FMA Act)
- *Australian Public Service Award 1998*
- *Occupational Health and Safety Act 1991*
- *Fair Work Act 2009*
- *National Vocational Education and Training Regulator Act 2011*.

ASQA's Chief Commissioner has approved Chief Executive Instructions, in accordance with his powers as the Chief Executive Officer of ASQA under section 52(1) of the FMA Act and FMA Regulation 6, which authorise the Chief Commissioner to give instructions to officials in ASQA on any matters necessary or convenient for carrying out or giving effect to the FMA Act, Regulations and Orders.



The Chief Commissioner has executed a Delegation of Agency Head Powers and Functions, that enables specified ASQA staff to exercise, for and on behalf of the Chief Commissioner, human resource powers and functions conferred on him under the:

- *Long Service Leave (Commonwealth Employees) Act 1976*
- *Maternity Leave (Commonwealth Employees) Act 1973*
- *Public Service Act 1999*
- *Public Service Classification Rules 2000*
- *Public Service Commissioner's Directions 1999*
- *Public Service Regulations 1999*
- *Safety Rehabilitation and Compensation Act 1988*
- *National Vocational Education and Training Regulator Determination 2011/01*

The Chief Commissioner has also executed an Instrument of Delegation that delegates powers under the *National Vocational Education and Training Regulator Act 2011* to ASQA staff. The focus of the instrument is the decision-making powers contained in the *National Vocational Education and Training Regulator Act 2011* relating to applications, enforcement and information management.

Policies and practical guides

ASQA has developed the following policies and practical guides to support and inform its governance framework.

Policies:

- Risk Management Policy and Framework
- Fraud Control Policy
- Procurement Policy
- Interim Quality Management System
- IT Security and Acceptable Use Policy, and
- Work Health and Safety Policy.

Practical Guides:

- Purchasing Guide
- Travel Guide (Domestic)
- Conflict of Interest
- Public Information, Events and Media
- Employee Assistance Program, and
- Hazardous Reporting.

ASQA has established a program for the development of further policies and guides. These will be progressively implemented to further improve ASQA's governance framework.



Committee charters (terms of reference)

ASQA has developed committee charters (terms of reference) for its:

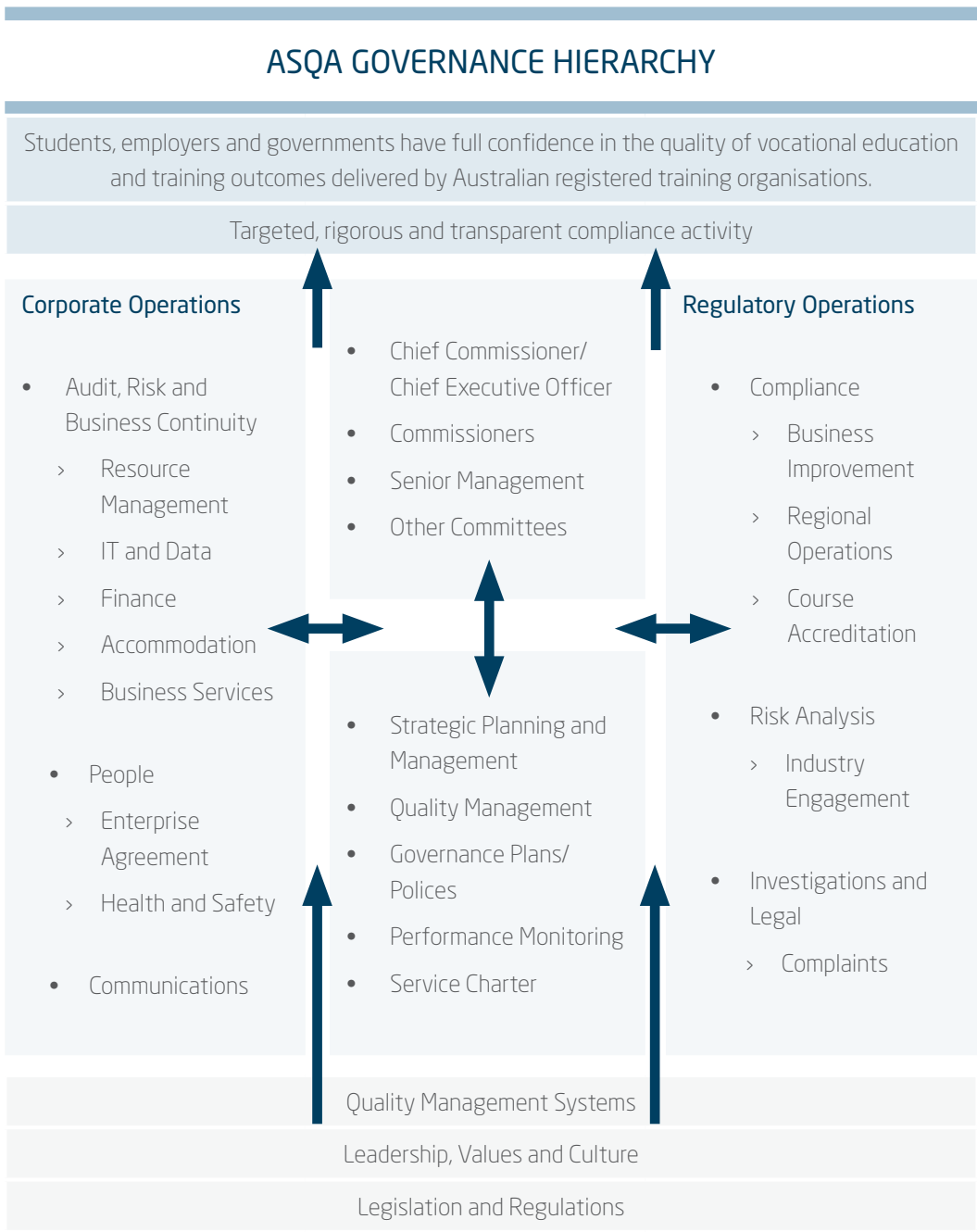
- Senior Management Group
- Audit Committee
- Finance Committee
- Health and Safety Committee, and
- Security Committee.

Senior management committees and their roles

ASQA's governance is built on a foundation that includes the legislation and a commitment to quality management systems, leadership and the Australian Public Service Values. This commitment is to a governance framework, based on recognised standards and guidelines of best practice including business processes for quality management systems and risk management and a service charter.

ASQA's corporate governance hierarchy is illustrated in Figure 1 1.

Figure 11: Corporate governance hierarchy



Commissioners meetings

ASQA's Commissioners meet formally on a regular basis. Commissioners meetings consider, amongst other things, regulatory decisions pertaining to provider registrations, as well as regulatory policy decisions. ASQA's Commissioners met on 51 occasions during the reporting period.

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

ASQA's Chief Commissioner presides at all Commissioners Meetings at which he is present. If the Chief Commissioner is not present at a meeting, a person appointed by the Chief Commissioner presides. Minutes of ASQA's Commissioners Meetings are kept in accordance with the *National Vocational Education and Training Regulator Act 2011*.

Senior Management Group

The Senior Management Group comprises the Chief Commissioner and Chief Executive Officer; the Commissioner—Compliance; the Commissioner—Risk Analysis and Investigation; the National Manager, Corporate; the National Manager, Human Resources and Transition; and the Manager, Governance, Policy and Quality.

The Senior Management Group provides a forum for:

- cooperation across different business units to achieve organisational objectives
- effective communication across the leadership group on major issues and priorities

- the implementation of corporate strategies and matters affecting ASQA's business units, and
- input into discussion on specific strategic issues of relevance to the Agency as a whole.

The Chief Commissioner and Chief Executive Officer delegates responsibilities to Commissioners and individual employees and holds them accountable for the decisions and actions they take.

The powers to delegate are outlined in the *National Vocational Education and Training Regulator Act 2011*, the *Public Service Act 1999* and the *Financial Management and Accountability Act 1997*, and are defined in the Chief Executive's Instructions.

Mandatory committees

Audit Committee

The Chief Executive Officer has established the Audit Committee in compliance with section 46 of the *Financial Management and Accountability Act 1997* and the Financial Management and Accountability Orders 2.1.1 and 2.1.2. The Audit Committee reports directly to the Chief Executive Officer, providing independent assurance and assistance on the ASQA's risk, control and compliance framework and its external accountability responsibilities.

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.



Security Committee

The Chief Executive Officer has established the Security Committee to ensure that ASQA can meet the requirements of the Australian Government's Protective Security Policy Framework. The Security Committee reports to the Chief Executive Officer through the National Manager Corporate (as Agency Security Adviser), providing advice on security compliance and reports on incidents. The Security Committee will incorporate Business Continuity Management and oversight of accommodation.

Advisory Committees

The Chief Commissioner/Chief Executive Officer and the Senior Management Group are supported by a framework of advisory committees, all of which have charters or terms of reference which outline their purpose, membership and meeting frequency. The following committees were established in the reporting period:

Managers Forum

The Managers Forum comprises the Senior Management Group and nominated senior managers and provides a forum for discussion on operational performance and governance issues.

Regulatory Management Group

The group is convened by the Commissioner—Risk Analysis and Investigation and the Commissioner—Compliance. It functions as a working group to identify issues affecting on regulatory operations, and to strengthen regulatory systems and national operational consistency.

Information Management and Technology Committee

The group supports the development of, and will monitor the implementation of, the Information and Communications Technology Strategic Plan and Information and Communications Technology projects.

Staff Consultative Committee

The Staff Consultative Committee is chaired by the Chief Executive Officer and provides a forum for discussing workplace issues and promoting continuous improvement and organisational development initiatives.

Finance Committee

The Finance Committee reports to the Senior Management Group, providing advice on budget management and strategies for budget development and management. The committee incorporates oversight of procurement, providing independent assurance and risk, control on ASQA's procurement activities, and ensures that procurement practices are consistent with the Commonwealth Procurement Guidelines.

Fraud control

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



External scrutiny

Judicial decisions

Persons affected by an ASQA decision may:

- apply to ASQA for ‘reconsideration’ of a decision, or
- in some cases, apply to the Administrative Appeals Tribunal for review of the decision.

The total number of appeals requesting a review of an ASQA decision that were made to the Administrative Appeals Tribunal in the reporting period, and the status of these appeals as at 30 June 2012, is shown in Table 13. The outcomes of reviews that were closed during the reporting period are shown in Table 14.

Table 13: Total tribunal matters in the period 1 July 2011 – 30 June 2012

Open	21
Closed	25
TOTAL	46

**Table 14: Outcomes of closed tribunal matters in the period
1 July 2011 - 30 June 2012**

Outcome of the tribunal matter	Number of matters
Tribunal application withdrawn by provider/applicant: ASQA's decision stands	13
Dismissed by Tribunal as outside jurisdiction	2
Resolved between applicant and ASQA: new orders or decision	8
ASQA's decision affirmed by Tribunal	2
TOTAL	25

Reports on operations

During the 2011–12 financial year, there were no reports on ASQA's operations made by the Auditor General (other than the report on financial statements), a parliamentary committee, or the Commonwealth Ombudsman.



Management of human resources

Human resources

ASQA's Human Resources team is based in Melbourne and supports each of ASQA's offices around Australia in all areas of human resources.

ASQA has three Commissioners, who are statutory officers, and 156 employees.

Over the 2011–12 year the Human Resources team focused on:

- recruitment activity to fill positions in the new agency
- transition of employees from state and territory regulatory organisations
- developing human resource management policies and procedures
- developing a Performance Development Framework, and
- preparing for the development of an ASQA Enterprise Agreement.

Payroll

ASQA outsources payroll and leave recording functions to Department of Education, Employment and Workplace Relations on a fee-for-service basis.

Employee development

During the reporting period ASQA prepared a Performance Development Framework, which will be implemented from 1 July 2012.

The Performance Development Framework focuses on building skill and capability, and providing role alignment and clarity for all ASQA employees.

Staffing profile

A profile of the ASQA workforce—including information on location, gender, classification and full-time/part-time status—is shown in Tables 15 to 18.

Table 15: Number of ASQA employees, by location, as at 30 June 2012

ASQA office location	Number of employees at location
Melbourne	43
Sydney	38
Adelaide	12
Canberra	19
Brisbane	37
Perth	4
Hobart	3
Darwin	0
TOTAL	156

Table 16: Number of ASQA employees, by classification, as at 30 June 2012

Classification	Number of employees at classification level
SES Band 1	2
EL 2	16
EL 1	48
APS 6	43
APS 5	28
APS 4	11
APS 3	8
APS 2	0
APS 1	0
TOTAL	156

Table 17: Number of ASQA employees by full-time/part-time status, as at 30 June 2012

Full time	142
Part time	14

Table 18: Number of ASQA employees by gender, as at 30 June 2012

Male	48
Female	108

Enterprise agreement

Section 24 (1) Determination

The terms and conditions of employment for ASQA employees are set out in the *ASQA Agency Determination 2011* which, while intended to end prior to 30 June 2011, will remain in effect until replaced by the ASQA Enterprise Agreement 2012–14.

At the end of the reporting period creation of the ASQA Enterprise Agreement 2012–14 was in process, with completion anticipated for December 2012.

At 30 June 2012:

- 154 ASQA employees were covered by the Agency Determination 2011
- two Senior Executive Service employees were covered by Individual S24 (1) Determinations
- three Commissioners—who are statutory employees rather than employees—were covered by Remuneration Tribunal Determinations.

The salary ranges for employees covered by the ASQA Agency Determination 2011 range from \$38,907 for an APS Level 1 employee to \$120,465 for an EL 2 level employee.

ASQA currently has 66 employees who are receiving a salary that is above the highest pay point for their classification level. These employees are those who have transitioned to ASQA from one of the state or territory regulators, or who have transferred to ASQA from another APS agency. Where these employees have transferred under an intergovernmental agreement to maintain the salaries of people transferring from a state or territory regulator, ASQA has maintained their previous salary.



In total, 71 employees transitioned to ASQA from state or territory regulatory bodies under intergovernmental transition agreements during the reporting period, as shown in Table 19.

Table 19: ASQA employees who transitioned from state and territory regulators 1 July 2011 – 30 June 2012

Original jurisdiction	Number of employees who transitioned to ASQA
Adelaide	8
Brisbane	34
Canberra	3
Hobart	2
Perth	2
Sydney	21
Melbourne	1
TOTAL	71

Information on Commissioners’ and Senior Executive Service employees’ total remuneration is set out on page 143 of the financial statements.

Performance pay

The ASQA Agency Determination 2011 does not provide access to performance pay.

Financial management

Purchasing

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

The Commonwealth Procurement Guidelines are applied to activities through the Chief Executive's 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 Guidelines, Finance's Chief Executive's Instructions and tendering processes, and
- standardised tendering and contracting documentation.



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

Consultants

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

Prior to engaging consultants, ASQA takes into account the skills and resources required for the task, the skills available internally, and the cost-effectiveness of engaging external expertise. The decision to engage a consultant is made in accordance with the *Financial Management and Accountability Act 1997* and related regulations including the Commonwealth Procurement Guidelines.

During the reporting period, 22 new consultancy contracts were entered into, involving actual expenditure of \$675,573. There were no ongoing consultancy contracts during the 2011–12 year, as ASQA was not established prior to 1 July 2011.

Australian National Audit Office access clauses

The Australian Skills Quality Authority did not have any contracts over \$100,000 that did not provide 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 have been exempted by the Chief Executive Officer from being published on AusTender during the reporting year.

Assets management

The Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies (2012) set out that 'Where assets management ... is a significant aspect of the strategic business of the department, an assessment of the effectiveness of assets management is required'. Assets management does not form a significant aspect of ASQA's strategic business.

Financial performance

ASQA has reported an operating surplus for 2011–12 of \$5.9 million (22 per cent of departmental revenue). The operating result primarily reflects the impact of costs associated with the delays in the transition of state regulators to ASQA in 2011–12. ASQA's full departmental and administered results are shown in the audited financial statements.









Section 4

Financial statements



INDEPENDENT AUDITOR'S REPORT

To the Minister for Tertiary Education, Skills, Science and Research

I have audited the accompanying financial statements of Australian Skills Quality Authority for the period ended 30 June 2012, which comprise: a Statement by the Chief Commissioner and Chief Finance Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Administered Schedule of Comprehensive Income; Administered Schedule of Assets and Liabilities; Administered Reconciliation Schedule; Administered Cash Flow Statement; Schedule of Administered Commitments; Schedule of Administered Contingencies; and Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

Chief Commissioner's Responsibility for the Financial Statements

The Chief Commissioner of the agency is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the agency's preparation of the financial statements that give a true and fair view 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

agency's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Commissioner of the agency, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence


In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Australian Skills Quality Authority:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Australian Skills Quality Authority's financial position as at 30 June 2012 and of its financial performance and cash flows for the period then ended.

Australian National Audit Office



John Jones
Executive Director

Delegate of the Auditor-General

Canberra

21 September 2012

Statement by the Chief Commissioner and Chief Finance Officer

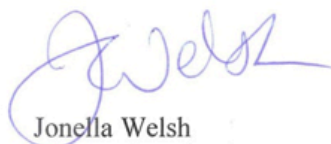
In our opinion, the attached financial statements for the year ended 30 June 2012 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.



Christopher Robinson

Chief Commissioner

21 September 2012



Jonella Welsh

a/g Chief Finance Officer

21 September 2012

Australian Skills Quality Authority
STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 June 2012

	Notes	2012 \$'000
EXPENSES		
Employee benefits	3A	11,195
Supplier	3B	8,362
Depreciation and amortisation	3C	1,467
Total expenses		21,024
LESS		
OWN-SOURCE INCOME		
Own-source revenue		
Rental income	4A	138
Other revenue	4B	28
Total own-source revenue		166
Net cost of services		20,858
Revenue from Government	4C	26,565
Total comprehensive income attributable to Australian Government		5,707

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

Australian Skills Quality Authority
BALANCE SHEET
 As at 30 June 2012

	Notes	2012 \$'000
ASSETS		
Financial Assets		
Cash and cash equivalents	5A	251
Trade and other receivables	5B	12,881
Total financial assets		13,132
Non-Financial Assets		
Leasehold Improvements	6A,C	3,665
Plant and equipment	6B,C	232
Intangibles	6D,E	1,914
Total non-financial assets		5,811
Total assets		18,943
LIABILITIES		
Payables		
Suppliers	7A	3,346
Other payables	7B	548
Total payables		3,894
Provisions		
Employee provisions	8	1,368
Total provisions		1,368
Total liabilities		5,262
Net assets		13,681
EQUITY		
Contributed equity		7,974
Retained surplus		5,707
TOTAL EQUITY		13,681

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

Australian Skills Quality Authority
STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2012

	Retained earnings 2012 \$'000	Contributed equity/capital 2012 \$'000	Total equity 2012 \$'000
Opening balance	-	-	-
Comprehensive income			
Surplus for the period	5,707		5,707
Total comprehensive income	5,707		5,707
Transactions with owners			
Contributions by owners			
Equity injection Appropriations	-	3,524	3,524
Restructuring	-	4,450	4,450
Sub-total transactions with owners	-	7,974	7,974
Closing balance as at 30 June	5,707	7,974	13,681

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

Australian Skills Quality Authority
CASH FLOW STATEMENT
For the period ended 30 June 2012

	Notes	2012 \$'000
OPERATING ACTIVITIES		
Cash received		
Appropriations		15,981
Sales of goods and rendering of services		99
Net GST received		444
Total financial assets		16,524
Cash used		
Employees		9,462
Suppliers		5,575
Total cash used		15,037
Net cash from operating activities	10	1,487
INVESTING ACTIVITIES		
Cash used		
Purchase of plant and equipment		22
Purchase of leasehold improvements		3,384
Purchase of internally developed software		2,100
Total cash used		5,506
Net cash used by investing activities		(5,506)
FINANCING ACTIVITIES		
Cash received		
Contributed equity		4,270
Total provisions		4,270
Net cash from financing activities		4,270
Net increase in cash held		251
Cash and cash equivalents at the beginning of the reporting period		-
Cash and cash equivalents at the end of the reporting period	5A	251

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

Australian Skills Quality Authority
SCHEDULE OF COMMITMENTS
As at 30 June 2012

2012
\$'000

BY TYPE

Commitments receivable

Net GST recoverable on commitments 828

Total commitments receivable 828

Commitments payable

Capital commitments

Plant and equipment¹⁸ 457

Total capital commitments 457

Other commitments

Operating leases¹⁹ 5,910

IT commitments²⁰ 1,564

Other²¹ 1,174

Total other commitments 8,648

Total commitments payable 9,105

Net commitments by type 8,277

BY MATURITY

Commitments receivable

One year or less 423

From one to five years 405

Total other commitments receivable 828

Total commitments receivable 828

¹⁸ Plant and equipment commitments were primarily contracts for fitouts of buildings.

¹⁹ Lease payments are subject to a fixed percentage annual increase in accordance with the lease agreement.

²⁰ IT commitments are mainly contract expenses with IT provider Department of Education, Employment and Workplace Relations.

²¹ Other commitments include a range of other contracts, such as fees for provision of services.

Note: Commitments were GST inclusive.

Australian Skills Quality Authority
SCHEDULE OF COMMITMENTS
 As at 30 June 2012—continued

2012
 \$'000

Capital commitments	
One year or less	457
Total capital commitments	457
Operating lease commitments	
One year or less	1,450
From one to five years	4,460
Total operating lease commitments	5,910
Others commitments	
One year or less	2,738
Total others commitments	2,738
Total commitments payable	9,105
Net commitments by maturity	8,277

Australian Skills Quality Authority
SCHEDULE OF CONTINGENCIES
As at 30 June 2012

Contingent assets

At 30 June 2012, the Australian Skills Quality Authority estimates the value of contingent assets to be \$nil.

Contingent liabilities

At 30 June 2012, the Australian Skills Quality Authority estimates the value of contingent liabilities to be \$nil.

Australian Skills Quality Authority
SCHEDULE OF ADMINISTERED ITEMS

ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
 For the period ended 30 June 2012

	Notes	2012 \$'000
EXPENSES		
Write-down and impairment of assets	15	179
Total expenses administered on behalf of Government		179
OWN-SOURCE INCOME		
Own-source revenue		
Non-taxation revenue		
Fees and fines	16	7,155
Total own-source income administered on behalf of Government		7,155
Net contribution by services		6,976
Total comprehensive income		6,976

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

Australian Skills Quality Authority
SCHEDULE OF ADMINISTERED ITEMS

ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES

As at 30 June 2012

	Notes	2012 \$'000
ASSETS		
Financial assets		
Trade and other receivables	17	2,139
Total financial assets		2,139
Total assets administered on behalf of Government		2,139
Net assets		2,139

ADMINISTERED RECONCILIATION SCHEDULE

For the period ended 30 June 2012

	2012 \$'000
Opening administered assets less administered liabilities as at 1 July 2012	
Surplus (deficit) items:	
Plus: Administered income	7,155
Less: Administered expenses	179
Administered transfers to/from Australian Government:	
Appropriation transfers from OPA:	
Payment return from OPA	50
Transfers to OPA	4,887
Closing administered assets less administered liabilities as at 30 June 2012	2,139

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

Australian Skills Quality Authority
SCHEDULE OF ADMINISTERED ITEMS

ADMINISTERED CASH FLOW STATEMENT

For the period ended 30 June 2012

	Notes	2012 \$'000
OPERATING ACTIVITIES		
Cash received		
Sales of goods and rendering of services		4,887
Total cash received		4,887
Cash used		
Refunds to registered training organisations		50
Total cash used		50
Net cash flows used by operating activities	18	4,837
Cash and cash equivalents at the beginning of the reporting period		
Cash from Official Public Account for:		
-Appropriations		50
		50
Cash to Official Public Account for:		
-Appropriations		(4,887)
		(4,887)
Cash and cash equivalents at the end of the reporting period	18	-

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

Australian Skills Quality Authority
SCHEDULE OF ADMINISTERED COMMITMENTS
As at 30 June 2012

At 30 June 2012, the Australian Skills Quality Authority estimates the value of Administered commitments to be \$nil.

Australian Skills Quality Authority
SCHEDULE OF ADMINISTERED CONTINGENCIES
As at 30 June 2012

Contingent assets

At 30 June 2012, the Australian Skills Quality Authority estimates the value of Administered contingent assets to be \$nil.

Contingent liabilities

At 30 June 2012, the Australian Skills Quality Authority estimates the value of Administered contingent liabilities to be \$nil.



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Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

1.1 Objectives of Australian Skills Quality Authority

The Australian Skills Quality Authority (ASQA) is an Australian Government controlled entity. It is a not-for-profit entity.

ASQA is the national regulator for Australia's vocational education and training (VET) sector. ASQA regulates courses and training providers to ensure nationally approved quality standards are met.

The objectives of ASQA are:

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

ASQA is structured to meet one outcome:

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



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

ASQA's activities contributing toward this outcome are classified as either departmental or administered.

Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by ASQA in its own right.

Administered activities involve the management or oversight by ASQA, on behalf of the Government, of items controlled or incurred by the Government.

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

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

1.2 Basis of preparation of the financial statements

The financial statements are general purpose financial statements and are required by section 49 of the *Financial Management and Accountability Act 1997*.

The financial statements have been prepared in accordance with:

- a) Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2012, and
- b) Australian Accounting Standards and Interpretations 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 are 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 and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will flow to ASQA or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies.

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

Administered revenues, expenses, assets, liabilities, and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for departmental items, except where otherwise stated at Note 1.18.

1.3 Significant accounting judgements and estimates

No departmental accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

No administered accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amount of assets and liabilities within the next accounting period.

1.4 New Australian accounting standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the respective standard.



No other new standards, revised standards, interpretations, and amending standards that were issued prior to the signing of the statements by the Chief Commissioner and the Chief Financial Officer and are applicable to the current reporting period had a financial impact, or are expected to have a future financial impact on ASQA.

Future Australian Accounting Standard requirements

New standards, reissued standards, amendments to standards or interpretations ('the new requirements') applicable to future reporting periods have been issued by the Australian Accounting Standards Board during the year. It is anticipated that the new requirements will have no material financial impact on future reporting periods.

No other new standards, revised standards, interpretations, and amending standards that were issued prior to the signing of the statements by the Chief Commissioner and Chief Financial Officer and are applicable to the current reporting period had a financial impact, or are expected to have a future financial impact, on the entity.

1.5 Revenue

Rendering of Services

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured, and
- the probable economic benefits associated with the transaction will flow to ASQA.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance. Collectability of debts is reviewed at balance date. Allowances are made when collectability of the debt is no longer probable.

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.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another government agency or authority as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

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.

1.6 Gains

Resources received free of charge

Resources received free of charge are recognised as gains 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.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another government entity as a consequence of a restructuring of administrative arrangements (Refer to Note 1.7).

Sale of assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

1.7 Transactions with the Government as owner

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.



Restructuring of administrative arrangements

Net assets received from or relinquished to, another Australian Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other distributions to owners

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend.

1.8 Employee benefits

Liabilities for 'short-term employee benefits' (as defined in Australian Accounting Standards Board, 119 Employee Benefits) and termination benefits due within 12 months of the end of reporting period are measured at their nominal amounts.

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

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

Leave

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

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

The liability for long service leave has been determined by the use of the Australian Government Actuary's shorthand method using the Standard Commonwealth sector probability profile. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy

Provision is made for separation and redundancy benefit payments. ASQA recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out those terminations of employment.

Superannuation

Staff of ASQA are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other schemes as chosen by individual employees.

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

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

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

The liability for superannuation recognised as at 30 June 2012 represents outstanding contributions for the final fortnight of the year.

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

ASQA does not have any finance leases.

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



Lease incentives

Lease incentives taking the form of rent-free periods or cash incentives are recognised as liabilities. These liabilities are amortised over the period of the lease on a straight line basis. The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the space becomes surplus.

1.10 Cash

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

1.11 Financial assets

ASQA classifies its financial assets in accordance with *AASB 139: Financial Instruments: Recognition and Measurement*.

All financial assets are categorised as Loans and receivables.

Loans and receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'Trade receivables'.

Impairment of financial assets

Financial assets are assessed for impairment at the end of the reporting period.

1.12 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as Other Financial Liabilities. Financial liabilities are recognised and derecognised when contractual provisions of the instrument are established and fulfilled.

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).

1.13 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the balance sheet but are reported in the relevant schedules and 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.

1.14 Acquisition of assets

Assets are recorded at cost on acquisition, except for financial assets which are initially measured at fair value plus any transaction costs. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken in bringing it to use.

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 or administrative arrangements. In the latter case, assets are initially recognised as contributions by owners in the Statement of Changes in Equity at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

1.15 Property, plant and equipment

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than \$2000, 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 property leases taken up by ASQA where there exists an obligation to restore the property to its original condition. These costs are included in the value of ASQA's leasehold improvements with a corresponding provision for restoration obligations recognised.



Revaluations

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

Asset class	Fair value measured at
Leasehold improvements	Market selling price
Plant and equipment	Depreciated replacement cost

Following initial recognition at cost, property, plant and equipment are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. ASQA is of the view that the current book value of the assets represented their fair values as at reporting date. As a result no revaluation was needed for any class of assets in 2011-12.

Depreciation

Depreciable property, plant and equipment are written-down to their estimated residual values (given that ASQA has just purchased these assets) over their useful lives using, in all cases, the straight-line method of depreciation.

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:

Asset class	2011-12
Leasehold improvements	Lesser of the lease term and 10 years
Plant and equipment	Three to 10 years

Impairment

All assets were assessed for impairment at 30 June 2012. 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 to sell 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. The review highlighted that no assets required impairment in 2011–12.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

1.16 Intangibles

ASQA's intangibles consist of internally developed software for internal use. This asset is carried at cost (except for purchases costing less than \$2,000, which are expensed in the year of acquisition) less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its useful life of five years. This asset was assessed for indications of impairment as at 30 June 2012.

1.17 Taxation

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

Revenues, expenses and non-financial assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office, and
- for receivables and payables.



1.18 Reporting of administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related notes.

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

Administered cash transfers to and from the Official Public Account

Revenue collected by ASQA for use by the Australian Government, rather than ASQA, is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by Department of Finance and Deregulation. 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 Australian Government and reported as such in the statement of cash flows, in the schedule of administered items and in the administered reconciliation schedule.

Receivables

Administered fee revenue is recognised upon raising an invoice as there is no provisions for refunds. Receivables have 30 days credit terms. Collectability of the debt is reviewed at balance date. Impairment allowances are made when some doubt exist as to the collectability of the debt.

Financial liabilities

ASQA does not administer any financial liabilities on behalf of the Australian Government.

Revenue

All administered revenues are revenues relating to the course of ordinary activities performed by ASQA on behalf of the Australian Government.

Revenue is generated from collection of fees and charges, for accrediting courses and managing the registration of VET training providers.

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 2. Events after the reporting period date

There were no subsequent events that had the potential to significantly affect the ongoing structure and financial activities of the entity apart from the following:

- From 1 July 2012, ASQA took over the Education Services for Overseas Students (ESOS) functions formerly handled by the Department of Innovation, Industry, Science, Research and Tertiary Education (DIISRTE). As a result ASQA expects to receive approximately \$1 m each year of additional administered revenue, via DIISRTE.
- The Department of Education, Employment and Workplace Relations (DEEWR) is proposing to transfer a number of leasehold assets, which include approximately \$1.7 million of leasehold improvements, to ASQA on 1 July 2012. This is made up of leasehold improvements at the properties in Melbourne, Brisbane, Sydney, Adelaide and Perth.



Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 3: Expenses

2012
\$'000

Note 3A: Employee benefits

Wages and salaries	8,696
Superannuation:	
Defined contribution plans	913
Defined benefit plans	293
Leave entitlements	1,293
Total employee benefits	11,195

Note 3B: Supplier

Goods and services

Consultants	615
Contractors	2,943
Travel	679
IT services	1,270
Legal fees	371
Other	609
Total goods and services	6,487

Goods and services are made up of:

Provision of goods—external parties	120
Rendering of services—related entities	1,142
Rendering of services—external parties	5,225
Total goods and services	6,487

Other supplier expenses

Operating lease rentals—related entities:	
Minimum lease payments	1,783
Workers compensation expenses	92
Total other supplier expenses	1,875
Total supplier expenses	8,362

Note 3: Expenses—continued

Note 3C: Depreciation and amortisation

Depreciation:	
Plant and equipment	81
Leasehold improvements	1,200
Total depreciation	1,281
Amortisation:	
Internally developed software	186
Total amortisation	186
Total depreciation and amortisation	1,467

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 4: Income

2012
\$'000

OWN-SOURCE REVENUE

Note 4A: Rental income

Rental income	138
Total rental income	138

Note 4B: Other revenue

Resources received free of charge—services	28
Total other revenue	28

REVENUE FROM GOVERNMENT

Note 4C: Revenue from Government

Appropriations:	
Departmental appropriations	26,565
Total revenue from Government	26,565

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5: Financial assets

2012
\$'000

Note 5A: Cash and cash equivalents

Cash on hand or on deposit	251
Total cash and cash equivalents	251

Note 5B: Trade and other receivables

Goods and services	
Goods and services—related entities	39
Total receivables for goods and services	39

Appropriations receivable:

Existing programs	12,516
Total appropriations receivable	12,516

Other receivables:

GST receivable from the Australian Taxation Office	326
Total other receivables	326
Total trade and other receivables	12,881

Receivables are expected to be recovered in:

No more than 12 months	12,881
Total trade and other receivables	12,881

Receivables are aged as follows:

Not overdue	12,842
Overdue by:	
0 to 30 days	-
31 to 60 days	-
61 to 90 days	-
More than 90 days	39
Total receivables	12,881

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 6: Non-financial assets

2012
\$'000

Note 6A: Leasehold improvements

Leasehold improvements:

Fair value	4,893
Accumulated depreciation	(1,228)

Total leasehold improvements	3,665
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Note 6B: Plant and equipment

Plant and equipment:

Fair value	346
Accumulated depreciation	(114)

Total plant and equipment	232
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Note 6: Non-financial assets—continued

	Leasehold improvements \$'000	Plant & equipment \$'000	Total \$'000
Note 6C: Reconciliation of the opening and closing balances of property, plant and equipment 2012			
Net book value 1 July 2011	-	-	-
Additions:			
By purchase	3,384	22	3,406
Restructuring	1,481	291	1,772
Depreciation expense	(1,200)	(81)	(1,281)
Net book value 30 June 2012	3,665	232	3,897
Net book value as of 30 June 2012 represented by:			
Gross book value	4,893	346	5,239
Accumulated depreciation—restructuring	(28)	(33)	(61)
Accumulated depreciation and impairment	(1,200)	(81)	(1,281)
Net book value 30 June 2012	3,665	232	3,897

No indicators for impairment were found for Leasehold improvements or Plant and Equipment.

No Leasehold improvements or Plant and Equipment, are expected to be sold or disposed of within the next 12 months.

In restructuring Department of Education, Employment and Workplace Relations, transferred assets, including accumulated depreciation relating to those assets, to ASQA.

	2012 \$'000
Note 6D: Intangibles	
Computer software:	
Internally developed software—in progress	678
Internally developed software—in use	1,422
Accumulated amortisation	(186)
Total computer software	1,914
Total intangibles	1,914

No indicators of impairment were found for intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months.

**Note 6E: Reconciliation of the opening and closing balances
of intangibles 2012**

Net book value 1 July 2011

-

Additions:

By purchase or internally developed

2,100

Amortisation

(186)

Net book value 30 June 2012

1,914

Net book value as of 30 June 2012 represented by:

Gross book value

2,100

ccumulated amortisation and impairment

(186)

Net book value 30 June 2012

1,914

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7: Payables

2012
\$'000

Note 7A: Suppliers

Trade creditors and accruals	3,346
Total suppliers payables	3,346

Suppliers payables expected to be settled within 12 months:

Related entities	815
External parties	2,531
Total	3,346

Settlement was usually made within 30 days.

Note 7B: Other payables

Wages and salaries	327
Superannuation	38
Lease incentive	170
Unearned income	13
Total other payables	548

Total other payables are expected to be settled in:

No more than 12 months	378
More than 12 months	170
Total other payables	548

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 8: Provisions

2012
\$'000

Note 8: Employee provisions

Leave	1,368
Total employee provisions	1,368

Employee provisions are expected to be settled in:

No more than 12 months	394
More than 12 months	974
Total employee provisions	1,368

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 9: Restructuring

2012
\$'000

Note 9A: Departmental restructuring

As part of the Department of Education, Employment and Workplace Relations (DEEWR)'s (2010–11) capital appropriation, DEEWR was appropriated \$4.5 million in order to establish the Australian Skills Quality Authority (ASQA). As a result of the establishment of ASQA in July 2011, DEEWR transferred the responsibility of managing this \$4.5 million, including Property, Plant and Equipment purchased using this fund as well as an Appropriation Receivable relating to unspent appropriation, to ASQA in February 2012.

FUNCTIONS ASSUMED

Assets recognised

Appropriation receivable	2,678
Net leasehold improvements	1,481
Net plant & equipment	291
Net assets/(liabilities) assumed	4,450

In respect of functions assumed, the net book values of assets were transferred to ASQA for no consideration. ASQA recognised net assets transferred as contributions by owners in the Statement of Changes in Equity.

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 10: Cash flow reconciliation

2012
\$'000

Reconciliation of cash and cash equivalents as per balance sheet to cash flow statement

Cash and cash equivalents as per:

Cash flow statement	251
Balance sheet	251

Difference	-
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Reconciliation of net cost of services to net cash from operating activities:

Net cost of services	(20,858)
Add revenue from Government	26,565

Adjustments for non-cash items

Depreciation / amortisation	1,467
-----------------------------	-------

Changes in assets / liabilities

Increase in net receivables	(10,949)
Increase in employee provisions	1,368
Increase in supplier payables	3,346
Increase in other payable	548

Net cash from operating activities	1,487
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Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 11: Senior executive remuneration

Note 11A: Senior executive remuneration expenses for the reporting period

	2012 \$
<hr/>	
Short-term employee benefits:	
Salary	765
Annual leave accrued	47
Motor vehicle and other allowances	169
Total short-term employee benefits	981
Post-employment benefits:	
Superannuation	123
Total post-employment benefits	123
Other long-term benefits:	
Long-service leave	10
Total other long-term benefits	10
Total employment benefits	1,114

Note 11B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives During the Reporting Period

Average annual reportable remuneration ¹	Senior Executives No.	Reportable salary ² \$	Contributed superannuation ³ \$	Reportable allowances ⁴ \$	2012 Total \$
Total remuneration (including part-time arrangements):					
less than \$150,000	1	63,406			63,406
\$180,000 to \$209,999	2	173,598	27,178		200,776
\$270,000 to \$299,999	1	254,569	40,487		295,056
\$360,000 to \$399,999	1	301,648	59,394		361,042
Total	5				

Notes:

1. This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.
2. Reportable salary' includes the following:
 - a) gross payments
 - b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits), and
 - c) exempt foreign employment income.
3. The 'contributed superannuation' amount is the average actual superannuation contributions paid to senior executives in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per the individuals' payslips.
4. Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
5. No bonus is paid to substantive senior executives during the year.
6. Various salary sacrifice arrangements were available to senior executives, including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.

Note 11C: Other highly paid staff

During the reporting period, there were no non-SES or non-director employee whose salary plus performance bonus were \$150,000 or more. This was calculated by reference to the gross payments line of the payment summary.

Australian Skills Quality Authority
NOTES TO AND FORMING PART OF THE FINANCIAL
STATEMENTS

Note 12: Remuneration of auditors

2012
\$'000

Financial statement audit services were provided free of charge to the entity by the Australian National Audit Office (ANAO).

Fair value of the services provided	
Financial statement audit services	28
Total	28

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 13: Financial instruments

2012
\$'000

Note 13A: Categories of financial instruments

Financial assets

Loans and receivables:

Cash and cash equivalents	251
Trade and other receivables	39

Total	290
-------	-----

Carrying amount of financial assets	290
-------------------------------------	-----

Financial Liabilities

At amortised cost:

Trade creditors	3,346
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Total	3,346
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Carrying amount of financial liabilities	3,346
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There was no income or expenses for financial assets and liabilities.
The fair value of financial assets and liabilities approximate their fair value.

Note 13B: Credit risk

ASQA was exposed to minimal credit risk as loans and receivables were cash and trade receivables. At year end, the total amount outstanding for trade receivables was \$39,000. Although this was outstanding for more than 90 days, it was assessed that no impairment allowance was required. Moreover, this outstanding debt had been received after balance date.

Note 13C: Liquidity risk

ASQA's financial liabilities were payables. The exposure to liquidity risk was based on the notion that the entity will encounter difficulty in meeting its obligations associated with financial liabilities. This was highly unlikely, as the entity is appropriated funding from the Australian Government and the entity manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the entity had policies in place to ensure timely payments were made when due and has no past experience of default. All financial liabilities are settled within 30 days.

Note 13D: Market risk

ASQA was not exposed to market risk.

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 14: Financial assets reconciliation

	Notes	2012 \$'000
<hr/>		
Total financial assets as per balance sheet		13,132
Less: non-financial instrument components:		
Appropriations receivable	5B	12,516
Other receivables	5B	326
Total non-financial instrument components		<hr/> 12,842
Total financial assets as per financial instruments note		<hr/> 290

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 15: Administered—expenses

	2012 \$'000
Note 15: Write-down and impairment of assets	
Impairment on receivables	179
Total write-down and impairment of assets	179

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 16: Administered-income

	2012 \$'000
OWN-SOURCE REVENUE	
Note 16: Fees and fines	
Fees	7,155
Total Fees and fines	7,155

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 17: Administered—financial assets

2012
\$'000

Note 17: Trade and other receivables

Receivables

Fees	2,318
Total receivables	2,318

Total trade and other receivables (gross)	2,318
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Less: impairment allowance account:

Fees	(179)
Total impairment allowance account	(179)
Total trade and other receivables (net)	2,139

Receivables are expected to be recovered in:

No more than 12 months	2,139
Total trade and other receivables (net)	2,139

Receivables were aged as follows:

Not overdue	1,098
Overdue by:	
0 to 30 days	298
31 to 60 days	-
over 90 days	922
Total receivables (gross)	2,318

The impairment allowance account is aged as follows:

Overdue by:	
More than 90 days	(179)
Total impairment allowance account	(179)

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 18: Administered–cash flow reconciliation

2012
\$'000

Reconciliation of cash and cash equivalents as per Administered Schedule of Assets and Liabilities to Administered Cash Flow Statement

Cash and cash equivalents as per:

Schedule of administered cash flows

-

Schedule of administered assets and liabilities

-

Difference

-

Reconciliation of net cost of services to net cash from operating activities:

Net cost of services

6,976

Changes in assets / liabilities

Increase in net receivables

(2,139)

Net cash from operating activities

4,837

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 19: Administered–financial instruments

ASQA's administered receivables are imposed under ASQA's enabling legislation, the *National Vocational and Training Regulator Act 2011* and the *National Vocational and Training Regulator (Transitional Provisions) Act 2011*, so they are not considered as financial instruments. As at 30 June 2012, there are no administered financial instruments for the agency.

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 20: Appropriations

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

	2102 Appropriations						Variance \$'000
	Appropriation Act		FMA Act		Total appropriation \$'000	Appropriation applied in 2012 (current and prior years) \$'000	
	Annual appropriation \$'000	AFM \$'000	Section 31 \$'000	Section 32 \$'000			

DEPARTMENTAL

Ordinary annual services	26,565	-	2,174	2,678	31,417	(20,582)	10,835
Other services							
Equity	3,524	-	-	-	3,524	(1,592)	1,932
Total departmental	30,089	-	2,174	2,678	34,941	(22,174)	12,767

Notes:

Unspent appropriations are due to the deferral of the state regulators transitioning power and their related costs to ASQA in 2011–12. The result was a lower than expected FTE which had a direct impact on employment and other overhead costs for 2011–12. As a result DOFD has approved \$2 million loss for 2012–13 to cover the deferral of expected costs.

Section 31 receipts have been transferred to OPA after balance date.

The balance of unspent equity injection appropriation relates to internally developed software (ASQAnet), which is used as ASQA's database and registration billing system. The software development expenditure has not reached the intended level for 2011–12.

Table B: Departmental and administered capital budgets ('Recoverable GST exclusive')

	2012 Capital Budget Appropriations				Capital Budget Appropriations applied in 2012			Variance \$'000
	Appropriation Act		FMA Act	Total Capital Budget Appropriations \$'000	Payments for non-financial assets \$'000	Payments for other purposes \$'000	Total Payments \$'000	
	Annual capital budget \$'000	Appropriations reduced \$'000	Section 32 \$'000					

DEPARTMENTAL

Ordinary annual services

Departmental Capital budget	-	-	2,678	2,678	(2,678)	-	(2,678)	-
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Notes:

Payments made on non-financial assets include purchases for leasehold improvements and equipment for all of ASQA's state offices in 2011-12.

Table C: Unspent annual appropriations ('Recoverable GST exclusive')

Authority	2012 \$'000
DEPARTMENTAL	
Appropriation Act (No. 1) 2011-2012	10,584
Appropriation Act (No. 2) 2011-2012	1,932
Cash at Bank	251
Total	12,767

Table D: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	2012 \$'000
<i>Financial Management and Accountability Act 1997</i> s.28(2), Administered	Refund	To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and apart from this section there is no specific appropriation for the repayment.	(50)
Total			(50)

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 21: Compensation and debt relief

2012
\$'000

Compensation and debt relief—departmental

No 'Act of Grace payments' were incurred during the reporting period. -

No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the *Financial Management and Accountability Act 1997*. -

No ex-gratia payments were provided for during the reporting period. -

No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the *Public Service Act 1999* during the reporting period. -

2012
\$'000

Compensation and debt relief - administered

No 'Act of Grace payments' were incurred during the reporting period. -

No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the *Financial Management and Accountability Act 1997*. -

No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period. -

No ex-gratia payments were provided for during the reporting period. -

No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the *Public Service Act 1999* during the reporting period. -

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 22: Reporting of Outcomes

		Outcome 1
Net cost of outcome delivery		2012
		\$'000
Departmental		
Expenses		21,024
Own-source income		166
Administered		
Expenses		179
Own-source income		7,155
Net cost of outcome delivery		(13,882)

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 23: Cost recovery

2012
\$'000

Note 23: Administered receipts subject to cost recovery policy

Significant cost recovery arrangements

Australian Skills Quality Authority Cost Recovery Impact Statement 4,887

Total administered receipts subject to Cost Recovery Policy 4,887

Australian Skills Quality Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 24: Net cash appropriation arrangements

	2012 \$'000
<hr/>	
Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations'	7,174
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	1,467
Total comprehensive income as per the Statement of Comprehensive Income	<hr/> 5,707 <hr/>





Section 5

Appendices

Appendix 1. ASQA regulatory decisions

Administrative sanctions

ASQA made six decisions to cancel the registration of a registered training organisation (RTO) in accordance with the paragraph 36(2)(f) and section 39 of the *National Vocational Education and Training Regulator Act 2011* as shown in Table 20.

Table 20: ASQA decisions to cancel the registration of a provider, 1 July 2011 - 30 June 2012

RTO number	Provider trading name
91473	Australian Rail Training Pty Ltd ²²
91625	Baysail Pty Ltd
21750	C.A.R.E. Employment & Training Services Pty Ltd
22197	Excel International Academy Pty Ltd
22159	Stefan Training Group Pty Ltd
90798	Siu Sing Pty Ltd

ASQA made four decisions to suspend all or part of a provider’s registration in accordance with paragraph 36(2)(e) and section 38 of the *National Vocational Education and Training Regulator Act 2011* as shown in Table 21.

²² Decision subject to an application for reconsideration or review which had not been finalised at the time of reporting

Table 21: ASQA decisions to suspend all or part of a provider’s registration, 1 July 2011 – 30 June 2012

RTO number	Provider trading name
91307	Australian Culinary Academy Pty Ltd ²³
50619	Success Fast-Track Pty Ltd
90009	TAFE NSW–Western Institute ²⁴
91614	Ton Ton Song Pty Ltd ²⁵

Within the reporting period, ASQA gave a further 12 written notices stating its intention to make a decision to cancel (11) or suspend (one) a provider’s registration. These providers were given between three and 20 days to respond to the notice in accordance with the *National Vocational Education and Training Regulator Act 2011*.

ASQA made three decisions to impose another type of administrative sanction in accordance with paragraphs 36(2)(a)–(d) of the *National Vocational Education and Training Regulator Act 2011*, as shown in Table 22.

²³ Partial Suspension.

²⁴ Partial Suspension.

²⁵ Partial Suspension—decision subject to an application for reconsideration or review which had not been finalised at the time of reporting.

**Table 22: ASQA decisions to impose administrative sanctions
(other than cancellation or suspension of registration),
1 July 2011 – 30 June 2012**

RTO number	Provider trading name	Type of sanction
21807	Austwide Institute of Training	Written direction to rectify breach ²⁶
90438	Sydney School of Business & Technology Pty Ltd	Amend scope of registration
4341	The British Institute of Homoeopathy	Amend scope of registration

Conditions

ASQA made 16 decisions to impose other conditions on providers' registrations in accordance with sub-section 29(1) of the *National Vocational Education and Training Regulator 2011*. These decisions are shown in Table 23. One decision is not listed, as it is subject to a confidentiality order of the AAT.

²⁶ Decision was subsequently varied or set aside (e.g. via AAT, Administrative Decisions Tribunal of NSW or ASQA process).

Table 23: ASQA decisions to impose conditions on providers' registrations, 1 July 2011 – 30 June 2012

RTO number	Provider trading name	Condition
40336	Adelaide Educators Pty Ltd ²⁷	No new enrolments
7064	Australasian Education & Training Services Pty Ltd	Until next audit, keep certain evidence and notify ASQA of trainer changes for one qualification
90271	Australian Careers Business College Pty Ltd	Until next audit, keep certain evidence and no change of scope applications
91110	Australian College Pty Ltd	Provide ASQA with certain evidence
91116	Australian Higher Education Services Pty Ltd	Restricted enrolments of overseas students in specified qualifications
21495	Australian Institute of Technology and Education Pty Ltd	No new enrolments or collection of student monies
21625	Australian National Institute Pty Ltd	Provide ASQA with student details
21807	Austwide Institute of Training Pty Ltd	No delivery of two qualifications in two jurisdictions
90399	Essential Personnel Association Inc ²⁸	No new enrolments or collection of fees, and must refund fees for delivery beyond certain date for specified qualifications
90874	Laser Therapy & Natural Medicine Pty Ltd	Until next audit, keep certain evidence

²⁷ Decision was subsequently varied or set aside (e.g. via AAT, Administrative Decisions Tribunal of NSW or ASQA process).

²⁸ Decision was subsequently varied or set aside (e.g. via AAT, Administrative Decisions Tribunal of NSW or ASQA process).

91367	Magill College Pty Ltd ²⁹	No new enrolments or monies for training to be collected beyond certain date
91190	Maurice Jones	Undergo financial viability risk assessment; until next audit, keep certain evidence
40368	Natwide Personnel Pty Ltd ³⁰	No new enrolments in specified units
91779	Pooled Knowledge Pty Ltd	Until next audit, keep certain evidence and notify ASQA of trainer changes
91511	Skills Training Australia Pty Ltd	Until next audit, keep certain evidence and notify ASQA of trainer changes

²⁹ Decision was subsequently varied or set aside (e.g. via AAT, Administrative Decisions Tribunal of NSW or ASQA process).

³⁰ Decision was subsequently varied or set aside (e.g. via AAT, Administrative Decisions Tribunal of NSW or ASQA process).



Application rejections

ASQA made 28 decisions to reject an application for renewal of registration in accordance with section 17 of the *National Vocational Education and Training Regulator Act 2011* as shown in Table 24.

Table 24: ASQA decisions to reject applications for renewal of registration, 1 July 2011 – 30 June 2012

RTO number	Provider trading name
91215	Academy of Training Pty Ltd ³¹
91197	Advanced Massage College of Australia Pty Ltd
91045	All Business Learning End-Solutions Pty Ltd ³²
90908	Australian Business Skills Pty Ltd ³³
91086	Australian College of Management Pty Ltd
90271	Australian English & Business College Pty Ltd ³⁴
70047	B.L Davis & J.M Davis
90534	Brick Industry Training School Pty Ltd
91263	Codarra Advanced Systems Pty Ltd
90399	Essential Personnel Association Inc ³⁵

³¹ Decision was subsequently varied or set aside (e.g. via AAT, Administrative Decisions Tribunal of NSW or ASQA process).

³² Decision subject to an application for reconsideration or review which had not been finalised at the time of reporting.

³³ Decision made by a former regulator and subject to an application for reconsideration or review which had not been finalised at the time of reporting.

³⁴ Decision was subsequently varied or set aside (e.g. via AAT, Administrative Decisions Tribunal of NSW or ASQA process).

³⁵ Partial rejection and decision was subsequently varied or set aside (e.g. via AAT, Administrative Decisions Tribunal of NSW or ASQA process).

90167	Evac-You-8 Enterprise Pty Ltd ³⁶
91064	Gisborne Services Pty Ltd ³⁷
121882	International School of Professional Skills Pty Ltd
91137	JLB Resources Pty Ltd
91145	Laranda Pty Ltd
90874	Laser Therapy and Natural Medicine Pty Ltd ³⁸
3923	Macquarie Commercial College Ltd ³⁹
90448	M J Denstaff Training Pty Ltd
90129	Mystical Enchantment Pty Ltd
91195	Natalie Byron
90874	Laser Therapy and Natural Medicine Pty Ltd ³⁸
3923	Macquarie Commercial College Ltd ³⁹
90448	M J Denstaff Training Pty Ltd
90129	Mystical Enchantment Pty Ltd
91195	Natalie Byron
91021	Pegasus Training Services Pty Ltd ⁴⁰
90290	Pinnacle Education Services
90546	Royal Rehabilitation Centre Sydney ⁴¹

³⁶ Decision was subsequently varied or set aside (e.g. via AAT, Administrative Decisions Tribunal of NSW or ASQA process).

³⁷ Decision subject to an application for reconsideration or review which had not been finalised at the time of reporting.

³⁸ Decision was subsequently varied or set aside (e.g. via AAT, Administrative Decisions Tribunal of NSW or ASQA process).

³⁹ Decision subject to an application for reconsideration or review which had not been finalised at the time of reporting.

⁴⁰ Decision made by a former regulator and finalised in reporting period.

⁴¹ Partial rejection.



90978	Sapphire International Pty Ltd ⁴²
91183	Scott Maxwell Alpen and Nicole Alpen
91283	Sydney Institute of Tertiary Education Pty Ltd
91054	Tactical Training Group Pty Ltd ⁴³
90323	Training Beyond 2000 Pty Ltd ⁴⁴

ASQA made 48 decisions to reject an application for initial registration in accordance with section 17 of the *National Vocational Education and Training Regulator Act 2011*.

ASQA made 126 decisions to reject an application for change of scope of registration in accordance with section 33 of the *National Vocational Education and Training Regulator Act 2011*.

⁴¹ Partial rejection.

⁴² Decision made by a former regulator and finalised in reporting period.

⁴³ Partial rejection.

⁴⁴ Partial rejection; this provider subsequently successfully applied to have the relevant qualifications added to their scope of registration

Appendix 2. Other mandatory information

Work health and safety

ASQA fulfils its responsibilities under the *Work Health and Safety Act 2011* and has established a Work Health and Safety Committee. This committee comprises ASQA employees and is responsible for developing and implementing strategies to protect all employees from risks to their health and safety. ASQA has Health and Safety Representatives in each state and territory office.

ASQA uses the services of an occupational therapist to provide onsite ergonomic support to all new employees and any employees experiencing pain or injury. Influenza vaccinations were provided for all employees in April 2012. ASQA offers its employees (and their families) independent, confidential and professional counselling through the Employee Assistance Program.

ASQA had no reported accidents or incidents resulting in injury or lost time during the year.

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



Advertising and market research

During the 2011–12 financial year, the Australian Skills Quality Authority:

- paid Australian Survey Research Group Pty Ltd \$23,917.66 (inclusive of GST) to undertake a the *ASQA Stakeholder Survey 2011–12*, and
- paid PeoplePulse \$13,480.54 (inclusive of GST) to undertake an online survey of the aged care industry and manage an ongoing audit feedback survey.

Did not pay any monies to undertake any advertising campaigns, or any monies to:

- polling organisations
- direct mail organisations
- media advertising organisations.

Ecologically sustainable development and environmental performance

Not all of ASQA's offices were open for the 12 month reporting period, meaning that the agency is unable to provide reporting on ecologically sustainable development for the 2011–12 financial year. Now that all ASQA sites have been opened, an Ecologically Sustainable Development plan is being implemented. ASQA will be able to provide full reporting in the 2012–13 annual report.

Grant programs

The Australian Skills Quality Authority does not administer any government grants.

Disability reporting

Changes to disability reporting in annual reports

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

The Commonwealth Disability Strategy has been overtaken by a new National Disability Strategy which sets out a ten year national policy framework for improving life for Australians with disability, their families and carers. A high-level report to track progress for people with disability at a national level will be produced by the Standing Council on Community, Housing and Disability Services to the Council of Australian Governments and will be available at www.fahcsia.gov.au. The Social Inclusion Measurement and Reporting Strategy agreed by the Government in December 2009 will also include some reporting on disability matters in its regular *How Australia is Faring* report and, if appropriate, in strategic change indicators in agency annual reports. More detail on social inclusion matters can be found at www.socialinclusion.gov.au.



Information publication scheme

Agencies subject to the *Freedom of Information Act 1982* are required to publish information to the public as part of the Information Publication Scheme. This requirement, in Part II of the *Freedom of Information Act 1982*, 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 Information Publication Scheme plan can be viewed at www.asqa.gov.au/about-asqa/accountability-and-reporting/information-publication-scheme.html

Appendix 3. ASQA addresses

ASQA’s office locations as at the end of the reporting period are shown in Table 25.

Table 25: ASQA offices as at 30 June 2012

Office	Address
Adelaide	Level 5, 115 Grenfell St, Adelaide, SA, 5000
Brisbane	Level 7, 215 Adelaide St, Brisbane, QLD, 4000
Canberra	Level 3, 64 Northbourne Ave, Canberra City
Darwin	Level 2, 39/41 Woods St, Darwin, NT, 0820
Hobart	Level 11, 188 Collins St, Hobart, TAS, 7000
Melbourne (Collins St)	Level 6, 595 Collins St, Melbourne, Vic 3000
Melbourne (Spencer St) (Temporary premises)	Level 12, 120 Spencer St, Melbourne, Vic 3000
Perth	Level 11, 250 St Georges Terrace, Perth, WA, 6000
Sydney	Level 10, 255 Elizabeth St, Sydney, NSW, 2000

Appendix 4. Agency resource statement

ASQA's Agency Resource Statement for 2011-12 is provided in Table 26.

Table 26: Agency resource statement

		Actual available appropriation	Payments made	Balance remaining
		2011-12 \$'000	2011-12 \$'000	2011-12 \$'000
		(a)	(b)	(a) - (b)
Ordinary annual services ⁴⁵				
Departmental appropriation		31,417	20,582	10,835
TOTAL		31,417	20,582	10,835
Total ordinary annual services	A	31,417	20,582	10,835
Other services ⁴⁷				
Departmental non-operating				
Equity injections		3524	1592	1932
TOTAL		3524	1592	1932
Total other services	B	3524	1592	1932
Total available annual				
		34,941	22,174	12,767
Total resourcing and payments				
A + B		34,941	22,174	12,767
Total net resources and payments for ASQA		34,941	22,174	12,767

⁴⁵ Appropriation Bill (No.1) 2011-12.

⁴⁶ Includes an amount of \$2.678m in 2011-12 for the Departmental Capital Budget. For accounting purposes this amount has been designated as 'contributions by owners'.

⁴⁷ Appropriation Bill (No.2) 2011-12

Appendix 5. Expenses and resources for outcome

An overview of the total expenses for Outcome 1 for Program 1.1 is provided in Table 27.

Table 27: Budgeted Expenses for Outcome 1

	Budget 2011-12 \$'000	Actual Expenses 2011-12 \$'000	Variation 2011-12 \$'000
	(a)	(b)	(a) - (b)
Program 1:			
Administered expenses			
Special appropriations		179	(179)
Special accounts			
Departmental expenses			
Departmental appropriation	26,565	19,557	7008
Expenses not requiring appropriation in the budget year	-	1467	(1467)
Total for Program 1	26,565	21,203	5362

Outcome 1 Totals by appropriation type

Administered expenses		
Special appropriations	179	(179)
Special accounts		

Departmental expenses			
Departmental appropriation ⁴⁸	26,565	19,557	7008
Expenses not requiring appropriation in the budget year	-	1467	(1467)
Total expenses for Outcome 1	26,565	21,203	5362

	2011-12	2011-12
Average staffing level	155	159⁴⁹

Contributions to Outcome 1:

Quality vocational education and training (VET) through consistent regulation of training providers and courses, and the provision of advice about VET to stakeholders and the VET sector.

⁴⁸ Departmental appropriation splits and totals are indicative estimates and may change over the course of the year as government priorities may change.

⁴⁹ 156 employees and three Commissioners, who are statutory appointees.





Section 6

References

Glossary

accreditation

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

accredited VET course

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

agency, the

The Australian Skills Quality Authority

ASQA Info line

ASQA's enquiries telephone and email service.

ASQA providers

Organisations registered by ASQA to deliver training and/or conduct assessments and issue nationally recognised qualifications.

ASQAnet

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

audit—see compliance audit



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 task or skill.

compliance

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

compliance audit

An audit undertaken to determine a provider's level of compliance with the VET Quality Framework and whether they are operating effectively within their scope of registration.

Council of Australian Governments (COAG)

The peak intergovernmental forum in Australia.

course owner

The person in respect of whom a vocational education and training course is accredited.



Data Provision Requirements 2011

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

Department of Education, Employment and Workplace Relations (DEEWR)

Australian Government department responsible for education and workplace training, transition to work and conditions and values in the workplace.

Department of Industry, Innovation, Science, Research and Tertiary Education (DIISRTE)

Australian Government department responsible for accelerating productivity growth through skills, learning, discovery and innovation.

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 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.

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.

Fit and Proper Person Requirements 2011

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



general direction

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

high risk

A provider which has greater potential of non-compliance with the relevant standards, determined by its history of compliance, the transparency and stability of its governance structures, and its scope of operational delivery.

industry

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

industry organisation

An organisation representing an industry, including peak business and employer organisations, and industry advisory bodies such as the Industry Skills Councils.

Industry Skills Council(s)

National bodies recognised and funded by the Australian Government to develop and maintain training packages specific to particular industry areas.

international student; overseas student

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

low risk

A provider deemed to have less potential for non-compliance with the national standards, as determined by the provider's history of audit compliance, the transparency and stability of its governance structures, and its scope of operational delivery.

monitoring audit

An audit conducted at any time by ASQA to assess whether the organisation continues to comply with the VET Quality Framework. Monitoring audits are not related to a specific application.

National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students 2007

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 Commonwealth Register of Institutions and Courses for Overseas Students.

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 Standards Council

Committee that provides advice to the Standing Council for Tertiary Education, Skills and Employment (SCOTESE) on national standards for regulation of vocational education and training.

national VET regulator

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



National Vocational Education and Training Regulator Act 2011

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

non-compliance

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

non-referring state

States that did not transfer regulatory powers to the national VET regulator, i.e. Western Australia and Victoria.

Overseas Students Ombudsman

The Overseas Students Ombudsman investigates complaints about problems that overseas students have with private education and training in Australia.

provider

Provider may refer to:

- a vocational education and training provider, or
- a vocational education and training provider that is also registered on the Commonwealth Register of Institutions and Courses for Overseas Students to deliver to overseas students, or
- a provider that is registered on the Commonwealth Register of Institutions and Courses for Overseas Students and delivers English Language Intensive Courses for Overseas Students.

qualification

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

referral of powers

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

referring state

States which have referred their powers relating to the regulation of VET providers to the national VET regulator.

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 'registered training organisations' and training providers wishing to enrol overseas students who are on student visas as Commonwealth Register of Institutions and Courses for Overseas Students ('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.

risk assessment

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



scope of registration

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

Standards for National VET Regulator Registered Training Organisations 2011

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

Standards for VET Accredited Courses 2011

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

Standards for VET Regulators 2011

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

Standing Council on Tertiary Education, Skills and Employment (SCOTESE)

Council with high-level policy responsibility for the national tertiary education, skills and employment system, including strategic policy, priority setting, planning and performance, and key cross-sectoral issues.

training package

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

vocational education and training

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



List of abbreviations

Table 28: Abbreviations used in this report

Abbreviation	Definition
ACPET	Australian Council for Private Education and Training
ACT	Australian Capital Territory
APS	Australian Public Service
AQTF	Australian Quality Training Framework
ASQA	Australian Skills Quality Authority
ASR	Australian Survey Research
CCA	Community Colleges Australia
CEIs	Chief Executive’s Instructions
CEO	Chief Executive Officer
CISA	Council of International Students Australia
COAG	Council of Australian Governments
CPG	Commonwealth Procurement Guidelines
CPSISC	Construction and Property Services Industry Skills Council
CRICOS	Commonwealth Register of Institutions and Courses for Overseas Students
ELICOS	English Language Intensive Courses for Overseas Students
ERTOA	Enterprise Registered Training Organisation Association
FOI	Freedom of Information
FMA Act	Financial Management and Accountability Act

FVRA	Financial Viability Risk Assessment
H&S	Health and Safety
ICT	Information and Communications Technology
IIR	Institute for International Research
IPS	Information Publication Scheme
ISC	Industry Skills Councils
ISO	International Organisation for Standardisation
IT	Information Technology
KPIs	key performance indicators
MoU	Memorandum of Understanding
NSSC	National Skills Standards Council
NT	Northern Territory
NSW	New South Wales
NVR	National VET Regulator
PBS	Portfolio Budget Statements
PSPF	Protective Security Policy Framework
QLD	Queensland
RPL	recognition of prior learning
SA	South Australia
SCC	Staff Consultative Committee
SES	Senior Executive Service
SCOTese	Standing Council on Tertiary Education, Skills and Employment
TAFE	Technical and Further Education
TDA	TAFE Directors Australia



TAS	Tasmania
the Act	<i>National Vocational Education and Training Regulator Act 2011</i>
TVET	technical and vocational education and training
VET	vocational education and training
VIC	Victoria
WA	Western Australia

List of requirements

Table 29: List of requirements

Part of report	Description	Requirement	Page
	Letter of transmittal	Mandatory	iii
	Table of contents	Mandatory	v
	Index	Mandatory	228
	Glossary	Mandatory	208
	Contact officer(s)	Mandatory	iv
	Internet home page address and Internet address for report	Mandatory	iv

Review by Chief Commissioner

Review by Chief Commissioner	Mandatory	xiv
Summary of significant issues and developments	Suggested	xiv – xviii
Overview of department's performance and financial results	Suggested	xiv – xviii
Outlook for following year	Suggested	xiv – xviii

Agency overview

Role and functions	Mandatory	5
Organisational structure	Mandatory	17
Outcome and program structure	Mandatory	18
Where outcome and program structures differ from Portfolio Budget Statements or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	Mandatory	NA

Report on performance

Actual performance in relation to deliverables and Key Performance Indicators set out in Portfolio Budget Statements	Mandatory	21 – 102
Narrative discussion and analysis of performance	Mandatory	21 – 102
Trend information	Mandatory	21 – 102
Performance of purchaser/provider arrangements	If applicable, suggested	21 – 102
Social inclusion outcomes	If applicable, mandatory	NA
Performance against service charter and/or customer service standards	If applicable, mandatory	80 – 83
Complaints data, and the agency's response to complaints	If applicable, mandatory	86 – 87

Discussion and analysis of the department's financial performance	Mandatory	128
Discussion of any significant changes from the prior year, from budget or anticipated to have a significant impact on future operations.	Mandatory	NA
Agency resource statement and summary resource tables by outcomes	Mandatory	203 – 204

Management and accountability

Corporate governance	Mandatory	104
Agency heads are required to certify that their agency comply with the Commonwealth Fraud Control Guidelines.	Mandatory	iii
Statement of the main corporate governance practices in place	Suggested	118
Corporate and operational planning and associated performance reporting and review	Suggested	106 21 – 102
Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	108

External scrutiny

Significant developments in external scrutiny	Mandatory	119
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Judicial decisions and decisions of administrative tribunals	Mandatory	119
Reports by the Auditor-General, a Parliamentary Committee or the Commonwealth Ombudsman	Mandatory	120

Management of human resources

Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory	121
Work health and safety performance	Suggested	198
Statistics on staffing	Mandatory	122
Enterprise or collective agreements	Mandatory	124
Performance pay	Mandatory	125

Assets management

Assessment of effectiveness of assets management	If applicable, mandatory	128
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Purchasing

Assessment of purchasing against core policies and principles	Mandatory	126
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Constulants

Total consultancy expenditure	Mandatory	127
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Australian National Audit Office access clauses

Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	127
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Exempt contracts

Contracts exempt from AusTender	Mandatory	128
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Financial statements

Financial Statements	Mandatory	131 – 187
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Other mandatory information

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Advertising and Market Research (Section 311A of the <i>Commonwealth Electoral Act 1918</i>) and statement on advertising campaigns	Mandatory	199
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Ecologically sustainable development and environmental performance (Section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	Mandatory	199
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Grant programs	Mandatory	200
Disability reporting—explicit and transparent reference to agency level information available through other reporting mechanisms	Mandatory	200
Information Publication Scheme statement	Mandatory	201

List of requirements under the National Vocational Education and Training Regulator Act 2011

Part 10, Section 215 (3) of the *National Vocational Education and Training Regulator Act 2011* sets out the following additional reporting requirements for the Australian Skills Quality Authority annual report.

Table 30: List of requirements under the *National Vocational Education and Training Regulator Act 2011*

ASQA must include the following in the annual report relating to a financial year:	Pages
a) an assessment of the extent to which ASQA's operations during the year have contributed: (i) to the objectives set out in the strategic plan applicable for the year, and (ii) to the objectives set out in the annual operational plan for the year	21 – 102
(b) particulars of variations (if any) of the strategic plan and the annual operational plan taking effect during the year	22
(c) an evaluation of ASQA's performance during the year against the key performance indicators agreed by the Minister	21 – 102
(d) an evaluation of ASQA's overall performance during the year against the other performance indicators set out in the annual operational plan for the year	21 – 102

(e) a statement about ASQA's compliance, during the year, with the Standards for VET Regulators	72
(f) a report on whether the service standards have been met by ASQA during the year, including reasons in any case where the service standards have not been met	80
(g) details of the number of directions given to ASQA by the Minister during the year	66
(h) 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 year	66
(i) details of the number and types of matters relating to vocational education and training which the Ministerial Council referred to the Regulator during the year	66
(j) a general description of the Regulator's response to the matters mentioned in paragraphs (h) and (i)	66
(k) the financial statements required by section 49 of the Financial Management and Accountability Act 1997	132
(l) an audit report on those statements under section 57 of the Financial Management and Accountability Act 1997.	132

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