



Australian Government
Australian Skills Quality Authority

Australian Skills Quality Authority

Annual Report 2013–14





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Australian Skills Quality Authority Annual Report 2013-14

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

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Letter of transmittal

26 September 2014
The Hon Ian Macfarlane MP
Minister for Industry
Parliament House
CANBERRA ACT 2600

Dear Minister,

I am pleased to present you with the third annual report for the Australian Skills Quality Authority (ASQA), which covers 1 July 2013—30 June 2014.

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.

I advise that this report has been prepared in accordance with section 70 of the *Public Service Act 1999* and the *Requirements for Annual Reports for Departments, Agencies and FMA Act Bodies 2013*, prepared by the Department of the Prime Minister and Cabinet and approved by the Joint Committee of Public Accounts and Audit.

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 to meet ASQA's specific needs; and has taken all reasonable measures to minimise the incidence of fraud, and to investigate and recover the proceeds of fraud against the Authority.

Yours sincerely,



Christopher Robinson
Chief Commissioner and Chief Executive Officer
Australian Skills Quality Authority



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About this report

This is the third annual report for ASQA, which was established on 1 July 2011. This report documents the activities and performance of ASQA from 1 July 2013 to 30 June 2014. The report is presented in seven parts:

Chief Commissioner's review

A review of ASQA's operations by ASQA's Chief Commissioner and Chief Executive Officer.

ASQA overview

An outline of ASQA's purpose and functions.

Report on performance

A report on ASQA's performance in relation to the outcome and output framework described in the 2013–14 Portfolio Budget Statements for the Industry, Innovation, Climate Change, Science, Research and Tertiary Education 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 on each of the objectives set out in the *ASQA Strategic Plan 1 July 2013 to 30 June 2016 and Operational Plan 1 July 2013 to 30 June 2014* and on the key performance indicators associated with each of these objectives.

Management and accountability

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

Financial statements

Includes the audited financial statements for 2013–14 and the audit report.

Appendices

Includes mandatory information and statistics.

References

Includes a glossary, a list of abbreviations and an index.



Chief Commissioner's review

The 2013–14 financial year proved to be an important and busy period for the Australian Skills Quality Authority (ASQA)—the national vocational education and training (VET) regulator.

This third year of operation has seen ASQA moving from a 'transaction-based' regulatory approach—where most regulatory action is triggered by applications—towards a more proactive, data-led style of regulation, in which regulatory scrutiny is increasingly driven by assessment of risk.

ASQA implemented a set of fee increases approved by the Ministerial Standing Council on Tertiary Education, Skills and Employment (SCOTESE) which took effect from 30 June 2013. ASQA also undertook its inaugural Strategic Reviews into 'hot spots' in the VET sector, made a significant contribution to the development of the national training standards, and commenced implementing a new, streamlined regulatory approach aimed at reducing the regulatory burden on providers.

From late 2013, ASQA began to examine ways to streamline its regulatory activities and reduce the regulatory burden on the training providers it regulates. Our leadership group met in October 2013 to discuss the ways in which ASQA can operate as efficiently as possible, as well as how ASQA can make it easier for high-quality providers to meet the national standards. Six distinct 'ASQA VET Regulatory Reform' projects were developed as a result. Work on these projects resulted in a number of initiatives being announced towards the end of the reporting period, and these are discussed on page 46. Further initiatives are in development and will be implemented in 2014–15.

After undertaking considerable research in 2012–13, ASQA released the reports from its inaugural three Strategic Reviews in 2013–14. The reviews focused on training in the aged and community care sector; entry-level construction industry training; and the marketing and advertising practices of training providers. The reviews identified numerous issues in each area and made a number of recommendations. The reviews and their findings were largely welcomed by the VET sector, with several key stakeholders working with ASQA to implement the recommendations. ASQA also commenced the second round of Strategic Reviews during 2013–14. These reviews will focus on training in childcare, equine safety skills, and security, and will be released in 2014–15.

Between 1 July 2013 and 30 June 2014, ASQA received 7619 applications and finalised 8817 applications. ASQA has placed considerable attention on streamlining and increasing the efficiency of its application processes throughout the year. The results of this can clearly be seen in both the number of applications completed, and in the increased provider satisfaction with ASQA, reported in the 2014 provider survey on page 52. The overwhelming majority of applications—8382 or close to 95 per cent—were approved.

In 2013–14, ASQA received approval from the then SCOTESE and the Australian Government to implement a revised schedule of fees and charges. In approving ASQA's revised schedule of fees and charges, SCOTESE requested an independent efficiency review of ASQA's operations be undertaken. Senior management and staff from across ASQA provided information about ASQA's operations to representatives from PricewaterhouseCoopers, which was engaged by the Department of Industry to undertake the review during 2013–14. The review was finalised and published in July 2014. Further information about the review can be found on page 77 of this report.

The *Standards for NVR Registered Training Organisations (RTOs) 2012* are the national standards that registered training organisations must meet. The standards ensure nationally consistent, high-quality training and assessment services for the clients of Australia's VET system.

Since their introduction, ASQA has received considerable feedback from providers and other stakeholders indicating that the standards are difficult to interpret. ASQA has collated this feedback, along with the significant intelligence on provider compliance that ASQA has compiled since commencing operations in



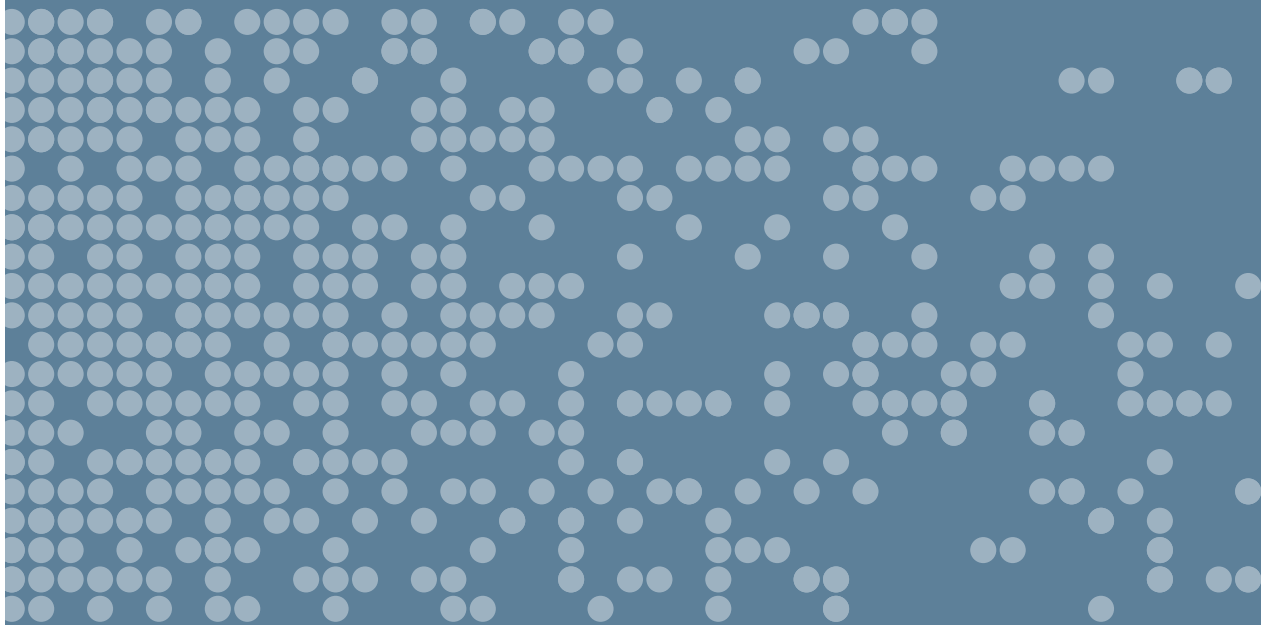
2011 (including the findings of the Strategic Reviews). This intelligence has assisted ASQA to make a substantial contribution to the review of the standards. The work associated with the implementation of revised standards will be one of ASQA's top priorities in the 2014–15 financial year.

In addition to the work involved in the implementation of the new standards, the 2014–15 financial year promises to be another busy time for ASQA. ASQA will continue to build on the guidance and information it makes available to providers to help them meet the requirements of registration. ASQA will also look to implement additional ways to reduce the regulatory burden on providers. Key projects for ASQA going forward include the finalisation and implementation of our new risk model, and stage one of the roll-out of a new Information and Communication Technology (ICT) system, which will make it easier for providers to manage their registrations online.

I would like to thank my fellow Commissioners, Dr Dianne Orr and Michael Lavarch; other members of the Senior Management Group; and all staff from across ASQA for their efforts during this very busy and positive year for ASQA.

Christopher Robinson
Chief Commissioner and Chief Executive Officer

Agency overview





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

ASQA is the national regulator for:

- registered training organisations (RTOs), providers who deliver VET qualifications and courses
- providers who deliver VET courses to overseas students
- accredited VET courses, and
- some of those providers that deliver intensive English language courses to overseas students.

As the national regulator, ASQA seeks to make sure that students and employers have confidence that providers are delivering good-quality programs. Employers can have confidence that VET graduates have the skills and competencies that they need for employment. Students can be confident that training will be of a high standard and meet their needs.

ASQA regulates using a targeted, risk-based approach, which it has worked to embed over its three years of operation.

Consistent with the Australian Government's policy to reduce the regulatory burden on providers and boost productivity in the economy, ASQA seeks to reward high-quality, low-risk providers by reducing the regulatory burdens they face.

In line with this approach, most of ASQA's resources focus on ensuring non-compliant providers become fully compliant, or else are subject to appropriate regulatory action. Where providers do not meet the required national standards, ASQA can apply several enforcement options. These include a range of escalating sanctions (including suspension or cancellation of registration) as well as investigation and enforcement procedures. ASQA takes decisive action where providers are unable or unwilling to meet their obligation to deliver high-quality training that meets the required standards.



Establishment

In December 2009, the Council of Australian Governments (COAG) agreed to a model for national regulation for the VET sector, comprising a national regulator and a separate standards setting council.

In February 2011, COAG established the *Intergovernmental Agreement for Regulatory Reform of Vocational Education and Training*.¹ The agreement provided the framework to establish the national VET regulator – ASQA.

ASQA 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. 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 (except Victoria and Western Australia) as set out in the intergovernmental agreement. The exercise of the Commonwealth's constitutional power provides for ASQA's operation in the Australian Capital Territory and the Northern Territory.

ASQA assumed regulatory responsibility for VET from state and territory jurisdictions in phases throughout 2011–12:

- On 1 July 2011, ASQA commenced regulating 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.

Our mission

Effective regulation by ASQA contributes to students, employers, industry, government and the community having full confidence in the quality of training and assessment delivered by Australia's vocational education and training and English language providers.

Our vision

Agile, responsive, risk-based regulation.

1 The Victorian and Western Australian governments did not refer their powers to enable full national regulation of VET. However, the Commonwealth legislation means that providers in Victoria and 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.



Role and functions

ASQA's primary role is to ensure that regulation of training is carried out in such a way that individuals and employers have full confidence in the training delivered through the Australian VET system.

ASQA seeks to ensure that Australian vocational education and training providers are delivering high-quality training outcomes, leading to VET graduates having the appropriate skills and competencies to support the demands of the Australian labour market.

ASQA is able to do this by applying a strong audit and monitoring regime, as well as a range of escalating sanctions, to manage the risks to quality vocational education and training.

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
- 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 has the following functions under the *National Vocational Education and Training Regulator Act 2011*:

- to register an organisation as a 'registered training organisation'
- 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 Minister responsible for training 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 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 the Regulator's performance can be assessed each financial year
- to develop service standards that the Regulator must meet in performing its functions
- any other function relating to 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*, or
 - the *Education Services for Overseas Students Act 2000* or any other law of the Commonwealth.



Legislation

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

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.

Establishing legislation

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

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

Education for overseas students (ESOS) legislation

During 2013–14, ASQA as a designated authority under the *Education Services for Overseas Students Act 2000* (ESOS Act) 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* (ESOS Act), and
- *National Code of Practice for Registration Authorities and Providers of Education and Training for Overseas Students 2007*.

ASQA also registers providers on CRICOS to deliver English Language Intensive Courses for Overseas Students (ELICOS). Providers delivering ELICOS are required to comply with the above ESOS legislation. In addition, ASQA monitors providers delivering ELICOS courses against the *ELICOS National Standards*.

Legislative instruments

Under the *National Vocational Education and Training Regulator Act 2011*, the national training standards are established as legislative instruments—mandatory standards which are binding in their application. This means that providers are required to comply at all times with the standards prescribed in the legislative instruments, 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 2012*, standards to ensure nationally consistent, high-quality training and assessment across Australia's VET system

- 
- *Financial Viability Risk Assessment Requirements 2011*, relating to the financial viability risk assessment of registered and applicant training organisations
 - *Data Provision Requirements 2012*, relating to the requirement for providers to provide ASQA with data upon request and to submit quality indicator data annually
 - *Fit and Proper Person Requirements 2011*, relating to the assessment of persons who 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 and Training Regulator Act 2011*
 - *Standards for VET Accredited Courses 2012*, standards for accrediting VET courses
 - *Australian Skills Quality Authority instrument fixing fees No.1 of 2011*, which relates to setting of fees and recovery of costs, incurred by ASQA, in performing its functions
 - *National Standards for ELICOS Providers and Courses* (ELICOS Standards), and
 - Education Services for Overseas Students (Designated Authority) Determination 2012 (No. 1).

National Vocational Education and Training Regulator (Charges) Act 2012

The *National Vocational Education and Training Regulator (Charges) Act 2012* (NVR Charges Act) was introduced into the Australian Parliament on 22 March 2012 and received Royal Assent on 22 July 2012. This Act enables ASQA to charge registered training organisations for compliance audits and for the investigation of substantiated complaints.

The NVR Charges Act allows ASQA to charge for:

- compliance audits
- overseas audits, and
- substantiated complaints investigations.

ASQA commenced charging for compliance audits in November 2013. Charging for other activities is yet to commence.



Commissioners

Mr 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.

Other responsibilities and accountabilities of the Chief Executive Officer within the Australian Public Sector framework are set out in additional legislation, including the *Public Service Act 1999* and the *Financial Management and Accountability Act 1997*². These accountabilities include the management of people, finance, audit and risk, and the procurement of goods and services.

Christopher Robinson previously 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.

Mr Robinson has also held numerous senior executive roles in the Department of Prime Minister and Cabinet; in Australian Government departments responsible for education and training; and in the Department of Employment and Training in the United Kingdom.

Mr Robinson holds a Bachelor of Agricultural Economics and a Post-Graduate Diploma of Social Sciences.

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.

Dr Dianne Orr, Deputy Chief Commissioner and Commissioner—Compliance

In addition to the regulatory roles for Commissioners specified in the *National Vocational Education and Training Regulator Act 2011*, as Commissioner—Compliance, Dr Orr leads ASQA's compliance program.

This program is delivered through a national network of regional offices located in each capital city. The Commissioner—Compliance ensures that:

- audits of providers are conducted in a systematic and rigorous manner against legislative requirements and standards
- providers' operations are monitored in accordance with the levels of risk determined through ASQA's risk assessment strategy, and
- auditing is conducted efficiently, professionally, ethically and consistently.

² As of 1 July 2014, the *Public Governance, Performance and Accountability Act 2013* replaced the *Financial Management and Accountability Act 1997*.



Dr Orr has ten years' experience in VET regulation, and has previously held executive and senior policy positions in the Queensland Department of Education and Training (2005–2011) and the Australian National Training Authority (1999–2005). Dr Orr was a member of the National Quality Council, the predecessor to the National Skills Standards Council (2006–2008). She has extensive experience as a teacher and administrator in the VET system.

Dr Orr holds a Doctor of Education degree from the Queensland University of Technology and a Master of Educational Studies from the University of Queensland. She is a certified Quality Management System Auditor with RABQSA International and holds a Graduate Certificate in Business Excellence (Evaluation).

Dr Orr was appointed to the role of Acting Commissioner from 1 July 2011. She was appointed to the role of Commissioner on 1 October 2011 for a period of five years.

The Hon Michael Lavarch AO, 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 has oversight of the industry engagement process, which aims to build ASQA's relationship with industry, regulators and peak bodies to gather information useful to risk assessment. ASQA's investigations, complaints and legal functions also report to the Commissioner.

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 (QUT) and a former 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.

Mr Lavarch holds a Bachelor of Law from QUT and was appointed Professor of Law in 2004. In 2012, he was awarded the title Emeritus Professor from QUT.

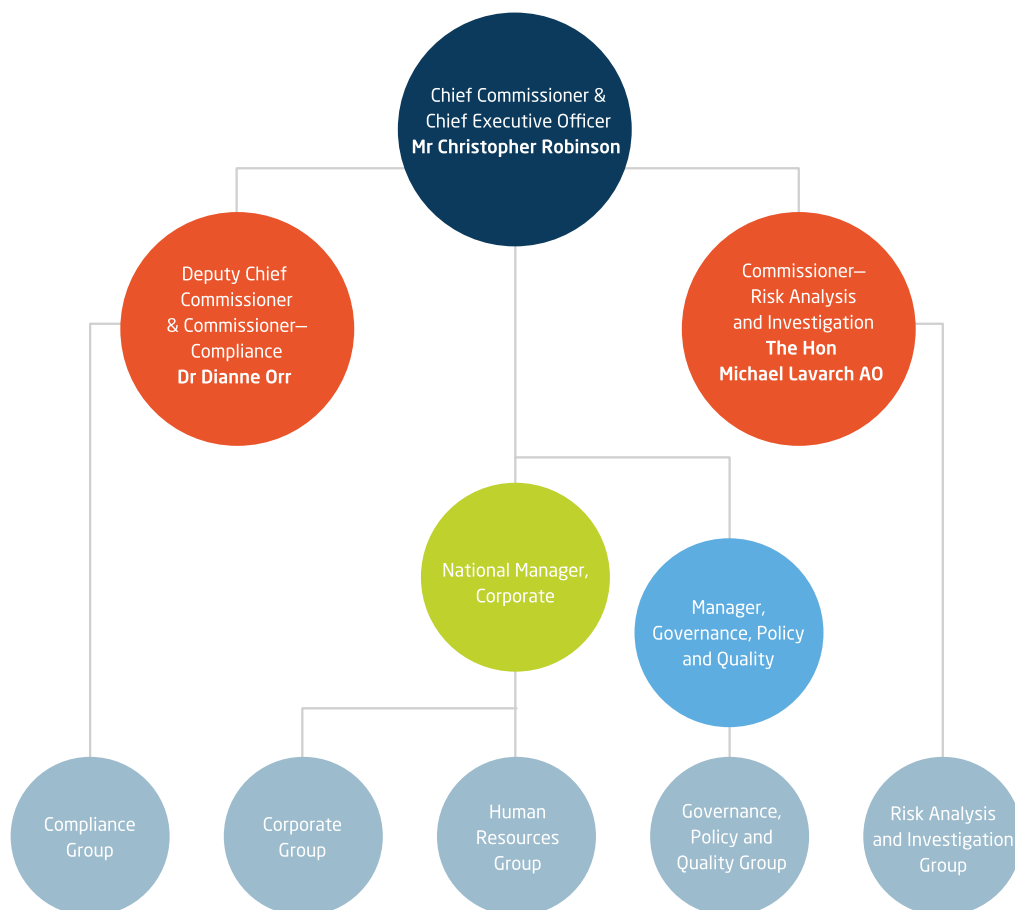
Michael Lavarch was appointed Commissioner–Risk Analysis and Investigation in February 2012 for a period of five years. He commenced as a Commissioner of ASQA on 16 April 2012.

Organisation structure

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

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

Figure 1: ASQA organisational structure as at 30 June 2014





Outcome and program structure

The 2013–14 Portfolio Budget Statements for the Industry, Innovation, Climate Change, Science, Research and Tertiary Education ³ portfolio sets out the planned outcome and program structure for ASQA shown in Table 1.

ASQA’s performance against this program is outlined in the ‘Report on performance’ section of this annual report.

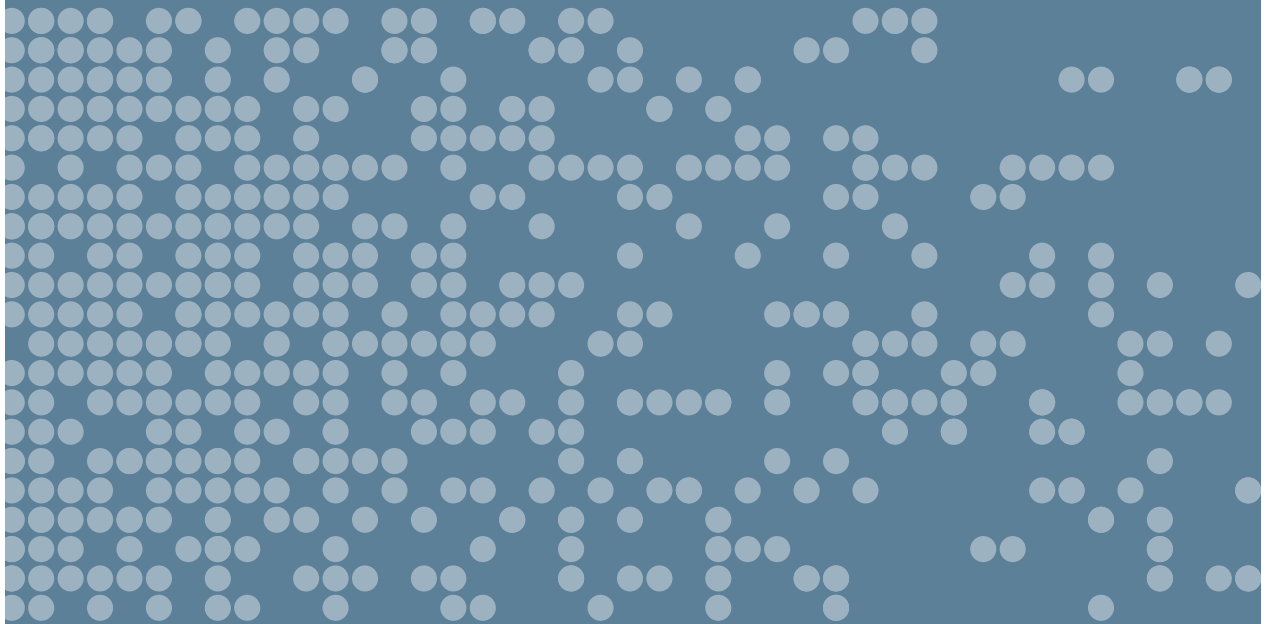
Table 1: ASQA outcome and program structure 2013-14

Outcome 1: Contribute to a high quality vocational education and training sector, including through streamlined and nationally consistent regulation of training providers and courses, and the communication of advice to the sector on improvements to the quality of vocational education and training.
Program 1.1: Regulation and advice
Program objective
To assure the quality of VET outcomes through national regulation and the communication of advice on vocational education and training.
Program 1.1 Deliverables
<ul style="list-style-type: none">• Register training organisations that meet national standards• Accredite 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 RTOs.

³ As of 18 September 2013, this portfolio was renamed; it is now the Industry portfolio.



Report on performance





Performance summary

During 2013–14, ASQA continued to undertake a high volume of its core regulatory work, but also took significant steps in its evolution to a strategic, risk-based approach to regulation.

This report on performance focuses on the key advances made by ASQA this year, specifically:

- completion of an increased number of applications as well as a reduction in average application processing times
- completion of the first three reviews in the ongoing Strategic Review program
- development and initial implementation of a new program of VET Regulatory Reform, designed to reduce the burden of regulation on quality providers and course owners, and
- implementation of an improved process for handling complaints about training providers.

Regulation

During 2013–14, ASQA continued to receive and complete a considerable volume of applications relating to registration as a training provider. ASQA received 7619 registration applications and completed processing 8817 such applications.

During 2013–14, ASQA completed 361 applications from organisations seeking initial registration as a new provider, 950 applications to renew provider registration, and 7216 applications to make changes to provider registration. ASQA considerably reduced application processing times this year—in particular, for applications to make changes to provider registration, which account for 85 per cent of the applications ASQA receives.

Detailed information on applications, audits and compliance begins on page 14 of this report.

During 2013–14, ASQA took action to cancel (25) or suspend (49) the registration of 74 providers. ASQA also gave 188 written ‘notices of intention’ to cancel or suspend the registration of a provider. In 35 cases, ASQA also imposed another type of administrative sanction, such as placing a condition on a provider’s registration. ASQA also undertook its first formal investigations during 2013–14.

Since ASQA was established, the main regulatory trigger has been an application from a training provider to either register a new RTO, renew the registration of an existing RTO or to add or remove qualifications from an RTO’s scope of registration. Risk was used to assess how each application was processed. Around 90% of the more than 3,200 audits undertaken by ASQA between 1 July 2011 and 30 June 2014 were directly or indirectly triggered by the assessment of an application. These audits resulted in 113 applications to renew an existing RTO’s registration being refused. The remaining 10 per cent of audits were triggered by targeted regulation of poor providers based on risk. These audits led to the cancellation or suspension of the registration of a further 130 existing RTOs. In recognition of this, ASQA will move the regulatory trigger from applications to better identify and manage risk.



Strategic Reviews

A major achievement in 2013–14 was the completion of ASQA's first three Strategic Reviews. These reviews identify problematic or high-risk sub-sectors of the training sector, and through research, audit and analysis, develop findings and recommendations. The recommendations of these reviews guide future actions by ASQA—as well as proposing actions for other agencies and stakeholders—to reduce the risks identified in these training areas. The reviews completed in 2013–14 addressed entry-level safety training for the construction industry; aged and community care training; and marketing and advertising practices in the training sector.

ASQA also commenced a second round of Strategic Reviews during 2013–14. These reviews are focused on training related to childcare, security and horse-riding safety. These reviews are scheduled to be completed during 2014–15.

The findings of the Strategic Reviews are discussed in detail from page 38 of this report.

ASQA's program of VET Regulatory Reform

After three years of operation, ASQA has been able to collect substantial data on the performance of providers against the required standards. During 2013–14, ASQA has used this intelligence to inform its maturing regulatory approach and develop its package of VET Regulatory Reform.

The VET Regulatory Reform program—which ASQA announced and began implementing from mid-2014—seeks to reduce the regulatory burden on high-quality, fully compliant providers, while increasing regulatory scrutiny on poor-quality providers. This regulatory approach also offers increased information and support to those providers who are genuinely attempting to meet the required standards.

An overview of the ASQA VET Regulatory Reform projects begins on page 46 of this report.

Other key performance developments

During 2013–14, ASQA made a major contribution to the development of clearer, less ambiguous national standards, which will be implemented from 1 January 2015.

In addition, ASQA has made considerable changes to how it provides information and advice to providers, revising the ASQA website, publishing a series of videos, and making improvements to how the Info line provides advice.

An overview of the ways ASQA has engaged with providers and other stakeholders throughout 2013–14 begins on page 48 of this report.



Regulation

Objective: Providers and courses meet regulatory requirements.

ASQA seeks to ensure the quality of Australia's VET sector by making sure providers and courses meet the required national standards.

The national standards set a framework for the delivery of training and assessment by providers to ensure that VET graduates have the skills they need for employment, along with other requirements, for student protection and the provision of accurate and appropriate information to students.

ASQA is the regulator of:

- registered training organisations
- providers delivering VET courses to overseas students studying in Australia on student visas
- providers that deliver intensive English language courses to overseas students, and
- accredited VET courses.

The number of RTOs for which ASQA had regulatory responsibility at the end of the 2011–12, 2012–13 and 2013–14 financial years is shown in Table 2. There has been a slight decrease in RTO numbers across the three years. This is attributable to entry and exit patterns within the RTO market, including as a result of regulatory decisions taken by ASQA to grant registration to new providers, or to refuse renewal applications from existing providers or to cancel/suspend the registration of providers.

Table 2: ASQA regulated RTOs—2011–12, 2012–13 and 2013–14

Date	ASQA RTOs	% Change increase/decrease
30 June 2012	4018	
30 June 2013	4003	-0.4
30 June 2014	3938	-1.6

ASQA's regulation of RTOs

RTOs include technical and further education (TAFE) institutes, adult and community education providers and agricultural colleges, as well as private providers, community organisations, industry skills centres, and commercial and enterprise training providers.

ASQA regulates these providers against the VET Quality Framework, which includes the Standards for NVR RTOs 2012.

To become registered, organisations must demonstrate that they can comply with the requirements of the VET Quality Framework and deliver high-quality training. Once a provider is registered, ASQA applies a risk-based monitoring regime to ensure that they meet the national standards throughout their period of registration. Providers that cannot demonstrate that they comply with the standards face a range of regulatory action, including cancellation of registration.



ASQA's regulation of CRICOS providers

ASQA registers providers delivering VET courses to overseas students studying in Australia on student visas as Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) providers.

To deliver VET courses, a CRICOS provider must also be registered as an RTO. In addition to meeting the requirements for RTO registration, CRICOS providers must demonstrate that they comply with additional requirements for delivering courses to overseas students.

As at 30 June 2014 ASQA had regulatory responsibility for 493 CRICOS providers.

Regulation of ELICOS providers

ASQA also regulates some CRICOS providers that deliver English Language Intensive Courses for Overseas Students (ELICOS) to overseas students studying in Australia on student visas. Some of these providers are RTOs, however a provider does not need to be an RTO to offer an ELICOS course

ASQA is responsible for the approval and registration of ELICOS providers on CRICOS, except where the ELICOS course is delivered:

- by the provider in its capacity as a school
- by the provider in its capacity as a higher education provider, or
- under an 'entry arrangement' with at least one higher education provider.

As at 30 June 2014 ASQA had regulatory responsibility for 86 ELICOS providers that were also an RTO, as well as a further 66 ELICOS providers that were not an RTO.

What is a CRICOS provider?

Providers registered on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) can offer courses to overseas students studying in Australia on student visas.

Providers delivering courses to overseas students studying in Australia on student visas are required to comply with an additional framework of legislation and standards. The Education Services for Overseas Students (ESOS) framework is designed to ensure that Australia's reputation for delivering quality education services is maintained, and that the interests of overseas students are protected.

Applications—overview

As at 30 June 2014, there were 4664 registered training organisations in Australia; ASQA was the regulator of 3938 of these providers.

During 2013–14, ASQA received 7619 applications relating to registration as a registered training organisation or as a CRICOS provider (see text box). These include applications for initial registration as a training provider as well as applications to add courses, applications to renew registration, and applications to withdraw registration.

ASQA completed 8817 applications—equivalent to 115.7 per cent of the applications received.⁴

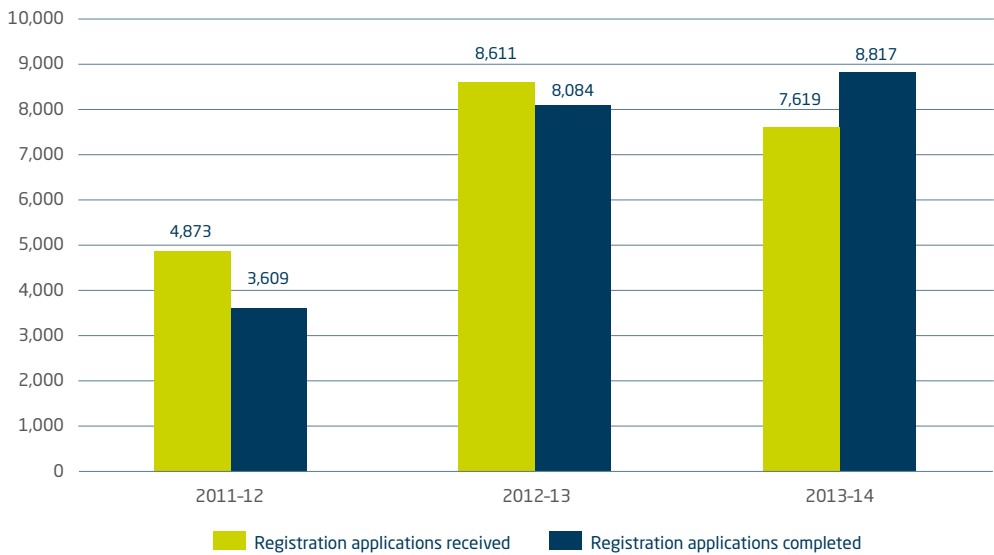
4 Some of the applications completed this year were received during the 2012–13 reporting year.



In the first year of operation (2011–12), ASQA completed 74.1 per cent of applications received; in 2012–13, ASQA completed the equivalent of 93.9 per cent of the applications received.

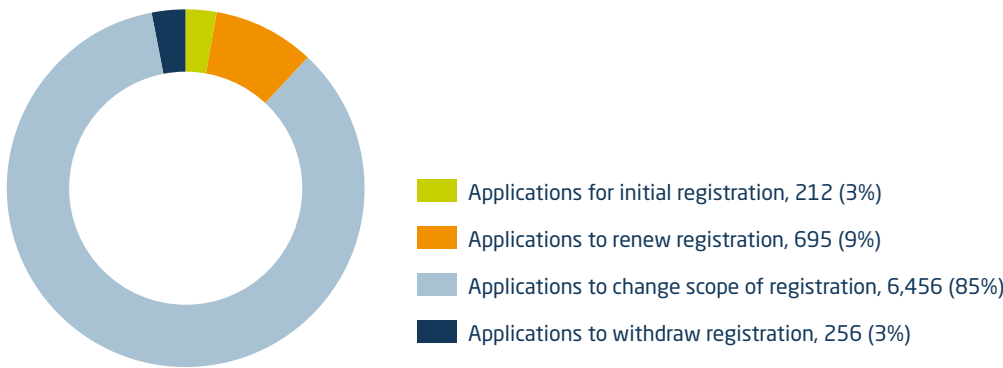
Applications received and completed by ASQA in each year since establishment are shown in Figure 2.

Figure 2: Applications received and completed by ASQA (2011–12, 2012–13, 2013–14)



Registration applications fall into four categories: applications for initial registration, applications to renew registration, applications to make changes to registration (for example by adding or removing courses from a provider’s scope of registration) and applications to withdraw registration. The number of applications received in each of these categories during the reporting year is shown in Figure 3.

Figure 3: Applications received, by application type, 1 July 2013–30 June 2014



Key performance indicator— Number of initial and renewal applications accepted/rejected

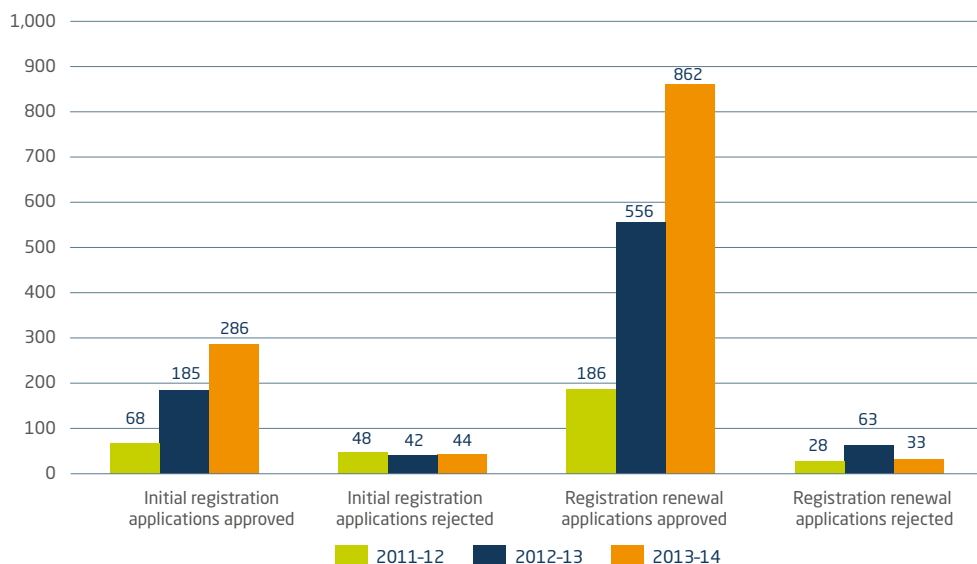
ASQA approved 286 applications for initial registration and 862 applications to renew registration during 2013–14.

ASQA rejected 44 applications for initial registration as a new provider during 2013–14 and rejected a further 33 applications to renew registration from existing providers.

A comparison between 2013–14 and previous years is shown in Figure 4.

The numbers of approved and rejected applications for registration—both applications to register as a new provider and applications to re-register—for all three years of ASQA's operation is shown in Figure 4.

Figure 4: Applications for registration approved and rejected by ASQA 2011–12, 2012–13, 2013–14



Rejected applications

During 2013–14, ASQA completed 361 applications from organisations seeking initial registration as a new provider. Of these, 286 were approved, 44 were rejected, and 31 were withdrawn by the applicant. This means that some 12.2 per cent of applicants did not meet the required standards to become a registered provider.

During 2013–14, ASQA also finalised 950 applications to renew provider registration. Of these, 862 were approved, 33 were rejected, and 55 were withdrawn by the applicant. This means that approximately 3.5 per cent of previously registered providers were not able to meet the required national standards.

In addition, ASQA finalised 7216 applications to change provider registration during the reporting year. Of these, 6958 were approved, 103 were rejected, and 155 were withdrawn by the applicant, meaning approximately 1.4 per cent of providers were not able to meet the required national standards.



An analysis of ASQA decisions to reject applications is shown in Table 3, as a percentage of applications completed within each category across ASQA's first three years of operation. Decisions to reject applications (as a percentage of applications completed) in all categories have decreased across each financial year. This trend reflects an improvement by existing and prospective providers to comply with the national standards.

Table 3: Decisions to reject applications as a percentage of applications completed, 2011-12, 2012-13, 2013-14

Application type	% rejected, 2011-12	% rejected, 2012-13	% rejected, 2013-14
Application for initial registration	31.4%	14.9%	12.2%
Application to renew registration	12.1%	9.5%	3.5%
Application to change scope of registration	3.9%	2.2%	1.4%

Ensuring providers meet regulatory requirements—audit

ASQA finalised 1515 audits of training and ELICOS providers during 2013-14. This represents a significant (11.1 per cent) increase when compared with 2012-13, during which ASQA finalised 1364 audits.

An audit is ‘finalised’ when a regulatory decision is made by a Commissioner or delegate, or if the audit has been discontinued or is awaiting a decision by an ASQA Commissioner.

As at 30 June 2014, ASQA had also either commenced (90) or earmarked (748) a further 838 audits.

ASQA undertakes two distinct types of audit—registration audits and compliance audits:

- Registration audits assess whether an application submitted to ASQA complies with the relevant standards. All applications for initial registration as a new provider are audited. Applications to renew registration, or to add courses to a provider's scope of registration, are assessed for risk. Higher risk applications are more likely to lead to a provider being audited.
- Compliance audits assess providers’ delivery of quality training and assessment services and outcomes, and may be conducted at any time. (For new providers, a compliance audit is typically scheduled around 12 months after ASQA grants initial registration.) Compliance audits can be triggered by factors such as:
 - a risk assessment
 - information sourced through industry, government, or through an ASQA Strategic Review
 - the receipt of one or more serious complaints against the training provider, or
 - a recommendation by a Compliance Manager.



During 2013–14, ASQA finalised some 411 compliance audits (27.1 per cent of finalised audits for the period). This represents an increase of 74.9 per cent over 2012–13 where 235 of these audits were finalised (17.2 per cent of audits completed for the period). ASQA's increasing focus on compliance audits is indicative of the evolving regulatory approach that is discussed throughout this report. As ASQA continues to move from largely 'transaction-based' regulation (where most regulatory action is triggered by an application) to more fully risk-based regulation (where regulation is targeted at high-risk areas) it is expected that this trend toward a greater number and percentage of compliance audits will continue.

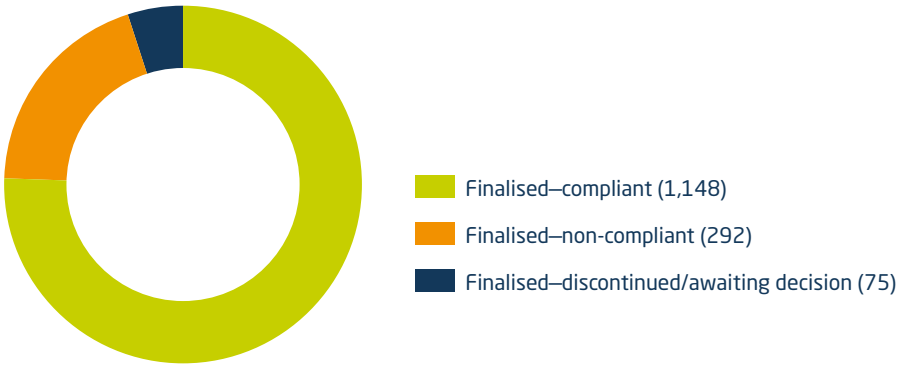
Key performance indicator—High proportion of providers are audited over the registration cycle

As at 30 June 2014, approximately 49 per cent of the providers for which AQSA has regulatory responsibility have been the subject to at least one audit activity.

Given that ASQA has not yet been in operation for a full registration cycle (i.e. a registration cycle is five years, while ASQA has just completed its third year of operation), it is expected that this figure will increase steadily over the next two years.

The outcomes of registration and compliance audits finalised during 2013–14 are shown in Figure 5.

Figure 5: Outcomes of all audits finalised 1 July 2013–30 June 2014





How does ASQA ensure consistency at its audits?

ASQA constantly seeks to ensure consistency among its auditors and employs several formal processes to minimise the potential for audit variation, including:

- **Auditor moderation workshops:** These are focused on moderating issues that may lead to inconsistency in audit outcomes, and on sharing approaches to overcome these issues.
- **Auditor moderation log:** A dynamic record of ASQA's agreed position on compliance issues. Auditors refer to this log when making compliance recommendations.
- **Model Audit Report Content list:** To ensure consistency in audit report content, auditors refer to the examples in this list, which focuses on reasons for non-compliance, rectification required, and analysis of rectification evidence.
- Other processes that contribute to consistent audit processes, including an **online auditor discussion board**.

In 2013–14, ASQA enhanced the audit moderation program with a range of strategies including:

- monthly compliance network meetings and discussion of moderation in regional compliance team meetings
- quality assurance of audit reports including peer review of reports, and
- an auditor exchange program.

ASQA continuously promotes transparency and accountability in its auditing by seeking feedback through quarterly audit surveys.

The outcomes of the quarterly audit surveys are discussed in the section of this report about how ASQA engages its stakeholders, beginning on page 56.

Ensuring providers meet regulatory requirements – regulatory decisions

In the 2013–14 financial year, ASQA took regulatory action where necessary to ensure that providers and courses met the relevant requirements.

In the period from ASQA's establishment on 1 July 2011 to 30 June 2014, the key trigger for adverse regulatory decisions has been an application. That is, as a result of a provider seeking to add a new course to their scope of registration, or to renew their registration, ASQA has determined that the provider is not meeting the required standards. In response to this non-compliance, ASQA has taken further regulatory action, for example, written directions, conditions or sanctions.

During 2013–14 ASQA made 180 decisions to reject applications:

- 44 initial registration applications were rejected
- 33 renewal of registration applications were rejected
- 103 change of registration applications were rejected.

This means that ASQA refused 12.2 per cent of applications from organisations seeking to establish a new provider; 3.5 per cent of applications from existing providers seeking to re-register; and 1.4 per cent



of applications from providers seeking to change the scope of their registration, for example, by adding a new course.

ASQA may also take action in relation to a provider as a result of a risk assessment triggered by other data received, for example, a serious complaint. As ASQA continues the move from application-focused regulation to more fully risk-based regulation, ASQA is increasingly implementing targeted (non-application based) regulatory action. To date, some 90 per cent of audit activity has been instigated as the result of an application.

Key performance indicator—Number of RTOs to which written directions, conditions, sanctions, offences or civil penalties were applied

During 2013-14, ASQA made 297 decisions to apply sanctions, cancel or suspend registration, or notify a provider of intention to cancel/suspend registration:

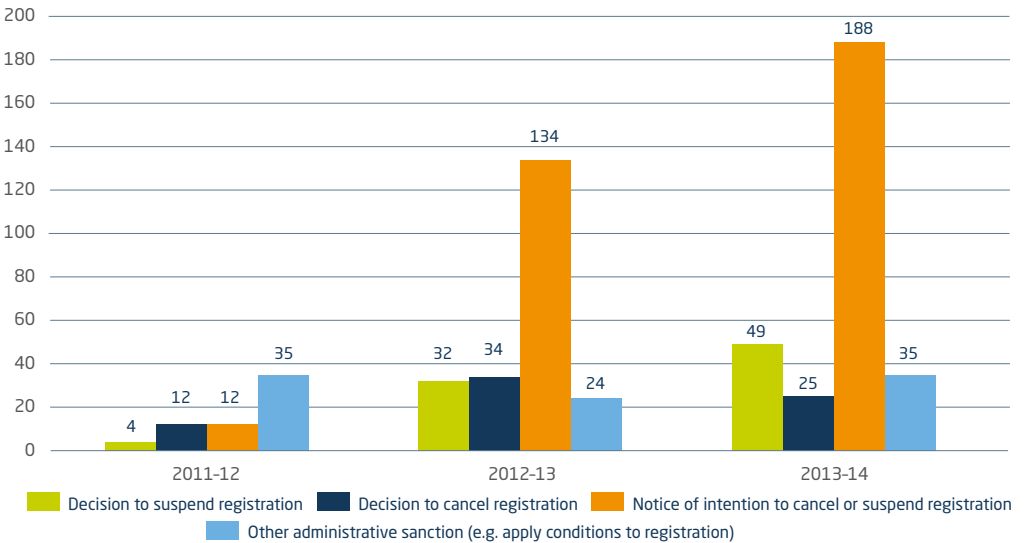
- 25 decisions to cancel registration
- 49 decisions to suspend registration
- 188 written notices of intention to cancel/suspend registration
- 35 other administrative sanctions.

This is an increase of 33 per cent compared with 2012-13, during which 223 such decisions were made. A detailed comparison of these decisions for the first three years of ASQA's operation is shown in Figure 6.

ASQA also commenced its first formal investigations during the reporting year. Several cases are ongoing, and it is likely that offences and civil penalties will begin to be applied in 2014-15.

For more information on ASQA's program of investigation and enforcement, refer to page 45.

Figure 6: Number of providers to which written directions, conditions, sanctions, offences or civil penalties were applied, by year, 2011-12, 2012-13, 2013-14





There was a 33 per cent increase between 2012–13 and 2013–14 in the number of decisions made relating to the cancellation or suspension of provider registration, or to the application of other sanctions. The consistent increase in activity in this area over the past three years reflects both the increased number of applications completed during the reporting year and ASQA's increasing focus on proactively targeting providers that do not meet the required standards (e.g. through targeted compliance audits).

Monitoring levels of provider compliance with the standards

The levels of provider compliance with each standard (before and after the submission of rectification evidence) are shown in Figure 7.

When audited, almost 75 per cent of existing providers were unable to demonstrate compliance with Standard 15. Even after the submission of rectification evidence, 21 per cent of providers remain unable to demonstrate compliance with this Standard.

The high level of non-compliance with Standard 15 is a concern for ASQA, as Standard 15 governs training and assessment—the core business of a registered training organisation, and the most critical Standard for ensuring the delivery of quality outcomes.

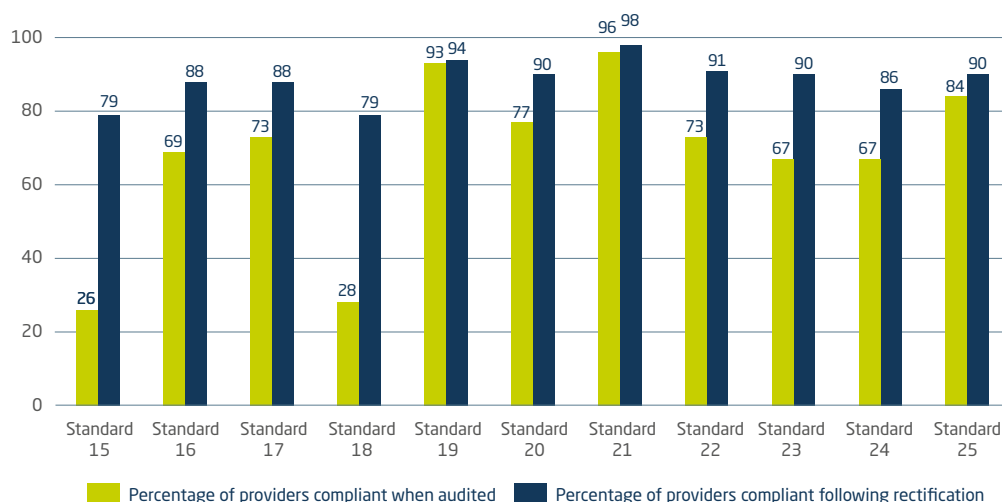
Actions being implemented to help providers understand and meet their training and assessment obligations are discussed in the section of this report dealing with ASQA's program of VET Regulatory Reform on page 46.

What does each standard address?

The Standards shown in Figure 6 address the following aspects of a registered provider's operation:

- Standard 15—Quality training and assessment
- Standard 16—Training and student information meeting student needs
- Standard 17—RTO is responsive to clients and stakeholders
- Standard 18—Governance
- Standard 19—Cooperation with regulator
- Standard 20—Compliance with legislation
- Standard 21—Insurance
- Standard 22—Financial arrangements
- Standard 23—Proper certification
- Standard 24—Accurate and ethical marketing
- Standard 25—Transition from superseded courses

Figure 7: Levels of compliance, by standard, found at audits of existing RTOs, 1 July 2013 to 30 June 2014



Provider compliance with the National standards governing training and assessment

Levels of provider compliance with each part of Standard 15 (before and after the submission of rectification evidence) are shown in Figure 8.

Standard 15 governs the core business of a registered training organisation—training and assessment. ASQA has concerns about the low levels of provider compliance with this Standard.

Of most concern is that almost 70 per cent of providers are unable to demonstrate compliance with Standard 15.5, which deals with assessment, and 21 per cent of providers remain unable to demonstrate compliance even after the submission of rectification evidence.

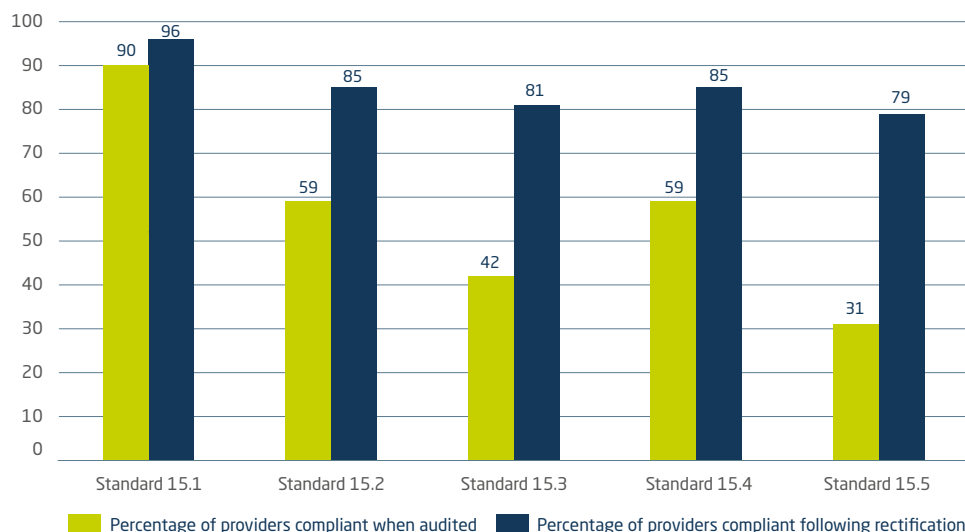
Actions being implemented by ASQA to address provider non-compliance with Standard 15 include strengthening the information and advice ASQA provides about the Standards. This activity is discussed in the section of this report on ASQA's VET Regulatory Reforms on page 46.

What does each part of Standard 15 address?

The elements of Standard 15, shown in Figure 8, address the following aspects of a registered training provider's operation:

- Standard 15.1—Continuous improvement of training and assessment
- Standard 15.2—Training meets the requirements of the training package
- Standard 15.3—Required staff, facilities, equipment and materials
- Standard 15.4—Qualified and competent trainers and assessors
- Standard 15.5—Assessment is undertaken properly

Figure 8: Levels of compliance with each part of Standard 15, found at audits of existing RTOs, 1 July 2013 to 30 June 2014



Key performance indicator—High levels of provider compliance

Over the first three years of operation, ASQA has found that most providers are not fully compliant with all the standards when audited. On average, ASQA has found that 20 per cent of providers are fully compliant with all the national standards at audit. In the remaining 80 per cent of cases, ASQA has found **at least one non-compliance**. These non-compliances range from minor concerns through to very serious concerns about the quality of training and assessment.

If non-compliance is found at audit, the provider has an opportunity of 20 working days to take action to rectify this non-compliance, and to submit evidence of this rectification to ASQA. ASQA will then make a decision about whether the provider is compliant or remains non-compliant. Most providers are able to achieve compliance during the 20-day rectification period.

Over the first three years of operation, ASQA has found that, of those providers not fully compliant when audited:

- 77 per cent are able to achieve full compliance after submitting rectification evidence, and
- 23 per cent remain not compliant.

Actions being implemented by ASQA to address provider non-compliance include developing stronger information and advice for providers seeking to comply with the Standards.

ASQA's intelligence-gathering about provider activity over three years of operation has indicated that the majority of providers seek to comply with the Standards, but many struggle to understand and interpret what is expected of them.

How ASQA is developing improved information for providers is discussed in the section of this report on ASQA's VET Regulatory Reforms on page 46.



Ensuring courses meet regulatory requirements

While most vocational education and training in Australia is delivered to meet the skill and competency requirements specified in training packages⁵, some vocational education and training is also delivered through skills and competencies specified in accredited courses (which fall outside the coverage of training packages).

An accredited course must be delivered by a registered training organisation for a graduate to be issued with a nationally recognised qualification. Accredited courses allow providers to meet the training needs of new or changing industry sectors. For a VET course to be accredited by ASQA, the course must comply with the *Standards for VET Accredited Courses 2012*.

Course accreditation is formal confirmation that a 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 (if the course leads to a qualification).

Key performance indicator—Number of courses accredited

In total, ASQA accredited 130 courses in 2013-14, including:

- 69 applications to accredit a new course, and
- 61 applications to renew the accreditation of a course.

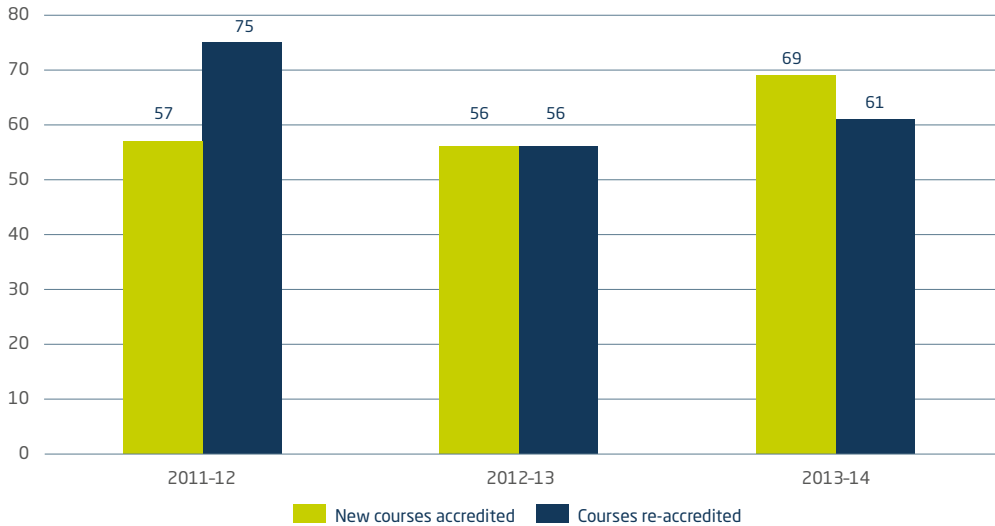
There was an increase of 16 per cent between 2013-14 and 2012-13, in which 112 courses were accredited.

Courses accredited since ASQA commenced operation in 2011 are shown in Figure 9.

5 Training packages are developed by Industry Skills Councils to reflect the skills and competencies that employers require from people in different occupations across industries in the economy. Therefore, the framework for the delivery of most VET is set out in training packages.



Figure 9: Courses accredited by ASQA, 2011-12, 2012-13, 2013-14

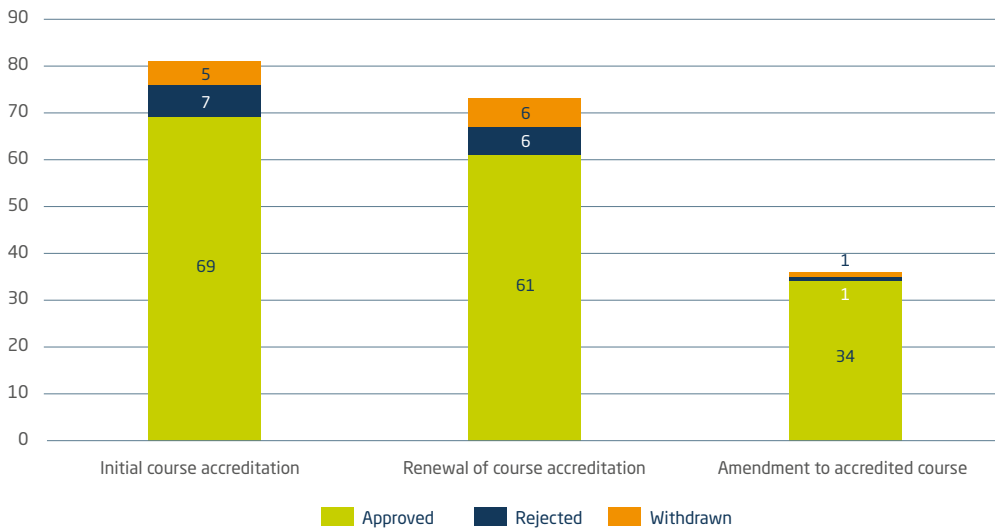


The outcomes of accreditation applications finalised during the reporting period are shown in Figure 10.

As in previous years, the majority of applications that ASQA received during 2013-14 to accredit a course were also approved during the year.

- ASQA approved 69 of the 81 applications to accredit a new course (85 per cent).
- ASQA approved 61 of the 73 applications to renew accreditation of a course (83.5 per cent).
- ASQA approved 34 of the 36 applications to amend an accredited course (94.4 per cent).

Figure 10: Accreditation applications completed, 1 July 2013–30 June 2014, by outcome of application





Accountable and transparent regulation

ASQA operates as an open, transparent and accountable regulator and demonstrates this through several formal reporting mechanisms.

- ASQA reports annually to the Minister for Industry and the COAG Industry and Skills Council.
- ASQA's performance was examined by the Australian Parliament at Senate estimates committees in October 2013, February 2014, and June 2014.
- ASQA must provide evidence of how it meets the *Standards for VET Regulators 2011*.

Key performance indicator—ASQA is compliant with national standards

The *Standards for VET Regulators 2011* describe a series of outcomes that regulators must achieve.

ASQA is held accountable to the Standards through external reviews. ASQA's annual report for 2013–14 was tabled in Parliament in October 2014. ASQA submitted a report on its compliance with the *Standards for VET Regulators 2011* to the National Skills Standards Council (NSSC) in September 2013.

Broadly, the *Standards for VET Regulators 2011* set out several key requirements for VET regulators, including that providers are regulated using a risk-based approach and that ASQA meets the needs of industry, providers and course owners, and the VET sector.

ASQA's risk-based approach is discussed throughout this report, with a detailed summary of risk-based regulation beginning on page 36. How ASQA meets the needs of its stakeholders is set out in the responses to ASQA's stakeholder, provider and audit surveys, which are discussed on pages 52–56.

During the reporting period, ASQA also began developing further guidance on the costs and timeframes associated with regulation of providers and courses.

Regulatory accountability—timely regulatory processes

The increased number and percentage of applications completed during 2013–14 reflects a general improvement in efficiency across ASQA this year.

ASQA endeavours to process applications in as timely a manner as possible and publishes average application processing times for each type of application on its website. These published timeframes for the completion of an application are based on long-term averages where an applicant has provided a quality, complete application and are based on the applicant being found compliant at audit (where an audit is required). ASQA publishes these average timeframes in order to manage applicants' expectations and help providers undertake appropriate business planning.

However, in general, the processing time for each application is largely driven by factors relating to the application and applicant. The key factors that influence application processing times include:

- the type of application (for example, applicants seeking to add high-risk training products or to offer courses offshore are likely to be subject to an audit, increasing application processing time)
- the quality and completeness of the application (that is, organisations are often given 20 working days to provide outstanding evidence or information), and
- the particular circumstances, including governance and ownership arrangements, of the organisation submitting the application, can also affect the time taken to complete an application.



Key performance indicator— timely regulatory processes

For the period 1 July 2013—30 June 2014:

- Applications to add or remove courses ('change of scope' applications) to provider's VET or CRICOS registration are the great majority of applications received by ASQA. During 2013–14, these accounted for **more than 85 per cent** of the applications received. ASQA has made significant progress towards refining the assessment process for these applications, and this is reflected in substantially shorter processing times:
 - In 2013–14, the average elapsed time to complete a change of scope application (VET)* was **17 working days**. This represents a 34.6 per cent decrease from the average time taken to complete this application type in 2012–13 which was 26 days.
 - In 2013–14, the average elapsed time to complete a change of scope application (CRICOS)* was **48 working days**. This represents a 17.2 per cent decrease from the average time taken to complete this application type in 2012–13 which was 58 days.
- **76.1 per cent of all applications were completed within two months of receipt.**

* an approved application that did not go to audit.

Another clear indication of improvement in the timeliness of regulatory processes during the reporting year can be seen in responses to the *ASQA Provider Survey 2014*. Averages of providers' ratings of ASQA's timeliness in completing application types—where 1.0 is equivalent to 'very poor' and 5.0 is 'excellent'—are shown in Figure 11.

Note that not all application types are shown for both years; this was the first year that providers were asked about some application types. However, where providers were asked this question in the 2012–13 survey, the results indicate an improvement in provider satisfaction for every application type surveyed.

In particular, the average rating of ASQA's timeliness in completing 'Applications to change scope of RTO registration' has improved significantly, from 3.1 in 2012–13 to 4.0 in 2013–14. As change of scope applications make up the great majority (85 per cent) of ASQA's applications received, this is a positive development, and reflects the reduction in the average processing time for these applications (from 26 days to 17 days) discussed above.

Figure 11: Average provider ratings of 'The time ASQA took to act on an application', by application type⁶



Regulatory accountability—reasonable costs to regulate the industry

In July 2013, ASQA received approval from the then Ministerial Standing Council on Tertiary Education, Skills and Employment (SCOTESE) and the Australian Government to implement a revised schedule of fees and charges. This represented the second stage of a three-stage approach to move to full cost recovery in accordance with a decision made by the Council of Australian Governments (COAG) in December 2009. The revised fees and charges took effect from 31 July 2013. Since then a decision has been taken not to go ahead with the previously planned third stage of cost recovery. In September 2014, the Australian Government announced that ASQA's fees would not rise further.

The fees and charges were developed following consultation on a draft *Cost Recovery Impact Statement* (CRIS) during 2012–13. The consultation involved meetings with peak bodies in the training sector as well as an online request for submissions. As part of the approval process, the Department of Finance and Deregulation confirmed that ASQA's CRIS complied with the Australian Government's *Cost Recovery Guidelines*.

⁶ 1.0=very poor and 5.0=excellent from ASQA provider survey 2014 (n=2255)



ASQA's fees and charges—provider viewpoints

As part of the review of ASQA's processes conducted by PricewaterhouseCoopers, discussed in detail on page 77, 356 providers were surveyed about their perception of ASQA's application fees.

- 63 per cent considered the fees for initial registration appropriate
- 45 per cent considered the fees for renewal of registration appropriate
- 52 per cent considered the fees for change of scope appropriate.

Key performance indicator—Reasonable cost to regulate the industry

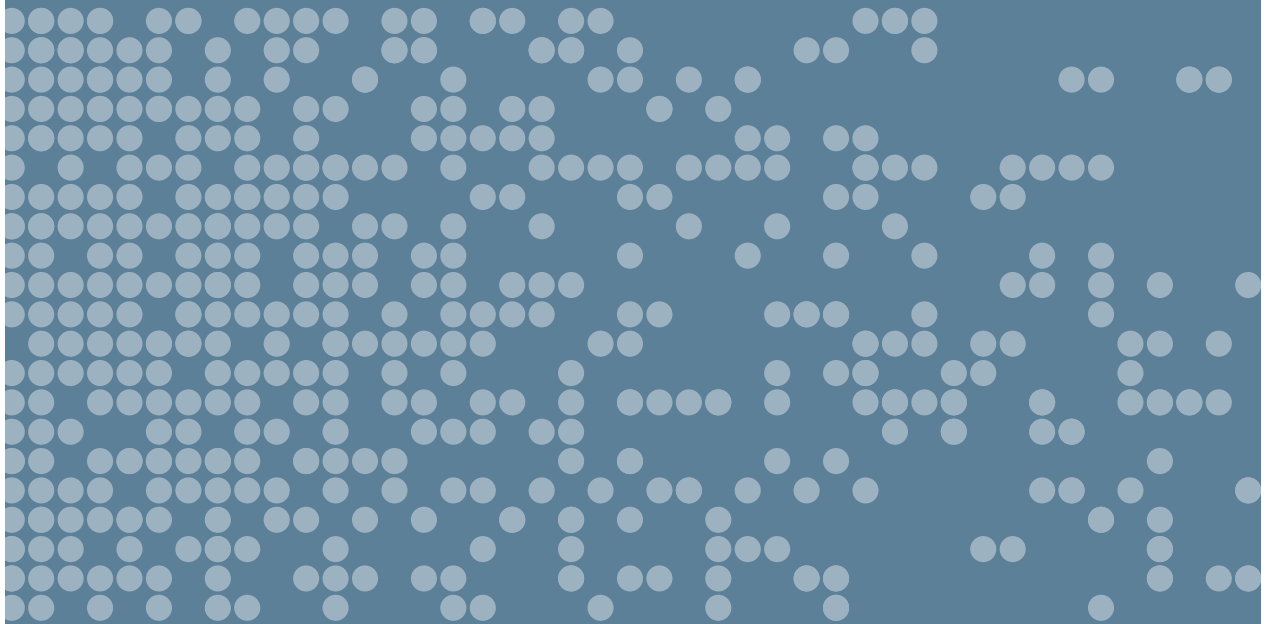
ASQA's operating costs in perspective

The Department of Industry has calculated that the operating revenues of the total VET sector would be in the order of \$10.6 billion.

As such, the cost of ASQA performing its regulatory role amounts to approximately 0.3 per cent of the estimated total economic value of the sector.

The Australian Government's decision not to move to full cost recovery represents a major decision to reduce the cost of regulation to RTOs and ELICOS providers.

Proportionate, risk-based regulation





Objective: Decisive and proportionate action is taken to regulate the industry

ASQA meets this objective through the application of a proportionate and **risk-based approach** to regulation.

For ASQA, **proportionate** means that regulatory focus is concentrated on providers of concern (those that are not delivering quality training outcomes). Similarly, regulatory interventions are minimised for providers that consistently deliver high-quality training outcomes.

Risk-based regulation means targeting resources to areas that pose the greatest risk to the delivery of quality vocational education and training—and therefore the greatest risk to the reputation and economic wellbeing of Australia's training and international education and industries. This approach also means that for high-quality providers, the burden of regulation can be minimised.

ASQA implements this proportionate and risk-focused regulation through several key methods:

- the application of an **agency-wide risk model**, that utilises data and intelligence to identify, evaluate and treat risks, and influences every aspect of the regulation of providers, from application to audit to enforcement
- identifying and **addressing major systemic risks** through a program of Strategic Reviews, targeted at problematic sub-sectors of the training industry
- using **complaints about regulated providers** as a key source to gather data and inform how those providers are regulated.

In addition, ASQA commenced its **first formal investigations** during 2013–14. ASQA applied enforcement powers under the *National Vocational Education and Training Regulator Act 2011* and the *Education Services for Overseas Students Act 2000* (ESOS Act) to investigate serious allegations about ten providers during 2013–14.

Risk assessment and risk model

ASQA uses risk management as an integral part of its framework for regulation. In practice this means that ASQA primarily focuses its efforts on assessing and responding to the risks that may arise if a learner is judged competent without possessing the necessary skills and knowledge.

ASQA-regulated providers are assigned a risk rating as an indicator of the level of risk they present, based on known data and regulatory history. A rating informs ASQA about how much regulatory scrutiny it needs to commit to the provider to ensure compliance is maintained and that quality outcomes are delivered.

ASQA also applies a risk-based approach when responding to complaints about providers. ASQA assesses risks to the training and international education system and mitigates heightened risk exposures through targeted action, including a program of strategic reviews focusing on high-risk sub-sections of the sector.



Understanding the current ASQA risk model

When assigning risk ratings, for each provider, ASQA considers:

- Likelihood factors, which assess ‘How likely is it that the provider will deliver poor quality education or training?’
- Impact factors, which assess ‘What is the potential impact of this poor-quality training—on students, industry, the economy, and the reputation of Australia’s training and international education system?’

Factors that contribute to the assigning of risk ratings are shown in Table 4.

Table 4: Risk factors under the ASQA risk model in use as at 30 June 2014

Performance risk factors	Governance and profile risk factors
These factors include: <ul style="list-style-type: none">• substantiated complaints• compliance with data provision requirements• non-compliance recorded at audit, and• published regulatory decisions.	These factors include: <ul style="list-style-type: none">• delivery to overseas students• length of continuous registration, and• level of recent scope of registration changes.

Review of the ASQA risk model

During 2013–14, ASQA commenced work on a major review of its risk model.

As part of initiatives to improve regulation of the national standards, ASQA’s emerging risk model will be more proactive than previous models. ASQA will use data and market intelligence to direct regulatory effort, as opposed to responding to applications for permission. Environmental scans will be an important tool to predict potential risks due to changes in market needs, public policy and funding settings, shifts in student behaviour, and critically, the experience of employers in gaining competent staff after training.



Key performance indicator—Number of providers subject to high risk monitoring

ASQA collates and analyses data about providers to assign each with a high, medium or low risk rating as an indicator of the risk it presents of not complying with its legislative obligations.

A rating is assigned only when ASQA has access to sufficient performance data about the provider, usually following completion of a post-initial registration audit conducted 12–18 months following initial registration.

At 30 June 2014 ASQA had applied risk ratings to the RTOs for which it had regulatory responsibility as follows:

- High—9.4 per cent
- Medium—23.3 per cent
- Low—56.5 per cent
- Not yet assigned—10.8 per cent.

If a provider is considered high risk, ASQA is more likely to engage in regulatory action including:

- compliance auditing (a supplementary risk profile identifies the standards or industries that should be the focus of the audit)
- applying conditions on registration, which may prohibit delivery in defined contexts
- requiring additional delivery activity data reporting or other data reporting
- imposing sanctions, such as written directions or suspension of all or part of a provider's registration, or
- disclosing information about the provider to other agencies (for example, the Department of Immigration and Border Protection).

A risk rating also informs the frequency of any such action. For instance, a provider rated as a higher risk may be scheduled for more frequent compliance auditing, at its expense, than a provider rated as lower risk.

Strategic reviews

A key part of ASQA's regulatory approach is to undertake strategic industry reviews involving in-depth analysis of a particular issue, sector, qualification or method of delivery when a risk has been identified to the quality of training and assessment. The focus is on examining systemic poor practice and identifying appropriate actions to address the poor practice across the system.

Three reviews were finalised at the end of 2013: *Training for the White Card for Australia's construction industry*; *Training for aged and community care in Australia* and *Marketing and advertising practices of Australia's registered training organisations*. The findings of the three reviews led to 24 recommendations in total, many of which have been fully implemented, while ASQA is working with stakeholders to implement the others.

The full reports from all three strategic reviews are available on ASQA's website.



Training for aged and community care in Australia

ASQA initiated this review in November 2012 in response to the Productivity Commission's 2011 report, *Caring for older Australians*. The review relied on audits of registered training organisations, surveys of registered training organisations, and stakeholder feedback for its findings.

Key findings of the review include:

- Aged and community care training programs are largely too short and include insufficient time in a workplace for satisfactory skills development.
- RTOs delivering high-quality training programs face unfair competition from those RTOs offering cheap and unrealistically short training programs.
- Most RTOs offering aged care and community care training were not fully compliant at the initial audit, with 87.7 per cent not complying with at least one of the national training standards. However, the level of non-compliance fell to only 20 per cent after providers were given an opportunity to address the identified non-compliances.
- RTO leadership and staff had a poor knowledge and understanding of the required national standards, and of the requirements of training packages (which form a core element of these national standards).
- Most RTOs offering aged and community care training struggle with appropriate assessment. Up to 80 per cent of RTOs had compliance issues with assessment at the initial audit.

The review made ten recommendations. ASQA is progressively implementing these recommendations, including by:

- **Closely monitoring aged and community care qualifications**—When ASQA audits a provider offering aged and community care training and assessment, these qualifications are always included in the sample of qualifications to be audited.
- **Advocating for appropriate changes to standards**—ASQA made a recommendation to the review of the national standards for RTOs, asking that the revised standards include explicit definitions of the 'principles of assessment' and the 'rules of evidence'. (This recommendation had been incorporated into the draft standards that were released for feedback by the VET Reform Taskforce in June 2014).
- **Working with other stakeholders**—At the time of reporting, the Community Services and Health Industry Skills Council (CSHISC) was reviewing the unit *CHCCS305C Assist clients with medication*, with the intention of including changes recommended in the Strategic Review report.

Training for the White Card for Australia's construction industry

ASQA initiated the Training for the White Card for Australia's construction industry review in November 2012 in response to persistent stakeholder concerns about the quality of training in the unit of competency *CPCCOHS1001A Work safely in the construction industry*, also known as the 'White Card'. This is a mandatory entry-level unit for people seeking to work on construction sites in Australia.

Concerns raised by industry indicated that people issued with White Cards may not actually have achieved the introductory knowledge and skills to work safely on construction sites. Industry concerns included:

- inadequate assessment
- programs that are too short for trainees to obtain the required competencies, and
- the potential for identity fraud in online training.



In this review, ASQA sought the views of stakeholders including employers, unions, work health and safety regulators; and RTOs.

ASQA analysed the scale and nature of White Card delivery through a survey of RTOs, and the quality of delivery and assessment through audits of RTOs delivering the unit.

Key findings of the review include:

- Industry has lost confidence in White Card's value to assure workplace safety assurance for new entrants to the construction industry.
- Some delivery of the White Card takes as little as 30 minutes, and the great majority of White Cards (95 per cent) are delivered online.
- None of the online-delivery RTOs audited for this review were adequately assuring the identity of students.
- Some 75 per cent of White Card training providers were not compliant with the standard relating to assessment practices at audit, non-compliance fell to 27 per cent however after providers were given an opportunity to address the identified non-compliances.
- There is great variety in state requirements for work health and safety regulation. A more consistent national approach to work health and safety regulation in terms of General Construction Induction training is required.

The review made six recommendations related to ASQA's regulatory functions. ASQA is progressively implementing these recommendations, including by:

- **Closely monitoring the delivery of the 'White Card' by ASQA-registered RTOs**—Since November 2013, when auditing any provider offering the unit *CPCCOHS1001A Work safely in the construction industry*, ASQA has included that unit in the scope of the audit.
- **Advocating for appropriate changes to standards**—ASQA made a recommendation to the review of the national standards for RTOs, asking that the revised standards include explicit definitions of the 'principles of assessment' and the 'rules of evidence'. (This recommendation had been incorporated into the draft standards that were released for feedback by the VET Reform Taskforce in June 2014).
- **Considering further action relating to validation of student identity** at the time of reporting.
- **Working with other stakeholders**—the Construction and Property Services Industry Skills Council had commenced discussions around redeveloping the 'White Card' unit to more clearly specify evidence requirements at the time of reporting.

Marketing and advertising practices of Australia's registered training organisations

ASQA initiated a review into the marketing and advertising practices of Australia's RTOs in December 2012. The review was developed in response to serious and persistent concerns raised by the training sector about RTOs and other bodies providing misleading marketing and advertising.

The review assessed the websites of 480 organisations' marketing and advertising services. Of these websites, 421 belonged to registered training organisations and 59 to unregistered training organisations.



Key findings of the review include:

- Consumers (including students and employers) are often provided with ambiguous information, or insufficient information to make informed training choices.
- Up to 45 per cent of the RTOs were marketing and advertising misleading information.
- 12 per cent of RTOs surveyed were marketing superseded courses.
- Nearly 9 per cent of RTOs were engaged in deceptive marketing by promising jobs and/or training outcomes ahead of any assessment.

The review's key recommendations include:

- that ASQA prioritise RTOs' marketing and advertising in its regulation
- that ASQA undertake periodic random sampling of websites to identify potential non-compliance with the standards, and conduct national workshops to reinforce and explain to registered training organisations the requirements of the standards
- that the standards relating to marketing and advertising are enhanced
- that the standards-setting body and VET regulators work together to address volume of learning concerns identified in the strategic review, and
- that measures to ensure the protection of consumers using VET brokers are considered.

The review made eight recommendations. At the time of reporting, ASQA had begun implementing several of these recommendations:

- **Close inspection of training organisations' websites**—ASQA reviews an RTO's website whenever that RTO submits an application. If any issues are identified, ASQA contacts the RTO and asks it to fix the problem. If identified problems are not resolved, the provider's application is not progressed and the provider may be subject to an audit.
- **Advocating for appropriate changes to the standards**—ASQA made recommendations to the review of the national standards for RTOs relating to the inclusion of explicit requirements for providers' marketing and advertising, and for providers delivering training with third parties. (These recommendations had been incorporated into the draft standards that were released for feedback by the VET Reform Taskforce in June 2014).
- **Strengthening information and guidance about providers' marketing and advertising obligations**—ASQA has made a commitment to provide additional information and guidance for providers about the revised national standards. This includes providing specific information—through the website and information sessions in late 2014—about any marketing and advertising requirements that may be included in the revised standards.

Strategic reviews in progress as at 30 June 2014

After consulting the Minister for Industry, ASQA's Commissioners decided that the three areas to be reviewed in 2014 would be training for:

- childcare and early childhood learning
- the security industry, and
- horse riding.



ASQA selected childcare and early childhood training in response to the recommendations of the Productivity Commission's 2011 *Early Childhood Development Workforce* report. Training in the security industry had been an ongoing concern raised with ASQA (including through coroner's reports). A NSW coroner's report recommended a review of horse-riding training.

The three reviews are underway and are scheduled to be completed during 2014–15.

Addressing potential risks in asbestos removal training

In November 2013, in response to emerging information about risks with the National Broadband Network (NBN) rollout in Tasmania, ASQA Commissioners decided to conduct a review of all providers delivering two units of competency relating to the removal of asbestos.

The review was prompted by a change in the asbestos-removal licencing requirements. This licensing change led to contractors requiring retraining. ASQA found that some providers were delivering the training in one to one and a half days, which indicated that these providers were potentially not meeting the training package requirements.

ASQA contacted thirty-one providers who were registered to deliver:

- CPCCDE3014A Remove non-friable asbestos
- CPCCDE3015A Remove friable asbestos.

These providers were asked to show evidence to confirm compliance with several of the national standards relating to training and assessment, as well as the standard governing the accuracy and integrity of providers' marketing and advertising.

As a result of the review, four providers were assessed as compliant. (One provider advised they didn't deliver the units and therefore withdrew them from scope.) Twenty-six providers were assessed as non-compliant and given 20 working days to submit rectification evidence. Of these providers:

- 18 were assessed as compliant following rectification
- three providers withdrew the units from their scope of registration to rectify the non-compliance, and
- five providers were issued with an intention to give a written direction.

The outcome of the review emphasises the importance of this type of risk-focused, data-driven regulatory activity. ASQA found that, in the majority of cases, assessments were not being conducted in accordance with the unit of competency requirements. A number of providers were not conducting direct observations of tasks in real or appropriate simulated work conditions and only six providers had compliant assessment tools. In addition, it was identified that the trainers and assessors were not meeting the minimum vocational competency requirements of the training package and only six of the providers complied with the trainer/assessor requirements.

Collecting complaints data to inform risk-based decision making

ASQA accepts complaints about training providers from students, their representatives, and other members of the community.

ASQA's complaints-handling role has a specific purpose—ASQA investigates complaints and uses information gathered through complaints to inform its risk assessments of providers and applications, and therefore, to inform how those providers are regulated.



When ASQA accepts a complaint, the ASQA Complaints Team reviews the information provided and conducts a risk assessment. ASQA may then:

- use the information provided in the complaint to inform future regulatory activity
- contact the provider to request a specific action, and/or
- undertake a formal investigation (in the most serious cases).

The outcomes of a formal investigation can include:

- a compliance audit of a provider's registration, which may lead to
- a decision to suspend, cancel or place conditions on a provider's registration.

In 2013–14, ASQA received 1398 complaints about training organisations. Approximately 40 per cent of complaints received by ASQA were from students; 25 per cent were from employees, former employees, other RTOs or industry stakeholders; and 16 per cent of complaints were from government authorities.

ASQA finalised 846 complaints during 2013–14. The outcomes of complaints finalised during 2013–14 are shown in Figure 12. In 2012–13, ASQA finalised 563 complaints. This 50 per cent increase in the number of complaints finalised can be largely attributed to the introduction of an improved, risk-focused complaints system during 2013–14 (refer to page 45).

What types of action does ASQA take in response to complaints?

Listed below are examples of how ASQA responded to complaints about training providers during the reporting year:

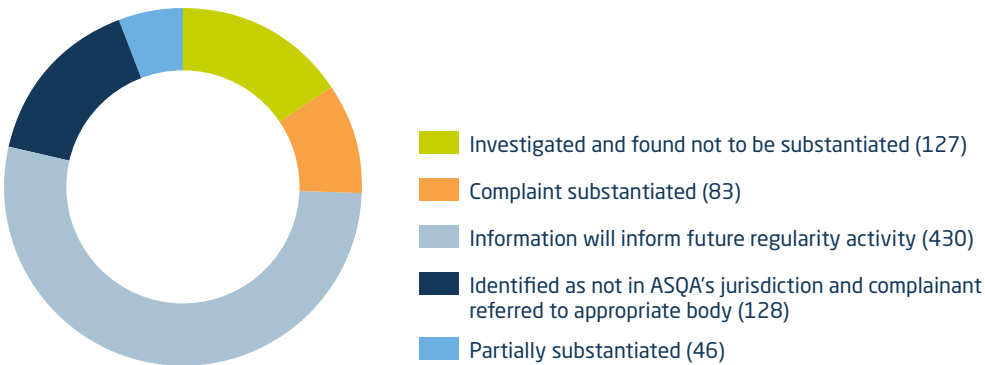
- An industry body raised serious allegations about the delivery and assessment of a number of qualifications. As a result, ASQA conducted a compliance monitoring audit of the provider, which identified significant non-compliance. The provider was notified of the areas of non-compliance and given an opportunity to provide rectification evidence to ASQA within a specified period. The process is ongoing.
- ASQA received a complaint regarding misleading marketing on an organisation's website (in which the organisation was claiming to provide nationally recognised training but was not a registered training provider). ASQA directed the organisation to amend its marketing and remove any reference to such training. The organisation complied with the request.
- ASQA received a complaint regarding a registered training organisation providing courses to overseas students. The complaint alleged that students were not attending and that the provider was failing to report them for non-attendance as required. Such non-attendance is a breach of the conditions of an overseas student visa. This complaint led to an unannounced audit, which identified significant non-compliance. The provider was notified of the areas of non-compliance and given an opportunity to provide rectification evidence to ASQA within a specified period. Following review of the evidence the provider continued to demonstrate critical non-compliance and was given notice of intention to cancel its registration. Should the provider not respond to the intention to cancel, the Commissioners will issue a notice to cancel. The provider will then have an opportunity to appeal that decision at the Administrative Appeals Tribunal.



The outcomes of complaints finalised during the reporting period are shown in Figure 12. If a complaint is substantiated, ASQA requires rectification of the issues raised in that complaint, or takes other appropriate action in relation to the provider. Where the outcome of a complaint is 'Information will inform future regulatory activity', this means that the data gathered through the complaint may inform a provider's risk rating; be added to a provider's record; or be noted for possible consideration at the provider's next audit. Where a complaint is partially substantiated, ASQA may require the organisation to rectify some of the issues raised in the complaint.

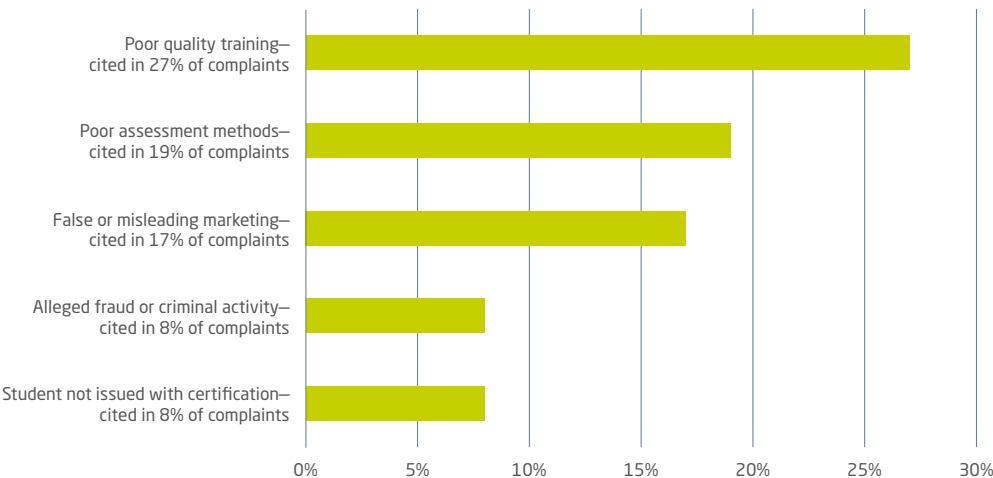
If a complaint is identified as being outside ASQA's jurisdiction, ASQA will refer the complainant to the appropriate body.

Figure 12: Outcomes of complaints finalised by ASQA 1 July 2013–30 June 2014



ASQA categorises the issues raised within each complaint received about a provider. The five most frequently raised issues raised in complaints about training providers during the reporting period are shown in Figure 13.

Figure 13: Issues most frequently raised in complaints about training providers, 1 July 2013–30 June 2014





The frequency with which complainants raised concerns about the fundamentals of training and assessment reflects ASQA's findings in relation to levels of compliance with Standard 15, discussed on page 26 of this report.

False or misleading marketing was also an issue raised by many complainants (raised in 17 per cent of complaints). ASQA has taken substantial action to address concerns with marketing and advertising in 2013–14, including through beginning to implement the recommendations of the Strategic Review report into providers' marketing and advertising practices. ASQA contacts training organisations when misleading advertising has been identified, and requests that it is rectified or that ASQA is provided with an explanation. The RTO is given a week to rectify the problem. If the provider has submitted an application, the application is not progressed until the problem has been resolved. If the issue is not resolved, then the application is forwarded to ASQA's Compliance Group for audit.

Using data to assess risk—changes to ASQA's complaints-handling process in 2013–14

In the 2013–14 financial year there was an 11 per cent increase, compared to 2012–13, in the number of complaints received by ASQA about registered training organisations and other providers. The complaints process can be highly resource-intensive, often raising complex issues (such as matters of jurisdiction) and high stakeholder expectations.

To meet these challenges and expectations, ASQA has undertaken significant work to improve its complaints handling processes and procedures during 2013–14, including:

- Developing a risk-based Complaints Management Framework that helps ASQA consistently and efficiently process complaints. The Complaints Team use this framework to prioritise complaints (based on time and resource constraints) and address complaints in a way that is commensurate with risk.
- The complaints section of the ASQA website has also been reviewed and updated to provide more comprehensive information to complainants about ASQA's policy and jurisdiction in relation to complaints. By providing more detailed information for complainants, the revised website aims to reduce the number of out-of-scope complaints ASQA receives and better manage complainant expectations.

Consistent with a risk-based approach, greater priority and resources are allocated to those complaints which indicate greatest potential risk to the achievement of high-quality vocational education and training.

Investigation and enforcement—decisive action to address non-compliance

In 2013–14 ASQA commenced its first formal investigations in accordance with the *National Vocational Education and Training Regulator Act 2011* (NVR Act), the *Education Services for Overseas Students Act 2000* (ESOS Act), and the Australian Government Investigation Standards.

ASQA has enforcement powers under both the NVR Act and the ESOS Act to investigate serious allegations. If sufficient evidence is established to prove that the person or the company has committed an offence, then they may be prosecuted.



During 2013–14, ASQA's primary focus was on:

- building the capacity of the five members of the investigations team
- appointing authorised officers, and
- establishing processes to work with the Commonwealth Director of Public Prosecutions (CDPP) and the Australian Government Solicitor (AGS) on criminal and civil prosecutions.

During 2013–14, ASQA investigated ten cases:

- One case was referred to and accepted by the CDPP. The CDPP has indicated the case is likely to be prosecuted in 2014–15.
- Three cases were referred to the AGS for advice on civil pecuniary penalty action, with the status of each case at the time of reporting being:
 - One case resulted in the AGS being instructed to bring a civil pecuniary penalty action against a company that issued qualifications when it was not a registered training organisation
 - One case was discontinued as the evidence demonstrated that there was no case to answer
 - One case is still under consideration and awaiting further advice from the AGS.

ASQA's program of VET Regulatory Reform—making it easier for high-quality providers to meet their obligations

In October 2013, ASQA began developing a range of reforms to the way it carries out its regulatory functions.

The fundamental driver for these reforms is ASQA's goal of making it easier for high-performing providers to meet their obligation to deliver quality training and assessment, while increasing scrutiny on providers who do not provide quality training.

In addition, the reforms support the Australian Government's broader deregulation agenda.

In the first three years of national VET regulation, three distinct groups have emerged in the Australian VET sector:

- high quality providers who fully comply with the required national standards
- providers who want to comply with the national standards but who experience some difficulties when audited, and
- providers who do not provide quality training and are unwilling or unable to comply with the standards.

Informed by the outcomes from its first three years of regulation, ASQA has developed an evolved regulatory approach that reduces the regulatory burden on high-quality, fully compliant providers, whilst undertaking more rigorous regulation of seriously non-compliant, poor-quality providers.

The VET Regulatory Reform agenda supports this approach by:

- **Streamlining processes**—ASQA has streamlined the registration renewal process by removing the requirement for existing providers to undergo a financial viability assessment as a mandatory part of the renewal process. At the end of 2013–14, ASQA also implemented a new process to automatically update providers' scope of registration when equivalent training package products are released without unnecessary applications and fees.



- **Improving the information and guidance ASQA delivers to providers**—ASQA is also seeking to provide a greater level of support to that group of providers that seek to deliver quality training but experience some difficulties (perhaps as a result of trouble understanding the requirements of the standards). This includes a commitment to provide information and guidance on the revised national standards.

ASQA began development work on the projects to implement this reform in October 2013, and the first aspects of this reform were announced to the sector on 25 June 2014. Implementation of these projects began on 1 July 2014.



Stakeholder relationships

Objectives: Students, employers, industry, governments and the community have full confidence in the quality of Australia's vocational education and training and ELICOS providers.

and

Students, employers, industry, governments and the community have full confidence in ASQA's regulatory work in contributing to the quality of Australia's vocational education and training and ELICOS providers.

Developing meaningful and constructive relationships with its stakeholders is a key focus for ASQA. ASQA has a wide variety of stakeholders, all of whom have an interest in ensuring appropriate regulation and continued confidence in the VET sector in Australia.

These stakeholders include federal, state and territory government departments responsible for training, peak training industry groups, business and employer groups and other VET sector and industry regulators. Through this engagement, ASQA is able to gather data and intelligence and identify trends and issues in the VET sector and work with its stakeholders to address them.

Key performance indicator—High levels of stakeholder satisfaction with the quality of the VET system

The NCVER *Student Outcomes Survey 2013* is an annual survey of students (in the publicly funded sector only) who completed their VET during 2012. In 2013, 87.3 per cent of graduates were satisfied with the overall quality of their training.

The NCVER *Employers' use and views of the VET system 2013* provides information on employers' use and views of the vocational education and training (VET) system. In 2013, 83.1 per cent of employers were satisfied with nationally recognised training.

Commissioner engagement with stakeholders

ASQA's Commissioners engage with its stakeholders in a variety of ways. As and when required the Commissioners meet with federal, state and territory government ministers and the senior officials from government departments responsible for training to discuss ASQA's regulatory activity and responses to issues in the sector. The Commissioners also meet with peak training industry bodies and peak industry and employer groups to discuss ASQA's regulatory activity as well as seek their feedback about the VET sector. Such engagement not only raises awareness of ASQA's activities but also serves to enhance the quality of the sector through shared information and intelligence.

Provider roundtables

ASQA held quarterly 'provider roundtable' meetings during 2013–14.

These meetings provided opportunities for peak bodies to engage with ASQA and discuss ASQA's ongoing regulatory approach, as well as high-priority emerging issues.



ASQA views the provider roundtables as a valuable forum, providing an opportunity for structured dialogue with provider organisations. Provider organisations are able to bring the concerns of their memberships to ASQA's attention.

The forums have helped ASQA better understand the concerns of the regulated community, and the insights gained have led to improvements in ASQA's regulatory approach and outcomes.

ELICOS Regulator-Provider Forum

ASQA has established a Regulator-Provider Forum with English Australia (the national peak body for the English language sector of international education in Australia) and the Tertiary Education Quality and Standards Agency (TEQSA).

In 2013–14 this forum met twice to discuss issues relating to the regulation of English Language Intensive Courses for Overseas Students.

Commissioner engagements

ASQA Commissioners presented at a range of industry events during 2013–14. Key forums and conferences that the Commissioners attended are listed below. Senior ASQA employees also presented at numerous industry and provider events throughout the year.

Christopher Robinson, Chief Commissioner

- Australian Council for Private Education and Training (ACPET) 2013 National Conference, Adelaide, 30 August 2013
- TAFE Directors Australia (TDA) National Conference, Brisbane, 2 September 2013
- ASQA/Skills Tasmania forum, Devonport, Launceston, Hobart, 10 September–12 September 2013
- National Velg Conference, Melbourne, 19 September 2013
- Victorian TAFE Governance and Regulation forum, Melbourne, 29 November 2013
- ASQA and Department of Further Education, Employment, Science and Technology (South Australia) forum 2014, Adelaide, 6 February 2014
- New South Wales Private VET Provider forum, Sydney, 27 March 2014
- ACPET and Australian Chamber of Commerce and Industry (ACCI) National Skills Summit, Canberra, 25 June 2014.

Dianne Orr, Deputy Chief Commissioner and Commissioner-Compliance

- AUSTAFE 2013 National Conference, Gold Coast, 11 October 2013
- Community Colleges Australia Conference 2013, Sydney, 14 November 2013
- Northern Territory provider information sessions, Darwin and Alice Springs, 27–28 November 2013
- Victorian TAFE International, Melbourne, 27 March 2014
- Innovation & Business Skills Australia (IBSA) VET Practitioners' Conference, Melbourne, 7 May 2014
- Skills Tasmania Conference, Hobart, 3 June 2014.



Michael Lavarch, Commissioner-Risk Analysis and Investigation

- Council of International Students Australia National Education, Sydney, 9 July 2013
- Australia-India Industry Skills Council-Sector Skills Council workshop and roundtable, Sydney, 11 July 2013
- TDA/Chinese delegation (Guangdong Province), Sydney, 13 November 2013
- TDA Vocational Education Leadership Training program/Chinese delegation, Sydney, 19 November 2013
- Skills Services Australia National Conference, Sydney, 4 March 2014
- National English Language Teaching Accreditation Scheme (NEAS) 2014 English Language Teaching (ELT) Management Conference, Sydney, 8 May 2014.

Online communications

ASQA primarily uses online communication channels to help providers, course owners and stakeholders stay up-to-date with VET sector developments and regulatory processes. In 2013-14, ASQA's email newsletter was sent to more than 19,500 subscribers, including to all ASQA-registered providers. ASQA also sent email news alerts to providers when significant developments occurred (for example, as the first of the ASQA VET Regulatory Reform projects were implemented in June 2013).

During 2013-14, ASQA redeveloped its website and conducted user testing with RTO representatives to ensure the revised site would meet user needs. The new site was launched on 1 July 2014 and included:

- a new, single help centre and a range of materials including videos to help RTOs better understand their obligations
- more information for providers delivering to overseas students, and
- enhanced functionality and search capabilities.

In 2013-14 there were:

- More than 299,000 visitors to ASQA's website (an increase of 16 per cent), and
- More than 1.9 million page views across the site as a whole.

Service delivery

During 2013-14, the ASQA Info line continued to provide an important service to ASQA registered providers and other stakeholders. The Info line provides information on a wide range of issues (within ASQA's scope of operation) and is staffed by customer service employees trained to maintain current knowledge in ASQA's processes and the VET regulatory system. The Info line has access to internal provider records and frequently liaises with ASQA's risk and compliance teams to obtain information about specific provider issues.

The Info line responded to 37,651 calls and 11,961 emails in 2013-14. This represents a slight decrease in the total number of enquiries (49,612) when compared to 2012-13, in which there were 58,750 enquiries in total. This reduction could be attributed to the service improvement as discussed on the following page.

Most simple email enquiries are responded to within two business days. The Info line also provides information to ASQA regarding emerging trends in enquiries, to assist in developing information materials.



The Info line team works to continually refine and improve the service provided by the Info line. This includes reviewing Info line scripts, implementing formal training and staff mentoring and a call quality monitoring program.

ASQA implemented the following initiatives in 2013–14 to contribute to ASQA's objective of continually improving stakeholder relationships:

- **Increased personalisation of information delivery:** by providing specific contact points for service users, and working to reduce the use of technical jargon wherever possible.
- **Improving the quality of responses (both phone and email):** to ensure service delivery staff are always providing high-quality responses, this year the team implemented regular training sessions, individual learning and development time and technical updates to ensure the provision of more specific answers to enquiries.
- **Increased focus on customer service:** ASQA provided enhanced training to ensure Info line staff have a greater understanding of each caller's enquiry as well as the necessary skills to tailor the answer to each caller.
- **Transferring calls to regulatory staff:** In certain cases, where an enquiry relates directly to a submitted application or a 'request for more information' from a regulatory staff member, Info line staff may transfer calls to regulatory staff, allowing callers to receive tailored and specific information regarding their particular circumstance rather than a generic response.

ASQA also has a dedicated line for calls relating to ELICOS. Providers delivering these courses have a specific set of requirements and concerns; a dedicated line for these calls allows ELICOS provider concerns to be resolved quickly and effectively.

Industry engagement

Through the Industry Engagement team, ASQA works collaboratively with regulators and industry representative bodies to ensure student, employer, and government confidence in the outcomes delivered by Australian RTOs.

The Industry Engagement team establishes and maintains mutually beneficial relationships with industry bodies, in order to identify and mitigate risks to the quality of Australia's VET sector.

ASQA Industry Engagement stakeholders include:

- Industry Skills Councils
- industry regulators and licensing bodies
- peak industry and employer groups
- other government agencies (such as the Department of Industry), and
- industry associations.

During the reporting period, the Industry Engagement team liaised with 129 organisations on 705 issues.

The team engaged with Industry Skills Councils on 293 issues (an increase of 25 per cent from 2012–13). Liaison with Industry Skills Councils focused on:

- issues arising from training package transition activity, and
- facilitation of four 'Industry Skills Council training package information sessions', which provided professional development to ASQA compliance staff.



The team engaged with 61 industry regulators on 305 issues, and with 27 industry associations on 50 issues.

Discussion with regulators and industry associations this year focused on issues in the following sectors:

- transport, postal and warehousing
- mining
- health care and social assistance
- public administration and safety
- electricity, gas, water and waste
- construction.

Industry Engagement works with industry regulators to ensure that ASQA has access to relevant technical advice and subject matter expertise. These arrangements are articulated within the Memoranda of Understanding (MoUs) which ASQA has with relevant stakeholders. During this financial year five additional MoUs were finalised by Industry Engagement. Additional technical advice for audit was arranged on three occasions during the year.

Stakeholder and provider surveys

ASQA seeks to be accountable and transparent in its operations as a regulator. As such, ASQA values feedback, which helps it to evaluate the effectiveness of its regulatory approach and address the relevant concerns of providers and stakeholders.

In 2013–14, ASQA sought this feedback formally through major surveys of its providers and key stakeholder organisations. Feedback from providers about their audit experience is also sought directly through the quarterly audit survey, discussed on page 56.

The surveys were designed to measure ASQA's performance against its Strategic Plan 2013–2016 and Operational Plan 2013–14, organisational values, and performance requirements under the *National Vocational Education and Training Regulator Act 2011*. Participation in the surveys was optional and responses were confidential.

Both the surveys covered topics including:

- the quality of service provided by ASQA employees
- the quality of information ASQA publishes, and
- ASQA's consultation and communication practices.

In addition, stakeholders were asked questions about regulatory decisions and the Strategic Review program, while providers were asked about their interactions with ASQA during the application process.

All providers registered with ASQA at 30 June 2014 were invited to participate. ASQA received feedback from 2255 providers (63 per cent of those invited).

This is the third year in which ASQA has surveyed VET sector stakeholders, and the second year in which RTOs and other training providers have been surveyed. ASQA is now able to compare the responses from each year to identify trends. As ASQA has matured as an organisation, respondents' perception of ASQA's performance has improved.



Survey outcomes—stakeholder respondents

Key performance indicator—High levels of stakeholder satisfaction with ASQA's regulatory work

Key performance indicator—Stakeholder perception of ASQA's performance of its statutory functions

The 2013–14 Survey of VET sector stakeholders showed that their satisfaction with ASQA's regulatory work and perception of ASQA's performance of its statutory function remained generally positive.

Stakeholders continued to show high levels of satisfaction with ASQA's communication channels (website, Info line, fact sheets) and ASQA's employees.

A number of areas of ASQA's operations recorded slight decreases in satisfaction in 2013–14, indicating that ASQA needs to improve communication about certain aspects of its regulatory activities.

A detailed breakdown of stakeholder survey responses, across the previous three years, is shown in Figure 14.



Figure 14: Average stakeholder responses to ASQA stakeholder surveys 2012, 2013 and 2014⁷



⁷ 1.0 = very poor and 5.0 = excellent



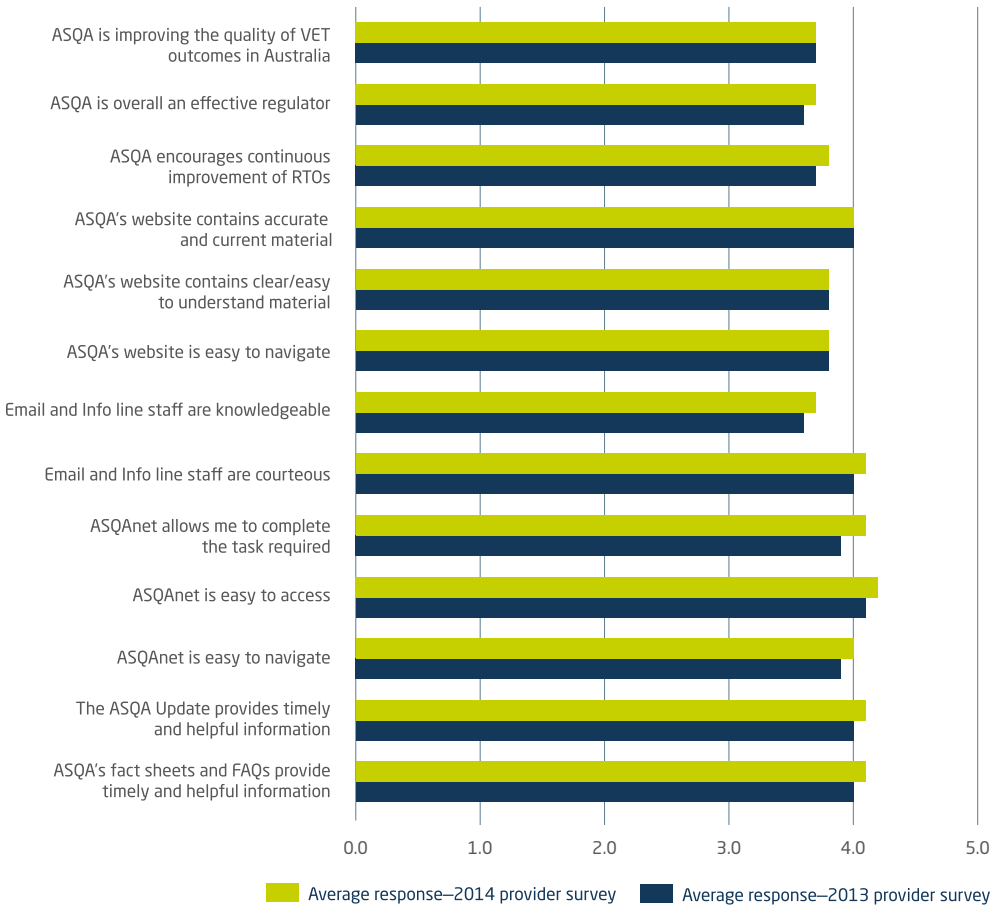
Survey outcomes—provider respondents

ASQA invited all providers registered as at 30 June 2014 to respond to the 2014 provider survey. There were 2255 respondents, an eight per cent decrease compared to the 2013 survey.

A summary of results and a comparison with the results of the 2013 survey is shown in Figure 15. In 2014, providers were also asked about application processing times for each application type. The results in this area indicate improvement across all categories. (Providers' responses are detailed in the section of this report 'Regulatory accountability—timely regulatory processes' on page 31.) The full results of the survey are also available on the ASQA website.

Overall, the survey results show that providers' perceptions of ASQA's performance improved in 2013–14, compared to 2012–13. In all but two survey questions, providers' satisfaction ratings improved; in the remaining two questions, the rating was the same. Providers rated ASQA's performance better on all parameters shown in figure 15 in 2013–14.

Figure 15: Average provider responses to ASQA provider surveys 2013 and 2014⁸



⁸ 1.0 = very poor and 5.0 = excellent



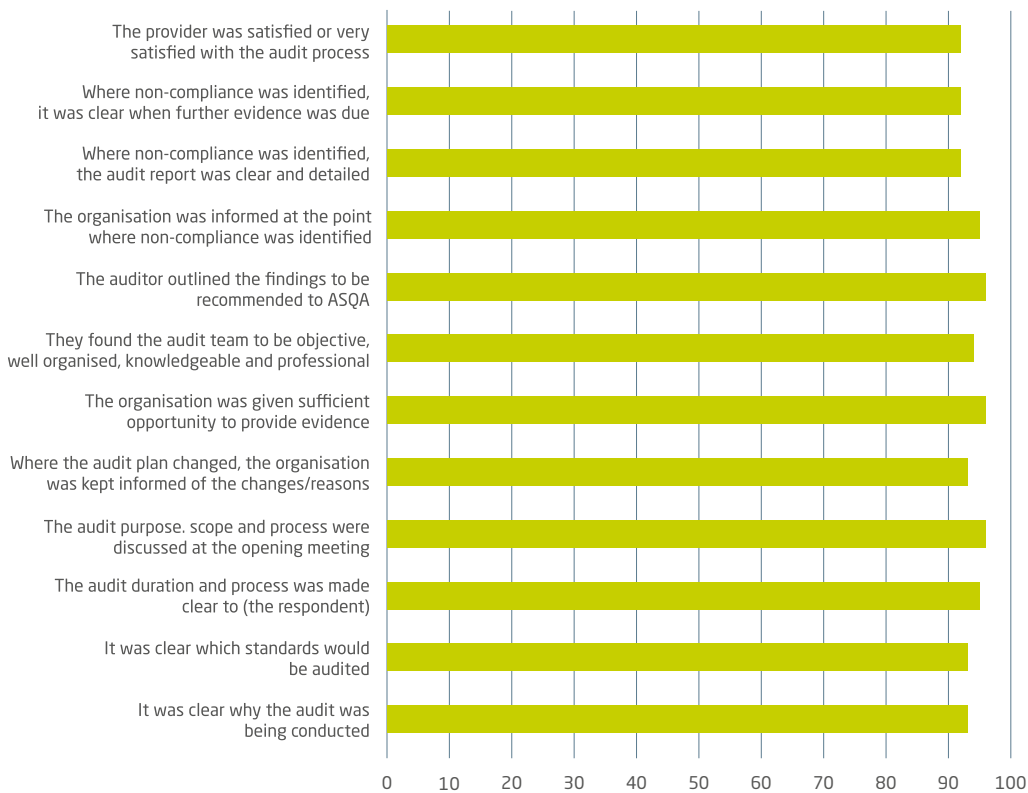
ASQA site audit surveys

ASQA seeks feedback about its audit processes as part of ensuring that the audit process is consistent and transparent. Providers that have an ASQA site audit finalised are invited to provide feedback on their experience through a site audit survey. The survey is conducted four times each year.

During the reporting period, ASQA invited audited providers to provide feedback on communication prior to the site visit, the site visit, audit team competencies, the audit report and the transparency of the audit process. There were 406 respondents across the four surveys.

As shown in figure 16, responses were extremely positive, with each question receiving positive responses from more than 90 per cent of respondents. This level of satisfaction is consistent with previous years.

Figure 16: Average results of four ASQA site audit surveys conducted in the period 1 July 2013–30 June 2014





Business processes

Objective: Streamlined, user-friendly business processes developed and applied consistently across ASQA.

During 2013–14, ASQA carried out substantial work to further streamline its business processes. This was achieved through two key initiatives:

- ongoing work on the Information and Communications Technology (ICT) Strategic Initiative, which seeks to simplify and improve ASQA business processes through technology, and
- completing the implementation of the Quality Management System, developed during the previous reporting year.

Using technology to regulate efficiently—ICT Strategic Initiative progress

The **ICT Strategic Initiative** seeks to identify and implement process improvements—supported by improved technology—to ensure ASQA operates as efficiently as possible.

The system is due for implementation by December 2015. One component of the initiative will be the replacement of ASQA's current online registration management system, ASQAnet, with a more comprehensive system.

The new core business system will allow ASQA to operate more efficiently and will also provide a more efficient interface for users—registered training organisations, English language providers, and course owners. The new system will reduce the burden of regulation for users, by allowing each user to manage many registration processes quickly and easily online.

Major work undertaken towards the completion of this project during the reporting period included the development of a 'Business Context Model', in which each of ASQA's business processes was formally reviewed and mapped.

The Business Context Model outlines ASQA's:

- business functions
- corporate systems, business systems and data repositories
- team locations and sizes
- business owners (e.g. which roles are responsible for which business functions)
- stakeholders
- current business processes, and
- issues or problems identified with each process and the relevant systems.

This model identified 24 business processes and developed 11 of these in detail. These 11 business processes cover most of ASQA's regulatory activity.



Key performance indicator—High levels of consistency and low levels of duplication in business processes

ASQA has developed its Business Process Model with 11 unique business processes and 30 sub-processes.

These business processes have been developed for ASQA's revised core business system, which is scheduled for implementation by December 2015.

Once the new system is implemented, it will be used across ASQA to guide all business processes, ensuring consistency and preventing duplication. The extent to which these 11 business processes are incorporated into the new system will be the measure of success against this indicator. Effective reporting on this indicator will be possible after December 2015 when the revised system is implemented.

(The Business Process Model will be maintained within ASQA as requirements change and as changes are made to the core business system.)

Key performance indicator—Internal users are satisfied with ICT systems and business processes

ASQA conducted a survey of internal users across all ICT services in September 2013, with more than 70 per cent of staff responding.

Users were asked about a range of ASQA ICT systems. Responses were positive, with users providing the following feedback on the two key internal systems:

- **ASQAnet (online registration management system)**—77 per cent of users rated ASQAnet as either 'very easy' or 'moderately easy' to use; more than 90 per cent of the respondents who used ASQAnet support found it helpful or moderately helpful.
- **Intranet**—86 per cent of users rated ASQA's intranet as either 'very easy' or 'moderately easy' to use; more than 94 per cent of the respondents who used ASQAnet support found it helpful or moderately helpful.

User feedback will contribute to the ongoing development of ASQA's internal ICT systems. This is the first year in which ASQA has conducted this survey. These results will be compared with future survey results.

Key performance indicator—Projects meet end-user requirements

No substantive ICT projects were implemented in the period. The ICT team has been working on the implementation of the ICT Strategic Initiative.



Quality Management System—continuous improvement

During 2013–14, ASQA commenced numerous quality improvement exercises aimed at refining and embedding its existing quality management processes. The implementation of these quality improvements was guided by advice from key stakeholders, including the members of the Provider Roundtable.

These exercises included:

- initiatives to speed up the processing of applications
- the implementation of a risk-based complaints process
- improving guidance and advice to providers and stakeholders, and
- working to improve the efficiency of ASQA's regulatory interventions (i.e. focusing on poor-quality high-risk providers).

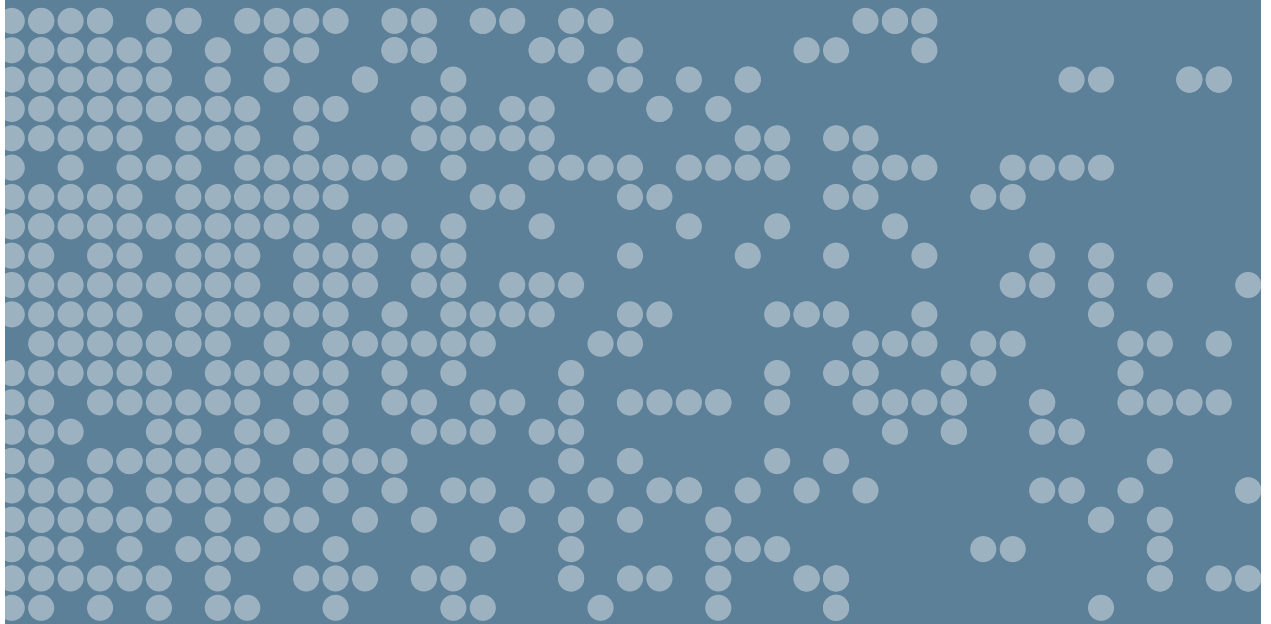
During 2013–14, ASQA also finalised development of its tailored Quality Management System (QMS), which will be fully implemented during 2014–15.

Action taken by ASQA towards implementing the QMS during the reporting year included:

- revising the 'Interim Quality Statement' to provide more direction on:
 - standardised formulation and control of procedures, forms and other documents, and
 - control of records until the new Electronic Document and Records Management System (EDRMS) is operational in 2016.
- developing procedures and resources enabling:
 - internal audits
 - management reviews, and
 - undertaking corrective and preventative actions.
- training and development of the internal auditor team, and
- establishing an internal audit schedule for July 2014 to June 2016.



Management and accountability





Governance

Objective: Sound governance policies and relevant, high-quality policy advice are developed and applied across ASQA's operations

In 2013–14, ASQA's corporate governance framework and practices ensured that ASQA's operations were efficient, effective and accountable.

ASQA's corporate governance framework is realised through:

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

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

Commissioners' meetings

During the reporting period ASQA's Commissioners met formally on 51 occasions to consider items including:

- regulatory decisions about provider registrations, and
- regulatory policy decisions.

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

In addition, in 2013–14:

- ASQA held 49 compliance meetings at which the Commissioner—Compliance made regulatory decisions under the *National Vocational Education and Training Regulator Act 2011*.
- ASQA held 28 reconsideration meetings. At these meetings, the two Commissioners not involved in making the original decision considered the applications from providers for a review of the original decision.

Senior Management Group

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

In 2013–14 the Senior Management Group provided a forum for ensuring:

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



ASQA has established all relevant mandatory committees. These are:

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

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

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

In 2013-14 the Senior Management Group guided and oversaw the completion of many important initiatives, including:

- a comprehensive review of ASQA's regulatory approach, in line with the Australian Government's deregulation agenda
- the development of a new external delegations model
- ASQA's input into the review of national standards, for both training providers and regulators
- completion of the first cycle of ASQA's Strategic Reviews, and the commencement of the second cycle of these reviews, and
- the development and implementation of a contemporary regulatory model for handling complaints against RTOs, including a risk-based Complaints Management Framework and risk-based Complaints Procedural Manual to assist ASQA to consistently and efficiently process complaints.



Input into policy—review of the *Standards for NVR RTOs 2011*

During the reporting year, ASQA provided considerable policy advice relating to the review of the standards for the regulation of VET to both the NSSC and the VET Reform Taskforce. ASQA's advice focused on issues of quality in the sector and utilised data gathered since 1 July 2011 (including through provider feedback, regulatory intelligence and information collected during the Strategic Review process).

The anticipated outcome of the review is one national set of standards for the regulation of VET appropriate for ensuring quality outcomes, which are more clearly documented and more capable of being consistently interpreted by RTOs and regulators, and effectively implemented through nationally consistent regulation. The revised standards are expected to be implemented in 2015.

Key performance indicator—Recipients of governance and policy advice find the advice credible and useful

Advice to the NSSC and the VET Reform Taskforce

ASQA provided policy advice on the Standards review through written submissions and through participation in workshops and other face-to-face meetings organised by the NSSC and the VET Reform Taskforce.

A number of the recommendations made by ASQA were incorporated in the draft revised standards, which were released for consultation on 25 June 2014.

ASQA also met its reporting requirements in relation to the NSSC, submitting its regulator report on 20 September 2013.

Advice to other stakeholders

In addition, as part of its stakeholder survey, ASQA asked two questions relating to the advice it provides.

- 56.8 per cent of survey respondents described ASQA's provision of timely and quality advice about the VET sector as 'excellent' or 'good'.
- 41.2 per cent of survey respondents described ASQA's provision of timely and quality advice on its regulatory activities as 'excellent' or 'good'.

The results of the Stakeholder survey are discussed further on page 52 of this report.

Internal reporting and audit

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

During 2013–14 these reports included:

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



ASQA has developed a Quality Management System that involves the internal audit of ASQA business areas to ensure that established systems and processes are followed and drives a culture of continuous improvement across ASQA.

Ethical standards

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

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

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

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

During 2013–14, ASQA undertook one formal investigation into a suspected breach of the Code of Conduct.

Fraud control

ASQA has in place a Fraud Control Plan as well as other guidelines and policies which underpin fraud control in the agency. The plan meets the requirements of the Commonwealth Fraud Control Guidelines 2011. Collectively, these documents establish the framework for the management of fraud risks and the conduct of investigations.

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

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

Key performance indicator—Internal and external audits demonstrate that legal and best practice requirements are fully satisfied

In line with Australian Government policy the Productivity Commission has developed a Regulator Audit Framework that will be used by the Office of Best Practice Regulation (OBPR) to audit the performance of Australian Government regulators at least once each parliamentary term.

ASQA, in anticipation of the OBPR audit, is working to ensure that its systems and processes meet the requirements set out in the Regulator Audit Framework. The first such audit is expected to occur within the next parliamentary term.



Budget and finance

Financial management and financial performance

Objective: ASQA's operations are managed within the allocated budget and in accordance with the Commonwealth financial and regulatory framework.

During the reporting period, ASQA's operations were managed within the allocated budget and in accordance with the Commonwealth financial framework.

ASQA has reported an operating loss for 2013-14 of \$0.130m (0.3 per cent of departmental revenue) The operating loss is primarily due to the impact of depreciation and amortisation expenses (\$3.166 million).

ASQA obtained approval from the Finance Minister to carry an operational loss in the current and forward years primarily due to unfunded depreciation and amortisation expenses.

The approved operating loss for 2013-14 was \$2.494 million. ASQA's full departmental and administered results are shown in the audited financial statements.

Key performance indicator– ASQA's expenditure is managed within budget

During the reporting period, ASQA's expenditure was managed within the budget appropriation by the Commonwealth Government. ASQA is reporting a surplus and is represented by:

- A surplus of \$0.574m (3 per cent) against its employee expenses budget, predominantly due to difficulty recruiting staff to specialist compliance roles.
- A surplus of \$1.636m (4 per cent) against its suppliers' expense budget, attributed to reduced expenditure on contract auditors as a result of higher productivity of ASQA's staff auditors.

Key performance indicator–No Category A or B findings by Australian National Audit Office

Category A rating applies to audit findings that pose a significant risk to ASQA and that should be addressed as a matter of urgency. Category B rating applies to audit findings that pose a moderate risk and should be addressed by ASQA within the next 12 months. Category C rating applies to findings that are procedural in nature or reflect relatively minor administrative shortcomings.

ASQA received no category A, B or C finding for 2013-14.

There were also no such findings for 2012-13.



Key performance indicator— All non-compliances identified by internal audit are addressed within 12 weeks

During the reporting period, ASQA conducted internal audits on the following key areas:

- Revenue
- Payroll
- Travel and credit cards, and
- Work health and safety and rehabilitation management.

All non-compliances identified through the internal audits were addressed in 12 weeks or less but one case—*ASQA Work Health and Safety and Rehabilitation Management Audit Report*.

The findings of the *ASQA Work Health and Safety and Rehabilitation Management Audit Report* are detailed and specific in nature and require a number of months to address. Given many findings relate to work of ASQA's auditors 'in the field', a consultative management response leading to extensive training and changes to operational procedures was deemed necessary. Within 12 weeks of the audit, a project plan to engage specialist Work Health and Safety resources to assist in the addressing of non-compliances was developed and approved.

In comparison, in 2012–13 ASQA had six non-compliances that were not addressed within 12 weeks. These non-compliances have since been rectified as part of the implementation of the Protective Security Policy Framework (PSPF).

Purchasing

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

The Commonwealth Procurement Guidelines are applied to activities through the 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, and
- 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 Rules.

During 2013–14, ASQA entered into 38 new consultancy contracts, involving actual expenditure of \$808,569.

Assets management

Section 12(10) of the *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies (2013–14)* issued by the Department of Prime Minister and Cabinet sets out the requirement for an assessment of the effectiveness of assets management where it is a significant aspect of the strategic business of ASQA. Assets management does not form a significant aspect of ASQA's strategic business.

Outcomes through purchaser-provider arrangements

ASQA had purchaser-provider arrangements with the Shared Services Centre, which partners with the Department of Employment and Department of Education, during the reporting year.

These arrangements related to the provision of corporate services, notably, information technology and payroll services.

Australian National Audit Office access clauses

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

ASQA did not have any contracts over \$100,000 that did not provide the clause for the Auditor-General to have access to the contractor's premises.

Exempt contracts

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



Objective: Cost-recovery targets are achieved.

This objective requires ASQA to achieve the cost recovery targets that are set by the Australian Government.

To achieve its cost recovery targets, ASQA:

- reviewed cost recovery data each quarter
- analysed cost recovery data, and
- implemented revised fees and charges (following development of a Cost Recovery Impact Statement (CRIS) during 2012-13), with the new fees coming into effect on 31 July 2013.

Key performance indicator—Percentage of revenue target achieved

ASQA had a cost recovery target from fees and charges of \$24.079m for 2013-14.

The actual total revenue ASQA generated was \$19.632m, a shortfall of \$4.447m.

The shortfall resulted from:

- A \$1.1m reduction in fee revenue resulting from a one-month delay in the approval and implementation of ASQA's 2013-14 Cost Recovery Impact Statement (CRIS).
- A \$3.4m reduction in predicted charges revenue resulting from:
 - ASQA's decision to not impose charges for post-initial audits to initial registration applications that were lodged before 13 July 2014, and
 - a large number of compliance audits being excluded from ASQA's charges, due to being initiated before ASQA's charges policy came into effect.



People and culture

Objective: ASQA has empowered, engaged and effective leaders and people

As a relatively new agency, ASQA is developing a strong workplace culture of positive achievement throughout the organisation.

All ASQA leaders participate in manager's forums two to three times per year. These forums are an opportunity for the Commissioners to engage with all managers as a group and to promote discussion on organisational priorities, strategic issues, regulatory performance and corporate governance issues.

Senior Compliance managers participate in monthly Compliance Network meetings and all Compliance employees attend regular audit moderation workshops twice a year.

As at 30 June 2014 ASQA had 204 employees, as well as three Commissioners, located in all capital cities in each state and territory (Table 5). Table 6 provides a breakdown of these employees by classification.

Eighty three per cent of ASQA employees were ongoing (Table 7), 91 per cent were full-time (Table 8) and 68 per cent were female (Table 9).

Key performance indicator—Staff have enhanced skills that are applied in the workplace

The second full cycle of the Performance Development Framework was undertaken in 2013-14. This process focused on building skill, capability, accountability, role alignment and clarity for all ASQA employees.

As a result of the development of ASQA's strategic and operational plans, ASQA improved the Performance Development Framework by linking individual performance agreements with team plans developed from the objectives of the strategic and operational plans. Linking the strategic plans to individual performance agreements provided employees with greater clarity about their individual roles and responsibilities and how they directly contributed to ASQA's strategic direction.

ASQA has implemented strategies developed from consultation workshops conducted with all employees regarding the results of the last employee census which was taken in the middle of 2013.

ASQA uses an internal intranet site to ensure all employees receive timely and accurate communication and information.

Key performance indicator—High levels of staff satisfaction

The last employee census results showed that ASQA employees have high levels of staff satisfaction with managers.

Those results also indicated that employees have a clear understanding of how their work contributes to ASQA's strategic directions.

In July 2013, ASQA established a Staff Consultative Committee. The purpose of this committee is to improve communication and consultation with all employees and to promote continuous improvement and organisational development across ASQA.



Key performance indicator—Staff who currently underperform are managed effectively and within agreed processes

ASQA has an underperformance management policy which was applied for all staff underperformance in the reporting period. Any staff identified as underperforming were managed in accordance with the policy. (Information on the performance of individual staff is confidential.)

Work health and safety

ASQA fulfils its responsibilities under the *Work Health and Safety Act 2011* and has an established 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 service of an occupational therapist to provide onsite ergonomic support to all new employees and any employees experiencing pain or injury. Influenza vaccinations were available for all employees in April 2014. ASQA offers its employees and their families independent, confidential and professional counselling through the Employee Assistance Program. ASQA also offers all employees a healthy lifestyle allowance of up to \$300 per year for expenditure on healthy lifestyle activities or equipment.

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.

ASQA has trained staff who undertake duties as first aid officers, fire wardens, harassment contact officers and workplace health and safety representatives.

Key performance indicator—Compliance with occupational health and safety requirements

In February 2014, ASQA engaged Ernst and Young to conduct an assessment of work health and safety and rehabilitation management at ASQA. The findings and recommendations from that assessment will form the framework for ASQA's work health and safety priorities in the 2014–15 year and beyond.

Payroll

ASQA outsources payroll and leave recording functions to the Shared Services Centre within the Department of Education and the Department of Employment on a fee for service basis.



Reports

Table 5: ASQA employees by location as at 30 June 2014

ASQA office location	Number of employees at location
Melbourne	61
Sydney	42
Adelaide	15
Canberra	15
Brisbane	63
Perth	2
Hobart	4
Darwin	2
Total	204⁹

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

Table 6: ASQA employees by classification as at 30 June 2014

Classification	Number
SES Band 1	1
EL 2	18
EL 1	57
APS 6	54
APS 5	43
APS 4	13
APS 3	18
APS 2	0
APS 1	0
Total	204

9 ASQA has three Commissioners as well as 204 employees



Table 7: ASQA employees by status as ‘ongoing/non-ongoing’ as at 30 June 2014

Status	Number
Ongoing	170
Non-ongoing	34
Total	204

Table 8: ASQA employees by ‘full-time/part-time status’ as at 30 June 2014

Status	Number
Full-time	187
Part-time	17
Total	204

Table 9: ASQA employees by gender, as at 30 June 2014

Gender	Number
Female	140
Male	64
Total	204

ASQA Enterprise Agreement

The terms and conditions of employment for ASQA employees are set out in the ASQA Enterprise Agreement 2012 – 2014. The ASQA Enterprise Agreement 2012 – 2014 has a nominal expiry date of 30 June 2014 and will remain in effect until replaced by the next ASQA Enterprise Agreement.

At the time of writing this report negotiations for the next ASQA Enterprise Agreement had commenced.

At 30 June 2014, 203 ASQA employees were covered by the ASQA Enterprise Agreement 2012–2014, one SES employee was covered by an Individual S24 (1) Determination and three Commissioners were covered by Remuneration Tribunal Determinations.

The salaries for employees covered by the ASQA Enterprise Agreement 2012–2014 range from \$47,039 for an APS level 1 employee at the bottom pay point to \$134,543 for an EL 2 level employee at the top pay point.

ASQA has four employees with individual flexibility agreements that vary the effect of the terms of the ASQA Enterprise Agreement 2012–2014.

Performance pay

The ASQA Enterprise Agreement 2012–2014 does not provide access to performance pay.

Information on Commissioners’ and SES employee total remuneration is set out in Note 13: Senior Executive Remuneration of the financial statements.



External scrutiny

Review of decisions

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

The review may be either:

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

Reconsideration of decisions by ASQA

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

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

In 2013-14, ASQA finalised 47 reconsideration applications. The results of these reconsiderations are shown in Table 10. ASQA can only undertake formal internal reconsideration of decisions made under the *National Vocational Education and Training Regulator Act 2011* (NVR Act). Decisions under the *Education Services for Overseas Students Act 2000* may only be reviewed by an external body.

Table 10: Outcomes of reconsideration applications finalised by ASQA in 2013-14

Outcome of reconsideration application	Number
Decision revoked:	
• Evidence provided to ASQA that non-compliance had been rectified	20
• Procedural issues relating to original decision identified	2
• Reason for original decision no longer exists	1
Decisions affirmed (ASQA reviewed the reconsideration application and any relevant evidence, and found that the provider remained non-compliant)	15
Decision varied (ASQA original decision revoked and new decision put in its place)	8
No decision made (procedural issues meant no decision required)	1
TOTAL	47



Review by the Administrative Appeals Tribunal or Federal Court

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

This section discusses the two kinds of review by Administrative Appeals Tribunal or Court that were undertaken in 2013–14 in relation to ASQA decisions.

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

In 2013–14 ASQA received 56 applications in which training providers or applicants requested a review of a decision made by ASQA to a Tribunal or Court—20 of these were carried over from the previous financial year. Forty of these matters were dealt with and closed during 2013–14 and 16 have been carried into 2014–15. These details are shown in Table 11.

Table 11: Total Tribunal and Court review applications received, closed and carried over as at 30 June 2014

Matter	Number
Carried into 2013–014	20
Opened	36
Total received	56
Total closed	40
Carried over to 2014–15	16

The outcomes of applications for review to a Tribunal or Court that were closed during the reporting period are shown in Table 12.



Table 12: Outcomes of closed Tribunal matters, 1 July 2013–30 June 2014

Outcome of the Tribunal matters	Number of matters
The application was withdrawn by provider/applicant—in this case, ASQA's decision stands	9
Dismissed by Tribunal as outside jurisdiction—in this case, ASQA's decision stands	2
Resolved between applicant and ASQA; new orders or decision—in this case, ASQA and the applicant have reached an agreement which the Tribunal will give effect to by issuing orders or remitting the decision back to ASQA	25
ASQA's decision affirmed by Tribunal—in this case, ASQA's decision stands	0
ASQA's decision set aside by Tribunal	2
Application discontinued with no orders	2
Decision set aside	0
TOTAL	40

Applications for review of decision resolved between ASQA and applicant

More than half of the closed tribunal matters in 2013–14 were resolved by agreement being reached between ASQA and the applicant prior to the application for review being heard by the Tribunal.

In most cases, this agreement results from the applicant:

- providing additional evidence (evidence that was not provided when ASQA made its original decision), and/or
- taking steps to rectify the non-compliance that ASQA has identified, and providing evidence showing that they have rectified this non-compliance.

Judicial review by the Federal Court

In total, two applications were made to the Federal Court for judicial review of an ASQA decision during 2013–14 and both were discontinued with no orders.



Other reports on operations

The ASQA Process Review

On 7 June 2013, the COAG Standing Council on Tertiary Education, Skills and Employment (SCOTese) commissioned a review of the Australian Skills Quality Authority (ASQA). The purpose of the review was to consider ASQA's current regulatory approach, and how ASQA can optimise the efficiency of its operations.

A Reference Committee, comprising representatives from Victoria, Queensland, South Australia, Tasmania and the Australian Government, oversaw the review. An independent consulting firm, PricewaterhouseCoopers began the review in late 2013.

The findings of the review were published on 25 June 2014 in the *ASQA Process Review: Final Report*. This report identified six main areas where ASQA's efficiency could be improved. These were:

1. ASQA's existing information communication technology (ICT) systems do not facilitate the most efficient and effective business processes for the future of ASQA as a regulator.
2. ASQA is constrained by a variety of factors in the regulatory architecture. These factors drive some process inefficiencies that impact the timeliness and transparency of operations.
3. ASQA has evolved its risk model, but requires additional data about the sector and enhanced ICT capability to deliver further improvements.
4. A lack of coordination in training package updates issued by Industry Skills Councils creates unnecessary work for providers and impacts ASQA's operations.
5. A lack of guidance and clarity about the rules for national standards and training packages creates unnecessary work for ASQA and providers.
6. Communications with providers are not fully effective.

ASQA shares responsibility for addressing some of these findings with the Australian Government and state and territory governments.

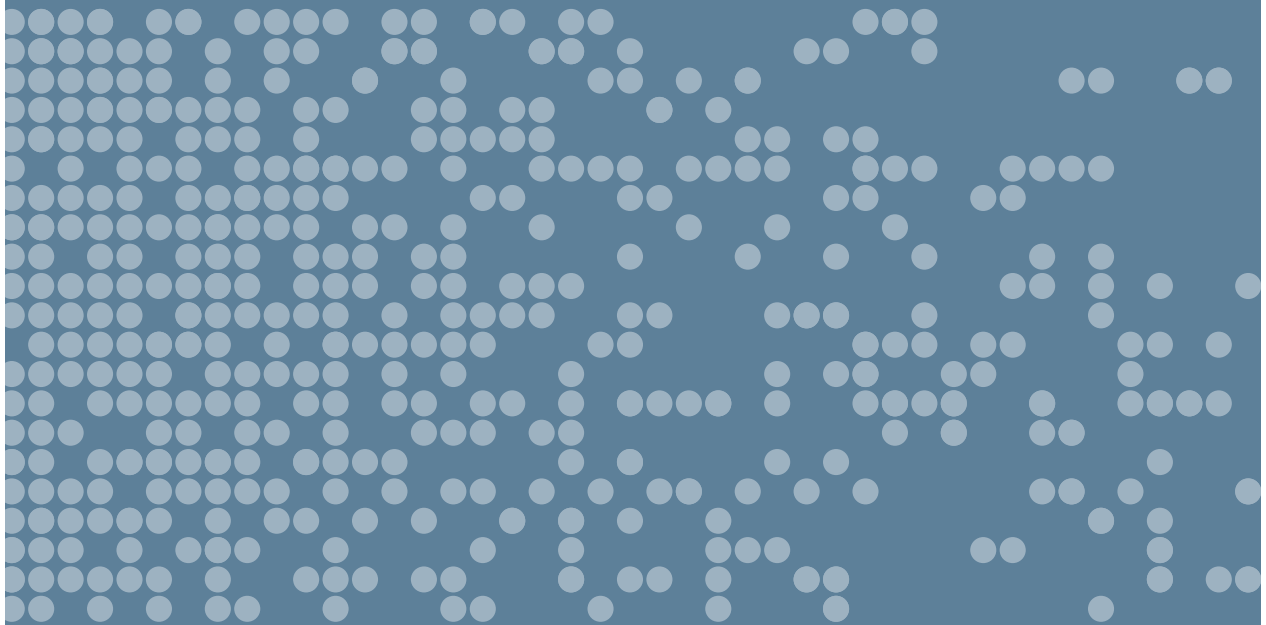
ASQA published a formal response to the *ASQA Process Review: Final Report*. This noted that ASQA has become aware of many of the review's findings throughout its first three years of operation and is actively addressing most of these through regulatory reforms and business improvement activities. In particular, ASQA has commenced a major ICT transformation that will address many of the findings relating to technology and processes. (ASQA's ICT Strategic Initiative is discussed in detail on page 57 of this report.)

Other key ASQA activities undertaken to address findings in the review include:

- a move toward a more risk-based (and less 'transaction-based') style of regulation that is discussed throughout this report), and
- assuming the function of providing more information and guidance to providers about the required standards. This has involved revising Info line procedures to provide more specific information and advice, improved information on the ASQA website, and the development of comprehensive information to support the release of the new standards, as discussed in the section of this report on ASQA's VET Regulatory Reform, on page 46.



Financial statements





INDEPENDENT AUDITOR'S REPORT

To the Minister for Industry

I have audited the accompanying financial statements of the Australian Skills Quality Authority for the year ended 30 June 2014, which comprise: a Statement by the Chief Executive and Chief Financial Officer; Statement of Comprehensive Income; Statement of Financial Position; 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; Administered Schedule of Commitments; Administered Schedule of Contingencies; and Notes to and Forming Part of the Financial Statements comprising a Summary of Significant Accounting Policies and other explanatory information.

Chief Executive's Responsibility for the Financial Statements

The Chief Executive of the Australian Skills Quality Authority 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 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 Australian Skills Quality Authority's preparation of the financial statements that give a true and fair view in order to design audit procedures

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that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Australian Skills Quality Authority'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 Executive of the Australian Skills Quality Authority, 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

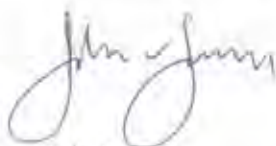
In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

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 2014 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



John Jones
Executive Director

Delegate of the Auditor-General

Canberra

11 September 2014



**AUSTRALIAN SKILLS QUALITY AUTHORITY
STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2014 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.

Signed

Christopher Robinson
Chief Executive

11 September 2014

Signed

Jonella Welsh
Chief Financial Officer

11 September 2014

Australian Skills Quality Authority
Statement of comprehensive income
for the period ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	3A	22,283	19,889
Supplier	3B	10,372	11,860
Depreciation and amortisation	3C	3,166	2,257
Finance Costs	3D	9	-
Write-down and impairment of assets	3E	-	75
Total expenses		35,830	34,081
Own-Source Income			
Own-source revenue			
Other revenue	4A	104	188
Total own-source revenue		104	188
Total own-source income		104	188
Net cost of services		(35,726)	(33,893)
Revenue from Government	4B	35,547	32,795
Deficit attributable to the Australian Government		(179)	(1,098)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus		49	20
Total comprehensive income		49	20
Total comprehensive income/(loss) attributable to the Australian Government		(130)	(1,078)

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

Australian Skills Quality Authority
Statement of financial position
as at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	6A	295	258
Trade and other receivables	6B	18,062	14,387
Total financial assets		18,357	14,645
Non-Financial Assets			
Leasehold improvements	7A, 7C	4,148	5,875
Property, plant and equipment	7B, 7C	199	262
Intangibles	7D, 7E	3,880	2,843
Other non-financial assets	7F	5	-
Total non-financial assets		8,232	8,980
Total assets		26,589	23,625
LIABILITIES			
Payables			
Suppliers	8A	1,950	1,964
Other payables	8B	1,232	1,273
Total payables		3,182	3,237
Provisions			
Employee provisions	9A	4,769	3,816
Other provisions	9B	257	297
Total provisions		5,026	4,113
Total liabilities		8,208	7,350
Net assets		18,381	16,275
EQUITY			
Contributed equity		13,882	11,646
Revaluation of non-financial assets		69	20
Retained surplus		4,430	4,609
Total equity		18,381	16,275

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

Australian Skills Quality Authority
Statement of changes in equity
as at 30 June 2014

	Retained earnings		Asset revaluation surplus		Contributed equity/capital		Total equity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Opening balance								
Balance carried forward from previous period	4,609	5,707	20	-	11,646	7,974	16,275	13,681
Adjusted opening balance	4,609	5,707	20	-	11,646	7,974	16,275	13,681
Comprehensive income								
Surplus (Deficit) for the period	(179)	(1,098)					(179)	(1,098)
Other comprehensive income	-	-	49	20	-	-	49	20
Total comprehensive income	(179)	(1,098)	49	20	-	-	(130)	(1,078)
Transactions with owners								
Contributions by owners								
Equity injection	-	-	-	-	2,236	1,898	2,236	1,898
Restructuring	-	-	-	-	-	1,774	-	1,774
Total transaction with owners	-	-	-	-	2,236	3,672	2,236	3,672
Closing balance attributable to the Australian Government	4,430	4,609	69	20	13,882	11,646	18,381	16,275

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 2014

	Notes	2014 \$'000	2013 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		33,316	31,255
Sales of goods and rendering of services		29	177
Net GST received		84	159
Total cash received		33,429	31,591
Cash used			
Employees		21,183	17,462
Suppliers		10,640	13,102
Section 31 receipts transferred to OPA		1,441	1,852
Total cash used		33,264	32,416
Net cash from/(used by) operating activities	11	165	(825)
INVESTING ACTIVITIES			
Cash used			
Purchase of plant and equipment		-	102
Purchase of leasehold improvements		136	1,612
Purchase of internally developed software		2,228	1,284
Total cash used		2,364	2,998
Net cash used by investing activities		(2,364)	(2,998)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		2,236	3,830
Total cash received		2,236	3,830
Net cash from financing activities		2,236	3,830
Net increase/(decrease) in cash held		37	7
Cash and cash equivalents at the beginning of the reporting period		258	251
Cash and cash equivalents at the end of the reporting period	6A	295	258

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

Australian Skills Quality Authority
Schedule of commitments
as at 30 June 2014

	2014 \$'000	2013 \$'000
BY TYPE		
Commitments receivable		
Net GST recoverable on commitments ¹	699	736
Total commitments receivable	699	736
Commitments payable		
Capital commitments		
IT Commitments ²	3,667	2,623
Total Capital commitments	3,667	2,623
Other commitments		
Operating leases ³	6,153	8,372
Other ⁴	130	353
Total other commitments	6,283	8,725
Total commitments payable	9,950	11,348
Net commitments by type	9,251	10,612
BY MATURITY		
Commitments receivable		
Other commitments receivable		
Within 1 year	213	267
Between 1 to 5 years	486	469
Total other commitments receivable	699	736
Total commitments receivable	699	736
Commitments payable		
Capital commitments		
Within 1 year	673	1,147
Between 1 to 5 years	2,994	1,476
Total Capital commitments	3,667	2,623
Operating lease commitments		
Within 1 year	2,756	2,566
Between 1 to 5 years	3,397	5,806
Total operating lease commitments	6,153	8,372



Australian Skills Quality Authority

Schedule of commitments (continued)

as at 30 June 2014

	2014	2013
	\$'000	\$'000
Other Commitments		
Within 1 year	130	353
Total other commitments	130	353
Total commitments payable	9,950	11,348
Net commitments by maturity	9,251	10,612

1. Commitments are GST inclusive where relevant.
2. IT commitments relate to the development of ASQAnet and NIMBUS.
3. Lease payments are subject to percentage annual increases in accordance with lease agreements.
4. Other commitments include a range of other contracts, such as contractor and other panel services.

Australian Skills Quality Authority

Schedule of contingencies

as at 30 June 2014

Contingent Assets

ASQA estimates the value of contingent assets to be \$nil (2013: \$nil).

Contingent Liabilities

ASQA estimates the value of contingent liabilities to be \$nil (2013: \$nil). During 2013-14, ASQA gave no financial guarantees.

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

Australian Skills Quality Authority

Administered schedule of comprehensive income

for the period ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
NET COST OF SERVICES			
Expenses			
Write-down and impairment of assets	17	50	215
Total expenses		50	215
Income			
Non-taxation revenue			
Fees and fines	18A	19,568	12,074
Other revenue	18B	64	-
Total non-taxation revenue		19,632	12,074
Total revenue		19,632	12,074
Gains			
Reversals of previous asset write-downs	18C	196	-
Total gains		196	-
Total income		19,828	12,074
Net contribution by services		19,778	11,859
Total comprehensive income		19,778	11,859

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



Australian Skills Quality Authority

Administered schedule of assets and liabilities

as at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
ASSETS			
Financial Assets			
Trade and other receivables	20	247	1,012
Total financial assets		247	1,012
Total assets administered on behalf of Government		247	1,012
LIABILITIES			
Provisions			
Provision for refunds	21A	235	-
Total provisions		235	-
Total liabilities administered on behalf of Government		235	-
Net assets/(liabilities)		12	1,012

Australian Skills Quality Authority

Administered reconciliation schedule

for the period ended 30 June 2014

	2014 \$'000	2013 \$'000
Opening assets less liabilities as at 1 July	1,012	2,139
Net contribution by services		
Income	19,828	12,074
Expenses	50	215
Transfers (to)/from the Australian Government		
Appropriation transfers from Official Public Account		
Special appropriations (limited)	417	193
Appropriation transfers to OPA		
Transfers to OPA	(21,195)	(13,179)
Closing assets less liabilities as at 30 June	12	1,012

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

Australian Skills Quality Authority
Administered cash flow statement
for the period ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
OPERATING ACTIVITIES			
Cash received			
Sale of goods and rendering of services		21,160	13,179
Charges		35	-
Total cash received		21,195	13,179
Cash used			
Refunds to registered training organisations		417	193
Total cash used		417	193
Net cash from/(used by) operating activities	22	20,778	12,986
Net increase/(decrease) in cash held		20,778	12,986
Cash and cash equivalents at the beginning of the reporting period		-	-
Cash from Official Public Account			
Appropriations		417	193
Total cash from official public account		417	193
Cash to Official Public Account			
Appropriations		21,195	13,179
Total cash to official public account		21,195	13,179
Cash and cash equivalents at the end of the reporting period	22	-	-

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



Australian Skills Quality Authority

Administered schedule of commitments

for the period ended 30 June 2014

ASQA estimates the value of Administered commitments to be \$nil (2013: \$nil).

Australian Skills Quality Authority

Administered schedule of contingencies

for the period ended 30 June 2014

Contingent assets

ASQA estimates the value of Administered contingent assets to be \$nil (2013: \$nil).

Contingent liabilities

ASQA estimates the value of Administered contingent liabilities to be \$nil (2013: \$nil). During 2013–14, ASQA gave no financial guarantees.

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




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Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2014

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 and 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 the following outcome:

Outcome 1: To contribute to a high quality VET sector, including through streamlined and nationally consistent regulation of training providers and courses, and the communication of advice to the sector on improvements to the quality of VET.

The continued existence of ASQA in its present form and with its present programs is dependent on 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 enforcing compliance



Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2014

- providing advice to and making recommendations to the Portfolio Minister, and/or state and territory Ministers and/or the Ministerial Council on matters relating to VET
- 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 2011, 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 Schedules 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 1.20.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, ASQA has made a judgement that has the most significant impact on the amounts recorded in the financial statements:

- the fair value of non-financial assets has been taken to be the market value of similar assets as determined by an independent valuer.
- Intangible assets are carried at cost with the useful life of 3-10 years based on management's assessment.



Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2014

- the estimated present value of long service leave provision has been based on the Australian Government shorthand method.
- the provision for administered impairment of receivables has been based on historical results on the recoverability of receivables in different aging categories.

No significant 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 amounts 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.

The following new standards, revised standards, interpretations, and amending standards were issued prior to the signing of the statements by the Chief Commissioner and Chief Financial Officer that were applicable to the current reporting period and had a financial impact on the Agency:

- AASB 13 *Fair Value Measurement*—this revised standard requires fair value measurements for non-financial assets to be consistent with those for all financial assets and liabilities.

All 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 did not have a financial impact, and are not expected to have a future material financial impact on ASQA's financial statements.

Future Australian Accounting Standard Requirements

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

- AASB 1055 *Budgetary Reporting*—this new standard is applicable from 1 July 2014 and requires disclosure of ASQA's budget and commentary on significant variances in the financial statements. However, comparative budgetary information in relation to the previous reporting period is not required to be disclosed.

All 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 future reporting period are not expected to have a future material financial impact on ASQA.



Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2014

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.

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.



Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2014

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 *AASB 119 Employee Benefits*) and termination benefits expected 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.

No provision has been made for separation and redundancy payments as ASQA has not formally identified any positions as excess requirements at 30 June 2014.

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.



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

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

ASQA makes employer 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 2014 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. With 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, lessor fitout contributions 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 Borrowing Costs

All borrowing costs are expensed as incurred.

1.11 Fair Value Measurement

ASQA deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period.

1.12 Cash

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

1.13 Financial Assets

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



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It has the following categories:

- a) financial assets at fair value through profit or loss; and
- b) loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. ASQA only holds financial assets of loans and receivables. Financial assets are recognised and derecognised upon trade date.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets:

- a) have been acquired principally for the purpose of selling in the near future;
- b) are derivatives that are not designated and effective as a hedging instrument; or
- c) are part of an identified portfolio of financial instruments that the Department manages together and has a recent actual pattern of short-term profit-taking.

Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

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'. Receivables are measured at amortised cost using the effective interest method less impairment.

Impairment of Financial Assets

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

Financial assets held at amortised cost—if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.



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for the year ended 30 June 2014

1.14 Financial liabilities

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

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.15 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position 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.

1.16 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.

1.17 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 \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).



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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

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 did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

ASQA plans for a valuation every 3 years and a materiality review of the carrying value at fair value every other year. An independent qualified valuer undertook a valuation of the ASQA property, plant and equipment as at 30 June 2013 and conducted a materiality review of the carrying value as at 30 June 2014.

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

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

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

	Fair value measured at	
Asset class	2013-14	2012-13
Leasehold improvements	Depreciated replacement cost	Depreciated replacement cost
Plant and equipment	Exit price	Market selling price

Depreciation

Depreciable property, plant and equipment are written-down to their estimated residual values over their estimated useful lives to ASQA 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	2013-14	2012-13
Leasehold improvements	Lesser of the lease term & useful life	Lesser of the lease term & useful life
Plant and equipment	Four to ten years	Four to ten years



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for the year ended 30 June 2014

Impairment

All assets were assessed for impairment at 30 June 2014. 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.

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.

1.18 Intangibles

ASQA's intangibles consist of internally developed software for internal use. These assets are 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 anticipated useful life of five years. The useful lives of ASQA's software are 3 to 10 years (2012-13: 3 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2014.

1.19 Taxation

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

1.20 Insurance

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



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for the year ended 30 June 2014

1.21 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedules 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) and maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by ASQA on behalf of the Australian Government and reported as such in the Administered Cash Flow Statement, and in the Administered Reconciliation Schedule.

Revenue

All administered revenues are revenues relating to the course of ordinary activities performed by ASQA on behalf of the Australian Government. As such, administered appropriations are not revenues of ASQA that oversees distribution or expenditure of the funds as directed.

Revenue is generated from collection of fees and charges for managing the registration of VET training providers and for accrediting courses. All revenue is recognised on a non-reciprocal basis, under Australian Accounting Standards; as such, revenue is recognised either when an application is lodged with ASQA or when ASQA generates an ASQA accounts receivable invoice.

ASQA issues fee invoices under authority of a legislative instrument that is approved under subsections 23(1) and (5) of the *National Vocational Education and Training Regulator Act 2011*. ASQA issues some annual fees in accordance with fee schedules of former regulators and are issued under authority of section 5 of the *National Vocational Education and Training Regulator (Transitional Provisions) Act 2011*.

ASQA issues charges invoices under authority of a legislative instrument that is approved under subsections 9(2) and 12(2) of the *National Vocational Education and Training Regulator (Charges) Act 2012*. These charges are considered taxes for purposes of section 55 of the Constitution, which provides that a law imposing a tax can only deal with taxation. For accounting purposes these charges are recognised as non-taxation revenue as like other administered fees and charges.

Receivables

Administered receivables have 30 day credit terms and are recognised at the nominal amount due less any impairment allowance account. Impairment allowances are made when collectability of the debt is no longer probable. Collectability of the debt is reviewed at balance date.

Financial liabilities

Administered financial liabilities comprise of a provision for refunds that ASQA expects to pay in regard to fees already paid. Registration assessment fees are refundable if applications do not proceed to the assessment phase. A component of annual fees may be refundable if registration ceases.



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1.22 Constitutional Assessments of Government Spending

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth [2014] HCA 23*, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

Note 2: Events After the Reporting Period

There were no subsequent events that had the potential to significantly affect the ongoing structure and financial activities of the entity.

Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2014

Note 3: Expenses

	2014 \$'000	2013 \$'000
Note 3A: Employee Benefits		
Wages and salaries	15,841	14,339
Superannuation		
Defined contribution plans	2,143	925
Defined benefit plans	746	1,596
Leave and other entitlements	3,553	3,029
Total employee benefits	22,283	19,889

Note 3B: Suppliers

Goods and services supplied or rendered

Consultants	809	832
Contractors	1,148	1,719
Panel auditors	638	2,055
Travel	1,269	1,196
IT services	2,380	1,911
Legal fees	361	575
Property	399	206
Office	398	437
Other	292	176
Total goods and services supplied or rendered	7,694	9,107

Goods supplied in connection with

Related parties	5	3
External parties	272	150
Total goods supplied	277	153

Services rendered in connection with

Related parties	1,628	1,816
External parties	5,789	7,138
Total services rendered	7,417	8,954
Total goods and services supplied or rendered	7,694	9,107

Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2014

	2014 \$'000	2013 \$'000
Note 3B: Suppliers (continued)		
Other suppliers		
Operating lease rental in connection with		
Related parties		
Minimum lease payments	1,398	1,120
External parties		
Minimum lease payments	1,037	1,550
Workers compensation expenses	243	83
Total other suppliers	2,678	2,753
Total suppliers	10,372	11,860

Note 3C: Depreciation and Amortisation		
Depreciation		
Property, plant and equipment	112	97
Leasehold improvements	1,863	1,678
Total depreciation	1,975	1,775
Amortisation		
Intangibles	1,191	482
Total amortisation	1,191	482
Total depreciation and amortisation	3,166	2,257

Note 3D: Finance Costs		
Unwinding of discount	9	-
Total finance costs	9	-

Note 3E: Write-Down and Impairment of Assets		
Revaluation decrement—Land and buildings	-	75
Total write-down and impairment of assets	-	75



Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2014

Note 4: Own-Source Income

	2014	2013
	\$'000	\$'000

Note 4A: Other Revenue

Transfer of assets	-	5
Other revenue	59	138
Resources received free of charge	45	45
Total other revenue	104	188

Note 4B: Revenue from Government

Appropriations

Departmental appropriations	35,547	32,795
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Total revenue from Government	35,547	32,795
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Note 5: Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value. The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Note 5A: Fair Value Measurement

Fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2014

	Fair value measurements at the end of the reporting period using			
	Fair value \$'000	Level 1 inputs \$'000	Level 2 inputs \$'000	Level 3 inputs \$'000
Non-financial assets:				
Leasehold improvements	4,148	-	-	4,148
Plant and equipment	199	-	199	-
Total non-financial assets	4,347	-	199	4,148
Total fair value measurements of assets in the statement of financial position	4,347	-	199	4,148

Fair value measurements—highest and best use differs from current use for non-financial assets (NFAs)

All non-financial assets are held for operational purposes and not held for deriving a profit. The current use of these assets is considered their highest and best use.

Note 5B: Level 1 and Level 2 transfers for recurring fair value measurements

Recurring fair value measurements transferred between Level 1 and Level 2 for assets and liabilities

There have been no transfers between levels of the hierarchy during the year.

Note 5C: Valuation technique and inputs for Level 2 and Level 3 fair value measurements

Category (Level 2 or Level 3)	Fair value \$'000	Valuation technique(s) ¹	Inputs used	Range (weighted average) ²
Non-financial assets				
Leasehold improvements (fitout)	3	4,148	Depreciated replacement cost	Replacement cost (price per square metre)
			Consumed economic benefit/ Obsolescence of asset	33.33%—10.00% (19.52%) p.a.
		Net present value	Current restoration costs (price per square metre)	\$200—\$250
			Indexation rates	1.16%—4.44% p.a.
			Discount rate	3.30%
Property, plant and equipment	2	199	Market approach	Adjusted market transactions

1. There has been no changes in valuation technique during the period.

2. Significant unobservable inputs only. Not applicable for assets or liabilities in the Level 2 category.

Recurring and non-recurring level 3 fair value measurements—valuation processes

ASQA procured the service of the Australian Valuation Office (AVO) to undertake a comprehensive valuation of all non-financial assets at 30 June 2013. ASQA tests the procedures of the valuation model as an internal management review at least once every 12 months (with a formal revaluation undertaken once every three years). If a particular asset class experiences significant and volatile changes in fair value (i.e. where indicators suggest that the value of the class has changed materially since the previous reporting period), that class is subject to specific valuation in the reporting period, where applicable, regardless of the timing of the last specific valuation. ASQA has engaged the Australian Valuation Solutions (AVS) to review the models developed comply with AASB 13.

There is no change in the valuation technique since the prior year.

Recurring level 3 fair value measurements—sensitivity of inputs

Leasehold improvements—consumed economic benefit/ obsolescence of asset

The significant unobservable inputs used in the fair value measurement of ASQA's leasehold improvements asset classes relate to the consumed economic benefit/asset obsolescence. A significant increase (decrease) in this input would result in a significantly lower (higher) fair value measurement.

Leasehold improvements—current restoration costs, indexation rates and discount rate

The significant unobservable inputs used in the fair value measurement of ASQA's leasehold restoration cost (make good) asset class relate to the current restoration costs, escalation rates and discount rates. A significant increase (decrease) in this cost and/or escalation rates and decrease (increase) in the discount rate would result in a significantly higher (lower) fair value measurement.

Note 5D: Reconciliation for recurring Level 3 fair value measurements

Recurring level 3 fair value measurements—reconciliation for assets

	Non-financial assets	
	Leasehold improvements	Total
	2014	2014
	\$'000	\$'000
Opening balance	5,875	5,875
Total gains/(losses) recognised in Statement of Comprehensive Income	(1,863)	(1,863)
Purchases	136	136
Closing balance	4,148	4,148

ASQA's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.

Note 5E: Reconciliation for recurring Level 3 fair value measurements

There are no recurring Level 3 fair value measurements for liabilities.



Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2014

Note 6: Financial Assets

	2014 \$'000	2013 \$'000
Note 6A: Cash and Cash Equivalents		
Cash on hand or on deposit	295	258
Total cash and cash equivalents	295	258
Note 6B: Trade and Other Receivables		
Goods and services receivable in connection with		
Related parties	12	4
External parties	20	-
Total goods and services receivables	32	4
Appropriations receivables		
For existing programs	17,849	14,118
Total appropriations receivables	17,849	14,118
Other receivables		
GST receivable from the Australian Taxation Office	181	265
Total other receivables	181	265
Total trade and other receivables (gross)	18,062	14,387
Trade and other receivables (net) expected to be recovered		
No more than 12 months	18,062	14,387
Total trade and other receivables (net)	18,062	14,387
Trade and other receivables (gross) aged as follows		
Not overdue	18,062	14,387
Total trade and other receivables (gross)	18,062	14,387

Notes to and forming part of the financial statements

for the year ended 30 June 2014

Note 7: Non-Financial Assets

	2014 \$'000	2013 \$'000
Note 7A: Land and Buildings		
Leasehold improvements		
Fair value	6,011	5,875
Accumulated depreciation	(1,863)	-
Total leasehold improvements	4,148	5,875
Note 7B: Property Plant and Equipment		
Fair value	310	262
Accumulated depreciation	(111)	-
Total other property, plant and equipment	199	262

No indicators of impairment were found for leasehold improvements or property, plant and equipment.

No leasehold improvements or property, plant or equipment are expected to be sold or disposed of within the next 12 months.

Note 7C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment for 2014

	Leasehold improvements \$'000	Property, plant and equipment \$'000	Total \$'000
As at 1 July 2013			
Gross book value	5,875	262	6,137
Accumulated depreciation	-	-	-
Total as at 1 July 2013	5,875	262	6,137
Additions			
By purchase	136	49	185
Non-cash purchase	(49)	-	(49)
Revaluations and impairments recognised in other comprehensive income	49	-	49
Depreciation expense	(1,863)	(112)	(1,975)
Disposals:			
Other—gross value	-	(1)	-
Other—accumulated depreciation	-	1	-
Total as at 30 June 2014	4,148	199	4,347

Notes to and forming part of the financial statements

for the year ended 30 June 2014

Note 7C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment for 2014 (continued)

	Leasehold improvements \$'000	Property, plant and equipment \$'000	Total \$'000
Total as at 30 June 2014 represented by			
Gross book value	6,011	310	6,321
Accumulated depreciation and impairment	(1,863)	(111)	(1,974)
Total as at 30 June 2014	4,148	199	4,347

Note 7C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment for 2013

	Leasehold improvements \$'000	Property, plant and equipment \$'000	Total \$'000
As at 1 July 2012			
Gross book value	4,893	346	5,239
Accumulated depreciation	(1,228)	(114)	(1,342)
Total as at 1 July 2012	3,665	232	3,897
Additions			
By purchase	1,612	102	1,714
Non-cash purchase	577	-	577
From acquisition of entities or operations (including restructuring)	1,774	5	1,779
Revaluations recognised in the operating result	(75)	-	(75)
Revaluations and impairments recognised in other comprehensive income	-	20	20
Depreciation expense	(1,678)	(97)	(1,775)
Total as at 30 June 2013	5,875	262	6,137
Total as at 30 June 2013 represented by			
Gross book value	5,875	262	6,137
Accumulated depreciation and impairment	-	-	-
Total as at 30 June 2013	5,875	262	6,137

Notes to and forming part of the financial statements

for the year ended 30 June 2014

Note 7D: Intangibles

Computer software

Internally developed—in progress	1,642	339
Internally developed—in use	4,097	3,172
Accumulated amortisation	(1,859)	(668)
Total computer software	3,880	2,843
Total intangibles	3,880	2,843

No indicators of impairment were found for intangibles.

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

Note 7E: Reconciliation of the Opening and Closing Balances of Intangibles for 2014

	Computer software \$'000	Total \$'000
As at 1 July 2013		
Gross book value	3,511	3,511
Accumulated amortisation and impairment	(668)	668
Total as at 1 July 2013	2,843	2,843
Additions		
By purchase or internally developed	2,228	2,228
Amortisation	(1,191)	(1,191)
Total as at 30 June 2014	3,880	3,880
Total as at 30 June 2014 represented by		
Gross book value	5,739	5,739
Accumulated amortisation and impairment	(1,859)	(1,859)
Total as at 30 June 2014	3,880	3,880



Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2014

Note 7E: Reconciliation of the Opening and Closing Balances of Intangibles for 2013

	Computer software \$'000	Total \$'000
As at 1 July 2012		
Gross book value	2,100	2,100
Accumulated amortisation and impairment	(186)	(186)
Net book value 1 July 2012	1,914	1,914
Additions		
By purchase or internally developed	1,411	1,411
Amortisation	(482)	(482)
Net book value 30 June 2013	2,843	2,843

Net book value as of 30 June 2013 represented by

Gross book value	3,511	3,511
Accumulated amortisation and impairment	(668)	(668)
Total as at 30 June 2013	2,843	2,843

2014	2013
\$'000	\$'000

Note 7F: Other Non-Financial Assets

Prepayments	5	-
Total other non-financial assets	5	-
Other non-financial assets expected to be recovered		
No more than 12 months	5	-
Total other non-financial assets	5	-

Notes to and forming part of the financial statements

for the year ended 30 June 2014

Note 8: Payables

	2014 \$'000	2013 \$'000
Note 8A: Suppliers		
Trade creditors and accruals	1,950	1,964
Total suppliers	1,950	1,964
Suppliers expected to be settled		
No more than 12 months	1,683	1,732
More than 12 months	267	232
Total suppliers	1,950	1,964
Suppliers in connection with		
Related parties	580	470
External parties	1,370	1,494
Total suppliers	1,950	1,964

Settlement was usually made within 30 days.

Note 8B: Other Payables

Wages and salaries	590	391
Superannuation	89	132
Unamortised lease liabilities	553	750
Total other payables	1,232	1,273
Other payables expected to be settled		
No more than 12 months	876	730
More than 12 months	356	543
Total other payables	1,232	1,273



Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2014

Note 9: Provisions

	2014 \$'000	2013 \$'000
Note 9A: Employee Provisions		
Leave	4,769	3,816
Total employee provisions	4,769	3,816
Employee provisions are expected to be settled		
No more than 12 months	3,299	2,491
More than 12 months	1,470	1,325
Total employee provisions	4,769	3,816

Note 9B: Other Provisions

Provision for restoration obligations	257	297
Total other provisions	257	297
Other provisions are expected to be settled		
More than 12 months	257	297
Total other provisions	257	297

	Provision for restoration \$'000	Total \$'000
As at 1 July 2013	297	297
Amounts reversed	(49)	(49)
Unwinding of discount or change in discount rate	9	9
Total as at 30 June 2014	257	257

Note 10: Restructuring

Departmental Restructuring

	2013	
	Department of Education, Employment and Workplace Relations ¹ \$'000	Department of Innovation, Industry, Climate Change, Science, Research, and Tertiary Education ² \$'000
FUNCTION ASSUMED		
Assets recognised		-
Appropriation receivable	-	142
Net land and buildings	1,774	-
Total assets recognised	1,774	142
Liabilities recognised		
Leave provisions	-	(142)
Total liabilities recognised	-	(142)
Net assets/(liabilities) recognised³	1,774	-
Income assumed		
Recognised by the receiving entity	-	1,244
Total income assumed	-	1,244
Expenses assumed		
Recognised by the receiving entity	-	1,011
Total expenses assumed	-	1,011

There was no restructuring in 2013-14.

1. As part of the Departmental of Education, Employment and Workplace Relations (DEEWR) 2010-11 capital appropriation, DEEWR was appropriated \$4.5 million in order to establish ASQA. As a result of the establishment of ASQA in July 2011, ASQA assumed from DEEWR the \$4.5 million appropriation in February 2012. On 1 July 2012, ASQA assumed a further \$1.774 million of property, plant and equipment. ASQA recognised net assets transferred as contributions by owners in the Statement of Changes in Equity.
2. In November 2012 ASQA assumed the function of the Education Services of Overseas Students Act 2000 (ESOS). The function was transferred to ASQA as a result of an agreement under s. 32 of the FMA Act from the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education appropriation for Outcome 3.
3. The net assets assumed from all entities were \$1.774 million.
4. In respect of functions assumed, the net book values of assets and liabilities were transferred to ASQA for no considerations.



Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2014

Note 11: Cash Flow Reconciliation

	2014 \$'000	2013 \$'000
Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement		
Cash and cash equivalents as per		
Cash flow statement	295	258
Statement of financial position	295	258
Discrepancy	-	-
Reconciliation of net cost of services to net cash from/(used by) operating activities		
Net cost of services	(35,726)	(33,893)
Revenue from Government	35,547	32,795
Adjustments for non-cash items		
Depreciation / amortisation	3,166	2,257
Net write down of non-financial assets	-	75
Movements in assets and liabilities		
Assets		
(Increase) / decrease in net receivables	(3,675)	(4,020)
(Increase) / decrease in other non-financial assets	(5)	-
Liabilities		
Increase / (decrease) in employee provisions	953	2,448
Increase / (decrease) in other provisions	(40)	297
Increase / (decrease) in supplier payables	(14)	(1,509)
Increase / (decrease) in other payables	(41)	725
Net cash from/(used by) operating activities	165	(825)



Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2014

Note 12: Contingent Assets and Liabilities

Quantifiable Contingencies

ASQA had no quantifiable departmental contingencies at 30 June 2014 (2013: nil).

Unquantifiable Contingencies

ASQA had a number of legal matters against third parties as at 30 June 2014, however it is not possible to estimate the amounts of any eventual payments in relation to these legal matters.

Significant Remote Contingencies

ASQA had no significant remote departmental contingencies at 30 June 2014 (2013: nil).

Quantifiable Contingencies

ASQA had no quantifiable administered contingencies at 30 June 2014 (2013: nil).

Unquantifiable Contingencies

ASQA had no unquantifiable administered contingencies at 30 June 2014 (2013: nil).

Significant Remote Contingencies

ASQA had no significant remote administered contingencies at 30 June 2014 (2013: nil).

Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2014

Note 13: Senior Executive Remuneration

2014	2013
\$'000	\$'000

Note 13A: Senior Executive Remuneration Expense for the Reporting Period

Short-term employee benefits

Salary	881	1,004
Motor vehicle and other allowances	191	216
Bonuses	5	-

Total short-term employee benefits

1,077	1,220
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Post-employment benefits

Superannuation	172	220
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Total post-employment benefits

172	220
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Other long-term benefits

Annual leave accrued	78	71
Long-service leave	20	30

Total other long-term employee benefits

98	101
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Total senior executive remuneration expenses

1,347	1,541
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Note 13A is prepared on an accrual basis (therefore the performance bonus expenses disclosed above may differ from the cash 'Bonus paid' in Note 13B).

Notes to and forming part of the financial statements

for the year ended 30 June 2014

Note 13B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives during the Reporting Period

Average annual reportable remuneration paid to substantive senior executives in 2014

Average annual reportable remuneration ¹	Substantive Senior Executives No.	Reportable salary ² \$	Contributed superannuation ³ \$	Reportable allowances ⁴ \$	Bonus paid ⁵ \$	Total reportable remuneration \$
Total reportable remuneration (including part-time arrangements)						
Less than \$195,000	-	-	-	-	-	-
\$225,000 to \$254,999	1	171,857	27,976	28,119	5,000	232,952
\$315,000 to \$344,999	2	241,617	41,194	52,148	-	334,959
\$375,000 to \$404,999	1	270,187	61,103	60,416	-	391,706
Total number of substantive senior executives	4					

Average annual reportable remuneration paid to substantive senior executives in 2013

Average annual reportable remuneration ¹	Substantive Senior Executives No.	Reportable salary ² \$	Contributed superannuation ³ \$	Reportable allowances ⁴ \$	Bonus paid ⁵ \$	Total reportable remuneration \$
Total reportable remuneration (including part-time arrangements)						
Less than \$195,000	-	-	-	-	-	-
\$195,000 to \$224,999	1	159,220	24,403	26,283	-	209,906
\$225,000 to \$254,999	1	171,003	26,374	28,224	-	225,601
\$315,000 to \$344,999	2	234,614	46,255	50,872	-	331,741
\$405,000 to \$434,999	1	273,266	76,966	59,938	-	410,170
Total number of substantive senior executives	5					



Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2014

Note 13B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives during the Reporting Period (continued)

Note:

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 (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
 - b) reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes); and
 - c) reportable employer superannuation contributions.
3. The 'contributed superannuation' amount is the average cost to the entity for the provision of superannuation benefits to substantive senior executives in that reportable remuneration band during the reporting period.
4. 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
5. 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.

Note 13C: Average Annual Reportable Remuneration Paid to Other Highly Paid Staff during the Reporting Period

During the reporting period, there was no non-SES or non-director employee whose total reportable remuneration was \$195,000 or more.

Note 14: Remuneration of Auditors

	2014 \$'000	2013 \$'000
Financial statement audit services were provided free of charge to the entity by the Australian National Audit Office.		
Fair value of the services received		
Financial statement audit services	45	45
Total fair value of services received	45	45

Notes to and forming part of the financial statements

for the year ended 30 June 2014

Note 15: Financial Instruments

2014	2013
\$'000	\$'000

Note 15A: Categories of Financial Instruments

Financial Assets

Receivables

Cash and cash equivalents	295	258
Trade and other receivables	32	4

Total receivables	327	262
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Total financial assets	327	262
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Financial Liabilities

Financial liabilities measured at amortised cost

Trade creditors	1,950	1,964
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Total financial liabilities measured at amortised cost	1,950	1,964
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Total financial liabilities	1,950	1,964
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There was no income or expenses for financial assets and liabilities.

The financial assets and liabilities are a reasonable approximation of their fair value.

Note 15B: Credit Risk

ASQA was exposed to minimal credit risk as loans and receivables were cash and trade receivables. The maximum exposure to credit risk was the risk from potential default of debtors. At year end the total amount of trade receivables was \$32k (2013: \$4k). This amount was not past due date and no impairment allowance was required. In addition, ASQA has policies and procedures in place to manage its debtors.

ASQA held no collateral to mitigate against credit risk due to the minimal risk exposure.

Credit quality of financial assets not past due or individually determined as impaired

	Not past due nor impaired 2014 \$'000	Not past due nor impaired 2013 \$'000	Past due or impaired 2014 \$'000	Past due or impaired 2013 \$'000
Cash and cash equivalent	295	258	-	-
Trade and other receivables	32	4	-	-
Total	327	262	-	-



Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2014

Note 15C: Liquidity Risk

ASQA's financial liabilities were payables. The exposure to liquidity risk was based on the notion that ASQA will encounter difficulty in meeting its obligations associated with financial liabilities. This was highly unlikely as ASQA is appropriated funding from the Australian Government and ASQA manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, ASQA has 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.

Maturities for non-derivative financial liabilities 2014

	On demand \$'000	Within 1 year \$'000	1 to 2 years \$'000	2 to 5 years \$'000	> 5 years \$'000	Total \$'000
Trade creditors	-	1,950	-	-	-	1,950
Total	-	1,950	-	-	-	1,950

Maturities for non-derivative financial liabilities 2013

	On demand \$'000	Within 1 year \$'000	1 to 2 years \$'000	2 to 5 years \$'000	> 5 years \$'000	Total \$'000
Trade creditors	-	1,964	-	-	-	1,964
Total	-	1,964	-	-	-	1,964

Note 15D: Market Risk

Currency risk

Currency risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. ASQA is not exposed to foreign exchange currency risk.

Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. ASQA is not exposed to interest rate risk.

Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2014

Note 16: Financial Assets Reconciliation

	Notes	2014 \$'000	2013 \$'000
Total financial assets as per statement of financial position		18,357	14,645
Less: Non-financial instrument components			
Appropriation receivables		17,849	14,118
Other receivables		181	265
Total non-financial instrument components		327	262
Total financial assets as per financial instruments note	15A	327	262

Note 17: Administered Expenses

	2014 \$'000	2013 \$'000
Note 17: Write-Down and Impairment of Assets		
Impairment/(reversal) on receivables	50	215
Total write-down and impairment of assets	50	215



Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2014

Note 18: Administered Income

	2014 \$'000	2013 \$'000
Revenue		
Non-Taxation Revenue		
Note 18A: Fees and Fines		
Fees	19,568	12,074
Total fees and fines	19,568	12,074
Note 18B: Other Revenue		
Charges	64	-
Total other revenue	64	-
Total revenue	19,632	12,074
Gains		
Note 18C: Reversals of Previous Asset Write-Downs		
Reversal of previous asset write down	196	-
Total reversals of previous asset write-downs and impairments	196	-

Note 19: Administered Fair Value Measurements

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

Notes to and forming part of the financial statements

for the year ended 30 June 2014

Note 20: Administered Financial Assets

	2014 \$'000	2013 \$'000
Trade and Other Receivables		
Other receivables		
Fees	416	1,406
Charges	29	-
Total other receivables	445	1,406
Total trade and other receivables (gross)	445	1,406
Less impairment allowance		
Fees	(198)	(394)
Total impairment allowance	(198)	(394)
Total trade and other receivables (net)	247	1,012
Trade and other receivables (net) expected to be recovered		
No more than 12 months	247	1,012
Total trade and other receivables (net)	247	1,012
Trade and other receivables (gross) aged as follows		
Not overdue	178	1,096
Overdue by		
0 to 30 days	49	56
31 to 60 days	2	34
61 to 90 days	4	15
More than 90 days	212	205
Total trade and other receivables (gross)	445	1,406
Impairment allowance aged as follows		
Not overdue	(1)	(198)
Overdue by		
0 to 30 days	(7)	(9)
31 to 60 days	-	(5)
61 to 90 days	-	(4)
More than 90 days	(190)	(178)
Total impairment allowance	(198)	(394)



Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2014

Note 20: Administered Financial Assets (continued)

Reconciliation of the Impairment Allowance

Movements in relation to 2014

	Other receivables \$'000	Total \$'000
Opening balance	394	394
Amounts recovered and reversed	(196)	(196)
Closing balance	198	198

Movements in relation to 2013

	Other receivables \$'000	Total \$'000
Opening balance	179	179
Amounts recovered and reversed	215	215
Closing balance	394	394

Note 21: Administered Provisions

	2014 \$'000	2013 \$'000
Note 21: Administered—Provisions		
Provision for refunds	235	-
Total other provisions	235	-
Other provisions are expected to be settled in:		
No more than 12 months	235	-
Total other provisions	235	-

Note 22: Administered Cash Flow Reconciliation

	2014 \$'000	2013 \$'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	-	-
Discrepancy	-	-
Reconciliation of net cost of services to net cash from operating activities		
Net contribution by services	19,778	11,859
Movements in assets and liabilities		
Assets		
Decrease in net receivables	765	1,127
Increase in other provisions	235	-
Net cash from operating activities	20,778	12,986

Note 23: Administered Financial Instruments

ASQA's administered receivables are imposed under ASQA's enabling legislation, the *National Vocational Education and Training Regulator Act 2011*; the *National Vocational Education and Training Regulator (Transitional Provisions) Act 2011* and the *National Vocational Education and Training Regulator (Charges) Act 2012*, so they are not considered as financial instruments. As at 30 June 2014, there are no Administered financial instruments for ASQA.



Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2014

Note 24: Administered Financial Assets Reconciliation

	2014 \$'000	2013 \$'000
Total financial assets as per administered schedule of assets and liabilities	247	1,012
Less: Non-financial instrument components		
Taxation receivables	29	-
Other receivables	218	1,012
Total non-financial instrument components	247	1,012
Total financial assets as per financial instruments note	-	-

Note 25: Appropriations

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

	2014 Appropriations				Appropriation applied in 2014 (current and prior years) \$'000	Variance \$'000
	<i>Appropriation Act</i>		<i>FMA Act</i>			
	Annual Appropriation \$'000	Section 31 \$'000	Section 32 \$'000	Total appropriation \$'000		
DEPARTMENTAL						
Ordinary annual services ¹	35,547	210	-	35,757	(31,850)	3,907
Other services						
Equity	2,236		-	2,236	(2,230)	6
Total departmental	37,783	210	-	37,993	(34,080)	3,913

Notes to and forming part of the financial statements

for the year ended 30 June 2014

Note 25: Appropriations (continued)

	2014 Appropriations				Appropriation applied in 2014 (current and prior years) \$'000	Variance \$'000
	Appropriation Act		FMA Act			
	Annual Appropriation \$'000	Section 31 \$'000	Section 32 \$'000	Total appropriation \$'000		
DEPARTMENTAL						
Ordinary annual services ²	31,551	1,852	1,244	34,647	(30,564)	4,083
Other services						
Equity ³	1,898		-	1,898	(2,998)	(1,100)
Total departmental	33,449	1,852	1,244	36,545	(33,562)	2,983

Notes:

1. There were no appropriations reduced under Appropriation Acts (No.1,3,5) for 2012-13 and 2013-14; sections 10, 11, 12 and 15; or via a determination by the Finance Minister. However, \$40,000 of the Appropriation Act 1 for 2013-14 was quarantined by the Department of Finance as part of an efficiency measure (\$6k) and a parameter adjustment (\$34k).
2. Unspent appropriations were due to the deferral of the state regulators transitioning power and their related costs to ASQA. The result was a lower than expected FTE which had a direct impact on employment and other overhead costs.
3. The over spent 2012-13 equity injection appropriation related to internally developed software (ASQAnet) for the purpose of supporting ASQA's database and registration billing system.

Table B: Departmental and Administered Capital Budgets ('Recoverable GST exclusive')

There were no departmental capital budget or administered capital budget received by ASQA in the current and prior years.

Table C: Unspent Departmental Annual Appropriations ('Recoverable GST exclusive')

	2014 \$'000	2013 \$'000
Departmental		
Appropriation Act (No.1) 2011-12	-	7,551
Appropriation Act (No.1) 2012-13	2,633	6,567
Appropriation Act (No.1) 2013-14	15,505	-
Appropriation Act (No.2) 2013-14	6	-
Total	18,144	14,118



Note 25: Appropriations (continued)

			Appropriation applied	
			2014 \$'000	2013 \$'000
Authority	Type	Purpose		
Financial Management and Accountability Act 1997 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.	417	193
Total			417	193

Note 26: Compensation and Debt Relief

	2014 \$	2013 \$
Compensation and Debt Relief—Departmental		
No 'Act of Grace payments' were expensed during the reporting period (2013: Nil).	-	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> (2013: Nil).	-	-
One payment was provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period (2013: Nil).	256,106	-
No ex-gratia payments were provided for during the reporting period (2013: Nil).	-	-
No payments were provided in special circumstances relating to the APS employment pursuant to section 73 of the Public Service Act 1999 (PS Act) during the reporting period (2013: Nil).	-	-

Notes to and forming part of the financial statements

for the year ended 30 June 2014

Note 26: Compensation and Debt Relief (continued)

	2014 \$	2013 \$
Compensation and Debt Relief—Administered		
No 'Act of Grace payments' were expensed during the reporting period. (2013: Nil).	-	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 42(1) of the Financial Management and Accountability Act 1997. (2013: Nil).		
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period. (2013: Nil).	-	-
No ex-gratia payments were provided for during the reporting period. (2013: Nil).	-	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the Public Service Act 1999 (PS Act) during the reporting period. (2013: Nil).	-	-

Note 27: Reporting of Outcomes

Note 27: Net Cost of Outcome Delivery

	Outcome 1		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Departmental				
Expenses	35,830	34,081	35,830	34,081
Own-source income	104	188	104	188
Administered				
Expenses	50	215	50	215
Income	19,632	12,074	19,632	12,074
Net cost of outcome delivery	(16,144)	(22,034)	(16,144)	(22,034)



Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2014

Note 28: Competitive Neutrality and Cost Recovery

	2014 \$'000	2013 \$'000
Cost Recovery Summary		
Amounts applied		
Departmental		
Annual appropriations	35,547	32,795
Administered		
Special appropriations	417	193
Total amounts applied	35,964	32,988
Expenses		
Departmental	35,830	34,081
Administered	50	215
Total expenses	35,880	34,296
Revenue		
Administered	19,632	12,074
Total revenue	19,632	12,074
Receivables		
Not overdue	178	1,096
Overdue by		
0 to 30 days	49	56
31 to 60 days	2	34
61 to 90 days	4	15
More than 90 days	212	205
Total receivables	445	1,406

Cost recovered activities:

ASQA is a cost recovery agency. ASQA's cost recovery arrangements are outlined in ASQA's Cost Recovery Impact Statement, which is available at:

<http://www.asqa.gov.au/about/fees-and-charges/fees-and-charges-overview.html>

Australian Skills Quality Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2014

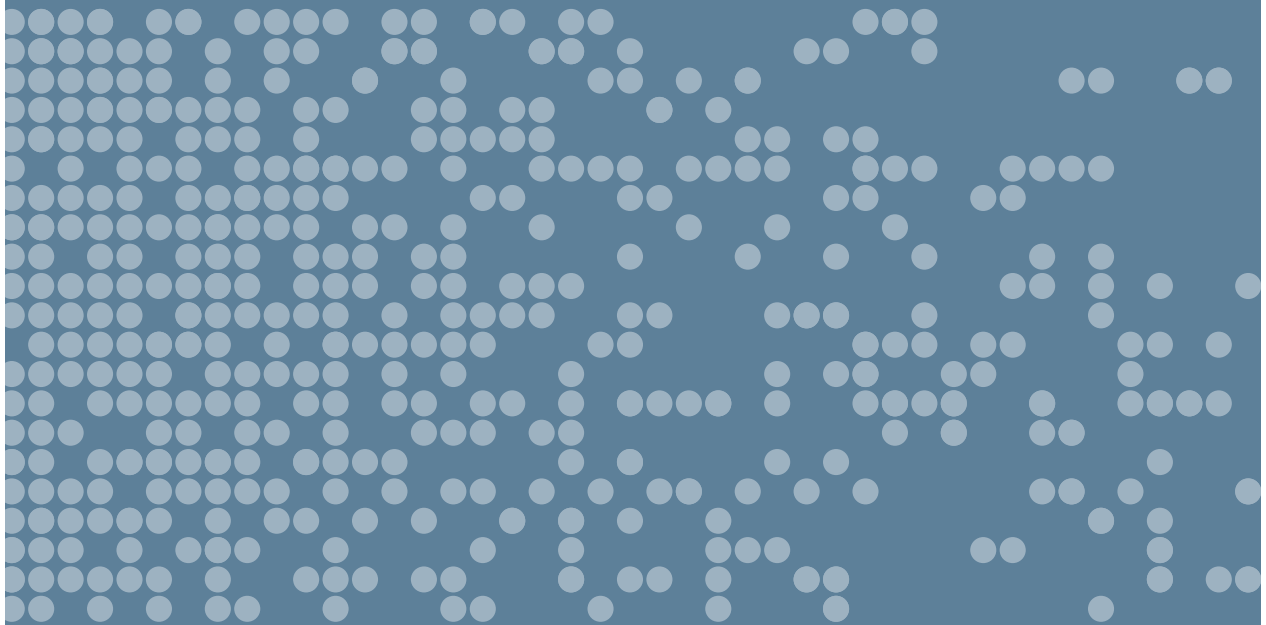
Note 29: Net Cash Appropriation Arrangements

	2014 \$'000	2013 \$'000
Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations¹	3,036	1,179
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(3,166)	(2,257)
Total comprehensive income (loss)—as per the Statement of Comprehensive Income	(130)	(1,078)

1. From 2010–11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditures is required.



Appendices





Appendix 1—Regulatory decisions overview

Administrative sanctions

ASQA made 25 decisions to cancel the registration of a provider in accordance with the paragraph 36(2) (f) and section 39 of the *National Vocational Education and Training Regulatory Act 2011*. Where these decisions can be published, they are shown in Table 13.

Table 13: Providers affected by ASQA decisions to cancel their registration, 1 July 2013–30 June 2014*

RTO number	RTO legal name
60175	Bishop, Kelli-Jane
32247	Bradford Employment Services and Training Pty Ltd
40231	E Word Development Pty Ltd
32120	J9 Consulting Pty Ltd
32467	Management Educational Training and Consultancy Services Pty Ltd
31308	MGGM Trading Pty Ltd
32361	Security Code Pty Ltd
40516	Shoretect Security Pty Ltd as Trustee for The Security Training Academy Trust
32250	Synergy Training & Consulting Pty Ltd
32348	Trade Education Centre Pty Ltd
21893	Victorian Independent Training and Assessment Group Pty Ltd
32248	Yin Enterprises Pty Ltd

* This list does not include the details of:

- decisions that were subsequently varied, set aside or resolved by consent (e.g. via Administrative Appeals Tribunal [AAT], or ASQA process)
- decisions subject to an application for reconsideration or review which had not been finalised at the time of reporting
- decisions that were still eligible for review process at the time of reporting.

ASQA made 49 decisions to suspend all or part of a registration of a provider in accordance with the paragraph 36(2)(e) and section 38 of the *National Vocational Education and Training Regulatory Act 2011*. Where these decisions can be published, they are shown in Table 14.

Table 14: Providers affected by ASQA decisions to suspend their registration, 1 July 2013–30 June 2014*

RTO number	RTO legal name
91499	Australia Study Group Pty Ltd
31164	Australian Rescue and Emergency Management Pty Ltd
6995	Beaumont International Cocktails Pty Ltd
88168	Best Practice Project Management Pty Ltd
91807	Clean Room Garments Pty Ltd
31114	College of Somatic Studies Pty Ltd, The
32092	Garwen Education Pty Ltd
31930	Global Medical Education Online Pty Ltd
91722	Links International College Pty Ltd
88167	Mantra Training and Development Pty Ltd
91738	Marine & Offshore Safety Training Pty Ltd
31965	Out of the Box Business Solutions
88116	Pilates Canberra
20664	Quantec Solutions Pty Ltd
91733	RJM Security Network Pty Ltd
91775	S & L Training Services Pty Ltd
32361	Security Code Pty Ltd
91676	T & M Training Pty Ltd
40204	World Workers Training Centre Pty Ltd
31183	Zieland Australian Pty Ltd

* This list does not include the details of:

- decisions that were subsequently varied, set aside or resolved by consent (e.g. via Administrative Appeals Tribunal [AAT], or ASQA process)
- decisions subject to an application for reconsideration or review which had not been finalised at the time of reporting
- decisions that were still eligible for review process at the time of reporting.

ASQA gave a further 188 written notices of intention to cancel or suspend the registration of a provider.

ASQA made 35 decisions to impose another type of administrative sanction in accordance with paragraphs 36(2)(a)-(d) of the *National Vocational Education and Training Regulatory Act 2011*. Where these decisions can be published, they are shown in Table 15.



Table 15: ASQA decisions to impose administrative sanctions (other than cancellation or suspension of registration)*†

RTO number	RTO legal name	Type of sanction
32369	Andrew Lamb	Amend scope
21368	Australian National Institute of Business & Technology Pty Ltd	Amend scope
21368	Australian National Institute of Business & Technology Pty Ltd	Give a written direction
32037	Direct Insight Consulting & Training Pty Ltd	Amend scope
31714	Enterprise Management Group Pty Ltd	Impose a condition
31449	G L Marketing & Distribution Pty Ltd	Amend scope
2292	Tactical Training (Australia) Pty Ltd	Amend scope
121814	Training Experts Australia Pty Ltd	Give a written direction
21675	Training Sense Pty Ltd	Amend scope

* This list does not include the details of:

- decisions that were subsequently varied, set aside or resolved by consent (e.g. via Administrative Appeals Tribunal [AAT], or ASQA process)
- decisions subject to an application for reconsideration or review which had not been finalised at the time of reporting
- decisions that were still eligible for review process at the time of reporting.

† List does not include a decision that is subject to a confidentiality order.

ASQA made 33 decisions to reject an application for renewal of registration in accordance with section 17 of the *National Vocational Education and Training Regulatory Act 2011*. Where these decisions can be published, they are as shown in Table 16. Note that a provider may have its application for CRICOS and/or VET registration renewal rejected, where this has occurred, a provider is only listed once.



Table 16: Providers affected by ASQA decisions to reject their application/s for re-registration, 1 July 2013–30 June 2014*

RTO number	RTO legal name
90049	Academy of Applied Hypnosis Pty Ltd
6779	Austraining (NSW) Pty Ltd
22031	Australian Security Management Pty Ltd
31714	Enterprise Management Group Pty Ltd
31671	Harvest Education Technical College Pty Ltd as trustee for the HETC Trust
31766	King's Institute of Management and Technology Pty Ltd
31712	Michelle Louise Merrifield
40252	New Deal Ltd
21194	Stephen Yeates Investigations Pty Ltd
4833	Studio Hairdressing and Beauty Services Pty Ltd
31705	Wright Solution QLD Pty Ltd

* This list does not include the details of:

- decisions that were subsequently varied, set aside or resolved by consent (e.g. via Administrative Appeals Tribunal [AAT], or ASQA process)
- decisions subject to an application for reconsideration or review which had not been finalised at the time of reporting
- decisions that were still eligible for review process at the time of reporting.



Appendix 2—Other mandatory information

Ecologically Sustainable Development and Environmental Performance Reporting

ASQA's commitment to operating in accordance with the principles of ecological sustainable development and against government policy requirements is demonstrated through the development and implementation of an Environmental Management System (EMS). In line with the EMS, ASQA is committed to continual progress by:

- complying with applicable environment legal requirements and government policy under the *Environment Protection and Biodiversity Conservation Act 1999* and the Australian National Audit Office Better Practice Guide on Public Sector Environmental Management in April 2012
- incorporating environmental practices into our business planning and management processes
- setting and meeting environmental objectives and targets
- monitoring and continually improving our environmental performance, and
- considering environment practices for all procurement of goods and services.

Current ASQA initiatives to reduce environmental impact include:

- energy efficient accommodation that utilises natural light
- monitoring and managing water usage by fitting water saving devices
- lighting operating under movement and sensor controls
- recycling and waste services, enabling waste separation by providing paper recycling boxes at each work point
- sleep mode and power down on all electronic equipment, and
- minimising paper usage by developing an electronic operating environment.

Environmental management principles are being implemented for the refurbishment of the Adelaide offices. The building owner is targeting a 4.5 National Australian Built Environment Rating System (NABERS) rating for the building. Complementing this, the building fit out includes sensor controls for lights to all rooms (lights will turn off when there is no activity after ten minutes), and workstations and furniture will be supplied by companies who meet *ISO 14001 Environmental Management Systems*. The nominated fit out contractor has established management systems conforming to AS/NZS ISO 9001:2008, AS/NZS 4801:2001 & AS/NZS ISO 14001:2004 and the company delivers projects meeting environmentally sustainable practices.

Environmental audits are to be rolled out in the 2014—15 financial year in all ASQA offices. The audit recommendations will be used to establish baseline standards and requirements for ASQA's environmental performance and will provide tools to monitor and improve performance.

Advertising and market research

During the 2013–14 financial year, the Australian Skills Quality Authority paid:

- Australian Survey Research Group Pty Ltd—\$26,313.10 (inclusive of GST) to undertake the *ASQA Stakeholder Survey 2012–13* and produce a report of the findings



- Quintessential Marketing—\$18,389 (inclusive of GST) being the licence fee for the online survey software used to undertake the ASQA Strategic Reviews
- Australian Survey Research Group Pty Ltd—\$12,719.30 (inclusive of GST) to undertake the *ASQA Stakeholder Survey 2013-14*
- Australian Survey Research Group Pty Ltd—\$12,100.00 (inclusive of GST) being the annual license fee for Survey Manager, a web-based survey management application used by ASQA for smaller, targeted surveys
- Vision6 Pty Ltd—\$2,612.60 (inclusive of GST) being the cost of distributing ASQA's eNewsletter, *ASQA Update*, to subscribers

During 2013-14, the Australian Skills Quality Authority did not pay any monies to undertake any advertising campaigns, or any monies to:

- polling organisations
- media advertising organisations.

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 Commissioner'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 the National Disability Strategy 2010-2020, which sets out a ten year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high level two-yearly report will track progress against each of the six outcome areas of the Strategy and present a picture of how people with a disability are faring. The first of these reports will be available in late 2014, and can be found at www.dss.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*, 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/accountability-and-reporting/information-publication-scheme.html



Appendix 3—ASQA addresses

Adelaide Level 5, 115 Grenfell St, Adelaide, SA, 5000

Brisbane Level 7 & 8, 215 Adelaide St, Brisbane, QLD, 4000

Canberra Level 3, 64 Northbourne Ave, Canberra City

Darwin Level 3, 39—41 Woods St, Darwin, NT, 0820

Hobart Level 11, 188 Collins St, Hobart, TAS, 7000

Melbourne Level 6, 595 Collins St, Melbourne, Vic 3000

Perth Level 11, 250 St Georges Tce, Perth, WA, 6000

Sydney Level 10, 255 Elizabeth St, Sydney, NSW, 2000

Appendix 4—Agency resource statement

The total resources from all sources are shown in Table 17. The table reconciles the usage of all resources by declaring the actual available appropriation for 2013 14 (including carried forward cash balances and further adjustments such as section 32 transfers under the FMA Act), and comparing this to the actual payments made.

Table 17: Australian Skills Quality Authority Resource Statement

		Actual available appropriation for 2013-14 \$'000	Payments made 2013-14 \$'000	Balance remaining 2013-14 \$'000
Ordinary annual services¹				
Departmental appropriation		49,875	32,032	17,843
Total		49,875	32,032	17,843
Total ordinary annual services	A	49,875	32,032	17,843
Other services²				
Departmental non-operating				
Equity injections		2,236	2,230	6
Total		2,236	2,230	6
Total other services	B	2,236	2,230	6
Total available annual Appropriations and payments		52,111	34,262	
Total resourcing and payments				
A+B		52,111	34,262	
Total net resourcing for ASQA		52,111	34,262	

1. Appropriation Bill (No.1) 2013-14. This also includes prior year departmental appropriation and section 31 relevant agency receipts.

2. Appropriation Bill (No.2) 2013-14.

Appendix 5—Expenses and resources for outcome

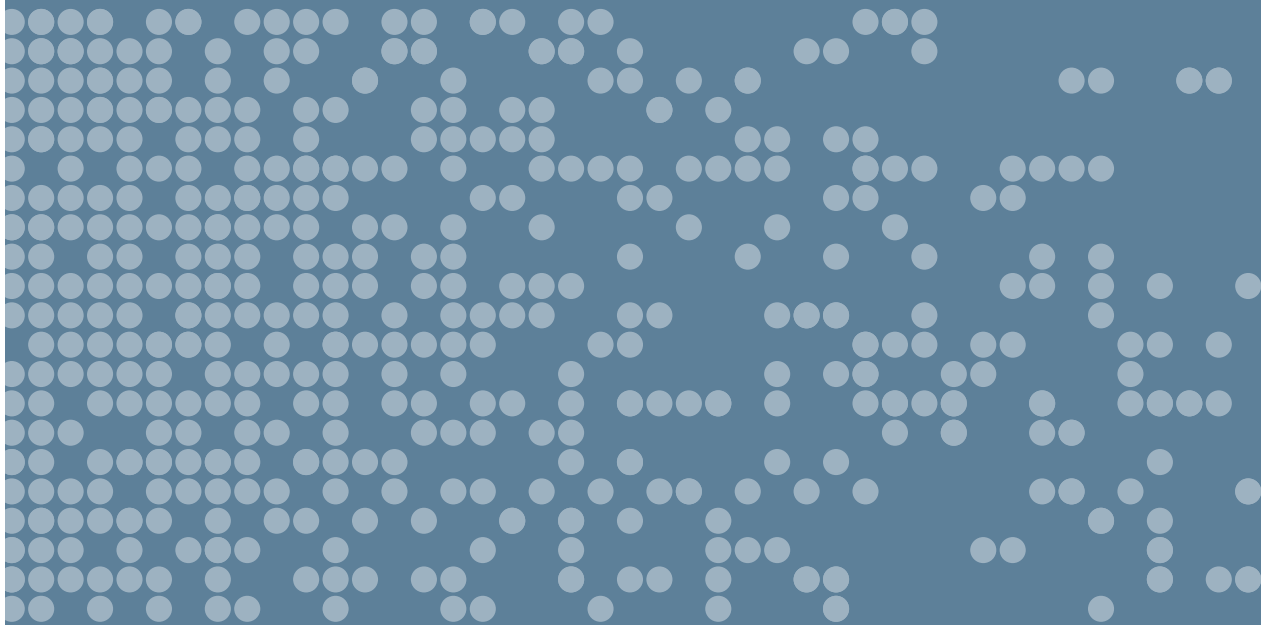
Table 18: Total expenses for ASQA's Outcome 1 by programme

Outcome 1: Contribute to a high quality vocational education and training sector, including through streamlined and nationally consistent regulation of training providers and courses, and the communication of advice to the sector on improvements to the quality of vocational education and training.	Budget*	Actual	Variation
	2013-14	2013-14	2013-14
	\$'000	\$'000	\$'000
	(a)	(b)	(a) - (b)
Program 1.1: Regulation and advice			
Administered expenses			
Special appropriations	-	50	(50)
Departmental expenses			
Departmental appropriation ¹	35,547	32,664	2,883
Expenses not requiring appropriation in the Budget year	2,494	3,166	(672)
Total for Program 1.1	38,041	35,880	2,161
Outcome 1 Totals by appropriation type			
Administered expenses			
Special appropriations	-	50	(50)
Departmental expenses			
Departmental appropriation ¹	35,547	32,664	2,883
Expenses not requiring appropriation in the Budget year	2,494	3,166	(672)
Total expenses for Outcome 1	38,041	35,880	2,161
	2012-13	2013-14	
Average Staffing Level (number)	193	197	

* Full year 2013-14 as reported in the 2013-14 Portfolio Budget Statement.

1. Departmental Appropriation combines Ordinary annual services (Appropriation Bill No. 1) and Revenue from independent sources (section 31).

References





Glossary

accreditation

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

accredited VET course

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

ASQA Infoline

ASQA's Melbourne-based contact centre.

ASQA process review

An independent review of ASQA's regulatory approach and efficiency and effectiveness of operations that was commissioned by the COAG Standing Council on Tertiary Education, Skills and Employment.

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 and registration audit

audit moderation

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

Australian Qualifications Framework (AQF)

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

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

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

competency

An individual's demonstrated capacity to perform a 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

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



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

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

cost recovery

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

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

Cost Recovery Impact Statement (CRIS)

A document prepared for significant cost recovery arrangements to demonstrate compliance with the Australian Government Cost Recovery Guidelines.

Council of Australian Governments (COAG)

The peak intergovernmental forum in Australia. The members of COAG are the Prime Minister, State and Territory Premiers and Chief Ministers and the President of the Australian Local Government Association (ALGA). The Prime Minister chairs COAG.

course owner

The owner of an accredited vocational education and training course.

Data Provision Requirements 2011

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

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, Climate Change, Science, Research and Tertiary Education (DIICCSRTE)

Australian Government department responsible for shaping Australia's future economy through skills, learning, discovery and innovation. Replaced by the Department of Industry in September 2013.

English Language Intensive Courses for Overseas Students (ELICOS)

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

financial viability risk assessment(s)

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

Financial Viability Risk Assessment Requirements 2011

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



Fit and Proper Person Requirements 2011

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

general direction

A direction given by the 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 high-risk provider has greater potential for non-compliance with the relevant standards, as 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 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.

low risk

A low-risk provider is 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.

multi-sector provider

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

National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students 2007 (National Code)

A set of nationally consistent standards that governs the protection of overseas students and delivery of courses to those students by providers registered on the 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 Standards for ELICOS Providers and Courses 2011 (ELICOS Standards)

Guidelines for designated authorities to make recommendations for acceptance of providers to be registered on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS).

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.

Notice of intention

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

overseas 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.

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 registered training organisation, 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.

reconsideration

ASQA internal reconsideration of a reviewable decision.



referral of powers

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

referring state

States which have referred their powers relating to the regulation of VET providers to the national 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 providers wishing to enrol overseas students who are on student visas as CRICOS providers.

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

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

registration audit

The systematic and documented process used to assess a provider's compliance with the standards that apply to a registration application (registration applications are applications for initial registration, renewal of registration or change to scope of registration). The cost of a registration audit is included in the relevant application or application assessment fee.

reporting period

In the context of ASQA's 2013–14 Annual Report, the reporting period is the period from 1 July 2013 until 30 June 2014.

reviewable decision

Reviewable decisions include those decisions listed in section 199 of the *National Vocational Education and Training Regulator Act 2011*. Reviewable decisions may include decisions to cancel or not a provider's registration, or to impose sanctions upon a provider.

risk assessment

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

risk rating

A rating assigned to each provider by ASQA to indicate the potential effects and likelihood of a provider not complying with its legislative obligations. Risk ratings are developed following a risk assessment and determine the extent to which ASQA will monitor a provider.

scope of registration

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



Standards for NVR Registered Training Organisations 2012

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

Standards for VET Accredited Courses 2012

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

Standards for VET Regulators 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.

Strategic Review

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

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.

VET Reform Taskforce

A taskforce established by the Department of Industry to engage with industry and the training sector and identify opportunities for reform.

VET Regulatory Reform

ASQA is implementing a range of reforms to the way it regulates Australia's vocational education and training sector. These reforms are focused on making it easier for high-performing providers to meet their obligation to deliver quality training and assessment, while increasing scrutiny on providers who do not provide quality training.

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

Abbreviation	Definition
ACCI	Australian Chamber of Commerce and Industry
ACPET	Australian Council for Private Education and Training
ACT	Australian Capital Territory
AGS	Australian Government Solicitors
APS	Australian Public Service
ASQA	Australian Skills Quality Authority
CCA	Community Colleges Australia
CDPP	Commonwealth Director of Public Prosecutions
CEIs	Chief Executive's Instructions
CEO	Chief Executive Officer
COAG	Council of Australian Governments
CPSISC	Construction and Property Services Industry Skills Council
CRICOS	Commonwealth Register of Institutions and Courses for Overseas Students
CRIS	Cost Recovery Impact Statement
EDRMS	Electronic Document and Records Management System
ELICOS	English Language Intensive Courses for Overseas Students
ELT	English Language Teaching
ERTOA	Enterprise Registered Training Organisation Association
ESOS Act	<i>Education Services for Overseas Students Act 2000</i>
FOI	Freedom of Information
FMA Act	Financial Management and Accountability Act
IBSA	Innovation and Business Skills Australia
ICT	Information and Communications Technology
IPS	Information Publication Scheme
ISC	Industry Skills Council
KPIs	key performance indicators
MoU	Memorandum of Understanding
NCVER	National Centre for Vocational Education and Training
NEAS	National English Language Teaching Accreditation Scheme
NSSC	National Skills Standards Council
NSW	New South Wales



Abbreviation	Definition
NT	Northern Territory
NVR	national VET regulator
NVR Act	<i>National Vocational Education and Training Regulator Act 2011</i>
OBPR	Office of Best Practice Regulation
PBS	Portfolio Budget Statements
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PSPF	Protective Security Policy Framework
QLD	Queensland
QMS	Quality Management System
RPL	recognition of prior learning
RTO	registered training organisation
SA	South Australia
SCOTese	Standing Council on Tertiary Education, Skills and Employment
SES	Senior Executive Service
TAFE	Technical and Further Education
TAS	Tasmania
TDA	TAFE Directors Australia
TEQSA	Tertiary Education quality and Standards Agency
VET	vocational education and training
VIC	Victoria
WA	Western Australia



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