Australian Government
Australian Skills Quality Authority

Australian Skills Quality Authority
Annual Report 2015–16

Australian Skills Quality Authority
Annual Report 2015–16

Australian Skills Quality Authority Annual Report 2015–16

Contact

Enquiries and feedback about this report can be directed to:
Manager, Governance, Policy and Quality
Australian Skills Quality Authority
GPO Box 9928
Melbourne VIC 3001

Email: feedback@asqa.gov.au

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

Online reports

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

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

ISSN 2201-2303 (Print)
2202-6789 (Online)

Creative Commons

creativecommons.org/licenses/by/3.0/au

With the exception of the coat of arms, logos, emblems, images and other third-party material or devices protected by a trademark, this content is licensed under the Creative Commons Australia Attribution 3.0 Licence.

We request attribution as: Commonwealth of Australia (Australian Skills Quality Authority) 2015.

All other rights reserved.

Photo images with thanks to the staff and students at Sydney TAFE.

Letter of transmittal

22 September 2016
The Hon Karen Andrews MP
Assistant Minister for Vocational Education and Skills
Parliament House
CANBERRA ACT 2600

Dear Minister,

I am pleased to present you with this annual report for the Australian Skills Quality Authority (ASQA), which covers the period 1 July 2015 – 30 June 2016.

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 46 of the *Public Governance, Performance and Accountability Act 2013* and with *Resource management guide 35—Annual reports for non-corporate Commonwealth entities,* as published by the Department of Finance.

Finally, as required by the Commonwealth Fraud Control Guidelines, I certify that I am satisfied that 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

Contents

Chief Commissioner's review **1**
- Agency overview 5
- Establishment 6
- Purpose, role and functions 6
- Commissioners 8
- Organisation structure 10
- Outcome and program structure 11

Report on performance—introduction **13**
- VET sector overview 14
- The VET sector in 2015–16 14
- Key ASQA developments 2015–16 15

ASQA regulatory operations **18**

Annual performance statement **23**
- Statement of preparation 24
- ASQA's purpose 24
- Results 25
- Analysis of ASQA's performance against its purpose 52

Report on performance—financial performance **64**

Management and accountability **117**
- Corporate governance 118
- Fraud control 120
- External scrutiny 121
- Management of human resources 123
- Assets management 129
- Purchasing 129
- Consultants 130
- Australian National Audit Office Access clauses 130
- Exempt contracts 130
- Small business 130

Appendicies **131**
- Appendix 1—Regulatory decisions overview 132
- Appendix 2—Other mandatory information 141
- Appendix 3—Agency resource table 144

References **145**
- Glossary 146
- List of abbreviations and acronyms 151
- List of requirements 153
- Index 156

List of tables

Table 1: Planned outcome and program structure for ASQA as set out in the 2016-17 Education and Training Portfolio Budget Statements 11

Table 2: Applications received by ASQA, 2011–12, 2012–13, 2013–14, 2014–15 and 2015–16 18

Table 3: Proportion of providers fully compliant or not compliant, finalised audits of providers 2012–13, 2013–14, 2014–15, 2015–16 26

Table 4: Percentage and number of audit reports provided within 30 days of site visit 26

Table 5: Proportion of the regulated community reporting high satisfaction with their engagement with ASQA in responses 31

Table 6: Percentage of provider respondents to the 2015–16 ASQA provider survey who rated the accuracy, helpfulness and timeliness of ASQA's information systems as either 'good' or 'excellent' 34

Table 7: Percentage of provider respondents to the 2015–16 ASQA provider survey who rated the accuracy, helpfulness and timeliness of ASQA's service channels as either 'good' or 'excellent' 35

Table 8: Percentage of applications finalised within the timeframes set in ASQA's Performance Standards 35

Table 9: Satisfaction with the knowledge of Info Line employees and the completeness of answers provided, as indicated by 'good' or 'excellent' response by respondents to the *2015–16 ASQA provider survey* 36

Table 10: Number and proportion of application-based and non-application based audits finalised 2015–16 42

Table 11: Number of audits (total) and percentage of non-application based audits, 2012–13, 2013–14, 2014–15, 2015–16 48

Table 12: Complaints about ASQA, 2013–14, 2014–15, 2015–16 51

Table 13: Proportion of applications received by ASQA that were refused, 2011 – 2016 60

Table 14: Initial registration applications received, completed and rejected by ASQA, 2013 – 2016 61

Table 15: Outcomes of reconsideration applications finalised by ASQA in 2015–16 121

Table 16: Total Tribunal and Court review applications received, closed and carried over as at 30 June 2016 122

Table 17: Outcomes of closed Tribunal matters, 2015–16 122

Table 18: ASQA employees by employment status as at 30 June 2016 126

Table 19: ASQA ongoing employees by classification as at 30 June 2016 126

Table 20: ASQA non-ongoing employees by employment status as at 30 June 2016 126

Table 21: ASQA ongoing employees by full-time/part-time status as at 30 June 2016 127

Table 22: ASQA non-ongoing employees by full-time/part-time status as at 30 June 2016 127

Table 23: ASQA ongoing employees by gender as at 30 June 2016 127

Table 24: ASQA non-ongoing employees by gender as at 30 June 2016 127

Table 25: ASQA ongoing employees by location as at 30 June 2016 127

Table 26: ASQA non-ongoing employees by location as at 30 June 2016 128

Table 27: ASQA decisions to cancel registration, 1 July 2015–30 June 2016 132

Table 28: ASQA decisions to reject applications for renewal of registration, 1 July 2015–30 June 2016 135

Table 29: ASQA decisions to suspend registration, 1 July 2015–30 June 2016 137
Table 30: ASQA decisions to impose administrative sanctions (other than cancellation or suspension of registration), 1 July 2015 – 30 June 2016 138
Table 31: ASQA Environmental Performance Indicators 142

List of figures

Figure 1: ASQA organisational structure as at 30 June 2016 10
Figure 2: Applications received and completed by ASQA, 2011–12, 2012–13, 2013–14, 2014–15 and 2015–16 18
Figure 3: Initial and renewal applications approved and rejected by ASQA, by ASQA, 2011–12, 2012–13, 2013–14, 2014–15 and 2015–16 19
Figure 4: Complaints about training providers submitted to ASQA, 2011–12, 2012–13, 2013–14, 2014–15 and 2015–16 20
Figure 5: ASQA regulatory decisions, 2011–12, 2012–13, 2013–14, 2014–15 and 2015–16 22
Figure 6: Total audits to date—Percentage of non-application based audits, 2012–13, 2013–14, 2014–15, 2015–16 48
Figure 7a and 7b: Percentage of providers fully compliant at the time of audit and following the submission of rectification evidence 2012 – 2016 54
Figure 8: Levels of compliance by Standard 1 July 2015 – 30 June 2016 55

Chief Commissioner's review

This year has been a significant one for the Australian Skills Quality Authority (ASQA), and I am pleased to note that we have begun to see the substantial impact of the program of vocational education and training (VET) Regulatory Reform that we started in 2014. This reform program has allowed ASQA to identify and target the most significant threats to the quality of vocational education. In other words, to '*pick important problems and fix them*' as Malcolm K. Sparrow—a leading proponent of the risk-based regulatory approach whose teachings have significantly influenced ASQA's strategic approach—would say.

The impact of the VET Regulatory Reform program has been evident this year in the increasing amount of regulatory action ASQA has taken in response to poor performing providers. We are more effectively targeting our activity and the results shown throughout this report clearly demonstrate the effects of this improved targeting. The strategies we have implemented have also sought to make operations easier for good quality providers that seek to deliver quality training and assessment, and we will continue to implement policies and developments that support this model over the coming years.

VET Regulatory Reform has been facilitated by the Australian Government's allocation of $68.8m to support this work over a four-year period. A key element of the reform has been the injection of $55.1m over four years to allow ASQA to move away from becoming a full cost-recovery regulator and to focus less on transactional, application-based regulation. Importantly, this funding worked as a subsidy, providing fee relief to registered training organisations.

Regulatory operations

Between 1 July 2015 and 30 June 2016, ASQA completed 1174 audits of training providers. Contrary to some public commentary, the overwhelming majority of training providers that ASQA examined this year were found to be compliant with the requirements of the VET Quality Framework. In all, 73.4% of completed audits for the period were finalised as compliant.

However, once again we have seen the actions of the very small number of non-compliant providers tarnishing the reputation of the sector. ASQA has taken decisive action against these providers, making 122 decisions to cancel, not renew or suspend provider registration; issuing 103 providers with a notice of intention to cancel or suspend their registration; and issuing 34 providers with another type of administrative sanction.

In addition to our day-to-day regulatory work ASQA has this year invested considerable resources developing and implementing an enhanced Regulatory Risk Framework and redesigning our audit model.

ASQA's enhanced risk framework examines risks on two levels: provider risk, which is the risk an individual provider presents through their choices and actions; and systemic risks, which are likely to exist across the sector or in a proportion of providers. As part of the new framework ASQA is now using a range of provider data and intelligence to inform a provider profile, which will be used to inform regulatory activity.

Our national Strategic Reviews are an example of ASQA investigating systemic risks in the VET sector and identifying and implementing solutions. During the year ASQA published the findings of its reviews of training for early childhood education and care, and of training in the equine and security industries. ASQA also undertook a major piece of work focusing on registered training organisations approved to offer courses under the Australian Government's VET FEE-HELP program. Complaints received by ASQA alleging unethical and inappropriate actions by VET FEE-HELP-approved providers pointed to a potential systemic issue and, as a result, the authority undertook 22 targeted audits and interviewed more than 400 students. The results of the audits and interviews indicated that there were concerning levels of non-compliance with the *Standards for Registered Training Organisations 2015* among certain RTOs approved for VET FEE-HELP.

As a result of the targeted audit program, four training providers had their registrations cancelled and a further 10 providers had additional reporting and data retention conditions imposed on their registrations. Another important outcome of this work was the enhanced cooperation and information-sharing between ASQA, the Department of Education and Training (DET) and the Australian Competition and Consumer Commission (ACCC) which will be invaluable in regulating the VET sector into the future. The Australian Government has already implemented significant changes to the VET FEE-HELP scheme and announced that a replacement scheme will commence in 2017. ASQA is continuing to give priority to regulation of providers operating under this scheme.

To further assess systemic risk, ASQA undertook considerable consultation and environmental scanning during the year to inform its inaugural Regulatory Strategy. The strategy was published in April 2016 and outlines ASQA's initiatives and key priorities for the period March 2016 – June 2017. The three target areas identified in the strategy are learner protection; amount of training; and the capability of trainers and assessors. In addition to auditing RTOs' compliance in these areas, ASQA is engaging with key VET sector stakeholders to identify ways to mitigate the risk posed in these areas.

Our re-designed audit model—which will commence in late 2016 and be implemented from 2017—is an evolution of the system which has been in use since ASQA was established. The new model has been developed following a review of contemporary and innovative regulatory models in VET and other industry sectors, both in Australia and internationally. The model has been informed by extensive consultations with sector stakeholders and training providers as well as a comprehensive review of ASQA's business and regulatory practices and procedures. Under the new model, audits will be organised around the five key phases of the student experience and will focus on provider behaviours and practices, as well as systems and processes. The depth and scope of each audit will be customised for the provider and informed by improved risk intelligence and increased input by students. Providers that demonstrate a higher risk profile, a poor compliance history and/or poor student outcomes will be targeted through deeper-level audits.

During this past year, ASQA has also finalised the establishment of its Enforcement and Investigations Team. Members of this team have powers to exercise search warrants and seize items, as well as powers to issue civil penalties. This team is also able to act in conjunction with police and enforcement agencies, and has done so on several occasions during the past year. This team is getting results and their work has led to criminal and civil prosecutions (for example, one ASQA investigation this year led to a former trainer being ordered to pay $120,000 for fabricating qualifications in contravention of the *National Vocational Education and Training Regulator Act 2011*) as well as contributing significantly to the high numbers of provider sanctions that ASQA has applied this year.

Stakeholder engagement and communications

Continuing its commitment to providing guidance and information to the regulated community, ASQA hosted another series of training provider information sessions between March and June 2016. For the first time, ASQA also hosted briefings focused on course accreditation. More than 3000 individuals attended a session either in person or online. A post-event survey of those who attended a session showed high levels of satisfaction with the briefings. The past year also saw ASQA host its first targeted webcasts. Three webcasts were hosted—in partnership with the Community Services and Health Industry Skills Council—looking at training for aged and community care in response to a recommendation made in ASQA's national strategic review of that sector.

ASQA also undertook two rounds of briefings for industry, government and business stakeholders in the VET sector. The aim of these briefings was to increase awareness of ASQA's regulatory activity, discuss ASQA's approach to regulation and to encourage greater information-sharing between stakeholders and the regulator.

Staffing

There were a number of important changes to ASQA's leadership during the last 12 months. ASQA's Deputy Chief Commissioner and Commissioner for Regulatory Operations, Dr Dianne Orr, retired in December 2015 after 36 years in the Queensland and Australian public service as a teacher, administrator and regulator in the VET system. Dr Orr had been with ASQA since it was formally established on 1 July 2011 and before that was a member of the taskforce charged with implementing national regulation of the VET sector.

In May 2016, Mr Mark Paterson AO was appointed as ASQA's new Commissioner, Regulatory Operations. Mark is a former Secretary of the New South Wales Department of Trade and Investment, Regional Infrastructure and Services; a former Secretary of the Australian Government Department of Innovation, Industry, Science and Research and of the Australian Government Department of Industry, Tourism and Resources. Between 1996 and 2002 Mr Paterson was the head of the Australian Chamber of Commerce and Industry. Mr Paterson was also Director of the Australian National Training Authority (ANTA) board from 1998 – 2002. He brings a wealth of experience to ASQA, which he has already put to good use in helping further enhance ASQA's regulation of the VET sector.

In the period between Dr Orr's retirement and Mark Paterson's commencement, ASQA was fortunate to welcome Pam Christie, a former Chief Executive Officer of TAFE New South Wales, as acting Executive Director for Regulatory Operations. In this position, Ms Christie assisted ASQA's Commissioners by leading a number of strategic projects, including the development of a new audit model.

In addition to these changes, the past year also saw the 'bedding down' of ASQA's new organisational structure, which I foreshadowed in last year's annual report. ASQA reviewed its staffing to ensure that the Authority was appropriately structured to meet its evolving regulatory role. As well as matching existing ASQA staff to the new structure and recruiting to new positions, considerable work was also undertaken on developing an ASQA workforce plan, which will guide staff changes over the coming years. Changes to an organisation's structure are never easy, and I would like to thank all staff for their patience and cooperation.

Conclusion

In December 2016, I will finish my time as Chief Commissioner of ASQA and retire from public service. It has been an honour to lead ASQA since 2011 and to see it develop and implement world-leading approaches to regulation. I leave the organisation knowing it is well-placed to identify and respond to emerging issues in the VET sector. I am also confident that Australia's VET sector will continue to provide world-class training well into the future. The passion and commitment of the overwhelming majority of people delivering training and assessment that students—and their employers—need will always triumph over the very small minority of training providers who seek to use the sector as a means to make quick profits.

In closing, I would like to thank my fellow Commissioners, Michael Lavarch and Mark Paterson, other members of the Senior Management Group and all ASQA employees for their efforts not just during the last 12 months, but over the last five years.

Christopher Robinson
Chief Commissioner and Chief Executive Officer

Agency overview

The vocational education and training (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 that deliver VET qualifications and courses
- providers that deliver VET courses to overseas students
- accredited VET courses, and
- certain providers that deliver English Language Intensive Courses to Overseas Students (ELICOS).

As the national regulator, ASQA seeks to ensure that students and employers have confidence that providers are delivering good-quality programs so that:

- employers can have confidence that VET graduates have the skills and competencies that they need for employment, and
- students can be confident that training will be of a high standard and will meet their needs.

Establishment

ASQA was established on 1 July 2011 by the enactment of the *National Vocational Education and Training Regulator Act 2011* and supplementary legislation.

Before the establishment of ASQA, 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 involved the referral of powers to the Commonwealth from all states (except Victoria and Western Australia) as set out in an 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.

Purpose, role and functions

ASQA's purpose, as defined in the *2015–16 corporate plan*, is to meet the following objectives:

- provide for national consistency in the regulation of vocational education and training
- regulate vocational education and training using:
  - a standards-based quality framework
  - risk assessments, where appropriate
- protect and enhance:
  - quality, flexibility and innovation in vocational education and training
  - Australia's reputation for vocational education and training nationally and internationally
- provide a regulatory framework that encourages and promotes a vocational education and training

system that is appropriate to meet Australia's social and economic needs for a highly educated and skilled population

- protect students undertaking, or proposing to undertake, Australian vocational education and training by ensuring the provision of quality vocational education and training
- facilitate access to accurate information relating to the quality of vocational education and training.

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.

Commissioners

Mr Christopher Robinson
Chief Commissioner and Chief Executive Officer

Mr Christopher Robinson was appointed as Chief Commissioner and Chief Executive Officer from 1 October 2011 for a period of five years and reappointed to the role until 31 December 2016.

The Chief Commissioner is responsible for:

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

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

Commissioner Robinson previously held senior government positions in education, training and related fields. These positions included 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 (NCVER).

Commissioner Robinson has also held 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 Postgraduate Diploma of Social Sciences.

The Hon Michael Lavarch AO
Commissioner—Risk Intelligence and Regulatory Support

Commissioner Lavarch is responsible for overseeing ASQA's Regulatory Risk Framework which enables ASQA to identify and evaluate risks to the quality of VET in Australia and to effectively target resources.

The Commissioner has oversight of the industry engagement process, which builds relationships and gathers intelligence from industry, regulators and peak bodies. ASQA's legal and regulatory support 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.

Professor 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 as a Commissioner of ASQA in February 2012 for a period of five years and commenced in that role from 16 April 2012.

Mr Mark Paterson AO
Commissioner, Regulatory Operations

Commissioner Paterson is responsible for the effective implementation of ASQA's regulatory operations. This includes the initial assessment of regulatory matters, ASQA's extensive audit program and the growing focus on investigations and enforcement action in serious cases.

The Commissioner has oversight of ASQA's course accreditation process which accredits new courses to be nationally recognised, and ASQA's regulatory reporting functions.

Mr Mark Paterson AO has extensive experience across government and industry, including leading government departments at both the state and federal levels. Mr Paterson is a former Secretary of the NSW Department of Trade and Investment, Regional Infrastructure and Services; the Australian Government Department of Innovation, Industry, Science and Research; and the Australian Government Department of Industry, Tourism and Resources. Between 1996 and 2002 Mr Paterson was the head of the Australian Chamber of Commerce and Industry. Mr Paterson was the Director of the Australian National Training Authority (ANTA) board from 1998 – 2002.

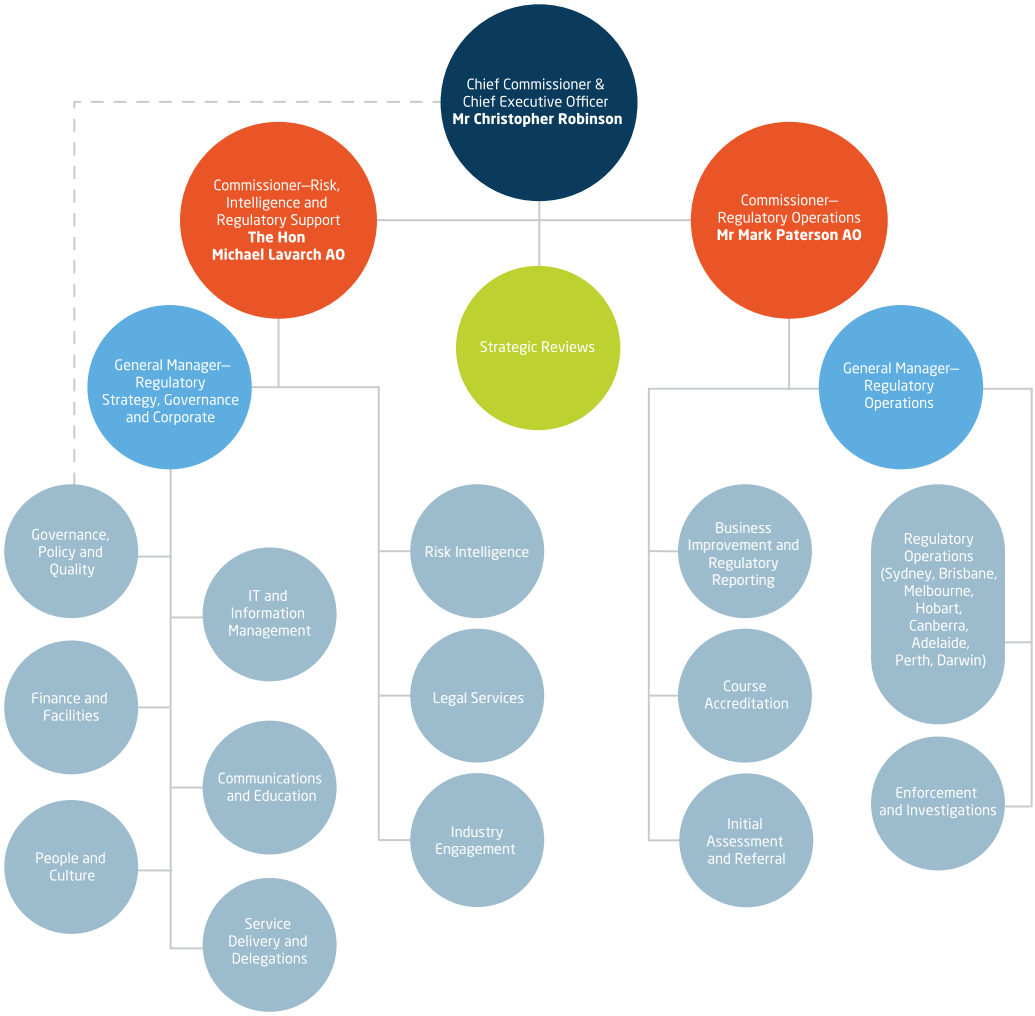
Mr Paterson commenced as a Commissioner of ASQA on 30 May 2016.

Organisation structure

ASQA's national organisation 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 2016



Outcome and program structure

The 2016–17 Portfolio Budget Statements for the Education and Training portfolio set out the planned outcome and program structure for ASQA, as shown in Table 1.

ASQA's performance against this program is outlined in the annual performance statement section of this report.

Table 1: Planned outcome and program structure for ASQA as set out in the 2016–17 Education and Training Portfolio Budget Statements

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: To assure the quality of VET outcomes through national regulation and the communication of advice on vocational education and training.

Delivery

The mechanisms through which Program 1.1 will be delivered are:

- applying a risk based regulatory approach at both the operational and strategic levels to the VET sector
- taking regulatory action where necessary to remove poor quality providers from the sector
- making ASQA's Regulatory Strategy and Regulatory Risk Framework publicly available
- undertaking communications campaigns to address identified issues and providing stakeholders with timely and accurate advice.

Performance information

Year	Performance criteria	Targets
2015–16	**ASQA is compliant with the National Regulator Standards.** *Expected achievement against criterion:* ASQA will provide a qualitative evaluation of its compliance with national standards in its Annual Report for 2015–16. **Providers report that ASQA's information systems and service channels are accurate, helpful and timely** *Expected achievement against criterion:* ASQA will conduct a survey to assess provider satisfaction.	**Application of risk based regulation demonstrated by percentage of non-application based audits to application based audits.** Target: 30% non-application based audits. **Development of tools and processes to build the regulated community's understanding of the requirements for compliance** Target: 70% RTO satisfaction with information relating to regulatory changes.
2016–17	As per 2015–16	As per 2015–16
2017–18	As per 2016–17	As per 2016–17

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.	
Purposes	Program 1.1 contributes to the following purposes of ASQA: • provides nationally consistent regulation of vocational education and training using: – a standards-based quality framework – a regulatory risk framework • protects and enhances: – quality, flexibility and innovation in VET – Australia's reputation for VET nationally and internationally • supports the regulatory framework for a VET system that is appropriate to meet Australia's social and economic needs for a highly educated and skilled population • protects students undertaking, or proposing to undertake, Australian vocational education and training by ensuring the provision of quality VET • facilitates access to accurate information relating to the quality of VET.

Report on performance: *introduction*

VET sector overview

The vocational education and training (VET) sector is crucial to Australia's economy, both for the development of the national workforce and as a major export industry. Vocational education and training enables students to gain qualifications for all types of employment and specific skills to help them in the workplace.

Vocational education and training providers include technical and further education (TAFE) institutes; adult and community education providers; agricultural colleges; private providers; community organisations; industry skills centres; and commercial and enterprise training providers.

The VET sector provides formal training for people across most jobs in the economy (with the exception of those requiring university qualifications). This includes training for skilled para-professional occupations, trades, and a range of skilled human services jobs.

This system of training covers adult workers seeking to upgrade their skills, school leavers entering tertiary study (except for university) and some technical and vocational education and training aimed at secondary school students. It is estimated that there were 4.5 million students enrolled in VET in 2015.[1]

The VET sector in 2015–16

As at 30 June 2016 ASQA had regulatory responsibility for 4082 (88.1%) of Australia's 4632 nationally registered training organisations. Responsibility for regulation of the remaining 11.9 per cent (550 providers) is divided between the Victorian Registration and Qualifications Authority (VRQA) and the Training Accreditation Council (TAC) Western Australia. (Victoria and Western Australia have maintained responsibility for regulating RTOs that only train domestic students and only operate in either or both of these states.)

Since ASQA's establishment on 1 July 2011, a significant number of providers have left the sector. Prior to 2011, the number of RTOs had been increasing since the mid-90s, encouraged by the opening of the market to private providers. Nationally, the total number of providers has decreased by 6.4 per cent, or some 300 providers, since 2011. Some of these providers have left the training market due to competitive pressure and some have left as a result of regulatory decisions made by ASQA.

1 NCVER 2016, *Australian vocational education and training statistics: total VET students and courses 2015*, NCVER, Adelaide.

Key ASQA developments 2015–16

Since ASQA's establishment in 2011, the Authority has been moving to fully implement a more risk-based approach to regulation. To support this move, in 2014 ASQA began implementing a program of VET Regulatory Reform work, and the impact of these projects has become clear during 2015–16, with increases now apparent in the efficacy of ASQA's targeted auditing.

In 2015–16, ASQA has also undertaken further strategic work towards the full implementation of this risk-based approach through the implementation of a number of key projects.

Revised organisation structure

This has been ASQA's first year operating according to the revised organisation structure. In mid-2014, ASQA engaged KPMG to begin consulting on a review of the Authority's structure. The review sought to ensure that ASQA was prepared as an organisation to effectively deliver whole-of-government regulatory reform and ASQA's VET Regulatory Reform package. The revised structure was finalised in late 2014 and came into effect from 30 June 2015.

The organisation review formed an important part of ASQA's 'business transformation' process—that is, the process of moving from a reactive application-based approach to a proactive, contemporary risk-based approach. The updated organisation structure has supported ASQA in its move to the revised risk and audit approaches.

Impacts of the VET Regulatory Reform work program, including ASQA's revised risk approach

In 2014, ASQA commenced a program of VET Regulatory Reform work to support its transition to a more risk-based regulatory approach. (The completion of this work program is discussed under KPI 8 in the annual performance statement section of this report.)

As part of the VET Regulatory Reform program, ASQA made a commitment to revising its risk model. This has involved the development and publication of a Regulatory Risk Framework and the first annual Regulatory Strategy.

Through the application of the Regulatory Risk Framework, ASQA seeks to manage risks to the quality of VET outcomes, which have the potential to affect confidence in the education and skills of Australian VET graduates. ASQA supports an approach where RTOs assessed as higher risk in terms of the likelihood of adverse impacts on quality outcomes will receive more regular monitoring and are more likely to be subject to regulatory intervention. The Regulatory Strategy identifies and prioritises key risks to the quality of the vocational and international education sectors, guiding how ASQA targets these risks to ensure it is using its resources effectively.

As a result of this improved risk framework, in 2015–16 ASQA has seen significant increases in:

- the percentage of audits where the provider has been found non-compliant, even after the opportunity to rectify (from 17.6 per cent in 2014–15 to 29.1 per cent in 2015–16), and
- the number of providers whose registrations ASQA cancelled or refused to renew (from 54 in 2014–15 to 107 in 2015–16).

These indicators clearly reflect the impact of ASQA's increasingly targeted audit system and the development of the range of regulatory tools ASQA uses to identify and address non-compliance.

In 2015–16, ASQA has expanded the range of regulatory actions it takes in response to providers of concern; through the work of the Enforcement and Investigations Team, the Authority has commenced applying a range of regulatory tools to deal with poor quality training and assessment, including issuing infringement notices.

Development of a revised audit model

In early 2016, ASQA began developing a more proactive and risk-based audit model. While ASQA has always considered the practices and behaviours of RTOs as part of its auditing practice, the revised model places a much greater focus on these as well as systems and processes. Under the revised model, the scope and scale of audits will be informed by a wider range of sources (including data and information received from students, industry and other agencies as well as ASQA's profile of each provider).

The new model will take a more holistic view and focus on following the 'journey' of a student through their engagement with a provider. Through this model, providers will be more accountable for redressing harm caused by non-compliance.

Strategic reviews program

ASQA completed three strategic reviews and published the findings in reports during the 2015–16 financial year. All of these reports provide a clear indicator of emerging systemic issues in the sector, as well as information on quality concerns within specific subsectors. The quality issues identified through these reports include concerns relating to the provision of online training and extremely short courses.

ASQA completed three strategic reviews during the reporting period:

- Training for early childhood education and care in Australia
- Training in equine programs in Australia
- Training in security programs in Australia.

ASQA also undertook an additional review focused on providers approved to offer student loans under the Department of Education's VET FEE-HELP scheme.

Targeted audits of VET FEE-HELP providers

Of particular interest this year was ASQA's report on *Targeted audits of VET FEE-HELP approved providers*, which addressed an emerging issue in the vocational education sector. VET FEE-HELP is an income contingent loan scheme that is administered by the Australian Department of Education and Training, under the *Higher Education Support Act 2003* and the *Higher Education Support (VET) Guideline 2015*. While ASQA is not responsible for the administration of the VET FEE-HELP scheme, all providers who are eligible to participate in the VET FEE-HELP scheme must maintain their registration through ASQA. Accordingly, ASQA has a role in ensuring that the practices of RTOs, particularly in the provision of training and assessment to students, are conducted in a manner that is compliant with the requirements of the VET Quality Framework.

The targeted audits of VET FEE-HELP providers developed as a direct result of ASQA's 2014 *Environmental scan*, which identified concerns with the rapid increase in enrolments for diploma-level qualifications from the Business Services Training Package. ASQA analysed complaints associated with these diplomas and identified that many complaints also included a VET FEE-HELP component. As a result of these findings, ASQA initiated a program of targeted audits of VET FEE-HELP providers during 2015. These audits resulted in the identification of four providers who were found to be significantly non-compliant with their obligations under the *Standards for Registered Training Organisations 2015*, and, as a result, ASQA moved to cancel the registration of these providers. All four providers have sought a review of ASQA's decision in the Administrative Appeals Tribunal and this review process is ongoing at the end of the reporting period. ASQA has used the information obtained from its first VET FEE-HELP targeted audit program to identify systemic risks in relation to learner protection and the inappropriate use of the VET FEE-HELP scheme to inform the development of its 2016 VET FEE-HELP Regulatory Strategy, which is ongoing into the 2016-17 financial year.

Offshore regulatory activity

In 2015–16, ASQA implemented the first phase of its *Strategy for the regulation of offshore delivery of vocational education and training by Australian registered training organisations: 2014–16*. Under the *National Vocational Education and Training Regulator Act 2011*, ASQA has responsibility for onshore and offshore delivery of vocational education and training. Maintaining international confidence in Australia's reputation for quality VET provision is a key basis of this strategy. For this first phase, ASQA audited four public providers at a range of locations in China, following the signing of a Memorandum of Understanding with Chinese authorities. ASQA is pleased to report that the audits demonstrated that the providers were meeting their regulatory obligations and the expectations of offshore stakeholders. Through the audits, ASQA identified some key characteristics and strengths and weakness of offshore VET that will help inform further offshore regulatory activity.

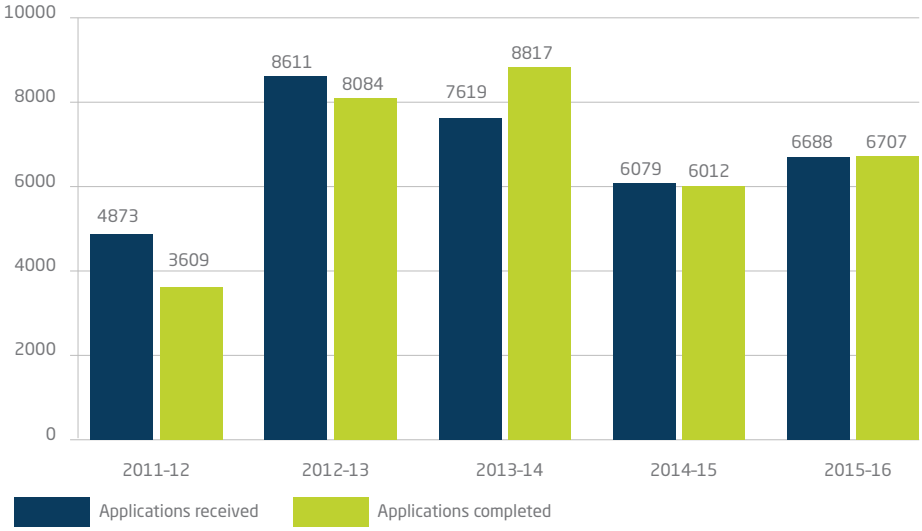
Following the successful conclusion of the first phase of audits, ASQA is continuing its offshore regulatory strategy in 2016 and will conduct further audits of public and private training providers in China and in Hong Kong.

ASQA regulatory operations—2015-16 activity at a glance

Application summary

Between 1 July 2015 and 30 June 2016, ASQA received a total of 6688 applications and completed 6707 applications (this includes some applications received during the previous financial year), as shown in Figure 2.

Figure 2: Applications received and completed by ASQA, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16



During the reporting year, ASQA received nearly 50 per cent more applications for initial registration—529 applications in total—compared to 2014–15, during which 361 applications for initial registration were received. This is also more than any of the previous four financial years, as shown in Table 2. On average, since establishment, initial registration applications have comprised 5.3 per cent of all applications received by ASQA; in 2015–16, these applications comprised 7.9 per cent of all applications received.

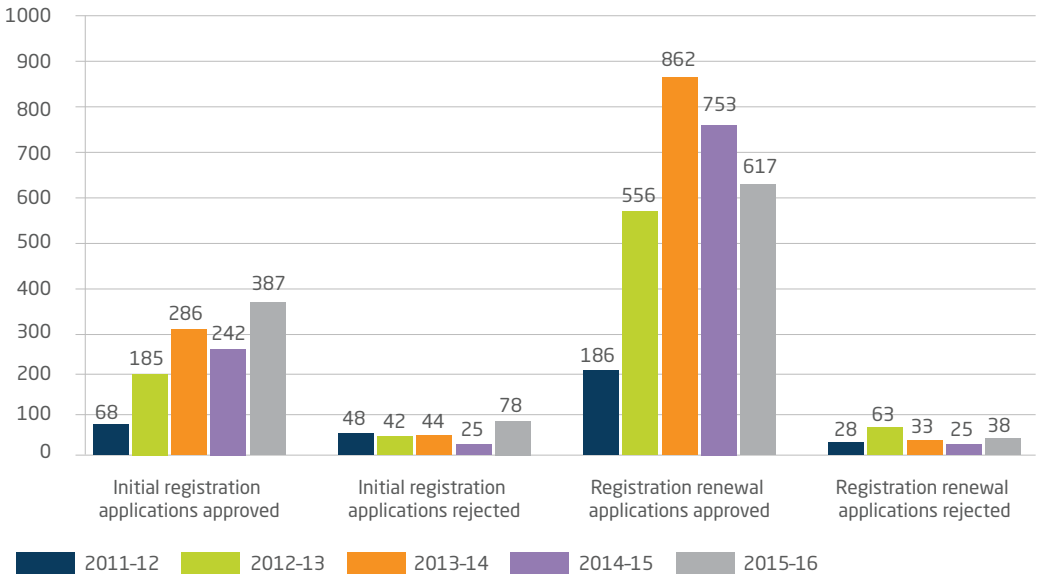
Table 2: Applications received by ASQA, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16

Application Type	11-12	12-13	13-14	14-15	15-16	Total	Average %
Initial registration	327	352	212	361	529	1781	5.3%
Renewal of registration	598	787	695	712	538	3330	9.8%
Change of scope	3884	7303	6456	4821	5453	27,917	82.4%
Notification of registration not continuing	64	169	256	185	168	842	2.5%
Total	**4873**	**8611**	**7619**	**6079**	**6688**	**33,870**	**100%**

This is a notable trend for several reasons:

- A higher than average proportion of these applications was rejected by ASQA (ASQA rejected 16.1 per cent of applications for intial registration in 2015–16, compared with 9.2 per cent in 2014–15 and 12.2 per cent in 2013–14). The high number and proportion of applicants that were unable to meet the required standards for registration is of concern to ASQA—and indicates the likelihood that some of the unsuccessful applicants may have been motivated by purely economic considerations rather than the intention to provide quality training. The high number of these applications rejected in 2015–16 can be seen in Figure 3.
- Due to the importance of maintaining a high barrier to market entry, applications for initial registration are not approved without audit.[2] Correspondingly, as a result of the higher than average numbers of initial applications, ASQA undertook more audits in relation to these applications than in previous years. (ASQA undertook 416 audits in relation to applications for initial registration in 2015–16, compared to 268 such audits the previous financial year.) Audits relating to initial registration applications required a substantial amount of ASQA resources during 2015–16.

Figure 3: Initial and renewal applications approved and rejected by ASQA, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16



2 However, in some instances, two applications for initial registration (VET registration and CRICOS registration) are finalised following a single audit, or where an established, high-quality provider already holds registration but is required to submit an initial registration for administrative reasons, this application may not require an audit.

Course accreditation

Accredited courses are designed to address industry, enterprise, educational, legislative or community needs that are not covered in nationally endorsed Training Packages. From 1 July 2015 to 30 June 2016, ASQA received 160 applications relating to course accreditation activity.

In total, ASQA accredited 87 courses in 2015–16, including 38 new accredited courses and 49 renewals of existing courses.

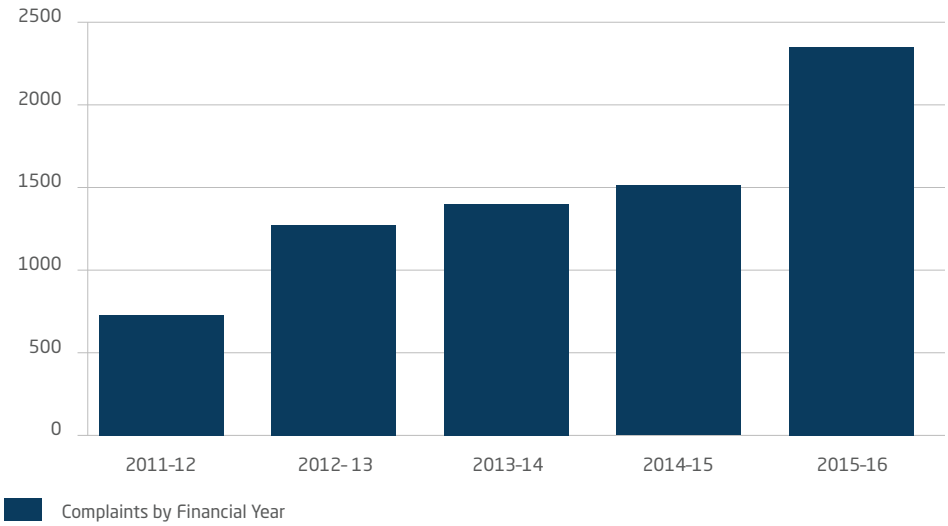
Complaints received

ASQA accepts complaints about training providers from students, their representatives, and other members of the community. ASQA investigates complaints and uses information gathered through complaints to inform how providers are regulated.

Between 1 July 2011 and 30 June 2016, ASQA received 7264 complaints about training organisations, as shown in Figure 4. The number of complaints received each financial year has been trending upwards, with ASQA receiving significantly more complaints about training organisations in the 2015–16 financial year (2350) than for any of the previous four financial years.

This increase is partly attributable to the high degree of concern in the community about the misuse of the VET FEE-HELP funding scheme, and associated unconscionable marketing and enrolment practices which peaked in 2015—prior to the program's reform; as well as the rise in ASQA's profile as a result of media interest in the scheme.

Figure 4: Complaints about training providers submitted to ASQA, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16



In 2015–16, as part of the implementation of the revised organisation structure, ASQA implemented improvements to its complaints-handling process. ASQA's Initial Assessment and Referral Team reviews each complaint to determine whether the complaint can be progressed to an ASQA Regulatory Operations Team for further review (some complaints may not meet the requirements for this, for example, those that provide insufficient information).

If a complaint is progressed to ASQA's Regulatory Operations Teams, ASQA may then:

- refer the provider for audit or investigation, or
- undertake a 'complaint evidence analysis'—similar to a desk audit, this is an activity conducted to assess the compliance of a provider.

In 2015–16, ASQA undertook 30 audits in direct response to complaints received and finalised 549 complaint evidence analyses.

Following audit or complaint evidence analysis, ASQA may then take a range of regulatory actions including:

- contacting the provider to issue a warning or to request a specific action (for example, provide a student with a certificate)
- making a decision in relation to the provider's registration (for example, to suspend, cancel or place conditions on a provider's registration)
- begining civil penalty proceedings or issuing infringement notices, and/or
- choosing to use the information provided in the complaint to inform future regulatory activity.

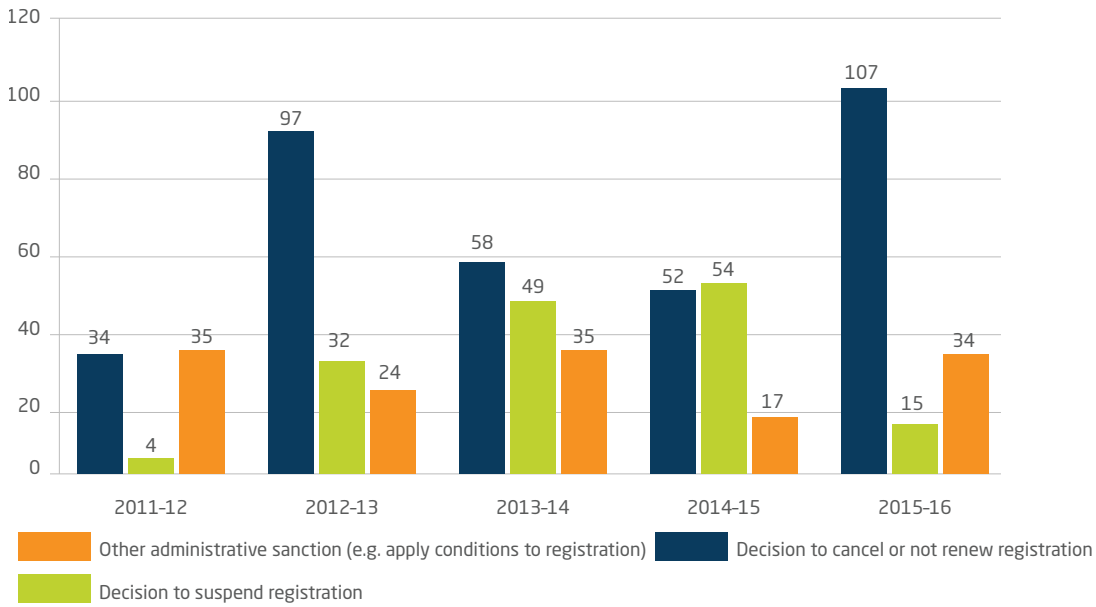
Regulatory decisions

In 2015–16 ASQA made 107 decisions to cancel or not renew registration, double the number made in 2014–15, and the highest number of these decisions in any year of ASQA's operation. The substantial increase is attributable to a range of factors including:

- the maturing of ASQA's risk-based regulatory approach, which means that audits—as well as other regulatory tools, such as investigations—are more effectively targeted at providers of concern
- the additional scrutiny placed on VET FEE-HELP providers through ASQA's 2015 targeted audit of VET FEE-HELP providers, and
- a crackdown on non-payment of annual registration fees.

ASQA's regulatory decisions for 2015–16 are shown in Figure 5.

Figure 5: ASQA regulatory decisions, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16



Annual performance statement

Annual performance statement

Statement of preparation

I, Christopher Robinson, as the accountable authority of the Australian Skills Quality Authority, present the 2015–16 annual performance statement of the Australian Skills Quality Authority, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the entity, and comply with subsection 39(2) of the PGPA Act.

ASQA's purpose

The *ASQA corporate plan 2015–16* sets out one purpose for ASQA, which includes the following stated objectives:

1. Provide for national consistency in the regulation of vocational education and training
2. Regulate vocational education and training using:
    - a standards-based quality framework
    - risk assessments, where appropriate
3. Protect and enhance:
    - quality, flexibility and innovation in vocational education and training
    - Australia's reputation for vocational education and training nationally and internationally
4. Provide a regulatory framework that encourages and promotes a vocational education and training system that is appropriate to meet Australia's social and economic needs for a highly educated and skilled population
5. Protect students undertaking, or proposing to undertake, Australian vocational education and training by ensuring the provision of quality vocational education and training
6. Facilitate access to accurate information relating to the quality of vocational education and training.

Results

Key performance indicator 1: Balanced regulatory approach which promotes high level of compliance by providers in line with national standards

Performance criteria

1. High levels of provider compliance
2. Timely regulatory processes
3. ASQA is compliant with national regulator standards

Criterion source

- *ASQA corporate plan 2015–16*
- 2016-17 Portfolio Budget Statements Program 1.1 (P.196) [Criterion 3 only]

Results against performance criterion

Criterion 1—High levels of provider compliance
Measure—percentage and number of providers that are compliant (trend over time)

As Table 3 indicates, 2015–16 has seen increases in the amount of non-compliance found at audit. This trend reflects the implementation of ASQA's risk-based approach, which is discussed throughout this report—while the Authority has completed fewer audits, these have been more effectively targeted and have effectively identified more providers that are unable to meet the required standards. This trend is also reflected in an increase in the number of provider registrations that ASQA has cancelled, suspended or not renewed during the reporting period (see KPI 5, Criterion 2 and 3).

Table 3: Proportion of providers fully compliant or not compliant, finalised audits of providers 2012-13, 2013-14, 2014-15, 2015-16

	Initial audit				After rectification			
	2012-13 (old Standards)	2013-14 (old Standards)	2014-15 (old standards)	2015-16 (new Standards)	2012-13 (old Standards)	2013-14 (old Standards)	2014-15 (old Standards)	2015-16 (new Standards)
Percentage of providers fully compliant	19.6%	23.9%	24.7%	18.2%	72.9%	77.8%	82.4%	70.9%
Percentage of providers with at least one non-compliance	80.4%	76.1%	75.3%	81.8%	17.1%	22.2%	17.6%	29.1%

Criterion 2— Timely regulatory processes

Measure—Percentage and number of regulatory processes that are conducted within specified timeframes (trend over time)

Criterion 2 relates to the percentage and number of regulatory processes that are conducted within specified timeframes. Following a site audit, ASQA seeks to provide an audit report to the provider within 30 calendar days. Table 4 demonstrates that for most audit types ASQA has successfully met its targets on the majority of occasions. For audits relating to applications—initial, renewal, or change of scope of registration applications—a high proportion of reports was provided within the required timeframe. Audits relating to compliance—compliance monitoring and post-initial—saw a smaller proportion of reports issued in accordance with the target. ASQA will focus on improving the provision of reports relating to post-initial audits for the next reporting period.

Table 4: Percentage and number of audit reports provided within 30 days of site visit

Audit type	Target	Percentage (and number) of reports approved within target		
		2013-14	2014-15	2015-16
Initial registration application	Interim audit report to provider within 30 calendar days of the site visit	82.9% (194)	77.1% (148)	89.7% (208)
Registration renewal application		76.0% (275)	79.9% (214)	78.4% (58)
Change of scope application		75.8% (119)	89.8% (97)	83.3% (75)
Post-initial audit		77.7% (94)	82.5% (99)	76.4 % (42)
Compliance monitoring audit		74.3% (26)	82.0% (41)	63.0% (17)

Criterion 3—ASQA is compliant with national regulator standards

Measure—Qualitative evaluation of ASQA's compliance with national standards for accreditation and regulation

ASQA has fully complied with both the *Standards for VET Regulators 2015* and the *Standards for VET Accredited Courses 2012* during the reporting period. The *Standards for VET Regulators 2015* outlines six standards with clauses under each standard that ASQA must meet. This annual performance statement includes information on ASQA's performance against these six standards in the following locations:

- **Standard 1:** The VET regulator effectively and efficiently regulates RTOs. These measures are included in KPIs 1, 2, 4, 5 and 8.
- **Standard 2:** Courses are accredited in accordance with the Standards for VET Accredited Courses. This measure is included in KPI 1.
- **Standard 3:** The VET regulator communicates effectively and implements a transparent complaints process to enhance regulatory practices and outcomes. These measures are included in KPIs 3 and 6.
- **Standard 4:** The VET regulator reports to and responds to requests from the Industry and Skills Council or its delegate. These measures are included in KPI 7.
- **Standard 5:** The VET regulator evaluates and improves its regulatory performance and ensures that its delegates comply with the VET Regulator Standards. These measures are included in KPIs 1 and 7.
- **Standard 6:** The VET regulator must be effectively and efficiently managed. These measures are included in KPIs 5 and 9.

Compliance with the regulator standards involved ASQA developing a set of performance standards for the Authority. These standards have now been published on ASQA's website and set performance criteria relating to:

- overall quality of ASQA's services
- fees and charges
- provision of information to stakeholders
- conduct of regulatory processes
- conduct of audits
- complaints and appeals, and
- freedom of information.

ASQA also provided quarterly reports to the Minister over the reporting period relating to its handling of complaints about RTO non-compliance with the *Standards for Registered Training Organisations 2015*, in accordance with the *Standards for VET Regulators 2015*.

Key performance indicator 2: Regulators do not unnecessarily impede the efficient operation of regulated entities

Performance criteria

1. Detail the mechanisms for regulated entities and stakeholders to provide feedback and input to ASQA on policies and practices to identify emerging issues
2. ASQA's work program to reduce compliance costs for regulated entities
3. Proportion of the regulated community reporting high satisfaction with their engagement with ASQA
4. Summarise ASQA's annual environmental scanning activities and the outcomes of Strategic Reviews

Criteria source

- *ASQA corporate plan 2015–16*

Results against performance criteria

Criterion 1—Detail the mechanisms for regulated entities and stakeholders to provide feedback and input to ASQA on policies and practices to identify emerging issues

Measure—Mechanisms deployed

ASQA has established a number of mechanisms through which regulated entities and stakeholders can provide feedback. In 2015–16, these included:

- **Annual environmental scan:** ASQA undertook extensive and comprehensive consultation with 36 key stakeholders as part of the environmental scanning process. Through these consultations, ASQA sought to develop an understanding of how key stakeholders define the problems affecting the sector, and their views on the potential causes and drivers of these problems.
  (See KPI 2 Criterion 4 for more information on ASQA's environmental scanning process.)
- **Provider Roundtable Meetings:** ASQA held four 'provider roundtable' meetings during 2015–16. These meetings provided opportunities for peak bodies to engage with ASQA and to discuss the Authority's regulatory approach, as well as high-priority emerging issues. The provider roundtables are a valuable forum that allows ASQA to participate in structured dialogue with provider organisations, and allows the provider organisations to bring the concerns of their members to ASQA's attention.
- **ELICOS Roundtable:** ASQA coordinates a Regulator-Provider Forum with English Australia (the national peak body for the English-language sector of international education in Australia), TAFE Directors Australia, the Australian Council for Private Education and Training, and the Tertiary Education Quality and Standards Agency (TEQSA).

  This forum met twice in 2015–16 to discuss issues relating to the regulation of English Language Intensive Courses for Overseas Students (ELICOS).

- **Provider Reference Group:** The provider reference group was brought together twice during 2015-16 to discuss ASQA's communications activities—including the proposed structure of the Training Provider Briefing sessions, social media and website improvements—and the redevelopment of ASQAnet. The feedback received from the group was used to develop new and enhance existing communications activities. Members of the group were nominated by ASQA Commissioners and regulatory operations managers based on their size (large/medium/small RTOs), type (public provider/private provider/community college/enterprise), geographic location (all states and territories had at least one representative) and history of engagement with ASQA (fully compliant at audit, fully compliant following rectification).
- **Industry Engagement Team:** Members of ASQA's Industry Engagement Team attend a range of industry and regulator forums/events each year to consult with representatives from other regulatory agencies. Information about providers or training products of concern or emerging sector issues provided through these events are entered into ASQA's intelligence register (or, if the information relates to a specific provider, the information may be entered as a complaint). Information received through complaints and intelligence reports is used to inform ASQA's regulatory activity.
- **Provider Briefing Sessions, Course Accreditation Briefing Sessions, Stakeholder Briefing Sessions:** In 2015–16 ASQA held a series of industry stakeholder briefing sessions to provide organisations with an interest in the VET sector with information about the authority's regulatory activity and future strategies. The sessions—hosted by ASQA's Commissioners—also aimed to enhance information-sharing between ASQA and industry stakeholders as a way of identifying and mitigating potential risks across the sector. More than 300 stakeholders representing business and employer organisations, industry regulators, industry associations and government agencies attended the sessions held in each capital city throughout June.

  ASQA held 28 face-to-face and two online briefing sessions for registered training organisations, which provided an update on changes to the sector and reported on ASQA's audit findings since the implementation of the *Standards for Registered Training Organisations 2015*. Eight briefing sessions, including one webinar, targeting accredited course owners and developers were also held. These sessions included question and answer opportunities and attendees were able to provide feedback on regulatory processes and experiences both at the sessions and through the post-session survey.
- **Annual provider and stakeholder surveys:** As with previous years, ASQA also undertook a major annual survey of providers and VET sector stakeholders to assess its performance against the objectives stated in the Portfolio Budget Statements, the *Corporate plan 2015–16*, organisational values and other performance requirements under the *National Vocational Education and Training Regulator Act 2011*.

  Participation in the survey was optional and responses were confidential. The survey asked both providers and key stakeholders to rate ASQA's performance in areas such as consultation and the quality of information made available through its various communication channels. Relevant survey results are provided throughout this report.
- **Quarterly audit surveys:** ASQA seeks feedback about its audit processes as part of ensuring that the audit process is consistent and transparent. Providers that had an ASQA site audit finalised during the reporting period were invited to provide feedback on their experience through a site audit survey. The survey is conducted several times each year.

Criterion 2—ASQA's work program to reduce compliance costs for regulated entities

Work program delivered

In 2014, ASQA commenced a comprehensive vocational education and training (VET) regulatory reform strategy designed to support the Australian Government's policy to boost productivity and reduce regulation.

The reforms outlined seven key work programs, which have now been delivered.

These were:

- **Equivalent training package scope updates**—Training packages are regularly updated to ensure they reflect the needs of industry. This reform means that when a training package product is updated, and the new version is 'equivalent' to the previous product, ASQA automatically adds the new product to a provider's scope of registration without requiring an additional application or fee. This reform was implemented on 1 July 2014.
- **Removal of financial viability from renewal of registration**—ASQA no longer requires providers to undergo any financial viability risk assessment at the time of renewal application submission. Rather, in keeping with the risk-based approach to regulation, in cases where ASQA receives credible information suggesting that a provider is not financially viable, ASQA may require the organisation to undergo a targeted risk assessment. This reform was implemented on 1 July 2014.
- **Delegations for amending scope of registration**—From October 2014, ASQA began offering certain high-performing RTOs the ability to manage their own scope of registration. This means that these RTOs are able to add new training products to their registration without applying to ASQA and paying an application fee. This was a three-stage program; the final stage was completed in May 2016.
- **Provision of enhanced guidance and information**—ASQA completed the development of enhanced guidance and information to support the implementation of the *Standards for Registered Training Organisations 2015* in late 2015. This work program included the development of a broad range of communication materials to support providers, a range of face-to-face events, and the implementation of updated Info Line procedures to allow Info Line employees to provide more in-depth advice to providers.
- **Implementation of the new standards**—The *Standards for Registered Training Organisations 2015* were released in October 2014 and came into effect on 1 January 2015 for organisations applying to become RTOs and on 1 April 2015 for existing RTOs. ASQA managed the successful transition to these Standards through an implementation strategy that included a comprehensive Communication and Education strategy.
- **Changes in risk model and regulatory approach**—ASQA undertook a comprehensive review of its risk model, commencing late 2014 and culminating with the publication of the *Regulatory Risk Framework* and *Regulatory Strategy* in April 2016. While the initial work program has been completed, ASQA's risk approach continues to evolve and ASQA has identified further changes to support its risk-based regulatory approach—specifically in relation to its audit model—which will be implemented in the 2016-17 financial year.
- **Adjustments to ASQA's organisation structure**—ASQA's new organisation structure came into effect on 30 June 2015. Implementation of the revised organisation structure is discussed further in the response to KPI 8, Criterion 4.

Criterion 3— Proportion of the regulated community reporting a high level of satisfaction with their engagement with ASQA

Measure—Percentage reporting a high level of satisfaction with ASQA engagement

In responses to the *2015–16 ASQA provider survey*, 67.7 per cent of respondents indicated that ASQA's engagement with the regulated community was either 'excellent' or 'good', as shown in Table 5. A further 22.2 per cent indicated that they felt ASQA's engagement with them was 'fair', while a total of 6.0 per cent indicated engagement was 'poor' or 'very poor'.

Table 5: Proportion of the regulated community reporting a high level of satisfaction with their engagement with ASQA in responses

	Excellent	Good	Fair	Poor	Very poor	Don't know	No answer
Engagement with the regulated community	17.3	50.4	22.2	4.6	1.4	4.0	.1

Criterion 4— Summarise ASQA's annual environmental scanning activities and the outcomes of strategic reviews

Measure—Summary and outcomes reported

Annual environmental scanning activities

ASQA produces an annual environmental scan to identify areas of concern at the sector level—that is, systemic issues affecting vocational education and training. Identifying these areas of concern allows ASQA to understand where and how to target its regulatory effort.

The 2015 environmental scan identified key risks in both the domestic VET sector and the international sector (which includes both the delivery of VET to overseas students and the delivery of English Language Intensive Courses for Overseas Students [ELICOS]). ASQA has identified these risks by drawing on inputs from a range of sources. The 2015 environmental scan is the first time ASQA has undertaken extensive and comprehensive consultation with 36 key stakeholders as part of the environmental scanning process. Through these consultations, ASQA sought to develop an understanding of how key stakeholders define the problems affecting the sector, and their views on the potential causes and drivers of these problems.

The 2015 environmental scan includes analysis of ASQA's regulatory data in order to identify the most concerning obligations and products. ASQA's complaints and audit non-compliance data identify the products and obligations that ASQA receives the most complaints about and finds the most non-compliance against. The full results of environmental scans are not published for a general audience as they contain confidential information about ASQA's pending operations.

ASQA identified the most concerning training products as:

- Certificate IV in Training and Assessment (TAE40110)
- Certificate III and Diploma in Early Childhood Education and Care (CHC30113 & CHC50113)
- Certificate III in Aged Care (CHC30212)

- Business Services (BSB) training package (one-third of the most concerning products belong to the Business Services training package—with these products ranging from certificate III-level to diploma-level).

The most concerning obligations are:

- Obligations under the *Standards for Registered Training Organisations 2015* (the Standards):
  - Standards 1.1, 1.3–6 and 1.8—These Standards require that the RTO's training and assessment strategies and practices are responsive to industry and learner needs and meet the requirements of training packages and VET accredited courses, industry relevance, and assessment
  - Standards 3.1–3.4—The RTO issues, maintains and accepts Australian Qualifications Framework (AQF) certification documentation in accordance with these Standards and provides access to learner records
  - Standards 4.1—Accurate and accessible information about an RTO, its services and performance is available to inform prospective and current learners and clients.
- Certain obligations under the *National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students 2007* (the National Code).

The environmental scan also identified a list of systemic risks by evaluating consultation findings, monitoring media, and analysing ASQA's regulatory data and other external data.

Strategic reviews

ASQA completed three strategic reviews during the reporting period. All three reports made some similar recommendations, including recommendations for:

- training packages to include minimum benchmarks around the amount of training required for units of competency and VET qualifications
- the quality of assessment to improve
- greater clarity in training packages in relation to assessment evidence, and
- adequate provision of training and assessment in an actual or simulated environment.

Reports and findings were published for each of the three reviews:

- *Training for early childhood education and care in Australia*—Key findings of this review included:
  - Most registered training organisations have difficulty complying with assessment requirements.
  - Following time to rectify areas where they were not compliant, most registered training organisations became compliant with the national standards for registered training organisations.
  - Training courses are often being delivered in too short a time to enable the development of sufficient skills and knowledge and for valid assessment decisions to be made.
  - Learning and assessment in a structured workplace environment is not being done well by many registered training organisations delivering early childhood education and care.
- *Training in equine programs in Australia*—Key findings of this review included:
  - Horse riding and horse handling activities occur in a range of income earning, professional

and amateur sport, and recreational settings cutting across all age and ability groups, and involve diverse professional, amateur and recreational organisations and industry regulators.

  - The single unifying theme across all settings is that there is risk in these activities requiring a focus on safety and active risk identification and management.
  - Data indicates there are a significant number of injuries, hospitalisations and fatalities that occur during horse riding and handling.
  - While there are voluntary codes or guides for the horse industry, including one developed by Safe Work Australia, there is no consistent approach for managing work health and safety risks in the horse industry across Australia.
  - As a result of the diversity of settings and activities, there are numerous equine units of competency spread across five industry training packages and many equine VET accredited courses.
  - As VET is training for work and many horse-related activities are sport and recreation-based, a large amount of training also occurs outside the VET system. This training landscape makes the market confusing for potential students, who may find it difficult to identify training that matches their needs and skill levels.
- *Training in security programs in Australia*—the recommendations in this report included:
  - Agreement by licensing authorities on a single set of qualifications and units to be used in all jurisdictions, paving the way for consistent licensing arrangements.
  - Changes to the training package to more clearly specify assessment and volume of learning requirements; what can be delivered and assessed online and what cannot, including what aspects need to be delivered in the workplace; the language, literacy and numeracy skill requirements of job roles; and skills in safe restraint techniques.
  - A more strategic and systematic engagement between ASQA and the licensing authorities to facilitate information-sharing and to achieve a coordinated response to licensing authority concerns about the quality and integrity of training and assessment.

Key performance indicator 3: Communication with regulated entities is clear, targeted and effective

Performance criteria

1. Proportion of providers reporting that ASQA's information systems and service channels are accurate, helpful and timely
2. Assessment of ASQA's response times against its targets (proportion of initial registration applications/renewals/registration applications completed within targeted timeframe)
3. Satisfaction with:
   - knowledge of staff answering calls and emails
   - completeness of answers provided
4. Detail the outcomes of the audit moderation process to demonstrate consistency in decision making

Criterion source

- *ASQA corporate plan 2015–16*
- *2016–17 Portfolio Budget Statements program 1.1 (p.196) [criterion 1 only]*

Results against performance criteria

Criterion 1—Proportion of providers reporting that ASQA's information systems and service channels are accurate, helpful and timely

Measure—70 per cent or more reported that ASQA's information systems and service channels are accurate, helpful and timely

Table 6 shows provider responses to the *2015–16 ASQA provider survey* in relation to ASQA's information systems.

Table 6: Percentage of provider respondents to the *2015-16 ASQA provider survey* who rated the accuracy, helpfulness and timeliness of ASQA's information systems as either 'good' or 'excellent'

	Accurate (%)	Helpful (%)	Timely (%)
Fact sheets	92.2	92.0	92.0
Frequently-asked questions (FAQs)	89.1	87.7	88.2
General directions	89.4	89.4	89.8
ASQA Update newsletter	91.1	90.8	91.1
ASQA webinar series	89.7	86.8	88.5
Videos on ASQA's YouTube channel	82.4	81.6	80.7
ASQA Provider Briefing Sessions (face-to-face)	86.4	81.6	85.6
Website (overall)	89.2	90.1	87.7
All information systems	**88.7**	**87.5**	**87.9**

Table 7 shows provider responses to the *2015–16 ASQA provider survey* in relation to ASQA's service channels.

Table 7: Percentage of provider respondents to the *2015-16 ASQA provider survey* who rated the accuracy, helpfulness and timeliness of ASQA's service channels as either 'good' or 'excellent'

	Accurate (%)	Helpful (%)	Timely (%)
Info Line (telephone service)	70.6	89.2	88.0
Info Line (email responses)	70.3	87.7	75.3
Info Line (all)	**70.4**	**88.4**	**81.6**

Criterion 2—Assessment of ASQA's response times against its targets

Measure—Percentage completed within timeframes described in ASQA's performance standards

ASQA provides clear guidance to providers on the expected timeframes for completion of application processes through its published *Performance standards*. This guidance allows providers to undertake forward business planning with confidence that ASQA will complete applications within the timeframes provided. It should be noted that these targets apply where applications submitted are completed in full—partially or incorrectly completed applications require resubmission, and time spent in the resubmission process is not included when calculating the time spent finalising an application. ASQA performance against its performance standard targets for the completion of applications is shown in Table 8.

Table 8: Percentage of applications finalised within the timeframes set in ASQA's performance standards

Application Type	Target	% Completed within target
Applications for initial registration	Finalised* within 6 months	91.3%
Applications to renew registration	Finalised within 6 months	99.0%
Change of scope applications—with audit	Finalised within 6 months	83.5%
Change of scope applications—without audit	Finalised within 1 month	82.2%

** 'Finalised' means that ASQA has made a decision and advised the applicant (not that any review process has been completed).*

Criterion 3—Satisfaction with the knowledge of staff answering calls and emails and the completeness of answers provided

Measure—70 per cent or more report satisfaction levels as 'excellent' or 'good'

Table 9 shows provider responses to the *2015–16 ASQA provider survey* in relation to the knowledge of employees operating ASQA's service channels.

Table 9: Satisfaction with the knowledge of Info Line employees and the completeness of answers provided, as indicated by 'good' or 'excellent' response by respondents to the *2015-16 ASQA provider survey*

	Answer provider was complete—provider did not have to call back	Knowledge of staff answering call or email
Info Line (telephone service)	70.6	71.3
Info Line (email responses)	70.3	74.9
Info Line (all)	**70.4**	**73.1**

Criterion 4—Detail the outcomes of the audit moderation process to demonstrate consistency in decision making

Measure—Outcomes reported

ASQA has a range of moderation strategies that are designed to:

- promote a common understanding and interpretation of the VET Quality Framework, the National Code and the ELICOS National Standards between all ASQA regulatory officers
- ensure that consistent judgements are made about the scheduling and scoping of audits, the nature and extent of evidence for compliance, determination response options, and the management of non-compliance when it is identified, and
- support continuous improvement and good audit practice.

In recognition that quality and consistency can only be achieved through the active participation of all regulatory staff and other relevant stakeholders in the moderation activities, ASQA has an Auditor Online Discussion Board and holds formal moderation activities such as regulatory moderation workshops. Informal moderation between auditors and colleagues is also encouraged. A dynamic Moderation Log records ASQA's agreed position in respect to compliance issues.

The General Manager—Regulatory Operations and all managers from the Regulatory Operations branch of ASQA meet on a monthly basis to ensure consistency of approach, operational effectiveness and business improvement across compliance operations.

Key performance indicator 4: Actions undertaken by regulators are proportionate to the regulatory risk being managed

Performance criteria

1. Demonstrate how the compliance record of regulated entities is considered as part of the risk assessment process, including a description of ASQA's processes for reviewing its risk model
2. Total number of providers that take up an offer of a delegation
3. Discuss how the evolution of ASQA's risk model has led to a more comprehensive and nuanced understanding of provider risk.

Criteria source

- *ASQA corporate plan 2015–16*

Results against performance criterion

Criterion 1—The compliance record of regulated entities is considered as part of the risk assessment process, including a description of ASQA's processes for reviewing its risk model

Measure—Documented processes

Processes for considering the compliance record of regulated entities

In 2015–16, ASQA began revising its risk model. ASQA fulfils its responsibility to manage risks to the quality of VET outcomes for students, employers and the community by managing risk on two levels: strategic (systemic risk) and operational (provider risk).

- **Systemic risk** is a risk likely to exist across the sector or in a portion of providers. If left untreated, significant risks of this type can have a detrimental impact on the quality of training and assessment for individuals, industry and the wider community and may lead to loss of confidence in the sector.
- **Provider risk** is the risk an individual provider presents through their choices and actions, which, if left untreated, could have a significant detrimental impact on training and assessment outcomes for students, industry and the community.

During the reporting period, ASQA began implementing a revised approach for managing provider risk—moving from a 'provider risk rating' to 'provider profiling'. The implementation of provider profiling enables ASQA to continuously review provider performance through a centralised report. The provider profile contains:

- information about a provider's historical performance in complying with its regulatory obligations including those related to timely and accurate data provision and fee payment (also referred to as a provider's '*Compliance History*')
- other measures of performance against established predictive risk indicators, and
- information reported by internal or external stakeholders.

Under the provider profiling approach, each provider's profile is nuanced and dynamic, reflecting a range of data sources; this information does not translate into a single score or rating. Rather, this system allows a detailed profile for each provider, which includes a set of risk indicators. One such indicator is a provider's '*Compliance History*'. This indicator will summarise each provider's past compliance with five key historical inputs:

- audit history
- complaint history
- compliance with data provision requirements
- late payments to ASQA of fees and charges and
- submission of an annual declaration on compliance.

Implementation of the provider profiling approach commenced in 2015–16 and is expected to apply for all relevant providers from 2016–17.

Processes for reviewing ASQA's risk model

ASQA actively monitors the environment for new and emerging risks through ongoing scanning activities. When new systemic risks are identified, ASQA may review the annual *Regulatory strategy* and reprioritise regulatory effort to ensure the most significant risks are treated in order of priority and as the environment shifts.

In monitoring the treatment of priority risks, ASQA implements evaluation strategies for each risk to determine the:

- effectiveness of the treatment in reducing the risk
- point at which the level of risk becomes tolerable, and
- level and type of effort to be invested in continuing to treat each risk.

The outcomes of these evaluations are used to review and reprioritise any residual risk as part of the subsequent systemic risk management cycle.

Criterion 2—Total number of providers that take up the offer of a delegation
Measure—Number of delegates

ASQA provides high-performing RTOs with the ability to manage their own scope of registration. This means that these RTOs are able to add new training products to their scope of registration without applying to ASQA and paying an application fee.

As at 30 June 2016, 268 RTOs (including 25 TAFEs) had accepted the invitation and become 'ASQA Delegates'. A delegation is issued for a period of five years.

Criterion 3—Discuss how the evolution of ASQA's risk model has led to a more comprehensive and nuanced understanding of provider risk

Measure—Documented understanding of provider risk

ASQA has established a range of mechanisms for identifying and assessing provider risk. These enable ASQA to monitor providers at all times to identify those providers who present greatest risk of adversely affecting the community (by not complying with regulatory requirements and producing poor quality training and assessment outcomes). As ASQA's risk-based regulatory approach matures, the number of mechanisms ASQA uses to monitor provider risk is likely to increase.

ASQA has made a significant shift in how it manages provider risk—moving from a 'provider risk rating' to 'provider profiling'. Risk ratings are often used in transactional regulatory models where regulation focuses largely on assessing applications for licensing approval to enter a market. ASQA's risk-based approach requires the regulator to have access to comprehensive, real-time information about each provider.

As mentioned in the response to KPI 4 Criterion 1, 'Provider profiling' enables ASQA to continuously review provider performance through a centralised report. The provider profile contains:

- information about a provider's historical performance in complying with its regulatory obligations including those related to timely and accurate data provision and fee payment (the provider's *Compliance History*)
- other measures of performance against established predictive risk indicators, and
- information reported by internal or external stakeholders.

Each provider's profile is nuanced and dynamic, reflecting a range of data sources; this information does not translate into a single score or rating. Rather, this system allows a detailed profile for each provider, which includes a set of risk indicators. One such indicator is a provider's 'Compliance History'. The intelligence-led, risk-based regulatory approach ASQA applies means that provider review is less likely to be triggered by application activity and more likely to be triggered by events, such as:

- credible and reliable provider reports, or
- unusual provider activity.

In this context, provider profiling enables better judgments about the proportion of regulation to be applied in response to such events.

Early indicators of the effectiveness of this approach can be seen in the measures of ASQA's regulatory activity for 2015–16. ASQA has seen significant increases in:

- the percentage of audits at which the provider has been found non-compliant, even after the opportunity to rectify (from 17.6 per cent in 2014–15 to 29.1 per cent in 2015–16), and
- the number of providers whose registrations ASQA cancelled or refused to renew (from 54 in 2014–15 to 107 on 2015–16).

These indicators clearly reflect the impact of ASQA's risk approach, which relies on data and intelligence to target providers of concern.

Key performance indicator 5: Compliance and monitoring approaches are streamlined and coordinated

Performance criteria

1. Description of ASQA's formal agreements with other regulators and how they are used to minimise the burden on regulated entities (for example, the Memoranda of Understanding with the Tertiary Education Quality and Standards Agency [TEQSA] and the Victorian Registration and Qualifications Authority [VRQA])
2. ASQA uses a range of appropriate enforcement tools, proportionate to the seriousness of breaches:
    - Number of written directions made
    - Number of written enforceable undertakings agreed with providers
    - Number of suspensions
    - Number of cancellations
3. The proportion of audits that are not part of an application assessment, and the proportion of these that are non-compliant
4. Demonstrate how ASQA seeks to minimise and tailor information requests of regulated entities.

Criteria source

- *ASQA corporate plan 2015–16*

Results against performance criteria

Criterion 1– Description of ASQA's formal agreements with other regulators and how they are used to minimise the burden on regulated entities

Measure—Executed Agreements

As at 30 June 2016, ASQA has developed memoranda of understanding (MoUs) with other regulators and agencies including:

- four Australian Government departments and regulatory agencies
- 14 state and territory government departments and regulatory agencies
- 11 national industry representative peak bodies
- one state industry representative peak body.

As at 30 June 2016, ASQA was negotiating new MoUs with a number of industry regulators in the following priority areas:

- High risk work (including asbestos removal)
- Security
- Aviation Security
- Early childhood education and care
- Mining
- Electrical

- Gas Fitting/Plumbing
- Pesticides
- Transport (road, sea and air), and
- Building and Construction.

All such arrangements work to facilitate information exchange that allows ASQA to more effectively target its regulatory interventions toward the small number of poor quality, wilfully non-compliant, providers in the sector.

In addition, ASQA has specific agreements with other education regulators:

- The Tertiary Education Quality and Standards Agency (TEQSA)—this agreement aims to streamline regulatory processes for multi-sector providers (e.g. providers that deliver both vocational and higher education) and to reduce the potential for duplication for these providers.
- ASQA's work as the national regulator for vocational education and training interacts with the work of other regulators and other agencies, including state funding agencies and the two state VET regulators—the Victorian Registration and Qualifications Authority (VRQA) and the Western Australia Training and Accreditation Council (TAC). To ensure efficient and effective regulation across all jurisdictions, ASQA and the state regulators operate according to an agreement to exchange data and share information and to coordinate the transfer of providers between the regulators (as determined by the application of Commonwealth and State legislation).

Criterion 2—ASQA uses a range of appropriate enforcement tools, proportionate to the seriousness of breaches

Measure—Reported use of enforcement tools

ASQA made the following regulatory decisions during the reporting year:

- written directions—24
- written enforceable undertakings agreed—0
- suspensions—15
- cancellations, including rejection of renewal applications—107.

Criterion 3—the proportion of audits that were not part of application assessment and the proportion of those audits that are non-compliant

Measure—the percentage of audits that were not part of application assessment and the percentage of those audits that are non-compliant

For the period 1 July 2015 – 30 June 2016, 35.3 per cent of ASQA's completed audits were not application-related ('compliance audits'), as shown in Table 10. Of these, 34.5%, or around one in three, were finalised as non-compliant, compared with 19.4 per cent of application-based audits (around one in five).

The higher rate of non-compliance found at compliance audits reflects the fact that these audits are often undertaken in response to ASQA's data or intelligence indicating concerns about a provider.

Table 10: Number and proportion of application-based and non-application based audits finalised 2015-16

Audit type	Number of audits finalised, 1 July 2015 - 30 June 2016	Proportion of audits finalised, 1 July 2015 - 30 June 2016
Application-based	759	64.7%
Non-application based	415	35.3%
Total audits	**1174**	**100.0%**

Criterion 4—Demonstrate how ASQA seeks to minimise and tailor information requests of regulated entities

Measure—Demonstrated tailoring of requests

In order to reduce unnecessary time spent by providers on compliance and administration, ASQA seeks information from the regulated community as efficiently and effectively as possible:

- Where possible, ASQA has combined procedures for the collection of information relating to RTO registration and Education Services for Overseas Students (ESOS) registration, for example, by combining the forms these providers use to submit information to ASQA.
- ASQA and TEQSA collaborate when considering regulatory actions on multi-sector providers (e.g. providers that deliver both vocational and higher education courses), including through sharing information on specific providers. This prevents the duplication of requests.
- ASQA now exempts RTOs from having to submit client satisfaction survey quality indicator reports when they have already reported no VET activity to the previous year's total VET activity collection.
- ASQA streamlines information requests by seeking additional information through the 'Annual declaration on compliance' (completing this declaration is a mandatory requirement under the *Standards for Registered Training Organisations 2015*).
- ASQA collects data on current and recent VET activity with registration renewal applications to avoid an auditor having to collect this data later.

Key performance indicator 6: Regulators are open and transparent in their dealings with regulated entities

Performance criteria

1. Proportion of requests for information from regulated entities that ASQA has responded to within the specified timeframe, including calls to the Info Line and emails
2. The proportion of complaints about ASQA that are responded to within targeted timeframe
3. ASQA's implementation of the Regulatory Risk Framework is published and effectively communicated.

Criteria source

- *ASQA corporate plan 2015–16*

Results against performance criteria

Criterion 1—Proportion of requests for information from regulated entities that ASQA has responded to within the specified timeframe

Measure—Percentage of responses on time

ASQA's *Performance standards* call for ASQA to provide a high level of customer service, including through responding to enquiries within specified timeframes (answering calls within 120 seconds and responding to simple email enquiries within two working days).

During the 2015–16 year:

- the Info Line answered 100 per cent of calls within 120 seconds, and
- the Info Line responded to 100 per cent of simple email enquiries within two days.

Criterion 2—The proportion of complaints about ASQA that are responded to within targeted timeframe

Measure—Percentage of complaints responded to within timeframe described in ASQA performance standards

ASQA acts to investigate all complaints about the regulator as quickly as practicable.

During the 2015–16 year, 93 per cent of complaints received were closed in 90 days or less. Where ASQA considered that more than 90 calendar days were required to finalise a complaint, the Authority wrote to the complainant to explain the reasons.

Criterion 3—ASQA's implementation of the Regulatory Risk Framework is published and effectively communicated

Measure—published framework

ASQA published its Regulatory Risk Framework on its website in April 2016. The framework outlines an enhanced modern risk-based regulatory approach that targets both provider and systemic risks.

ASQA has provided information about this risk approach through a range of communication strategies, including through online mechanisms such as information on its website, as well as through the 2016 Provider Briefing Sessions and webinars.

Key performance indicator 7: Regulators actively contribute to the continuous improvement of regulatory frameworks

Performance criteria

1. Description of ASQA's strategy to communicate with stakeholders such the use of webinars, information and feedback sessions provider forums. and so on
2. Stakeholders express confidence in ASQA's regulatory work in contributing to the quality of Australia's VET and ELICOS providers
3. Summary of key interactions with the Minister, Council of Australian Governments and the Department in relation to improving ASQA's regulatory performance.

Criteria source

- *ASQA corporate plan 2015–16*

Results against performance criteria

Criterion 1— Description of ASQA's strategy to communicate with stakeholders
Measure—Communications strategy developed

ASQA has in place a detailed Stakeholder Engagement Plan that encompasses communications with current/prospective RTOs, Skills Service Organisations, training peak bodies, industry and employer peak bodies, students, other regulators, government agencies, industry associations and the media. The plan covers the following engagement activity and communication channels:

- **Seeking feedback through surveys and user groups—**ASQA also engages with providers and stakeholders through quarterly audit surveys, through which providers can provide ASQA with feedback on their audit experience; stakeholder/provider annual surveys, through which ASQA seeks a broad range of feedback on its services and performance; annual accreditation surveys and specialist surveys aimed at seeking feedback from particular sub-groups of providers, for example, to inform strategic reviews. ASQA also seeks direct feedback on its engagement through its provider reference group (see KPI 2 Criterion 1 for more information on these processes).
- **Face-to-face stakeholder engagement—**ASQA Commissioners and Senior Management engage with stakeholders through a range of formal mechanisms, including the English Language Intensive Courses for Overseas Students (ELICOS) Regulator-Provider Forum; Provider Roundtables; and Regulator Roundtables. ASQA's Commissioners and senior management speak at a range of VET sector and industry events, and ASQA held a series of Stakeholder Briefings, Provider Briefings and Course Accreditation Briefings this year.
- **Online engagement—**ASQA conducts a significant amount of its engagement with providers—and some of its student and stakeholder engagement—through online channels, including the ASQA website; *ASQA Update* newsletter and email alerts to the database; an online help centre, including a feedback form and a range of frequently asked questions; live webinars; recorded videos; and the publication of a broad range of resources online. ASQA also engages with providers, stakeholders and students through the email enquiries service, which responded to nearly 14,000 queries by email during the reporting year.
- **Collaborative agreements and working arrangements—**ASQA collaborates with stakeholders through the work of its Industry Engagement Team, including through the development of memoranda of understanding to support and formalise cooperative working and information-sharing arrangements.

Criterion 2—Stakeholders express confidence in ASQA's regulatory work in contributing to the quality of Australia's VET and ELICOS providers

Measure—70 per cent or more report satisfaction levels as 'excellent' or 'good'

In the *2015–16 ASQA stakeholder survey*, 70.9 per cent of respondents indicated that the contribution of ASQA's work to the quality of Australia's VET and ELICOS providers was 'excellent' or 'good'.

In responses to the *2015–16 ASQA provider survey*, 79.2 per cent of providers indicated that the contribution of ASQA's work was 'excellent' or 'good'.

Criterion 3— Summary of key interactions with the Minister, Council of Australian Governments and the Department in relation to improving ASQA's regulatory performance

Measure—reports prepared

ASQA provided quarterly reports to the relevant Ministers covering regulatory activity, complaints and progress with regulatory reform initiatives during the reporting period.

Additionally, in November 2015, the then–Minister for Vocational Education and Skills, the Hon Luke Hartsuyker MP, identified that a key priority of the Australian Government was the investigation of options for tougher regulatory interventions to ensure training provider compliance and quality outcomes from the VET system.

ASQA had previously been working to identify both long-term and short-term strategies it could deploy to strengthen the impact of regulation on the VET system, particularly in relation to providers that have a poor record of compliance with the national standards. These strategies were developed in conjunction with the Department of Education and were provided to the Minister for consideration.

In response to this consultation, the following strategies were implemented during or shortly after the end of the reporting year:

- earlier publication of information on regulatory decisions
- updates to ASQA's risk identification process to place additional emphasis on VET FEE-HELP providers
- reducing the number of opportunities a non-compliant provider has to modify its systems prior to ASQA commencing sanction action, and
- requiring all of ASQA's Commissioners to be involved in decision-making where ASQA has identified 'highly concerning' non-compliance in relation to a provider.

A number of additional strategies were either being implemented at the end of the reporting period, or were still in the consultation and development stage, including:

- the development of ASQA's revised audit model (which commences in late 2016)
- establishing new mechanisms for information and intelligence-sharing among agencies
- actions to address excessively short course duration
- investigation into course completions and student outcomes, and
- strategies relating to civil penalties.

Key performance indicator 8: VET regulatory reform initiatives

Performance criteria

1. Demonstrated reduction in burden/costs to delegates through the exercise of delegations
2. Development of tools and processes to build the regulated community's understanding of the requirements for compliance
3. Percentage of non-application based audits to application-based audits is increased
4. Implementation of new organisational structure; new approaches, structures and functions are progressively embedded
5. ASQA business system allows for:
   - CRICOS applications to be submitted electronically
   - online payment of all applications.

Criteria source

- *ASQA corporate plan 2015–16*
- 2016–17 Portfolio Budget Statements: Program 1.1 (p.196) [Criterion 2 & 3]

Results against performance criteria

Criterion 1—Demonstrated reduction in burden/costs to delegates through the exercise of delegations

Measure—trend over time.

As part of the VET reform package implemented from 2014, ASQA invited RTOs with a strong history of compliance to receive a delegation. Providers with a delegation are able to add courses to their scope of registration without submitting an application to ASQA, or paying an application fee.

Between 1 July 2015 to 30 June 2016, delegations saved providers the burden and costs associated with submitting an estimated 1111 'change of scope' applications to ASQA. This equates to estimated savings of $1,172,105 in application fees. This is a significant increase in estimated savings from the previous financial year, which were $738,500.

Criterion 2—Development of tools and processes to build the regulated community's understanding of the requirements for compliance

Measure—70 per cent RTO satisfaction with information relating to regulatory changes and case study developed for proactive approaches to engagement

As part of the suite of VET Regulatory Reform changes that ASQA began implementing in late 2014, ASQA outlined a commitment to developing enhanced information and guidance to assist providers.

As part of this commitment, ASQA's Communications and Education Team set out a strategy for proactive engagement with providers and other stakeholders through a program of face-to-face and online events.

During 2015–16 these included:

28 half-day Training Provider Briefing Sessions, which included formal presentations followed by question and answer sessions, for training providers

- three interactive webinars covering the Training Provider Briefing Sessions material
- eight half-day Course Accreditation Briefing Sessions for course owners
- five Stakeholder Briefing Sessions, at which ASQA Commissioners met with key stakeholders, and
- three interactive webinars for training providers delivering training for the aged and community care sector.

In addition, ASQA continues to provide information and advice through its standard communications channels including fact sheets, general directions, guides, webinars, videos and regular email updates. ASQA's Communications and Education Team work to constantly update and add to the information and advice for providers, course owners and other stakeholders.

In responses to the *2015–16 ASQA provider survey*, 84.6 per cent of respondents indicated that they were satisfied with ASQA's provision of timely information to the VET sector in general about changes to regulations. High levels of provider satisfaction with ASQA's communication and engagement are discussed in detail under KPI 3 Criterion 1.

Criterion 3—Percentage of non-application based audits to application-based audits is increased

Measure—30 per cent by 31 December 2015

ASQA's increasing focus on non-application based audits is indicative of the evolving regulatory approach that is discussed throughout this report. Overall, 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); the move toward a greater number and percentage of compliance audits will continue. It should however be noted that (as is the case between 2014–15 and 2015–16) this figure may fluctuate on a financial year basis.

ASQA has consistently increased the proportion of non-application based audits it has completed each year from 2011 to 2015; however, the 2015–16 financial year has seen a slight pause in this trend, as shown in Table 11.

This can be attributed to:

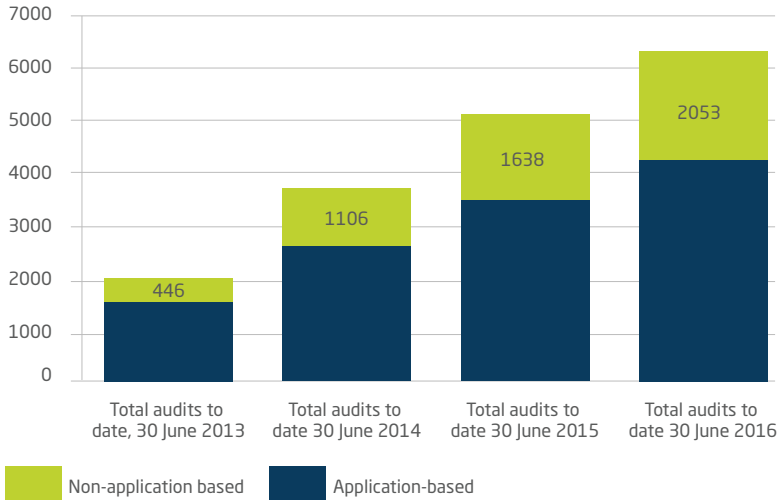
- ASQA has reduced the total number of audits undertaken in 2015–16—it is essential to note that while there has been a decrease in the number of audits undertaken, this does not indicate a decrease in the amount of audit effort. ASQA has been more effectively targeting providers of concern, and as a result, finding higher rates of non-compliance during the reporting year (see KPI 1 Criterion 1). Where non-compliance is found at audit, this requires additional regulatory effort, including a rectification process where providers have the capacity to submit additional evidence. ASQA auditors then review this evidence.
- A sharp spike in initial registration applications—the numbers of which increased dramatically between 2014–15 and 2015–16 (from 361 to 529). These are application-based audits, and importantly, unlike other application types where the need to complete an audit is determined by a detailed risk assessment, almost every initial registration application requires ASQA to undertake an audit. Mandatory audit at the initial registration stage seeks to prevent poor-quality training organisations and those not acting in good faith from entering the market. This spike in initial registration applications led to high numbers of rejected applications during the reporting period (ASQA rejected 16 per cent of these applications) and is further discussed in the Analysis of ASQA's performance against its purpose.

Table 11: Number of audits (total) and percentage of non-application based audits, 2012-13, 2013-14, 2014-15 and 2015-16

	2012-13	2013-14	2014-15	2015-16
Number of non-application based audits	235	411	532	415
Total number of audits	1364	1515	1399	1174
Percentage of non-application based audit	**17.2%**	**27.1%**	**38.0%**	**35.3%**

The proportion of non-application based audits on a cumlative basis is shown in Figure 6.

Figure 6: Total audits to date—Percentage of non-application based audits, 2012-13, 2013-14, 2014-15, 2015-16



Criterion 4—Implementation of new organisational structure; new approaches, structures and functions are progressively embedded

Measure—Commenced by 1 July 2015

To ensure that ASQA is appropriately structured to meet its evolving regulatory role, the Authority undertook a review of its organisation structure in 2014–15. This work was informed by a review of ASQA's high-level organisation structure, which was undertaken by KPMG. The review recommended changes to allow ASQA's structure to reflect its risk-based regulatory approach. As a result, after undertaking internal consultation across the organisation, ASQA developed a revised organisation structure, which was officially implemented on 30 June 2015.

ASQA undertook a range of activity to embed this revised structure during the reporting year, including:

- matching staff to new and amended positions,and
- learning and development programs focused on equipping employees with the technical skills required to achieve a successful transition to risk-based approach, such as:
  - a leadership development program to enhance the skills of senior officers
  - a tender process leading ASQA to engage the Australian Centre for Environmental Compliance to provide Certificate IV Government Investigations training to selected staff, ensuring that all Authorised Officers complete the Certificate IV by the end of 2016.

Criterion 5—ASQA business system allows for CRICOS applications to be submitted electronically and online payment for all application types

Measure—Completed by 30 June 2016

ASQA's new business system, asqanet, allows for CRICOS applications to be submitted electronically and online payment for all application types. The implementation of this system, which has been developed over several years, was delayed by three months, following identification of a need for further testing to ensure that the final system would operate to an acceptable level of quality.[3]

3 The new system was implemented after the end of the reporting period, on 27 September 2016

Key performance indicator 9: Enabling initiatives

Performance criteria

1. Percentage and number of internal users satisfied with:
   - ICT support and ICT systems
   - business processes (separate from the quality of ICT systems)
2. Percentage of variance and amount of deviation of actual expenditure compared with budget
3. Percentage of substantiated complaints about ASQA.

Criteria source

- *ASQA corporate plan 2015–16*

Results against performance criteria

Criterion 1—Percentage and number of internal users satisfied with ICT support and ICT systems and business processes (separate from the quality of ICT systems)

Measure—User satisfaction (%)

ASQA's primary ICT and business system, asqanet, was due for implementation at the end of the reporting period. The implementation of this system, which has been developed over two years, was delayed by three months, to September 2016, to allow ASQA to undertake further testing to ensure that the final system would operate to the expected level of quality.

As such, ASQA employee satisfaction with these systems cannot be measured in the 2015–16 financial year; ASQA will be able to report on this indicator in the 2016-17 annual report.

Criterion 2—Percentage of variance and amount of deviation of actual expenditure compared with budget

Measure—Zero variance

ASQA ended the 2015–16 financial year with an underspend in expenditure of 5.0 per cent ($2.041m).

Criterion 3—Percentage of substantiated complaints about ASQA

Measure—Trend analysis over time

Criterion 3 relates to the percentage of substantiated complaints about ASQA over the financial year. ASQA received 36 complaints about its role as the national VET regulator during the 2015–16 financial year (see Table 12), a slight decrease compared to 2014–15, which had seen a significant (51.3 per cent) decrease from the 2013–14 financial year. Approximately 13.9 per cent of the complaints, or a total of five complaints, received about ASQA in the period were fully substantiated. The figure for the 2014–15 financial year was 10.5 per cent.

The number of fully substantiated complaints about ASQA over 2015–16, while slightly higher than in 2014–15, represents only a fraction of the number of interactions ASQA has had with its regulated community. The largest category of complaint in 2015–16 was application processing time. ASQA received eight complaints relating to application processing time. In relation to the total number of applications that ASQA received, this figure represents only 0.1 per cent of all applications processed by ASQA in 2015–16, or approximately one complaint per 838 applications processed.

Table 12: Complaints about ASQA, 2013-14, 2014-15, 2015-16

Outcome	2013-14		2014-15		2015-16	
	Number	%	Number	%	Number	%
Fully substantiated	0	0.0%	4	10.5%	5	13.9%
Partially substantiated	37	47.4%	7	18.4%	7	19.4%
Not substantiated	41	52.6%	26	68.4%	19	52.8%
No outcome	0	0.0%	1	2.6%	4	11.1%
Other (e.g. being investigated)	0	0.0%	0	0.0%	1	2.8%
Total complaints	**78**	**100%**	**38**	**100%**	**36**	**100%**

Analysis of ASQA's performance against its purpose

ASQA's purpose, as defined in the *2015–16 corporate plan*, is to meet the following objectives.

- Provide for national consistency in the regulation of vocational education and training
- Regulate vocational education and training using:
  - a standards-based quality framework
  - risk assessments, where appropriate
- Protect and enhance:
  - quality, flexibility and innovation in vocational education and training
  - Australia's reputation for vocational education and training nationally and internationally
- Provide a regulatory framework that encourages and promotes a vocational education and training system that is appropriate to meet Australia's social and economic needs for a highly educated and skilled population
- Protect students undertaking, or proposing to undertake, Australian vocational education and training by ensuring the provision of quality vocational education and training
- Facilitate access to accurate information relating to the quality of vocational education and training.

This section of the **Report on performance** discusses ASQA's performance against its purpose, including an analysis against each of these objectives.

1. Provide for national consistency in the regulation of vocational education and training

Since its establishment in 2011, ASQA has taken significant steps towards creating a consistent and cohesive system of vocational education and training regulation. Australia's vocational education and training sector involves multiple agencies, departments and regulators. ASQA contributes to national consistency through:

- working with other departments and agencies to identify inconsistencies in practices, share relevant information and avoid duplication in processes where possible
- applying a quality management system to ensure consistency in ASQA's internal practices, and
- implementing a system of audit moderation to ensure consistent audit practices and outcomes.

Collaboration with other agencies and regulators to deliver consistent and effective national VET regulation

ASQA's work as the national regulator for vocational education and training interfaces with the work of other regulator and other agencies, including state funding agencies and the two state VET regulators—the Victorian Registration and Qualifications Authority (VRQA) and the Western Australia Training and Accreditation Council (TAC).

To ensure efficient and effective regulation across all jurisdictions, ASQA and the state regulators operate according to an agreement to exchange data and share information and to coordinate the transfer of providers between the regulators (as determined by the application of Commonwealth and State legislation).

Since establishment, ASQA has worked to identify areas of repetition and options for potential synergies between its work and the work of other regulators and other agencies involved in the VET sector. Key to this work has been the development of memoranda of understanding (MoUs). These arrangements work to facilitate information exchange that allows ASQA to more effectively target its regulatory interventions toward the small number of poor quality, wilfully non-compliant, providers in the sector. In addition, these arrangements may seek to identify areas of duplication or contradiction between the work of ASQA and other relevant agencies, and to identify strategies for addressing these. This is discussed in the response to KPI 5, Criterion 1.

Consistent audit practices across Australia

ASQA has a range of moderation strategies that are designed to:

- promote a common understanding and interpretation of the VET Quality Framework, the National code and the English Language Intensive Courses for Overseas Students (ELICOS) National Standards for all ASQA regulatory officers
- ensure that consistent judgements are made about the scheduling and scoping of audits, the nature and extent of evidence for compliance, determination response options, and the management of non-compliance when it is identified, and
- support continuous improvement and good audit practice.

See also ASQA's response to KPI 3, Criterion 4.

Consistent organisational practices

ASQA applies a best-practice quality management system to ensure internal consistency across the organisation. This system assists ASQA to provide services that are consistently applied, are focused on the regulated community, meet the applicable statutory and regulatory requirements and are focused on continual improvement.

ASQA also ensures consistency in its regulatory processes by ensuring that its audit and investigations employees hold the required qualifications (see KPI 8, Criterion 4).

2. Regulate vocational education and training using a standards-based quality framework and risk assessments, where appropriate

Regulation using a standards-based quality framework

ASQA regulates Australia's vocational education and training providers in accordance with the requirements of the VET Quality Framework, including the *Standards for Registered Training Organisations 2015*, and other relevant legislation and standards for providers that deliver training to overseas students.

This has been a significant year in relation to ASQA's regulation against these standards. The standards came into effect for new applicants from 1 January 2015 and for all ASQA-regulated RTOs from 1 April 2015. As part of the transition to the revised standards, therefore, there was a period early in

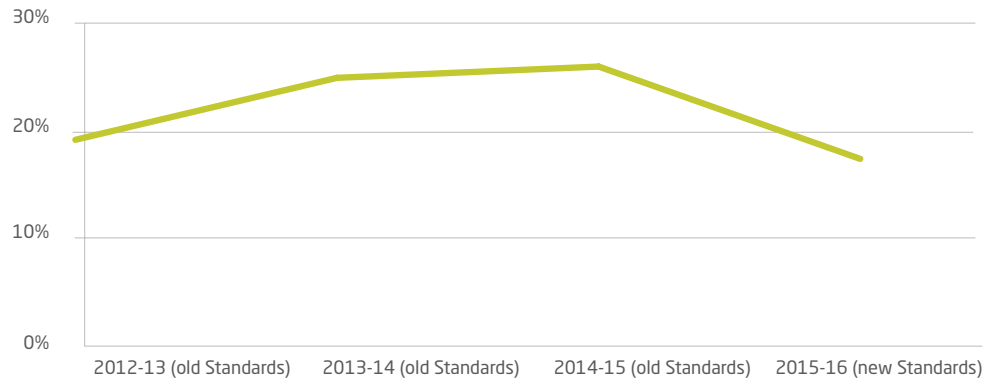
the 2015–16 year during which ASQA was regulating providers against both sets of standards. However, the transition to the revised standards has been smooth, supported by a strong campaign of communication and education to support providers during the implementation period. The positive impact of this campaign can be seen in provider responses to ASQA's annual survey (see KPI 2, Criterion 3; KPI 3, Criteria 1 and 3).

Since the full implementation of the revised standards (from 1 April 2015), ASQA has found a slight decline in the levels of compliance by providers (shown in Figure 7 a & b, see also KPI 1, Criterion 1). ASQA's analysis has identified several factors contributing to this decline in compliance levels including:

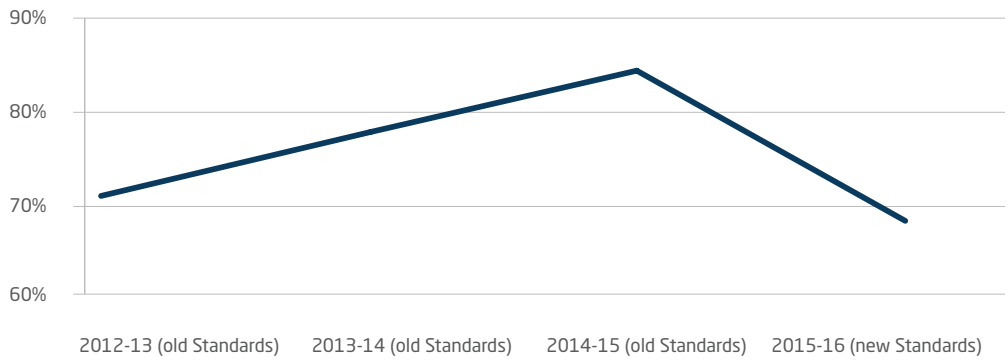
- The implementation of the *Standards for Registered Training Organisations 2015* for all RTOs from 1 April 2015, as these include more rigorous requirements than the previous standards
- More effectively targeting providers for compliance audit in accordance with the *Regulatory Risk Framework*. Of the providers targeted for a non-application based audit, ASQA finalised the audit as non-compliant for around one in three (34.5 per cent). This compares with around one in five for (19.4 per cent) for application-based audits.

Figure 7: Percentage of providers fully compliant at the time of audit (a) and following the submission of rectification evidence (b) 2012 – 2016

(a) Providers fully compliant at the time of audit (%)



(b) Providers fully compliant following rectification (%)

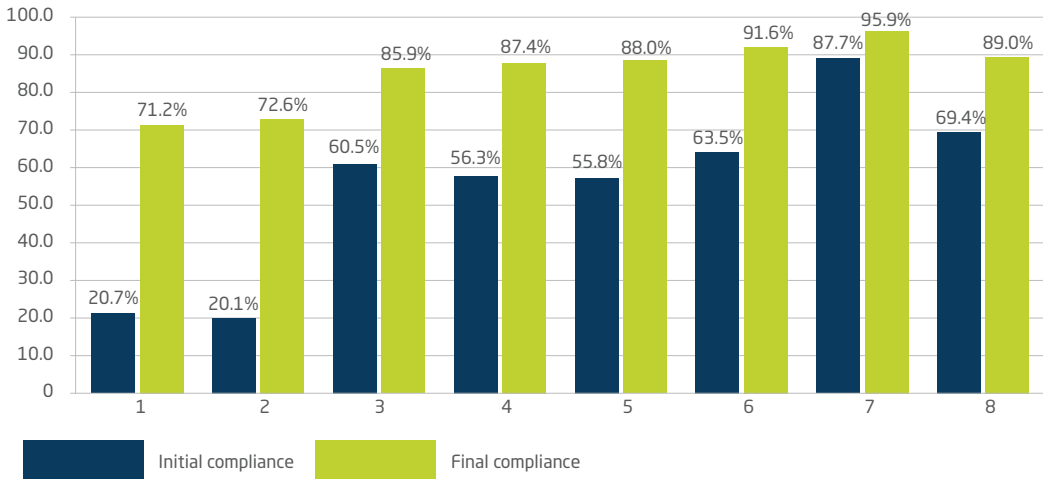


ASQA regulates providers against the *Standards for Registered Training Organisations 2015*, which relate to:

- Standard 1: Responsive to industry and learner needs
- Standard 2: Quality assurance
- Standard 3: Secure and accurate certification
- Standard 4: Accessible information about services
- Standard 5: Informed and protected learners
- Standard 6: Fair complaints handling
- Standard 7: Effective governance and administration
- Standard 8: Legal compliance

Compliance levels, both at the initial audit and at finalisation, vary across each standard, as shown in Figure 8. However, compliance with standards 1 and 2 is noticeably lower than that for the other six standards. This is an area of concern for ASQA as these two standards relate to meeting the needs of industry and learners and ensuring the quality of training and assessment. As such, ASQA will continue to closely monitor compliance with these standards moving forward and will work with providers so that they clearly understand what is required of them in this regard.

Figure 8: Levels of compliance by Standard, 1 July 2015 – 30 June 2016



Regulation using risk assessments

While ASQA's regulatory approach has always had a substantial risk-based component, 2015–16 has seen significant developments in this area. Commencing late 2014, ASQA undertook a comprehensive review of its risk model leading to the publication of the *Regulatory Risk Framework* and *Regulatory Strategy* in April 2016.

ASQA's *Regulatory Risk Framework* sets out how ASQA identifies, analyses and evaluates risk at the provider and system levels (see KPI 6, Criterion 3).

ASQA identifies **systemic risks** through environmental scanning. These environmental scans draw on inputs from a range of sources, including:

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

Environmental scanning identifies areas of concern for ASQA, towards which regulatory effort can be targeted. Scanning may also identify issues outside ASQA's jurisdiction that ASQA might nonetheless seek to influence because of the impact on its ability to regulate effectively. Areas of concern identified through scanning activities are analysed and evaluated against a range of 'likelihood' and 'impact' measures to produce a list of systemic risks prioritised for treatment. ASQA's environmental scanning activities during the reporting year are discussed under KPI 2, Criterion 4.

ASQA has established a range of mechanisms for identifying and assessing provider risk. These mechanisms enable ASQA to monitor providers at all times to identify those providers who present greatest risk of adversely affecting the community (by not complying with regulatory requirements and producing poor quality training and assessment outcomes).

As ASQA's risk-based regulatory approach matures, the number of mechanisms ASQA uses to monitor provider risk is likely to increase. ASQA has made a significant shift in how it manages provider risk—moving from a 'provider risk rating' to 'provider profiling'. Risk ratings are often used in transactional regulatory models where regulation focuses largely on assessing applications for licensing approval to enter a market. They are also used to inform how often a regulated entity should be scrutinised thereafter. A risk rating is a traditional method for comparing one regulated entity with another; however, this is not the ASQA approach. 'Provider profiling' enables ASQA to continuously review provider performance through a centralised report. The provider profile contains:

- information about a provider's historical performance in complying with its regulatory obligations including those related to timely and accurate data provision and fee payment (Compliance History)
- other measures of performance against established predictive risk indicators, and
- information reported by internal or external stakeholders.

ASQA's activity in the area of provider risk is discussed in the responses to KPI 4, Criterion 1 and KPI 4, Criterion 3.

3. Protect and enhance quality, flexibility and innovation in vocational education and training and Australia's reputation for vocational education and training nationally and internationally

ASQA protects and enhances the quality and reputation of Australia's VET sector through a number of mechanisms, including by:

- proactively promoting quality in the sector by supporting providers to meet the required national standards through information and guidance
- ensuring that only quality providers can remain registered (see discussion under Objective 4) and taking decisive action to prevent poor-quality providers from entering the sector, and
- reducing the regulatory burden on good quality providers with a strong compliance history, allowing these providers the flexibility to add courses to their own registration.

Proactive promotion of quality in the sector through supporting providers to meet the requirements of the Standards

ASQA seeks to enhance quality in the sector not just through regulatory action—equally important is providing support to providers to allow them to understand and meet the required quality standards. ASQA is currently continuing the program of enhanced information and guidance commenced in 2014 as part of VET Regulatory Reform (see KPI 2, Criterion 2).

ASQA supports providers to meet the required standards through a broad range of communication and education tools, including by providing information online through its website, guides, fact sheets, online help centre, live webinars, and videos. In addition, ASQA hosts a national roadshow of information sessions each year. The topics discussed in these sessions directly address emerging quality issues. Session content is informed by factors including provider compliance levels, identified systemic issues (e.g. those identified through environmental scanning), and feedback from providers about their challenges and concerns. ASQA provides information and guidance to providers through its Info Line and email enquiries service. In 2015, procedures for this service were updated to allow for the provision of more in-depth responses to provider queries. For more detail on these activities refer to KPI 1, Criterion 3; KPI 3, Criteria 1 and 3; KPI 7, Criterion 1.

ASQA's performance in relation to the provision of this support can be gauged from provider responses to questions in the *2015-16 ASQA provider survey* relating to the provision of information and advice. On average, across all information systems, 88.7 per cent of provider respondents to the survey rated these as accurate, 87.5 per cent rated them as helpful, and 87.9 per cent rated them as timely (for full results refer to KPI 1, Criterion 3). In addition, 78.7 per cent of survey respondents rated ASQA's work in '*Promoting and encouraging the continuous improvement of RTOs*' as 'Excellent' or 'Good'.[4]

Promoting flexibility and innovation through reducing the regulatory burden

The *Standards for Registered Training Organisations 2015* set out the requirements that a provider must meet in order to obtain or maintain their registration, but do not specifically describe how providers must do this. ASQA's regulation against the Standards supports this non-prescriptive approach; ASQA provides guidance materials that set out case studies and potential routes to compliance. This allows providers to innovate and to meet the Standards in a way that works with their operational model. ASQA's revised

4 A further 15.0 per cent indicated ASQA's performance was 'fair'; 4.3 per cent indicated 'poor' and 1.0 per cent indicated 'very poor' and 'don't know'.

audit model, to be implemented in 2016–17, will further support this approach, by increasing the focus of ASQA auditors on RTOs' behaviours and practices and on the student experience.

Since 2014, ASQA has also commenced allowing certain high-performing providers with strong histories of compliance the option of a delegation of regulatory authority—allowing these providers to add courses to their scope of registration without applying to ASQA or paying an application fee. A delegation is issued for a period of up to five years. Delegations provide a degree of flexibility for those providers that are proven high performers with a strong interest in the delivery of quality training and assessment. At the end of the reporting period, as noted under KPI 4 Criterion 2, 268 RTOs (including 25 TAFEs) have accepted the invite and are ASQA Delegates.

Activity undertaken by ASQA during the reporting period to reduce the burden of regulation is discussed further under KPI 2, Criterion 2 and KPI 5, Criterion 4.

4. Provide a regulatory framework that encourages and promotes a vocational education and training system that is appropriate to meet Australia's social and economic needs for a highly educated and skilled population

ASQA's regulatory framework

In 2015–16, ASQA published its *Regulatory Risk Framework* (see also KPI 6, Criterion 3). Through the application of this framework, ASQA seeks to manage risks to the quality of VET outcomes, which have the potential to affect confidence in the education and skills of Australian VET graduates. The framework identifies the primary risk to the vocational education and training sector as '*a registered training organisation certifying that a person has competencies that do not reflect his/her skills, knowledge and attitudes*'.

The *Regulatory Risk Framework* also sets out how ASQA approaches systemic risks. These risks may include:

- some training products might present a higher risk at a particular point in time due to associated funding or immigration incentives
- specific standards or legislative provisions may have high levels of non-compliance likely to affect training quality, and/or
- industry may view particular delivery modes or methods as presenting greater risk to quality of training and assessment outcomes.

ASQA's *Regulatory Risk Framework* encourages and promotes a suitable vocational education system for the Australian market through identifying and evaluating risks. ASQA then addresses these risks including through taking action against individual providers and taking action at the systemic level.

Taking action against providers that do not meet the required standards

The application of appropriate enforcement tools, proportionate to the seriousness of breaches (KPI 5, Criterion 2), is used by ASQA to address the risk of poor quality training and assessment by RTOs and other providers. ASQA's *Regulatory Risk Framework* supports an approach where RTOs assessed as higher risk in terms of the likelihood of adverse impacts on quality outcomes will receive more regular monitoring and are more likely to be subject to regulatory intervention. As such, during the reporting year, ASQA deployed a range of enforcement tools to address concerns about providers, including cancelling and suspending provider registration, and rejecting registration applications.

During 2015–16, ASQA:

- made 107 decisions to cancel or not renew registration
- refused 78 applications to establish a new provider, and
- suspended the registration of 15 providers.

The regulatory tools ASQA deploys to address concerns with individual providers include the work of the Investigations and Enforcement Team. Since 2014, following amendments to the *National Vocational Education and Training Regulator Act 2011*, which supported ASQA to issue infringement notices, ASQA has been in the process of building its enforcement capacity. ASQA has worked closely with the Commonwealth Director of Public Prosecutions, the Australian Government Solicitor and the Department of Education and Training to ensure its enforcement arrangements are sufficiently robust.

This financial year has seen substantial gains in this area—ASQA has engaged and trained additional employees to undertake the work of the Investigations and Enforcement Team and issued the first infringement notices. The decision to issue an infringement notice is one of a range of enforcement actions ASQA can take in order to enforce compliance with the law. Four infringement notices were issued during the reporting year.

During the reporting year, ASQA also:

- successfully obtained declarations from the Federal Court that a former trainer fabricated qualifications in contravention of the *National Vocational Education and Training Regulator Act 2011*, requiring the trainer to pay $120,000
- provided information supporting one conviction for five offences against the Commonwealth Criminal Code and the imposition of a $2000 fine
- investigated a number of matters where the evidence obtained has supported administrative action recommended by ASQA's Regulatory Operations Teams
- referred three matters to the Australian Government Solicitor for civil prosecution.

ASQA has also coordinated and collaborated with other state and Australian Government bodies, leading to action being taken in respect of contraventions of the legislation by providers and non-providers.

Taking action at the systemic level

ASQA produces an annual environmental scan to identify areas of concern at the sector level—that is, systemic issues affecting vocational education and training. Identifying these areas of concern allows ASQA to understand where and how to target its regulatory effort. The 2015 environmental scan identified key risks in both the domestic VET sector and the international sector (which includes both the delivery of VET to overseas students and the delivery of English Language Intensive Courses for Overseas Students [ELICOS]). ASQA publishes a summary of the concerns identified in its environmental scanning through its annual regulatory strategy. This year, the key issues of concern that ASQA identified were learner protection, amount of training (including the issue of very short courses), and the capability of trainers and assessors (Refer to KPI 2, Criterion 4 for more information).

ASQA further investigates identified issues with the sector through a program of national strategic reviews. Since establishment ASQA has closely scrutinised several subsectors of vocational education and training delivery, including aged care, early childhood education and care, training for the construction and security industries, and training in equine programs, and turned the spotlight on to the marketing practices of registered training organisations and on the behaviours of registered training organisations that are approved to deliver courses funded through the Department of Education's VET FEE-HELP scheme. During 2016 ASQA's strategic reviews program has continued to scrutinise VET FEE-HELP

providers as well as providers that are delivering very short courses—two systemic issues that have affected the reputation of the sector.

5. Protect students undertaking, or proposing to undertake, Australian vocational education and training by ensuring the provision of quality vocational education and training

ASQA ensures the provision of quality vocational education and training and the protection of students through its effective regulation of the sector.

Australia generally has a high-quality vocational education and training sector with a strong international reputation. According to the National Centre for Vocational Education Research (NCVER), in relation to students that graduate government-funded vocational education and training in 2014:

- 86 per cent of graduates were satisfied with the overall quality of their training
- 85 per cent were employed, or in further study
- 84 per cent of subject completers were satisfied with the overall quality of their training.

ASQA has found that the overwhelming majority of training providers in Australia are delivering quality training and assessment. However, a small minority of providers are not interested in quality training and assessment, and this has damaged the reputation of the sector. This year, ASQA has taken a range of actions to address this issue at both at the provider and at the system level.

At the provider level, ASQA has taken significant steps to remove poor-quality providers and those not interested in the delivery of quality training and assessment from the sector, and to provide a strong barrier to market entry for organisations that cannot meet the required quality standards. Since establishment, ASQA has refused on average 15 per cent of applications to establish a new RTO, and around six per cent of applications to renew registration. In total, ASQA has cancelled the registration, or refused to renew the registration, of approximately 10 per cent of all existing RTOs since 2011—around 400 providers.

As shown in Table 13, the percentage of applications to establish a new RTO or renew the registration of an existing RTO that ASQA has rejected had been steadily decreasing between 2011 and 2015. This has been the expected trend, as some of the poorest quality providers have left the sector and ASQA's tough regulatory regime has encouraged other providers to comply.

Table 13: Proportion of applications received by ASQA that are refused, 2011 - 2016

	% Applications refused				
	2011-12	2012-13	2013-14	2014-15	2015-16
Application to establish a new RTO	31.4%	14.9%	12.2%	9.2%	16.1%
Application to re-register an existing RTO	12.1%	9.5%	3.5%	3.2%	5.8%

However, Table 13 also shows a significant increase in the number and proportion of applications that ASQA rejected during the reporting period—a reversal of this trend.

In relation to 'Applications for initial registration' applications, the increase in the proportion of

applications refused reflects an increase in the number of these applications submitted to ASQA. As shown in Table 14, there was a considerable (46 per cent) increase in the number of initial registration applications received in 2015–16 when compared to the previous year. The high number of applications received—and the high proportion of these applications that were unable to demonstrate that the organisation met the required standards for registration—indicates the likelihood that some of the unsuccessful applicants may have been motivated by purely economic considerations (such as attempting to access funding) rather than the intention to provide quality training.

Table 14: Initial registration applications received, completed and rejected by ASQA, 2013 - 2016

	Initial registration applications		
	2013-14	2014-15	2015-16
Received—number	212	361	529
Completed—number	361	273	485
Rejected—number	44	25	78
% of completed applications rejected by ASQA	**12.2%**	**9.2%**	**16.1%**

This trend is also reflected in the compliance figures discussed in KPI 1, Criterion 1, which showed a similar steady decline in the amount of non-compliance found between 2011 and 2015 before an increase in the 2015–16 financial year.

In relation to applications to re-register existing RTOs, the increase in rejected applications 2015–16 can be attributed to both:

- the implementation of the *Standards for Registered Training Organisations 2015* for all RTOs from 1 April 2015, as these include more rigorous requirements than the previous standards
- ASQA's program of targeted audits of providers approved to offer loans under the Department of Education's VET FEE-HELP program, and
- the substantial enactment of ASQA's risk-based approach during 2015–16, under which ASQA has increasingly targeted providers based on more sophisticated risk analysis, and as a result, has more effectively targeted poor performing RTOs.

ASQA expects this trend is likely to continue in 2016–17, before eventually leading to lower levels of non-compliance as more providers that are unable to meet the required quality standards exit or are removed from the sector.

6. Facilitate access to accurate information relating to the quality of vocational education and training

During 2015–16, ASQA promoted accurate information relating to the quality of vocational education and training at both the system and provider levels through a range of published information.

Information on the quality of the vocational education and training sector

At the system level, ASQA seeks to reveal accurate information about the quality of Australia's vocational education through intelligence gathering, research and collaboration with other agencies— as well as through direct investigation as part of its program of national strategic reviews.

In 2015–16, ASQA published information resulting from its research and investigations into the sector in its first regulatory strategy, which includes a summary of outcomes from the 2015 *Environmental scan* (further information on the information obtained through the environmental scan is provided under KPI 2, Criterion 4). ASQA's environmental scans identify current and emerging risks and concerns about vocational education and training at the systemic level through stakeholder consultation, market research and VET data analysis. Both the environmental scans and monitoring scans (conducted at the mid-point in the environmental scanning cycle) are provided to key stakeholders, such as state and territory funding bodies. The scans are not published for a general audience as they contain confidential information about ASQA's pending operations.

However, ASQA publicly shares a summary of this information through its *Regulatory strategy 2016-17*. This year, the key issues of concern that ASQA has identified are learner protection, amount of training (including the issue of very short courses), and the capability of trainers and assessors. This information on emerging quality concerns informs not only the general community and other regulatory bodies, but also provides valuable information to providers about quality issues that they can proactively address.

ASQA completed three strategic reviews and published the findings in reports during the 2015–16 financial year: reports on training in equine programs and for the security industry, as well as a report on the program of targeted audits of providers approved to offer VET FEE-HELP. All of these reports provide a clear indicator of emerging systemic issues in the VET sector, as well as information on quality concerns within specific subsectors. The quality issues identified through these reports include concerns relating to the provision of online training and extremely short courses.

Of particular significance this year was ASQA's report on *Targeted audits of VET FEE-HELP providers*. The VET FEE-HELP scheme—which is a student loans scheme—is administered by the Australian Department of Education and Training, under the *Higher Education Support Act 2003* and the *VET Guidelines 2015*. While ASQA is not responsible for the administration of the VET FEE-HELP scheme, it does have a role in ensuring that the practices of RTOs in recruiting students for training under the VET FEE-HELP scheme and the training and assessment delivered to them as a result is done in a way that meets the requirements of the VET Quality Framework.

This project was developed in response to ASQA's 2014 *Environmental scan*, which identified concerns with diploma-level qualifications from the Business Services Training Package. ASQA analysed complaints associated with these diplomas and identified that many complaints included a VET FEE-HELP component. This was one of the triggers for ASQA's program of targeted audits of VET FEE-HELP providers, beginning in 2015. The outcomes of these audits included action against a number of providers, much of which is ongoing at the end of the reporting period, and a further project which is continuing into the 2016-17 financial year.

One additional outcome of this project was the identification of important information relating to vocational education and training, including:

- information about systemic issues with providers approved to offer VET FEE-HELP loans, and
- information about individual providers of concern, which was shared with other relevant government and regulatory bodies, including consumer law agencies, and disseminated more widely through publication on ASQA's website and promotion in the Australian media.

Information about the quality of vocational education and training providers

ASQA also provides information on whether individual providers meet the required quality standards through publishing a comprehensive register of providers against which it has taken regulatory action. This register is published on ASQA's website (and a summary of the relevant information is provided in Appendix 1 of this report). During 2015–16, ASQA made 107 decisions to cancel or not renew the registration of providers, as well as 15 decisions to suspend registration. ASQA also provides information on the quality of individual providers through website news alerts and proactively promotes the publication of this information through its media activity.

During the reporting year, as part of a commitment to enhance consumer information and encourage increased provider compliance with the requirements of the VET Quality Framework, ASQA developed a revised policy regarding the publication of its regulatory decisions. Under the revised policy, decisions are published shortly after they are made (previously, information about regulatory decisions was not published until all avenues of review were fully exhausted, unless ASQA's Commissioners deemed earlier publication to be in the public interest). Earlier publication of these decisions supports ASQA's commitment to providing timely and accurate information for VET consumers.

Report on performance: *financial performance*

Australian National
Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Assistant Minister for Vocational Education and Skills

I have audited the accompanying annual financial statements of the Australian Skills Quality Authority for the year ended 30 June 2016, which comprise:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to the Financial Statements comprising significant accounting policies and other explanatory information.

Opinion

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

(a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and

(b) present fairly the financial position of the Australian Skills Quality Authority as at 30 June 2016 and its financial performance and cash flows for the year then ended.

Accountable Authority's Responsibility for the Financial Statements

The Accountable Authority of the Australian Skills Quality Authority is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act and is also responsible for such internal control as the Accountable Authority determines is necessary to enable the preparation and fair presentation of financial statements that 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.

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, 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.

Australian National Audit Office

John Jones

Executive Director

Delegate of the Auditor-General

Canberra

13 September 2016

Statement by the Accountable Authority and Chief Financial Officer

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2016 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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

Signed.....

Christopher Robinson
Accountable Authority

13 September 2016

Signed.....

Jonella Welsh
Chief Financial Officer

13 September 2016

Contents

Certification

Primary financial statement

Statement of Comprehensive Income 70
Statement of Financial Position 72
Statement of Changes in Equity 74
Cash Flow Statement 76
Administered Schedule of Comprehensive Income 78
Administered Schedule of Assets and Liabilities 79
Administered Reconciliation Schedule 80
Administered Cash Flow Statement 81

Notes to the financial statements

Overview

1. Departmental Financial Performance 84
1.1 Expenses 84
1.2 Own-Source Revenue 87
2. Income and Expenses Administered on Behalf of Government 88
2.1 Administered—Expenses 88
2.2 Administered—Income 88
3. Departmental Financial Position 89
3.1 Financial Assets 89
3.2 Non-Financial Assets 91
3.3 Fair Value Measurement 95
3.4 Other non-financial assets 98
3.5 Payables 99
3.6 Employee provisions 100
3.7 Other Provisions 101
4. Assets and Liabilities Administered on Behalf of Government 102
4.1 Administered—Financial Assets 102
4.2 Administered—Fair Value Measurement 104
4.3 Administered—Other Provisions 105

5. Funding **106**
5.1 Appropriations 106
5.2 Regulatory Charging Summary 108
5.3 Net Cash Appropriation Arrangements 109
5.4 Cash Flow Reconciliation 110
6. People and relationships **112**
6.1 Senior Management Personnel Remuneration 112
7. Managing uncertainties **113**
7.1 Contingent Assets and Liabilities 113
7.2 Financial Instruments 114
8. Other information **116**
8.1 Reporting of Outcomes 116

Australian Skills Quality Authority

Statement of Comprehensive Income

for the period ended 30 June 2016

	Notes	2016 $'000	2015 $'000	Original Budget $'000
NET COST OF SERVICES				
Expenses				
Employee Benefits	1.1A	**23,265**	22,718	25,058
Suppliers	1.1B	**13,886**	13,675	12,185
Finance Costs	1.1C	**(4)**	8	-
Write-Down and Impairment of Assets	1.1D	**39**	230	-
Depreciation and amortisation	3.2	**2,466**	3,726	4,450
Total expenses		**39,652**	40,357	41,693
Own-Source Income				
Other Revenue	1.2A	**649**	50	-
Total own-source income		**649**	50	-
Net cost of services		**39,003**	40,307	41,693
Revenue from Government	1.2B	**37,225**	38,586	37,243
Deficit attributable to Australian Government		**(1,778)**	(1,721)	(4,450)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		**-**	(49)	-
Total comprehensive deficit attributable to the Australian Government		**(1,778)**	(1,770)	(4,450)

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

Budget Variances Commentary

Employees

The $1.793m (8%) underspend in employee benefits reflects the implementation of ASQA's new organisational structure on 1 July 2015. The new structure stems from the VET Regulatory Reforms package approved by Government in October 2014 and supports ASQA's direction of risk-based regulation. On 1 July 2015 the restrictions on recruitment activities across whole of Government were lifted which has allowed ASQA to fill vacant positions. To mitigate the lower than budgeted ASL employees, ASQA had employed a number of additional contracted resources identified in suppliers expenses that offset this underspend.

Suppliers

Suppliers expenses has a $1.701m (14%) overspend. As noted at employees, this overspend can be offset by the underspend in employees due to ASQA using contract resources in lieu of APS employees while catching up with recruitment activities following the lifting of the restrictions on APS recruitment activities. Other contributing factors are increased property rental expenses and an increase to legal expenses. ASQA did not budget for Finance Costs or Write-down and Impairment of Assets. ASQA's depreciation expense for 2015-16 was significantly lower $1.984m (45%) than budget due to the delayed implementation of the new enhanced IT software and the continuation of existing leasing arrangements which nulled the budgeted capital requirement to undertake a new major fit-out for the Sydney office lease.

Australian Skills Quality Authority

Statement of Financial Position

as at 30 June 2016

	Notes	2016 $'000	2015 $'000	Original Budget $'000
ASSETS				
Financial assets				
Cash and cash equivalents	3.1A	**292**	186	295
Trade and other receivables	3.1B	**24,400**	21,773	19,379
Total financial assets		**24,692**	21,959	19,674
Non-financial assets				
Leasehold improvements	3.2	**2,498**	2,697	565
Plant and equipment	3.2	**502**	164	469
Intangible assets	3.2	**7,543**	5,428	9,170
Other non-financial assets	3.4	**54**	127	-
Total non-financial assets		**10,597**	8,416	10,204
Total assets		**35,289**	30,375	29,878
LIABILITIES				
Payables				
Suppliers	3.5A	**2,688**	1,775	2,720
Other payables	3.5B	**1,379**	1,208	-
Total payables		**4,067**	2,983	2,720
Provisions				
Employee provisions	3.6	**5,738**	5,356	5,075
Other provisions	3.7	**412**	319	225
Total provisions		**6,150**	5,675	5,300
Total liabilities		**10,217**	8,658	8,020
Net assets		**25,072**	21,717	21,858
EQUITY				
Contributed equity		**24,121**	18,988	24,120
Revaluation of non-financial assets		**20**	20	69
Retained earnings		**931**	2,709	(2,331)
Total equity		**25,072**	21,717	21,858

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

Budget Variances Commentary

ASQA's Financial Assets are reporting an increase to the budgeted position of $4.869m (25%). The increase predominately relates to unspent annual appropriation of $3.382m and $1.487m in receivables which includes a lease incentive of $915k.

ASQA's non-financial assets are $393k (4%) over budget in total, however, the budgeted amount of leasehold improvements is higher than budgeted because two major leases were renewed instead of assets being written down to zero, the useful lives were extended. This is offset by the variance in intangible assets due to the deferral of the implementation of ASQA's upgraded IT system.

The balance of payables is an historic figure, based on account balances at 30 June. This tends to vary from year to year depending on accruals and actual payments.

The combination of the above has contributed to the increase in equity of $3.241m.

Australian Skills Quality Authority

Statement of Changes in Equity

for the period ended 30 June 2016

	Notes	2016 $'000	2015 $'000	Original Budget $'000
CONTRIBUTED EQUITY				
Opening balance				
Balance carried forward from previous period		**18,988**	13,882	18,987
Adjustment for rounding		**-**	1	-
Adjusted opening balance		**18,988**	13,883	18,987
Transactions with owners				
Contributions by owners				
Departmental capital budget		**1,389**	3,473	1,389
Equity injection		**3,744**	1,632	3,744
Total transactions with owners		**5,133**	5,105	5,133
Closing balance as at 30 June		**24,121**	18,988	24,120
RETAINED EARNINGS				
Opening balance				
Balance carried forward from previous period		**2,709**	4,430	2,119
Adjusted opening balance		**2,709**	4,430	2,119
Comprehensive income				
(Deficit) for the period		**(1,778)**	(1,721)	(4,450)
Total comprehensive income		**(1,778)**	(1,721)	(4,450)
Closing balance as at 30 June		**931**	2,709	(2,331)
ASSET REVALUATION RESERVE				
Opening balance		**20**	69	69
Adjusted opening balance		**20**	69	69
Comprehensive income				
Other comprehensive income		**-**	(49)	-
Total comprehensive income		**-**	(49)	-
Closing balance as at 30 June		**20**	20	69

Australian Skills Quality Authority

Statement of Changes in Equity (Continued)

for the period ended 30 June 2016

	Notes	2016	2015	Original Budget
		$'000	$'000	$'000
TOTAL EQUITY				
Opening balance		**21,717**	18,381	21,175
Adjustment for errors		-	1	-
Adjusted opening balance		**21,717**	18,382	21,175
Comprehensive income				
(Deficit) for the period		**(1,778)**	(1,721)	(4,450)
Other comprehensive income		**-**	(49)	-
Total comprehensive income		**(1,778)**	(1,770)	(4,450)
Transactions with owners				
Contributions by owners				
Departmental capital budget		**1,389**	3,473	1,389
Equity injection		**3,744**	1,632	3,744
Total transactions with owners		**5,133**	5,105	5,133
Closing balance as at 30 June		**25,072**	21,717	21,858

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

Accounting Policy

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Australian Skills Quality Authority

Cash Flow Statement

for the period ended 30 June 2016

	Notes	2016 $'000	2015 $'000	Original Budget $'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		**37,331**	34,945	37,380
Sale of goods and rendering of services		**420**	25	-
Net GST received		**14**	11	-
Total cash received		**37,765**	34,981	37,380
Cash used				
Employees		**22,883**	22,031	25,058
Suppliers		**13,733**	13,991	12,322
Section 74 receipts transferred to Official Public Account		**561**	113	-
Total cash used		**37,177**	36,135	37,380
Net cash from/(used by) operating activities	5.4A	**588**	(1,154)	-
INVESTING ACTIVITIES				
Cash used				
Purchase of property, plant and equipment		**431**	89	-
Purchase of leasehold improvements		**919**	683	-
Purchase of intangible software		**3,376**	3,288	-
Total cash used		**4,726**	4,060	5,133
Net cash used by investing activities		**(4,726)**	(4,060)	(5,133)
FINANCING ACTIVITIES				
Cash received				
Contributed equity		**4,244**	5,105	5,133
Total cash received		**4,244**	5,105	5,133
Net cash from financing activities		**4,244**	5,105	5,133
Net increase/(decrease) in cash held		**106**	(109)	-
Cash and cash equivalents at the beginning of the reporting period		**186**	295	295
Cash and cash equivalents at the end of the reporting period	5.4A	**292**	186	295

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

Budget Variances Commentary

The same as reported for the Income Statement, employee payments are 6% under budget while supplier payments are 6% over budget, due to the use of contract resources in lieu of employees.

Capital expenditure and equity inflows are both below budget due to delayed completion of ASQA's upgraded IT system.

Australian Skills Quality Authority

Administered Schedule of Comprehensive Income

for the period ended 30 June 2016

	Notes	2016 $'000	2015 $'000	Original Budget $'000
NET COST OF SERVICES				
Expenses				
Write-down and impairment of assets	2.1	**16**	119	-
Total expenses		**16**	119	-
Income				
Non-taxation revenue				
Fees and fines	2.2A	**25,401**	23,566	19,349
Other revenue	2.2B	**599**	339	70
Total non-taxation revenue		**26,000**	23,907	19,419
Total revenue		**26,000**	23,907	19,419
Gains				
Reversal of write-downs and impairment		**12**	-	-
Total gains		**12**	-	-
Total income		**26,012**	23,907	19,419
Net contribution by services		**25,996**	23,787	19,419
Total comprehensive income		**25,996**	23,787	19,419

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

Budget Variances Commentary

ASQA's 2015-16 revenue was $6.6m over budget. This mainly reflects higher than expected levels of new training providers to the market and higher than expected retention of existing training providers. A secondary contributor is the impact of training package streamlining, which has resulted in increased levels of applications to update scope of registration and an associated increase in annual fee revenue.

Australian Skills Quality Authority

Administered Schedule of Assets and Liabilities

as at 30 June 2016

	Notes	2016 $'000	2015 $'000	Original Budget $'000
ASSETS				
Financial assets				
Trade and other receivables	4.1	**80**	43	247
Total financial assets		**80**	43	247
Total assets administered on behalf of Government		**80**	43	247
LIABILITIES				
Provisions				
Other provisions	4.3	**34**	10	235
Total provisions		**34**	10	235
Total liabilities administered on behalf of Government		**34**	10	235
Net assets		**46**	33	12

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

Budget Variances Commentary

Receivables are lower than budget due to improved debtor management. Provisions are lower than budget due to a change in ASQA requirements that has resulted in a reduced rate of registration applications being withdrawn.

Australian Skills Quality Authority

Administered Reconciliation Schedule

as at 30 June 2016

	Notes	2016 $'000	2015 $'000
Opening assets less liabilities as at 1 July		**33**	12
Adjusted opening assets less liabilities		**33**	12
Net contribution by services			
Income		**26,012**	23,907
Expenses	2.1	**(16)**	(119)
Transfers (to)/from the Australian Government			
Appropriation transfers from Official Public Account			
Special appropriations (limited)	5.1C	**427**	459
Appropriation transfers to Official Public Account			
Transfers to Official Public Account		**(26,410)**	(24,226)
Closing assets less liabilities as at 30 June		**46**	33

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

Accounting Policy

Administered Cash Transfers to and from the Official Public Account

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

Australian Skills Quality Authority

Administered Cash Flow Statement

for the period ended 30 June 2016

	Notes	2016 $'000	2015 $'000	Original Budget $'000
OPERATING ACTIVITIES				
Cash received				
Sale of goods and rendering of services		**25,793**	23,951	19,349
Charges		**599**	275	70
Fines		**18**	-	-
Total cash received		**26,410**	24,226	-
Cash used				
Refunds to registered training organisations		**427**	459	-
Total cash used		**427**	459	-
Net cash received from operating activities	5.4B	**25,983**	23,767	19,419
Cash from Official Public Account				
Appropriations		**427**	459	-
Total cash from Official Public Account		**427**	459	-
Cash to Official Public Account				
Appropriations		**26,410**	24,226	19,419
Total cash to Official Public Account		**26,410**	24,226	19,419
Cash and cash equivalents at the end of the reporting period		**-**	**-**	**-**

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

Budget Variances Commentary

The $6.4m increase in cash receipts (which was then transferred to the Official Public Account) reflects the $6.6m increase in net revenue; which is due to reasons explained on the Income Statement.

Refunds are not currently budgeted. ASQA and the Department of Finance have agreed for ASQA to address this in the 2017-18 Budget process.

Overview

Objectives of the Australian Skills Quality Authority

The Australian Skills Quality Authority (ASQA) is an Australian Government controlled not-for-profit entity. ASQA is the national regulator for Australia's vocational education and training (VET) sector and 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 a standard based quality framework and risk assessments where appropriate

c) to protect and enhance quality, flexibility and innovation in VET, and 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 activities contributing toward these objectives 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 is structured to meet the following outcome:

Outcome: 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 program is dependent on Government policy and on continuing funding by Parliament for ASQA's administration and program.

No outcome note is included in the Notes to and forming part of the financial statements as ASQA has only one outcome.

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

a) registering training organisations that meet national standards

b) accrediting courses that meet national standards

c) monitoring and enforcing compliance

d) providing advice to and making recommendations to the Portfolio Minister, and/or state and territory Ministers and/or the Ministerial Council on matters relating to VET the Australian Skills Quality Authority

e) Collecting, analysing, interpreting and disseminating information about VET and the performance of registered training organisations.

Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.Except where otherwise stated, administered items are accounted for on the same basis and using the same accounting policies as for departmental items, including the application of Australian Accounting Standards.

The Basis of Preparation

The financial statements are general purpose financial statements and are required by section 42 (2) of the *Public Governance, Performance and Accountability Act 2013.*

The financial statements have been prepared in accordance with:

a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) for reporting periods ending on or after 1 July 2015, 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 for departmental and administered activities, and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars. Unless alternative treatment is specifically required by an accounting standard, revenue 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.

Taxation

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

Insurance

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

Events After the Reporting Period

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

Adoption of New Australian Accounting Standards

All other (new/revised/amending standards and/or interpretations) that were issued prior to the sign-off date and are applicable to future reporting periods are not expected to have a future material impact on ASQA's financial statements.

1.1 Expenses

	2016	2015
	$'000	$'000
1.1A: Employee Benefits		
Wages and salaries	**16,488**	16,389
Superannuation		
Defined contribution plans	**2,509**	2,380
Defined benefit plans	**674**	649
Leave and other entitlements	**3,594**	3,300
Total employee benefits	**23,265**	22,718

Accounting Policy

Superannuation

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

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

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

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

Leave and other entitlements

Accounting policy for leave and other entitlements is disclosed in note 3.6.

1.1B: Suppliers

	2016	2015
	$'000	$'000
Goods and services supplied or rendered		
Consultants	**1,197**	1,719
Contractors	**1,863**	1,648
IT Services	**3,472**	2,585
Legal fees	**755**	295
Office	**438**	1,203
Panel auditors	**397**	767
Property	**635**	643
Travel	**1,515**	1,501
Other	**551**	648
Total goods and services supplied or rendered	**10,823**	11,009
Goods supplied	**265**	322
Services rendered	**10,558**	10,687
Total goods and services supplied or rendered	**10,823**	11,009
Other suppliers		
Operating lease rentals in connection with		
Minimum lease payments	**2,812**	2,370
Workers compensation expenses	**251**	296
Total other suppliers	**3,063**	2,666
Total suppliers	**13,886**	13,675

Leasing commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within 1 year	**2,552**	2,176
Between 1 to 5 years	**8,673**	1,677
Total operating lease commitments	**11,225**	3,853

Accounting Policy

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

	2016 $'000	2015 $'000
1.1C: Finance Costs		
Unwinding of discount	(4)	8
Total finance costs	(4)	8
1.1D: Write-Down and Impairment of Assets		
Revaluation decrements	-	230
Plant and equipment write-down	5	-
Impairment on receivables	34	-
Total write-down and impairment of assets	39	230

1.2 Own-Source Revenue

	2016 $'000	2015 $'000
1.2A: Other Revenue		
Resources received free of charge—Remuneration of auditors	**53**	45
Other revenue	**596**	5
Total other revenue	**649**	50

Accounting Policy

Resources Received Free of Charge

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

Other Revenue

Other revenue 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 directly measured and 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 near to the estimated total costs of the transaction.

1.2B: Revenue from Government		
Departmental appropriations	**37,225**	38,586
Total revenue from Government	**37,225**	38,586

Accounting Policy

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when ASQA gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

2.1 Administered–Expenses

	2016	2015
	$'000	$'000
Write-Down and Impairment of receivables		
Impairment on receivables	16	119
Total write-down and impairment of receivables	16	119

2.2 Administered–Income

	2016	2015
	$'000	$'000
Revenue		
Non-Taxation Revenue		
2.2A: Fees and Fines		
Regulatory fees	25,383	23,566
Fines	18	2
Total fees and fines	25,401	23,568
2.2B: Other Revenue		
Charges	599	339
Total other revenue	599	339

3.1 Financial Assets

	2016 $'000	2015 $'000
3.1A: Cash and Cash Equivalents		
Cash on hand or on deposit	292	186
Total cash and cash equivalents	292	186

Accounting Policy

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

3.1B: Trade and Other Receivables		
Goods and services receivables		
Goods and services	229	-
Total goods and services receivables	229	-
Appropriations receivables		
Appropriation receivable	22,947	21,603
Total appropriations receivables	22,947	21,603
Other receivables		
Lease incentive receivable	915	-
GST from Australian Taxation Office	157	170
Other receivables	186	-
Total other receivables	1,258	170
Total trade and other receivables (gross)	24,434	21,773
Less impairment allowance	34	-
Total trade and other receivables (net)	24,400	21,773

	2016 $'000	2015 $'000
Trade and other receivables (net) expected to be recovered		
No more than 12 months	**23,681**	21,773
More than 12 months	**719**	-
Total trade and other receivables (net)	**24,400**	21,773
Trade and other receivables aged as follows		
Not overdue	**24,391**	21,773
Overdue by		
0 to 30 days	**9**	-
Total trade and other receivables	**24,400**	21,773

Accounting Policy

Receivables

ASQA classifies its financial assets in accordance with AASB 139 Financial Instruments: Recognition and Measurement and categorises its financial asset receivables at fair value through profit and loss.
The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The financial asset receivables are recognised and derecognised upon trade date. 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 in active markets the effective interest method less impairment.

Derecognition of financial assets

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired, or
- ASQA retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement, or
- ASQA has transferred its rights to receive cash flows from the asset and either:
  a) has transferred substantially all the risks and rewards of the asset, or
  b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where ASQA has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of ASQA's continuing involvement in the asset.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period. Financial assets are held at amortised cost—if there is objective evidence that an impairment loss has been incurred for receivables 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.

3.2 Non-Financial Assets

Reconciliation of the Opening and Closing Balances of Leasehold improvements, Plant and Equipment and Intangible assets

Reconciliation of the opening and closing balances of leasehold improvements, plant and equipment and intangible assets for 2016

	Leasehold improvements	Plant and equipment	Intangibles	Total
	$'000	$'000	$'000	$'000
As at 1 July 2015				
Gross book value	2,705	389	9,027	12,121
Accumulated depreciation, amortisation and impairment	(8)	(225)	(3,599)	(3,832)
Total as at 1 July 2015	2,697	164	5,428	8,289
Additions				
Purchases or internally developed [1]	919	431	3,376	4,726
Depreciation, amortisation and impairment	(1,118)	(87)	(1,261)	(2,466)
Disposals	-	(6)	-	(6)
Total as at 30 June 2016	2,498	502	7,543	10,543
Total as at 30 June 2016 represented by				
Gross book value	3,624	814	12,403	16,841
Accumulated depreciation, amortisation and impairment	(1,126)	(312)	(4,860)	(6,298)
Total as at 30 June 2016	2,498	502	7,543	10,543

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

Reconciliation of the opening and closing balances of leasehold improvements, plant and equipment and intangibles for 2015

	Leasehold improvements	Plant and equipment	Intangible assets	Total
	$'000	$'000	$'000	$'000
As at 1 July 2014				
Gross book value	6,011	310	5,739	12,060
Accumulated depreciation, amortisation and impairment	(1,863)	(111)	(1,859)	(3,833)
Total as at 1 July 2014	4,148	199	3,880	8,227
Additions				
Purchase or internally developed	638	89	3,288	4,015
Non-cash purchase	54	-	-	54
Revaluations and impairments recognised in other comprehensive income	(49)	-	-	(49)
Revaluations recognised in net cost of services	(213)	-	-	(213)
Depreciation and amortisation	(1,869)	(116)	(1,741)	(3,726)
Disposals	(12)	(8)	-	(20)
Total as at 30 June 2015	2,697	164	5,428	8,288
Total as at 30 June 2015 represented by				
Gross book value	2,705	389	9,027	12,121
Accumulated depreciation, amortisation and impairment	(8)	(225)	(3,599)	(3,832)
Total as at 30 June 2015	2,697	164	5,428	8,289

	2016	2015
	$'000	$'000
Capital Commitments		
Commitments for intangible and for non-financial assets are payable as follows		
Within 1 year	**1,458**	3,066
Between 1 to 5 years	**-**	160
Total capital commitments	**1,458**	3,226

Accounting Policy

Non-financial assets

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

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

Asset Recognition Threshold

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

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

Revaluations

Following initial recognition at cost, leasehold improvements, plant and equipment are carried at fair value less subsequent accumulated depreciation/amortisation and accumulated impairment losses. Valuations are conducted every three years to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets. ASQA last undertook an independent valuation as at 30 June 2015.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class. Any accumulated depreciation/amortisation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

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

	Fair value measured at	
Asset class	**2015-16**	2014-15
Leasehold improvements	**Amortised replacement cost**	Amortised replacement cost
Plant and equipment	**Market price**	Market price

Depreciation

Depreciable plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to ASQA using, in all cases, the straight line method of depreciation. Leasehold improvements are amortised over the lesser of the lease term or useful life.

Depreciation rates (useful lives), residual values and Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Asset Class	2015-16	2015-16
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

Amortisation

Intangible assets with finite useful lives are amortised as an expense on a straightline basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.
ASQA has no intangible assets with indefinite useful lives.

Impairment

All assets were assessed for impairment at 30 June 2016. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

Derecognition

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

Intangible assets

ASQA's intangible assets mainly comprise internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. Software is amortised on a straight-line basis over its anticipated useful life to ASQA. All intangible assets were assessed for indications of impairment as at reporting date.

3.3 Fair Value Measurement

The following tables provide an analysis of assets and liabilities that are measured at fair value. The remaining assets and liabilities disclosed in the statement of financial position do not apply the fair value hierarchy.

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 ASQA 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.

3.3A: Fair Value Measurement

	Fair value measurements at the end of the reporting period				
	2016 $'000	2015 $'000	**Category (Level 1, 2 or 3)**	**Valuation Technique(s)**	**Inputs used**
Non-financial assets					
Leasehold improvements	**2,498**	2,697	Level 3	Depreciated Replacement Cost (DRC) and Net Present Value	- Replacement Cost New (price per square metre) - Consumed economic benefit/obsolesce of asset - Indexation rate - Discount rate
Plant and equipment	**502**	164	Level 2	Market Approach	- Adjusted market transactions
Total non-financial assets	**3,000**	2,861			

3.3B: Reconciliation for Recurring Level 3 Fair Value Measurements

	Non-financial assets			
	Leasehold improvements		Total	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
As at 1 July	**2,697**	4,148	**2,697**	4,148
Total gains/(losses) recognised in the Statement of Comprehensive Income[1]	**(1,118)**	(2,143)	**(1,118)**	(2,143)
Purchases	**919**	692	**919**	692
Total as at 30 June	**2,498**	2,697	**2,498**	2,697

1. These gains (losses) are presented in the Statement of Comprehensive Income under depreciation and amortisation.

Accounting Policy

ASQA did not measure any non-financial assets at fair value on a non-recurring basis as at reporting date (2015:nil). There were no changes in valuation technique from the previous reporting period (2015:nil)

Fair value measurements highest and best use differ from current use for non-financial assets.

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

Recurring and non-recurring Level 3 fair value measurements—valuation process.

ASQA tests the procedures of the valuation model as a management review asset materiality review at least once every twelve months. If a particular asset class experiences significant and volatile changes in fair value (i.e. where indicators suggest that the value of the asset class has changed materially since the previous reporting period), that asset class is subject to specific valuation in the reporting period, where practicable, regardless of the timing of the last valuation. ASQA engaged Australian Valuation Solutions to undertake a comprehensive revaluation of all non-financial assets at 30 June 2015.

ASQA deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period. There have been no transfers between Level 1 and Level 2 of the hierarchy during the reporting period.

Leasehold improvement assets have been measured utilising the Depreciated Replacement Cost (DRC) approach. Under the DRP approach, the estimated cost to replace the asset is calculated and then adjusted to take into account is calculated and then adjusted to take into account the consumed economic benefit/asset obsolescence. Consumed economic benefit/asset obsolescence deductions have been determined based on the asset lease term.

The make-good component of a leasehold improvement asset with a restoration obligation has been determined in accordance with Resource Management Guide No. 114 Accounting for Decommissioning, Restoration and Similar Provisions ('make-good') as issued by the Department of Finance. Current restoration cost has been established using available market evidence. The current restoration cost of an obligation has been indexed to the obligation date using an appropriate inflation rate and then discounted, where the time value of money is material, using an appropriate Australian Government bond rate.

In accordance with AASB 13 Fair Value Measurement, ASQA has adopted simplified disclosure where non-financial assets are held for use rather than for earning revenue. Accordingly, ASQA has not disclosed qualitative information about the significant unobservable inputs or a narrative description of the sensitivities of the fair value measurements to changes in the unobservable inputs.

3.4 Other Non-Financial Assets

	2016 $'000	2015 $'000
Other Non-Financial Assets		
Prepayments	54	127
Total other non-financial assets	54	127
Other non-financial assets expected to be recovered		
No more than 12 months	54	127
Total other non-financial assets	54	127

No indicators of impairment were found for other non-financial assets.

Accounting Policy

Prepayments

Other non-financial assets include prepayments that represent payments in advance for receipt of goods or services for that part of expenditure made in one accounting period covering a term extending beyond that period.

3.5 Payables

	2016 $'000	2015 $'000
3.5A: Suppliers		
Trade creditors and accruals	**2,688**	1,775
Total suppliers	**2,688**	1,775
Suppliers expected to be settled		
No more than 12 months	**2,562**	1,738
More than 12 months	**126**	37
Total suppliers	**2,688**	1,775

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

3.5B: Other Payables		
Salaries and wages	**114**	677
Superannuation	**191**	103
Unamortised lease liabilities	**1,074**	428
Total other payables	**1,379**	1,208
Other payables expected to be settled		
No more than 12 months	**305**	1,049
More than 12 months	**1,074**	159
Total other payables	**1,379**	1,208

Accounting Policy

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 or derecognised upon 'trade date'.

Other Financial Liabilities
Other financial liabilities 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 rate 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).

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same creditor on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an expense in the comprehensive operating statement.

3.6 Employee Provisions

	2016	2015
	$'000	$'000
Employee Provisions		
Leave	**5,738**	5,356
Total employee provisions	**5,738**	5,356
Employee provisions expected to be settled		
No more than 12 months	**3,877**	3,820
More than 12 months	**1,861**	1,536
Total employee provisions	**5,738**	5,356

Accounting Policy

Employee provisions

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

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 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 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

No provision has been made for separation and redundancy payments as ASQA has not formally identified any positions as excess to requirements as at the reporting date.

3.7 Other Provisions

	2016	2015
	$'000	$'000
Other Provisions		
Provision for leasehold restoration	412	319
Total as at 30 June 2016	412	319
Other provisions expected to be settled		
No more than 12 months	156	43
More than 12 months	256	276
Total other provisions	412	319

Accounting policy

Provisions

Provisions are recognised when ASQA has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to wholly settle the present obligation as at the end of the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to wholly settle the present obligation, its carrying amount is the present value of those cash flows using a discount rate that reflects the time value of money and risks specific to the provision.

4.1 Administered – Financial Assets

	2016 $'000	2015 $'000
Trade and Other Receivables		
Special appropriation receivable	11	-
Total special appropriation receivable	11	-
Other receivables		
Fees	115	240
Fines	4	-
Charges	99	52
Total other receivables	218	292
Total trade and other receivables (gross)	229	292
Less impairment allowance	(149)	(249)
Total trade and other receivables (net)	80	43
Trade and other receivables (net) expected to be recovered		
No more than 12 months	80	43
Total trade and other receivables (net)	80	43
Trade and other receivables (gross) aged as follows		
Not overdue	80	23
Overdue by		
0 to 30 days	15	47
31 to 60 days	4	-
61 to 90 days	-	-
More than 90 days	119	222
Total trade and other receivables (gross)	218	292

	2016	2015
	$'000	$'000
Impairment allowance aged as follows		
Not overdue	**(23)**	-
Overdue by		
0 to 30 days	**(3)**	(27)
31 to 60 days	**(4)**	-
61 to 90 days	**-**	-
More than 90 days	**(119)**	(222)
Total impairment allowance	**(149)**	(249)

Credit terms for goods and services were within thirty days (2015: thirty days).

Reconciliation of the Impairment Allowance

Movements in relation to 2016

	Other receivables	Total
	$'000	$'000
As at 1 July 2015	**249**	**249**
Amounts written off	**(88)**	**(88)**
Decrease recognised in net cost of services	**(12)**	**(12)**
Total as at 30 June 2016	**149**	**149**

Movements in relation to 2015

	Other receivables	Total
	$'000	$'000
As at 1 July 2014	198	198
Amounts written off	(68)	(68)
Amounts recovered and reversed	-	-
Increase recognised in net cost of services	119	119
Total as at 30 June 2015	249	249

Accounting Policy

Receivables

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

4.2 Administered – Fair Value Measurements

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

4.3 Administered – Other Provisions

	2016 $'000	2015 $'000
Other Provisions		
Provision for refunds	23	10
Payable to Official Public Account	11	-
Total other provisions	34	10
Other provisions expected to be settled		
No more than 12 months	34	10
Total other provisions	34	10

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

Annual Appropriations for 2016

	Appropriation Act	*PGPA Act*			
	Annual Appropriation[1] $'000	**Section 74 Receipts $'000**	**Total appropriation $'000**	**Appropriation applied in 2016 (current and prior years) $'000**	**Variance $'000**
Departmental					
Ordinary annual services	**37,225**	**669**	**37,894**	**36,770**	**1,124**
Capital Budget	**1,389**	**-**	**1,389**	**1,163**	**226**
Equity Injections	**3,744**	**-**	**3,744**	**3,081**	**663**
Total departmental	**42,358**	**669**	**43,027**	**41,014**	**2,013**

1. $18,000 of the Appropriation Act 1 for 2015-16 was quarantined by the Department of Finance in relation to the MYEFO 2014-15 measure *Public Sector Superannuation Accumulation Plan (PSSap).*

Annual Appropriations for 2015

	Appropriation Act	*PGPA Act*			
	Annual Appropriation[2] $'000	Section 74 Receipts $'000	Total appropriation $'000	Appropriation applied in 2015 (current and prior years) $'000	Variance $'000
Departmental					
Ordinary annual services	38,586	299	38,885	36,285	2,600
Capital Budget	1,632	-	1,632	749	883
Equity Injections	3,473	-	3,473	3,311	162
Total departmental	43,691	299	43,990	40,345	3,645

2. There were no appropriations reduced under Appropriation Acts (No.1, 2, 3 or 5) for 2014-15.

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

	2016 $'000	2015 $'000
Departmental		
Appropriation Act (No. 1) 2013-2014	-	40
Appropriation Act (No. 1) 2014-2015	-	17,414
Appropriation Act (No. 2) 2014-2015	-	168
Appropriation Act (No. 3) 2014-2015	-	4,167
Appropriation Act (No. 1) 2015-2016	**21,123**	-
Appropriation Act (No. 1) DCB 2015-2016	**954**	-
Appropriation Act (No. 2) 2015-2016	**831**	-
Total departmental	**22,908**	21,789

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

			Appropriation applied	
Authority			**2016 $'000**	2015 $'000
Authority	**Type**	**Purpose**		
Public Governance, Performance and Accountability Act 2013 s.77, Administered	Refund	To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and the Finance Minister is satisfied that, apart from this section, there is no specific appropriation for the repayment.	**427**	459
Total special appropriations applied			**427**	459

5.2 Regulatory Charging Summary

	2016 $'000	2015 $'000
Amounts applied		
Departmental		
Annual appropriations	**41,014**	40,345
Total amounts applied	**41,014**	40,345
Expenses		
Departmental	**39,652**	40,357
Administered	**16**	119
Total expenses	**39,668**	40,476
Revenue		
Administered	**26,012**	23,907
Total revenue	**26,012**	23,907

Regulatory charging activities:

Regulation and advice, including regulation of vocational education and training (VET) organisations, accreditation of VET courses and advice in regard to VET regulation.

Documentation (Cost Recovery Implementation Statement/s) for the above activities is available at http://www.asqa.gov.au/about/fees-and-charges/fees-and-charges1.html

5.3 Net Cash Appropriation Arrangements

	2016 $'000	2015 $'000
Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations	**688**	2,005
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	**(2,466)**	(3,726)
Total comprehensive loss—as per the Statement of Comprehensive Income	**(1,778)**	(1,721)

5.4A: Cash Flow Reconciliation

	2016	2015
	$'000	$'000
Reconciliation of cash and cash equivalents as per statement of financial position and cash flow statement		
Cash and cash equivalents as per		
Cash flow statement	**292**	186
Statement of financial position	**292**	186
Discrepancy	**-**	-
Reconciliation of net cost of services to net cash from/(used by) operating activities		
Net cost of services	**(39,003)**	(40,307)
Revenue from Government	**37,225**	38,586
Adjustments for non-cash items		
Depreciation/amortisation	**2,466**	3,726
Net write down of non-financial assets	**5**	230
Movement in assets and liabilities		
Assets		
(Increase)/Decrease in net receivables	**(1,737)**	(3,711)
(Increase)/Decrease in prepayments	**73**	(122)
Liabilities		
Increase/(Decrease) in employee provisions	**382**	587
Increase/(Decrease) in suppliers payables	**913**	(181)
Increase/(Decrease) in other payables	**171**	(24)
Increase/(Decrease) in other provisions	**93**	62
Net cash from/(used by) operating activities	**588**	(1,154)

5.4B: Administered – Cash Flow Reconciliation

	2016	2015
	$'000	$'000
Reconciliation of cash and cash equivalents as per statement of financial position and cash flow statement		
Cash and cash equivalents as per		
Administered cash flow statement	-	-
Administered schedule of assets and liabilities	-	-
Discrepancy	-	-
Reconciliation of net cost of services to net cash from/(used by) operating activities		
Net contribution by services	**25,996**	23,788
Movement in assets and liabilities		
Assets		
(Increase)/Decrease in net receivables	**(37)**	204
Liabilities		
Increase/(Decrease) in other provisions	**24**	(225)
Net cash from/(used by) operating activities	**25,983**	23,767

6.1 Senior Management Personnel Remuneration

	2016	2015
	$'000	$'000
Short-term employee benefits		
Salary	**1,125**	915
Motor vehicle and other allowances	**55**	193
Total short-term employee benefits	**1,180**	1,108
Post-employment benefits		
Superannuation	**166**	173
Total post-employment benefits	**166**	173
Other long-term employee benefits		
Annual leave	**88**	91
Long-service leave	**47**	50
Total other long-term employee benefits	**135**	141
Total senior executive remuneration expenses	**1,481**	1,422

The total number of senior management personnel that are included in the above table are 6 (2015: 6).

7.1 Contingent Assets and Liabilities

	Guarantees		Total	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Contingent assets				
New contingent assets recognised	**44**	-	**44**	-
Total contingent assets	**44**	-	**44**	-
Net contingent assets	**44**	**-**	**44**	-

Accounting Policy

Contingent assets

Contingent assets arise from guarantees, indemnities and other forms of support provided to ASQA and from legal disputes and other claims by ASQA arising from past events. Contingent assets by definition are similar to an asset with the distinguishing feature being the uncertainty over ASQA's entitlement.

Contingent liabilities

Contingent liabilities arise from guarantees, indemnities and other forms of support provided by ASQA and from legal disputes and other claims against ASQA arising from a past event. Contingent liabilities by definition are similar to a liability with the distinguishing feature being the uncertainty over ASQA's obligation.

Quantifiable contingent liabilities

ASQA does not have any quantifiable departmental contingent liabilities as at the reporting date.

Unquantifiable contingent liabilities

ASQA has a number of legal matters against third parties; however it is not possible to estimate the amount(s) or likely payout in relation to the legal matters.

7.1B: Administered – Contingent Assets and Liabilities

ASQA has no administered contingent assets and contingent liabilities as at the reporting date.

7.2 Financial Instruments

	2016 $'000	2015 $'000
7.2A: Categories of Financial Instruments		
Financial Assets		
Receivables		
Cash and cash equivalents	**292**	186
Trade and other receivables	**1,144**	-
Total receivables	**1,436**	186
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	**2,688**	1,775
Other payables	**1,188**	1,208
Total financial liabilities measured at amortised cost	**3,876**	2,983
Total financial liabilities	**3,876**	2,983

Accounting Policy

Financial liabilities and financial assets that are not contractual (such as GST, created as a result of statutory requirements imposed by governments) are not financial instruments.

Receivables

Receivables consist of contractual receivables, such as debtors in relation to goods and services.

Payables

Payables consist of contractual payables, such as accounts payable and accruals.

7.2 Financial Instruments (continued)

7.2B: Credit Risk

ASQA was exposed to minimal credit risk with cash and receivables as at reporting date as its maximum exposure to credit risk was with the Australian Government. The receivable amount was not past due and no impairment allowance was required.

ASQA has policies and procedures in place to manage receivables and does not hold collateral to mitigate against credit risk due to the minimal risk exposure.

	2016	2015
	$'000	$'000
Maximum exposure to credit risk (excluding any collateral or credit enhancement)		
Financial assets carried at amount not best representing maximum exposure to credit risk		
Cash and cash equivalents	**292**	186
Total financial assets carried at amount not best representing maximum exposure to credit risk	**292**	186

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

	Not past due or impaired	Not past due or impaired
	2016	2015
	$'000	$'000
Cash and cash equivalents	**292**	186
Trade and other receivable	**229**	-
Total	**521**	186

7.2 Financial Instruments (continued)

7.2C: Liquidity Risk

Liquidity risk is the risk that ASQA will not be able to meet its obligations as they fall due.

ASQA's financial liabilities were payables. The exposure to liquidity risk is minimal as ASQA is appropriated funding from the Australian Government and manages its funding to ensure it has adequate funds to meet payments as they fall due. In addition, ASQA has policies and procedures in place to meet timely payments and has no past experience of default.

All financial liabilities are settled within thirty days.

Maturities for non-derivative financial liabilities in 2016

	On demand	Within 1 year	Between 1 to 2 years	Between 2 to 5 years	Total
	$'000	$'000	$'000	$'000	$'000
Trade creditors	-	2,562	-	126	2,688
Other payables	-	389	236	563	1,188
Total	-	2,951	236	689	3,876

Maturities for non-derivative financial liabilities in 2015

	On demand	Within 1 year	Between 1 to 2 years	Between 2 to 5 years	Total
	$'000	$'000	$'000	$'000	$'000
Trade creditors	-	1,738	37	-	1,775
Other payables	-	1,049	159	-	1,208
Total	-	2,787	196	-	2,983

8.1 Reporting of Outcomes

ASQA has a single outcome. The Departmental expense, income, assets and liabilities are disclosed in the Statement of Comprehensive Income and Statement of Financial Position. The outcome is described in the Overview.

Management and accountability

Corporate governance

In 2015–16, 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 meet formally to make decisions about regulatory policy.

Commissioners' meetings

During the reporting period, ASQA's Commissioners met formally on 123 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'.

Senior Management Group

The Senior Management Group comprises the Chief Commissioner/Chief Executive Officer; the Commissioner—Regulatory Operations; the Commissioner—Intelligence and Regulatory Support; the General Manager Regulatory Strategy, Governance and Corporate; the General Manager—Regulatory Operations and the Manager—Governance, Policy and Quality.

In 2015–16 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, Performance and Accountability Act 2013* (PGPA Act). The Audit Committee reports directly to the Chief Executive Officer, providing independent assurance and assistance on ASQA's risk, control and compliance framework and its external accountability responsibilities. The Audit Committee also reviews ASQA-wide fraud control measures.
- **Health and Safety Committee**—the Chief Executive Officer has established the Health and Safety Committee under 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 as well as measures to reduce fraud and cases that are under investigation with Comcare.
- **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—Regulatory Strategy, Governance and 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 2015–16 the Senior Management Group oversaw the completion of many important initiatives including:

- the development of a range of reforms, in conjunction with the Department of Education and Training, aimed at strengthening ASQA's regulation
- implementing ASQA's revised organisation structure, and
- the release of ASQA's Regulatory Risk framework and first Regulatory Strategy.

The Senior Management Group met 49 times in 2015–16.

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 2015–16 these reports included:

- monthly reports on finance, regulatory business statistics, complaints, issues and incidents, communications (website and Info line statistics), and
- quarterly reports on ASQA's Strategic Risk Register, human resources profiles, health and safety.

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

Ethical standards

ASQA employees, as Australian Public Service (APS) employees, are required under the APS Code of Conduct to behave at all times in a way 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 2015–16, ASQA undertook one formal investigation into suspected breaches of the Code of Conduct. The finding from the investigation was that the allegation was not substantiated.

Fraud control

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

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

ASQA actively seeks to raise awareness 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.

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 2015–16, ASQA finalised 72 reconsideration applications. The results of these reconsiderations are shown in Table 15. 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 15: Outcomes of reconsideration applications finalised by ASQA in 2015–16

Outcome of reconsideration application	Number
Decision revoked (evidence provided to ASQA that non-compliance had been rectified)	38
Decisions affirmed (ASQA reviewed the reconsideration application and any relevant evidence, and found that the provider remained non-compliant)	30
Decision varied (ASQA's original decision revoked and new decision put in its place)	2
No decision made (procedural issues meant no decision required)	2
Total	**72**

Review by the Administrative Appeals Tribunal or Federal Court

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

This section discusses the two kinds of review by the Administrative Appeals Tribunal or a Court that were undertaken in 2015–16 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 2015–16 ASQA received 82 applications in which training providers or applicants requested a review of a decision made by ASQA to a Tribunal or Court—19 of these were carried over from previous financial years. Fifty-seven of these matters were dealt with and closed during 2015–16 and 25 have been carried into 2016–17. These details are shown in Table 16.

Table 16: Total Tribunal and Court review applications received, closed and carried over as at 30 June 2016

Matter	Number
Carried into 2015–16	19
Opened	63
Total received	**82**
Total closed	57
Carried into 2016–17	25

The outcomes of applications for review to a Tribunal or Court that were closed during the reporting period are show in Table 17.

Table 17: Outcomes of closed Tribunal matters, 1 July 2015 – 30 June 2016

Closed matter outcome	Number
ASQA's decision affirmed	3
ASQA's decision set aside	1
ASQA's decision varied	2
Dismissed on jurisdiction	1
Resolved between Applicant and ASQA	38
Withdrawn by Applicant	12
Total closed	**57**

Management of human resources

Workforce planning and staff retention and turnover

During the reporting period the *ASQA Workforce plan 2016-18* was developed and implemented. ASQA adopts a pragmatic, centralised approach to its workforce planning which is adapted from the Australian Public Service Commission's approach and is aligned to Australian Standard: AS5620 Workforce Planning 2015.

Workforce planning within ASQA is directly supportive of and aligned with KPI 9 of the Corporate Plan; ASQA staff carry out all regulatory responsibilities effectively, efficiently and in accordance with APS Code of Conduct and the *Standards for Vocational Education and Training Regulators 2015*.

To ensure that ASQA employs the right people for its business, the 'Workforce Supply' section of the plan outlines key workforce areas on which to focus.

Managing employee retention and turnover is identified as a key workforce area and a number of strategies will be implemented to manage exits and attrition, succession and career development. ASQA's voluntary turnover rate for 2015–16 was just under nine per cent.

ASQA enterprise agreement

The terms and conditions of employment for ASQA employees are set out in the *ASQA enterprise agreement 2012–14*. The *ASQA enterprise agreement 2012 –14* has a nominal expiry date of 30 June 2014; however, the agreement will remain in effect until replaced by the next ASQA enterprise agreement. ASQA commenced negotiations for the next enterprise agreement in July 2014. These negotiations were ongoing as at 30 June 2016.

At 30 June 2016, 207 ASQA employees were covered by the *ASQA enterprise agreement 2012–14*, two Senior Executive Service (SES) employees were covered by an Individual S24 (1) Determination and two Commissioners were covered by Remuneration Tribunal Determinations.

The salaries for employees covered by the *ASQA enterprise agreement 2012–14* 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.

At 30 June 2016 ASQA had seven employees with an individual flexibility agreement that varies the effect of the terms of the *ASQA enterprise agreement 2012–14*.

Performance Pay

The *ASQA enterprise agreement 2012–14* does not provide access to performance pay.

Information on Commissioners' and SES employee total remuneration is set out on page 112 in the financial statements.

Training and development

ASQA actively supports and provides all employees with relevant training and development opportunities to enhance their skills and capabilities. During 2015–16, 176 employees participated in external training courses and professional development. The key areas of focus for learning and development opportunities were in leadership development, regulation and investigative training.

ASQA shifted its regulatory strategy to a risk-based approach, which enables the agency to deliver on the initiatives of the VET Regulatory Reform program commenced in 2014. Learning and development programs focused on equipping employees with the technical skills required to achieve this.

The *Standards for VET Regulators 2015* were implemented and included mandatory competency requirements for ASQA Regulatory and Course Accreditation Officers. Examples of training courses undertaken to achieve these requirements include: Certificate IV in Training and Assessment; Diploma of Quality Auditing and Certificate IV in Government Investigations.

During the reporting period, a Leadership Development Program was delivered to 75 employees. The program was designed to enhance the leadership skills of senior officers and ensure that the skills and capabilities required to achieve the Australian Government's policy objectives are fulfilled.

Results from a recent employee engagement census show that 86 per cent of ASQA employees spent time in formal training and education during the reporting period. On average, ASQA spent $1300 per employee on formal training during the last financial year.

ASQA's Work Health and Safety performance

ASQA fulfils its responsibilities under the *Work Health and Safety Act 2011* by actively promoting work health and safety messages across the organisation. During the reporting year, ASQA partnered with our Employee Assistance Provider, Optum, to deliver health and wellbeing programs across ASQA offices.

ASQA has an established Work Health and Safety Committee. The committee comprises employee representatives who are consulted in the development and implementation of strategies to protect employees from risks to their health and safety. ASQA has Health and Safety Representatives in each state and territory office. ASQA also has trained employees who undertake duties as first aid officers and fire wardens.

During the reporting year ASQA developed and implemented a *Working in the Field Policy*. This policy outlines the procedures for ASQA employees in assessing, managing and reporting work health and safety risks when undertaking work outside of ASQA's office environment. The policy establishes a consistent national approach to work health and safety risk management in order to implement appropriate controls and minimise work health and safety risks.

ASQA provides onsite ergonomic support to all new employees as well as any employees experiencing pain or injury. Influenza vaccinations were available for all employees in April 2016. 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.

These initiatives, together with early intervention and carefully managed workplace rehabilitation, have contributed significantly to a reduction in compensable injuries. There were no new compensable injuries in the 2015–16 financial year.

There were no accidents or dangerous occurrences during the year that arose out of conduct of business or undertakings by ASQA that required notification to Comcare.

Productivity gains

During the reporting year, ASQA took significant steps towards the implementation of a fully risk-based regulatory approach. The modern risk-based approach uses data and intelligence to identify and target the most significant sector-wide (systemic) risks and providers of greatest concern. This approach increases information sharing and collaboration within ASQA and between organisations, reducing the regulatory burden on high-quality, compliant providers. There is greater capacity to undertake risk-based compliance and monitoring activities and a streamlined approach for processing applications and renewals.

In order for ASQA to deliver on this approach, an organisational review was undertaken to implement an organisational structure with stronger intelligence and investigative capabilities and a stronger regulatory remit. The revised structure was implemented on 1 July 2015.

Payroll

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

Reports

Tables 18 to 26 provide statistics on the number of ASQA employees at the end of the reporting period, in relation to classification levels, full-time/part-time status, gender and location.

Table 18: ASQA employees by employment status as at 30 June 2016

Employment status	Total
Ongoing	173
Non ongoing	37
Total	**210***

*including 3 Commissioners

Table 19: ASQA ongoing employees by classification as at 30 June 2016

Classification	Number
SES Band 1	2
EL 2	26
EL 1	57
APS 6	49
APS 5	23
APS 4	11
APS 3	2
APS 2	0
APS 1	0
Total	**170**

Table 20: ASQA non-ongoing employees by employment status as at 30 June 2016

Classification	Number
SES Band 1	0
EL 2	1
EL 1	7
APS 6	5
APS 5	13
APS 4	6
APS 3	5
APS 2	0
APS 1	0
Total	**37**

Table 21: ASQA ongoing employees by full-time/part-time status as at 30 June 2016

Status	Number
Full-time	150
Part-time	20
Total	**170**

Table 22: ASQA non-ongoing employees by full-time/part-time status as at 30 June 2016

Status	Number
Full-time	33
Part-time	4
Total	**37**

Table 23: ASQA ongoing employees by gender as at 30 June 2016

Gender	Number
Female	117
Male	53
Total	**170**

Table 24: ASQA non-ongoing employees by gender as at 30 June 2016

Gender	Number
Female	27
Male	10
Total	**37**

Table 25: ASQA ongoing employees by location as at 30 June 2016

ASQA office location	Number of employees at location
Melbourne	46
Sydney	38
Adelaide	14
Canberra	11
Brisbane	50
Perth	6
Hobart	3
Darwin	2
Total	**170**

Table 26: ASQA non-ongoing employees by location as at 30 June 2016

ASQA office location	Number of employees at location
Melbourne	17
Sydney	4
Adelaide	1
Canberra	3
Brisbane	10
Perth	2
Hobart	0
Darwin	0
Total	**37**

As at 30 June 2016, ASQA employed one ongoing employee who identifies as Indigenous

Budget and finance

In accordance with the revised structure for annual reports set in the *Resource Management Guide 135—Annual Reports for Non-Corporate Commonwealth Entities*, ASQA's financial statements are located in the Report on performance section of this report.

Assets management

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

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 Rules, 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 *Public Governance Performance and Accountability Act 2013* and related regulations, including the *Commonwealth Procurement Rules*.

During 2015–16, ASQA entered into 44 new consultancy contracts involving actual expenditure of $1.873m (inclusive of GST). In addition, 18 ongoing consultancy contracts were active during 2015–16, involving an actual expenditure of $1.414m. The majority of consultancy contracts were to develop ASQA's information and communication technology (ICT) capability.

Australian National Audit Office Access clauses

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

Exempt contracts

No contracts in excess of $10,000 (inclusive of GST) or standing offers were exempted by the Chief Executive Officer from being published on AusTender during the 2015–16 reporting year.

Small business

ASQA's procurement practices support small businesses, and are consistent with paragraph 5.4 of the *Commonwealth Procurement Rules*. The following processes are followed when undertaking procurement:

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

Appendices

Appendix 1—Regulatory decisions overview

Cancellation of registration and rejection of renewal application

ASQA made a total of 107 decisions to cancel or not renew provider registration during the reporting period. This includes 69 decisions to cancel the registration of a provider in accordance with paragraph 36(2) (f) and section 39 of the *National Vocational Education and Training Regulatory Act 2011*. These decisions are shown in Table 27 (note that in some cases, multiple decisions are made in relation to one provider, where a provider holds both RTO and CRICOS registration). Where a decision was subsequently changed, or where the decision was under review as at the time of publication, this is shown in the notes to Table 27.

Table 27: ASQA decisions to cancel registration, 1 July 2015 – 30 June 2016

RTO ID	Legal name	Trading names
91115	A.W Workwise Pty Ltd	A.W Workwise Pty Ltd
40759	H & A Training Services Pty Ltd	H & A Training Services
91156	JACTO Australia Pty Ltd	
22345	Pacific Education Group Pty Ltd	Melbourne Institute of Commerce
40482	Structural Group Pty Limited	Structural Group Pty Ltd
91350	Unique International College Pty Ltd †	Unique International College
40842	Hunter Youth & Training Services Pty Ltd	Hunter Youth & Training Services
32364	Sales Warriors Pty Ltd	Sales Warriors Pty Ltd
90345	Inner West Skills Centre Inc	IWSC YOUTH LINX Inner West Skills Centre Inc
40861	Golden Farah Training Institute Pty Ltd	Golden Farah Training Institute Pty Ltd
31598	Ridgebend Pty Ltd	Australasian Golf Academy
31349	Statewood Pty Ltd	Naturopathic Correspondence College of Australia
40669	Malvern Institute Pty Ltd *	Malvern International College Central Melbourne Institute
40211	Peace Centre	Hosanna International College
32371	Plenty Systems Pty Ltd §	Plenty Training Plenty Education Plenty RPL
1292	Milton College Pty Ltd	Milton College
21582	Phoenix Institute of Australia Pty Ltd †	myTime Learning

RTO ID	Legal name	Trading names
2922	David Maxwell Grosser	AICA Education
40904	S.M Restar & H.P Sund	Sure Oceania Group of Health Education
91437	Australian Institute of Professional Education Pty Ltd †	Aipe Australian Institute of Professional Education Studyonline Study Connect
32408	Face to Face Training Services Pty Ltd	Face to Face Training Services
31558	RTO QLD PTY LTD	One-On-One Professional Business Training
6954	MWT Institute Pty Ltd	MWT Institute
(CRICOS No. 02760K)	Castle College Pty Ltd	Castle College
5500	Cornerstone Investment Aust Pty Ltd †	Empower Institute
32498	Indigenous and Mainstream Accredited Training	
32477	Milbi Incorporated	
40204	World Workers Training Centre Pty Ltd	
91286	Zypcom International	
32366	KRJ Gold Pty Ltd	Christian Trades College Australia
22042	Body Synergy College of Skin Therapies Pty Ltd	Body Synergy College of Skin Therapies
40492	ORCA Organisational Capability Pty Ltd	
32434	Sky Education Australia Pty Ltd ‡	
91157	Australian Butlers Pty Ltd	The Australian Butler Training School
91815	International Academy of Equine Education Pty Ltd ‡	International Academy of Equine Education International Academy of Veterinary Education
40653	Laser Training Academy Pty Ltd	
40984	New System Homes Pty Ltd	Better Choice Training
31928	Environment Training Australia Pty Ltd	
3836	Goulburn Administration Services Ltd	National Skills Group
20912	Facts Geelong	Healthcare Training Australia
40774	The Makeup Technicians Pty Ltd †	
40679	Lawson College Australia Pty Ltd †	Lawson College Australia
90380	Vocational Institute of Australia Pty Ltd	

RTO ID	Legal name	Trading names
40940	The Open Seminar Pty Ltd	
40949	Interteck C&T Australia Pty Ltd ATF Intertek C&T Australia Unit Trust	
40634	AAPB Pty Ltd	Australasian Academy for People In Business
40285	Albrighton Consulting and Training Services Pty Ltd	
21305	Australian Hospitality Institute Pty Ltd	
31738	Becton Dickinson Pty Ltd	
41095	Early Learning Employment Management and Training Pty Ltd	Early Learning Institute of Training and Education
90180	National Operations Training and Development Pty Ltd	National Operations Training & Development
91597	Perceptum Training Partners Pty Ltd	
40261	Premier Health Care Pty Ltd	
88092	Trades and Labour Council of the ACT Incorporated	WorkWatch Trades & Labour Council of the ACT Inc Trading as Workwatch
91466	Warton Pty Ltd	Warton Training
32179	Peacemakers Security Pty Ltd	Peacekeeper Security Training Institute
31406	Learning Systems Australia Pty Ltd ‡	
(CRICOS No. 02918D)	Gold Coast Language Schools Pty Ltd	Gold Coast College

NOTES:

* Decision subsequently revoked by ASQA Commissioners

† Decision under review at the time of publication

‡ Decision revoked following ASQA reconsideration process

§ Resolved between ASQA and provider at the Administrative Appeals Tribunal

ASQA made 38 decisions to reject an application for renewal of registration in accordance with section 17 of the *National Vocational Education and Training Regulatory Act 2011*. These decisions are shown in Table 28 (note that in some cases, multiple decisions are made in relation to one provider, where a provider holds both RTO and CRICOS registration). Where a decision was subsequently changed, where the decision was under review as at the time of publication, or where the rejection applied to part of the provider's registration, this is shown in the notes to Table 28.

Table 28: ASQA decisions to reject applications for renewal of registration, 1 July 2015 – 30 June 2016

RTO ID	Legal Name	Trading name (s)
31178	Queensland Training Services Pty Ltd ¶	Total Safety Services Total Management and Training
21699	Fira Pty Ltd	Central Victoria Polytechnic Institute
32179	Peacemakers Security Pty Ltd	Peacekeeper Security Training Institute
22345	Pacific Education Group Pty Ltd	Melbourne Institute of Commerce
32244	Australian Business School Pty Ltd §	Australian Business School Australian English Language School
40673	Sincerity International Pty *	Sincerity Pty Ltd St. George Institute of Studies Sincerity International Pty Ltd
88196	JP International College Pty Ltd †	
22258	A.C.N 131 839 471 Pty Ltd §	Melbourne Institute of Training and Technology Pty Ltd
90886	Coates Hospitality Services Pty Ltd ǂ	Australian Training & Consulting
90869	NSW Family Day Care Association INC ¶	PEAK Training
5500	Cornerstone Investment Aust Pty Ltd †	EMPOWER INSTITUTE
32100	Learner Centre Pty Ltd ǁ	Apex Training Institute
31226	Metro College of Technology Pty Ltd	
32037	Direct Insight Consulting & Training Pty Ltd	Direct Insight Consulting & Training
91691	College of Professional Education Pty Ltd ǁ	College of Professional Education
52247	Kirana Training Pty Ltd ‡	
3558	Apprentices- Trainees Employment Ltd §	ATEL Training Solutions
121522	Professional Training Services Australia ¶	Professional Training Services Australia Pty Limited
21574	Geelong Training Academy Pty Ltd	Bell Park Driving School Bell Park Training
32252	Eclipse Vale Pty Ltd §	Eclipse Online Education Geelong First Aid Training Eclipse Education

RTO ID	Legal Name	Trading name (s)
5052	Care Training Australia Pty Ltd	
22434	Wiseman Institute Pty Ltd ¶	Wiseman Institute of Applied Learning
32297	Queensland College of Management Pty Ltd §	
22331	Symbiosis Institute of Technical Education Pty Ltd	Symbiosis Institute of Technical Education
4001	Optec Pty Ltd §	
(CRICOS No. 02760K)	Castle College Pty Ltd	Castle College
32267	Delacroy Industries and Solutions Pty Ltd †	
4074	Southern Edge Training Pty Ltd	SET Solutions Truck and Forklift Training
31275	Jordaan and Associates Pty Ltd ‡	Life Coaching Academy
32392	Mountainview Training Pty Ltd †	MVT Management Institute of Australia
91778	Work Savvy Pty Ltd †	Work Savvy Training

NOTES:

* Decision subsequently revoked by ASQA Commissioners
† Decision under review at the time of publication
‡ Decision revoked following ASQA reconsideration
§ Resolved between ASQA and provider at the Administrative Appeals Tribunal
ıı Decision varied following ASQA reconsideration
¶ Partial rejection

Suspension of registration

ASQA made 15 decisions to suspend all or part of a registration of a provider in accordance with paragraph 36(2)(e) and section 38 of the *National Vocational Education and Training Regulatory Act 2011*. These decisions are shown in Table 29 (note that in some cases, multiple decisions are made in relation to one provider, where a provider holds both RTO and CRICOS registration). Where a decision was subsequently changed or where the suspension applied to part of the provider's registration, this is shown in the notes to Table 29.

Table 29: ASQA decisions to suspend registration, 1 July 2015 – 30 June 2016

RTO ID	Legal Name	Trading name (s)
91166	NSW Department Industry, Skills and Regional Development ‡	Tocal College
90165	Australian College for Further Education Pty Ltd §	
22336	St Stephen Institute of Education Pty Ltd	St Stephen Institute of Technology
22331	Symbiosis Institute of Technical Education Pty Ltd §	Symbiosis Institute of Technical Education
30590	Hills Educational Foundation Limited §	Hills International Institute of Education
22098	Western Institute of Technology Pty Ltd ¶	Western Institute of Technology Western Senior Secondary College
91742	ELMO Learning Services Pty Ltd ¶	ELMO Learning Services elmoaccredited Colleges of Australia Studywell College
21122	Seluna Pty Ltd ¶	International Institute for Professional Development Australian IT and Hospitality Institute
52506	Ochre Training Pty Ltd *	Ochre Workforce Solutions
32499	Todd Rutherford	Drilling Skills Australia
1907	Industrial Foundation for Accident Prevention (IFAP) ¶	

NOTES:

* Suspension lifted by ASQA Commissioners
† Decision under review at the time of publication
‡ Decision revoked following ASQA reconsideration
§ Resolved between ASQA and provider at the Administrative Appeals Tribunal
ıı Decision varied following ASQA reconsideration
¶ Partial suspension

Other administrative sanctions

ASQA made 34 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*.

These decisions are shown in Table 30 (note that in some cases, multiple decisions are made in relation to one provider, where a provider holds both RTO and CRICOS registration). Where a decision was subsequently changed or where the decision was under review as at the time of publication, this is shown in the notes to Table 30.

Table 30: ASQA decisions to impose administrative sanctions (other than cancellation or suspension of registration), 1 July 2015 – 30 June 2016

RTO ID	Legal name	Trading name (s)
88136	The Wise Academy Pty Ltd	The WISE Academy Wellness Business Institute
32323	Training Synergies Pty Ltd	
22258	A.C.N 131 839 471 Pty Ltd	Melbourne Institute of Training and Technology Pty Ltd
51414	Coastal Enterprises (WA) Pty Ltd	T & L Training Consultants
88167	Mantra Training and Development Pty Ltd	Mantra Training & Development Pty Ltd
41305	Australian College of Laser Therapy Pty Ltd	Australian College of Laser Therapy
3075	Melbourne Polytechnic	Northern Melbourne Institute of TAFE NMIT
40345	Jabin Hopkins Pty Ltd	Jabin Hopkins Institute of Technology
90867	Access Group Training Pty Ltd	Access Group Training
32075	Oakbridge Investments Pty Ltd	Building Futures Education Services
32360	E-medics Pty Ltd	
21402	Harmony Consulting Pty Ltd *	XSEED
0416	Holmesglen Institute	
90165	Australian College for Further Education Pty Ltd †	
32531	Site Skills Group Pty Ltd	Site Skills Training Site Institute
40673	Sincerity International Group Pty Ltd	Sincerity Pty Ltd St. George Institute of Studies Sincerity International Pty Ltd
91447	Wise Education Group Pty Ltd	Wise Education Group

RTO ID	Legal name	Trading name (s)
6372	Institute of Training and Further Education Pty Ltd	Hospitality Training Australia
		Health Services Training Australia
		Building Construction Mining Training Australia
		Training & Development Institute of Australia
		Asset Security Training Australia
		First Aid Institute of Australia
		Retail & Services Training Australia
		Hair & Beauty Training Australia
		Institute of Training and Further Education
		Children's Services Training Australia
		Business & Finance Training Australia
		Computer Training Australia
		Transport & Logistics Training Australia
		Summer School Training Australia
		Work Health Safety Training Australia
		Child Care Institute of Australia
		Aged Care Training Australia
21450	Australian Combined Resources Pty Ltd	Skillup Australia and Giant International College
		Skillup Australia
		Giant International College
91669	Real Corporate Partners Pty Ltd	Real Institute
0361	Skill Hire WA Pty Ltd	Skill Hire WA
		Business Leadership Centre
41105	G'day Australia Pty Ltd	Australian Education and Training Centre
91827	Diversity Skills Training Pty Ltd ǂ	Diversity Skills Training
32292	K & M Harris Pty Ltd	Specialised Career Solutions
		Benchmark Training Solutions (RTO 32292)
		E-ducation (RTO 32292)
		National Security Training Academy (RTO 32292)

RTO ID	Legal name	Trading name (s)
90796	Open Colleges Pty LTD	Cengage Education
		Open Colleges
		Open College of Teaching and Training
		Open College of Community Services
		Open College of Fitness
		Open College of Business, Management and Marketing
		Open College of Art and Design
		Open College of Writing and Journalism
		Open College of Beauty
		Open College of Accounting and Finance
		Open College of Photography
		Open College of Counselling and Coaching
		Open College of Tourism and Hospitality
		Open College of Natural Therapies
		Open College of Technical Trades and Languages
		Open College of Animal and Pet Care
		Open College of Child Care
		Open College of Aged care
		Open College of Information Technology
40841	GA & MM Pty Ltd	Quality Education Training
22221	Tide Training Pty Ltd	Transport Industry Driver Education
90730	Equalis Pty Ltd	Equalis
40911	Australian Online Management College Pty Ltd	Fitness and Sports Training College
90142	OCTEC Ltd	OCTEC
41428	Vanshraj Enterprises Pty Ltd	Victorian Academy Of Commerce and Technology Startups

NOTES:

* Conditions lifted following ASQA reassessment

† Decision under review at the time of publication

‡ Decision revoked following ASQA reconsideration

Appendix 2—Other mandatory information

Ecologically sustainable development and environmental performance reporting

ASQA has continued to pursue activities that support the ecologically sustainable principles outlined under section 3A of the *Environment Protection and Biodiversity Conservation Act 1999*. During 2015–16 this included:

- supporting the increased use of audio and video conferencing and online collaboration to reduce the overall amount of air travel undertaken
- replacing the existing fleet of multi-function devices (MFD) with energy efficient, smart print models, reducing the overall number of the fleet
- maintaining paper use reduction initiatives such as default printer settings to print double sided and in black and white
- operating a waste, landfill and organic recycling program where possible in each state office
- including paper and toner cartridge recycling
- implementing a desktop anywhere solution (DTA) equipment rollout of 134 units to replace standard desktop PC setup for Audit and Investigations staff providing greater mobility and energy savings
- using low-wattage, energy-efficient lights throughout office areas and operating lighting in office areas via motion sensors to reduce energy consumption
- implementing an electronic document management system to reduce the amount of paper files.

Environmental performance

The environmental performance of ASQA is aggregated by the Shared Services Centre (SSC) of the Department of Education and Training due to the nature of the services provided exclusively and variously by SSC to ASQA under the current Memorandum of Understanding (MOU) arrangement. These services include information and communication technology (ICT) services (including ICT procurement services), payroll services, SAP/Connect services and security access.

A comparison of the environmental performance indicators for ASQA 2014–15 and 2015–16 appears in Table 31. While overall energy consumption has increased, this is commensurate with the increase in the number of full-time equivalent (FTE) employees at ASQA following the organisational review in mid-2015. However, overall energy use per total square metre of leased space has reduced from the 2014–15 period to the 2015–16 period.

ASQA continues to evaluate and improve its operational efficiency to ensure that its activities contribute to successful long-term outcomes and to increase its understanding of sustainability beyond the environmental scope.

Table 31: ASQA Environmental performance indicators

INDICATORS	2014-15	2015-16
Total energy consumption (kWh)	389,846.92	419,610.08
Total energy consumption (Mj)	1,357,146.35	1,461,892.51
Energy use per FTE * (Mj) [1]	6058.69	6116.70
Energy use psm – pa [2]	261.60	252.57
Desktop PC/DTA to printer ratio	22:1	16:1
% recycled content – copy paper [3]	100%	100%
Total copy paper purchased (reams)	833	892
Copy paper per FTE (reams)	3.71	3.94

Notes

** FTE – Full-time equivalent*

1 Energy Efficiency in Government Operations Policy target is 7500MJ per person per annum

2 Energy Efficiency in Government Operations Policy target is 400MJ per square metre per annum

3 Recycled content equal to or greater than 50 per cent

Advertising and market research

During the 2015–16 financial year, the Australian Skills Quality Authority did not undertake any advertising campaigns or market research.

Grant programs

The Australian Skills Quality Authority does not administer any grant programs.

Disability reporting

Since 1994, non-corporate Commonwealth entities have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service reports and the APS Statistical Bulletin. These reports are available at www.apsc.gov.au. From 2010–11, entities have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level, two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring. The first of these progress reports was published in 2014, and can be found at www.dss.gov.au.

Information publication scheme

Agencies subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement, in Part II of the FOI Act, 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 Publications Scheme plan can be found at:

http://www.asqa.gov.au/about/accountability-and-reporting/information-publication-scheme.html

Appendix 3—Agency resource table

Australian Skills Quality Authority Resource Statement 2015-16

		Actual available appropriation for 2015-16 $'000	Payments made 2015-16 $'000	Balance remaining 2015-16 $'000
Ordinary annual services				
Departmental appropriations		59,683	36,770	22,913
Total		**59,683**	**36,770**	**22,913**
Total ordinary annual services	**A**	**59,683**	**36,770**	**22,913**
Other services				
Departmental non-operating				
Equity injections		5,133	4,244	889
Total		**5,133**	**4,244**	**889**
Total other services	**B**	**5,133**	**4,244**	
Total available annual appropriations and payments		**64,816**	**41,014**	
Special appropriations				
Special appropriations limited by criteria/entitlement				
Public Governance, Performance and Accountability Act 2013 -s 77		-	427	
Total special appropriations	**C**	-	**427**	
Total resourcing and payments				
A+B+C		**64,816**	**41,441**	
Total net resourcing for ASQA		**64,816**	**41,441**	

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 Info Line

ASQA's Melbourne-based contact centre.

ASQAnet/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 skill or task.

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 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 provisions of government goods and services (including regulation) to private and other sectors of the economy.

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

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.

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 ASQA on the way in which the VET Quality Framework and other conditions defined in the N*ational Vocational Education and Training Regulator Act 2011* are to be complied with.

industry

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

industry organisation

An organisation representing an industry, including peak business and employer organisations and industry advisory bodies, such as Industry Skills Councils.

Industry Skills Council(s)

National bodies formerly recognised and funded by the Australian Government to develop and maintain training packages specific to particular industry areas; this role is now performed by Skills Service Organisations.

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 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 registered 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.

notice of intention

ASQA may issue a provider with a notice of intention to apply a sanction or condition of registration where non-compliances are identified. The notice of intention 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 students

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.

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.

Public Governance, Performance and Accountability Act 2013

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

qualification

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

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.

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.

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 nor 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. ASQA began phasing out *risk ratings* in favour of *risk profiles* from 2015.

Skills Service Organisations

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

scope of registration

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

Standards for NVR Registered Training Organisations 2015

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

Standards for VET Accredited Courses 2012

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

Standards for VET Regulators 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*.

Strategic Reviews

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

training package

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

VET Quality Framework

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

The VET Quality Framework comprises:

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

VET Regulatory Reform

A program of reforms implemented by ASQA from 2014, in relation to how ASQA regulates Australia's vocational education and training sector.

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 and acronyms

Abbreviation	Definition
ACCI	Australian Chamber of Commerce and Industry
ACPET	Australian Council for Private Education and Training
ANTA	Australian National Training Authority
ACT	Australian Capital Territory
AGS	Australian Government Solicitor
APS	Australian Public Service
AQF	Australian Qualifications Framework
ASQA	Australian Skills Quality Authority
CCA	Community Colleges Australia
CEIs	Chief Executive's Instructions
CEO	Chief Executive Officer
COAG	Council of Australian Governments
CRICOS	Commonwealth Register of Institutions Courses for Overseas Students
EDRMS	Electronic Document and Records Management System
ELICOS	ENGLISH Language Intensive Courses for Overseas Students
ESOS Act	*Education Services for Overseas Students Act 2000*
FOI	Freedom of Information
IBSA	Innovation and Business Skills Australia
ICT	Information and Communications Technology
IMT	Information Management and Technology
IPS	Information Publication Scheme
KPIs	Key Performance Indicators
MoU	Memorandum of Understanding
NCVER	National Centre for Vocational Education and Training
NEAS	National English Language Teaching Accreditation Scheme
NSW	New South Wales
NT	Northern Territory
NVR	National VET Regulator
NVR Act	*National Vocational Education and Training Regulator Act 2011*
OBPR	Office of Best Practice Regulation
PBS	Portfolio Budget Statements

PGPA Act	*Public Governance, Performance and Accountability Act 2013*
QLD	Queensland
RPL	recognition of prior learning
RTO	registered training organisation
SA	South Australia
SES	Senior Executive Service
SSOs	Skills Service Organisations
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

List of requirements

PGPA Rule Reference	Part of report	Description	Page number
17AD(g)	**Letter of transmittal**		
17AI		Letter of transmittal	iii
17AD(h)	**Aids to access**		
17AJ(a)		Table of contents	iv
17AJ(b)		Alphabetical index	156
17AJ(c)		Glossary of abbreviations and acronyms	151–152
17AJ(d)		List of requirements	153–155
17AJ(e)		Details of contact officer	ii
17AJ(f)		Entity's website address	ii
17AJ(g)		Electronic address of report	ii
17AD(a)	**Review by accountable authority**		
17AD(a)		Review by the Chief Commissioner and Chief Executive Officer	1–3
17AD(b)	**Overview of the entity**		
17AE(1)(a)(i)		A description of ASQA's role and functions	6–7
17AE(1)(a)(ii)		A description of the organisational structure of the entity	10, 15
17AE(1)(a)(iii)		A description of the outcomes and programs administered by the entity	11–12
17AE(1)(a)(iv)		A description of the purposes of the entity as included in corporate plan	6–7, 24
17AE(2)		Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change	Not applicable
17AD(c)	**Report on performance**		
17AD(c)(i); 16F	Annual performance statement		24–63
17AD(c)(ii)	Report on financial performance		
17AF(1)(a)		A discussion and analysis of the entity's financial performance	50, 129–130, 144
17AF(1)(b)		A table summarising the total resources and total payments of the entity	144

PGPA Rule Reference	Part of report	Description	Page number
17AF(2)		If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes	Not applicable
17AD(d)	**Management and accountability**		
	Corporate governance		
17AG(2)(a)		Information on compliance with section 10 (fraud systems)	120
17AG(2)(b)(i)		A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	iii, 120
17AG(2)(b)(ii)		A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	iii, 120
17AG(2)(b)(iii)		A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	iii, 120
17AG(2)(c)		Corporate governance	118–121
17AG(2)(d) – (e)		A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to noncompliance with Finance law and action taken to remedy noncompliance.	Not applicable
	External scrutiny		
17AG(3)		Significant developments in external scrutiny and the entity's response to the scrutiny.	121–122
17AG(3)(a)		Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner	121–122
17AG(3)(b)		Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	Not applicable
17AG(3)(c)		Information on any capability reviews on the entity that were released during the period.	Not applicable

PGPA Rule Reference	Part of report	Description	Page number
	Management of human resources		
17AG(4)(a)		An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives	123–124
17AG(4)(b)		Statistics on the entity's APS employees	126–128
17AG(4)(c)		Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations	123
17AG(4)(c)(i)		Information on the number of SES and nonSES employees covered by agreements etc. identified in paragraph 17AD(4)(c)	123
17AG(4)(c)(ii)		The salary ranges available for APS employees by classification level	123
17AG(4)(c)(iii)		A description of nonsalary benefits provided to employees	124
17AG(4)(d)(i)		Performance pay	123
	Budget and finance		
17AG(5)		Asset management	129
17AG(6)		Purchasing	129
17AG(7)(a)		Consultants	130
17AG(8)		ANAO Access Clauses	130
17AG(9)		Exempt contracts	130
17AG(10)(a - c)		Small business	130
17AD(e)	**Financial statements**		65-116
	Inclusion of the annual financial statements		
17AD(f)	**Other mandatory information**		
17AH(1)(a)(I - ii)		Advertising campaigns	142
17AH(1)(b)		Grant programs	142
17AH(1)(c)		Disability reporting	142
17AH(1)(d)		Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found	143
17AH(1)(e)		Correction of material errors in previous annual report	Not applicable
17AH(2)		Information required by other legislation	119, 124, 141–142

Index

A

abb 151–152
accountability (corporate), 118–130
accountability (regulatory processes) *see* key performance indicators; performance report and statement
Accountable Authority Instructions, 120
accreditation
    briefing sessions, 29, 44, 47
    standards, 27
    statistics, 20
see also audits of providers
address and contact details, ii
Administrative Appeals Tribunal, 17, 121–122
advertising and market research (ASQA), 142
advertising and marketing practices of RTOs, 20, 59
agency overview, 6–12
agency resource statement, 144
agreements *see* memoranda of understanding
amount of training (very short courses), 16, 59–60, 62
annual performance statement *see* key performance indicators; performance report and statement
applications
    accreditation applications, 20
    application-based audits, 41–42, 47–48
    refused, 60–61, 135–136
    registration applications, 18–19, 60–61
ASQA Delegates, 38, 58 *see also* delegations of authority to providers to manage scope of registration
asqanet, 49, 50
assets management, 129
Audit Committee (ASQA), 119
audits of ASQA activities
    independent auditor's report, 65–66
    internal audit and reporting, 120
see also reviews
audits of providers, 1
    audit model, 2, 16
    compliance rate, 1, 15, 25–26, 39, 41, 54–55
    consistency in decision-making, 36, 53
    off-shore audits, 17
    site audit surveys, 29, 44
    statistics, 19, 21, 41–42, 47–48

VET FEE-HELP audit *see* VET FEE-HELP: targeted audit project
see also provider surveys; Strategic Reviews
AusTender, 130
Australian Centre for Environmental Compliance, 49
Australian Competition and Consumer Commission, 2
Australian Council for Private Education and Training, 28
Australian Government Solicitor, 59
Australian National Audit Office
    access clauses in contracts, 130
    audit report, 65–66
Australian Public Service Values and Code of Conduct, 120

B

briefings for stakeholders, 2, 29, 47 *see also* communication with providers; stakeholder engagement
business processes, 15, 49, 50
Business Services Training Package, 17, 32, 62

C

Chief Commissioner and Chief Executive Officer, 8, 10
    review by, 1–3
    role and responsibilities, 8, 118
childcare and early childhood learning training review, 1, 16, 32
China, Australian RTOs in, 17
Christie, Pam, 3
civil penalty powers, 2
code of conduct, 120
collaboration *see* cooperation with other agencies
Comcare, 124
Commissioners, 8–9, 10
    meetings, 118
    retirements and appointments, 3
committees, 119
Commonwealth Director of Public Prosecutions, 59
Commonwealth Fraud Control Guidelines, iii
Commonwealth Procurement Rules, 120, 130
Commonwealth Register of Institutions and Courses for Overseas Students *see* CRICOS
Commonwealth regulation of VET, and state referral of powers, 6
communication with providers, 2, 29, 30, 34–36, 43, 44–47, 57 *see also* stakeholder engagement
Communications and Education Team, 46
Community Services and Health Industry Skills Council, 2
complaints about training providers, 17, 20–21
    reports to Minister, 27, 45
complaints against ASQA, 43, 50–51
compliance
    ASQA compliance with regulator standards, 27

providers *see* audits of providers
see also key performance indicators
consultants, 130
contact details, ii
convictions, 59
cooperation with other agencies, 2, 52–53, 59, 62 *see also* memoranda of understanding; stakeholder engagement
corporate governance, 118–121
corporate plan, 6, 24
    analysis of performance against purpose,52–63
see also key performance indicators; performance report and statement
cost recovery, 1, 147
cost reduction in regulation *see* VET Regulatory Reform program
Council of Australian Governments, 45
course accreditation *see* accreditation
court reviews of ASQA decisions, 121–122
CRICOS providers
    applications system, 49
    regulatory decisions concerning, 133, 134, 136
see also providers
criminal prosecutions, 2, 59
customer service performance, 43

D

data collection, 42, 61–62 *see also* environmental scanning
decisions by ASQA *see* regulatory decisions
declarations of interest, 120
delegations of authority to providers to manage scope of registration, 30, 38, 46, 58
Department of Education and Training, 2, 17, 45, 59, 62
    Shared Services Centre, 125, 141
deregulation *see* regulatory burden reduction
disability reporting, 142
discretionary grants, 142

E

early childhood education training review, 1, 16, 32
ecologically sustainable development and environmental performance, 141–142
Education Services for Overseas Students Act 2000, 7, 121
Education Services for Overseas Students registration, 42
ELICOS providers
    environmental scan issues, 31–32
    regulation of, 28
    Regulator–Provider Forum, 28, 44
see also providers
employees (ASQA) *see* staff
enforcement, 2, 16, 41, 58–59
Enforcement and Investigations Team, 2, 16
English Australia peak body, 28

English Language Intensive Courses for Overseas Students *see* ELICOS
enterprise agreement, 123
environmental performance (ASQA), 141–142
environmental scanning (VET sector), 2, 17, 28, 56, 59, 61–62
    summaries, 31–32, 62
equine training programs review, 1, 16, 32–33
establishment of ASQA, 6
ethical standards, 120
Executive Directors, 3
exempt contracts, 130
external scrutiny, 121–122

F

Federal Court, 121–122
FEE-HELP *see* VET FEE-HELP
feedback from stakeholders *see* stakeholder engagement
financial management and performance
    actual expenditure compared with budget, 50
    agency resource statement, 144
    financial statements, 65–116
    funding, 1
    overview of budget and finance, 129–130
financial viability assessment (providers), 30
formal agreements *see* memoranda of understanding
fraud control, 120
    certification, iii
freedom of information, 143
functions of ASQA, 6–7
funding *see* financial management and performance

G

glossary, 146–150
governance *see* corporate governance
grant programs, 142
guidance for providers, 30, 57–58 *see also* communication with providers

H

Health and Safety Committee, 119, 124
Health and Safety Representatives, 124
Higher Education Support Act 2003, 17, 62
Higher Education Support (VET) Guideline 2015, 17, 62
human resources management, 123–128 *see also* staff

I

independent auditor's report, 65–66
individual flexibility agreements, 123
Industry Engagement Team, 29, 44
industry reviews *see* Strategic Reviews
Info Line, 30, 36, 43
information and communication technology, 50
information and guidance for providers, 30, 57–58 *see also* communication with providers
Information Publication Scheme, 143
information requests
    by ASQA for data from regulated entities, 42
    from regulated entities to ASQA, 43
infringement notices, 59
Initial Assessment and Referral Team, 21
intergovernmental agreement, 6
internal audit and reporting, 120
Internet home page, ii
investigations, 2, 16, 59
Investigations and Enforcement Team, 59
investigator training, 49

K

key performance indicators, 11
    actual expenditure compared with budget, 50
    ASQA compliance with regulator standards, 27
    clear communication with providers, 34–36
    compliance and monitoring approaches streamlined and coordinated, 40–42
    compliance cost reduction, 30, 46
    efficient operation of regulated entities not impeded, 28–33
    enabling initiatives, 50–51
    environmental scanning summarised, 31–32
    provider compliance, 25–26, 39, 54–55
    provider satisfaction, 31, 36, 47
    regulator accountability and transparency, 43
    regulatory action proportionate to risk, 37–39
    regulatory performance improvement, 45–46
    regulatory reform initiatives, 46–49
    timely regulatory processes, 26, 35, 51
see also performance report and statement
KPMG review of ASQA structure, 15, 49

L

Lavarch, Michael, 8–9
leadership development, 49, 123, 124
legislative framework, 6
letter of transmittal, iii

M

management and accountability (ASQA), 118–130
market research by ASQA, 142
marketing and advertising practices of RTOs, 20, 59
memoranda of understanding, 17, 40–41, 53
Minister responsible for vocational education and training, ASQA reporting to, 27, 45

N

National Centre for Vocational Education Research, 60
National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students 2007, 32
National Disability Strategy, 142
national strategic reviews *see* Strategic Reviews
National Vocational Education and Training Regulator Act 2011, ii, 6, 7, 17
    amendments, 59
    breaches of, 2, 59
    regulatory action under, 121, 132–140
non-salary benefits, 124
notifications to Comcare, 124

O

off-shore audits, 17
online training, 16, 62
organisational structure, 3, 10, 15, 49
Orr, Dianne, 3
outcome and program structure, 11–12
overseas students *see* CRICOS providers; ELICOS providers

P

Paterson, Mark, 3, 9
payroll, 125
performance pay, 123
performance report and statement
    analysis of performance against purpose, 52–63
    annual performance statement, 24
    ASQA purpose, 24
    environmental performance, 141–142
financial performance *see* financial management and performance
    key ASQA developments, 15–17
KPI results *see* key performance indicators
provider audits *see* audits of providers
    provider compliance with standards, 25–26, 39
    VET sector overview, 14
see also regulatory decisions; VET Regulatory Reform program
plans and planning
    corporate plan, 6, 24
    fraud control plan, 120
    workforce planning, 123
portfolio membership, 11
procurement, 120, 129, 130
productivity gains, 125
prosecutions, 2, 59
protective security, 119
provider applications *see* applications
provider audits *see* audits of providers
provider profiling, 1, 37–38, 39, 56 *see also* risk-based approach to regulation
provider registration *see* registration
provider risk, 1, 37, 39, 56 *see also* risk-based approach to regulation
provider surveys, 29, 34–36, 47, 57 *see also* stakeholder surveys
providers, 14, 17
approved to offer student loans *see* VET FEE-HELP
    collection of information on, 42, 61–62
    complaints against, 17, 20–21
    compliance history, 38
    compliance rate, 1, 15, 25–26, 39, 41, 54–55
    delegations of authority to manage scope of registration, 30, 38, 46, 58
engagement with *see* communication with providers; stakeholder engagement
    financial viability assessment, 30
    guidance for, 30, 57–58
    marketing practices, 20, 59
    offshore delivery of programs, 17
register of providers against which regulatory action has been taken, 63, 132–140 *see also* regulatory decisions
    roundtables, 28, 44
    student satisfaction with, 60
Public Governance, Performance & Accountability Act 2013, 8, 24, 119, 120

Public Service Act 1999, 8
S24 (1) Determinations, 123
publishing, 43, 44, 62, 63
purchasing, 120, 129, 130
purpose statement, 6–7, 24
analysis of performance against purpose, 52–63

Q

qualifications *see* accreditation
quality framework (VET), 17, 57–58
quality issues, 16, 59–60, 62

R

registered training organisations *see* RTOs
registration
applications *see* applications
cancellation, non-renewal or suspension, 1, 2, 15, 17, 22, 41, 59, 60–61, 132–140
scope management delegations, 30, 38, 46, 58
see also regulatory decisions
Regulator-Provider Forum, 28, 44
regulatory arrangements, 6, 14, 52–53 *see also* risk-based approach to regulation; VET Regulatory Reform program
regulatory burden reduction *see* VET Regulatory Reform program
regulatory decisions
actions, 16, 21, 41, 58–59
consistency in decision-making, 36, 53
overview, 132–140
publication of, 63
reviews and reconsiderations, 17, 121–122
sanctions, 2, 15, 17, 22, 59, 132–140
statistics, 22, 41, 59, 63
regulatory framework *see* Regulatory Risk Framework; Regulatory Strategy
Regulatory Operations Team, 21, 36, 59
regulatory performance, 1–2
accountability and transparency, 43
ASQA compliance with regulator standards, 27
audit model re-designed, 2, 16
complaints handling, 17, 20–21, 27, 43, 50–51
decisions *see* regulatory decisions
improvement, 45–46
provider audits *see* audits of providers
see also key performance indicators; performance report and statement; risk-based approach to regulation; VET Regulatory Reform program
Regulatory Risk Framework, 15, 30, 43, 55, 58, 119
Regulatory Strategy, 2, 15, 30, 55, 119
Regulatory strategy 2016-17, 62
remuneration, 123
reporting mechanisms (ASQA), 27, 45 *see also* performance report and statement
reputation of the VET sector, 1, 17, 57, 60

review of year, 1–3
reviews
    of ASQA decisions, 17
internal *see* audits of ASQA activities
of providers *see* audits of providers; Strategic Reviews
risk-based approach to regulation, 1, 15–16, 58, 61, 125
    provider profiling, 1, 37–38, 39, 56
    provider risk, 1, 37, 39, 56
    risk model review, 30, 37–39, 55
    systemic risk, 1–2, 17, 31–32, 37, 56, 58
see also environmental scanning
Robinson, Christopher, 8
role and functions of ASQA, 6–7
RTOs, 17
applications *see* applications
    ASQA reviews of training, 1
    collection of information on, 42, 61–62
    compliance history, 38
    compliance/non-compliance with standards, 1–2, 17, 25–26, 39, 41, 54–55
    financial viability assessment, 30
    marketing practices, 20, 59
    offshore delivery of programs, 17
    poor performance, 60–61
    register of RTOs against which regulatory action has been taken, 63, 132–140
    registration scope management delegations, 30, 38, 46, 58
    regulation of, 6, 14, 17
standards *see Standards for Registered Training Organisations 2015*
    statistics, 14
see also providers

S

S24 (1) Determinations, 123
salaries, 123
sanctions *see* regulatory decisions
search warrants, 2
Security Committee, 119
security industry training review, 1, 16, 33
seizure powers, 2
Senior Executive Service (SES) officers
    declarations of interest, 120
    remuneration, 112, 123
senior management committees, 119
Senior Management Group, 118, 119
Shared Services Centre, 125, 141
short courses, 16, 59–60, 62
small business participation in procurement, 130
staff, 123–128
    consultative arrangements, 119

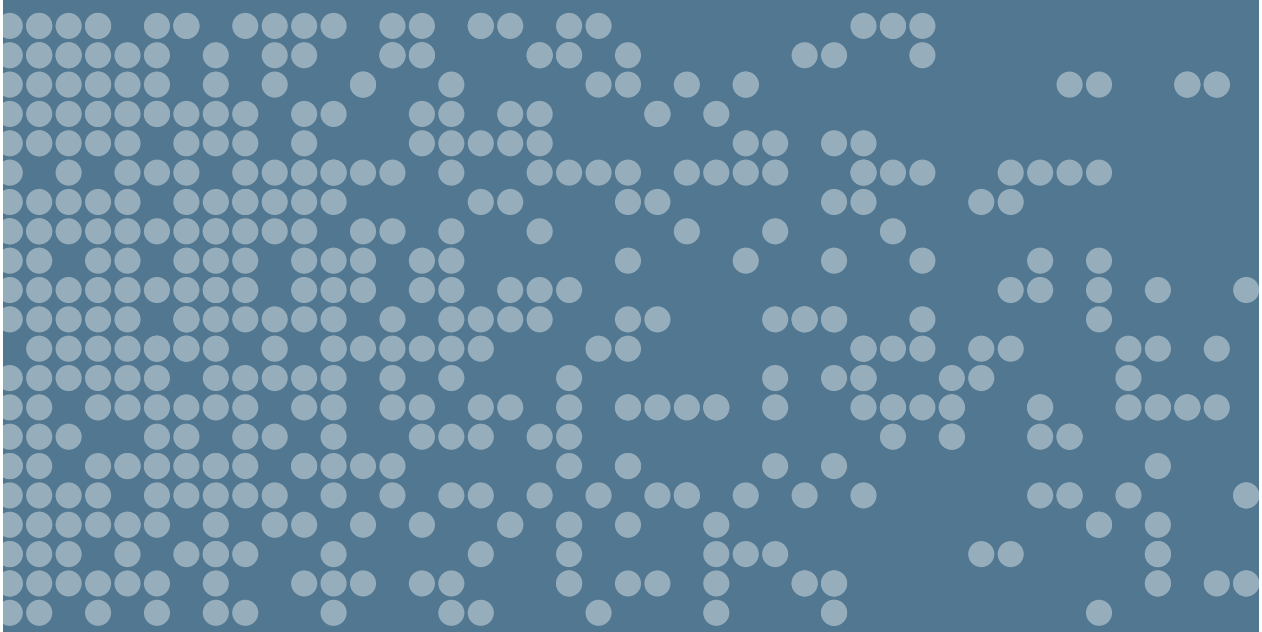
declarations of interest, 120
employment arrangements, 123
Info Line employee performance and provider satisfaction, 36
performance development, 49, 123–124
salaries, 123
senior retirements and appointments, 3
statistics, 126–128
training, 49, 123–124
workforce planning, 3, 123
stakeholder engagement, 2, 28–29, 44–45, 46, 47
provider satisfaction, 31, 36, 45
provider surveys, 29, 34–36, 44, 47, 57
see also communication with providers
stakeholder surveys, 29, 44, 45 *see also* provider surveys
Standards for Registered Training Organisations 2015
content, 55
guidance material, 30, 57–58
implementation, 30, 53–54, 61
obligations of concern, 32, 59
provider compliance/non-compliance with, 1–2, 17, 25–26, 39, 41, 54–55
see also VET Quality Framework
Standards for VET Accredited Courses 2012, 27
Standards for VET Regulators 2015, 27, 124
state referral of powers to Commonwealth for VET regulation, 6
Strategic Reviews, 1, 16, 32–33, 59, 62
Strategy for the regulation of offshore delivery of vocational education and training by Australian registered training organisations 2014–16, 17
structure *see* organisational structure
student loan providers *see* VET FEE-HELP
student satisfaction with providers, 60
students enrolments in VET, 14
surveys, 29, 34–35, 47, 57 *see also* stakeholder engagement

T

TAFE Directors Australia, 28
targeted audits of VET FEE-HELP providers *see* VET FEE-HELP
tendering *see* purchasing
Tertiary Education Quality and Standards Agency, 28, 41, 42
timeliness of regulatory processes, 26, 35, 51
Training Accreditation Council Western Australia, 14, 41, 52
training (ASQA staff), 49, 123–124
training packages and products
Business Services Training Package issues, 17, 32, 62
'equivalent package' scope updates, 30, 38
products of concern, 31–32, 59
training reviews (VET sector) *see* Strategic Reviews
tribunal reviews of ASQA decisions, 121–122

V

values, 120
VET FEE-HELP
description of, 17
Regulatory Strategy, 17
targeted audit project, 1–2, 16, 17, 59–60, 62
VET Quality Framework, 17
VET regulator standards, 27, 124
VET Regulatory Reform program, 1–2, 15–16, 46–49
VET sector overview, 14
Victorian Registration and Qualifications Authority, 14, 41, 52

W

webcasts, 2 *see also* communication with providers
website
address, ii
content, 44, 62, 63
Western Australia Training Accreditation Council, 14, 41, 52
work health and safety, 124
Work Health and Safety Act 2011, 119, 124
Work Health and Safety Committee, 119, 124
workforce planning, 3, 123
Working in the Field Policy, 124