REPORT

Australian Skills Quality Authority Self-Assessment Report against the Regulator Performance Framework

December 2016

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Introduction

As part of its commitment to reduce the cost of unnecessary or inefficient regulation imposed on individuals, business and community organisations, the Government released the Regulator Performance Framework (RPF) in October 2014.

The RPF comprises six outcomes-based key performance indicators (KPIs):

1. Regulators do not unnecessarily impede the efficient operation of regulated entities

2. Communication with regulated entities is clear, targeted and effective

3. Actions undertaken by regulators are proportionate to the regulatory risks being managed

4. Compliance and monitoring approaches are streamlined and coordinated

5. Regulators are open and transparent in their dealings with regulated entities

6. Regulators activity contributes to the continuous improvement of regulatory frameworks.

All regulators covered by the RPF were required to develop measures (metrics) to assess their performance against these six KPIs.

ASQA developed and submitted its measures against the six RPF KPIs in mid-2015 and these were approved by the Minister on 17 December 2015 and published on the Authority's website.

A key purpose of the RPF is to increase the transparency and accountability of Commonwealth regulators. As such, regulators must self-assess their performance against their measures once every 12 months. Further, regulators are required to have these self-assessments externally validated by their key stakeholders.

This report is ASQA's first self-assessment against the RPF. It is for the period 1 July 2015 – 30 June 2016 and it has been externally validated by ASQA's stakeholders.

I certify this report as ASQA's accountable authority under the *Public Governance, Performance and Accountability Act 2013*.

Mr Christopher Robinson

Chief Commissioner and Chief Executive Officer
Australian Skills Quality Authority

KPI 1: Regulators do not unnecessarily impede the efficient operation of regulated entities

ASQA performance metrics

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

Results against performance metrics

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

➤ **Self-Assessment 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.

- **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 Courses for Overseas Students (ELICOS).

- **Provider Reference Group —** The provider reference group was brought together twice during 2015-2016 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.

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

➢ Self-Assessment Measure — 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 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 with 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 (RTOs) 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.

Metric 3 — Proportion of the regulated community reporting high satisfaction with their engagement with ASQA

➢ Self-Assessment Measure — Percentage reporting high 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 1. 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 1: Proportion of the regulated community reporting high 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	0.1

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

➢ Self-Assessment 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 its own 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.

Analysis of results against performance metrics

ASQA's results against each of the four metrics in place to assess its performance against RFP KPI 1 "Regulators do not unnecessarily impede the efficient operation of regulated entities" were strong.

The Authority has in place a range of mechanisms that function to facilitate feedback from regulated entities and stakeholders. A broad ranging regulatory reform package – that has resulted in significant compliance cost savings for providers – has also been delivered.

Some two thirds (67.7 percent) of respondents to ASQA's provider survey indicated that ASQA's engagement with the regulated community was either 'excellent' or 'good'. ASQA would however like to see improvements in this and will work to enhance its engagement moving forward.

ASQA's provided a summary of the outputs of its 2015 environmental scan (i.e. its Regulatory Strategy 2015-2016) to the sector as well as its finalised Strategic Reviews.

KPI 2: Communication with regulated entities is clear, targeted and effective

ASQA performance metrics

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

Results against performance metrics

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

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

Table 2 shows provider responses to the 2015–16 *ASQA Provider Survey* in relation to ASQA's information systems.

Table 2: Percentage of provider respondents to the *2016-17 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 3 shows provider responses to the 2015–16 *ASQA Provider Survey* in relation to ASQA's service channels.

Table 3: Percentage of provider respondents to the 2016-17 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**

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

➢ Self-Assessment 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 4.

Table 4: 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).

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

➢ Self-Assessment Measure — 70 per cent or more report satisfaction levels as 'excellent' or 'good'

Table 5 shows provider responses to the 2015–16 *ASQA Provider Survey* in relation to the knowledge of employees operating ASQA's service channels.

Table 5: 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 *2016-17 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**

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

> ➤ Self-Assessment 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 of 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.

Analysis of results against performance metrics

ASQA's results against each of the four metrics in place to assess its performance against RFP KPI 2 "Communication with regulated entities is clear, targeted and effective" were very good; with the Authority exceeding its target of 70 per cent for respondents rating its information systems as accurate (88.7 per cent), helpful (87.5 per cent), and timely (87.9 per cent).

ASQA also met / exceeded its target for its service channels with 70.4 per cent of respondents to ASQA's 2015-2016 provider survey finding the ASQA Info Line accurate, 88.4 per cent helpful, and 81.6 per cent timely.

ASQA was able to meet the timeframes it has in pace for the finalisation of applications on the vast majority of occasions in 2015-2016, with 91.3 percent of initial applications, 99.0 percent of renewal applications and 83.5 per cent of change applications (with audit) finalised within 6 months. Further, 82.2 per cent of change applications (without audit) were finalised with 1 month.

Levels of satisfaction with the completeness of answers proved, and the knowledge of, ASQA's Info Line staff was also satisfactory, 70.4 percent for completeness and 73.1 per cent for knowledge. ASQA will endeavour to improve these levels moving forward.

ASQA's also has in place a range of audit moderation processes that work to ensure that the Authority approach to audit is both consistent and high-quality.

KPI 3: Actions undertaken by regulators are proportionate to the regulatory risk being managed

ASQA performance metrics

1. Demonstrate how the compliance record of regulated entities is considered as part of the risk assessment process, including 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.

Results against performance metrics

Metric 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

➢ Self-Assessment 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 on 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

- 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.

Metric 2 — Total number of providers that take up the offer of a delegation

➢ Self-Assessment 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 July 2016, 269 RTOs (including 25 TAFEs) had accepted the invitation and become 'ASQA Delegates'. A delegation is issued for a period of 5 years.

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

> ➤ Self-Assessment 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.

'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.

Analysis of results against performance metrics

The results reported above in relation to the 3 metrics in place to assess ASQA's performance against RFP KPI 3 demonstrate that the Authority takes a number of steps to ensure that its actions are proportionate to the regulatory risk being managed.

This includes consideration of the compliance record of providers and the regular review and development of ASQA's risk model.

ASQA's efforts in this regard have been further enhanced through its shift to a 'provider profiling' approach to manage provider risk. A provider's profile is nuanced and dynamic, reflecting a range of data sources; this information does not translate into a single score or rating, but allows a detailed profile for each provider, which includes a set of risk indicators.

Additionally, ASQA demonstrates its proportional approach by granting delegations to high-quality providers so that they can manage the scope of their registrations without making applications to the Authority.

KPI 4: Compliance and monitoring approaches are streamlined and coordinated

ASQA performance metrics

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.

Results against performance metrics

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

➢ Self-Assessment Measure — Executed Agreements

As at 30 June 2016, ASQA has developed memoranda of understanding (MoUs) with:

- 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, including:

- 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 to and to coordinate the transfer of providers between the regulators (as determined by the application of Commonwealth and State legislation).

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

➢ Self-Assessment 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

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

> Self-Assessment 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 6. 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 6: 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%**

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

> Self-Assessment 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.

Analysis of results against performance metrics

The results reported above in relation to the 4 metrics in place to assess ASQA's performance against RFP KPI 4, demonstrate that ASQA has in place an extensive, and expanding, suite of MoU arrangements that work to facilitate information exchange that in in turn allows the Authority to more effectively coordinate its regulatory interventions. ASQA also, when seeking information from providers, has endeavoured to tailor these requests so as to remove duplication, decrease the regulatory burden on providers and improve its regulation.

Further, ASQA utilised a range of enforcement tools during 2015-2016 including written directions (24), suspensions (15), as well as decisions to cancel registration and reject renewal applications (107). The regulatory processes underpinning these activities (e.g. audits, investigations, Commissioner Meetings etc.) necessarily require streamlined and coordinated practices to function effectively.

The results also show that more than one third of the audits ASQA finalised in 2015-16 were non-application based. That is, audits undertaken in response to ASQA's data or intelligence rather than the submission of an application to the regulator. ASQA has seen a continued upward trend in the proportion of its finalised audits being non-application based, this has resulted from the Authority taking deliberate and coordinated steps to achieve this aim.

KPI 5: Regulators are open and transparent in their dealings with regulated entities

ASQA performance metrics

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.

Results against performance metrics

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

> ➢ Self-Assessment 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.

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

> ➢ Self-Assessment 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 was required to finalise a complaint, the Authority wrote to the complainant to explain the reasons.

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

> ➢ Self-Assessment 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.

Analysis of results against performance metrics

The results reported above in relation to the 3 metrics in place to assess ASQA's performance against RFP KPI 5 demonstrate that the Authority has been open and transparent in its dealings with its regulated community. For 2015-2016 ASQA:

- answered 100 per cent of calls and emails to its Info Line within the timeframes prescribed within its Performance Standards;
- closed 93 per cent of complaints received about the regulator within 90 days;
- published its Regulatory Risk Framework.

KPI 6: Regulators actively contribute to the continuous improvement of regulatory frameworks

ASQA performance metrics

1. Description of ASQA's strategy to communicate with stakeholders such the use of webinars, information and feedback sessions provider forums.

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.

Results against performance metrics

Metric 1 — Description of ASQA's strategy to communicate with stakeholders

➢ Self-Assessment 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.

- **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.

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

> Self-Assessment 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 ASQA provider survey*, 79.2 per cent of providers indicated that the contribution of ASQA's work was 'excellent' or 'good'.

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

> Self-Assessment 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 Training 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 is being piloted 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.

Analysis of results against performance metrics

The results reported above in relation to the 3 metrics in place to assess ASQA's performance against RFP KPI show that ASQA has actively contributed to the continuous improvement of regulatory frameworks through its Stakeholder Engagement Plan. This plan 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.

Further, ASQA has also progressed – in cooperation with the Department of Education and Training – a number of initiatives aimed at strengthening the impact of its regulation of the VET sector, including initiatives to reduce the opportunities non-compliant providers have to modify their systems prior to ASQA commencing sanction action and the development of a new audit model.

In addition, results from ASQA's 2015-2016 stakeholder and provider surveys found that,

- 70.9 per cent of stakeholders indicated that the contribution of ASQA's work to the quality of Australia's VET and ELICOS providers was 'excellent' or 'good'.

- 79.2 per cent of providers indicated that the contribution of ASQA's work was 'excellent' or 'good'.