



Fact sheet—third party arrangements

Registered training organisations (RTOs) often work with other organisations (third parties) to deliver a range of services, including providing marketing, undertaking recruitment, using facilities and resources, and training and/or assessment of vocational education and training (VET) courses.

The requirements of the [National Vocational Education and Training Regulator Act 2011](#) (NVR Act) specify limitations on the types of third party arrangements that can be used by an RTO and on the engagement of non-RTOs delivering training products on behalf of an RTO.

In addition, the [Standards for Registered Training Organisations \(RTOs\) 2015](#) (the Standards for RTOs) set out requirements for how these arrangements must be managed.

This fact sheet clarifies the existing requirements of the NVR Act and Standards for RTOs for VET courses provided under a third party arrangement and explains in brief:

- the implications of the NVR Act in relation to third party arrangements
- the type of third party arrangements an RTO can enter into
- the type of third party arrangements that are not permitted
- what to include in written agreements with third parties.

NVR Act and third party arrangements

Sections 93 and 94, and sections 99 and 100, of the NVR Act set out that **it is an offence for an RTO to provide, or offer to provide, all or part of a VET course without registration**. This means that an RTO cannot engage another ('third party') RTO to deliver a VET course unless the third party RTO has that VET course on scope.

Sections 116 and 117 of the NVR Act sets out **that it is not an offence for a non-RTO to provide or offer to provide all or part of a VET course if that person is doing so on behalf of an RTO under a written agreement**. RTOs can engage employees and contractors to deliver training and/or assessment, if this is on behalf of the RTO and in the RTO's name. However, a non-RTO cannot 'use' the RTO's registration to offer a VET course in its own name or on its own behalf.

ASQA has provided details of the implications of the NVR Act for RTOs' third party arrangements in the [General Direction—third party arrangements for training and/or assessment of VET courses](#).

Working with third parties: What RTOs need to know



An RTO can engage another RTO under a third party arrangement to deliver training and/or conduct assessment on their behalf as long as:

- the third party RTO has the relevant course on scope (*refer to Sections 93 and 94 of the NVR Act*).



An RTO can engage a non-RTO (either a natural person or legal entity) under a written agreement (third party arrangement) to deliver training and/or conduct assessment on their behalf as long as:

- this is done in the RTO's name and on the RTO's behalf (*refer to Sections 116 and 117 of the NVR Act*).



Trainers and/or assessors engaged by an RTO as an employee or contractor can deliver training and assessment for the RTO without being subject to the requirements in the Standards for RTOs that govern third party arrangements.



Services other than the delivery of training and conduct of assessment can be delivered using third party arrangements, providing these comply with the requirements of the NVR Act and the Standards for RTOs.



An RTO cannot engage a non-RTO third party to provide training and/or assessment for 'VET courses of concern' without prior written approval from ASQA.



An RTO cannot use a third party arrangement to avoid responsibility for compliance with the NVR Act or the Standards for RTOs and is wholly responsible for all services provided on its behalf.



An RTO cannot engage another RTO to deliver a VET course on its behalf, unless the third party RTO has that course on scope.



A non-RTO third party cannot offer to provide or provide a VET course under its own name and without a written agreement with an RTO that has the VET course on scope. That is, a third party cannot:

- advertise, offer to provide or provide a VET course in its own name
- issue qualifications or statements of attainment in its own name or with its logo included.

Written agreements

Why does an RTO need a written agreement?

Clause 2.3 of the Standards for RTOs requires that *'the RTO ensures that where services are provided on its behalf by a third party, the provision is the subject of a written agreement.'*

An RTO must have a written agreement where a third party delivers services on their behalf. The definition of third parties **does not include**:

- contract arrangements with the RTO's trainers and/or assessors (whether they are employees or contractors)
- workplace supervisors who contribute to evidence collection and/or delivery of training and/or conducting assessment in the workplace.

What should a written agreement for third party services include?

The written agreement with a third party should include:

- the names of the RTO and the third party
- the start and end date of the agreement
- clauses detailing both parties' obligations under the agreement, for example, making clear that:
 - > any training and/or assessment is provided in the name of the RTO, not the third party
 - > the third party cannot advertise any VET courses in its own name
 - > students are enrolled as students of the RTO, not the third party
 - > qualifications and/or statements of attainment are issued in the name of the RTO, not the third party
- clauses detailing the obligations of the third party (that is, setting out which party will provide training and assessment materials, resources and facilities)
- the mechanisms through which the RTO will systematically monitor the third party (for example, if the third party is providing the training and assessment materials, resources and facilities), set out:
 - > how these will be reviewed prior to use across all delivery sites
 - > how the RTO will ensure that trainers and/or assessors provided by the third party meet the requirements of the Standards for RTOs
- record-keeping procedures for enrolment information and completed assessments
- details of which party will validate completed student assessments
- any obligations (of the RTO or third party) relating to government subsidies or other financial support
- clauses requiring the third party to cooperate with ASQA and provide accurate responses to requests about delivery of services.

Notifying ASQA of a third party agreement

The Standards for RTOs require you to notify ASQA within 30 days of your RTO entering into, or cancelling, a written agreement with a third party.

- [More information](#)

Requesting approval for a third party agreement for VET courses of concern

Prior to entering into a third party arrangement for 'VET courses of concern' (listed in Schedule 1 of the [General Direction—third party arrangements for training and/or assessment of VET courses](#)), written agreement must be obtained from ASQA.

- [More information](#)

Third party arrangements for VET in schools

Schools that are also RTOs

Where a school is also an NVR Act RTO, the school may enter into a third party agreement with an external RTO and that agreement would specify the services and facilities that the school will provide and the activities that the third party will be responsible for.

Where the school RTO does not have the VET course on scope, then the external RTO will be responsible for enrolment into the VET course, the outcomes of the training and assessment, and the issuing of the testamur to the student. The external RTO must have the VET course on its scope of registration at all times. The external RTO would enter into the third party arrangement with the school.

A school RTO is not required to have the VET course on scope for the school to enter into a third party agreement with an external RTO that has the VET course on scope.

We acknowledge that this, in some instances, differs from current practice where the school has acted as if it was a separate entity from the school RTO which is not always the case.

Schools that are not RTOs

Where the school is not an NVR Act RTO, then the school procures the service from the external RTO and the RTO may enter into a third party agreement with the school to cover the provision by the school of facilities, resources and staff to the extent that is part of the arrangement.

The RTO will be responsible for enrolment, training and assessment, and the issuing of the testamur to the student. The RTO must have the VET course on its scope of registration at all times.

Arrangements between RTOs

An RTO cannot seek to extend its scope of registration by entering into a third party arrangement with another RTO that has the applicable VET course on scope. If an RTO wants to provide training and/or assessment, either under its own RTO code or under a third party arrangement, it must have that VET course on its scope of registration.

In limited circumstances, an RTO that does not have a VET course on its scope of registration, can seek the services of another RTO that does have the required VET course on its scope of registration. Some of these circumstances are not considered to be third party arrangements but are commercial agreements for services.

This table outlines some scenarios of the types of arrangements where an RTO, that does not have a VET course on its scope of registration, can be involved in an arrangement with an RTO that does have a particular VET course on its scope of registration, and whether a third party arrangement is required.

Scenario	RTO 1 activities	RTO 2 activities	Is this a third party arrangement?
RTO 1 (for example, an enterprise RTO) engages RTO 2 to deliver training and/or assessment to its staff.	RTO 1 engages RTO 2 to deliver training to its staff. There may be some involvement from RTO 1, which may include workplace training and supervision.	RTO 2 is responsible for enrolling students and for all aspects of training, assessment and compliance.	No, this is not a third party arrangement
RTO 1 delivers a qualification on its scope of registration and engages RTO 2 to deliver one or more units within that qualification.	RTO 1 has a qualification on its scope of registration but engages RTO 2 to deliver units of competency (explicitly or implicitly listed) as part of that qualification. RTO 1 is responsible for enrolling students and for all aspects of training, assessment and compliance.	RTO 2 must have the units of competency on its scope of registration (either explicitly or implicitly listed).	Yes, it is a third party arrangement

Scenario	RTO 1 activities	RTO 2 activities	Is this a third party arrangement?
RTO 1 (for example, an employment services agency) refers a recipient to RTO 2 to deliver training and/or assessment for that person.	RTO 1 refers a person to RTO 2 to deliver training.	RTO 2 is responsible for enrolling students and for all aspects of marketing, recruitment, training, assessment and compliance.	No, this is not a third party arrangement
RTO 1 rents space or facilities from RTO 2.	RTO 1 rents classrooms or other facilities from RTO 2 in order to deliver training and/or assessment to students of RTO 1.	RTO 2 has no involvement in training and/or assessment.	No, this is not a third party arrangement

More information

For more information on managing third party arrangements, refer to:

- [Users' guide to the Standards for RTOs 2015](#)
 - > What clauses 2.3, 2.4 and 8.3 mean for your RTO
 - > A guide to compliance
 - > Tips on developing a written agreement
 - > Case studies
- [Frequently asked questions about third party arrangements.](#)

Contact ASQA

- Contact the ASQA Infoline on 1300 701 801 between Monday and Friday, 9.00 am to 7.00 pm AEST or email enquiries@asqa.gov.au