OVERVIEW

RISK BASED APPROACH TO QUALITY ASSURANCE IN AUSTRALIAN VOCATIONAL EDUCATION AND TRAINING

August/2025

Aus4Skills is an Aus4Vietnam Investment - managed by Tetra Tech International Development, on behalf of the Australian Government.

List of Abbreviations

ADC	Annual Declaration on Compliance
AQF	Australian Qualifications Framework
ASQA	Australian Skills Quality Authority
AVETMISS	Australian Vocational Education and Training Management Information Statistical Standard
CRICOS	Commonwealth Register of Institutions and Courses for Overseas Students
DVCET	Department of Vocational Continuing Education and Training
DEWR	Department of Employment and Workplace Relations
QA	External Quality Assurance
FVRA	Financial Viability Risk Assessment
JSA	Jobs and Skills Australia
JSC	Jobs and Skills Councils
NCVER	National Centre for Vocational Education Research
NVR Act	National Vocational Education and Training Regulator Act 2011
QA	Quality Assurance
QMS	Quality Management Systems
RPL	Recognition of Prior Learning
RTO	Registered Training Organisations
SWMC	Skills and Workforce Ministerial Council
TAC	Training Accreditation Council
TAFE	Technical and Further Education
TAS	Tasmania
VET	Vocational Education and Training
VQF	VET Quality Framework
VRQA	Victorian Registration and Qualification Authority

This technical paper has been developed by Aus4Skills with the support of Chisholm Institute and Audit Express (Australia) as part of the Logistics Industry Engagement in Vocational Education and Training Project (2021–2025) (Aus4Skills VET). The paper aims to support the Department of Vocational and Continuing Education and Training (DVCET) in researching and developing regulations on quality assurance in vocational education and training (VET) for the revised VET Law and related under-law documents.

The development and finalisation of this paper is part of a series of activities supporting DVCET's research on risk-based quality assurance under the Aus4Skills VET project. This follows a technical workshop on this topic held in October 2023 and the Knowledge Exchange on Quality Assurance Activity in Australia from 15 to 21 June 2025, which included participation from various stakeholders in VET quality assurance, such as representatives from DVCET, Ho Chi Minh City Department of Education and Training, accreditors, and VET institutions.

This paper can be read in conjunction with the Overview of the Australian VET System paper, developed by Aus4Skills VET and shared with DVCET in January 2025.

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1. Overview of Australian VET Governance

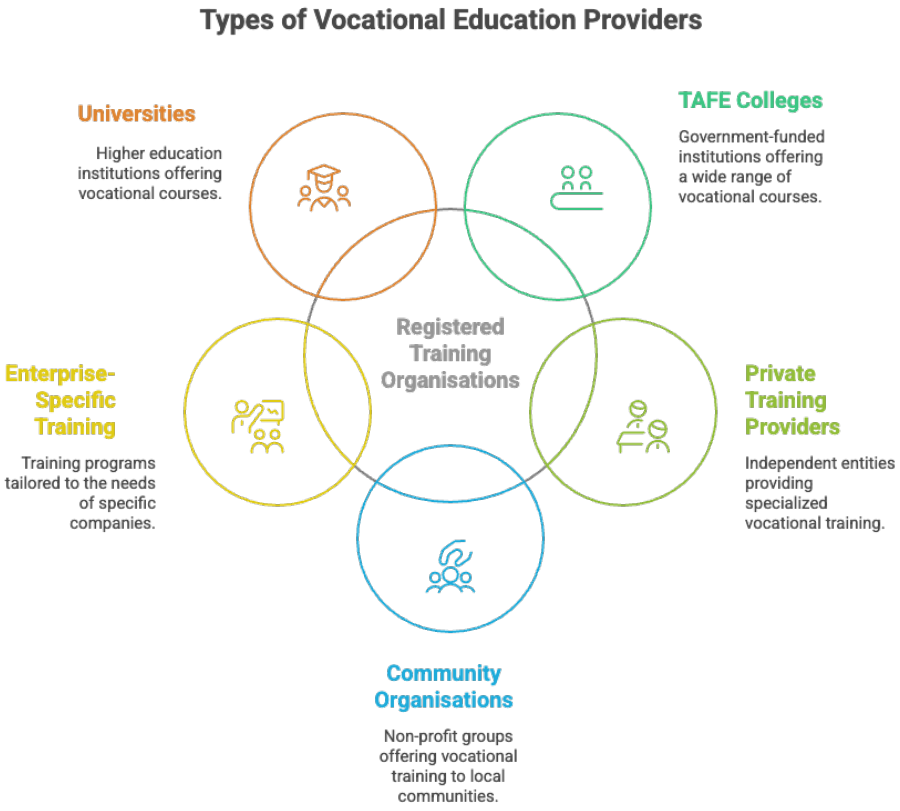
The Australian Vocational Education and Training (VET) system is vital for providing learners with practical skills and knowledge aligned with industry and workforce needs. This extensive educational framework features a multi-level governance structure that unites the Commonwealth government, state and territory governments, industry representatives, and regulatory bodies. The Commonwealth Department of Employment and Workplace Relations (DEWR) holds the primary national governance responsibility, defining strategic policies, funding frameworks, and overarching guidelines to ensure consistent VET delivery across the country.

Alongside DEWR, the Skills and Workforce Ministerial Council (SWMC) comprises ministers from federal and state levels, acting as a crucial entity for strategic coordination across jurisdictions. This council fosters cohesive policy alignment and ensures that vocational training adapts to changes in the labour market and shifting industry needs. Collectively, these governance frameworks support a strong and dynamic vocational training system vital for economic growth and labour market effectiveness.

2. Understanding Registered Training Organisations (RTOs)

Registered Training Organisations (RTOs) are the core providers of vocational education in Australia. They encompass various institutions, including Technical and Further Education (TAFE) colleges, private training providers, community organisations, enterprise-specific training bodies, and a few universities offering vocational courses.

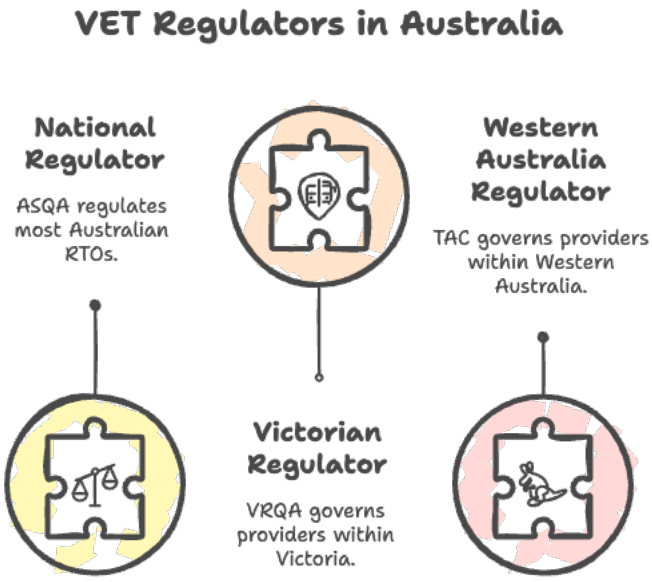
To achieve and maintain accreditation as a Registered Training Organisation (RTO), institutions need to adhere to the Standards for Registered Training Organisations (2015/2025). These standards encompass crucial factors such as the quality and applicability of training materials, methods of assessment, qualifications of trainers and assessors, support services for students, and certification processes. By enforcing these standards, regulatory bodies ensure consistent, high-quality, and nationally recognised training outcomes, significantly improving job prospects for learners and satisfaction levels within industry.



3. The Role of VET Regulators

Regulatory oversight within the Australian VET system primarily falls under the Australian Skills Quality Authority (ASQA), the national regulator responsible for approximately 90% of RTOs. State-specific regulators such as the Victorian Registration and Qualifications Authority (VRQA) and the Western Australia Training Accreditation Council (TAC) govern remaining providers within their jurisdictions. ASQA's regulatory operations are guided by the VET Quality Framework (VQF), an extensive set of regulatory conditions, including financial viability assessments, detailed compliance and data reporting requirements, and strict criteria for management and governance.

These regulatory bodies ensure that all training organisations consistently meet national benchmarks, enhancing trust and confidence among stakeholders, including learners, employers, industry bodies, and the wider community.



Australian Skills Quality Authority (ASQA)

Establishing Legislation

The Australian Skills Quality Authority (ASQA) was established on July 1, 2011. It was established under the National Vocational Education and Training Regulator Act 2011.

Functions & Tasks

ASQA is Australia's national regulator for the vocational education and training (VET) sector. Its main responsibilities are:

- **Regulating**:
  - Registered Training Organisations (RTOs)
  - Providers offering VET to international students (under CRICOS)
- **Accrediting**:
  - VET courses and qualifications (that are not training package qualifications)
- **Monitoring compliance** with:
  - Standards for RTOs
  - ESOS Act (for international students)
  - National Code of Practice
- Conducting audits and investigations
- Taking enforcement action where necessary

Powers

ASQA has legislative powers to:

- Register or cancel the registration of RTOs
- Impose conditions on registration
- Audit training providers
- Issue sanctions and compliance directions
- Investigate breaches or complaints
- Require rectifications or enforce penalties

Organisational Structure

- **Chief Commissioner/CEO** – Overall leadership and strategic direction
- **Deputy Commissioners** – Oversee operations and compliance
- **Divisions**:
    - Regulatory Operations
    - Policy and Governance
    - Stakeholder Engagement
- Staff members and investigators located across Australia

4. External Quality Assurance Processes Conducted by ASQA

ASQA conducts comprehensive external quality assurance (QA) processes to safeguard the integrity and quality of vocational education and training (VET) in Australia. These processes are categorised into Pre-Market and Post-Market Interactions, each designed to assess, monitor, and support RTOs and CRICOS providers in meeting national standards.

Pre-Market Interaction

Initial Applications:

ASQA applies a risk-based assessment model to initial RTO and CRICOS registration applications. This ensures new applicants can comply with required standards, legislative obligations, and are adequately resourced. ASQA evaluates submitted documentation, may conduct site visits or virtual engagements, and typically grants a two-year initial registration to assess ongoing risk. Tools such as self-assessment checklists and financial viability risk assessment instruments support applicant preparation.

Course Accreditation:

ASQA accredits courses that demonstrate alignment with national recognition requirements, industry or educational needs, sound assessment practices, and appropriate learning outcomes. Accredited courses must align with the Australian Qualifications Framework (AQF) where applicable.

Post-Market Interaction

EQA Process	Description	Risk-Based Features
Education and Information	ASQA provides education, guidance, and targeted communication to help providers understand their obligations and improve self-assurance, especially when sector-wide non-compliance patterns emerge.	New RTOs are approved for an initial period of 2 years to allow ASQA to assess and manage entry-to-market risks.
Change of Scope and Re-Registration	ASQA uses a risk-based approach for change of scope and re-registration, requiring extra evidence from new RTOs and checking delivery, personnel, and systems, often through performance assessments.	Applications are evaluated based on the RTO's profile, delivery history, financial viability, and time since last audit—extra scrutiny for newer RTOs.
Routine and Risk-Based Monitoring	ASQA monitors providers through routine sampling and risk-based investigations using surveys, interviews, data checks, and site visits to assess compliance and build sector confidence.	ASQA uses routine sampling and targeted risk-based monitoring, informed by compliance intelligence and provider behaviour.
Performance Assessments (Audits)*	ASQA audits provider compliance with legislation and standards. Triggered by applications or risk, audits are usually announced, may include site visits, and guide regulatory decisions.	Audits are conducted based on risk triggers, such as change applications or intelligence reports, and may be announced or unannounced.
Dealing with Non-Compliance	ASQA responds to non-compliance based on risk, ranging from education to legal action, considering the provider's history, willingness to improve, and potential harm to students.	ASQA applies a graduated response based on the seriousness of the risk

EQA Process	Description	Risk-Based Features
		and likelihood of sustained compliance, from guidance to court action.
Internal Review	ASQA conducts internal reviews through independent teams to ensure fairness and procedural integrity, with outcomes that may uphold, change, or overturn decisions and support quality improvement.	Independent reviews consider the impact of original decisions and aim to strengthen the overall risk management and quality assurance framework.

Performance assessments (Audits) are a cornerstone of ASQA's risk-based regulatory approach. These assessments are conducted to determine whether a Registered Training Organisation (RTO) is meeting its obligations under the *Standards for Registered Training Organisations (RTOs) 2025*, and broader compliance under the *National Vocational Education and Training Regulator Act 2011*.

How ASQA conducts Performance Assessments

Performance assessments are tailored according to each provider's risk profile and can be triggered by:

- Routine scheduling based on registration lifecycle.
- Targeted interventions due to emerging risks (e.g. student complaints, poor audit history).
- Sector-wide priorities identified through environmental scans or risk themes.

The process generally involves:

1. **Scoping Phase**: ASQA defines the focus areas based on risk indicators. This could include specific qualifications, delivery modes (e.g. online), or contract obligations (e.g. Skills First funding).
2. **Pre-assessment Notification**: RTOs are given formal notice of the assessment and are required to provide preliminary documentation such as Training and Assessment Strategies (TAS), student records, trainer/assessor qualifications, and evidence of compliance.
3. **On-site or Virtual Audit**: ASQA auditors examine documentation, interview staff and students, review assessment tools and completed student assessments, and observe systems and practices.
4. **Evidence Review and Findings**: The auditors document findings against the relevant Standards. The RTO is given the opportunity to respond to draft findings.
5. **Final Report and Decision**: ASQA issues a final report that outlines compliance or non-compliance and stipulates the regulatory outcome.

Types of regulatory actions following Performance Assessments

ASQA takes a proportionate response based on the severity of non-compliance and the provider's willingness and ability to return to compliance. Actions include:

Regulatory Outcome	Description
No Further Action	If the provider is compliant, ASQA may close the case without further requirement.
Rectification and Remediation	Minor non-compliances require the RTO to correct issues and submit evidence of rectification within a specified period.
Enforceable Undertakings	In more serious cases, RTOs may enter into a formal agreement to take specified actions to rectify non-compliance.
Conditions on Registration	ASQA may impose conditions restricting the RTO's operations (e.g. limiting scope, delivery modes, or student enrolments).
Suspension of Registration	If risks are high and unresolved, ASQA can suspend the RTO's registration in part or in full.
Cancellation of Registration	For severe and/or persistent non-compliance, ASQA may cancel an RTO's registration entirely, removing their ability to operate.
Civil Penalties or Court Action	In cases of serious breaches, ASQA may initiate legal proceedings under the *NVR Act*.

Risk themes informing Performance Assessments

As of 2024–25, ASQA's current priority risk areas include:

- Fraudulent or inadequate **Recognition of Prior Learning (RPL)**.
- Shortened course durations without evidence of competency.
- Delivery of qualifications **entirely online** with insufficient learner support.
- Academic cheating or assessment fraud.
- Mismanagement of **student work placements**.
- Inadequate governance in **international delivery** contexts.

These risk areas often shape the focus of performance assessments across the sector.

5. ASQA's Risk-Based approach to Quality Assurance

ASQA utilises a risk-based quality assurance system designed to identify, assess, and manage risks that may impact the quality and credibility of vocational education outcomes. This proactive approach enables ASQA to allocate resources efficiently, prioritising intervention and support for higher-risk areas while maintaining oversight across the sector.

5.1. Categories of Risks

- **Systemic Risks:** These encompass broader, sector-wide issues such as inconsistent policy implementation, widespread non-compliance trends, technological disruptions in training delivery (notably online education), and generalised challenges facing industry sectors.
- **Provider-specific Risks:** Individual RTO risks identified through analysis of financial health, historical audit data, compliance breaches, student satisfaction surveys, and consumer complaints.
- **Qualification-specific Risks:** These relate directly to particular qualifications or training programs and are identified through industry consultation, validation exercises, student performance metrics, and periodic audits.

Addressing Different Risk Levels:

- **System Risk Management:** ASQA conducts systematic environmental scans, engages in broad-based stakeholder dialogues, and collaborates with entities like Jobs and Skills Australia (JSA) and Jobs and Skills Councils (JSCs) to identify and respond to potential systemic risks effectively.
- **Provider Risk Management:** Ongoing monitoring and detailed risk profiling enable ASQA to detect early signs of potential compliance issues within RTOs. Providers identified as higher risk receive heightened scrutiny, regular comprehensive audits, and tailored corrective action plans.
- **Qualification Risk Management:** Qualifications flagged as high-risk undergo more frequent and rigorous validation and review processes, ensuring alignment with evolving industry requirements and maintaining the quality and currency of training outcomes.

5.2. Data Provision

Accurate and timely data provision is a foundational component of the risk-based quality assurance system implemented by ASQA. Registered Training Organisations (RTOs) are legally required to submit specific data sets that reflect their operational activities, compliance levels, and student outcomes. These data submissions not only support the providers' compliance but also contribute to national data systems used to analyse sector-wide trends and inform policy and regulation.

Key data submission requirements for RTOs

RTOs are expected to submit various datasets regularly, including but not limited to:

- **Annual Declaration on Compliance (ADC)**
  An annual self-assessment where the Chief Executive Officer (CEO) declares the RTO's ongoing compliance with the *Standards for RTOs 2025*. This declaration is a critical mechanism of self-assurance.
- **AVETMISS Data**
  The Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS) is a national reporting standard for collecting information on student enrolments, training delivery, completions, and outcomes.
- **Quality Indicator Data**
  This includes learner engagement and employer satisfaction surveys, which inform on training effectiveness and relevance.
- **Financial Viability Risk Assessment (FVRA) submissions**
  When required, especially during registration applications or changes, RTOs must provide evidence of financial health and sustainability.

Where does the data go?

- **ASQA**
  Data is primarily used by ASQA to update provider risk profiles and determine regulatory actions. Trends in late or poor-quality data submission may indicate governance weaknesses, triggering audits or follow-ups.
- **National Centre for Vocational Education Research (NCVER)**
  AVETMISS and other national data collections are processed and analysed by NCVER. This organisation compiles national statistics, conducts research, and publishes reports that influence government funding decisions, sector priorities, and reforms.
- **Jobs and Skills Australia (JSA)**
  JSA uses consolidated training activity and outcomes data to forecast skills needs, guide national workforce planning, and align training provision with labour market demands.

How the data is used in regulation

ASQA integrates data into its broader **Regulatory Intelligence Model**. For instance:

- A sharp drop in completion rates for a specific qualification at one provider may signal assessment quality issues.
- Repeated failure to submit AVETMISS data on time may indicate governance or management issues.
- Consistently negative learner survey responses may prompt a performance assessment focused on training quality or student support.

Consequences of non-compliance

Providers that fail to submit complete and accurate data are at risk of:

- **Heightened risk classification** within ASQA's provider profile system.
- **Conditions imposed** on registration (e.g. restricted course offerings or enrolment caps).
- **Refusal of scope amendments** or registration renewal applications.
- **Suspension or cancellation** of registration for persistent breaches.

Detailed information on VET Quality Assurance Reporting is presented in *Annex 1.*

5.3. Data used by ASQA to assess risk

ASQA considers both provider-level and system-level data across a range of dimensions. Key data categories include:

Provider Performance Data (Provider Profile)

- Audit history (e.g. previous non-compliances, sanctions, rectifications)
- Complaints history (from students, whistleblowers, or other stakeholders)
- Enforcement actions (e.g. registration cancellations, conditions applied)
- Delivery history (types of qualifications, mode of delivery, scope changes)

Student Outcome Data

- Completion and attrition rates
- Learner satisfaction surveys
- Graduate employment outcomes
- Course durations and delivery timelines

Financial Viability and Governance

- Evidence of financial viability (required for new and re-registration)
- Business practices, including corporate governance and ownership changes

Volume and Mode of Delivery

- Unusual patterns in:
    - Online delivery
    - Compressed timeframes (e.g., unusually short courses)
    - High enrolment numbers vs. trainer capacity

Trainer and Assessor Data

- Trainer qualifications, ratios, and currency of industry experience

Industry Feedback

- Feedback from Jobs and Skills Councils, employers, and industry bodies
- Intelligence from state regulators and other government agencies

Tools used to collect and analyse data

ASQA uses a mix of automated systems, government databases, and manual intelligence gathering:

Key Tools and Systems

Tool / Source	Purpose
ASQA's Risk Assessment Framework	Structured framework to evaluate and score provider risk
ASQAnet	Internal case management and registration system for RTO data
NCVER Data (AVETMISS)	Student outcome data, completions, enrolments, satisfaction
National Complaints System	Aggregates complaints from students and whistleblowers
Training.gov.au (TGA)	Provider scope and delivery data
Data Matching with DEWR, NCVER, TEQSA	Cross-agency intelligence and compliance data
Audits and Site Visits	Observational and documentary evidence
Financial Viability Tool	To assess new applicants or suspicious providers

5.4. Data Update

ASQA's Role in Updating Training.gov.au TGA:

Training.gov.au is Australia's national training register. Information held on the register includes:

- Nationally recognised training (NRT): training packages, qualifications, units of competency, skill sets and accredited courses.
- Registered training organisations (RTOs) that are approved to deliver nationally recognised training.

ASQA is the primary regulatory body for ensuring that RTOs comply with the VET Quality Framework. After an audit, ASQA is responsible for ensuring that RTOs address any non-compliance issues identified during the audit. If compliance actions are required, RTOs are typically given a deadline to correct the issues, after

which they must report back to ASQA with evidence of rectification. ASQA may require re-audits or additional reviews to ensure that corrective actions have been taken.

Once ASQA verifies that the RTO has rectified any non-compliance, it will update the RTO's registration status and scope of delivery in training.gov.au. This can involve:

- Extending the scope of registration for new qualifications.
- Removing qualifications or units of competency from an RTO's scope.
- Amending delivery modes or other training conditions.

RTO's Role in Updating Data:

RTOs are required to maintain up-to-date information on Training.gov.au, including changes to their scope of registration, trainer qualifications, facilities, and delivery modes.

If an audit identifies discrepancies in an RTO's reporting, they must correct their information and submit updated reports to ASQA.

Once ASQA has reviewed and approved the changes, they will update TGA accordingly.

Other Regulatory Bodies:

In addition to ASQA, some state-based regulators (e.g., Victorian Registration and Qualifications Authority [VRQA] and the Training Accreditation Council [TAC WA]) may also be responsible for updating training records for RTOs they oversee. The process is similar, but state-based regulators will update TGA records for their specific jurisdiction. Jobs and Skills Councils (JSCs) may also request updates to training packages or specific qualifications. These updates would typically be processed by DEWR, who then communicates these changes to TGA.

Approval Process for Updates

Updates to RTO's Registration and Scope of Delivery:

RTOs initiate the request for updates (e.g., adding new qualifications to their scope, changing delivery modes) via the ASQANet website. Once the request is submitted, ASQA assesses the request, including verifying compliance with the Standards for RTOs and any evidence of rectifications after an audit. If compliant, ASQA approves the request and updates TGA.

After an Audit:

Audit Reports: After an audit by ASQA, if non-compliance is found, ASQA will issue a show-cause notice or enforcement action. Once the issues are rectified, the RTO must submit **corrective action plans**. Upon review and approval by ASQA, **ASQA will update TGA**, reflecting: Compliance status, New scope of delivery, if necessary, adjustments to registration (e.g., revocation or extension).

Review and Monitoring:

Regular Reviews: Once updated, TGA will be monitored to ensure compliance continues over time. If further discrepancies are identified during subsequent audits or through feedback from students and industry bodies, updates or corrections may again be required.

The Data Flow in TGA

General Data Flow:

- RTO submits data (e.g., scope of registration or changes) to ASQA.
- ASQA verifies compliance and reviews the submission.
- RTO rectifies non-compliance (if applicable) and provides evidence to ASQA.
- ASQA updates the status of the RTO in TGA (if compliant or after a successful audit).
- TGA reflects updated data and public profiles, ensuring stakeholders have access to current information.

Summary of Responsibilities

Tasks	Responsible Body
Initial Data Submission (scope, qualifications, audits)	**RTOs**
Audit and Compliance Check	**ASQA**
Verification of Corrective Actions	**ASQA**
Approval and Final Update to TGA	**ASQA** (or state regulators for state-based providers)
Industry Feedback and Training Package Updates	**Job and Skills Councils (JSCs)**, **DEWR**
Verification of Corrective Actions	**ASQA**

5.5. Processes, Methods, and Criteria for Assessing Risk and Classification of Risk Levels

Key Processes:

ASQA follows a **risk-based approach** to assess RTOs and classify their risk levels. The process includes several steps:

Data Collection:

- **Routine Data**: ASQA collects data through **AVETMISS**, **complaint logs**, **student surveys**, **financial reports**, and **RTO self-assessments**.
- **External Feedback**: ASQA considers feedback from **industry stakeholders**, **Jobs and Skills Councils (JSCs)**, and **employers**.

- **Audit Results**: ASQA reviews **audit findings**, including **compliance with the Standards for RTOs** and corrective actions taken.

Risk Indicators:

ASQA uses **risk indicators** to evaluate the potential risks associated with each RTO. These indicators are grouped into the following categories:

- **Compliance History**: Patterns of compliance or non-compliance, previous audit findings, and enforcement actions.
- **Financial Viability**: Financial health, solvency, and the ability of the RTO to continue operations effectively.
- **Student Outcomes**: Completion rates, employment outcomes, and student satisfaction.
- **Industry Engagement**: The alignment between the training offered and industry needs, employer feedback, and the RTO's engagement with **industry stakeholders**.

Risk Scoring Methodology:

ASQA employs a scoring system to quantify the risk associated with an RTO. Risk factors are assigned scores, and the cumulative score determines the overall risk classification.

- **Higher Risk**: Factors like multiple non-compliance issues, low student outcomes, and poor financial performance will increase the risk score.
- **Lower Risk**: Compliance with the Standards, strong financial performance, and positive industry feedback will lower the risk score.

Risk Matrix:

ASQA uses a **risk matrix** to classify RTOs into risk categories. This matrix combines risk factors from various domains (e.g., compliance, financial health, outcomes, and industry engagement) to calculate an overall risk profile.

ASQA typically classifies the risk levels of RTOs into categories such as:

Low Risk:	• RTOs that have demonstrated consistent compliance with regulatory requirements and the VET Quality Framework. • Minimal complaints, high completion rates, positive audit results, and financial stability. • Strong industry engagement and alignment with training packages.

Moderate Risk:	• RTOs that have shown a history of minor non-compliance or audits with low-level findings that were promptly addressed. • Moderate complaints or dissatisfaction from students or industry partners. Some financial or operational weaknesses, but they are being addressed.
High Risk:	• RTOs with persistent non-compliance or significant findings in audits that affect their ability to deliver quality training. • Low student retention or high non-completion rates, or poor employment outcomes. • Financial instability or lack of business continuity planning. • Significant number of student complaints or industry dissatisfaction.
Very High Risk:	• RTOs with **serious, ongoing non-compliance** issues that threaten the integrity of their training delivery. • Multiple failed audits, failure to comply with corrective actions, or repeated enforcement actions (e.g., suspension, deregistration). • Severe financial issues that endanger the provider's ability to operate. • **Negative impact on students** or the **industry** due to poor training quality or unethical practices.

5.6 Management and Treatment Decisions Based on Risk Levels

ASQA uses the **risk classification** to determine the appropriate **regulatory response** and **management** actions for each RTO.

Low Risk:	• **Monitoring**: These RTOs are subject to **standard monitoring** and **routine audits**. • **No immediate actions** are required unless new issues emerge. • **Support**: ASQA may offer guidance or recommend improvements based on regular feedback
Moderate Risk:	• **Further Monitoring**: ASQA may increase the **frequency of audits** or request **additional data** (e.g., more frequent AVETMISS reports). • **Compliance Improvements**: RTOs may be asked to develop a **corrective action plan** for any identified issues. • **Advisory Support**: ASQA may provide advice or refer the RTO to training or resources to improve compliance.
High Risk:	• **Further Monitoring**: ASQA may increase the **frequency of audits** or request **additional data** (e.g., more frequent AVETMISS reports). • **Compliance Improvements**: RTOs may be asked to develop a **corrective action plan** for any identified issues.

	• **Advisory Support**: ASQA may provide advice or refer the RTO to training or resources to improve compliance.
Very High Risk:	• **Immediate Action**: ASQA may take **urgent action** such as **suspending or cancelling** the RTO's registration. • **Revocation of Registration**: If non-compliance is severe, ASQA can **deregister** the RTO. • **Investigations**: ASQA may launch a **comprehensive investigation** into the RTO's operations and business practices. **Public Reporting**: In cases of severe non-compliance, ASQA may **publicly report** the RTO's issues to protect students and the wider vocational education community**.**

In summary, ASQA assigns a risk profile to each RTO. High-risk providers are subject to:

- More frequent and intense audits
- Monitoring visits
- Targeted data requests or surveillance

Low-risk providers may benefit from streamlined re-registration or less frequent compliance checks.

6. Benefits and Challenges of the Risk-Based approach

The shift towards a risk-based quality assurance model represents a strategic evolution in regulatory practice. Rather than applying uniform compliance monitoring across all providers, ASQA's approach allows regulatory attention and resources to be directed proportionately, based on the assessed risk that a provider or qualification poses to students, employers, and the integrity of the VET system. While this model brings numerous advantages in terms of efficiency and responsiveness, it also presents practical and philosophical challenges that must be continuously addressed to ensure fairness, consistency, and sector-wide trust.

Benefits

1. Targeted resource allocation

By focusing regulatory activities on high-risk areas, ASQA is able to allocate its resources more effectively. For example, providers with strong histories of compliance may undergo less frequent audits, while those with repeated issues or high-risk training products are monitored more closely. This ensures that

audit and enforcement efforts are concentrated where they are most needed, reducing unnecessary burden on low-risk providers and increasing oversight where the stakes are higher.

2. Early identification and proactive risk management

The model enables ASQA to detect emerging risks before they become widespread issues. For instance, if data from AVETMISS submissions or learner surveys indicates poor outcomes for a specific qualification, ASQA can investigate whether the issue is isolated or systemic. This early warning capability allows the regulator to take preventative action—such as issuing guidance or conducting thematic reviews.

3. Promotion of a culture of continuous improvement

A risk-based model reinforces the importance of self-assurance and reflective practice among providers. RTOs are encouraged to actively monitor their own performance, conduct internal audits, and address potential weaknesses before external intervention is necessary. This shift away from a punitive mindset promotes a culture where compliance is not just about avoiding penalties but about striving for educational excellence and integrity.

Challenges

1. Inconsistencies in risk assessment

The subjectivity inherent in interpreting risk indicators can result in varied regulatory experiences for similar providers. For instance, two providers delivering the same qualification in different jurisdictions may receive different levels of scrutiny based on contextual data, interpretation, or reporting anomalies. This inconsistency can lead to confusion and perceived unfairness, especially when providers cannot see or influence how their risk profile is determined.

2. Over-reliance on quantitative data

While data such as completion rates, enrolment volumes, and audit outcomes are essential for risk assessment, they do not always capture the full picture. Important qualitative factors—such as student engagement, teaching quality, or innovative practices—may be overlooked. There is a risk that "teaching to compliance" overshadows broader goals of learning quality, especially when providers feel pressured to optimise for data points rather than educational outcomes.

3. Increased administrative burden on providers

Maintaining compliance under a risk-based framework often requires extensive record-keeping, regular self-assessment, and timely submission of multiple datasets. For small and medium-sized RTOs, particularly those without dedicated compliance staff, this can be resource-intensive. The pressure to continuously monitor and demonstrate compliance—even in low-risk areas—can divert attention from core teaching and learning activities.

7. Recommendations and Best Practices

A risk-based approach to quality assurance represents a shared responsibility between providers and regulators. To realise its full potential, both groups must adopt proactive, transparent, and data-informed practices that support integrity, accountability, and continuous improvement across the sector. The following recommendations are intended to guide RTOs and regulatory bodies in effectively operationalising risk-based quality assurance

For Providers (RTOs)

1. Establish a risk-aware Quality Management System

RTOs should embed risk management principles into their Quality Management Systems (QMS). This includes identifying potential compliance, operational, and educational risks across the student lifecycle—from marketing and enrolment through to assessment and certification—and implementing controls to monitor and manage those risks.

2. Conduct regular Internal audits and self-assessments

Rather than viewing audits as one-off events, RTOs should treat them as ongoing tools for self-assurance. Structured internal reviews should mirror ASQA's performance assessment methodology and address compliance against all relevant clauses in the Standards for RTOs.

3. Prioritise data-driven decision making

Use learner feedback, completion data, validation outcomes, and complaints logs to guide improvement actions. Proactively submitting high-quality AVETMISS and quality indicator data strengthens trust with regulators and supports early detection of emerging risks.

4. Enhance validation practices based on risk

Assessment validation schedules should prioritise training products identified as high-risk—such as those with high enrolments, third-party delivery, or known non-compliances. Risk-informed validation ensures assessment tools are fair, valid, and aligned with training package requirements.

5. Foster a culture of continuous improvement

RTO leadership should promote a mindset where quality assurance is not just a compliance activity but a strategic advantage. Involving trainers, assessors, and students in quality improvement planning encourages buy-in and enhances educational outcomes.

For Regulators (e.g., ASQA, VRQA, TAC)

1. Provide clear and accessible guidance materials
Regulators should continue to publish practical guides, case studies, and compliance tools tailored to varying levels of provider maturity. Resources that demystify the risk assessment process help providers self-regulate more effectively.

2. Maintain transparency in risk profiling
Providers benefit from understanding how risk profiles are constructed. Sharing generalised insights or anonymised examples from the regulatory data model builds trust and empowers providers to anticipate and manage their own risk exposure.

3. Support capacity building for self-assurance
Ongoing education and outreach activities—such as webinars, workshops, and Q&A sessions—should be prioritised to help RTOs build their internal assurance capability, particularly small-to-medium providers and new market entrants.

4. Tailor interventions to context and risk
While consistency is key, regulators should recognise contextual nuances when applying regulatory actions. A risk-based approach is most effective when it balances compliance with provider support and focuses on the likelihood of sustained improvement.

5. Strengthen interagency collaboration
ASQA, Jobs and Skills Australia (JSA), and Jobs and Skills Councils (JSCs) should work collaboratively to align regulatory oversight with workforce planning and industry needs. Joint projects, data sharing, and advisory networks can ensure national training priorities are supported with quality delivery.

8. Conclusion

The Australian VET system, supported by ASQA's risk-based regulatory approach, effectively balances targeted oversight with broad sectoral quality assurance. This comprehensive framework ensures that vocational education remains industry-relevant, high-quality, and responsive to dynamic labour market needs, thereby benefiting learners, industry stakeholders, and the Australian economy considered.

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Annex 1: VET Quality Assurance Reporting

Key Agencies Involved in Reporting

1. The key players in the VET quality assurance reporting system are:

- Australian Skills Quality Authority (ASQA):
  The national regulator responsible for monitoring and enforcing compliance with the VET Quality Framework, including VET standards and compliance by RTOs.
- Registered Training Organisations (RTOs):
  RTOs are required to submit regular compliance reports and self-assessments to ASQA, as well as report on specific outcomes like student enrolments, completions, and complaints.
- National Centre for Vocational Education Research (NCVER):
  NCVER is responsible for collecting, managing, and publishing national VET data. This includes student enrolment, completion rates, and employment outcomes, which are reported to DEWR and other agencies.
- State-based VET Regulators:
  In addition to ASQA, states like Victoria (with Skills First), Queensland (with Training and Skills), and others may have regional reporting requirements for VET providers.

2. Key Types of Reports and Reporting Requirements

2.1. Annual Registration Renewal and Compliance Report

- Who reports to whom?
  - RTOs report to ASQA.
- Form of report:
  - Self-assessment forms, compliance reports, and evidence of quality assurance processes.
- Regulations:
  - RTOs must submit an Annual Declaration (under the National Vocational Education and Training Regulator Act 2011) to confirm compliance with the Standards for RTOs and the Australian Qualifications Framework (AQF).
- Deadline:
  - Annual renewal or self-assessment is required at the time of registration renewal, typically every 5 years.
- Content:
  - Evidence of compliance with training standards and student outcomes (completion, satisfaction, and progression).
  - Verification of trainer qualifications, assessment practices, and physical infrastructure.

- Data regarding student feedback and student complaints.

2.2. Student Outcome and AVETMISS Reporting

- Who reports to whom?
  - RTOs report to NCVER (via AVETMISS data) and provide data to ASQA upon request.
- Form of report:
  - AVETMISS-compliant data files containing student enrolment, progress, and outcome data (completion rates, employment outcomes, etc.).
- Regulations:
  - Under the National VET Data Policy and AVETMISS guidelines, all RTOs must submit student enrolment and completion data to NCVER and comply with AVETMISS standards.
- Deadline:
  - Reports must be submitted quarterly or annually, depending on the size and type of the provider. The deadline for AVETMISS submissions is usually within 45 days of the end of each calendar quarter.
- Content:
  - Demographic details, course enrolment, progression, completion status, employment outcomes, and student satisfaction.

2.3. Complaints and Non-Compliance Reports

- Who reports to whom?
  - Students or external stakeholders report to ASQA (or State Regulators) regarding complaints.
  - RTOs must report to ASQA in the case of non-compliance or if they receive significant complaints that could impact student outcomes.
- Form of report:
  - Formal complaint forms or reports provided via the ASQA online complaint system.
  - Incident reports on non-compliance incidents, which may involve audits or investigation.
- Regulations:
  - The National Standards for RTOs require RTOs to have a complaints and appeals policy and provide evidence that it is being effectively implemented.
- Deadline:
  - Complaints and investigations must be reported within 14 calendar days of receipt.
  - Non-compliance issues must be reported immediately if they are severe, or within a specific time frame defined by the investigation (usually within 30 days).
- Content:
  - Detailed explanations of the complaint, issues raised, and steps taken to address the concern.
  - Evidence of rectifications or actions taken to resolve complaints

2.4. Regulatory Action and Audit Reports

- Who reports to whom?
    - ASQA reports to the Australian Government (DEWR) and Skills Ministers on significant findings, enforcement actions, and audits.
    - RTOs must submit evidence of corrective actions after audits or regulatory inquiries.
- Form of report:
    - Audit reports, regulatory compliance action plans, and evidence of corrective actions.
- Regulations:
    - ASQA's findings are based on the National Vocational Education and Training Regulator Act 2011 and Standards for RTOs.
- Deadline:
    - Audit outcomes and findings are communicated within 4 to 6 weeks after the audit is concluded.
    - Corrective action (if required) must typically be completed within 30 to 60 days, depending on the severity of the issue.
- Content:
    - Non-compliance findings proposed remedial actions, timelines, and evidence of corrections made by RTOs.

Reporting Summary Overview

Type of Report	Reported By	Reported To	Form of Report	Deadline	Content Focus
Annual Compliance Report	RTOs	ASQA	Self-assessment, evidence of compliance	At registration renewal (5 years)	Compliance with Standards for RTOs, trainer qualifications
AVETMISS Data Submission	RTOs	NCVER	AVETMISS data files	Quarterly or Annually	Enrolment, completion, and outcome data
Complaints/Non-compliance	Students, RTOs	ASQA (or State Regulator)	Complaint forms, non-compliance reports	14-30 days	Complaint details, corrective actions
Audit/Regulatory Action Report	ASQA	Government/Skills Ministers	Audit reports, corrective action plans	4-6 weeks after audit	Audit findings, corrective actions

Regulations Governing Reporting:

- National Vocational Education and Training Regulator Act 2011 (Cth)
- Standards for Registered Training Organisations (RTOs)
- National VET Data Policy
- Australian Qualifications Framework (AQF)

Annex 2: Key Steps in Building a VET Institute Profile System

1. Define the Key Components of the Profile

The system should include **quantitative** and **qualitative** data from multiple sources. The profile would ideally cover the following sections:

General Information:

- **Name of the Institution** (RTO)
- **Location** (including multiple campuses if applicable)
- **Accreditation and Scope** of registration (qualifications offered, training packages covered)
- **Ownership & Governance Structure**
    - Ownership (private, public, or community-based)
    - Governing body or board of directors

Compliance and Regulatory Information:

- **Compliance Status** (based on ASQA audits and reviews)
- **Enforcement History** (e.g., sanctions, rectifications, suspensions)
- **Audit and Inspection Records** (from ASQA or state regulators)
- **Accreditation Status** (current accreditation status for training programs and qualifications)

Operational Information:

- **Trainer and Assessor Qualifications** (credentials and industry experience)
- **Staff-to-Student Ratios**
- **Delivery Mode** (face-to-face, online, blended)
- **Facilities and Infrastructure** (classrooms, workshops, labs)

Student Outcomes:

- **Completion Rates** (student retention and completion)
- **Employment Outcomes** (post-study employment or further education)
- **Student Satisfaction** (survey data)

- **Student Complaints and Resolutions** (data on resolved/unresolved issues)

Financial and Organizational Health:

- **Financial Viability** (proof of solvency, financial reporting, government funding status)
- **Annual Reports** (self-assessment and business performance reviews)

Industry Engagement and Partnerships:

- **Industry Links** (employer collaborations, Jobs and Skills Councils)
- **Training Package Involvement** (feedback on training packages from employers and industry bodies)

Accreditation and Continuous Improvement:

- **Continuous Improvement Process** (how the RTO reviews and improves its operations, training, and assessment)
- **Feedback from External Stakeholders** (students, employers, unions)

2. Determine the Data Sources and Collection Mechanisms

The system will require integration with several existing databases and regular updates from various agencies. The **Australian Government** and its **regulatory bodies** collect, maintain, and monitor much of the data needed for these profiles.

Key Data Sources:

- **ASQA (Australian Skills Quality Authority)**:
    - **RTO registration data**
    - **Compliance and audit reports**
    - **Enforcement actions**
- **National Centre for Vocational Education Research (NCVER)**:
    - **AVETMISS data** (student enrolments, completions, outcomes)
    - **National VET Outcomes Data**
- **Training.gov.au (TGA)**:
    - **Registered qualifications and courses**
    - **Scope of RTO registration** (what qualifications the institution can deliver)
- **Student Feedback Surveys**:
    - From students and graduates (collected via NCVER or institutional surveys)

- **Industry Feedback**:
    - Jobs and Skills Councils (JSCs)
    - Employers (via surveys, interviews)
- **State-based Regulators**:
    - In states like Victoria, Queensland, etc., local regulators collect additional data or conduct their own audits.

3. Identify the Agencies or Bodies Responsible for Building and Maintaining the Profile

The **development and maintenance** of detailed profiles of RTOs in Australia is a **shared responsibility** between **government agencies**, **industry bodies**, and **regulatory authorities**. Here are the roles of various players:

1. Australian Skills Quality Authority (ASQA)

- **Primary Regulator**: ASQA has the **core responsibility** for ensuring that RTOs comply with the **Standards for Registered Training Organisations (RTOs)**, including maintaining up-to-date records on **RTO status, performance, and compliance**.
    - **ASQA** can be tasked with the **central role** in **data collection** and **maintenance** of **compliance data**, audit results, and other regulatory information.
    - ASQA's database already holds much of this data.

2. National Centre for Vocational Education Research (NCVER)

- **Data Collection and Reporting**: NCVER is responsible for the collection, analysis, and reporting of **national VET data**, which includes student outcomes, completion rates, and employment statistics.
    - **NCVER** will provide **student outcome data**, **training program participation**, and **feedback on training satisfaction**.

3. Jobs and Skills Councils (JSCs)

- **Industry Collaboration**: JSCs are responsible for ensuring that the **training packages** meet industry needs. They can provide feedback on how institutions are delivering industry-relevant training and their collaboration with employers.

4. State and Territory Regulators

- Some states (like Victoria's **Skills First**) have their own regulatory systems, so they may need to contribute additional data related to local training arrangements and oversight.

5. RTOs (Registered Training Organisations)

- **Self-Reporting**: RTOs must provide **self-assessments** and **data submissions** such as financial reports, trainer qualifications, and student feedback, which will be stored in the **profile system**.
- RTOs should also have systems for **self-evaluations** that help them comply with **continuous improvement** requirements under the **Standards for RTOs**.

4. Design and Technical Implementation of the Profile System

Centralised Database:

- The **profile system** should be housed in a **centralized, publicly accessible database** where all stakeholders (students, employers, policymakers, and regulators) can access relevant data about each RTO.
    - **Training.gov.au (TGA)** is a logical repository for storing **RTO profile data** since it already houses basic registration information.
    - An integrated system could aggregate data from **ASQA**, **NCVER**, and **RTOs** to provide a **360-degree view** of each institution's performance.

Data Privacy and Access Control:

- Ensure that **sensitive data** such as financial records or staff qualifications is **secure** and only available to authorized users (e.g., regulators or employers).
- Data that's already publicly available (e.g., course offerings, student outcomes) can be made **open access**.

Automation and Updates:

- The system must be able to **automatically update** data based on annual submissions from RTOs, quarterly AVETMISS reports, audit findings, and feedback from industry bodies.
- **Automated notifications** should alert regulators and RTOs about required updates (e.g., when audit results, student outcomes, or training packages change).

5. Monitoring and Continuous Improvement

- **Ongoing Updates**: RTOs and regulatory bodies (like ASQA) must maintain continuous updates to the profiles, ensuring the information is current and accurate.
- **Performance Indicators**: The system should include **key performance indicators (KPIs)**, such as **student satisfaction**, **completion rates**, and **employment outcomes**, which are used to monitor the quality of RTOs over time.

Who Performs the Task?

- **ASQA** will be the **central agency** responsible for overseeing the **implementation** and **maintenance** of the VET institution profile system. Given ASQA's role in **regulation and compliance**, it has the authority and infrastructure to manage and ensure the integrity of the system.
- **NCVER** will contribute with data on **student outcomes** and other **national data**.
- **RTOs** will self-report their compliance, performance, and financial data.
- **Industry bodies**, including **Jobs and Skills Councils**, will provide feedback on the relevance and quality of training delivery and engagement with industry needs.