

# Contract Notification

<b>CN No.</b>	<b>2015-05</b>	<b>Date:</b>	<b>11 March 2015</b>
<b>To:</b>	Chief Executive Officer or equivalent		
<b>Purpose:</b>	Advice to RTOs		
<b>Scope:</b>	All VET Funding Contracts		
<b>Subject:</b>	<b>2015 Subcontracting - Requests for approval</b>		

**For all RTO staff**

## Purpose

- This Contract Notification provides information in relation to subcontracting under VET Funding Contracts.

## Background

- As you are aware, 2015 VET Funding Contracts and 2014-16 VET Funding Contracts require RTOs to seek the prior written approval of the Department before subcontracting training, assessment and/or any part of the Pre-Training Review to any organisation (except if the proposed subcontractor also holds a Victorian-based VET Funding Contract and both RTOs have the relevant qualification on scope).
- You will also be aware that the Government is commissioning an external *Review of quality assurance in Victoria's VET system* (the Review). The objective of the Review is to help restore public confidence in the quality and value of VET in Victoria. The review will examine key elements affecting quality in the training system, including the behaviours and oversight of third parties delivering training. The final report of the Review is due in April 2015.

## Main Points

- While the *Review of quality assurance in Victoria's VET system* is underway, the Department will not be accepting any new requests for subcontracting approval. This includes requests relating to training, assessment and/or Pre-Training Review. RTOs are reminded that as the prior written approval of the Department is required prior to subcontracting training, assessment and/or any part of Pre-Training Review, no such arrangements should be commenced at this time.
- RTOs are reminded that where trainers or assessors are sourced through labour hire or similar arrangements, the RTO must have the principal line of management of the trainer/assessor. Where this is not clearly demonstrated, the arrangement is considered to be subcontracting of training/assessment under the VET Funding Contract. Please refer to Clause 5.4 of the current VET Funding Contract.
- As the requirement for departmental approval does not extend to individuals that are engaged solely as trainers or assessors who are engaged by the contracted RTO, these arrangements are not affected. Please refer to Clause 5.3 of the current VET Funding Contract.

### *Subcontracting arrangements approved through the 2015 'rollover' process*

- RTOs that have participated in the process to have their approved 2014 subcontracting arrangements 'rolled over' into 2015 are able to continue with these subcontracting arrangements, where they have been approved for 2015. Correspondence has been sent to these RTOs advising whether these arrangements have been approved, for the avoidance of doubt.
- Where an arrangement for training and assessment has been approved through the 'rollover' process, the approved subcontractor organisation may undertake training and assessment only. Approval of subcontracting arrangements through the 'rollover' process does not extend to Pre-Training Reviews.
- As you are aware, from 1 January 2015 RTOs have been required to report the ABN of any subcontractor used for training and assessment as part of their payment claims. The Department will be actively monitoring this data over the year.
- RTOs are requested to notify the Department immediately (using the Enquiry function of SVTS), if an approved subcontracting arrangement ends prior to 31 December 2015.

### **Other information**

- Further information about third parties will be provided when the outcomes of the Review have been finalised, following the delivery of its final report.
- RTOs have an opportunity to provide input to the review via their respective peak representative organisations.

### **Critical Dates**

- The final report of the *Review of quality assurance in Victoria's VET system* is due in April 2015.

### **Relevant Resources**

- The Terms of Reference for the Review are available on the Department's website at the following address: <http://www.education.vic.gov.au/about/news/archive/Pages/vetreview.aspx>

### **Lee Watts**

Executive Director  
Training Market Operations