

Contract Notification

CN No.	2020-18	Date:	4 December 2020
To:	Chief Executive Officer or equivalent		
Purpose:	Advice on Contract requirement		
Scope:	2021 Standard VET Funding Contract; 2021 VET Funding Contract (Non-Victorian Based Training Provider Delivering to a National Enterprise); 2021 TAFE VET Funding Contract; and 2021 Dual Sector VET Funding Contract.		
Subject:	2021 process for requesting subcontracting approval (training and assessment)		

For all Training Provider staff

Purpose

- This Contract Notification advises Training Providers (Providers) of the process for seeking approval to subcontract training and/or assessment under a relevant 2021 VET Funding Contract (2021 Contracts) in the 2021 calendar year.

Background

- The 2021 Contracts listed above require Providers to have the prior written approval of the Department before subcontracting training and/or assessment to any organisation.
- As defined in the 2021 Contracts (Clause 6.1), the Department of Education and Training (the Department) considers subcontracting to take place where any individual who carries out any part of a Provider's Training Services is not:
 - an employee or officer of the Provider, acting in their capacity as such an employee or officer; or*
 - a Sole Trader engaged directly by the Provider in their capacity as a Sole Trader.*
- In the event a Provider is unsure whether an arrangement with another entity and/or individual may fall under this definition, the Department recommends submitting a SVTS enquiry to seek confirmation prior to entering into the arrangement (submit the enquiry under the Category '**Skills First VET Funding Contract – Subcontracting of Training Services**').

Main Points

- Providers may now submit requests for approval of subcontracting arrangements pertaining to training and/or assessment for 2021 course commencements using the **'Request for Approval of Subcontracting - 2021'** and **'Subcontractor Declaration - 2021'** forms as found in the 'Documents' section of SVTS.
- Consistent with 2020, Providers seeking Departmental approval to subcontract training and/or assessment are required to demonstrate in the application that the proposed subcontracting arrangement is **genuine and specialised, limited** and has appropriate **governance** in place to ensure the integrity of arrangements, accountability for training delivered, and oversight of the proposed subcontracting arrangement.
- Please refer to the Fact Sheet **'Subcontracting of Training and Assessment: 2021 request for approval'** as published in the 'Documents' section of SVTS for further discussion of these requirements, including the evaluation criteria.
- A Provider's subcontracting limit will be 40% of their Commencement Allocation for the 2021 calendar year, up to a maximum of 1000 subcontracted commencements.
- Individual subcontractors are limited to delivering a maximum of 200 *Skills First* subsidised commencements across all Providers (i.e. aggregate 200) in 2021. This commencement limit also extends to all Related Entities of a subcontractor such that the subcontractor and Related Entities are limited to a combined total of 200 commencements in 2021.
- The Department may, in extenuating circumstances, apply discretion when applying both the 40 per cent limit and the 200 commencements per subcontractor limit.
- Any approval of subcontracting arrangements relating to training and/or assessment that has been given by the Department under previous VET Funding Contracts does not automatically extend to commencements in the 2021 calendar year.
- However, the Department will consider rolling over approved subcontracting arrangements that have been approved for the 2020 calendar. Consideration will be based on whether these arrangements are deemed to have met and continue to meet the criteria for which these arrangements are approved and whether the Training Provider has demonstrated compliance with the approved arrangement and reporting requirements.
- The Department will directly communicate with Training Providers with existing approved arrangements for the 2020 calendar year to facilitate the consideration of rollover of existing or varied 2020 subcontracting arrangements into the 2021 calendar year.
- Providers seeking new or altered arrangements must lodge applications electronically via the Enquiries function of SVTS (under the Category 'Skills First VET Funding Contract – Subcontracting of Training Services') using the 'Request for Approval of Subcontracting - 2021' and the 'Subcontractor Declaration - 2021' forms published in the Document section of SVTS.
- It is anticipated that applications will remain open on a rolling basis for the majority of 2021. The Department expects to close the application process in the last quarter of 2021 and will publish a notification on SVTS advising of the exact timing.
- Providers will be advised of the outcome of any request for subcontracting approval via correspondence from the Department.
- Providers should review the Fact Sheet 'Subcontracting of Training and Assessment: 2021 request for approval' as published in the Documents Section of SVTS for further information regarding the application process.
- To note, the subcontracting arrangements and limits detailed in this Contract Notification and associated Fact Sheet apply only to the subcontracting of course commencements in the 2021 calendar year (1 January 2021 to 31 December 2021).

Critical Dates

- This Contract Notification is effective immediately.
- Applications should be lodged under the category 'Skills First VET Funding Contract – Subcontracting of Training Services', and should include both of the required forms.

Relevant Resources

- Refer to the Documents section of SVTS for the:
 - 'Request for Approval of Subcontracting – 2021' form;
 - 'Subcontractor's Declaration – 2021'; and
 - Fact Sheet 'Subcontracting of Training and Assessment: 2021 request for approval'.

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