

# FACT SHEET

## SKILLS FIRST ALLOCATIONS AND FUNDED SCOPE FOR 2020

### PURPOSE

This Fact Sheet is to inform training providers of the methodology applied to determine Allocations and Funded Scope for 2020, including the setting of Qualification Allocations in eight qualifications.

### BACKGROUND

The Department has offered currently contracted training providers an extension to their *Skills First* 2018-19 VET Funding Contract of one year, to 31 December 2020.

In order to give effect to this contract extension, the Department undertook its usual process for determining what training providers can deliver in the 2020 calendar year by inviting training providers to submit Program Delivery Plans (PDPs) advising of anticipated delivery. This process opened in the Skills Victoria Training System (SVTS) at 2pm on Tuesday 20 August 2019, and closed at 5pm on Tuesday 10 September 2019 (refer to Contract Notification CN 2019-17).

Training providers were strongly encouraged to consider the Government's objective of aligning training supply with employment demand when planning their anticipated delivery for 2020. Two key reference sources for this objective included the:

- *2020 Funded Course List.*
- *2020 Regional Jobs and Training Needs Reports.*

### MAIN POINTS

#### COMMENCEMENT ALLOCATIONS

Commencement Allocations for next year are consistent with what individual training providers received in 2019. For the 2020 calendar year, depending on your Contract type, you will receive an allocation as follows:

- Restricted VET Funding Contract – a fixed amount of 200 commencements.
- Standard VET Funding Contract - up to 200, 500 or 1,000 commencements.

#### Qualification Allocations

The Department has compared the 2020 demand forecasts for training, detailed in the *2020 Regional Jobs and Training Needs Reports*, with anticipated levels of training delivery submitted by training providers in their PDPs (including TAFE institutes and dual sector universities).

There is a strong indication that key priorities will be met, including addressing the skills needs of Victoria's regions and training needs associated with Government priorities, such as apprenticeships (and related pathways), high-value traineeships, infrastructure and rail projects, together with workforce needs in the National Disability Insurance Scheme and Family Violence related occupations.

The Department has identified eight qualifications where intended delivery of training is in excess of forecast demand in 2020. If training providers were to deliver the number of commencements anticipated in these qualifications in 2020, there is a real risk that students would use their *Skills First* entitlement, but not obtain a job or improve their employment status.

To manage this risk and ensure best value for its investment in skills, the Victorian Government will apply a Qualification Allocation to each of these eight qualifications in 2020:

- Certificate IV in Accounting and Bookkeeping
- Certificate IV in Business
- Certificate IV in Leadership and Management
- Certificate IV in Youth Work
- Certificate III in Education Support
- Certificate IV in Education Support
- Diploma of Community Services
- Diploma of Justice

The Qualification Allocations are based proportionally on each individual training provider's delivery in 2019, with adjustment for a minimum class size of 10 commencements, where applicable. They are set according to the following principles:

- Where an organisation's PDP for 2020 indicated anticipated delivery of more than 10 commencements in a qualification (per region), its Qualification Allocation reflects a share of the forecast demand for that qualification, based on its individual 2019 market share.
- Where an organisation's PDP for 2020 indicated anticipated delivery of less than 10 commencements per region in a qualification, it has been given that number of commencements as their Qualification Allocation.

Qualification Allocations for any of these eight qualifications are documented on each organisation's Funded Scope in Schedule 2 – Individual Details and Conditions.

The Qualification Allocations in these eight courses apply to all contracted training providers, including TAFE institutes and dual sector Universities.

### **Additional Allocation requests and additions to funded scope in 2020**

The 2018-19 VET Funding Contracts (extended to 31 December 2020) enable the Department to consider requests for variations to Funded Scope, Commencement Allocations and Qualification Allocations (in accordance with the terms of each Contract type).

The Department will monitor the alignment of actual delivery against forecast training needs throughout the year.

The Department makes no guarantee or representation that it will grant any additions to Funded Scope or additional commencements to Commencement Allocations, or any Qualification Allocations during the contract term.

### **Modelling behind the Qualification Allocations**

The Department regularly undertakes supply and demand analysis to estimate the number of VET commencements required in Victoria to meet labour market needs in the next calendar year across the five regional areas and Metropolitan Melbourne.

Training activity data is collected by the Department to monitor current and commencing student numbers. A course to occupation analysis (concordance) enables the supply and demand model to align student completions from a given course to a given job.

Forecast demand for skilled workers is based on Deloitte Access Economics' whole of Victorian Government Labour Market Forecasts and describes the projected demand for 358 occupations over the five regional areas and Metropolitan Melbourne.

Every year, Registered Training Organisations provide the Department with PDPs which outline the number of students expected to train, and in what courses. This, combined with supply and demand data on required VET commencements in Victoria for 2020, forms the basis of an allocations model.

The allocations model allows an estimation to be made of subsidies and fee exemptions over the coming year of training. It also provides a tool for analysis of managed market activity, such as how Qualification Allocations can be applied fairly.

For a course identified for having Qualification Allocations applied, it had to be heavily oversubscribed based on the modelled VET commencements required.

This process resulted in the six Free TAFE and two non-Free TAFE courses listed above.

### Further Questions

Any questions about the outcome of the process to determine Allocations and Funded Scope for 2020 or the nature of Qualification Allocations should be sent to the Department via SVTS, enquiry category '2020 Allocations and Funded Scope'.