

Contract Notification

CN No.	2019-21	Date:	12 Dec 2019
To:	Chief Executive Officer or equivalent		
Purpose:	Advice on Contract requirement		
Scope:	2018-19 Standard VET Funding Contract (extended to 31 December 2020) (v3.0); 2018-19 VET Funding Contract (Non-Victorian Based Training Provider Delivering to a National Enterprise (extended to 31 December 2020) (v3.0); 2018-19 TAFE VET Funding Contract (extended to 31 December 2020) (v3.0); and 2018-19 Dual Sector VET Funding Contract (extended to 31 December 2020) (v3.0).		
Subject:	2020 Subcontracting application process (training and assessment)		

For all Training Provider staff

Purpose

- This Contract Notification advises training providers of the approval process to subcontract training and/or assessment for commencements in the 2020 calendar year, including minor changes to the application forms and to the Department of Education and Training's (the Department) criteria for assessing subcontracting applications.

Background

- The 2018-19 Contracts require training providers to obtain the Department's written approval before subcontracting training and/or assessment to any organisation. Note, the 2018-19 Restricted VET Funding Contract (extended to 31 December 2020) (v3.0) does not allow the subcontracting of any training and assessment.
- According to Clause 6.1, the Department considers subcontracting to take place where any individual who carries out any part of a Training 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.*
- If a training provider is unsure whether an arrangement with another entity and/or individual falls under this definition, the Department recommends submitting a SVTS enquiry (under the category '**Skills First VET Funding Contract – Subcontracting of Training Services**') to seek the Department's advice before entering into the arrangement.

Main Points

- Training providers may now submit requests for approval of subcontracting arrangements relating to training and/or assessment for 2020 course commencements by completing the:
 - 'Request for Approval of Subcontracting – 2020' form; and
 - 'Subcontractor Declaration – 2020' form.
- These forms are found in the 'documents' section of SVTS. Both forms must be lodged electronically via SVTS under the category '**Skills First VET Funding Contract – Subcontracting of Training Services**'.

- Any approval of subcontracting arrangements relating to training and/or assessment given by the Department under previous VET Funding Contracts or for the 2018 or 2019 calendar year does not automatically extend to the 2020 calendar year. Training providers must submit a new application for all proposed subcontracting arrangements in 2020.
- In previous years the Department has chosen to roll over certain subcontracting arrangements without the need for a new application to be made, however **this will not occur** for 2020 arrangements. The Department will require a new application to be made for any subcontracting arrangements intended for delivery in the 2020 calendar year, to ensure all arrangements are consistent with the revised process and evaluation criteria.
- Training providers are required to demonstrate in their application that the proposed subcontracting arrangement is **genuine and specialised, limited**, and the training provider has appropriate **governance** arrangements in place. The application process, requirements and evaluation criteria are further explained in the Fact Sheet, '**Subcontracting of Training and Assessment: 2020 request for approval**', which is published in the 'Documents' section of SVTS.
- The Department has made the following changes to the 2020 process:
 - consolidated the Specialised and Genuine criteria to remove duplication;
 - simplified questions to make it easier for training providers to provide the required evidence, and to give the Department and training providers more confidence in what is being assessed and approved; and
 - improved the application form design for ease of use.
- There is a limit on the total number of commencements that can be approved for delivery through subcontracting arrangements in 2020.
 - A training provider's subcontracting limit will be 40 per cent of their Commencement Allocation for the 2020 calendar year, up to a maximum of 1,000 subcontracted commencements.
 - Individual subcontractors can only deliver up to 200 *Skills First* subsidised commencements in aggregate across all training providers in 2020. This commencement limit also extends to all related entities of a subcontractor, such that the subcontractor and its related entities are limited to a combined total of 200 commencements in 2020.
 - Further information, including the rationale for these limits, is available in the Fact Sheet.
- The Department may, in extenuating circumstances, use its discretion when applying both the 40 per cent limit and the 200 commencements per subcontractor limit.
- The Department will write to training providers with the outcome of any request for subcontracting approval.

Critical Dates

- Applications are open from November 2019. The Department will publish a notification on SVTS advising when the application process will close. This is anticipated to be in the last quarter of 2020.
- The subcontracting arrangements and limits detailed in this Contract Notification and Fact Sheet apply only to the subcontracting of course commencements in the 2020 calendar year (1 January 2020 to 31 December 2020).

Relevant Resources

- Refer to the Documents section of SVTS for the:
 - 'Request for Approval of Subcontracting – 2020' form
 - 'Subcontractor's Declaration – 2020'
 - Fact Sheet 'Subcontracting of Training and Assessment: 2020 request for approval'.

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