Requesting 2016 Subcontracting of Training and Assessment Approval

Overview

The Department of Education and Training (‘the Department’) has commenced the implementation of important changes to its Vocational Education and Training (VET) Funding Contracts, including the terms and conditions under which subcontracting can occur. This follows the release of the Government Response to the Review of Quality Assurance in Victoria’s VET system (‘the Quality Review’).

This Fact Sheet provides an overview of the Application Process, including the eligibility and evaluation criteria, for a request to subcontract training and/or assessment under 2014-16 VET Funding Contracts. It should be read in conjunction with Contract Notification 2015-15.

Timing and Eligibility

Round 1 - November 2015 Approval Process: only RTOs with a 2014-16 VET Funding Contract will be eligible to submit an application through this process.

Round 2 – Open to RTOs that hold a 2014-16 VET Funding Contract or a 2016 VET Funding Contract (Standard) - expected to be announced for mid-January 2016.

The Department may consider a further round later in 2016.

Limits on individual RTOs

The RTO subcontracting limit will be determined according to the following table:

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<tr>
<th>Contract Type</th>
<th>2016 Subcontracting Limit</th>
<th>Example</th>
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<tbody>
<tr>
<td>2014-16 VET Funding Contract</td>
<td>40% of the total number of funded course commencements in the 2015 training year, to a maximum of 1,000.</td>
<td>RTO X had 1,000 funded course commencements in 2015. Its 2016 subcontracting limit would be 400. RTO Y had 3,000 funded course commencements in 2015. Its 2016 subcontracting limit would be 1,000.</td>
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<td>To avoid any confusion regarding this limit, the Department will send an email to each RTO holding a 2014-16 VET Funding Contract early in the early stages of the November 2015 application period confirming their specific limit.</td>
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<tr>
<td>2016 Standard VET Funding Contract</td>
<td>40% of the initial RTO Commencement Limit to a maximum of 1,000</td>
<td>RTO Z has an RTO Commencement Limit of 1,000. The 2016 Subcontracting Limit would be 400. If the RTO Z’s Commencement Limit is increased during the year to say 1,200, the 2016 subcontracting limit would be increased proportionally, to a maximum of 1,000.</td>
</tr>
<tr>
<td>2016 Restricted VET Funding Contract</td>
<td>No subcontracting allowed</td>
<td>N/A</td>
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Limits on individual subcontractors

The commencement limit on individual subcontractors will be set at 200 commencements total per year per subcontractor (i.e. 200 aggregate across all RTOs with whom the subcontractor has a relationship). Subcontractors without a VET Funding Contract have not been tested through the Department’s entry to market process and as such should not be able to deliver a quantum of training above the RTO Commencement Limit for Restricted Contracts (i.e. 200). In addition, subcontracting should only be used in cases where it is specialised and limited.

This commencement limit on individual subcontractors will extend to all Related Entities of a subcontractor. For example, if two subcontractors are Related Entities as per the definition provided in the ‘Subcontractor’s Declaration – 2016’ form, they will have a combined limit of 200 commencements (not 200 commencements for each organisation).

If the Department receives multiple proposals which would take an RTO or a subcontractor over their limit, the Department will determine, at its sole discretion, how many commencements (if any) are approved at a particular RTO and/or subcontractor.

Evaluation Criteria

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| Genuine  | a. Is the proposal in the interest of students and not primarily supply-driven?  
|          | b. Does it address a critical need and/or existing labour market demands?  
|          | c. Why can’t it be delivered directly by the RTO? |
| Specialised | a. Does the subcontractor have the specific skills, experience and infrastructure necessary to deliver high quality training and assessment?  
|            | b. Are the relevant trainer/assessor skills, experience and/or infrastructure widely available? Could the RTO build its own direct capability to deliver them in a cost-effective and timely manner?  
|            | c. Does the subcontractor have a limited and specialised focus or expertise?  
|            | d. Does the proposed subcontracting arrangement involve subcontracting the full program of delivery to each student, or will it be ‘shared’ delivery where the subcontractor delivers some of the units to each student and the RTO delivers other units? |
| Limited   | a. Does the proposed number of course commencements to be subcontracted for the calendar year fall within the Department’s limit for the RTO (as detailed above)?  
|          | b. Does the proposed number of course commencements to be subcontracted for the calendar year fall within the Department’s limit for the subcontractor entities across all RTOs and including related entities of the subcontractor (as detailed above)?  
|          | c. Does the proposal involve a defined or limited number of students? |
The Department will consider applications where the subcontractor has specialised expertise to be more ‘Genuine’. Subcontractors that are generalists or that deliver qualifications across multiple unrelated training packages (e.g. construction and hospitality) will be considered less favourably except where they are delivering qualifications in regional areas or where there are no alternative suppliers.

Additional weight will also be given to applications that involve training and assessment for a limited number of units per student (i.e. the subcontractor delivers some of the units to an individual student while the contracted RTO delivers the remaining units to that student).

Application Process

RTOs will be required to submit the following completed forms, via SVTS under the ‘2016 Subcontracting Approval’ category no later than 5pm Monday 30 November 2015:

- the ‘Request for Approval of Subcontracting – 2016’ form; and
- the ‘Subcontractor’s Declaration – 2016’ form.

Failure to submit both forms as indicated will be deemed by the Department as an incomplete application and will not be considered as having met the eligibility criteria.

Who can I contact if I require further information?

If you have a question regarding the VET Funding Contract please submit it to the Department using the Enquiry function of SVTS under the ‘2016 Subcontracting Approval’ category.