

Contract Notification

CN No.	2018-07	Date:	12 February 2018
To:	Chief Executive Officer or equivalent		
Purpose:	Advice on Contract requirement		
Scope:	2018-19 Standard VET Funding Contracts; 2018-19 Standard VET Funding Contracts (Non-Victorian); 2018-19 TAFE VET Funding Contracts; and 2018-19 Dual Sector VET Funding Contracts.		
Subject:	2018 Subcontracting application process (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 2018-19 VET Funding Contract (2018-19 Contracts).

Background

- The 2018-19 Contracts listed above require Providers to have the prior written approval of the Department before subcontracting training and/or assessment to any organisation (note, the 2018-19 Restricted VET Funding Contract does not allow the subcontracting of any training and assessment).
- As defined in the 2018-19 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**').
- Relevant Providers may now submit requests for approval of subcontracting arrangements pertaining to training and/or assessment for 2018 course commencements using the '**Request for Approval of Subcontracting - 2018**' and '**Subcontractor Declaration - 2018**' forms as found in the 'Documents' section of SVTS.

Main Points

- Consistent with 2017, Providers seeking Departmental approval to subcontract training and/or assessment are required to demonstrate in the application that the proposed subcontracting arrangement is **genuine, specialised and limited**. To ensure the integrity of arrangements, and accountability for training delivered, the Department has updated the application for 2018 to give greater emphasis to the requirement for Providers to explain their intended

approach to maintaining oversight of the proposed subcontracting arrangement (**governance**). Please refer to the Fact Sheet '**Subcontracting of Training and Assessment: 2018 request for approval**' as published in the 'Documents' section of SVTS for further discussion of these requirements, including the evaluation criteria.

- Providers have a limit on the total number of commencements that can be approved for delivery through subcontracting arrangements in 2018. A Provider's subcontracting limit will be 40% of their Commencement Allocation for the 2018 calendar year, up to a maximum of 1000 subcontracted commencements. Please refer the Fact Sheet for further information and the rationale for this 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 extend to 2018-19 VET Funding Contracts (except in a very limited number of cases where the Department has agreed to roll over approval at TAFE organisations). All proposed arrangements for subcontracting training and/or assessment for commencements under a 2018-19 VET Funding Contract must have the prior approval of the Department, including arrangements that have been approved on previous occasions.
- Individual subcontractors are limited to delivering a maximum of 200 *Skills First* subsidised commencements across all Providers (i.e. aggregate 200) in 2018. 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 2018. Please refer the Fact Sheet for further information and the rationale for this limit.
- The Department may, in extenuating circumstances, apply discretion when applying both the 40 per cent limit and the 200 commencements per subcontractor limit.
- Providers 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 - 2018' and the 'Subcontractor Declaration - 2018' forms.
- It is anticipated that applications will remain open on a rolling basis for the majority of 2018. The Department expects to close the application process in the last quarter of 2018 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: 2018 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 2018 calendar year (1 January 2018 to 31 December 2018). Arrangements for the 2019 calendar year will be announced at a later date.

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 – 2018' form;
 - 'Subcontractor's Declaration – 2018'; and
 - Fact Sheet 'Subcontracting of Training and Assessment: 2018 request for approval'.

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Training Market Operations