

# Contract Notification

<b>CN No.</b>	<b>2020-08</b>	<b>Date:</b>	<b>17 July 2020</b>
<b>To:</b>	Chief Executive Officer or equivalent		
<b>Purpose:</b>	For information		
<b>Scope:</b>	All 2018-19 VET Funding Contracts (extended to 31 Dec 2020)		
<b>Subject:</b>	The <i>Skills First</i> contracting arrangements for 2021		

## For all Training Provider staff

### Purpose

This Contract Notification is to inform training providers about the Department of Education and Training (the Department)'s *Skills First* contracting arrangements for 2021.

### Background

- The current *Skills First* VET Funding Contracts expire on 31 December 2020.

### Main Points

- The Department will offer one-year *Skills First* VET Funding Contracts for 2021 (the 2021 Contracts).
- The Department has opted for one-year Contracts to reflect potential policy changes that may arise from key reviews and reforms underway at both the state and national level.
- Given the stability and performance of the current *Skills First* training market, the 2021 Contracts will be offered to training providers holding a 2018-19 VET Funding Contract (extended to 31 December 2020), without the need for them to participate in a full expression of interest process.
- During the current challenges of coronavirus (COVID-19), this decision is intended to provide some certainty and stability for training providers, employers and students as they plan for 2021.
- For the last three years, currently contracted training providers have proven their capability to meet current and emerging skills needs in the Victorian economy. Their quality and compliance is known and tested. Therefore, the Department has determined that it will not run an expression of interest process for new entrants for the 2021 Contract.
- While the Department will not be asking currently contracted training providers to participate in a full expression of interest process, to take up the offer of a 2021 Contract they must participate in a financial assessment. This will include providing three years of financial statements (including the most recent year) audited by an Australian Securities and Investments Commission (ASIC) registered auditor to an independent financial assessor nominated by the Department. These statements will be required by Friday 16 October 2020. The following exemptions apply:
  - Learn Local training providers must provide audited financial statements but will be exempt from the requirement for the auditor to be an ASIC registered auditor. This is the only exemption to the use of an ASIC registered auditor.
  - These training providers will be exempt from financial assessment in its entirety:
    - Victorian Government-owned TAFE and dual sector institutes
    - Victorian Government schools
    - training providers whose legal entity is a Victorian Government department or other Victorian Government-owned entity (including those owned by local councils).

- The offer of a 2021 Contract is conditional upon the Department being satisfied with the results of the financial assessment.
- Like previous years, training providers will also be required to submit Program Delivery Plans (PDPs) that detail their proposed training delivery for 2021.
- Non-Victorian VET Funding Contract holders will be required to submit new declarations regarding their relationship with a National Enterprise (as was required for 2019).
- The Department will announce further details about the above requirements and associated timeframes in late August 2020, via SVTS.
- Questions regarding 2021 arrangements should be directed through the SVTS enquiry function using the category '2021 Skills First Contracting'.

### Critical dates

- In late August 2020, the Department will announce on SVTS the timetable for training providers who wish to take up the offer of a 2021 Contract. This announcement will also include publication of:
  - draft copies of the 2021 Contracts and associated Guidelines
  - Guidance to explain any changes from the current *Skills First* VET Funding Contract
  - Funded Course List 2021 (timing subject to negotiations on national JobTrainer initiative)
  - Free TAFE Course List 2021
  - instructions for submitting financial statements
  - instructions for submitting PDPs
  - guidance on jobs and training needs for 2021.
- As outlined above, those training providers that are required to provide audited financial statements for the last three years will be required to do so by COB Friday 16 October 2020.
- Due to the impact of coronavirus (COVID-19), the Government has deferred the *2020-21 State Budget* to later in 2020. Accordingly, the Department does not expect that it will be able to finalise 2021 Contract offers, including Funded Scope and Allocations until December 2020.

### Greg Norton

Executive Director  
Training Market Services