

Contract notification

CN number:	2025-07	Date: 29 May 2025
To:	Chief Executive Officer or equivalent	
Purpose:	Advice on Contract requirement	
Scope:	All 2024-25 VET funding contracts	
Subject:	Your obligations when subcontracting	

Purpose

To remind you of your subcontracting obligations and clarify key requirements.

Background

Subcontracting is when anyone other than an employee or officer in your organisation, or a sole trader carries out training services for you.

You can subcontract any of the training services except the pre-training review. There are specific conditions for subcontracting training or assessment and using brokering services.

We have conditions to ensure you oversee your subcontractors and remain liable for all activity under the contract.

Main points

Subcontracting training and assessment

Any time you get someone other than a direct employee or a sole trader to do training or assessment, this is subcontracting, and you must apply and get our written approval.

Currently, we are not accepting new applications to subcontract training or assessment. You can continue any existing arrangements we have approved.

Engaging a sole trader to do training and assessment is not subcontracting


You don't need our approval to directly engage a sole trader to do training or assessment.

A 'sole trader' is a person who has an Australian business number (ABN) in their own individual capacity. They have full control and legal liability over their business without a separate legal entity or other business structure. There is no 'intermediary' between them and you.

Misunderstandings about sole traders

Make sure you understand the different business structures between a small business operator and a sole trader.

For example, you may wish to engage a plumber who primarily works in the industry by themselves, but they have set up their business as a company structure. They are willing to teach part time, and this gives students valuable industry insights. For tax or administration



purposes, the person prefers payment into their company structure rather than being on your payroll. This is not engaging a sole trader - it is subcontracting and requires our approval.

Brokering services

Brokering services are a type of subcontracting where you engage a person or another organisation to recruit students for Skills First training. Either you or the student pays for this service. This doesn't include any activities your payroll employees carry out whose job is to identify and recruit students.

So, if you engage anyone other than a payroll employee as a broker, you must report this to us. This includes using a sole trader as a broker.

You must not subcontract the pre-training review, including to brokers.

You don't need our approval to engage a broker, but you must report your brokering services to us so we can manage risks associated with this type of subcontracting. You must:

- report any existing brokering arrangements to us within 30 days of when your VET funding contract starts
- report new brokering arrangements to us within 30 days of making them

You also need to:

- demonstrate you have appropriate oversight of the arrangement.
- publish information about these services on your website.

Ask us

If you're unsure whether an arrangement is 'subcontracting', or if you're concerned you may have an arrangement that doesn't meet our requirements, you can ask us by submitting an SVTS enquiry using the category 'Applications – Subcontracting of training and assessment'.

Resources

2025 reporting brokering services form

Ryan Collins

Executive Director

Training Operations and Assurance