

# Contract Notification

<b>CN No</b>	<b>2023 - 18</b>	<b>Date:</b>
<b>To:</b>	Chief Executive Officer or equivalent	
<b>Purpose:</b>	Advice on Contract requirement	
<b>Scope:</b>	All 2024 VET Funding Contracts	
<b>Subject:</b>	Approval to subcontract training and assessment in 2024	

## Purpose

To open the process for you to apply for approval to subcontract training and assessment in 2024.

Attachment 1 explains how to apply, what we will consider when assessing your application, and your responsibilities when subcontracting.

## Background

Under the 2024 VET Funding Contracts (the contract), you must get our written approval before subcontracting training and/or assessment to another organisation.

Subcontracting is when you engage either a business, or a person operating under a business structure, to carry out training services on your behalf. It does not include employees or sole traders. Please refer to the definition of sole traders in the contract.

If you're unsure whether an arrangement is 'subcontracting' under the contract, you can ask us by submitting an SVTS enquiry using the category 'Skills First VET Funding Contract – Subcontracting of Training Services'.

## Main Points

### **Apply for approval of 2024 subcontracting arrangements**

You can now apply for approval of new subcontracting arrangements for training and assessment for 2024 program commencements.

Please refer to attachment 1 for instructions on how to apply.

We will notify you via SVTS if we make any changes to this subcontracting application process.

### **Rollover of approved 2023 subcontracting arrangements**

If you have an approved subcontracting arrangement in place for 2023, we will contact you directly to explain how to seek approval to continue the same arrangement for 2024. You do not need to submit a request for approval of subcontracting for these arrangements unless you intend to change them significantly in 2024.

## Resources

Attachment 1 to this contract notification contains further guidance on subcontracting in 2024.

Refer to the documents section of SVTS for the:

- Request for approval of subcontracting – 2024 form
- Subcontractor's declaration – 2024 form
- Fact Sheet: Disallowed Persons

If you have any questions about subcontracting you can contact us via [SVTS](#) using the enquiry category 'Skills First VET Funding Contract – Subcontracting of Training Services'.

## Critical Dates

This contract notification is effective immediately.

Applications for the 2024 subcontracting of training and assessment are now open.

Ryan Collins  
Executive Director  
Training Market Services

## Attachment 1: 2024 subcontracting guidance

### How to apply for approval of 2024 subcontracting arrangements

1. Complete the following forms found in the documents section of SVTS:
  - Request for approval of subcontracting – 2024. Note that the instructions tab within this document includes helpful information on how to best answer the questions
  - Subcontractor declaration – 2024.
2. Send the completed forms to us by submitting an SVTS enquiry using the category 'Skills First VET Funding Contract – Subcontracting of Training Services'.

### The outcome of your application

We will write to you via SVTS to advise of the outcome of your subcontracting application. We aim to do this within about 3 weeks from when we received your full application.

If we approve your application, we will advise you about the details of the approved subcontractor, programs, and student commencements for 2024.

### How we assess your application

Your application must clearly demonstrate that your proposed subcontracting of training and assessment meets the following three criteria:

Subcontracting Approval Criteria	
<b>1. Genuine and specialised</b>	The subcontracted training and/or assessment addresses a critical labour market need, is not primarily supply driven, and requires specialisation not available to the training provider, such as specific skills, or training infrastructure.
<b>2. Limited</b>	The scale, scope and time period of the subcontracting arrangement is limited.
<b>3. Subject to appropriate governance</b>	You have robust measures in place to ensure the appropriate oversight of the subcontracting arrangement, including the quality of the training and assessment delivered

### Other matters we consider

We give more weight to subcontracting applications that clearly show:

- the specific components of the training and assessment you propose to subcontract.
- that the subcontractor has specialised expertise - generalists or those who deliver across multiple, unrelated training packages will be considered less favourably (except where they are delivering in regional areas or where there are no alternative suppliers).

- that the training and assessment will be delivered by high quality teachers who hold appropriate qualifications and current industry experience.
- that the subcontractor is engaged for the sole purpose of delivering training and assessment.
- that you do not use labour hire or engage somebody who does not own or control the relevant subcontracting business.
- In some cases we might request to review the subcontracting agreement between the provider and the subcontractor.

### Subcontracting limits

These limits will be the basis for most approved arrangements. However, we may in some circumstances approve arrangements outside these limits.

#### *Training provider limits*

2024 VET Funding Contract type	Maximum number of subcontracted commencements	Example
<b>Standard</b>	40% of the commencement allocation for the 2024 calendar year, <u>up to a maximum of 1,000</u> subcontracted commencements.	<p>Training Provider X's Schedule 2 has a commencement allocation of 1,000 commencements for 2024. So its subcontracting limit for the year is 400.</p> <p>Training Provider Y's Schedule 2 has a commencement allocation of 3,000 commencements for 2024. So its subcontracting limit for the year is the 1,000 maximum.</p>
<b>TAFE and Dual Sector</b>	40% of commencements for the 2024 calendar year, <u>up to a maximum of 1,000</u> subcontracted commencements.	TAFE X expects to have 5,000 commencements for 2024. Its subcontracting limit for the year would be the 1,000 maximum.

#### *Subcontractor limits*

An individual subcontractor (and related entities) can only deliver training and assessment to a total of 200 approved commencements a year. This limit applies across *all* training providers to which the subcontractor has a relationship.

If we receive multiple subcontracting applications that take either you or your subcontractor over the 200 approved commencements limit, we will determine, at our sole discretion, how many commencements (if any) are approved for a particular training provider or subcontractor.

## Your responsibilities

### *Quality*

Despite having an approved subcontracting arrangement, you remain responsible for the quality of the training and assessment delivered by the subcontractor and their compliance with all contract requirements.

You must ensure your subcontracting agreement includes conditions that ensure compliance with clause 6.9 of the contract. We can ask you for a copy of any executed subcontracting agreement.

### *Due diligence*

You should conduct your own due diligence when contracting with any organisation to ensure they meet their obligations under the contract. In particular, you must not engage, employ, contract or otherwise deal with any Disallowed Person as defined in clause 1.1 of the contract.

We also conduct a due diligence assessment when considering whether to approve a subcontracting arrangement.

### *Reporting*

You must report the delivery provider ABN of the subcontractor against each subject enrolment on the training activity (NAT00120) file.

This is to distinguish between the training and assessment you deliver and that delivered by a subcontractor.

## **Changes to subcontracting arrangements.**

You must contact us to get our written approval to vary a subcontracting arrangement *before* the variation takes effect. This variation could be a change to the approved programs or student commencement numbers.

You should submit your variation request via SVTS using the category 'Skills First VET Funding Contract – Subcontracting of Training Services'.

## **Resources and further information**

Refer to the Documents section of SVTS for the:

- Request for approval of subcontracting – 2024 form.
- Subcontractor's declaration – 2024 form.
- Fact Sheet: Disallowed Persons

If you have any questions about subcontracting you can contact us via [SVTS](#) using the enquiry category 'Skills First VET Funding Contract – Subcontracting of Training Services'.