

SMART and SKILLED UPDATE – November 2024

1. FINANCIAL CAP REVIEW #1 – CONTINUING STUDENTS AND INDEXATION

The department has finalised the outcomes of the Financial Cap Review for continuing students.

The review identifies expected financial cap usage in the 2024-25 Activity Period for continuing students. It was undertaken after the end of the reconciliation of payments under the 2023-24 Activity Period.

When 2024-25 Review Notices were offered in May, providers were advised to carefully manage enrolments for the remainder of the 2023-24 Activity Period as the department anticipated limited capacity for financial cap adjustments and there is no guarantee of increases to financial cap(s) above what had been offered for 2024-25 due to budget conditions.

a. Financial Cap Review – Adjustment Approach

1. **Indexation:** Adjustments have been made to offset the increase of qualification prices due to indexation. The indexation increase only applies for training commencing in the 2024-25 Activity Period. Meaning where a financial cap covers new commencements, this portion of the financial cap has been increased. Please note some financial caps attracted a small adjustment because most of the financial cap is committed to continuing students, leaving only a small portion for commencing students.

2. Continuing Students:

- Continuing student adjustments to a provider's financial cap(s) have been calculated considering a range of factors including the level of estimated cap usage (commitment) in 2024-25, existing current financial caps, overall allocation for the program and available budget.
- Based on training activity data reported, where the amount expected to be paid to cover a provider's financial cap commitments for continuing students was assessed to be less than the current financial cap amount, the financial cap has not been adjusted.

b. Process for Implementing Contract Variation Offers

The financial cap adjustments will be offered through Contract Variation Offers to be released from Monday 7 October 2024 onwards.

Please note: In some cases, financial caps may not provide the capacity to enrol new commencements in this Activity Period.

2. FINANCIAL CAPS – BUDGETARY CONSTRAINTS

The budgetary environment this Activity Period is driving continued restraint in financial cap allocations. Reduced funding availability has contributed to challenging circumstances and the department is cognisant of concerns raised by some providers. As the department must operate within budget, we are closely monitoring training activity and undertaking active management of financial caps, to maximise the allocation of financial caps to providers and deliver skills in areas of government priorities across NSW, while staying on budget.

In previous Smart and Skilled updates, the department advised it anticipated **limited** capacity to allocate additional financial caps and therefore there should be no assumption any cap will increase to cover students enrolled beyond the level that can be funded from the allocated caps.

Beyond the forthcoming adjustments to financial caps for continuing student commitments and price indexation outlined above, depending on the activity of providers, there may be very limited capacity to further adjust financial caps.

Key obligations for responsible cap management prioritises continuing students and avoiding exceeding financial caps, including:

- meeting the training and funding commitment to continuing students within the financial caps allocated and accepted in Approved Qualification Activity Schedules for the 2024-25 Activity Period, and **only** enrolling new students for 2024-25 if there is financial cap remaining uncommitted:
 - Smart and Skilled Contract 18.1 (e (iii)) 'Where a Financial Cap is for Commencing and Continuing Students, the Provider must manage its delivery of Subsidised Training to ensure that there is sufficient Financial Cap available for all Continuing Students. The Provider must only enrol new students using the available remainder of the Financial Cap.'
 - Skills Delivery and Management Policy section 5.1.3 'A Provider is obliged to manage its Financial Cap to ensure there is enough Financial Cap available for all Continuing Students first, then only enrol new students to use the available remainder of the Financial Cap.'

There is no guarantee that any individual Financial Cap will be increased. (Smart and Skilled Terms and Conditions Clause 18.6 (c)).

3. NEW TRAINING PLAN PROPOSAL AND PROCESS FOR SCHOOL BASED APPRENTICES AND TRAINEES – FROM 14 OCTOBER 2024

School based apprenticeships and traineeships (SBATs) provide students with the opportunity to attain a nationally recognised Vocational Education and Training (VET) qualification and their Higher School Certificate (HSC) while gaining valuable work skills and experience through paid employment.

Under existing arrangements, prior to lodgement of SBAT Training Contracts with Training Services, a full Training Plan must be completed by the nominated Registered

Training Organisation (RTO) as per the Vocational Training Order (VTO) and the NESA standards. The Training Plan must be signed by a school sector representative in conjunction with the employer and learner. The completion of the Training Plan prior to lodgement of the Training Contract causes significant delays in the lodgement and assessment of the training arrangement between the employer and learner under the *Apprenticeship and Traineeship Act* (the Act).

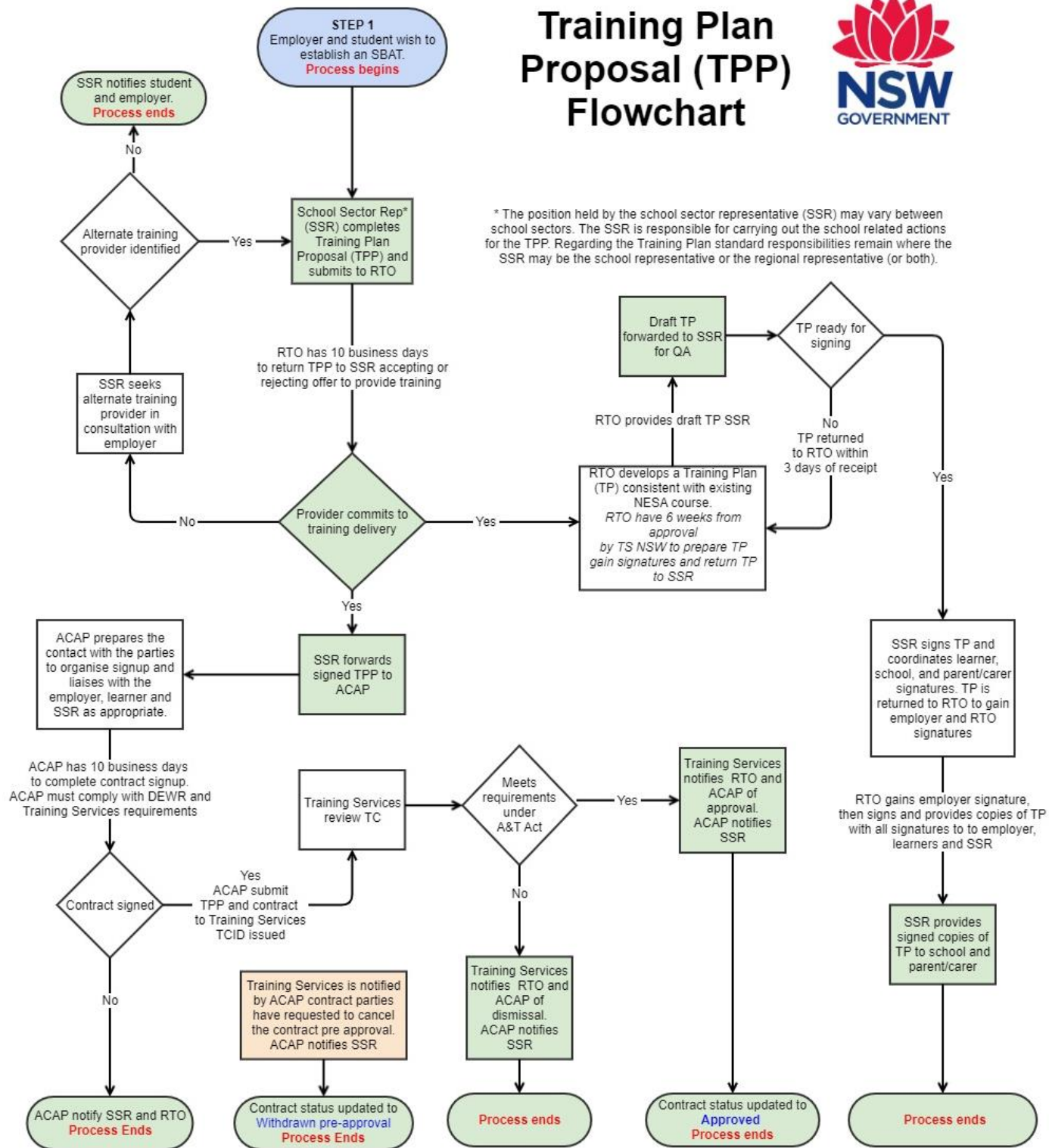
The department has worked closely with stakeholders to streamline the application process, and a new Training Plan Proposal (TPP) has been created specifically for SBATs. This document brings SBATs in line with other apprenticeships and traineeships under the Act. The SBAT TPP is a two (2) page document and replaces the education sector's notification process to RTOs of potential SBATs. The SBAT TPP will be completed by the school representative or the ACAP. The SBAT TPP is available for download from nsw.gov.au/education-and-training/resources/sbat-training-plan-proposal.

The SBAT TPP will be effective as of 14 October 2024 under the Act and will be used to support the assessment of the Training Contract. Where a Training Contract has been approved by Training Services, RTOs have six (6) weeks to complete a full training plan. The Training Plan Vocational Training Guideline (VTG) and relevant policies will be updated to reflect the change. A revised SBAT process document will be provided to educational sector representatives and ACAPs directly and the document is available for RTOs on our website at nsw.gov.au/education-and-training/resources/sbat-nsw-process.

Please see below a flowchart outlining the new process.



Training Plan Proposal (TPP) Flowchart



* The position held by the school sector representative (SSR) may vary between school sectors. The SSR is responsible for carrying out the school related actions for the TPP. Regarding the Training Plan standard responsibilities remain where the SSR may be the school representative or the regional representative (or both).

4. PUBLIC RELEASE OF THE REVISED RTO STANDARDS AND ASSOCIATED DOCUMENTS

The Commonwealth Government released the revised RTO Standards on 1 October 2024. The revised RTO Standards are designed to better reflect the diversity of the VET sector and ensure the RTO Standards are fit-for-purpose across different RTO settings.

The revised [RTO Standards package](#) includes:

- the [Outcome Standards](#)
- the [Compliance Requirements](#) (including the Fit and Proper Person Requirements and NRT Logo Conditions of Use Policy)
- the [Credential Policy](#)
- an [overview of the Credential Policy and Compliance Requirements](#); and
- initial [Policy Guidance](#) to support consistent understanding and application of the revised Standards.

ASQA has released [Preparing for the revised Standards](#), with more detailed guidance to follow. VET regulators will release more detailed resources over the coming months.

a. Implementation of the revised RTO Standards

The revised RTO Standards will be in place from 1 January 2025, coming into full regulatory effect from July 2025. The *Standards for Registered Training Organisations (RTOs) 2015* will apply until July 2025.

5. FUTURE FINANCIAL CAP REVIEWS – DECISION PENDING

The department is continuing to monitor financial cap usage in accordance with the *Smart and Skilled - Skills Delivery and Management Policy* and the budget. A decision will be made within the next few weeks about the scope and approach for a review before the end of 2024 and whether this will enable requests for financial cap increases. This will consider the first quarter activity and expenditure and forecast future activity for this Activity Period. Providers will be informed through a Smart and Skilled Update about the timing and approach for any review.

