

NSW VET reform — *Smart and Skilled*

There are a number of documents on the NSW State Training Services *Smart and Skilled* website.
To assist users we have, in many cases, linked directly to these documents themselves in the **Source/references** column.

Policy area	Explanation	Source/references used for this section
Overview		
1. What is the name of the reform?	<i>Smart and Skilled</i>	NSW State Training Services (STS) website: www.training.nsw.gov.au/smartandskilled/index.html
2. When will the reform commence?	<p><i>Smart and Skilled</i> is being implemented in stages from 1 January 2014. Key events include:</p> <p>2014:</p> <ul style="list-style-type: none"> • funded training will be offered in line with the 2014 NSW Skills List priorities • student fees and provider subsidies for 2015 will be announced. (Fee calculator also to be released.) • applications will be open for providers to deliver training under <i>Smart and Skilled</i> • successful training providers will be offered contracts • providers commence enrolling students for 2015. <p>2015:</p> <ul style="list-style-type: none"> • entitlement for government-subsidised training for eligible students up to and including Certificate III commences • targeted funding for higher level qualifications • greater support for regions and equity groups • information for consumers. 	<p>Smart and Skilled Next Steps (PDF)</p> <p>A timeline explaining the full implementation of <i>Smart and Skilled</i> can be viewed on p2 of Smart and Skilled Next Steps (PDF), located on the NSW State Training Services website.</p> <p>NSW STS (Background) website: www.training.nsw.gov.au/smartandskilled/background.html</p>

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<p>3. Who will manage the implementation of <i>Smart and Skilled</i>?</p>	<p><i>Smart and Skilled</i> is being introduced and managed by the NSW Office of Education - State Training Services (STS).</p> <p><i>Smart and Skilled</i> meets NSW Government commitments under the <i>National Partnership Agreement on Skills Reform</i>.</p> <p>The NSW Skills Board (established in 2013 and replacing the NSW Board of Vocational Education and Training, BVET) will oversee and monitor the reforms.</p> <p>The Skills Board will provide oversight, including providing the NSW Government with advice on training outcomes, quality assurance and fiscal sustainability.</p>	<p>Minister's media release on TAFE NSW website: https://www.tafensw.edu.au/about/news/news-130909-skillsboard.htm</p>
<p>4. What training is funded under <i>Smart and Skilled</i>?</p>	<p><i>Smart and Skilled</i> delivers NSW government-subsidised training for eligible students in:</p> <ul style="list-style-type: none"> • Foundation skills training, Certificate II and Certificate III • Certificate IV, Diplomas and Advanced Diplomas, pre-vocational training and skill sets in priority areas. 	<p>Smart and Skilled: NSW Quality Framework (PDF), p2</p>
<p>5. What is an entitlement under <i>Smart and Skilled</i>?</p>	<p>Under <i>Smart and Skilled</i> students who do not have a Certificate IV or above and meet other eligibility requirements will be entitled to:</p> <ul style="list-style-type: none"> • government-subsidised training up to and including a Certificate III qualification on the NSW Skills List with the approved provider of their choice • select stand-alone foundation courses delivered by TAFE NSW or approved Adult and Community Education (ACE) providers. <p>VET certificates completed by school students will not count towards their entitlement.</p>	<p><i>Smart and Skilled</i> fact sheets: Overview; Industry and Employers (PDFs)</p> <p>FAQs: Will VET in Schools students be impacted?</p>

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<p>6. What training is excluded from <i>Smart and Skilled</i>?</p>	<p>Government-subsidised training under <i>Smart and Skilled</i> is <u>not</u> available for:</p> <ul style="list-style-type: none"> • qualifications <u>not</u> on the NSW Skills List • programs such as the Higher School Certificate (HSC), Tertiary Preparation Certificate (TPC) and VET in Schools eg TVET. These will be managed outside <i>Smart and Skilled</i>. 	<p><i>Smart and Skilled</i> fact sheet: 2014 NSW Skills List (PDF)</p>
<p>Who gets funded?</p>		
<p>7. What are the student eligibility requirements?</p> <ul style="list-style-type: none"> • residency / citizenship / visa • work in relevant state • prior qualification/s • age 	<p>To be eligible for subsidised training, students must:</p> <ul style="list-style-type: none"> • be Australian or New Zealand¹ citizens, permanent residents or humanitarian visa holders • be 15 years or over • have left school and live and/or work in NSW. <p>To be eligible for the entitlement, students:</p> <ul style="list-style-type: none"> • must not have completed Certificate IV or higher, “regardless of time passed or where it was obtained” (including overseas) • may undertake a subsequent subsidised Certificate II or Certificate III place at a higher student fee. <p>Note: A student commencing an apprenticeship or a new-entrant traineeship on the NSW Skills List is eligible for an entitlement at the initial rate.</p> <p>VET certificates completed by school students will not affect their entitlement.</p> <p>Foundation skills courses on the NSW Skills List are not counted as a first post-school qualification.</p> <p>Students with a Certificate IV or above <u>may</u> be eligible for a government subsidy for higher level qualifications and/or skill sets.</p>	<p><i>Smart and Skilled</i> fact sheet: Individuals (PDF)</p> <p>STS website FAQs: Are all individuals who have completed a Certificate IV or above ineligible for the entitlement regardless of the time that has passed since they completed that qualification? What about qualifications completed overseas?</p> <p>STS website FAQs: If an individual has completed a qualification but chooses to undertake a subsequent qualification, will he/she still be eligible for the entitlement?</p> <p>STS website FAQs: Will VET in School students be impacted?</p>

¹ The General Manager, State Training Services advised that New Zealand citizens are eligible, although this advice is not yet available on the Smart and Skilled website
TAFE Strategy and Finance | 6 March 2014

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<p>8. What transition arrangements are in place for students who were already enrolled when entitlement commences?</p>	<p>Students commencing in NSW Skills List courses:</p> <ul style="list-style-type: none"> • Prior to 31 December 2013 and between 1 January and 31 December 2014: <ul style="list-style-type: none"> - 2014 TAFE student fee applies to 31 December 2014 - Pro-rata <i>Smart and Skilled</i> student fees and Government subsidies apply after 1 January 2015 to completion • From 1 January 2015: <ul style="list-style-type: none"> - <i>Smart and Skilled</i> student fees and Government subsidies apply. <p>Students commencing in non NSW Skills List courses:</p> <ul style="list-style-type: none"> • Prior to 31 December 2013: <ul style="list-style-type: none"> - 2014 TAFE student fee applies to 31 December 2014 - Pro-rata <i>Smart and Skilled</i> student fees apply after 1 January 2015 to completion • Between 1 January and 31 December 2014: <ul style="list-style-type: none"> - 2014 TAFE student fee applies to 31 December 2014 - Government subsidies cease 31 December 2014 - From 1 January 2015, commercial fees apply. • From 1 January 2015: <ul style="list-style-type: none"> - Commercial fees apply. 	<p>These arrangements are described in <i>Smart and Skilled Student transitions</i> (PDF), located on the NSW STS website.</p>

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<p>9. What are the RTO eligibility requirements?</p> <ul style="list-style-type: none"> • extra quality requirements in addition to ASQA registration • conditions for interstate providers 	<p>Applications will be invited from RTOs to become a <i>Smart and Skilled</i> provider in mid-2014. Providers will be advised of their success later in 2014.</p> <p>Eligibility to apply to become a provider under <i>Smart and Skilled</i> will be initially assessed according to a range of criteria, including:</p> <ul style="list-style-type: none"> • ASQA registration and compliance • scope of registration • previous NSW training market contract compliance • NSW based (see <i>NSW Quality Framework for definition p.6</i>) • record of regulatory compliance. <p>If a provider is deemed eligible to apply, they will be subsequently assessed against further criteria including:</p> <ul style="list-style-type: none"> • RPL policy and process • agreement to report total NSW VET activity with AVETMIS Standard (AVETMISS 7.0) • agreement to comply with <i>Smart and Skilled</i> teaching and leadership obligations • fee protection mechanisms. <p>Interstate TAFE Institutes will not be eligible to apply. Cross border arrangements with interstate TAFEs will be considered on a government-to-government basis.</p> <p>Performance monitoring will be governed by a NSW STS Quality Committee that will schedule and prioritise performance monitoring activities.</p> <p>STS will publish information on provider performance.</p> <p>STS will design an evaluation framework to promote systematic and consistent collection of data for providers to enhance their service delivery.</p> <p>Detailed quality criteria and requirements will be published when applications to become a <i>Smart and Skilled</i> provider open.</p>	<p>2013 NSW STS subscriber bulletin #8: Staged Implementation of Smart and Skilled (28 October 2013)</p> <p>RTO eligibility requirements are documented in the NSW Quality Framework: Smart and Skilled—NSW Quality Framework (PDF)</p>

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What gets funded?		
<p>10. What kinds of qualifications/skill sets are eligible for public funding?</p> <ul style="list-style-type: none"> • qualification levels eg up to Certificate III • particular industry sectors targeted / capped • skill sets • is a list of eligible training publicly available? 	<p>The 2014 NSW Skills List was published in December 2013 and will be reviewed annually.</p> <p>It was determined through industry consultation and labour market research, including regional community consultation.</p> <p>The NSW Skills List:</p> <ul style="list-style-type: none"> • defines qualifications eligible for government subsidies under <i>Smart and Skilled</i> • covers all qualification levels from Certificate II to advanced diploma, selected foundation skills courses at Certs I and II, and all apprenticeships and selected traineeships • defines areas of priority for part qualifications for key groups and sectors. <p>Training funded through the Training Market in 2014 will be based on the NSW Skills List. TAFE NSW and ACE will take steps to align their provision with the Skills List in 2014.</p> <p>Relevant new qualifications will be added to keep the Skills List up to date.</p>	<p><i>Smart and Skilled</i> fact sheet: 2014 NSW Skills List (PDF)</p>
<p>11. How will foundation skills courses be funded?</p>	<p>The NSW Skills List includes selected stand-alone foundation skills courses that will be funded under <i>Smart and Skilled</i> for delivery by TAFE NSW and ACE providers. These are at Certificate I and II levels.</p>	<p>Smart and Skilled: 2014 NSW Skills List – All qualifications listed by Training Package (including Foundation Skills and accredited courses), p22</p>

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<p>12. Are Certificate IV and above qualifications publicly funded?</p> <ul style="list-style-type: none"> entitlement separate arrangements under VFH 	<ul style="list-style-type: none"> Government-subsidised places at Certificate IV and above will be funded. However, this is not described as an entitlement. Funded qualifications will be limited and depend on skill priorities. VET FEE-HELP (VFH) loans will be available for: <ul style="list-style-type: none"> eligible students in approved State government-subsidised diploma and advanced diploma qualifications on the Skills List. The 20% loan fee will not apply for subsidised students approved fee for service diplomas and above and will continue to attract a 20% loan fee. Providers will apply to the Commonwealth to offer loans for both subsidised and fee for service Diplomas and above for qualifications on their VFH scope. There will be a trial of VFH loans for some government-subsidised Certificate IVs from 1 January 2015. 	<p>Smart and Skilled fact sheet: Overview (PDF)</p> <p>STS website FAQs: Who is eligible for subsidised training?</p>
<p>13. Which Certificate IV qualifications are being trialled for VET FEE-HELP?</p>	<ul style="list-style-type: none"> There will be a minimum of two and a maximum of five qualifications in each jurisdiction participating in the trial; three nominated by the Commonwealth to be agreed with States NSW is negotiating commencement of this trial. 	
<p>14. What are the arrangements for learner support eg language, literacy and numeracy?</p>	<p>Not yet clarified.</p>	<p>STS website FAQs: How will disadvantaged learners be supported?</p>

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<p>15. How are students experiencing disadvantage supported?</p> <ul style="list-style-type: none"> • funding eg loading, separate funding • support mechanisms eg case management, separate programs, extra units funded • what additional support / reasonable adjustment are available for students with a disability? 	<ul style="list-style-type: none"> • Fee exemptions and concessions will be retained for students who are eligible for government-subsidised training—Aboriginal people, people with a disability and welfare recipients • The Government will provide extra funding support to approved RTOs who deliver higher cost training to students in regional and remote areas in NSW and to groups including Aboriginal people, students with a disability or long term unemployed. IPART refers to this as a ‘loading’ • TAFE NSW and ACE will receive some community service obligation (CSO) payments to deliver training in rural and remote areas and for key equity groups • Approved foundation skills training through TAFE NSW and ACE providers will give students basic language, literacy, numeracy and computer skills. 	<p>Smart and Skilled fact sheet: Individuals (PDF)</p> <p>Referenced in: Pricing VET under Smart and Skilled – Draft Report July 2013 p.4.</p> <p>Smart and Skilled fact sheet: Individuals (PDF)</p> <p>Smart and Skilled fact sheet: Regions</p> <p>STS website FAQs: How will disadvantaged learners be supported?</p>
<p>16. How are public funding arrangements reviewed, and how often?</p>	<ul style="list-style-type: none"> • The NSW Skills List will be reviewed annually; with the Dec 2013 list updated for the 2015 commencement of <i>Smart and Skilled</i>. There will be quarterly updates to the Skills List to take account of new and replacement qualifications. • The draft IPART report recommended: <ul style="list-style-type: none"> - that the base price and student fees should be adjusted annually on 1 January each year (including 1 January 2015) - a major review approximately every 3 years with the first to occur in 2017, to take effect from 2018. • The NSW Government will consider moving to a broader entitlement that includes higher level qualifications following the review of the first year of implementation. • Further information will be available when 2015 prices and fees are released. 	<p>NSW <i>Smart and Skilled</i> website for dates http://www.training.nsw.gov.au/smartandskilled/index.html</p> <p>David Collins 12 Nov 2013 presentation re 2015 update. Pricing VET under Smart and Skilled – Draft Report July 2013, (pp109–110)</p> <p>STS website FAQs: Why is the entitlement limited to Certificate III?</p>

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Payment and fees		
<p>17. What are the student fees?</p> <ul style="list-style-type: none"> • level of government subsidy • student concessions and exemptions • student fees • apprentices 	<ul style="list-style-type: none"> • IPART provided advice to the Government on prices and fees. This will be considered by the NSW Skills Board which will provide advice to the Minister. Advice on prices and fees for all RTOs for 2015, including concessional fees, will be released in 2014. • Students will pay a set fee per qualification for all government-subsidised training, regardless of which approved RTO they choose. • This includes apprentices and new entrant trainees who will also move from an annual fee to a qualification fee. • Fee exemptions and concessions will continue for Aboriginal people, students with a disability and welfare recipients. • Fees will be higher for: <ul style="list-style-type: none"> - higher level qualifications - a student's second and subsequent post-school qualifications except for students: <ul style="list-style-type: none"> ▪ commencing apprenticeships or traineeships on the NSW Skills List (who will continue to be charged at the same rate as for an initial qualification) ▪ aged 15 and 16. • It is anticipated that RTOs will be able to decide how and when to collect student fees eg in instalments. 	<p>NSW <i>Smart and Skilled</i> website for dates http://www.training.nsw.gov.au/smartandskilled/index.html</p> <p>Staged Implementation advice</p> <p><i>Smart and Skilled</i> fact sheet: Individuals (PDF)</p>

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<p>18. What are the RTO payment arrangements?</p> <ul style="list-style-type: none"> • Payment details are yet to be confirmed • It is understood they may include: <ul style="list-style-type: none"> ○ frequency ○ triggers eg completion of units or proportion of qualification ○ different rates for different industry ○ loadings ○ apprentices ○ RPL 	<ul style="list-style-type: none"> • <i>Smart and Skilled</i> application and contract arrangements are under development. These will specify the basis for payment methods. • Loadings will be paid to providers for training for students in regional and remote areas and for disadvantaged students (Aboriginal students, students with disabilities and long term unemployed people). The details and administration are not yet finalised. • Prices for different level qualifications, industry areas, RPL and online delivery, application of nominal hours, the claiming schedule, whether providers can claim for a student who fails a unit and the number of times the student can repeat are all yet to be determined. 	<p>NSW <i>Smart and Skilled</i> website for dates http://www.training.nsw.gov.au/smartandskilled/index.html</p> <p><i>Pricing VET under Smart and Skilled – Draft Report July 2013</i> discusses some of these issues, p4</p>
TAFE-specific concerns		
<p>19. How is 'community service obligation' (CSO) or its equivalent defined and treated?</p> <ul style="list-style-type: none"> • eg thin markets • which providers, eg TAFE/ACE 	<ul style="list-style-type: none"> • TAFE NSW and approved ACE providers will receive direct funding to support CSOs. • CSOs are defined as responses to market failures which cannot be addressed sufficiently in a competitive market and where there is a clear government directive to address this failure. • They are activities that cannot be delivered through the NSW Government's subsidised training price and they are not a general requirement of all training providers in receipt of government funds. • Thin markets (markets that are too costly to supply for the available base price and loadings) may be considered a CSO – this will be market tested. • Identified CSOs also include support for Aboriginal students, students with a disability, and specific target groups. • CSOs may become contestable over time. 	<p><i>Pricing VET under Smart and Skilled – Draft Report July 2013</i>, p19</p> <p><i>Statement of Owner Expectations: 4.2.2 Community Service Obligation (CSO) Funding</i>, p8</p> <p><i>Pricing VET under Smart and Skilled – Draft Report July 2013</i>, p.3</p> <p><i>Pricing VET under Smart and Skilled – Draft Report July 2013</i>, p5</p> <p><i>Statement of Owner Expectations: 4.2.2 Community Service Obligation (CSO) Funding</i>, p8</p>

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<p>20. Will the public provider receive funding to address competitive disadvantage arising from public ownership?</p>	<p>TAFE NSW will be directly allocated operational base funding (OBF). OBF is defined as the costs incurred as a result of the competitive disadvantages arising from public ownership of TAFE NSW, eg:</p> <ul style="list-style-type: none"> • salary costs resulting from public sector specific enterprise agreements • compliance with public sector reporting requirements • maintaining assets that are required to be kept under heritage agreements. <p>OBF will be reviewed over time and adjusted in response to changes in circumstances.</p>	<p>Pricing VET under Smart and Skilled – Draft Report July 2013</p> <p>Statement of Owner Expectations: 4.2.1 Operational Base Funding (OBF), p7 (PDF)</p>
<p>21. What other arrangements are in place for the public provider?</p>	<ul style="list-style-type: none"> • TAFE NSW Institutes will be expected to compete with other RTOs for entitlement funding under transparent contractual arrangements. • TAFE NSW will also receive funding for directly purchased services, including: <ul style="list-style-type: none"> - full qualifications from CIV to advanced diploma - school equivalent education, such as the Tertiary Preparation Certificate (TPC), the HSC and other school-equivalent education (as mandated under the raised school leaving age provisions in the <i>NSW Education Act 1990</i>) - specific services such as responses to community emergencies or industry restructuring. • TVET will continue as a separate funding stream. • A new governance model will see greater separation and transparency between TAFE NSW and the NSW Department of Education and Communities (NSW DEC). • TAFE NSW Institutes will have more authority to make local decisions to manage their business and tailor training to areas of skills growth and local needs. • TAFE NSW will consult widely with employers and continue to forge strong partnerships including commercial ventures with enterprises and other stakeholders. • TAFE NSW has been authorised to reform its employment model to achieve greater flexibility. 	<p>This material has been sourced from the Statement of Owner Expectations (PDF):</p> <p>3. Governance and Business Arrangements, p5</p> <p>3.2 Increased financial transparency & accountability, p5</p> <p>4. Budget and Financial Arrangements, p7</p> <p>4.1 Contestable Funding, p7</p> <p>4.2 Direct funding allocation from the NSW Government, p7</p> <p>4.2.3 Funding for directly purchased services, p8</p> <p>Also from the STS website FAQs: What will happen to TAFE NSW? (PDF)</p>

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	<ul style="list-style-type: none"> • A new VET budget funding model will be introduced from July 2014. This model will provide greater clarity and transparency in relation to TAFE NSW's budget components, cost of services and accountability for financial management. • New budget and funding arrangements will allow TAFE NSW to operate as a distinct financial entity with greater transparency of its financial management including decisions regarding corporate and shared services within NSW DEC. • TAFE NSW Institutes will also have greater budget transparency, operating as financial entities within TAFE NSW with authority to manage their revenues, expenditures and assets. They will have the capacity to retain and invest earnings on an agreed basis from the NSW Government and will fulfil the required financial management and reporting benchmarks associated with this responsibility. 	
<p>22. How are TAFE NSW assets managed?</p>	<ul style="list-style-type: none"> • TAFE NSW is expected to regularly review its services and assets to determine the best localised and responsive forms of delivery to suit new and emerging customer requirements. • TAFE NSW is required to maintain and review its property assets and develop short and long-term, regional and state-wide asset management strategies. • The NSW Government will continue to have the final decision on the acquisition and disposal of land and buildings for TAFE NSW. 	<p>Statement of Owner Expectations: 3.3 Effective asset management and service provision, p6 (PDF)</p>

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Information		
<p>23. What kind of customer information, including a complaints process, is available?</p>	<p>NSW STS will develop a web portal to provide customer information to identify subsidised training to meet their needs. The portal will enable identification of:</p> <ul style="list-style-type: none"> • subsidised training opportunities • student entitlements, prices, subsidies, fees and student loans. <p>STS will be a central point for students to seek assistance and advice or to make a complaint. The contract will include requirements for the training provider to have:</p> <ul style="list-style-type: none"> • a dedicated consumer protection officer • a signed declaration from each learner to confirm receipt of consumer protection information. 	<p>Smart and Skilled: NSW Quality Framework (PDF)</p>
<p>24. What training data reports are produced?</p> <ul style="list-style-type: none"> • frequency • public availability 	<p>The <i>Smart and Skilled</i> Quality Framework notes that approved providers:</p> <ul style="list-style-type: none"> • must agree to report total NSW VET activity to the appropriate AVETMIS Standard (AVETMISS 7.0) • must consent to the exchange of information on current or past performance with other state and territory governments • will be tracked against performance and risk indicators using monthly training activity reports as part of market performance monitoring. 	<p>Smart and Skilled: NSW Quality Framework, p5 (PDF)</p> <p>Smart and Skilled: NSW Quality Framework, p8 (PDF)</p>