

# Skills Tasmania Policy Statement:

## Tasmanian Training Subsidy Policy

### Intent

The Department of State Growth (Skills Tasmania) is responsible for subsidising VET in Tasmania.

The Tasmanian training subsidy rate is a representation of the broader public benefits of training as well as the benefits to individuals. The subsidy is informed by available funding, Ministerial Priorities and the objectives of the *Training and Workforce Development Act 2013*.

The training subsidy rate in Tasmania is based on the estimated average cost of delivering training to support the State's economic and social goals.

The balance of the costs of training reflected in fees charged by RTOs to learners or employers represent the private benefits of training either to the individual learner or to the employer.

### Scope

This policy applies to Skills Tasmania's existing funding programs, new programs, and responses to ad hoc requests.

This policy does not apply to funding under the Deed of Purchasing Arrangement with TasTAFE.

### Policy Statement

Skills Tasmania subsidises training to encourage greater levels of training than would occur without government support. The level of the subsidy is guided by the beneficiary pays principle.

## Implementation

Whenever possible, the efficient cost forms the basis of the subsidy offered by Skills Tasmania for training and assessment services in Tasmania. Where greater public value can be achieved through competitive programs, the efficient cost is used as a benchmarking tool to aide in the assessment process.

### *Efficient Cost*

In 2018 Skills Tasmania engaged KPMG to determine the average cost per nominal hour to deliver training in Tasmania by private registered training organisations (RTOs). That study determined the cost per nominal hour to be \$7. The base cost of \$7 per nominal training hour is an average cost across all qualification types. A weighting is applied to adjust this figure to accommodate the range of high and low cost qualifications offered in Tasmania. These weightings have been developed by the National Centre for Vocational Education Research (NCVER) and depend on the qualification's Field of Education (FoED).

The total efficient cost of a qualification is calculated using the nationally agreed estimates for nominal hours of training delivery contained in the relevant qualification purchasing guide, as developed by the Victorian Government. The basic formula for deriving the total efficient cost of a qualification can be expressed as follows:

$$\text{Efficient Cost} = \$7 * \text{FoED Weight} * \text{Nominal Hours}$$

### *Subsidy Level*

Public benefits are expected to be higher for lower level qualifications, such as Certificate I, II and III, which incorporate more generalist skills.

Currently, Skills Tasmania subsidises training and assessment costs at the rates outlined in the table below.

Australian Qualifications Framework (AQF) level	Tasmanian subsidy
Certificate I and II	95%
Certificate III	95%
Certificate IV (delivered by an apprenticeship/traineeship)	95%
Certificate IV	75%
Diploma	65%
Advanced Diploma	65%

### *Implementation*

The efficient cost should be used to determine the subsidy paid by programs where Skills Tasmania sets the subsidy. For programs that are competitive, where applications are assessed with reference to each other, the efficient cost should be used as a benchmarking tool.

### ***Employer Contribution***

Where Skills Tasmania requires an employer contribution to the costs of employer demanded training, the subsidy rate increases as the capacity of the employer to fund the training decreases.

Skills Tasmania subsidises employer demanded training at the rates outlined in the table below, based on the size of employer:

<b>Business Size</b>	<b>Tasmanian subsidy (when employer contribution required)</b>
Government Business Enterprises, State Owned Companies & Local Government	40%
> 1000 FTEs	50%
200-999 FTEs and Not-for-profit organisations who have an FTE >1000	70%
20-199 FTEs	80%
1-19 staff FTEs	90%

### *Implementation*

The subsidy applies to the estimated efficient cost or the full cost of training identified in the application for funding.

### ***Loadings***

Skills Tasmania recognises that the costs to deliver training for some learners can be higher than the efficient cost. To support equitable access to training and assessment services, Skills Tasmania pays loadings that are in addition to its training subsidy.

Where appropriate, Skills Tasmania pays loadings as follows:

<b>Identified Cohort</b>	<b>Additional Subsidy</b>
Long term unemployed (unemployed for 12 months or more).	30%
Learners with a physical or learning disability	Up to 100% for Certificate I Up to 30% for Certificate II and above

Identified Cohort	Additional Subsidy
Learners with English as a second language or Migrant background	10%
Regional delivery <ol style="list-style-type: none"> <li>1. all of the East Coast</li> <li>2. all of the West Coast</li> <li>3. North West: 15km+ from Burnie and Devonport</li> <li>4. North/North East: 25km+ from Launceston</li> <li>5. Southern Regions: 25km+ from Hobart</li> </ol>	\$1,400

### *Implementation*

The loadings above should be used as a benchmarking tool for all programs where RTOs are seeking funding that exceeds the other benchmarking tools for learners in these identified cohorts.

## Exceptions

Exceptions are to be approved by General Manager Skills Tasmania.

It is accepted that the model may not accurately reflect efficient cost where there are a limited numbers of RTOs that deliver a qualification (often combined with a small number of students). This is because providers are unlikely to have responded to the survey and there would be a very small sample size if they did. In these instances a higher subsidy rate can be considered as a once off.

It is accepted that the Tasmanian estimated efficient cost may not be reflective of the cost to deliver training in other states. In these instances, a benchmark subsidy rate should be considered in line with the RTOs home jurisdiction as a once off.

There are currently a number of exceptions to the policy outlined above.

One is the Certificate IV in Training and Assessment full qualifications that subsidises at 150% of the estimated efficient cost in order to incentivise activity to meet trainer and assessor shortages.

## Definitions

Subsidy                      The level of government contribution to the cost of training and assessment services

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**Contact:** General Manager, Workforce Training and Development  
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