

Skills Tasmania Policy Statement

Tasmanian Training Subsidy Policy

Purpose

- The Tasmanian Training Subsidy Policy (the Policy) specifies how Government Subsidy Amounts for Registered Training Organisations (RTOs) to deliver vocational education and training services are calculated and applied. The Government Subsidy Amounts offer a reference point for RTOs to apply for funding for training and assessment through competitive grant programs offered by the Department of State Growth (Skills Tasmania).

Intent

- The Department of State Growth, through Skills Tasmania, is responsible for subsidising vocational education and training in Tasmania to reduce the cost to learners and employers for the services provided by RTOs. The Policy sets out how Government subsidies are calculated and applied.
- The Policy is for use by Skills Tasmania and for reference by RTOs applying for funding in contestable grant programs.
- The Policy is influenced by Ministerial Priorities for the Training and Workforce Development System, and the objectives of the *Training and Workforce Development Act 2013*.
- The Government subsidy is based on an estimate of the average cost of delivering training in Tasmania and is intended to contribute only a portion of the cost of training and assessment. It is expected the employer and learner also both benefit from the training and should contribute through learner and/or employer fees charged by RTOs.

Scope

- This Policy applies to Skills Tasmania's existing contestable funding programs, new programs, and ad hoc training funding where relevant.
- 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, to deliver on the needs of the economy and to support Tasmanians into training. The total cost of training and assessment is expected to be met by the Government subsidy plus contributions from learners and/or employers

Definitions

Nominal hours – The number of nominal hours for a particular qualification is based on the estimates identified in the Victorian training package purchasing guides.

Field of Education weightings – The National Centre for Vocational Education Research (NCVER) has identified that a qualification's Field of Education (FoED) impacts the cost of delivery and has set weightings for each FoED.

Estimated cost components:

Estimated Average Cost per Nominal Hour – forms the basis of the subsidy towards training and assessment services in Tasmania. It is based on the estimated cost to deliver one nominal hour of training¹. The current estimated cost is \$7.50 per nominal hour of training.

Estimated FoED Cost – is the Estimated Average Cost adjusted by FoED weightings and multiplied by the Nominal Hours for the qualification/units. It is expressed as a total cost value (\$) for the qualification/units.

Loadings – are added to the Estimated Cost to reflect the additional cost to deliver training and assessment for particular learner characteristics or in regional areas.

Government Subsidy Rate – is determined by the learner cohort (apprentice and trainee, jobseeker or existing worker). The variables on which the government subsidy rate is calculated vary depending on the learner cohort. For jobseekers and apprentices and trainees, the Australian Qualifications Framework (AQF) level of the qualification or unit (for skill sets) determines the Government Subsidy Rate. For existing workers, the size of employer determines the Government Subsidy Rate. This is expressed as a percentage contribution (%).

Government Subsidy Amount – is the total amount (\$) that the Government will pay for the training and assessment services per learner.

Jobseeker – definitions of jobseekers will be provided as part of grant program guidelines, but for the purposes of this policy, jobseekers include: 1. individuals out of work; 2. individuals who are underemployed, defined as employed people who would prefer, and are available for, more hours of work than they currently have, including part-time workers; or 3. individuals looking to upskill or gain new skills outside of their current employment.

How to use the Subsidy Policy

The following process is to be used to determine Government Subsidy Amounts payable through contestable grant programs that fund training and assessment services.

When RTOs apply for funding under a Skills Tasmania grant program, they may be provided with a calculator or spreadsheet which calculates the Government Subsidy Amount automatically. This Policy document explains how these calculations are made.

Step 1: Determine the Estimated FoED Cost

The formula for calculating the Estimated FoED Cost for a qualification is:

$$\text{FoED Cost (\$) per learner} = \text{Estimated Average Cost per Nominal Hour (\$7.50)} \times \text{FoED Weighting} \times \text{Nominal Hours for qualification, skill sets or units.}$$

¹ The estimated average cost per nominal hour of training was originally determined in 2018 by a study by KPMG and a CPI adjustment in 2023.

For example, Cert III in Individual Support has FoED weighing of 0.88, and nominal hours of 927
 $\$7.50 \times 0.88 \times 927 = \$6,118.20$ per learner

Step 2: Apply any loadings for particular learner characteristics

Skills Tasmania supports equitable access to training and assessment services and recognises that the cost to deliver training and assessment can vary based on learner characteristics.

Applying loadings requires the RTO to know the characteristics of the learners they are proposing to deliver training and assessment services to.

Applicable loadings are added to the Estimated FoED Cost prior to determining the Government Subsidy Rate. Loadings apply for the cohorts or characteristics in Table I below. An individual learner may attract multiple loadings.

Table I: Loadings for particular learner characteristics

Cohort / Learners with these characteristics	Loading (applied to Estimated FoED Cost)
<p>Long Term Unemployed</p> <p>Learners who have been unemployed for 12 months or more.</p>	<p>Up to 30% per learner</p>
<p>Learners with a physical, mental, cognitive, or developmental condition that impairs, interferes with, or limits their ability to engage in certain tasks or actions or participate in typical daily activities and interactions.</p>	<p>Up to 100% for Certificate I per learner Up to 30% for Certificate II and above per learner</p>
<p>English is an Additional Language or Dialect for learners whose home language is a language or dialect other than Standard Australian English and who require additional support to develop proficiency in spoken and written English used in Australia.</p> <p>These may include:</p> <ul style="list-style-type: none"> • Aboriginal and Torres Strait Islander learners • learners from migrant, refugee or humanitarian backgrounds from non-English speaking countries • learners from non-English speaking countries • learners with English as a second or additional language 	<p>Up to 10% per learner</p>
<p>Regional delivery – In recognition of the increased costs for training providers to deliver in rural and regional areas, the following loadings apply.</p> <ol style="list-style-type: none"> 1. delivery on the East Coast of Tasmania 2. delivery on the West Coast of Tasmania 3. delivery on the North West: more than 15km from Burnie or Devonport 4. delivery in the North/North East: more than 25km from Launceston 5. delivery in Southern Regions: more than 25km from Hobart 	<p>Up to \$1,400 per learner for regional delivery</p>

The total **Estimated Cost** (including Loadings) is therefore calculated as follows:

$$\text{Estimated Cost (including Loadings) (\$)} = \text{Estimated FoED cost} \times (\text{Loading (1)} + \text{Loading (2)} \dots)$$

Note that the loadings are either expressed as a percentage (for example, learners experiencing disability) or a dollar amount (for example, regional delivery). If no loadings apply, the Estimated FoED cost is multiplied by 1. If more than one loading applies, these are added together.

Step 3: Use Learner cohorts to determine the Government Subsidy Rate

The Skills Tasmania Government Subsidy is only one contribution towards the total cost of training and assessment services. Employers and learners may also be required to contribute to the cost. Different contributions are required depending on the learner cohort.

Learner cohort	Government Subsidy Rate
Jobseeker	Government Subsidy based on AQF level of training
Apprentice and Trainee	Government Subsidy based on AQF level of training
Existing worker (funded under Building a Skilled Workforce)	Government Subsidy based on Employer size

Jobseeker Subsidy Rate

Where training supports jobseeker learners, applications will be referenced against a Government Subsidy Rate that is based on the AQF level of training, in recognition that generalist skills developed in Certificate III or lower qualifications provide greater benefit to the Tasmanian community. The government contribution to Certificate levels I to III is therefore greater than for other AQF levels that may primarily benefit the individual. Government Subsidy Rates for different AQF levels are outlined in the table below.

Australian Qualifications Framework (AQF) Level	Government Subsidy Rate - Jobseeker (after loadings)
Certificate I, II and III	95%
Certificate IV	75%
Diploma	65%
Advanced Diploma	65%

Apprentice and Trainee Subsidy Rates

For apprentices and trainees, the Government Subsidy Rate is based on the AQF level of training in recognition that generalist skills developed in lower-level qualifications provide greater benefit to the Tasmanian community. The government contribution to Certificate levels I to IV is therefore greater than for other AQF levels that may primarily benefit the individual. Government Subsidy Rates for different AQF levels are outlined in the table below.

Australian Qualifications Framework (AQF) Level	Government Subsidy Rate Apprentice/Trainee <i>(after loadings)</i>
Certificate I, II, III and IV	95%
Diploma	65%
Advanced Diploma	65%

Existing Worker Subsidy Rates

For training for existing workers that primarily benefits the employer, an employer contribution is required. The government contribution decreases as the business size increases, based on the number of Full Time Equivalent (FTE) employees.

Business Size	Government Subsidy Rate – Existing Worker <i>(after loadings)</i>	Employer Contribution Rate <i>(after loadings)</i>
Government Business Enterprises, State Owned Companies and Local Government	40%	60%
Business with over 1000 FTE employees	50%	50%
Business with between 200 and 999 FTE staff and Not-for-profit organisations with fewer than 1000 FTE staff	70%	30%
Business with between 20 and 199 FTE staff	80%	20%
Business with between 1 and 19 FTEs	90%	10%

Step 4: Calculate the Government Subsidy Amount

The final Government Subsidy Amount is therefore calculated as follows:

$$\text{Government Subsidy Amount (\$)} = \text{Estimated Cost (including Loadings) (\$)} \times \text{Government Subsidy Rate (\%)}$$

Requesting higher than the Government Subsidy Amount

Under Skills Tasmania's contestable grant programs for training and assessment, the guidelines will specify if RTOs are permitted to apply for funding amounts higher than the standard Government Subsidy Amount (outlined in this policy). Where RTOs are able to apply for higher funding amounts, the Government Subsidy Amount will be used as a comparative benchmark when assessing value for money or other relevant criteria.

In limited instances, a higher subsidy may be considered, such as when:

- the training is critical to the Tasmanian economy and community and Skills Tasmania has determined to increase the subsidy beyond that of similar. For example, Diploma of Nursing uses a 95% subsidy rate rather than the standard 65% for diplomas.
- an RTO from another State or Territory is proposing to deliver high priority training and assessment services in Tasmania.

To apply for a higher subsidy, contact the relevant grant program manager. Exceptions are approved by Director Policy and Programs.

Acronyms

RTO – Registered Training Organisation

FTE – Full Time Equivalent staff (expressed as a number)

AQF – Australian Qualifications Framework

NCVER - National Centre for Vocational Education Research

Owner: Policy and Programs, Skills Tasmania

Contact: Manager Policy and Intergovernmental

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