

Skills Tasmania Policy Statement

Subsidy Policy (What we pay for training)

Policy Objective

To outline how the Tasmanian Government calculates and applies subsidies for the delivery of training, assessment and support services by Registered Training Organisations (RTOs).

Background

The Department of State Growth (Skills Tasmania) invests in nationally recognised Vocational Education and Training (VET) to support economic and community outcomes, aligned with Tasmanian Government priorities and industry needs.

This policy statement forms part of the Tasmanian Government's funding framework for the training and workforce development system. Ensuring value for money and maximising public benefit are central principles of the funding framework.

The Government Subsidy Amount is based on an estimate of the average cost of delivering training, assessment and support services in Tasmania. It is determined using a standard methodology, to ensure consistent subsidy amounts are offered for comparable training.

The Government Subsidy Amount contributes only a portion of the total cost of training and assessment services. Employers and learners also benefit from the training and may need to contribute to training delivery costs by paying learner and/or employer fees to the RTO.

Scope

This policy statement is for use by Skills Tasmania and for reference by RTOs applying for funding.

TasTAFE is expected to consider this policy when it determines its learner fees for training, assessment and support services provided under its Deed of Purchasing Arrangement with the Department of State Growth.

Policy Statement

Skills Tasmania subsidises training, assessment and support services to reduce the cost to learners and employers for the services provided by RTOs. This encourages greater levels of participation in training than would occur without government support.

The actual cost of training and assessment services is expected to be met by the Government Subsidy Amount plus contributions from learners and/or employers. There may be occasions where Skills Tasmania requires RTOs to deliver training, assessment and support services at no cost to learners and/or employers. Where this is the case, it will be clearly stated in the relevant program guidelines. In all other cases, RTOs determine their own learner and/or employer fees.

How to use the Subsidy Policy

Step 1: Determine the Estimated Cost of Delivery (benchmark cost per learner)

Independent analysis identified that delivery of VET to Tasmanian learners, on average, costs an RTO \$7.50 per nominal hour. A Field of Education weighting is then applied to recognise the cost disparity of delivering within different industries. This is then multiplied by the relevant nominal hours.

The formula for calculating the Estimated Cost of Delivery for a qualification is:

Estimated Cost (\$) of Delivery per learner = Estimated Average Cost per Nominal Hour (\$7.50) x FoED Weighting x Nominal Hours for qualification, skill set or unit

For example, CHC33021 Certificate III in Individual Support has FoED weighting of 0.88, and nominal hours of 927

$\$7.50 \times 0.88 \times 927 = \$6,118$ (benchmark cost) per learner

Step 2: Calculate the Government Subsidy Amount

The Skills Tasmania Government Subsidy Amount is only one contribution towards the total cost of training. Employers and learners may also need to contribute to cover the full cost of delivery by the RTO.

A. Base Government subsidy rate

The Government applies a base subsidy rate as the standard contribution across all supported training products.

Government subsidy rate	80%
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B. Apply learner cohort loadings

For some learner cohorts, RTOs may experience higher costs to effectively support that cohort access and complete training. In other cases, there is high public benefit from the Government supporting that cohort to participate and complete training. Learner cohort loadings recognise these factors and are added onto the base Government subsidy rate.

It is expected that RTOs pass-through the benefits of these loadings by reducing any fees or charges for eligible learners by a comparable amount.

To meet compliance requirements, RTOs receiving a learner cohort loading must report the corresponding learner cohort data element in their AVETMISS data submission. AVETMISS learner cohort data elements for each loading type are described in the RTO Standard Conditions Manual.

Learner cohort loading type	Loading
Job seeker	20%
Apprentice and trainee	20%
Aboriginal people	20%
Culturally and Linguistically Diverse (CALD)	20%
Disability	20%
Existing worker, small business (1-19 employees)	10%

The Government Subsidy Amount is therefore calculated as follows:

Government Subsidy Amount: including learner cohort loadings

Government Subsidy Amount (\$) per learner = Estimated Cost (\$) of Delivery per learner x (Government subsidy rate (%) + Loadings)

For example, CHC33021 Certificate III in Individual Support and learner does not attract any loadings

\$6,118 x (0.8 + 0) = \$4,894 Government Subsidy Amount

Or

CHC33021 Certificate III in Individual Support for a Job Seeker, who is a CALD learner

\$6,118 x (0.8 + 0.2 + 0.2) = \$7,341 Government Subsidy Amount

C. Apply the RTO location loading

If the RTO is eligible for a location loading, in accordance with the Location Loading Policy Statement, the following loading is applied:

- Up to \$1,000 per learner for a full qualification
- Up to \$200 per learner for a multi-unit skill set

The location loading is in addition to the Government Subsidy Amount.

Government Subsidy Amount: including learner cohort loadings and location loading

For example, CHC33021 Cert III in Individual Support where the RTO delivers the training and assessment services in Break O'Day LGA

\$4,894 (Government subsidy amount) + \$1,000 = \$5,894

Or

CHC33012 Certificate III in Individual Support for a Job Seeker, who is a CALD learner where the RTO delivers the training in Break O'Day LGA

$$(\$6,118 \times (0.8 + 0.2 + 0.2)) + \$1,000 = \$8,341$$

Exceptions

In limited instances a higher Government Subsidy Amount may be considered, such as when:

- the training is critical to the Tasmanian economy and community and can only be delivered by an RTO from another State or Territory
- the training is critical to the Tasmanian economy and community and there is considerable evidence that demonstrates an RTO's standard delivery costs are substantially above the Government's Estimated Cost of Delivery.

As the Government Subsidy Amount is only a contribution to the cost of training delivery, RTOs seeking a higher Amount may need to demonstrate reasonable private contributions towards the cost of training delivery.

All exceptions must be supported with evidence and be approved by the Director Purchasing Policy and Programs, Skills Tasmania.

Definitions

Nominal hours – a funding mechanism used to calculate the benchmark cost of training, assessment and support service delivery. Nominal hours are not intended to establish course length. Tasmania uses estimates identified in the Victorian training package purchasing guide. Actual delivery hours for a learner to achieve the training outcome may be higher or lower. Nominal hours does not usually include time spent by a learner undertaking unsupervised individual activities.

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

Estimated Average Cost per Nominal Hour – the estimated average cost, across Tasmania's training system, to deliver one nominal hour of training. The current estimated cost is \$7.50 per nominal hour of training.

Estimated Cost of Delivery (benchmark cost per learner) – this is the estimated cost of delivery, without considering the Base Government Subsidy Rate and loadings.

Government Subsidy Amount – the total amount (\$) that the Government will contribute towards the cost of training, assessment and support services per learner. This includes the Base Government Subsidy Rate and relevant loadings.

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