

Smart and Skilled

SMART AND SKILLED UPDATE – NO. 221 - 224

February 2024

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1. SMART AND SKILLED: PERFORMANCE-BASED CONTRACTING FOR FY23-24 ACTIVITY PERIOD

a. Overview

Performance-based contracting within Smart and Skilled (S&S) allows the Department to measure quality and performance to promote high quality training outcomes and a student-centred, government-funded VET system. Student outcomes inform contracting and funding decisions made by the Department and providers are encouraged to continuously improve and strengthen their outcomes for their students.

The [NSW Quality Framework](#) acts as a foundational guideline to assess the performance of providers and highlight practical steps your organisation can take to improve the student experience and outcomes.

b. Performance Assessment

The Department assesses eligible providers on their student outcomes data which is taken from the NSW Student Outcomes Survey (SOS) and S&S enrolment data, resulting in a performance score and a classification.

For 2023-24, the Department has used the same methodology as used in 2022, which is outlined below.

Please note that providers who deliver part qualifications only, new providers and High Performing Providers (HPPs) are not included in the assessment process for 2023-24.

i. Student Outcomes Indicator Scores

Providers are scored on seven (7) student outcomes indicators:

Student Outcome Indicator	Data source
Personal Benefit	NSW SOS 2022
Employment Benefit	NSW SOS 2022
Achieved Main Reason	NSW SOS 2022
Training Relevance	NSW SOS 2022
Satisfaction	NSW SOS 2022
Overall non-dropout rate	S&S enrolment data (2021)
Disadvantaged non-dropout rate	S&S enrolment data (2021)

In order for any student outcome indicator to be scored fairly and accurately, there must be a minimum of 20 responses received. Please note for this assessment, Entitlement Foundation Skills (EFS) students' responses for employment benefit and training relevance have not been included.

ii. Calculating an Overall Performance Score

To calculate an overall performance score (out of 100), providers are scored in peer groups where they are assessed on how well they perform in comparison to their most similar providers. If a provider performs well in comparison to their peer group, they will receive a better overall score.

Provider similarity is based on the following 10 attributes;

- Size of provider (provider's total VET activity)
- Location (location of training delivery i.e., Sydney vs Regional)
- Field of education
- Program (based on SAS program streams)
- Proportion of students from disadvantaged cohorts
- Age group
- Gender
- Country of birth
- LOTE (Language Other Than English)
- SEIFA (Socio-Economic Indexes for Areas)

To receive an overall performance score, a provider must be scored on a minimum of four (4) student outcome indicators.

iii. Classifications

Based on their performance score, providers will be given a classification. Each provider with sufficient data will receive one of the following classifications;

- High Scoring
- Satisfactory
- Low Performing

Providers with insufficient data will be classified as 'Deemed Satisfactory'.

iv. Other Considerations

The assessment will consider a providers' contract compliance. Current and past compliance issues may have an impact on a provider's final classification.

Furthermore, as the survey was sent to students in VET during 2021, a period impacted by COVID, the Department conducted a COVID impact assessment which was considered in the assessment of highly impacted providers.

c. Sharing Student Outcome Data with Providers and Students

The Department will be sharing with eligible providers their classification and performance score via a '**Performance Classification**' letter in November 2023. Additionally, the Department will give more detailed information on seven (7) student outcomes indicator scores via a '**VET Student Outcomes Snapshot 2022**' before the end of 2023.

Although the Snapshots will not be published, three (3) of the seven indicators (employment benefit, satisfaction and non-drop-out rate) will appear publicly on the Skills Compare tool on the [Skills NSW website](#). This is to help students to make informed decisions for their training needs.

After the Snapshots have been received, your organisation will have an opportunity to review the updated scores before the information is published on Skills Compare.

d. High Performing Provider Application

The Department will not be immediately inviting providers that are classified as 'High Scoring' in this latest performance assessment to apply for a High Performing Provider (HPP) contract and providers will remain on a standard contract. Existing HPPs are not impacted. This will allow the Department to review performance-based contracting arrangements and HPP application approaches before moving forward with further steps in the process.

The intention of performance-based contracting is to be an incentive to providers to pursue continuous improvement and high-quality practices. The Department remains committed to these goals and will engage with providers and obtain feedback during the review process.

2. NSW FEE FREE

On Thursday 23 November 2023, Minister Whan announced the extension of the Fee Free TAFE initiative in NSW (also known as NSW Fee Free) for a further three years.

The extension will deliver 147,400 fee free places from 1 January 2024 to 30 December 2026.

Details of the arrangements for the first six months of 2024, i.e. January to June 2024 (NFF Jan – June 2024), are detailed below. The arrangements for the remaining two and a half years to the end of December 2026 will be announced by the end of the first quarter of 2024.

Implementing the new funding arrangements shifts NSW Fee Free from 120,000 places in 2023, to 147,400 over three years. For the first six months of 2024, there is a new set of eligible courses that align with national and state priorities and reflect the available places. Places are limited and have been split between TAFE NSW and all other Smart and Skilled providers.

a. NSW Fee Free arrangements for commencements occurring 1 January to 30 June 2024 (NFF Jan - June 2024)

Funding under NFF Jan - June 2024 is currently only for full qualifications.

i. Priority qualifications

- There are fewer priority qualifications available under NFF Jan - June 2024.
- There are 102 NFF Jan – June 2024 qualifications on the NSW Skills List v14.1.
- Please see below in **section 3.f** of this update for information about how these are identified on the NSW Skills List: <https://www.nsw.gov.au/education-and-training/resources/nsw-skills-list>
- Updates to Skills Compare <https://skills.education.nsw.gov.au/> reflecting these changes to NFF training will be made in the coming days.
- Only the 102 NFF Jan – June 2024 qualifications will be displayed with the NSW Fee Free label on the Skills Compare tool: <https://skills.education.nsw.gov.au/> once the site is updated.
- The qualifications predominantly map to Commonwealth government priority industry sectors:
 - Aged Care (critical priority) - this industry should be given precedence
 - Other Care Sectors (Early Childhood Disability, Health)
 - Hospitality and Tourism
 - Construction
 - Agriculture
 - Technology and Digital
 - Sovereign Capability (e.g., Manufacturing/Engineering and Defence).
- If there are any changes to the list of priority qualifications, we will advise you of these via a Smart and Skilled update.

ii. Smart and Skilled fee free arrangements continue

Apprenticeship and traineeship qualifications are not included and will continue to be fee free until 30 June 2024 via Fee Free Apprenticeships and Traineeships. Foundation Skills qualifications also continue to be fee free outside of NSW Fee Free.

iii. Student Eligibility and enrolment/commencement period

Smart and Skilled eligible students that enrol in a NFF Jan - June 2024 priority qualification between 13 November 2023 to the 30 June 2024 with a commencement date between 1 January 2024 to 30 June 2024 are eligible for a fee free place, subject to the availability of a training place and funding.

Places and funding are limited and if reached prior to 30 June 2024, then the NFF Jan - June 2024 fee waivers will be deactivated and no more NSW Fee Free places will be available for the remaining period to 30 June 2024.

Important: With this in mind, providers:

- **must make it clear to potential students that fee free places are limited and therefore a place is not guaranteed**
- should strive for equity of access to a fee free place and consider a cap on the number of NSW Fee Free places a student can access with your organisation.

The Department will be monitoring take up and budget and will advise providers if access to NSW Fee Free places will be turned off.

iv. Notification of Enrolment process

When undertaking the Notification of Enrolment, eligible students should be enrolled against one of the following waivers:

- W521: NFF Jan to June 2024 – General
- W522: NFF Jan to June 2024 – NSW Veterans
- W523: NFF Jan to June 2024 – NSW Veterans- Recognised Partners

v. Retrospective NFF Jan - June 2024 fee waivers

For eligible students that have already enrolled and for whom a CID has already been applied, a NFF Jan - June 2024 fee waiver will be applied.

Firstly, the Department will identify all eligible students and contact their providers to confirm they are still enrolled. The Department, following receipt of this confirmation and that any fees paid have been reimbursed, will then apply the fee waiver.

Where a Provider has charged and refunded fees, evidence of the reimbursement will be required before the waiver is applied.

vi. Students who meet Smart and Skilled fee-free category criteria

Smart and Skilled eligible students who meet the following fee free category criteria should not be enrolled under NFF. These students should be enrolled as per the usual Smart and Skilled fee exemption or fee waiver arrangements.

These categories of students are:

- An Aboriginal or Torres Strait Islander person
- A person with a disability
- A person who is the dependant of a person on a Disability Support pension
- A Fee Free Scholarship eligible student undertaking a qualification up to and including Certificate IV
 - Concession eligible aged between 15 to 30 years
 - A person aged between 15 to 30 years who is or was in Out of Home Care
 - A person who is experiencing or has experienced domestic and family violence or their dependant
- A refugee or asylum seeker on one of the specified visas listed in the *Smart and Skilled Fee Administration Policy* undertaking a qualification up to and including Certificate IV.

vii. Financial Caps

Whilst the Department finalises the outcomes of the financial review, providers must manage enrolments within current Financial Cap allocations. As the Department is unable to meet all of the requests for additional Financial Cap due to budget constraints, there is no guarantee that any particular Financial Cap will be increased. The Financial Caps will limit a provider's capacity to offer fee free places once the Financial Cap is fully committed.

Providers should plan their activity within their current Financial Cap.

The Fee Gaps paid to cover the student fees for students enrolled in eligible qualifications under this initiative are not covered by the Financial Cap. These are paid as additional subsidies. Only the Standard Subsidy is covered by the Financial Cap.

b. Close of NSW Fee Free 2023

NSW Fee Free for 2023 was due to end on 31 December 2023. However, due to strong uptake the target places have been reached and it is necessary to bring forward the end of this program.

Providers should not actively encourage additional enrolments above those already underway or bring forward planned commencements in 2024.

c. Further information

If you have any questions regarding NSW Fee Free, please get in touch with your Regional Provider Support Manager in your local Training Services NSW Regional Office or email Training Services NSW Customer Service & Operations via TSNSWCust.Service@det.nsw.edu.au.

3. FINANCIAL CAP REVIEW # 2 FOR 2023-24 - UPDATE

The Financial Cap review which commenced on 18 October 2023 was an opportunity for providers to give insights into training demand, activity and cap utilisation in response to the Department's assessment of performance against each Financial Cap. Based on Financial Cap usage and referencing identified benchmarks, providers were able to request to return unused financial caps, reduce excess financial caps, transfer financial caps, increase financial caps, and add new caps.

The end of JobTrainer has had a direct impact on Financial Cap allocations. The end of additional pandemic-related funding effectively limits the Department's capacity to increase Financial Caps or add new Financial Caps at this review and for the remainder of this Activity Period, compared to what was possible in recent years. In consideration of our changing budget environment, the Department is managing Financial Cap allocations very carefully to optimise the supply of training for skills in demand.

a. Assessment of Financial Cap Review

As per the Smart and Skilled Contract and the *Skills Delivery and Management Policy 2023-24*, in the event that the Department has identified that there is a high risk and likelihood that a provider will exceed a Financial Cap, the Department intends to stop any further enrolments for that Financial Cap. Further notification will be sent to affected Providers.

b. Financial Cap Adjustments

The Department is staging the variations to providers in the following order:

- Request to return Financial Cap(s)
- Transfer out
- Transfer in
- Increases and/or new Financial Cap(s)

i. Requests for Increased and/or New Financial Caps

- c. As the Department received substantially less Financial Cap returns, this will limit the reallocation of funds for increased and new Financial Cap requests. Providers who successfully requested increased or new Financial Caps will receive a further separate system generated email by mid December 2023. Ongoing Financial Cap Monitoring**

The Department will continue to monitor Financial Caps usage. A further review of enrolments and cap utilisation across all programs will take place in January-February 2024.

To ensure responsible budget management, the Department relies on Providers to operate within their Financial Caps.

d. Further adjustments for 2023-24 Activity Period

The *Skills Delivery and Management Policy* is currently being updated to inform providers about the ongoing process for requests to add qualifications, transfer Financial Caps and/or increase a Financial Cap.

4. NSW SKILLS LIST UPDATED – VERSION 14.1

The NSW Skills List, the Prices and Fees Schedule and the Pre-Qualified List have been updated to indicate the revised NSW Fee Free list.

These updates cover changes because of:

- New qualifications added to the Skills List and Prices and Fees Schedule
- Updates to a Training Package and accredited courses
- Updates to Vocational Training Orders (VTOs)
- Qualifications removed from the Pre-qualified List
- Updates to tags on the Skills List for Foundation Skills and NSW Fee Free qualifications.

The NSW Skills List and the Prices and Fees Schedule have been updated to reflect revisions to one (1) Training Package, Manufacturing and Engineering.

Version 14.1 of the NSW Skills List is now available at:

<https://www.nsw.gov.au/education-and-training/resources/nsw-skills-list>

a. Approved additions to the NSW Skills List

The outcomes of the 2023 Skills List addition application process have been approved. The Department received 59 eligible applications to add new qualifications which were assessed using the rigorous new review methodology outlined in the Skills List Management Policy v3.1.

i. Qualifications added to the Skills List

Table 1 lists nine (9) qualifications that have been added to the NSW Skills List for subsidised delivery under Smart and Skilled. These qualifications now appear on Version 14.1.

Smart and Skilled providers with a listed qualification on their scope of registration may now apply to add it to an existing Approved Qualifications Activity Schedule (AQAS) for the Entitlement Apprenticeships & Traineeships program. Approval to deliver the new qualifications remains at the Department's discretion.

The Department is working to revise the AQAS adjustment form to allow requests to add new qualifications to Entitlement Full Qualifications and Targeted Priorities Full Qualifications programs and will notify providers once that is available. Please also note that if approved to add new qualifications, you should expect to manage delivery of the additional qualifications within existing Financial Caps..

Table 1 - Qualifications added to the NSW Skills List

Qualification code	Qualification title	Available pathway(s)
AUR20320	Certificate II in Bicycle Mechanical Technology	Entitlement Full Qualifications, Entitlement Traineeships, School-based Traineeships
UET20321	Certificate II in ESI - Powerline Vegetation Control	Entitlement Full Qualifications, Entitlement Traineeships
CPP20218	Certificate II in Security Operations	Entitlement Full Qualifications
UET20422	Certificate II in Transmission Line Construction	Entitlement Full Qualifications, Entitlement Traineeships
11120NAT	Certificate III in Mentoring Aboriginal and/or Torres Strait Islander People	Entitlement Full Qualifications
PUA30719	Certificate III in Public Safety (Firefighting Operations)	Entitlement Full Qualifications
CUA31120	Certificate III in Visual Arts	Entitlement Full Qualifications, Entitlement Traineeships
11037NAT	Certificate IV in Aboriginal and Torres Strait Islander Research Theory and Practice	Targeted Priorities Full Qualifications
10966NAT	Certificate IV in End of Life Doula Services	Targeted Priorities Full Qualifications

ii. Qualifications approved for addition pending eligible Smart and Skilled provider

Table 2 lists two (2) qualifications that are approved to be added to the NSW Skills List once a Smart and Skilled provider has added them to their NSW scope of registration. These do not appear on Version 14.1 of the NSW Skills List.

Table 2 - Approved additions pending available Smart and Skilled provider

Qualification code	Qualification title	Available pathway(s)
RGR40619	Certificate IV in Horse Breeding	Targeted Priorities Full Qualifications
MSS40122	Certificate IV in Sustainable Operations	Targeted Priorities Full Qualifications

iii. Qualification approved for re-addition pending available Smart and Skilled provider

Table 3 identifies one (1) qualification that is approved to be re-added to the Skills List from the Pre-qualified List once a Smart and Skilled provider has added it to their NSW scope of registration. It does not appear on Version 14.1 of the NSW Skills List.

Table 3 - Qualification approved for re-addition pending available Smart and Skilled provider

Qualification code	Qualification title	Available pathway(s)
MAR30220	Certificate III in Maritime Operations (Integrated Rating)	Entitlement Full Qualifications, Entitlement Traineeships

b. Accredited course replaced by a training package qualification

Table 4 shows an accredited course that is replaced by a training package qualification on the NSW Skills List.

Table 4 - Accredited course replaced by a training package qualification

Previous code	Previous title	Current code	Replacement title
22460VIC	Diploma of Applied Technologies	MEM50822	Diploma of Applied Technologies

c. Accredited courses replaced on the NSW Skills List

Table 5 lists the accredited courses that replace an expired accredited course on the NSW Skills List.

Table 5 - Replacement accredited courses

Previous code	Previous title	Current code	Replacement title
10761NAT	Diploma in Aboriginal Studies for Professional and Community Development	11222NAT	Diploma in Aboriginal Studies for Professional Practice
10768NAT	Certificate IV in English for Academic Purposes	11223NAT	Certificate IV in English for Academic Purposes
10769NAT	Certificate III in Pathways to Further Study	11224NAT	Certificate III in Pathways to Further Study

d. VTO changes affecting the NSW Skills List

Following updates to NSW Vocational Training Orders, a number of superseding qualifications detailed in previous Smart and Skilled Updates can now be delivered via apprenticeship or traineeship pathways under Smart and Skilled. These qualifications are shown in **Table 6** below.

Table 6 - VTO changes affecting superseding qualifications from previous Smart and Skilled Updates

Qualification code	Qualification title	Available pathway
AHC20122	Certificate II in Agriculture	Traineeship
AHC20422	Certificate II in Horticulture	Traineeship
AHC30122	Certificate III in Agriculture	Traineeship
AHC30422	Certificate III in Pork Production	Traineeship
AHC30522	Certificate III in Poultry Production	Traineeship
AHC30722	Certificate III in Horticulture	Traineeship
AHC31522	Certificate III in On Country Management	Traineeship
AHC32822	Certificate III in Rural Operations	Traineeship
AHC40122	Certificate IV in Agriculture	Traineeship
AHC40422	Certificate IV in Horticulture	Traineeship
AMP30322	Certificate III in Meat Safety Inspection	Traineeship
AMP30622	Certificate III in Meat Processing	Traineeship
AMP40222	Certificate IV in Meat Processing	Traineeship
AMP40522	Certificate IV in Meat Safety Inspection	Traineeship
FWP30622	Certificate III in Timber Building Products Supply	Traineeship

Qualification code	Qualification title	Available pathway
MEA40922	Certificate IV in Aircraft Surface Finishing	Apprenticeship
MEM30422	Certificate III in Engineering - Electronic Trade	Apprenticeship, School Based Apprenticeship
MEM30522	Certificate III in Engineering - Technical	Traineeship
MEM31322	Certificate III in Refrigeration and Air Conditioning	Apprenticeship, School Based Apprenticeship
MEM31922	Certificate III in Engineering - Fabrication Trade	Apprenticeship, School Based Apprenticeship
MEM40119	Certificate IV in Engineering	Apprenticeship
MEM40422	Certificate IV in Engineering Drafting	Traineeship
MEM50119	Diploma of Engineering - Advanced Trade	Apprenticeship
MEM60122	Advanced Diploma of Engineering	Traineeship
MSF20122	Certificate II in Furnishing	Traineeship, School Based Traineeship
MSF20322	Certificate II in Cabinet Making and Timber Technology	Traineeship
MSF30213	Certificate III in Furniture Making	Traineeship deleted
MSF30822	Certificate III in Flooring Technology	Apprenticeship, School Based Apprenticeship
MSF40222	Certificate IV in Furniture Design and Manufacturing	Traineeship
MSM31122	Certificate III in Recreational Vehicle Manufacturing	Traineeship
MSS30322	Certificate III in Competitive Systems and Practices	Traineeship
MSS40322	Certificate IV in Competitive Systems and Practices	Traineeship
MSS50222	Diploma of Environmental Monitoring and Technology	Traineeship
MST20722	Certificate II in Apparel, Fashion and Textiles	Traineeship, School Based Traineeship
MST30222	Certificate III in Manufactured Textile Products	Apprenticeship

Qualification code	Qualification title	Available pathway
MST30622	Certificate III in Laundry Operations	Traineeship
MST30922	Certificate III in Dry Cleaning Operations	Traineeship
MST31022	Certificate III in Apparel, Fashion and Textiles	Traineeship
UEE41223	Certificate IV in Rail Signalling	Apprenticeship
UEE43322	Certificate IV in Electrical - Renewable Energy	Traineeship

e. Qualifications removed from the Pre-qualified List

Qualifications on the Skills List that have no or very low training activity but where demand is expected to rise in the future may be added to the Pre-qualified list and can return to the Skills List if demand increases. Qualifications stay on the pre-qualified list for a period of three years. If there have been no requests to re-add the qualification to the Skills List in that time, the qualification is removed from the Pre-qualified list.

Table 7 lists 16 qualifications that have been removed from the Pre-qualified List.

Table 7 - Qualifications removed from the Pre-qualified List

Qualification code	Qualification title	Reason
CUA20320	Certificate II in Aboriginal and/or Torres Strait Islander Cultural Arts Industry Work	Expired
CUA50620	Diploma of Aboriginal and/or Torres Strait Islander Cultural Arts Industry Work	Expired
FBP40117	Certificate IV in Flour Milling	Deleted from Training Package
FWP20216	Certificate II in Harvesting and Haulage	Superseded by FWP20122 – on Skills List
FWP30516	Certificate III in Timber Manufactured Products	Superseded by FWP30322 – on Skills List
HLT50121	Diploma of Aboriginal and/or Torres Strait Islander Primary Health Care Practice	Expired
HLT50221	Diploma of Aboriginal and/or Torres Strait Islander Primary Health Care Management	Expired
ICT51015	Diploma of Telecommunications Engineering	Superseded by ICT50220 – on Skills List
LMT30307	Certificate III in Cotton Ginning	Deleted from Training Package
MSF30613	Certificate III in Soft Furnishing	Deleted from Training Package
MSF40422	Certificate IV in Glass and Glazing	Expired

Qualification code	Qualification title	Reason
MST20116 MST20216	Certificate II in TCF Production Support Certificate II in TCF Production Operations	Superseded by MST20722 – on Skills List
PSP50822	Diploma of Translating	Expired
SFI20219	Certificate II in Fishing Operations	Expired

i. NFF Jan – June 2024

Qualifications available under the NSW Fee Free initiative for commencements from 1 January to 30 June 2024 are tagged as 'NFF-Jan-Jun-24'.

Qualifications that are no longer eligible for enrolments under NSW Fee Free after 11 December 2023 remain tagged as 'NFF' on Skills List Version 14.0. They are no longer tagged on Skills List Version 14.1.

ii. Foundation Skills qualifications

From 1 July 2023 Foundation Skills courses are included under the Entitlement Full Qualifications program stream. These courses remain fee free and are now tagged under the 'Additional Arrangements' column with the code 'FS'.

5. LAUNCH OF THE SMART AND SKILLED PROVIDER SELF-ASSESSMENT TOOL

To assist Providers to understand and meet the expectations and obligations of the Smart and Skilled contract, the Department has developed a Provider Self-Assessment Tool.

The Provider Self-Assessment Tool will deliver the following key benefits:

- focus Provider attention on specific Smart and Skilled requirements
- encourage Providers to identify areas for improvement
- assist Providers to develop a plan to complete improvement actions
- assist the Department in further understanding Provider issues for the purpose of developing and delivering further educational support

support a culture of self-assurance that will help Providers achieve quality outcomes for students and employers