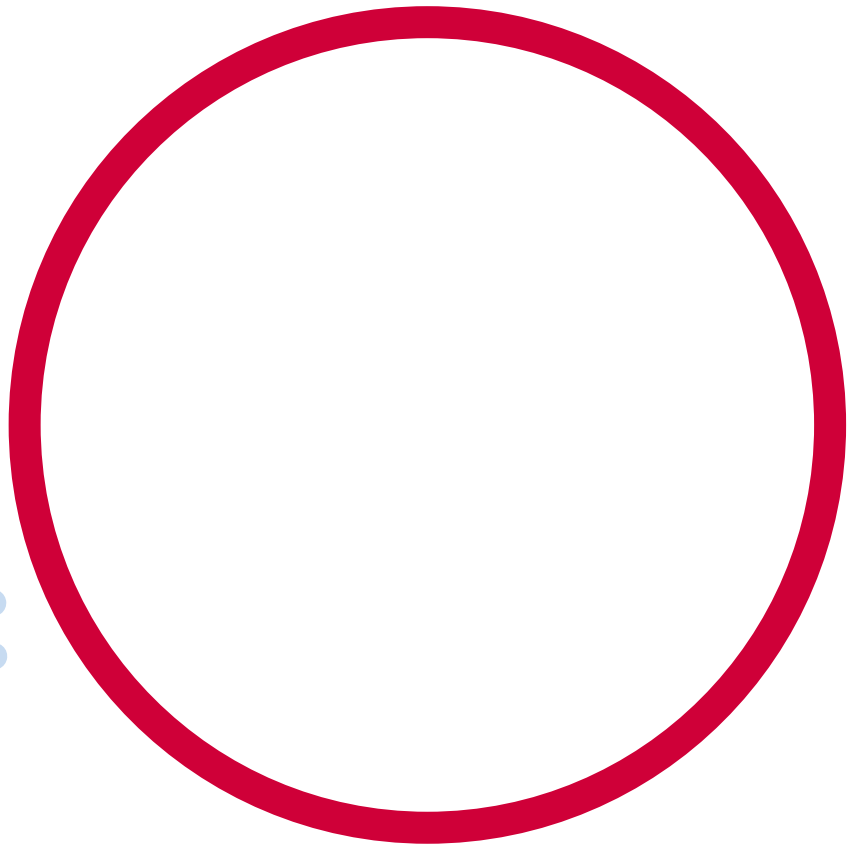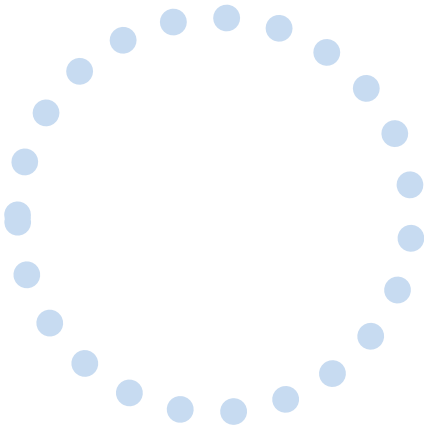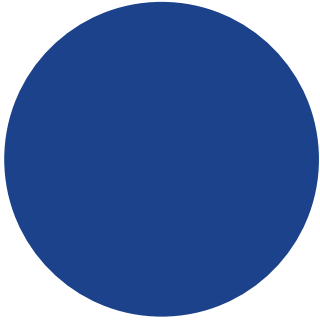# NSW Skills List Management Policy

Version 3.1 – released 21 April 2023

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Introduction

The NSW Skills List identifies the qualifications eligible for a government subsidy under Smart and Skilled, as well as the programs they fall under. This policy sets out the management of qualifications on the Skills List.

The NSW Skills List has been developed through extensive labour market analysis and consultation with industry and the community. It is reviewed regularly to ensure it meets the changing skills needs of industry. The Skills List is also updated as needed during the year to reflect changes to Training Packages and Vocational Training Orders (VTOs) for apprenticeships and traineeships.

Qualifications on the Skills List

The qualifications on the Skills List support the diverse needs of industry and the NSW economy. These are qualifications that give people the skills they need for good job prospects, career paths and further learning opportunities.

The Skills List covers:

- Certificate I to Advanced Diploma qualifications
- Selected Foundation Skills courses
- Funded apprenticeships and traineeships.

It should be noted that only funded apprenticeship and traineeship qualifications appear on the NSW Skills List. A list of all the qualifications that can be delivered as an apprenticeship and traineeship in NSW can be seen at https://online.training.nsw.gov.au/vtu/vto/vtoEnquiry.do?command=goToVTOSearch

Processes to manage the Skills List

This policy sets out the following processes to manage qualifications on the NSW Skills List:

- Skills List Review
- Skills List Additions Application, and
- Skills List Updates.

This policy should be read in conjunction with the NSW Skills List, which can be found at https://www.nsw.gov.au/education-and-training/vocational/funding/nsw-skills-list

Skills List Review

From 2023, the Department is progressively introducing a data-driven process for reviewing the Skills List. This annual process uses internal and external data sources, in addition to stakeholder feedback, to identify qualifications for potential addition to or removal from the Skills List. The quantitative data and qualitative feedback on a range of criteria are weighed 50-50 in the Skills List Review process. Further detail about the data used and its sources, and the consultation process, is provided on page 5.

The Review aims to:

- simplify student choice and improve the effectiveness of Smart and Skilled
- target the list towards qualifications with good outcomes
- ensure labour market needs are being met.

The Skills List Review is conducted towards the start of each year. The Review includes an open application process through which stakeholders may propose qualifications for addition to the Skills List. The Application process is described in more detail on page 12 of this Policy.

As a result of the Review process described below, the Department may make the following changes to the Skills List:

- **add** new qualifications
- **remove** qualifications
- **move qualifications onto the pre-qualified list**, in cases where there is a temporary drop in training activity, but there is expected future demand
- **add conditions** to the delivery of a qualification to better target good outcomes.

Criteria used to assess qualifications

When the Department reviews identified qualifications for addition to or removal from the Skills List, it assesses them against the criteria described in Table 1.

Table 1 Criteria for adding or retaining a qualification

Criteria	Description
Industry demand	Evidence that employers need workers with this qualification to fill labour market gaps / address skill shortages.
Student outcomes	Evidence that undertaking the qualification will lead to either an immediate employment related benefit or provide good career prospects in the near future with a clear pathway through further study.
Disadvantaged student participation	Evidence that the qualification supports training participation by disadvantaged cohorts (Aboriginal and/or Torres Strait Islander students, students living in low socioeconomic areas, or students with disability).
Target specific cohort*	The qualification targets specific cohorts such as Aboriginal and/or Torres Strait Islander students and provides an employment, personal, social or cultural benefit.

*This criterion creates a pathway for adding/retaining qualifications that are unlikely to be added through the usual process. Further detail on assessment is provided on page 14.

The Department may also consider the following points when assessing whether to add, remove or retain a qualification:

- whether a similar qualification exists on the Skills List
- whether a proposed qualification is already funded or more suitable to be funded under another NSW Government program
- fee-for-service enrolment levels for the qualification in NSW
- impacts of major disruptive events, such as COVID-19 or natural disasters.

Stakeholders will be informed of any additional factors that may influence the assessment process.

Quantitative data model

The Centre for Education Statistics and Evaluation (CESE) has developed an internal data model to provide the Department with an overview of all training package qualification performance. The criteria used in the model, along with their weightings and data sources, are described below:

Industry Demand (40%) – provides insight into current and future industry need for the qualification by assessing Occupational Demand (50% of total score for this criterion) and Employment Projections (50%). Occupational Demand draws on data from the Department's Skills Demand Model on variables such as average salary growth, employment growth and change in hours, as well as job advertisement data from Burning Glass Technologies. Employment Projections for NSW are derived from the National

Projections provided by the Labour Market Information Portal for each ANZSCO Major Group Code.

Student Outcomes (40%) – provides quantitative evidence of outcomes for people completing the qualification in terms of Employment Benefit and Further Study. The total score for this criterion is taken from the highest of these two indicators. For qualifications that are not occupationally specific, broader measures such as personal benefit and achieved main reason for training are considered. Student outcomes data is drawn from a combination of the NSW Student Outcome Survey and the NCVER National Student Outcome Survey.

Disadvantaged Student Participation (20%) – provides participation levels of Aboriginal and/or Torres Strait Islander students (35% of total score for this criterion), students living in low socioeconomic areas (35%), and/or students with a disability (30%). Thresholds for each of these indicators are based on the current average proportion of identified student cohorts.
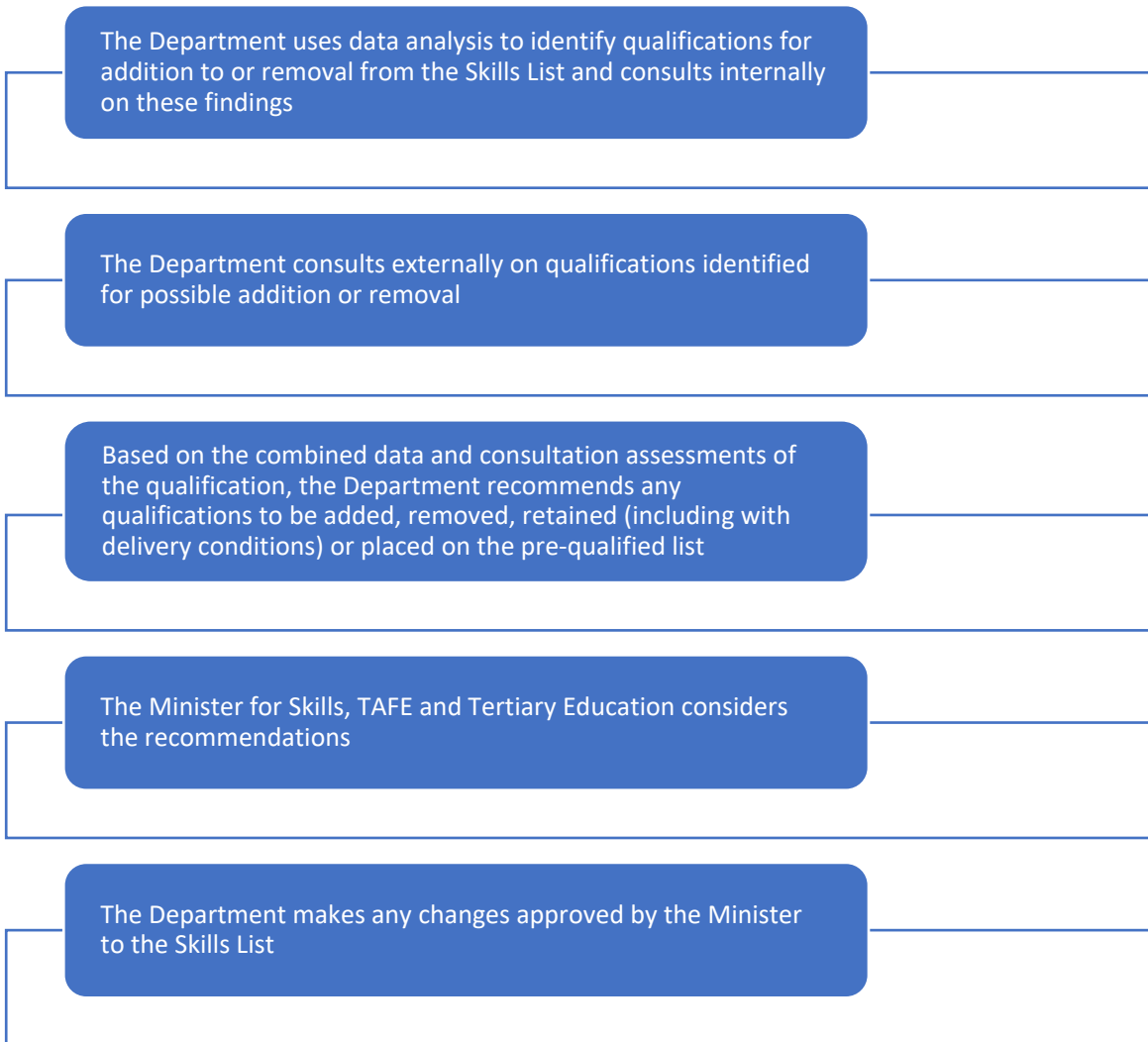
External consultation

The Department will consult widely with its external stakeholders to gather further context on a qualification identified for possible addition or removal through data analysis. Stakeholders consulted can include:

- Industry Training Advisory Bodies (ITABs)
- Industry and RTO peak bodies
- Employers
- Smart and Skilled providers
- Students.

Department-Initiated Review Process

The Department initiated review process describes the proactive approach the Department plans to take to assess qualifications for addition and removal. The diagram below describes the key steps. This is distinct from the application process described on page 12.

The Department uses data analysis to identify qualifications for addition to or removal from the Skills List and consults internally on these findings

The Department consults externally on qualifications identified for possible addition or removal

Based on the combined data and consultation assessments of the qualification, the Department recommends any qualifications to be added, removed, retained (including with delivery conditions) or placed on the pre-qualified list

The Minister for Skills, TAFE and Tertiary Education considers the recommendations

The Department makes any changes approved by the Minister to the Skills List

Once the Minister for Skills, TAFE and Tertiary Education has approved changes to the Skills List, the Department will inform stakeholders involved in the external consultation process and all Smart and Skilled Providers.

The Skills List will generally be updated within two weeks after informing stakeholders of the changes. Qualifications will be added or removed as part of this process and the pre-qualified list will be updated.

Low performing qualifications

The Department has identified several qualifications that are underperforming across three key areas: employment outcomes, further study and social inclusion. To understand why certain qualifications were not performing as well as others, we sought stakeholder feedback alongside analysis of training activity data, industry and occupation projections and student outcomes data.

As a result, we are recommending targeted delivery conditions for 8 qualifications (as listed in Table 2 below) to improve their outcomes. Qualifications with conditions are identified on the NSW Skills List with the flags noted below, and the Department will contact affected providers with further guidance.

Conditions

Improve connection to industry

Training providers with strong industry connections produce graduates who are better prepared to enter the workforce. The NSW Quality Framework describes best practice for training providers to improve their connection to industry. The Department expects that providers adhere to this best practice, particularly for the specified qualifications, to improve outcomes for students.

Limit number of Smart and Skilled commencements

Smart and Skilled training activity should be limited in selected qualifications to align with occupational projections and improve employment outcomes for Smart and Skilled students. The Department will manage training activity levels through Financial Cap allocations, based on occupational demand and training supply data from the NSW Market Assessment.

Industry experience required for enrolment

Consultation highlighted that in some qualifications, students with relevant work experience are more likely to get a good job outcome. To ensure training is being targeted towards the cohorts best suited to undertaking the qualification, the Department recommends that providers require students enrolling in selected qualifications to have prior industry experience. This requirement is in addition to the student meeting Smart and Skilled eligibility criteria.

Note: commencement limitations and the work experience requirement should apply only to full qualification pathways. Apprenticeship or traineeship pathways are unaffected.

Implementation and Monitoring

Delivery conditions should apply to Smart and Skilled commencements from 1 July 2023. Once providers delivering the listed qualifications have accepted their Smart and Skilled Contract for 2023-24, they will receive communication from the Department containing guidance on the recommended conditions. The conditions will also apply to any superseding qualification codes unless otherwise announced.

Providers should take steps to comply as fully as possible with each condition. The Department will monitor outcomes for the qualifications listed in Table 2 and may contact providers where outcomes for students are not improving.

Table 2 Delivery conditions for low performing qualifications

Code	Title	Condition	Skills List tag
SFL30115	Certificate III in Floristry	Providers to improve connection to industry	C-IC
SHB50121	Diploma of Beauty Therapy	Providers to improve connection to industry	C-IC
CPP41419	Certificate IV in Real Estate Practice	Providers to improve connection to industry	C-IC
CUA60520	Advanced Diploma of Music	Providers to improve connection to industry	C-IC
SIR40316	Certificate IV in Retail Management	Industry experience required for enrolment	C-ER
FNS42022	Certificate IV in Banking Services	Industry experience required for enrolment	C-ER
TLI30321	Certificate III in Supply Chain Operations	Limited number of Smart and Skilled commencements for full qualification	C-CL
TLI40321	Certificate IV in Supply Chain Operations	Limited number of Smart and Skilled commencements for full qualification	C-CL

Placement on the Pre-Qualified List

As part of the Review process, qualifications currently on the Skills List may be identified as having no training activity but as otherwise relevant and expected to have increased demand in the future. These qualifications may be placed on the pre-qualified list based on feedback received through external stakeholder consultations.

Qualifications on the pre-qualified list may return to the Skills List through a simplified additions process that allows a request to be made at any time should demand for the qualification increase.

Qualifications that are placed on the pre-qualified list will not be eligible for subsidised training under Smart and Skilled until it is re-added to the Skills List.

The list of qualifications that are currently on the pre-qualified list is available at: https://www.nsw.gov.au/education-and-training/vocational/funding/nsw-skills-list

Qualifications will 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 will be removed from the pre-qualified list.

It should be noted that qualifications will only be placed on the pre-qualified list as a result of the review process from the Skills List. Qualifications that are not already on the Skills List cannot be placed on the pre-qualified list.

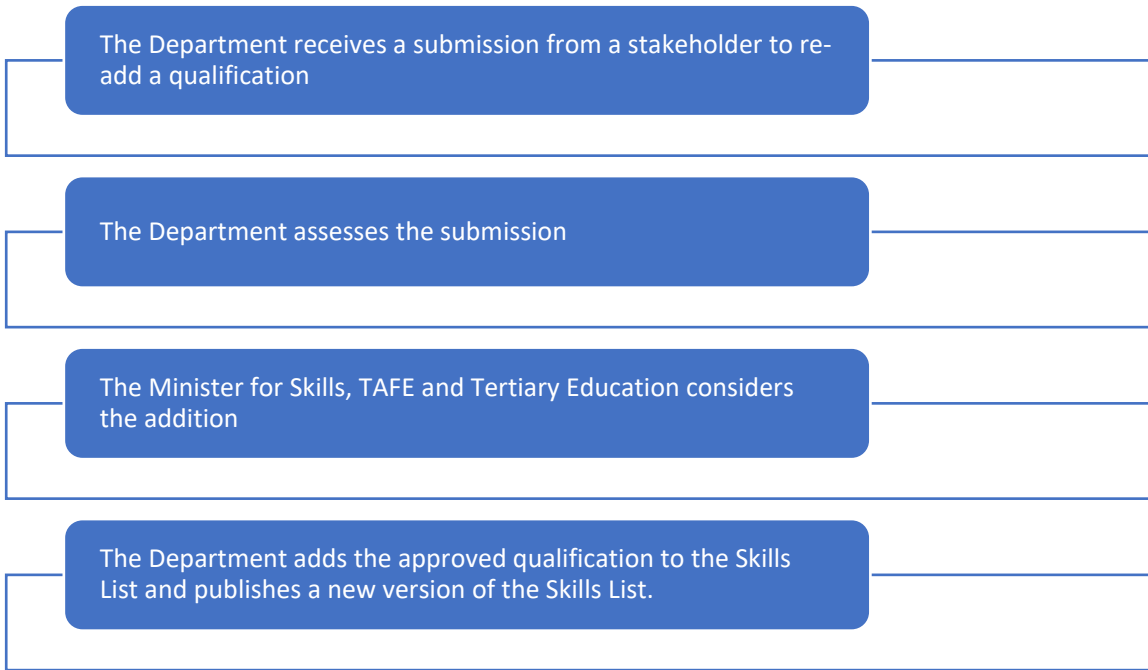## Re-adding a qualification to the Skills List

If demand for the qualification increases, a stakeholder can submit a request to reinstate a qualification to the Skills List by emailing marketdesign.implementation@det.nsw.edu.au.

For a qualification to be re-added to the Skills List, applicants must present strong evidence of industry demand. This can include:

- quantifiable evidence of industry need,
- confirmed occupational/sector employment growth and job opportunities, or
- significant skills shortages due to a lack of trained workers.

The evidence considered may be publicly available information (e.g. an occupational forecast or research report) or information specific to the application (e.g. letters of support). Any evidence must be specific to the qualification and the occupation that it is linked to.

The process to re-add a qualification is as follows:

The Department receives a submission from a stakeholder to re-add a qualification

The Department assesses the submission

The Minister for Skills, TAFE and Tertiary Education considers the addition

The Department adds the approved qualification to the Skills List and publishes a new version of the Skills List.
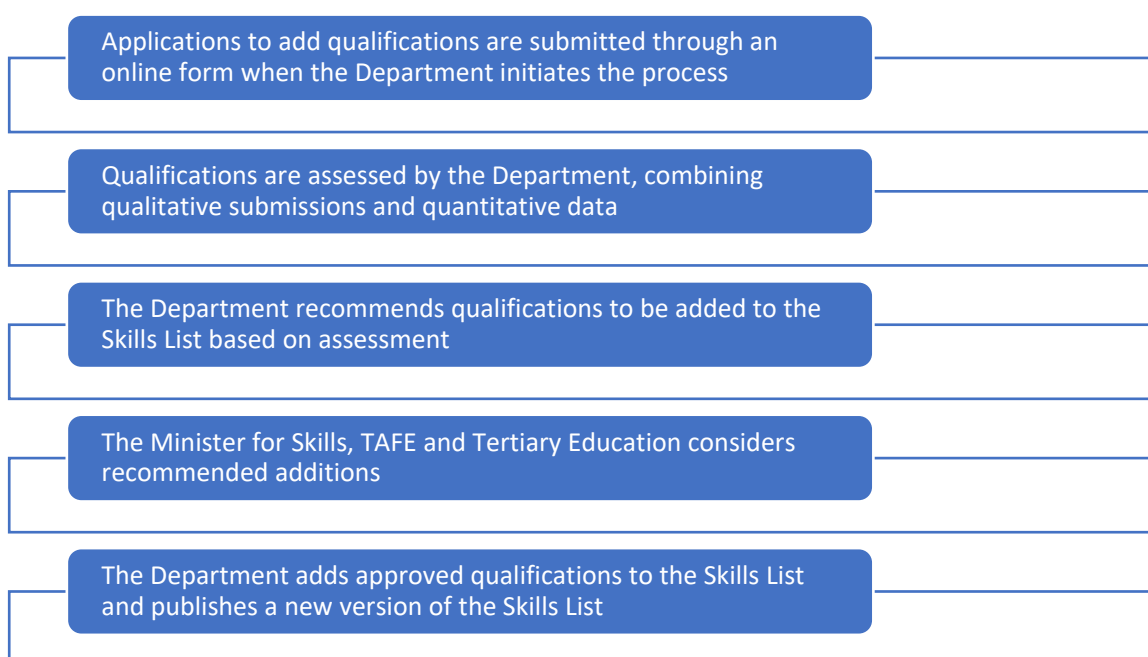
The process to re-add a qualification is expected to take 1.5 - 2 months.

Skills List Additions Application

The Skills List Additions Application is an opportunity for external stakeholders to propose qualifications to be added to the Skills List. Interested stakeholders complete an online application form detailing how a qualification meets the Skills List assessment criteria. The Department uses a combination of the quantitative data described on page 5 and qualitative stakeholder feedback provided through the application to determine if the qualification should be recommended for addition to the Skills List. In 2023, the Department will weigh quantitative data and qualitative feedback equally.

Application process

Applications to add qualifications are submitted through an online form when the Department initiates the process

Qualifications are assessed by the Department, combining qualitative submissions and quantitative data

The Department recommends qualifications to be added to the Skills List based on assessment

The Minister for Skills, TAFE and Tertiary Education considers recommended additions

The Department adds approved qualifications to the Skills List and publishes a new version of the Skills List

All recommended changes to the Skills List will be provided to the Minister for Skills, TAFE and Tertiary Education who may either approve or reject the recommendations.

The process to add a qualification to the Skills List takes around 3-4 months end-to-end.

Guidance for applicants

The online additions application form consists of qualitative questions relating to the criteria described in Table 1: industry demand, student outcomes, and participation by disadvantaged cohorts. Responses to each question will be scored following the assessment process described below.

Applicants are strongly encouraged to attach supporting evidence to support their application. Rationales that are supported by verifiable evidence will increase the chances of a successful application.

The evidence provided can be publicly available information (e.g. an occupational forecast or research report) or materials specific to the application (e.g. employer letters of support). Any evidence must be relevant to the qualification and the occupation/s that it is linked to.

If there are similar qualifications on the Skills List already, the application must show what distinct value the qualification under application offers compared to the existing qualification on the Skills List.

The process to add a qualification starts when the online application form opens. This application form is accessed through a survey link. The form is open for 4 weeks. Applications to add a qualification to the Skills List will not be accepted in any other format.

Emails are sent out to Industry Training Advisory Bodies (ITABs) when the online application opens. If you would like to be notified when the application opens you can contact your relevant ITAB or you can send an email to marketdesign.implementation@det.nsw.edu.au.

Should an application be unsuccessful, the Department will provide feedback to the applicant. To increase the chances of a successful application, any future applications for the same qualification should attempt to address any feedback received.

Assessment of Qualifications

To assess qualifications, the Department will draw on qualitative feedback from external stakeholders regarding the criteria detailed in Table 3. Qualifications will receive a score against each criterion, with scores falling into the following bands:

- Exceeds requirement
- Meets requirement
- Does not meet requirement.

Criteria are categorised into three priority groups:

- Group A – main priorities
- Group B – secondary priorities
- Group C – additional priority.

The additions and removals processes will be guided by these priorities.

It is not necessary for a qualification to meet all the criteria. The criteria for addition that have the highest weighting are those in Group A. In most cases, if a qualification does not meet requirements for 2 of these, it is unlikely to be recommended to be added to or retained on the Skills List.

Meeting additional criteria from Group B will improve a qualification's qualitative score and increase the likelihood that it will be recommended to be added to or retained on the Skills List.

Group C creates a pathway for adding qualifications that may not meet Group A or B criteria. Group C targets specific cohorts such as Aboriginal and/or Torres Strait Islander students and provides a benefit to those students. Qualifications that meet or exceed the requirements for this criterion may be added to the Skills List at the Department's discretion.

The Skills List criteria and corresponding sample application questions are listed in Table 3.

Table 3 - Skills List Review - assessment criteria

Criteria category	Skills List Priority	Criteria	Sample application question
Industry demand **40%**	**Group A (main priorities)**	**Skills shortage**	**1.1. Why does industry need workers with this qualification? How many workers does industry need over the next 3 years and in what area/s of NSW?**
	Group B (secondary priorities)	Key government strategy	1.2. Is the qualification central to the successful implementation of a specific government strategy or program?
	Group B (secondary priorities)	Regional economic development	1.3. Does this qualification support regional economic growth in NSW? If yes, how and in which locations?
	Group B (secondary priorities)	Small businesses	1.4. Does this qualification support the growth of an existing small business or will help somebody start their own business?
Student outcomes **40%**	**Group A (main priorities)**	**Student outcomes**	**2.1. Does having this qualification improve a student's employment outcomes or lead to further study? If yes, please specify (e.g. pay rise, promotion, new job or which qualification/s).**

Criteria category	Skills List Priority	Criteria	Sample application question
	Group B (secondary priorities)	Entry into industry	2.2. Does the qualification lead directly to entry level employment? If so, how?
	Group B (secondary priorities)	Licensing requirement	2.3. Is the qualification linked to any occupational licences in NSW?
Disadvantaged student participation **20%**	**Group A (main priorities)**	**Support training participation**	**3.1. Does the qualification support training participation by disadvantaged and/or equity groups? If yes, how?**
	Group C (additional priority)	Target specific cohorts	4.1. Does the qualification target specific cohorts such as Aboriginal and/or Torres Strait Islander students, and provide an employment, personal or cultural benefit?

Delivering a newly added qualification

The Skills List will generally be updated within a week after informing stakeholders. This update will be communicated to all Smart and Skilled providers through a Smart and Skilled Update.

Following the addition of the qualification, a Smart and Skilled provider who has the qualification on their Scope of Registration in NSW can apply to deliver it under Smart and Skilled under their existing Financial Caps, or under an uncapped apprenticeship or traineeship program where applicable. More information on how to request additional qualifications can be found in STS Online > Smart and Skilled Contract Management – Support Documents > AQAS Adjustment Request Form.

Qualifications without a Smart and Skilled Provider

Any qualification being applied for should preferably have a Smart and Skilled provider who is willing and able to deliver the qualification.

If there is no Smart and Skilled provider, the qualification will still be assessed and may be recommended to go onto the Skills List. However, the qualification will not be added to the Skills List until a Smart and Skilled Provider includes it on their NSW Scope of Registration ("Scope").

If there is a Smart and Skilled provider who adds the qualification to their Scope after approval of the qualification, the applicant(s) should notify the Department of this to allow the Department to add the qualification to the Skills List. If there is no available Smart and Skilled provider within 12 months of approval, the approval will no longer apply, and a new application will need to be submitted in order to add it to the Skills List.

Apprenticeships and traineeships

All apprenticeship qualifications are automatically funded on the NSW Skills List. No application is required for apprenticeship funding in NSW.

If a traineeship qualification has historically been funded on the Skills List, this funding is continuous. This does not apply to new traineeship qualifications that have not previously been funded. Therefore, any qualification that is not on the Skills List and is available as a traineeship in NSW must go through the application process to add a qualification to the Skills List.

Updating Skills List Qualifications

Throughout the year there are changes to nationally accredited training packages, nationally accredited courses and Vocational Training Orders (VTOs) in NSW. These changes are reflected on the Skills List soon after they occur.

Training Packages and accredited courses

Training Package updates are determined by the Australian Industry and Skills Committee (AISC). A schedule of their meetings can be seen at www.aisc.net.au/content/aisc-meetings.

Following endorsement of a Training Package by Skills Ministers, it will be updated on the National Register of Vocational Education and Training in Australia, training.gov.au. An update to a Training Package can introduce qualifications that supersede qualifications currently on the Skills List. They can also remove qualifications currently on the Skills List.

Providers can enrol students or deliver training in superseded qualification(s) until the transition period end date, which is typically 12 months after the introduction of the superseding qualification. After the transition period end date, if a student has not completed their training in the superseded version of a qualification, they will need to switch to the superseding version of that qualification.

Equivalent qualifications

Equivalent superseding qualifications in training.gov.au are updated automatically (24 hours after appearing on training.gov.au) in the Skills List when the Training Package is updated. These qualifications will also be added to provider's Approved Qualifications Activity Schedules automatically and can be delivered by providers under Smart and Skilled once this occurs. Although the updates to equivalent qualifications are updated on the Skills List immediately it will take longer to publish an updated version of the Skills List that reflects these changes. This will typically be no longer than three months after a qualification is updated.

Non-equivalent qualifications

Non-equivalent qualifications in training.gov.au are not automatically updated on the Skills List when the Training Package is updated, and there may be some time lag before non-equivalent qualifications are updated on the Skills List. These changes will take effect when a new version of the Skills List document is published on the Skills NSW website.

If a provider has the non-equivalent qualification on their Scope when the Skills List is updated, they will be able to deliver the qualification.

Replacement accredited courses are treated in the same manner as non-equivalent qualifications.

Vocational Training Orders (VTOs)

VTOs are legal instruments that establish apprenticeships and traineeships in NSW. They specify the qualification, length of an apprenticeship or traineeship and the probationary period. More information on VTOs can be seen at https://www.nsw.gov.au/education-and-training/resources/cibs-bulletins.

When a Skills List qualification that has an apprenticeship or traineeship pathway is updated in a Training Package:

- Superseding qualifications that are 'equivalent' to the superseded qualification will be available as an apprenticeship or traineeship under the existing VTO. A new VTO will also be established later.
- Superseding qualifications that are 'not equivalent' to the superseded qualification will only be available as an apprenticeship or traineeship pathway subject to the establishment of a new VTO.

While a new VTO is being developed, Smart and Skilled students may continue to train and enrol in the superseded version as an apprentice or trainee.

Once a VTO has been updated, any relevant qualification on the Skills List will be updated immediately. As with updated qualifications, it will take longer to publish an updated version of the Skills List that reflects these VTO changes. This will typically be no longer than three months after a VTO is updated.

For more information

Marketdesign.implementation@det.nsw.edu.au

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https://education.nsw.gov.au/skills-nsw