

NSW Department of Education

# Smart and Skilled

Financial Cap Management

2023-24 Activity Period

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Training Market Design team

21 June 2023



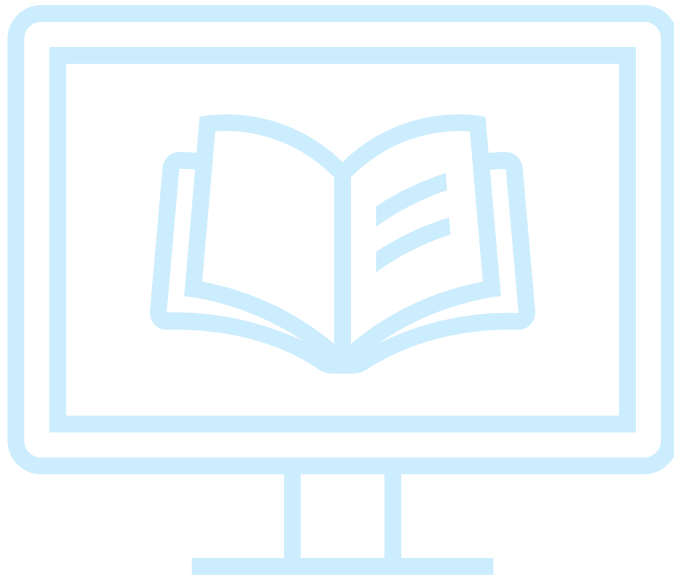


# Acknowledgement of Country

We recognise the Ongoing Custodians of the lands and waterways where we work and live. We pay respect to Elders past and present as ongoing teachers of knowledge, songlines and stories.

We strive to ensure every Aboriginal and Torres Strait Islander learner in NSW achieves their potential through education.

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# 1

## Financial Caps

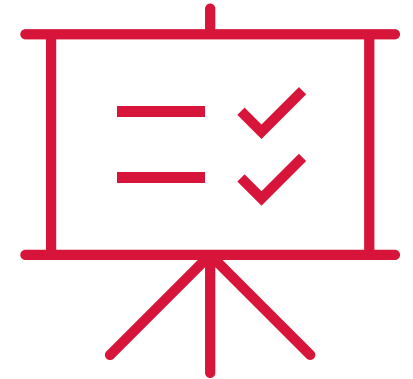
Overview

# Financial caps distribute funding to providers

in line with program objectives and help to manage the Smart and Skilled budget

## Program Objectives

- Aligning training supply to labour market demand based on the NSW Skills Assessment (formerly known as the NSW Market Assessment)
- Supporting foundation skills training
- Strengthening student outcomes
- TAFE NSW is at the centre of VET in NSW
- Supporting student choice, access to training and diversity of providers
- Funding of continuing students



# Financial caps apply to full qualifications programs



and do not apply to apprenticeships and traineeships

Entitlement Foundation Skills	<ul style="list-style-type: none"> <li>• Certificate I</li> <li>• Certificate II</li> <li>• Certificate III</li> </ul>
Entitlement Full Qualifications	<ul style="list-style-type: none"> <li>• Certificate II</li> <li>• Certificate III</li> </ul>
Entitlement Apprenticeships & Traineeships	<ul style="list-style-type: none"> <li>• All apprenticeships</li> <li>• Selected traineeships</li> </ul>

Program is closed for new commencements. Only funds continuing students in 2023-24. Qualifications incorporated into the Entitlement Full Qualifications program.

Financial Caps per region.

No Financial Caps / uncapped.  
The School Based Apprenticeships and Traineeships program is also uncapped.

Targeted Priorities Full Qualifications	<ul style="list-style-type: none"> <li>• Certificate IV</li> <li>• Diploma</li> <li>• Advanced Diploma</li> </ul>
Targeted Priorities Prevocational and Part Qualifications	<ul style="list-style-type: none"> <li>• Part qual targeted skills</li> <li>• Part or full qual prevocational courses</li> <li>• Part qual pre-apprenticeship courses</li> <li>• Part qual pre-traineeship courses</li> </ul>

Financial Caps per region.

No Financial Caps. Provider Activity Schedules may be offered to providers if Training Needs Identification (TNI) proposals are selected for funding by the Department.

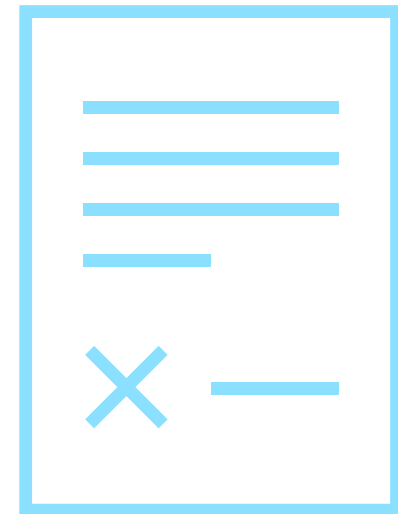
# Financial caps are addressed in contract documents

- the [Contract Terms and Conditions](#) and the Skills Delivery and Management Policy

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## Smart and Contract Terms and Conditions:

- The provider is responsible for the delivery of Subsidised Training to maximise usage of, but not exceed, any applicable Financial Caps (clause 2(b)(i)).
- Activity Schedules (clause 4.2)
- Section 18 – Financial Caps
  - What is a Financial Cap
  - Types of Financial Cap
  - Regions
  - Exceeding a Financial Cap
  - Cap Usage
  - Monitoring and adjustment of Financial Caps over the Activity Period
- Section 21 - Variation of Contract
- Section 27 - Assumption of risks by Provider



# Financial caps are addressed in contract documents



- the Contract Terms and Conditions and the [Skills Delivery and Management Policy](#)

## Skills Delivery and Management Policy - Section 5: Financial Caps

- Provider Responsibilities – Financial Caps
- Use all reasonable endeavours to maximise the use of Financial Cap and achieve 85 – 100% cap usage in the Activity Period
- Avoid exceeding any Financial Cap
- Request a reduction in a Financial Cap
- Manage enrolments and commitments for next Activity Period
- Over-committing and exceeding Financial Caps
- Financial Cap monitoring and Financial Cap Reviews conducted by the Department
- Variations to Financial Caps
- Out of Region Activity

### STS Online – Support Documents

#### Policies

- [Contract and policies](#)
- [Declaring Student Status after Enrolment Policy](#)
- [Smart and Skilled Policy for Market Management 2022-23](#)
- [Smart and Skilled Policy for the Fee Free Apprenticeships Initiative](#)
- [Smart and Skilled Policy for the Fee Free Traineeships Initiative](#)
- [Smart and Skilled Skills Delivery and Management Policy-23-24](#)
- [Trade Pathways for Experienced Workers v2.3](#)
- [Version 4.0 Trade Related Qualifications Policy](#)



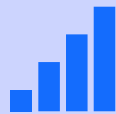
# Financial caps are addressed in contract documents

- the Contract Terms and Conditions and the [Skills Delivery and Management Policy](#)

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**Appendix B – Variations -  
Standard Smart and Skilled  
Contract**



**Appendix C – Variations -  
High Performing Providers  
(HPP)**

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# Managing Your Financial cap

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The Department expects each Provider to utilise **85% - 100% of each Financial cap within the Activity Period.**

Each Provider is responsible for managing their organisation's cap usage without exceeding the financial cap(s).

It is the provider's **responsibility** to **keep track** of their own financial caps and usage.

The Department supplies some tools to assist providers however due to reporting lags, variations in delivery progress, attrition and other factors affecting usage and estimates, the provider must not solely rely on these products. The Provider must have its own systems for monitoring and managing financial caps.

Your Strategic Relationship Manager will **monitor and discuss** your cap usage estimates and actual cap usage over the course of the activity period.

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# Financial caps are shown in Activity Schedules

- Approved Qualifications Activity Schedules (AQAS) are stored in STS Online

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- The AQAS specifies an Activity Period (an activity period is usually a financial year, 1 July to 30 June the following year)
- The AQAS specifies the types of students funded from each Financial Cap. A Financial Cap will be available to fund:
  - Commencing Students Only
  - Continuing Students Only, or
  - Commencing and Continuing Students
- Financial Caps for commencing students will display one or more Approved Qualifications which can be delivered and funded from the Financial Cap.

## STS Online Menu

**Smart & Skilled  
Contract  
Management** >

**Approved  
Qualifications  
Activity  
Schedules** >

**Contract  
Acceptance** >

**Support  
Documents** >

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# Which students are covered by a financial cap?

The Financial Cap and its usage is determined in your contract as either:

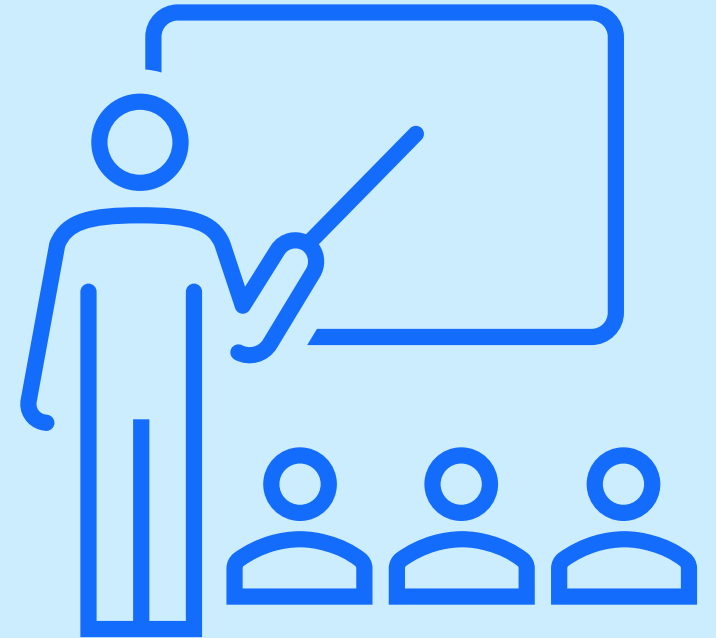
**New Commencements Only** – applies to students who are commencing training in this current activity period

or

**Continuing Students Only** - applies to students who are continuing training from a previous activity period to fund the remainder of their training

or

**New Commencements and Continuing Students** –applies to both commencing and continuing students



# 2

## Financial Caps

Calculating Financial Cap usage

# Financial Caps are the **maximum amount of Standard Subsidies** that can be **paid in an Activity Period**

- Financial Caps are designed to support equitable access to training by applying only to the Standard Subsidy.
- The Standard Subsidy is calculated as the Qualification Price minus the Student Fee (i.e First qualification Student Fee or Second or Further qualification Student Fee)



Eligibility for fee exemptions, concessions, fee free initiatives and loadings is not considered when calculating the Standard Subsidy.

# Fee exemptions, concessions, fee-free initiatives and loadings do not impact the Financial cap



Fee relief and loadings are additional supports for disadvantaged students or encouraging take up of priority qualifications.

- The method for calculating Standard Subsidy is consistent across all students.
- Students who attract additional subsidy support utilise the same amount of Financial Cap as students enrolled in the same qualification and who do not attract the additional support.



## Subsidy Payments v Standard Subsidy

The Subsidy paid for an Enrolled Student may consist of:

- The Standard Subsidy,
- A Subsidy Gap, for fee exempt, concession or fee free students, and is the fee relief amount.
- A Loading, which is additional to the Qualification Price, based on student Needs and/or Location.

As Subsidy Gaps and Loadings are additional to the Standard Subsidy these do not impact the Financial Cap.

# Calculating the Standard Subsidy for an Enrolled Student

This Schedule lists the NSW Skills List qualifications eligible for government funding under Smart and Skilled, the price for each qualification, student fees and loadings to RTOs where applicable.

**Prices, fees and loadings**

- \* The Qualification Price is equal to the student fee plus the government subsidy. The government subsidy, along with any applicable loadings, is paid directly to the provider.
- \* Student fees are listed for each qualification for each Smart and Skilled program. The First Qualification column applies to students undertaking their first post school qualification. For some qualifications (up to Certificate IV) students may also be eligible for a concession (reduced) fee. Concession fees are also listed where applicable. Some students may be eligible for a fee exemption (no fee). Some qualifications, including in foundation skills, do not have student fees. For more information on fees, see the Smart and Skilled Fee Administration Policy. Further information on loadings can be found in Smart and Skilled Contract Terms and Conditions and Smart and Skilled Operating Guidelines.

**Additional arrangements**

- \* "NFF" indicates the qualification is fee free for all Smart and Skilled students enrolling from 1 December 2022, and commencing between 1 January 2023 and 31 December 2023.
- \*\* "T" indicates trade-related qualifications where delivery and student eligibility are subject to additional approval requirements by the Department.
- \*\*\* "C" indicates that a qualification is subject to recommended delivery conditions. "C-ER" Experience required; "C-IC" Improve connection to industry; "C-CL" Commencement limit. More information about the conditions can be found in the NSW Skills List Management Policy.

**Effective dates**

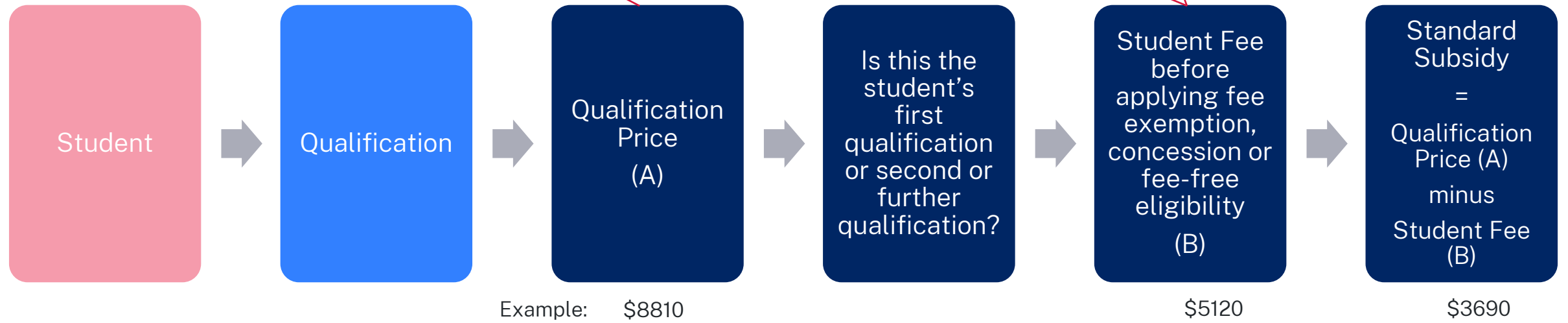
- \* Each qualification row has "Effective From" and "Effective To" dates which indicate the period the qualification is active on the Skills List for each relevant program.

**Skills List Updates**

- \* The Skills List is updated regularly to meet the changing needs of industry. Superseded qualifications are indicated as "In Transition" in the TGA Qualification Status column. Superseded qualifications are indicated as "In Transition\*\*" where the Vocational Training Order (VTO) has not yet been updated with the superseding qualification for Apprenticeships and Traineeships.

This Excel spreadsheet allows users to search and sort the Skills List. When you access this version, you agree not to modify or change the material or use it in any way which would constitute a use for advertising and/or promotion of your organisation and may be a breach of the Department's copyright. If there are any inconsistencies between the Excel and the PDF versions of the Skills List, refer to the PDF version.

Code	Title	Additional Arrangements	Qualification Price	Program	Skills List Effective Dates		TGA Qualification Status	Replaced By	Student Fees			Loadings			
					Effective From	Effective To			First Qualification	Second or Further Qualification	Concession	Needs		Location	
												ATSI or Disability	Long-term unemployed	Regional	Remote
10761NAT	Diploma of Aboriginal Studies for Professional and Community Development	NFF	\$8,810	Targeted Priorities Full Qualifications	1/07/2023	31/10/2023			\$5,120	\$5,750		\$1,322	\$881	\$881	\$1,762
10768NAT	Certificate IV in English for Academic Purposes	NFF	\$5,600	Targeted Priorities Full Qualifications	1/07/2023	31/10/2023			\$1,580	\$1,850	\$240	\$840	\$560	\$560	\$1,120
10769NAT	Certificate III in Pathways to Further Study	NFF	\$5,870	Enhancement Full Qualifications	1/07/2023	31/10/2023			\$0	\$0	\$0	\$881	\$587	\$587	\$1,174





# Payments are based on unit of competency achievement.



## Certificate I - IV

Approved Qualification	Payment instalment	UoC outcome achievement stage	Percentage of subsidy, including loading, if applicable (%)
Certificate I Certificate II Certificate III Certificate IV	Certificate commencement	At least <b>one UoC</b> is reported with any of the following UoC outcome codes: 20, 30, 40, 51, or 70	20%
	Certificate progress	At least <b>50%</b> of the total UoCs are reported with any UoC outcome codes: 20, 30, 40, 51 or 60; and at least one of those UoCs is reported with a UoC outcome code of 20, 30, 40 or 51	40%
	Certificate completion	<b>100%</b> of the total UoCs are reported with any of the following UoC outcome codes: 20, 30, 40, 51 or 60	40%

# Payments are based on unit of competency achievement.



## Diploma – Advanced Diploma

Approved Qualification	Payment instalment	UoC outcome achievement stage	Percentage of subsidy, including loading, if applicable (%)
Diploma Advanced Diploma	Diploma commencement	At least <b>one</b> UoC is reported with any of the following UoC outcome codes: 20, 30, 40, 51, or 70	10%
	Diploma progress 1	At least <b>25%</b> of the total UoCs are reported with any UoC outcome codes: 20, 30, 40, 51 or 60; and at least one of those UoCs is reported with a UoC outcome code of 20, 30, 40 or 51	20%
	Diploma progress 2	At least <b>50%</b> of the total UoCs are reported with any UoC outcome codes: 20, 30, 40, 51 or 60; and at least one of those UoCs is reported with a UoC outcome code of 20, 30, 40 or 51	25%
	Diploma progress 3	At least <b>75%</b> of the total UoCs are reported with any UoC outcome codes: 20, 30, 40, 51 or 60; and at least one of those UoCs is reported with a UoC outcome code of 20, 30, 40 or 51	20%
	Certificate completion	<b>100%</b> of the total UoCs are reported with any of the following UoC outcome codes: 20, 30, 40, 51 or 60	25%

# The timing of payment instalments effects Financial Cap usage



Example 1:  
Student starts and completes training in one Activity Period  
(Certificate I – IV)

Qualification price	Student Fee First Qual	Standard Subsidy	Payment Instalment (%)	Payment Instalment Achieved in	Standard Subsidy amount for Instalment
\$5070	\$1480	\$3590	Commencement 20%	Activity period 1	\$718
			Progression 40%	Activity period 1	\$1436
			Completion 40%	Activity period 1	\$1436
				<b>Financial Cap Usage for Activity Period 1</b>	<b>\$3590</b>

The above example assumes:

- A Certificate I – IV qualification (3 payment instalments)

# The timing of payment instalments effects Financial Cap usage



## Example 2:

Student starts training in one activity and achieves progress and completion stages in the subsequent Activity Period.  
(Certificate I – IV)

Qualification price	Student Fee First Qual	Standard Subsidy	Payment Instalment (%)	Payment Instalment Achieved in	Standard Subsidy amount for Instalment
\$5070	\$1480	\$3590	Commencement 20%	Activity period 1	\$718
				<b>Financial Cap Usage for Activity Period 1</b>	<b>\$718</b>
			Progression 40%	Activity period 2	\$1436
			Completion 40%	Activity period 2	\$1436
				<b>Financial Cap Usage for Activity Period 2</b>	<b>\$2872</b>

# The timing of payment instalments effects Financial Cap usage



## Example 3:

Student starts training in one activity and achieves progress and completion stages in the subsequent Activity Period.  
(Diploma – Advanced Diploma)

Qualification price	Student Fee First Qual	Standard Subsidy	Payment Instalment (%)	Payment Instalment Achieved in	Standard Subsidy amount for Instalment
\$8810	\$5120	\$3690	Commencement 10%	Activity period 1	\$369.00
			Progress 1 20%	Activity period 1	\$738.00
				<b>Financial Cap Usage for Activity Period 1</b>	<b>\$1107.00</b>
			Progress 2 25%	Activity period 2	\$922.50
			Progress 3 20%	Activity period 2	\$738.00
			Completion 25%	Activity period 2	\$922.50
				<b>Financial Cap Usage for Activity Period 2</b>	<b>\$2583.00</b>

# Factors impacting Financial Cap usage

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- Credit Transfer and Recognition of Prior Learning unit of competency outcomes reduces the calculation of Standard Subsidy paid for an Enrolled Student:
  - Credit Transfer (CT) – no payment for this outcome.
  - Recognition of Prior Learning (RPL) – paid at 50%.
- Student progress deviates from planned/expected schedule:
  - Student progress through units of competency that is slower or faster than expected may result in payment instalments achieved in a different Activity Period.
  - A student who discontinues training before Participating in Subsidised Training in all units of competency will attract fewer payment instalments (or no payment instalments if the student does not participate at all).

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Detailed explanations are available in the *Smart and Skilled Financial Caps – Guide for Providers* in STS Online.

# 3

## Financial Caps

Managing your Financial Caps

# Enrolling and Reporting Process

**Notification of Enrolment (NoE) process generates a Commitment ID for prospective students.**  
This process must occur prior to commencement of training.

**Completing the Notification of Enrolment (NoE) process initiates the estimated cap usage calculation in the Department's system.**  
Recording accurate planned start and end dates and reporting Credit Transfer at NoE will generate a more accurate calculation of estimated cap usage.

**Providers must report Training Activity Data every 28 days.**  
This includes updating student training start and end dates (including future start and end dates).

**Reporting RPL as soon as practicable allows for the necessary payment adjustments to payments and cap usage/estimates to occur.**  
This prevents/minimises over-payments and improves the accuracy of Standard Subsidy calculations reflected in the cap usage estimate and cap usage.



# Obligations

## related to managing your Financial Caps

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- Providers must monitor the financial cap commitments for new students to ensure they **do not overspend on the Financial Cap**.
- A Provider **must not exceed** a Financial Cap. The treatment of amounts in excess of the Financial Cap is covered in the Smart and Skilled Contract.
- Providers must request a reduction of their Financial Cap if it is unlikely to use at least 85% of the cap. The reduction is to be requested as soon as the Provider becomes aware this threshold cannot be met.
- Providers should be managing training commitments into the next Activity Period. The Financial Cap estimate file will provide Providers an estimate of standard subsidies for future activity periods.



# Managing your Financial Caps



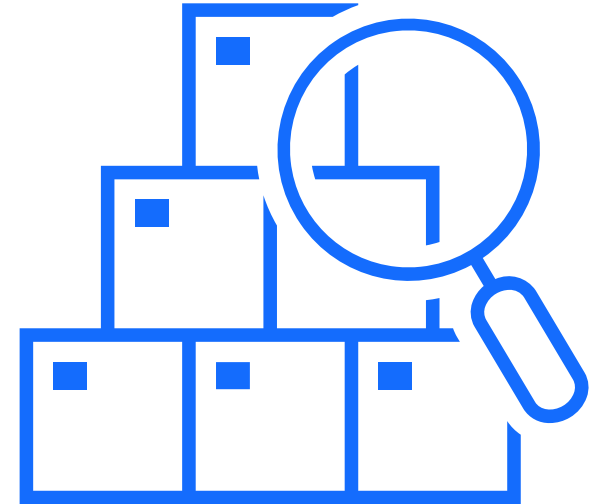
includes estimating the Standard Subsidies to be paid in the Activity Period, tracking actual payments and managing new enrolments within the portion of Financial Cap available.

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Each Provider allocated Financial Caps is responsible for establishing systems and processes to manage its Financial Caps.

Depending on the type of Financial Cap, this will involve :

- **Forecasting cap usage for continuing students and ensuring this commitment is funded from the Financial Cap before new enrolments.**
- Forecasting new enrolments based on the balance of the Financial Cap expected to be available for new enrolments and your planned training delivery schedule.
- Tracking estimated and actual cap usage for all Enrolled Students.
- Adjusting estimated usage for CT, RPL and deviations from expected timing of payments or removal of future payments due to attrition.



# Resources and reports

are available to assist Providers to establish their own systems and processes to manage Financial Caps.



## Financial Caps – Guide for Providers

### User Guides

- [How to Accept your Smart and Skilled Contract, Review Notice and Variations](#)
- [Smart and Skilled Targeted Priorities Prevocational and Part Qualifications Program Provider Guidelines](#)
- [Training Needs Identification User Guide](#)
- [Providers Guide to Smart and Skilled v1.4](#)
- [How to read your Smart and Skilled Approved Qualifications Activity Schedule](#)
- [Smart and Skilled Data Maintenance User Guide v 1.3](#)
- [Smart and Skilled Provider Calculator User Guide Single Student Process v1.4](#)
- [Smart and Skilled Provider Calculator Data Specifications and User Guide Multiple Student Process v3.1](#)
- [School Based Apprenticeships and Traineeships \(SBATS\) Enrolment User Guide v1.6](#)
- [Smart and Skilled eReporting Technical Specifications and Business Validations User Guide v3.0](#)
- [Smart and Skilled eReporting User Guide v1.5](#)
- [Smart and Skilled Financial Caps - Information for providers guide](#)

## Financial Cap Estimate File

- Smart & Skilled eReporting >
- View Last Validation Report >
- Submitted Activity Search >
- Payment Search >
- Update Student Details >
- Financial Information - Files >

### RTO Contract Services

#### Smart & Skilled eReporting - Financial Information - Files

The following file(s) are ready to view:

[FinCapEstimateFile\\_██████\\_Jul2022\\_Jun2023\\_20230615.csv](#)

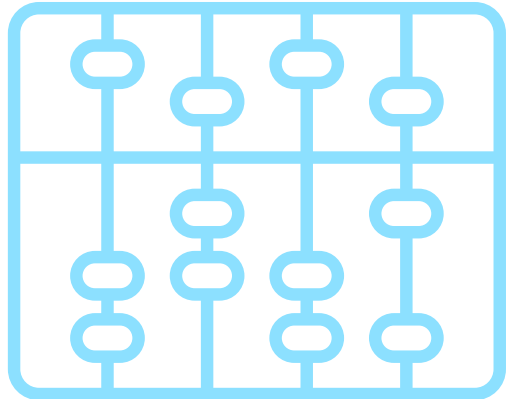
Generated on 15/06/2023 at 11:00 AM.

Regenerate File

# Financial Cap Usage Estimate

calculated by the Department

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The Department uses a simple method for estimating Financial Cap Usage and also tracks the actual usage for Financial Caps.

- The Department's estimates are used to inform monitoring and management carried out by the Department.

Providers are expected to hold more accurate estimates due to reporting lags and knowledge of their Enrolled Students and training delivery.

**The Department's calculations are available to Providers through the Financial Cap Estimate File.**

- This file contains the amount of Standard Subsidy for each Enrolled Student, estimates each payment instalment Standard Subsidy amount and timing and tracks actual payment of Standard Subsidy (across Activity Periods).

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Financial Cap Estimate File instructions are in the *Smart and Skilled Financial Caps – Guide for Providers* in STS Online.

# Guidelines

## for Financial Cap performance and monitoring



The Smart and Skilled Skills Delivery and Management Policy outlines the Department's monitoring of Financial Caps and periodic reviews where adjustments may be made by the Department.

The Policy may be amended from time-to-time to support program management and in response to government priorities and initiatives.

The table includes the performance levels Expected for Financial Caps allocated for commencing and continuing students.

The Department will review Financial Caps using calculations of cap usage and cap usage estimates and notify providers of the Department's assessment of progress against the thresholds.

Providers may provide information from their own systems for the Department to consider.

Financial Cap Review	Timing	Commitment % of relevant Financial Cap	% of the relevant Financial Cap the Provider received*
1	July - August	Continuing Students	
2	Mid September 2023	35%	15%
3	1 December 2023	50%	30%

# Guidelines

for Financial Cap performance and monitoring



Under-utilisation of the Financial Cap may result in the Department reducing a Financial Cap.



Over-utilisation of the Financial Cap with the risk of exceeding the Financial Cap may result in the Department pausing or stopping further enrolments of new students.

# Financial Caps questions and support

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## Customer Service and Operations



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[smartandskilled.application@det.nsw.edu.au](mailto:smartandskilled.application@det.nsw.edu.au)



1300 772 104

## Strategic Relationship Managers (SRMs)

A Strategic Relationship Manager is allocated to each Smart and Skilled Provider and is the point of contact to provide information and advice regarding the management of your Financial Caps and to liaise with the Market Design team.

The Strategic Relationship Manager is not responsible for managing a Provider's Financial Caps. Each Provider is responsible for managing their own Financial Caps.

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