

Contents

1. Advanced payments for Smart and Skilled providers impacted by COVID-19
 - a. Rationale and explanation of process
2. Frequently asked questions
 - a. How much will eligible providers be paid?
 - b. How will advanced payments be made?
 - c. When will the advanced payments commence?
 - d. What happens next?
 - e. For further assistance
3. Other government measures to support businesses impacted by COVID-19

1. ADVANCED PAYMENTS FOR SMART AND SKILLED PROVIDERS IMPACTED BY COVID-19

Minister Lee has written to Smart and Skilled Providers who are eligible for advanced payments that these payments will be available to them for the remainder of the 2019-20 Activity Period to help maintain their cash flow.

These Smart and Skilled providers are being sent a letter of offer from the Department to vary their 2019-20 Smart and Skilled contract. Providers who accept the offer will be eligible for the advanced payment.

To be eligible, the provider's authorised representative (Provider's Representative or CEO) must accept the offer and the pre-determined maximum advanced payment amount included in the offer by the due date.

a. Rationale and explanation of process

We understand that progression in training may be difficult to achieve at this time and therefore may impact payment instalments of Smart and Skilled subsidies and loadings which are normally triggered when a UoC Outcome Achievement Stage is reported for a student.

To assist in ensuring providers have sufficient cash flow despite this potential lack of student progression, 'top up' advanced payments will be made in four (4) fortnightly instalments (referred to as the 'fortnightly advanced payment instalment' in this update) where payments made in a fortnight through the normal process (as outlined above) are **less** than the fortnightly advanced payment instalment amount (which will be one quarter of the pre-determined maximum advanced payment amount).

Providers should continue to submit training activity data for the remainder of the 2019-20 Activity Period as per the requirements of their Smart and Skilled contract. Reported training activity that meets a UoC Outcome Achievement Stage and triggers a milestone payment will be paid as per normal processes.

If in a set fortnight period, a provider gets paid less than the fortnightly advanced payment instalment amount through the normal payment process, the provider will receive an additional 'top up' payment that is the difference between the payments received through the normal process and the fortnightly advanced payment instalment amount.

If a provider does not receive any payments in a fortnight through the normal process, they will receive the total fortnightly advanced payment instalment amount in full.

These advanced payment arrangements are not additional funding and do not address reductions in revenue that may occur due to falls in student commencements in the 2019-20 Activity Period as a result of the impacts of COVID-19. (See *Other government measures to support businesses impacted by COVID-19* below on how governments are supporting businesses with lost revenue).

Advanced payments are available for the Entitlement Full Qualifications (EFQ), Targeted Priorities Full Qualifications (TPFQ), Entitlement Foundation Skills (EFS) and Entitlement Apprenticeships and Traineeships (EAT) programs under Smart and Skilled.

2. FREQUENTLY ASKED QUESTIONS

a. How much will eligible providers be paid?

The Department has estimated each provider's expected payments for its current students under normal conditions for May – June 2020, i.e. the payment instalments that a provider may have received for those students except for COVID-19.

For capped programs such as EFQ, TPFQ and EFS, the Department's calculations are based on the relevant cap usage estimate, cap usage YTD, the financial cap as a ceiling, plus the applicable concessions, exemptions and loadings and past performance. A similar approach has been taken for the Entitlement Apprenticeships and Traineeships program.

The Department is forwarding a contract variation which includes the pre-determined maximum advanced payment amount to each Smart and Skilled provider.

Current students for whom training activity has been included in the pre-determined maximum advanced payment calculations and therefore in any fortnightly advanced payment instalments must be deemed by the Department as active. That is, the Department is expecting the student to reach a UoC Outcome Achievement Stage which triggers a payment instalment in the current Activity Period.

Students who are not finalised and with end dates in a previous Activity Period (further referred to as 'expired students' in this update) are not included in the advanced payment calculations or any fortnightly advanced payment instalments.

b. How will advanced payments be made?

The pre-determined maximum advanced payment amount will be apportioned into four equal fortnightly payments (the 'fortnightly advanced payment instalment') which will be paid in May and June 2020, on the basis described below.

Providers who opt in (i.e. who accept the contract variation) will:

1. Still be required to submit training activity data for the remainder of the 2019-20 Activity Period via the eReporting portal.
2. Continue to be paid according to the normal process for reported training activity that reaches a UoC Outcome Achievement Stage which triggers a payment. Providers will receive a Recipient Created Tax Invoice (RCTI) for activity paid in this manner and the relevant financial cap will be debited accordingly.
3. Be paid an advanced payment on the following basis:
 - a. receive a 'top up' payment if payments made in a set fortnight made through the normal process (as outlined at point 2 above) are **less** than the fortnightly advanced payment instalment amount for that fortnight. The 'top up' payment will be the difference between what has been paid under the normal process outlined at point 2 above and the fortnightly advanced payment instalment amount; or
 - b. receive the total fortnightly advanced payment instalment amount if no payment was made in a set fortnight through the normal process outlined at point 2 above.

Note 1:

If a provider reports training activity data via eReporting and is paid through the normal process (as outlined at point 2 above) in a set fortnight period and that payment amount is equal to or exceeds the fortnightly advanced payment instalment amount then that will be the provider's total payment for that fortnight.

Note 2:

Payments for:

1. new students (students that commenced training from 1 May 2020 onwards and for whom data has been reported via eReporting) and
2. expired students (for whom reporting of training activity recommenced from 1 May 2020 onwards via eReporting)

will **not** be included in the calculation to determine whether a fortnightly advanced payment instalment should be made nor the amount to be paid. Payments for these two categories of students will be made as usual.

Note 3:

Payment instalments triggered by UoC Outcome Achievement Stages reported through eReporting which are in excess of a financial cap for the activity period will be treated in accordance with the contract, as is usual practice.

c. When will the advanced payments commence?

The advanced payments cover the May and June 2020 period, with the first fortnightly advanced payment instalment to be made **around 20 May 2020**.

Note: Providers who choose not to opt in will continue to be paid in accordance with clause 17 of the 2019-20 Smart and Skilled Contract Terms and Conditions.

d. What happens next?

The Department is in the process of forwarding the contract variation and individualised payment schedules to eligible Smart and Skilled providers.

Providers are required to indicate whether they wish to opt in or not. It is important to indicate your position **no later than COB Thursday 14 May 2020 and follow the other important instructions regarding opting in contained in the contract variation letter**, so that fortnightly advanced payment instalments can commence on time.

e. For further assistance

Please refer any enquiries in relation to the advanced payment offer to your Strategic Relationship Manager.

3. OTHER GOVERNMENT MEASURES TO SUPPORT BUSINESSES IMPACTED BY COVID-19

This advanced payments strategy complements Commonwealth Government and NSW Government measures to support businesses impacted by COVID-19.

The Commonwealth Government has announced support for businesses impacted by COVID-19 to manage cash flow challenges and retain employees. Your organisation may be eligible for support such as the JobKeeper Payment, wage subsidies for apprentices and trainees, boosting cash flow for employers and increasing the instant asset write-off.

For information on financial assistance support announced by the Commonwealth Government, including eligibility and timing, please visit <https://www.business.gov.au/risk-management/emergency-management/coronavirus-information-and-support-for-business>.

The NSW Government has also announced support for businesses impacted by COVID-19. Up-to-date information is available on the NSW Government COVID-19 website at <https://www.nsw.gov.au/covid-19>.

For technical support in relation to this update, contact Training Market Customer Support at Training.Market@det.nsw.edu.au.

Please note that this update is for the information of approved Smart and Skilled providers only. If providers require further information for students or employers, please contact Training Market Customer Support, as above, unless otherwise instructed.