

Senate Education and Employment Legislation Committee Hearing

Inquiry into the Free TAFE Bill 2024 [provisions]

7 February 2025

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Inquiry into the Free TAFE Bill 2024 [provisions]

Key points

- Free TAFE, underpinned by legislation, **will support 100,000 existing Free TAFE and vocational education and training (VET) places** annually from 2027, increasing in line with population growth.
 - While places will **primarily be delivered by TAFEs**, in certain circumstances and subject to negotiation with states, **other types of VET providers** may be funded to deliver free places.
- While the Free TAFE Bill in itself does not have a financial impact, in the 2024-25 Mid-Year Economic and Fiscal Outlook (MYEFO) the Australian Government committed **\$253.7 million over 2026-27 and 2027-28 for 1.5 years of Free TAFE** and ongoing funding of **around \$177 million each year from 2028-29**, increasing in line with indexation and population growth [**page 244: MYEFO 2024-25**].
- The **Bill sets out the framework** for the delivery of Free TAFE in partnership with states and territories (states). A **Free TAFE agreement between the Government and states** will be negotiated and in place before the ongoing program commences in 2027.

General

- Free TAFE places will be **prioritised to those cohorts who typically face barriers to education and training** and will be **offered in fields of study in high demand and of national and state priority**.
- It will deliver **cost-of-living relief** to those who benefit most through the removal of tuition fees and by reducing the debt burden a student may carry over their lifetime.
- Passage of **the Free TAFE Bill will provide certainty** to students, teachers and trainers, VET providers, industry and states that Free TAFE will remain an ongoing feature of the national VET system.
- **Free TAFE builds on the success of the 2023-2026 Fee-Free TAFE Skills Agreement** between the Australian Government and states, which is delivering over \$1.5 billion in joint funding for 500,000 Fee-Free TAFE and VET places across Australia.
- The Bill will establish an ongoing commitment to a grant of Commonwealth financial assistance to states to deliver Free TAFE places, subject to terms and conditions being agreed between the Commonwealth and the states.
- Establishing ongoing Free TAFE delivers on the Government's commitment to put TAFE back at the centre of VET.
- The Free TAFE Bill 2024 and the supporting Explanatory Memorandum were introduced by the Minister for Skills and Training, the Hon Andrew Giles MP, in the House of Representatives on 7 November 2024.

Free TAFE Agreement

- To receive a grant of financial assistance, **a state must negotiate and enter into a Free TAFE Agreement with the Commonwealth.**
- The department intends to commence negotiations with states in the second half of 2025 to ensure that a Free TAFE Agreement is in place in 2026, before places become available in 2027.
- Similar to the current Fee-Free TAFE Skills Agreement, we expect that there will be an overarching multilateral Free TAFE Agreement, supported by individual bilateral agreements with each state.
- Clause 8 of the Bill sets out **key matters to be dealt with in a Free TAFE Agreement**, including:
 - fields of study that places will be offered in (*clause 8(1)(b)*)
 - number of places (*clause 8(1)(c)*)
 - cohorts that will be prioritised for access to Free TAFE (*clause 8(1)(e)*)
 - amount of financial assistance (*clause 8(1)(f)*)
 - performance milestones (*clause 8(1)(g)*)
 - types of VET providers that will be eligible for funding (*clause 8(1)(i)*)
 - arrangements for review and evaluation (*clause 8(1)(j)*), and
 - reporting requirements (*clause 8(1)(l)*).
- **Bilateral agreements will include state-specific parameters** in alignment with the multilateral agreement, as well as additional information and requirements such as course pricing and fees, training providers and fraud and integrity measures.

Timeline

- *If pushed* – August to October 2024 – advice to Government as part of normal MYEFO processes.
- On 1 November 2024 the Minister for Skills and Training, the Hon Andrew Giles MP, approved the text of the Free TAFE Bill 2024 and the supporting Explanatory Memorandum.
- On 3 November 2024 the Prime Minister, the Hon Anthony Albanese MP, announced ongoing support for 100,000 Free TAFE places from 2027, underpinned by legislation.
- On 7 November 2024, the Bill was introduced to the House of Representatives.
- On 19 November 2024, the Shadow Minister for Industry, Skills and Training, the Hon Sussan Ley MP, announced that the Coalition would not support the Bill in her second reading speech.
- On 21 November 2024, the Bill was referred for inquiry and report, with the Committee to report by 27 February 2025.

- On 5 February 2025 the Bill passed the House of Representatives.
- On 6 February 2025 the Bill was introduced in the Senate and debate was adjourned to 27 February 2025, when the Committee is due to table its report.

If asked

The Explanatory Memorandum states that the Bill will have no financial impact. How is that possible?

- As per **normal budget processes**, the **financial impact was agreed in MYEFO 2024-25 [page 244: MYEFO 2024-25]**.
 - \$253.7 million over 2026-27 and 2027-28 for 1.5 years of Free TAFE; and
 - around \$177 million each year from 2028-29, increasing in line with indexation and population growth.
- The Bill sets out the **governance arrangements** for financial assistance to states for the delivery of **at least 100,000** Free TAFE and VET places every year from 2027.
- It **does not legislate a fixed financial contribution** by the Commonwealth, acknowledging that arrangements with states for the delivery of Free TAFE, including funding amounts, are subject to negotiations, and may change over time.
- This **aligns with the current Federal Financial Relations system**, whereby a grant of financial assistance to a state is not set out in legislation and is instead determined by the Treasurer, as the Minister responsible for payments to states, subject to negotiations between the Commonwealth and the states.
- **Section 6 of the Bill** provides that the Commonwealth **is to make a grant of financial assistance under section 16 of the *Federal Financial Relations Act 2009*** (FFR Act) for the purpose of making payments to a state in accordance with a Free TAFE Agreement.

How was the cost determined?

- Costings for Free TAFE were based on the average cost for existing places delivered under Tranche 1 of Fee-Free TAFE (latest available data). The average cost was calculated using the data provided by states and territories.
- Indexation was then applied to this average cost, to take into consideration cost increases, and population forecasts as published by the Treasury in the 2024-25 Budget papers (latest available data when the Free TAFE was costed) to derive a figure for 2026-27.
 - The indexation applied was Wage Cost Index (WCI) 3, a composite index that comprises a wage cost component (weighted at 60 per cent) and a non-wage cost component (weighted at 40 per cent). WCI 3 was selected due to the weightings being similar to typical costs associated with the delivery of VET.
- s 47B(a)

Why were costings based on Tranche 1 and not the most recent costs?

- Tranche 1 was the latest full data set available at the time costings were developed.
- Costings for Free TAFE were indexed to costs and population based on 2023-24 Budget projections, reflecting the projected cost of an existing place delivered from 2027 onwards.

Will states contribute?

- Free TAFE will be a joint program with states. Co-contributions by states to Free TAFE are subject to negotiations, which will commence later this year.
- The exact cost of each place provided will depend on the courses that are offered and the number of students in each course, which will be determined in discussions with states and territories. However, it is anticipated that the Commonwealth will fund a flat average amount per place.
- *If pushed*: state contributions are subject to negotiations, and we do not want to prejudice those negotiations.

Are Free TAFE places new or existing places?

- Free TAFE will support 100,000 existing places every year from 2027.
- These will be **existing places that would have been delivered to students who would have paid tuition fees**. These then become Free TAFE places.
- The annual places support a student for the full duration of their course, regardless of length. This means that we expect to see at least 100,000 new students enrolling in in Free TAFE every year.
- New places would be those which states would offer above current places. These places cost significantly more as they include not only the tuition fee, but also cover the full cost of delivery such as wages, capital and student services.

What additional supports are provided by Free TAFE to help disadvantaged students?

- Free TAFE places will be existing places that a provider will be already delivering, with funding for delivery, including additional support, resourced by state and territory governments.
- TAFEs already provide a significant range of additional support for students to support their participation in training including:
 - health and wellbeing counselling
 - career counselling
 - childcare
 - financial assistance such as scholarships and loans
 - additional supports for First Nations students, such as dedicated learning areas and Indigenous student support officers
 - disability and accessibility supports

- additional supports culturally and linguistically diverse students
- access to additional foundation skills training.

The Bill states a Free TAFE place may not be free of all fees – how much will a place cost?

- Free TAFE places will be free from tuition fees. However, depending on the course of study undertaken, a student may incur incidental costs such as tools, uniforms, working with children checks, textbooks or transport costs.
- Tuition-free places deliver a range of benefits by increasing equitable access to education and addressing skills shortages. Several submissions and witnesses have highlighted the benefits to young people, those from refugee and migrant backgrounds, regional and remote communities and First Nations students amongst others.
 - These priority cohorts typically face financial barriers, along with other barriers, to pursuing education and training and participating in meaningful and well-paid employment.

Is legislation needed?

- An Act is more **appropriate for an ongoing program**, rather than as a time-limited schedule to the Federation Funding Agreement.
- Legislation sets out a **clear framework for Free TAFE**, which explicitly states the goals of the program.
- Legislation sends a clear signal to potential students, the VET sector, employers and industry that Free TAFE will be an enduring part of the system.
- Legislation also ensures that students can be confident they can undertake study at their own pace, even when studying over several years.
- The Bill will establish minimum terms and conditions that a state must comply with to receive a grant of Commonwealth financial assistance, while still providing flexibility for Free TAFE to respond to local conditions and new and emerging trends.

Could you continue to deliver under existing arrangements?

- While the program could continue as a time-limited schedule to the *Federation Funding Agreement – Education and Skills* (FFA), legislation will offer certainty to states regarding the parameters of Free TAFE.
- The legislative framework seeks to minimise the workload associated with having to renegotiate standard parameters for the same program on a regular basis, which is the case with schedules to the Federation Funding Agreement.
- It is envisaged that once all parties have entered into a legislated Free TAFE Agreement, further negotiations will be kept to a minimum and will revolve around ensuring that the program remains current and fit-for-purpose.

- Legislation also has the advantage of delivering certainty to students, teachers and trainers, the community, industry, the VET sector on the ongoing nature of Free TAFE, allowing individuals, businesses and VET providers to undertake long-term planning for their future with confidence.

Are Free TAFE places only allocated to TAFEs?

- It is a priority of the Government to put TAFE at the heart of the VET system. As public institutions, TAFEs are a vital community asset and provide critical training opportunities for students who typically face more barriers to education and employment and require additional supports to achieve their goals.
- All states have also agreed to place TAFE at the heart of VET through the National Skills Agreement.
- The commitment recognises the **unique role of TAFEs** in the national VET system. TAFEs provide:
 - a broad range of courses, including in fields where total demand may be low but skilled workers are critical
 - significant training infrastructure that is not available at many other registered training organisations (RTOs)
 - portability of training between campuses
 - a large regional footprint
 - intensive, wraparound supports for students, particularly those with additional needs.
- As public institutions, TAFEs are subject to rigorous governance and audit arrangements in accordance with state government requirements, on top of those imposed by the VET regulator for their jurisdiction.
- TAFEs are directly accountable to the Australian public, with transparent frameworks in place to ensure that they deliver on their purpose to provide equitable access to quality training across Australia.
- In **certain circumstances, such as thin markets, local conditions or specific cohort needs, and subject to negotiations with states, the Bill provides that Free TAFE may be delivered by other types of VET providers**, such as Aboriginal Community Controlled and First Nations Owned RTOs, industry-led RTOs, adult and community education providers and private RTOs.
- In the current Fee-Free TAFE program, from 1 January 2023 to 30 September 2024, **77.6% of courses were delivered by TAFE, 12.5% by private providers, 8.2% by dual sector providers and 1.7% by a community-based adult education provider.**
- Government funding to private RTOs has continued to grow. Investment in the entire VET sector (private providers included) continues to grow.

- Government expenditure on VET delivery and capital **grew by \$606.8 million (10.2%)** from \$5.9 billion in 2022 to **\$6.5 billion** in 2023.¹
 - Government expenditure for **TAFE increased** from \$4,157.2 million in 2022 to **\$4,491.9 million (68.6% of expenditure)** in 2023.
 - Government expenditure for **private RTOs increased** from \$1,105.5 million in 2022 to **\$1,226.2 million (18.7% of expenditure)** in 2023.
- If pushed: The choice to fund TAFEs is a **decision of government**.

Relative performance of sectors ^{§ 22(1)}

- For students completing nationally recognised VET, both TAFEs and private providers enjoy **broadly similar rates of student outcomes**, including (TAFE vs private):
 - student overall satisfaction with training (89.0% vs. 90.0%)²
 - employed or in further study after training (85.8% across sectors)³
 - employer overall satisfaction with training (74.7% vs. 74.4%).⁴
- While **completion rates for lower qualifications** (Certificate I and II) are **moderately higher at private institutions**, the **gap significantly decreases for higher level qualifications** (TAFE vs. private):
 - Certificate III (50.5% vs. 55.8%)
 - Certificate IV (44.4% vs. 43.7%)
 - Diploma and above (52.4% vs. 53.1%).⁵

What analysis was undertaken to determine the number of places each year?

- The object of the Bill is to support the delivery of **at least 100,000** Free TAFE and VET places across Australia each year.
- The 100,000 figure aligns with the allocation in the 2023-2026 Fee-Free TAFE Agreement, as we know that state and territory governments have the existing capacity to deliver these places.
 - States may also make additional places available, as we have seen with Fee-Free TAFE.
- Ongoing Free TAFE is one component of a range of Australian Government measures designed to meet the needs of Australia's workforce.
- In 2024-25, Commonwealth expenditure on VET by the skills and training portfolio is a **projected \$5.1 billion** (as at 2024-25 MYEFO). This includes approximately **\$2.6 billion to states, \$1.9 billion for Commonwealth own programs** such as

¹ NCVET, *Government funding of VET 2023*

² NCVET 2024, *VET student outcomes 2024*

³ Ibid.

⁴ NCVET 2023, *Employers' use and views of the VET system 2023*

⁵ NCVET 2024, *VET qualification completion rates 2023*

apprenticeship supports, foundations skills and Jobs and Skills Councils, and **\$538 million for income contingent loans.**

- If pressed: decisions regarding the level of funding and number of places are a matter for Government. These decisions are made by Government in the broader context the current fiscal environment.

Will you provide more funding to jurisdictions with higher costs of delivery and demand?

- The purpose of Free TAFE is to remove the tuition fee for 100,000 existing places each year from 2027, not to fund states for the delivery of VET to all students. As with the existing Fee-Free TAFE Skills Agreement, Free TAFE funding is proposed to be distributed on a population share.
- This is consistent with broader Commonwealth funding to states for the delivery of VET, such as through the National Skills Agreement, **is based on population share.**
- If pressed: Decisions regarding the methodology for funding distribution are a matter for Government.

How will the outcomes of Free TAFE be measured? When?

- An **ongoing cycle of monitoring, review and evaluation will be built into the Free TAFE Agreement** to regularly assess Free TAFE's success, as well as to inform improvements to the program as it matures and ensure that it remains fit-for-purpose.
- Program performance will be assessed by its efficiency and effectiveness, in terms of how the program promotes the delivery of quality training, improves equity of access, removes financial barriers to training, and improves employment outcomes. The program will also be evaluated for its fiscal sustainability.
- The first in-depth review of Free TAFE, in collaboration with states, is anticipated to occur after two years of operation, in 2029, to analyse the implementation and delivery of Free TAFE and to guide any updates to program parameters. This will be explicitly set out in the Free TAFE Agreement.

Data and reporting

- The Free TAFE Bill explicitly sets out that a Free TAFE Agreement include terms and conditions in relation to reporting, review and evaluation.
- Specific arrangements are subject to negotiations with states.
- The Bill requires that at a minimum, reporting by states must include:
 - total amount of funding
 - amount of Commonwealth funding
 - courses
 - enrolments, including a breakdown by priority cohorts, and
 - completions.

- As Free TAFE will be an ongoing program, it is appropriate that it be included in the national reporting by the National Centre for Vocational Education Research (NCVER).
- Accordingly, the department will work closely with NCVER and states to ensure Free TAFE is part of the national VET Data Collection reported under Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS).
- This will reduce the reporting burden on states, ensure that data is provided according to agreed definitions and importantly enable better tracking of outcomes over time, including through NCVER's Students Outcome Survey and the VET National Data Asset.
- We will work closely with states to also agree other reporting that further demonstrate the outcomes of Free TAFE, for example the collection of qualitative data such as student outcomes including employment outcomes, transition to further study, and student satisfaction.

Will you collect withdrawal data?

- Currently the AVETMISS VET Provider Collection **does not collect the status of a program other than program completion**. It does include an outcome identifier, at a subject level, which includes a withdrawal or discontinuation in a unit of competency or module at the time of data submission. However, this is not currently collected for an individual program of study.
- Further, discussions with states have indicated that **withdrawal data is very difficult to collect accurately**. This is further substantiated by the submission to this inquiry from NCVER which states that "*Limitations in the national VET data standard hinder [NCVER's] ability to calculate reliable cancellation rates at the qualification level for non-apprenticeship or traineeship qualifications.*"
- However, it is anticipated that the **new VET Information Standard will be introduced in 2026-27**. The new Standard, coupled with modernised technology and legislative arrangements, will **enable the provision of more timely and accurate information** on student enrolments and completions, **including withdrawals**. Transition to the new Standard by RTOs will be supported out until 31 December 2028.
- As previously noted, the department will work with states to allow identification of training activities funded under Free TAFE in the national VET Data Collection through AVETMISS. Accordingly, transition to the new Standard may open up opportunities for the capture of data to track student disengagement in Free TAFE.
 - Other opportunities to measure student disengagement will also be considered during negotiations with states.
- It is important to note that any **unused funding**, for example if students withdraw from a course, **will be required to be allocated by states for the delivery of Free TAFE**.

How will Free TAFE work with the apprenticeship system?

- Responsibility for the Australian Apprenticeship system is shared between the Commonwealth and states and territories, with states and territories responsible for the regulation of Australian Apprenticeships and training delivery through RTOs.
 - The types of qualifications primarily taken through apprenticeships include Certificate II, III, IV, VET Diploma or VET Advanced Diploma, with Certificate III and above qualifications being the most common form of an apprenticeship pathway.
- For most apprenticeship arrangements, employers are responsible for the training related costs, either paid directly by the employer or through a reimbursement to the apprentice.
- Free TAFE courses will be agreed between the Government and each state. This means eligible Fee-Free courses may vary between jurisdictions, including Free TAFE courses that could be undertaken through an Australian Apprenticeship.
- As part of negotiations with states we will explore whether it is feasible to identify Free TAFE students who are undertaking their study as part of an apprenticeship.
- While there is limited data on the overlap between Fee-Free TAFE and apprenticeships, the department has dedicated ICT infrastructure to track and analyse data for apprentices and trainees, including completion and withdrawal rates.

Strategic Review of the Australian Apprenticeship Incentive System

- In addition to current work underway within the department to better align the two programs, the final report of the Strategic Review of the Australian Apprenticeship Incentive System (the Review) was delivered to Government in September 2024.
- The Review contained 34 recommendations on how the apprenticeship incentive system can better support more people start and complete apprenticeships, including how it works with other programs within the VET system.
- The Government is considering the Review recommendations, and whether alignment between Free TAFE and apprenticeships is required.

How will you determine what sectors to include as part of Free TAFE?

- The choice of sectors that will be prioritised for Free TAFE places will be informed by evidence, including from Jobs and Skills Australia, NCVET and Jobs and Skills Councils.
- National priority sectors will be subject to negotiations with states but will be aligned with those agreed by all governments under the National Skills Agreement. Currently, these are:
 - gender equality
 - Closing the Gap
 - supporting the Net Zero transformation
 - sustaining essential care services

- developing Australia's sovereign capability and food security
- ensuring Australia's digital and technology capability
- delivering housing supply, and
- delivering reforms to improve the regulation of VET qualifications and quality.
- State priorities will be based on advice from individual governments on their skills needs and priorities and agreed bilaterally.

What happens if a state chooses not to participate in Free TAFE?

- Under the Australian Constitution, a state or territory is not obligated to accept a grant of financial assistance from the Commonwealth.
- However, states have indicated their support for the ongoing program through both informal discussions at the officer level, formal correspondence between ministers and in submissions to the inquiry.
- *If asked: Which states?*
 - The Australian Capital Territory, Queensland, South Australia, Victoria and Western Australia have all lodged submissions to this inquiry expressing their support for Free TAFE .
 - New South Wales has separately written to Minister Giles to express its support.
- Commencing negotiations on Free TAFE in 2025, well in advance of Free TAFE starting in 2027, will help to mitigate the risk of a state declining to participate in the program.

What happens if no agreements are in place?

- Negotiations will commence in the second half of 2025 to ensure that there is sufficient time to reach agreement with all states and territories.
- Should it look likely that the Commonwealth will not be able to reach agreement with states in time for Free TAFE to commence in 2027, the department will provide advice to the Government at that time.
- However, the risk of not having agreements in place is low. States have expressed their support for Free TAFE and the Free TAFE Bill through informal discussions at the officer level and through official correspondence.

What improvements or changes are you going to make to Free TAFE compared to Fee-Free TAFE?

- The design of Free TAFE will be informed by learnings from Fee-Free TAFE, including the evaluation of Fee-Free TAFE that is due to occur in the second half of 2025.
- Any improvements or changes will form part of negotiations with states.
- Some initial matters for discussion with states include enhanced data and evaluation, reducing the administrative burden, and better targeting of places to cohorts and sectors.

Background

- Debate of the Bill in Parliament in November 2024 included criticisms that:
 - Free TAFE is “unfunded” but could permanently add \$500 million per year to the federal Budget
 - Free TAFE courses may not be free of all fees (as per a footnote in the Bill)
 - it favours TAFE over other VET providers
 - Fee-Free TAFE had been a failure with low completion rates
 - private providers had significantly higher completion rates,
 - there is a lack of reporting on Fee-Free TAFE withdrawal rates, and
 - that the effectiveness of Fee-Free TAFE has not been reviewed or evaluated.
- At the 2024-25 supplementary budget estimates hearings on 6 November 2024 Senator Matt O’Sullivan raised that the Government had announced that it would permanently fund Fee-Free TAFE despite that it had not yet been evaluated, and questioned on what basis the Government make the decision to continue the program.
- Senator O’Sullivan also asked questions on the decision-making process for ongoing Free TAFE, the financial impact, and what analysis and advice informed the number of places per annum to meet Australia’s workforce needs.
- Three Questions on Notice were received from Senator O’Sullivan on similar themes to those raised at the hearing ([Background folder](#)):
 - QN24-001866: requested the departmental advice to Government on making Free TAFE an ongoing measure; analysis to support the number of annual places; details of stakeholders were consulted to ensure that the number of places met the needs of Australia’s workforce; whether places were to be fully funded; whether places were new or existing; and if costings developed for both options; or was the department tasked with costing only one option.
 - Requested items related to Cabinet-in-confidence documents and were not provided; a response was provided in relation to stakeholder consultation
 - QN24-001867: requested if any state governments had requested that Fee-Free TAFE be made an ongoing measure.
 - The response stated that the department was not aware of any requests from jurisdictions.
 - QN24-001868: requested information on how courses would be allocated; how financial arrangements under the legislation would work; and if this was similar to university funding grants how would this operate for private providers and community providers that delivered Free TAFE.
 - The response advised that payments would be made to states under the Federal Financial Relations system and that course allocations and providers would be determined through negotiations.

- A Freedom of Information (FOI) request to the department was received on 11 November 2024 from Liam Jones (Senior Adviser to Sussan Ley MP) seeking access to “*the Ministerial Brief developed to support the consideration of the Free TAFE Bill 2024*”.
- A copy of the brief and attachments, redacting Cabinet material, material subject to legal professional privilege, Commonwealth-state relations material and deliberative material was provided to the applicant on 11 December 2024.
- The Opposition has been vocal in its criticism of Fee-Free TAFE and the new ongoing program. The Shadow Minister for Industry, Skills and Training has issued the following media releases and speeches in relation to Free TAFE and Fee-Free TAFE:
 - 20 January 2025, *Labor’s Free TAFE election policy has no mates at builders join business calling for it to be shelved*
 - 25 November 2024, *The truth about ‘Free TAFE’*
 - 25 November 2024, *Labor’s Free TAFE lie continues and adds to legislative logjam*
 - 5 November 2024, *Prime Minister’s election commitment on Fee-Free TAFE under fire*
 - 4 November 2024, *Labor double down on failing Fee-Free TAFE which has a success rate of just 13 per cent*
 - 20 October 2024, *Just 13 per cent of Fee-Free TAFE courses have delivered a qualification*
 - 7 June 2024, *Australian Skills – where we are and where we need to be*
 - 11 March 2024, *Fee Free flop?*

Media

24 January 2025, Albanese is promising fee-free Tafe. How would it work – and why is it causing controversy? the Guardian

The Business Council of Australia has cautioned against legislating Fee-Free TAFE as an enduring feature of the VET system, warning it was “too early” to assess the impact, as did the Australian Chamber of Commerce and Industry. Universities remain split on whether the government should adopt the Bill. The Independent Tertiary Education Council Australia said the bill was “unnecessary”, risked undermining the existing system and locked in funding for “underperforming public TAFE colleges”. The bill has received strong support from state governments and major unions, including the Health Services Union, the Nursing and Midwifery Association, teachers’ unions and the Australian Council of Trade Unions.

20 January 2025, Australian builders turn against Labor's fee-free TAFE, claiming policy fails to address skills shortage, Sky News

Master Builders Australia and the Housing Industry Association have voiced concerns that the bill unfairly favours public TAFE providers over private and industry-led training programs.

8 January 2025, Business Council rejects legislating fee-free TAFE, Australian Financial Review

Chief executive Bran Black said the measure should not be baked into legislation and should instead remain as part of the “normal budget and policy setting process” and that it was too early to assess the impact of the government’s previous investment into fee-free TAFE.

19 November 2024, Coalition will oppose the Free TAFE Bill, the Australian

The Coalition cited that the policy was unfunded and could permanently add \$500 million per year to the Budget. It also noted that a footnote in the legislation indicated that free TAFE courses may not be free of all fees.

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ONGOING FREE TAFE

Objectives

- Free TAFE, underpinned by legislation, **will support 100,000 existing Free TAFE and vocational education and training (VET) places** annually from 2027, increasing in line with population growth.
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- Passage of **the Free TAFE Bill will provide certainty** to students, teachers and trainers, VET providers, industry and states that Free TAFE will remain an ongoing feature of the national VET system.
- **Free TAFE builds on the success of the 2023-2026 Fee-Free TAFE Agreement** between the Australian Government and states, which is delivering over \$1.5 billion in joint funding for 500,000 Fee-Free TAFE and VET places across Australia.

Implementation

- The **Bill sets out the framework** for the delivery of Free TAFE in partnership with states and territories (states). A **Free TAFE agreement between the Government and states** will be negotiated and in place before the ongoing program commences in 2027.
- The Bill will establish an ongoing commitment to a grant of Commonwealth financial assistance to states to deliver Free TAFE places, subject to terms and conditions being agreed between the Commonwealth and the states.
- To receive a grant of financial assistance, **a state must negotiate and enter into a Free TAFE Agreement with the Commonwealth**.
- The department intends to commence negotiations with states in the second half of 2025 to ensure that a Free TAFE Agreement is in place in 2026, before places become available in 2027.
- Similar to the current Fee-Free TAFE Skills Agreement, we expect that there will be an overarching multilateral Free TAFE Agreement, supported by individual bilateral agreements with each state.
- Clause 8 of the Bill sets out **key matters to be dealt with in a Free TAFE Agreement**, including:
 - fields of study that places will be offered in (*clause 8(1)(b)*)
 - number of places (*clause 8(1)(c)*)
 - cohorts that will be prioritised for access to Free TAFE (*clause 8(1)(e)*)
 - amount of financial assistance (*clause 8(1)(f)*)

- performance milestones (*clause 8(1)(g)*)
- types of VET providers that will be eligible for funding (*clause 8(1)(i)*)
- arrangements for review and evaluation (*clause 8(1)(j)*), and
- reporting requirements (*clause 8(1)(l)*).
- **Bilateral agreements will include state-specific parameters** in alignment with the multilateral agreement, as well as additional information and requirements such as course pricing and fees, training providers, fraud and integrity measures, and promotional activities.

How will the outcomes of Free TAFE be measured? When?

- An **ongoing cycle of monitoring, review and evaluation will be built into the Free TAFE Agreement** to regularly assess Free TAFE's success, as well as to inform improvements to the program as it matures and ensure that it remains fit-for-purpose.
- The first in-depth review of Free TAFE, in collaboration with states, is anticipated to occur after two years of operation, in 2029, to analyse the implementation and delivery of Free TAFE and to guide any updates to program parameters. This will be explicitly set out in the Free TAFE Agreement.

Data and reporting

- The Free TAFE Bill explicitly sets out that a Free TAFE Agreement include terms and conditions in relation to reporting, review and evaluation. Specific arrangements are subject to negotiations with states.
- As Free TAFE will be an ongoing program, it is appropriate that it **be included in the national reporting by the National Centre for Vocational Education Research (NCVER)**.
- Accordingly, the department will work closely with NCVER and states to ensure **Free TAFE is part of the national VET Data Collection reported under Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS)**.
- We will also work closely with states to agree any other reporting that further demonstrate the outcomes of Free TAFE, for example the collection of qualitative data such as student outcomes including employment outcomes, transition to further study, and student satisfaction.

Financial impact

- As per **normal budget processes**, the **financial impact was agreed in MYEFO 2024-25 [page 244: MYEFO 2024-25]**.
 - \$253.7 million over 2026-27 and 2027-28 for 1.5 years of Free TAFE; and
 - around \$177 million each year from 2028-29, increasing in line with indexation and population growth.

- The Bill sets out the **governance arrangements for Australian Government financial assistance to states** for the delivery of **at least 100,000** Free TAFE and VET places every year from 2027.
- It **does not legislate a fixed financial contribution** by the Commonwealth, acknowledging that **arrangements with states for the delivery of Free TAFE, including funding amounts, are subject to negotiations**, and may **change over time**.
- This **aligns with the current Federal Financial Relations system**, whereby a grant of financial assistance to a state **is not set out in legislation** and is instead **determined by the Treasurer, as the Minister responsible for payments to states**, subject to negotiations between the Commonwealth and the states.
- **Section 6 of the Bill** provides that the Commonwealth **is to make a grant of financial assistance under section 16 of the *Federal Financial Relations Act 2009*** (FFR Act) for the purpose of making payments to a state in accordance with a Free TAFE Agreement.
- Costings for Free TAFE were based on the average cost for existing places delivered under Tranche 1 of Fee-Free TAFE (latest available data). The average cost was calculated using the data provided by states and territories.
- Indexation was then applied to this average cost, to take into consideration cost increases, and population forecasts as published by the Treasury in the 2024-25 Budget papers (latest available data when the Free TAFE was costed) to derive a figure for 2026-27.

Contributions to states

- Free TAFE will be a joint program with states. Co-contributions by states to Free TAFE are subject to negotiations, which will commence later this year.
- *If pushed*: state contributions are subject to negotiations, and we do not want to prejudice those negotiations.

Benefit to students

- Free TAFE places will be prioritised to cohorts who typically face barriers to education and training. These cohorts will be agreed with jurisdictions and may vary between states.
- It will deliver **cost-of-living** relief to those who benefit most through the removal of tuition fees and by reducing the debt burden a student may carry over their lifetime.
- It will enable Australians to plan for and access skilling, upskilling and reskilling opportunities, to obtain **higher paying, secure and meaningful work**.
- Free TAFE places will be **free from tuition fees**. However, depending on the course of study undertaken, a student may incur incidental costs such as tools, uniforms, working with children checks, textbooks or transport costs.

What analysis was undertaken to determine the number of places each year?

- The object of the Bill is to support the delivery of **at least 100,000** Free TAFE and VET places across Australia each year.

- The 100,000 figure aligns with the allocation in the 2023-2026 Fee-Free TAFE Agreement, as we know that state and territory governments have the existing capacity to deliver these places.
 - States may also make additional places available, as we have seen with Fee-Free TAFE.
- If pressed: the decision to support 100,000 is a matter for Government. This decision was made in the context of the current fiscal environment.

National priorities

- The choice of sectors that will be prioritised for Free TAFE places will be informed by evidence, including from Jobs and Skills Australia, NCVET and Jobs and Skills Councils.
- National priority sectors will be subject to negotiations with states but will be aligned with those agreed by all governments under the National Skills Agreement. Currently, these are:
 - gender equality
 - Closing the Gap
 - supporting the Net Zero transformation
 - sustaining essential care services
 - developing Australia's sovereign capability and food security
 - ensuring Australia's digital and technology capability
 - delivering housing supply, and
 - delivering reforms to improve the regulation of VET qualifications and quality.
- State priorities will be based on advice from individual governments on their skills needs and priorities and agreed bilaterally.

Why is legislation needed?

- An Act is more **appropriate for an ongoing program**, rather than as a time-limited schedule to the Federation Funding Agreement.
- Legislation sets out a **clear framework for Free TAFE**, which explicitly states the goals of the program.
- Legislation sends a **clear signal** to potential students, the VET sector, employers and industry that Free TAFE will be an enduring part of the system, allowing individuals, businesses and VET providers to undertake long-term planning for their future with confidence.

Could you continue to deliver Free TAFE under existing arrangements?

- While the program could continue as a time-limited schedule to the *Federation Funding Agreement – Education and Skills* (FFA), legislation will offer certainty to states regarding the parameters of Free TAFE.

- The legislative framework seeks to minimise the workload associated with having to renegotiate standard parameters for the same program on a regular basis, which is the case with schedules to the Federation Funding Agreement.
- It is envisaged that once all parties have entered into a legislated Free TAFE Agreement, further negotiations will be kept to a minimum and will revolve around ensuring that the program remains current and fit-for-purpose.

2023-2026 FEE-FREE TAFE AGREEMENT

- Fee-Free TAFE is part of the Fee-Free TAFE Skills Agreement (the Agreement) to deliver over **\$1.5 billion in joint funding** in partnership with states and territories (states) for **500,000** Fee-Free TAFE and vocational education and training (VET) places over 2023 to 2026.
- The **purpose of Fee-Free TAFE** is to:
 - improve access to VET by priority cohorts, including the most vulnerable
 - support students through removing financial barriers to study
 - deliver training places in areas of high demand and skills need

National priorities

- National priority areas are agreed with states and territories and align to occupations listed in the [Jobs and Skills Australia's Occupational Shortage List](#).
- Current national priority sectors under Fee-Free TAFE are:
 - agriculture
 - care (including aged care, health care and disability care)
 - construction
 - defence
 - early childhood education and care
 - hospitality and tourism
 - manufacturing
 - sovereign capability
 - technology and digital, and
 - the VET workforce.
- Enrolments have been strong across all priority sectors, with almost **151,000 care** sector course enrolments, over **54,000 technology and digital** sector course enrolments, over **40,000 early childhood education and care** sector enrolments, and over **39,000 construction** sector course enrolments.

Sector	Total	Percentage
Agriculture	22,114	3.90%

Sector	Total	Percentage
Care	150,985	26.60%
Construction	39,231	6.90%
Defence	960	0.20%
Early Childhood Education and Care	40,766	7.20%
Hospitality and Tourism	21,889	3.90%
Manufacturing	8,294	1.50%
Sovereign Capability	4,364	0.80%
State Priority	211,663	37.20%
Technology and Digital	54,795	9.60%
VET Workforce	13,390	2.40%
Total	568,451	100%

Note: Enrolments to priority sectors are based DEWR mapping.

- Fee-Free TAFE course lists are agreed bilaterally between the Australian Government and each state. States nominate courses which align to the national priorities or align to state priorities which may be specific to their jurisdictional priority industries or skill needs.
- The Agreement specifies states and territories will deliver courses in national priorities as well as state-based courses that address identified local skills needs and occupations in demand. Many state priority courses are sourced from state skill priorities lists.
- From January 2023 to September 2024, enrolments in state priority courses represented 37.2% of total enrolments.
 - 23.9% of enrolments from January 2024 to September 2024 were in state priority courses, compared to 45.2% in 2023. This is because more approved courses in 2024-2026 are in national priority areas.
- State priority courses include:
 - Certificate III and IV in School Based Education Support¹
 - Certificate IV in Training and Assessment
 - Certificate IV in Work Health and Safety
 - Certificate IV in Accounting and Bookkeeping
 - Certificate IV in Leadership and Management.

¹ These courses provide necessary qualifications for education assistants who deliver in-class support for teachers and students

Key cohorts

- Priority cohorts include First Nations people, youth (17-24), job seekers, people with disability, unpaid carers, women facing economic insecurity, and women undertaking study in non-traditional fields.
- Demographic data shows the program is supporting disadvantaged and in-need Australians, with over **192,200 young people** (24 and under), almost **140,000 job seekers**, over **44,000 people with disability** and over **34,000 First Nations** people enrolling in Fee-Free TAFE.
- **Women make up around 62%** of all enrolments.
- Nearly **200,000 enrolments (35%)** are in regional and remote locations.
- Fee-Free TAFE has **much higher participation rates by priority cohorts** than the broader VET system.

Cohort	All of VET 2023	FFT 2023
First Nations	3.5%	6.7%
People with disability	3.8%	7.6%
Females	46.2%	61.8%
Regional and remote	26.8%	35.9%
Youth (15-24 years)	29.5%	33.2%
Lowest socio-economic quintile	17.6%	N/A*

*States do not provide reporting on socio-economic status for Fee-Free TAFE

Performance of sectors

- Funding for the VET system is a joint responsibility of the Commonwealth and the state and territory governments. The Australian Government contributes to the VET system by directly funding parts of the national training system and providing funding to states and territories to operate their training systems.
- Government funding for VET delivery and capital **grew by \$606.9 million (10.2%)** from \$5.9 billion in 2022 to **\$6.5 billion** in 2023.²
 - Government funding for **TAFE increased** from \$4,157.2 million in 2022 to **\$4,491.9 million (68.6% of all government funding)** in 2023.
 - Government funding for **private RTOs increased** from \$1,105.5 million in 2022 to **\$1,226.2 million (18.7% of all government funding)** in 2023.

	2021		2022		2023	
	\$m	%	\$m	%	\$m	%
TAFE	4,150.1	70.5	4,157.2	70.0	4,491.9	68.6
University	286.8	4.9	270.5	4.6	358.0	5.5

² NCVET, *Government funding of VET 2023*

Private	1,087.4	18.5	1,105.5	18.6	1,226.2	18.7
Other	261.8	4.4	253.4	4.3	271.9	4.2
Funding not attributable	100.9	1.7	152.9	2.6	198.4	3.0
Total	5,887.1	100.0	5,939.5	100.0	6,546.4	100.0

- For students completing nationally recognised VET, both TAFEs and private providers enjoy **broadly similar rates of student outcomes**, including (TAFE vs private):
 - student overall satisfaction with training (89.0% vs. 90.0%)³
 - employed or in further study after training (85.8% across sectors)⁴
 - employer overall satisfaction with training (74.7% vs. 74.4%).⁵
- While **completion rates for lower qualifications** (Certificate I and II) are **moderately higher at private institutions**, the **gap significantly decreases for higher level qualifications** (TAFE vs. private):
 - Certificate III (50.5% vs. 55.8%)
 - Certificate IV (44.4% vs. 43.7%)
 - Diploma and above (52.4% vs. 53.1%).⁶

Why are places only allocated to TAFEs? Why is funding not distributed across both TAFEs and other RTOs, particularly as private providers?

- It is a priority of the Government to put **TAFE at the heart of the VET system**. As public institutions, TAFEs are a vital community asset and provide critical training opportunities for students who typically face more barriers to education and employment and require additional supports to achieve their goals.
- The commitment recognises the **unique role of TAFEs** in the national VET system. TAFEs provide:
 - a broad range of courses
 - significant training infrastructure that is not available at many other RTOs
 - portability of training between campuses
 - a large regional footprint
 - intensive, wraparound supports for students, particularly those with additional needs.
- As public institutions, TAFEs are subject to rigorous governance and audit arrangements in accordance with state government requirements, on top of those imposed by the VET regulator for their jurisdiction.

³ NCVET 2024, *VET student outcomes 2024*

⁴ Ibid.

⁵ NCVET 2023, *Employers' use and views of the VET system 2023*

⁶ NCVET 2024, *VET qualification completion rates 2023*

- TAFEs are directly accountable to the Australian public, with transparent frameworks in place to ensure that they deliver on their purpose to provide equitable access to quality training across Australia.
- If pushed: The choice to fund TAFEs is a **decision of government**.

Evaluation

- The 2023-2026 Fee-Free TAFE Skills Agreement (the Agreement) **sets out a cycle of monitoring, review and evaluation** to ensure that the program delivers on its **objectives** to:
 - **remove financial barriers** to education and training, including for people experiencing economic disadvantage
 - support education and training in **areas of high workforce demand** and emerging skills needs that are a national or state priority
 - **bolster equity** of access to VET for priority cohorts
 - **improve employment outcomes** by supporting Australians to obtain the skills and capabilities they need to obtain well paid and secure jobs.
- At this point, it is important to note that Fee-Free TAFE is still in the formative stage, with only 21 months of data available to date.

Quarterly Reporting

- In accordance with the Agreement, states provide quarterly data on funding, student characteristics, enrolments, completions, courses and providers directly to the department.
- Currently, Fee-Free TAFE is not disaggregated in the National VET Provider Collection under the Australian Vocational Education and Training Management Information Statistical Standard (AVETIMSS).
- The department is exploring options to identify training activities funded under Fee-Free TAFE in the national VET Data Collection through AVETMISS.
- In the interim, the department is working with states and territories to update the reporting template for quarterly reporting from 2025 onwards to improve the capture of completions data, including by commencement date. Work is also underway to capture data at Statistical Area Level 4.

Tranche 1 End of Fund report

- All states had provided the Government with End of Fund Reports for Tranche 1 of Fee-Free TAFE (2023) by the end of September 2024.
- The reports provide a stocktake and acquittal, including a review of Tranche 1 and an assessment of its effectiveness in meeting the needs of the target cohorts within each jurisdiction.
- Work is well advanced on the department's analysis of these reports. This will then be shared with states for their consideration and feedback and is expected to be finalised in the first quarter of this year.

- This work will inform an evaluation of the outcomes Tranche 1, to be undertaken in collaboration with states.

Tranche 2 Insights Report

- States will each provide an Insights Report to the Government by 28 July 2025, which will be the midpoint of Tranche 2 of Fee-Free TAFE.
- The reports will provide a review of the progress, including demand for training and any changes in economic environment. These will also include an assessment of the effectiveness of Tranches 1 and 2 of Fee-Free TAFE in meeting the needs of the target cohorts within each jurisdiction.
- These will feed into a more comprehensive evaluation that will be undertaken in the second half of 2025. The Government has committed to collaborating with states on this midpoint evaluation, which is expected to be completed before the end of 2025.

Tranche 2 End of Fund report

- States will each provide an End of Fund Report by 29 June 2027, which will include a stocktake and acquittal, a review of Fee-Free TAFE Tranche 2, and an assessment of its effectiveness in meeting the needs of the target cohorts within each jurisdiction.
- The Commonwealth will collaborate with states on the evaluation of the outcome of Fee-Free TAFE. The timing for this evaluation is to be determined in collaboration with states and territories.

Ongoing Free TAFE

- The Free TAFE Bill explicitly sets out that a Free TAFE Agreement include terms and conditions in relation to reporting, review and evaluation. The specific evaluation arrangements are subject to agreement with states.
- Subject to negotiations with states, the first in-depth review of Free TAFE is anticipated to occur in 2029 after two years of delivery of Free TAFE.

Completions and withdrawals

- Since the commencement of Fee-Free TAFE to September 2024 there have been **110,403 completions**. This equates to a preliminary completion rate of 19.4%.
- For the **2023 cohort, there have been 92,934 completions to September 2024**. This equates to a preliminary completion rate of 26.2%. [This compares to **355,557 enrolments in 2023**.]
- These figures **only provide an early indication** of completions. As Fee-Free TAFE only commenced in January 2023, completion data is preliminary and there are a range of factors which mean it is too soon to obtain an accurate completion rate:
 - There is a **time lag between commencements and completions**. The standard practice of the national data custodian, NCVET, is to report actual completions **4 years after commencement**.

- For VET qualifications that commenced in 2019, the **national completion rate after 4 years was 47.3%**.
- Enrolments include a **mixture of full-time and part-time** enrolments which impact completion dates. In 2023, **79.7% of government funded VET students were part-time**.
- **Almost 90% of Fee-Free TAFE courses are full qualifications at Certificate III and above**, which take longer to complete, with some courses taking multiple years. Examples include:
 - Certificate III in Construction Crane Operations (2 years full time)
 - Diploma of Community Services (2 years full time, with 120 hours of mandatory work placement)
 - Certificate III in Early Childhood Education and Care (1-year full time).
 - Certificate III in Carpentry (1 year 10 months to 3 years 9 months)
- As you would expect, we have seen an increase in completions over time. The pattern of Fee-Free TAFE completions to date broadly mirrors the completion pattern for those courses in TAFE institutes generally.
- The department continues to work with states to source further disaggregation of Fee-Free TAFE completions by student characteristics.

Private providers completion rates compared to public providers (s²²⁽¹⁾ to cover)

- VET qualification completion rates tend to be higher at private providers than at TAFE. However, the 4-year **completion rate at TAFEs increased slightly** from commencing year 2018 to 2019, while it **decreased at private providers**.
- While data shows that most or all other RTO types have higher completion rates than TAFEs at each qualification level, there are a range of factors which drive non-completion, including student characteristics.

VET qualification completion rates (after 4 years) for commencing year 2018 and 2019, by provider type

Provider type	2018	2019
TAFE institutes	44.1%	44.3%
Universities	44.8%	47.2%
Schools	50.4%	49.0%
Community education providers	44.4%	45.7%
Enterprise providers	58.0%	55.5%
Private training providers	49.2%	48.5%
Total	47.6%	47.3%

Source: NCVET 2024, VET qualification completion rates 2023, NCVET, Adelaide.

Value of non-completions

- **VET provides a pathway to employment, even without full qualification completion.** In many instances, students can **gain valuable practical skills and**

knowledge through VET courses and **on-the-job training** without completing the entire program, **improving their work-readiness**.

- This is **more common in fields with high demand for skilled labour where practical experience may be more highly valued** than having formal qualifications.

What are the completion rates for Fee-Free TAFE? Why are they so low?

- Fee- Free TAFE has exceeded expectations. From 1 January 2023 to 30 September 2024 (latest available data) there have over 568,400 enrolments in Fee-Free TAFE nationally, including over 30,000 First Nations people. More than 60% of students are women, and more than 30% of enrolments have been in regional areas.
- As Fee-Free TAFE only commenced in January 2023, completion data is preliminary and there are a range of factors which mean it is too soon to obtain an accurate completion rate:
 - **Students need time to complete** their courses.
 - There is a **time lag between commencements and completions**, with the standard practice of the national data commencement.
 - Enrolments also include a **mixture of full-time and part-time enrolments** which impact completion dates. In 2023, **79.7% of government funded VET students were part-time**.
 - **Enrolments are progressive** by nature, with students studying under Fee-Free TAFE at different stages of their courses and needing sufficient time to complete their courses.
 - Almost **90% of Fee-Free TAFE courses are full qualifications at Certificate III and above** which take longer to complete.
 - The **rate of completions is expected to increase over time**.
 - There are a **range of factors** which drive non-completion, **including student characteristics**, which mean that a more nuanced analysis is needed
 - The department continues to work with states to source further disaggregation of completions by student characteristics.
- **Completions are only one measure of success** [*Pass to^{s 22(1)} to discuss other outcomes from NCVET's National Student Outcomes Survey*].
- The department continues to work closely with state and territory counterparts on assessing the outcomes of Fee-Free TAFE as the program matures, including exploring options for other qualitative and quantitative data beyond enrolments and completions to ensure Fee-Free TAFE continues to meet its objectives.

Why don't you have more detailed information on completions?

- States and territories do not provide individual student level data for the department to undertake centralised data analysis.

- As of December last year, states and territories are now providing data on completions disaggregated by year of commencement, offering a more fulsome picture of the outcomes of Fee-Free TAFE.
- Some jurisdictions have advised that there are limitations in their reporting of Fee-Free TAFE data, including for disaggregating completions data by year of commencement. This is due to how training providers report on the different tranches of Fee-Free TAFE and how information is captured in their systems for this time-limited program.
- However, we are working closely with states to get more detailed completions data by factors such as student characteristics, fields of study and by course duration. We are expecting to have this for the end of 2024 reporting period, with reports due from states and territories on 14 February.
- As part of the ongoing program for Free TAFE, the Australian Government will work with states and territories and NCVET on opportunities to capture Fee-Free TAFE data as part of the broader VET system, which would enable completions data to be captured by commencement year and analysed in line with NCVET's current practices.

Can you provide completions data by state?

- The department does not have permission to share that level of data and would need to seek agreement from states.

What completion rate are you aiming for? What happens if states have low completion rates?

- The department would like to see completion numbers similar to the national VET completion rate. For VET qualifications that commenced in 2019, the **national completion rate after 4 years was 47.3%**.
- We will consider the overall completion numbers in context of completion rates for similar student cohorts and similar courses. We will also work with states and territories to understand the outcomes for these students in terms of further education or employment.
- The Australian Government is also working with states and territories as part of the National Skills Agreement to lift completion rates including investing up to \$250 million over five years (2024 to 2028) to improve VET student outcomes (with states and territories making a matched contribution).

Apprenticeships

- In 2023, **apprentices and trainees made up 7.8% of all VET students**; they made up **17.4% of all VET students in programs** (down from 19.0% in 2022).

- The Australian Apprenticeship system includes **shared responsibilities across the Commonwealth and states**. Delivery of training and approval of apprenticeship pathways, as well as appropriate RTOs is a key responsibility of each state.
 - The types of qualifications primarily taken through apprenticeships include Certificate II, III, IV, VET Diploma or VET Advanced Diploma, with Certificate III and above qualifications being the most common form of an apprenticeship pathway.
- **States are responsible for determining the Fee-Free TAFE courses that can be undertaken through an Australian Apprenticeship**. This means eligible Fee-Free courses differ between the jurisdictions.
 - For example, *Certificate III in Plumbing* was made fee free by New South Wales and Queensland under Fee-Free TAFE. Alternatively, courses can be delivered through an apprenticeship pathway, per their respective state apprenticeship arrangement.
 - For most apprenticeship arrangements, **employers are responsible for the training related costs, either paid directly by the employer or through a reimbursement to the apprentice**. However, under Fee-Free TAFE, for prescribed apprenticeship Fee-Free TAFE courses, this cost is not incurred.
- The **Australian Government administers financial and non-financial supports for apprentices and their employers** through the Australian Apprenticeships Incentive System (financial supports) and the Australian Apprenticeship Support Network (non-financial supports).
- State governments **offer additional financial assistance**, including tax rebates, direct payments, subsidies, and discounts or waivers on government services, as well as non-financial support services to apprentices and their employers.
- Together, these investments aim to improve the apprenticeship experience, supporting employers to take on and train apprentices and encouraging apprentices to enroll and remain in training through to completion.

How will Free TAFE work with the apprenticeship system?

- Free TAFE courses will be agreed between the Government and each state. This means eligible courses may vary between jurisdictions, including courses that could be undertaken through an Australian Apprenticeship.

Refer to ^{s 22(1)} on all apprenticeship-related questions.

There are fewer Australians being skilled under this government. How does the government account for the loss of one in five apprentices since Labor took office?

- While there has been a slight decline, overall, **the numbers are still strong**.

- There were **348,635 Australian Apprentices** in training at June 2024 – the **third highest June quarter we have seen in the last decade** – including the peaks of the Boosting Apprenticeship Commencements (BAC) and Completing Apprenticeship Commencements (CAC) incentives.
- The slight decline in in-training numbers comparing June 2023 to June 2024 **reflects the end of BAC and the sharp increase of non-trade apprenticeships** in the last 2 quarters of the BAC (Jan – June 2022). These non-trade apprentices generally undertook shorter qualifications, and many have now successfully completed (hence the reduction in in-training numbers).
- Importantly, the Incentive System and the focus on priority occupations is encouraging greater take up of apprenticeships in key occupations.
- The proportion of Australian Apprentices **in a trade apprenticeship (68.7%) has increased by 4.5 percentage points since 30 June 2023 (64.2%)**.
- Further to this, **7 out of the Top 10 Occupations by in-training apprentice numbers** (at June 2024) are **occupations identified on the Australian Apprenticeship Priority List (AAPL)**.
- This alignment of the top occupations and the priority list demonstrates that government incentives targeting priority occupations is resulting in an increase of the workforce in areas of national skills shortage.

Why have the number of apprenticeship commencements dropped significantly?

- Factors driving the commencements decline include **a mix of policy changes and economic factors**.
- **From 1 July 2024, employer incentives were adjusted to focused on priority occupations only**, as well as a **reduction in the incentives paid for each apprentice** under the Australian Apprenticeship Incentive System.
 - The priority wage subsidy of up to \$15,000 for employers of apprentices in occupations on the AAPL was replaced by a hiring incentive that provided up to \$5,000 to employers of the same apprentices.
 - A hiring incentive of \$3,500 for employers of apprentices in occupations not on the AAPL was removed.
- These changes led to a ‘pull forward’ effect, with **many employers bringing forward hiring decisions, creating an artificial spike in commencements in the June quarter and unusually low commencements for the remainder of 2024**.
- Additionally, the NAB Monthly Business Survey for November 2024 indicates **business confidence fell sharply in November** with business conditions softening and noticeable declines across most industries.

- We **expect to see an increase in commencements in Quarter 1, 2025** compared to current levels due to the quarter coinciding with the peak hiring period for apprentices. Many prospective apprentices choose to enter into the system during this period with employers looking to train apprentices and set up their business activities for the year ahead. However, **based on current trends**, we would expect commencements will still be **comparatively lower than those in Quarter 1, 2024**.

What is the government doing to address the decline in the overall completion rate reported in the latest National Centre for Vocational Education Research (NCVER) data?

- The latest NCVER report *Completion and Attrition Rates for Apprentices and Trainees 2023* released in September 2024 indicates the initial individual apprenticeship **completion rate for the 2019 commencing cohort** across both trade and non-trade occupations is **54.8%**.
 - This is a **decrease of 1.0% compared to the 2018 commencing cohort** and follows a **general trend of a steady decline** in overall completion rates over previous years.
- For **trade occupations**, the individual completion rate was **54.1%, up slightly by 0.7 percentage points** compared to the 2018 cohort (while only a slight increase this is a reversal of the declining trend of the last few years).
- For **non-trade** qualifications, the individual completion **rate was 55.7%, down 2.5 percentage points** from the 2018 commencing cohort.

The government removed supports for some apprentices and employers in Phase 2 of the Incentive System. How is this going to improve completions?

- There has been a **deliberate rebalancing of Commonwealth financial supports** towards priority occupations which are mostly trade occupations. This will likely affect the composition of completions into the future.
- Importantly, completion rates only tell one part of the apprenticeship outcomes story.
 - For example, the *NCVER 2023 Apprentices and Trainee Outcomes Survey* released in March 2024 shows around 80% of apprentices who cancelled or withdrew from their training remain employed. Of those, around 40% remained in the same industry.
 - By comparison, around 92% of apprentices who completed their training remain employed after training. Of those, around 50% remained in the same industry.
- This suggests that partially completed training largely still leads to employment outcomes, and that other factors need to be taken into account when interpreting the outcomes of completions data.

- s 47C(1)

Strategic Review of the Australian Apprenticeship Incentive System

- In addition to current work underway within the department to better align the two programs, the final report of the Strategic Review of the Australian Apprenticeship Incentive System (the Review) was delivered to Government in September 2024.
- The Review contained 34 recommendations on how the apprenticeship incentive system can better support more people start and complete apprenticeships, including how it works with other programs within the VET system.
- The Government is considering the Review recommendations, and whether further alignment between Free TAFE and apprenticeships is required.

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Overview

- Fee-Free TAFE is part of the Fee-Free TAFE Skills Agreement (the Agreement) to deliver over **\$1.5 billion in joint funding** in partnership with states and territories (states) for **500,000** Fee-Free TAFE and vocational education and training (VET) places over 2023 to 2026.
- The **purpose of Fee-Free TAFE** is to:
 - improve access to VET by priority cohorts, including the most vulnerable
 - support students through removing financial barriers to study
 - deliver training places in areas of high demand and skills need
- **Priority cohorts** include First Nations people, youth (17-24), job seekers, people with disability, unpaid carers, women facing economic insecurity, and women undertaking study in non-traditional fields.
- **National priority sectors** under the Agreement are agriculture, care, construction, defence, early childhood education and care, hospitality and tourism, manufacturing, sovereign capability, technology and digital, and VET workforce.

Key facts and figures

- **From January 2023 to September 2024, there have been 568,451 enrolments** in Fee-Free TAFE courses, an increase of around 12% compared to the previous quarter.
- Enrolments have been strong across all priority sectors, with **almost 151,000 care** sector course enrolments, **over 54,000 technology and digital** sector course enrolments, **over 40,000 early childhood education and care** sector enrolments, and **over 39,000 construction** sector course enrolments.
- Demographic data shows the program is supporting disadvantaged and in-need Australians, with **over 192,200 young people** (24 and under), **almost 140,000 job seekers**, **over 44,000 people with disability** and over **34,000 First Nations Australians** enrolling in Fee-Free TAFE.
- **Women make up around 62%** of all enrolments.
- **Nearly 200,000 enrolments (35%) are in regional and remote** locations.
- From 1 January 2023 to 30 September 2024, **77.6% of courses were delivered by TAFE, 12.5% by private providers, 8.2% by dual sector providers and 1.7% by a community-based adult education provider.**

Commonwealth funding

(\$m)	2022–23 Actual	2023–24 Actual	2024–25 Estimate	2025–26 Estimate	2026–27 Estimate	Total
Fee-Free Tranche 1 (2023)	\$345.74	\$147.59	-	-	-	\$493.33
Tranche 2 (2024-2026)	-	\$165.64	-	\$124.23	\$124.23	\$414.1
Fee-Free Construction	-	-	\$44.5	\$41.8	-	\$86.30
Total Program	\$345.74	\$313.24	\$44.5	\$166.03	\$124.23	\$993.74

*It is expected that the first milestone payments for Fee-Free Construction will be paid to eligible jurisdictions in February 2025.

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Performance milestone payments

- Performance milestone payments are made to States in accordance with Part 2 of the FFT Skills Agreement.
- Fee-Free TAFE Tranche 2 (FFT2) and Fee-Free Construction Performance Payments are based milestones including: the agreement of an Implementation Plan; and quarterly reporting that shows that expenditure on training places in the relevant jurisdictions has met specified targets (milestone 1 – 40% initial payment, 2 – 30% (based on the state expending 40% to date), 3- 30% (based on the state expending 70% to date).

Students

- Fee-Free TAFE has a **much higher participation rate by priority cohorts** than the broader VET system.

Cohort	All of VET 2023	FFT 2023
First Nations	3.5%	6.7%
People with disability	3.8%	7.6%
Females	46.2%	61.8%
Regional and remote	26.8%	35.9%
Youth (15-24 years)	29.5%	33.2%
Lowest socio-economic quintile	17.6%	N/A*

*States do not provide the Commonwealth with reporting on socio-economic status for Fee-Free TAFE

Providers

- From 1 January 2023 to 30 September 2024, **77.6% of courses were delivered by TAFE, 12.5% by private providers, 8.2% by dual sector providers and 1.7% by a community-based adult education provider.**
- Implementation plans provide jurisdictions with the flexibility to utilise private training providers as required to meet training place requirements.
- This **approach is particularly important in priority industry areas**. For example, the care sector has a stronger reliance on private providers to support its workforce training needs, and this is reflected in states' implementation plans (WA, SA and QLD).
- This also enables specialised industry providers to provide Fee Free TAFE, where particular skills needs are required.
- This flexibility is also important where local needs may be better met by community-based providers, such as by Aboriginal Community Controlled (ACC) and First Nations Owned (FNO) registered training organisations (RTOs).
- This is further expanded on in the Fee-Free TAFE Skills Agreement for Fee-Free Construction, which states that *'training providers delivering the new Fee-Free construction places will be agreed through Implementation Plans and predominantly include TAFE or public dual sector higher education providers as well as a mix of private registered training organisations and/or TAFE auspice or partnership arrangements'*.

Impact of Fee-Free TAFE on private training providers

- There was concern that the Fee-Free TAFE would create a significant shift of students from other providers to TAFE without increasing overall VET enrolments.

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- The National Centre for Vocational Educations and Research (NCVER) Total VET Activity 2023 data shows that students in programs increased by 6.9% compared to 2022. **All providers experienced an increase in students in programs in 2023, with:**
 - students in **TAFE institutes increasing by 8.6%**
 - students in **enterprise providers increasing by 18.6%**
 - students in **private training providers increasing by 5.5%**
 - students in universities increasing by 13.5%
 - students in schools increasing by 5.7%
 - students in community education providers increasing by 4.9%
- This demonstrates growth in students in programs at TAFE institutes as well as other provider types, supporting overall VET growth.
- Government funding for all RTOs continues to grow, with the proportion of government **funding for private RTOs increasing from 18.6% of all government funding in 2022 (\$1,105.5 million) to 18.7% in 2023 (\$1,226.2 million).**

Courses

- National priority areas are agreed with states and territories and align to occupations listed in the [Jobs and Skills Australia's Occupational Shortage List](#).
- Current national priority sectors under Fee-Free TAFE are:
 - agriculture
 - care (including aged care, health care and disability care)
 - construction
 - defence
 - early childhood education and care
 - hospitality and tourism
 - manufacturing
 - sovereign capability
 - technology and digital, and
 - the VET workforce.
- Fee-Free TAFE course lists are agreed bilaterally between the Australian Government and each state. States nominate courses which align to the national priorities or align to state priorities which may be specific to their jurisdictional priority industries or skill needs.

State priority courses

- The Agreement specifies states and territories will deliver courses in national priorities as well as state-based courses that address identified local skills needs and occupations in demand. Many state priority courses are sourced from state skill priorities lists.
- From January 2023 to September 2024, enrolments in state priority courses represented 37.2% of total enrolments.
 - 23.9% of enrolments from January 2024 to September 2024 were in state priority courses, compared to 45.2% in 2023. This is because more approved courses in 2024-2026 are in national priority areas.

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- State priority courses include:
 - Certificate III and IV in School Based Education Support¹
 - Certificate IV in Training and Assessment
 - Certificate IV in Work Health and Safety
 - Certificate IV in Accounting and Bookkeeping
 - Certificate IV in Leadership and Management.

If asked about particular 'unique courses'

- Fee-Free TAFE course lists are agreed between the Commonwealth and each state. States nominate courses which align to the national priorities or align to state priorities which may be specific to their particular jurisdictional priority industries or skill needs.
- States nominate their own jurisdictional priorities for courses, based on the needs of local labour markets and occupations in demand.

Enrolments by course level

- From January 2023 to 30 September 2024, 92.8% of Fee-Free TAFE enrolments have been in full qualifications of Certificate I and above, with **70.1% in Certificates III and IV (which include trade qualifications)** and a **further 17.6% in Diplomas, Advanced Diplomas and Graduate Certificates** (87.7% in Certificate III and above).
- Over the same period, **7.2% of Fee-Free TAFE were in short courses**. This is less than the total VET enrolments in 2023 (latest available), wherein short courses account for around 10.1% of all enrolments in nationally recognised programs.²

Course lengths

- There are a range of factors that contribute to the amount of time it takes to complete a qualification, including that many people study part-time. This could be driven by working part-time whilst undertaking their study or have family and caring responsibilities.
- Under the Fee-Free TAFE Skills Agreement, states and territories do not report on the length of individual courses or information on whether enrolments are on a full or part-time basis.
- Of the 1,349,350 government funded VET students in 2023, 79.7% were part-time.³
- Over the period of 1 January 2023 to 30 September 2024, **87.7% of Fee-Free TAFE enrolments are for full qualification courses at Certificate III or above** which take longer to complete, with some courses taking multiple years. Examples include:
 - Diploma of Nursing: 18 months full-time (also requires 400 hours of mandatory placements)
 - Certificate IV in Plumbing and Services: 1.5 years full-time
 - Diploma of Building and Construction: 1 year full-time
 - Advanced Diploma of Engineering Technology – Electrical - 2 years full-time.

¹ These courses provide necessary qualifications for education assistants who deliver in-class support for teachers and students

² NCVET Total VET students and courses 2023 - program enrolments data (short courses comprise *training package skill sets* and *accredited courses*)

³ NCVET 2024, Total VET students and courses 2023

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Apprenticeships

- On average, apprenticeships take between 2-4 years to complete. Examples of Fee-Free TAFE qualifications that can be undertaken as apprenticeships include:
 - Certificate III in Electrotechnology Electrician: 4 years
 - Certificate III in Plumbing: year and 2 months to 3 years and 9 months)
 - Certificate III in Automotive Electrical Technology: 2-3 years

Indicative cost savings

- There is no uniform fee saving by students from Fee-Free TAFE. Course fees in each state vary. Some jurisdictions regulate course fees, while others do not. Fees also vary between jurisdictions and providers based on the costs of course delivery.
- Examples of cost savings include that students can save up to \$4,464 for a Certificate IV in Information Technology in South Australia, up to \$3,452 for a Certificate III in Early Childhood Education and Care in Western Australia and up to \$17,150 for a Diploma of Nursing in Victoria.⁴

Apprentices and Fee-Free TAFE

- Responsibility for the Australian Apprenticeship system is shared between the Commonwealth and states and territories, with states and territories responsible for the regulation of Australian Apprenticeships and training delivery through RTOs.
- Under the Agreement, states and territories are not required to disaggregate and report on enrolments by apprentices. The interim reporting arrangement reflects the time-limited nature of the Fee-Free TAFE program when it was first introduced in 2023.
 - The types of qualifications primarily taken through apprenticeships include Certificate II, III, IV, VET Diploma or VET Advanced Diploma, with Certificate III and above qualifications being the most common form of an apprenticeship pathway.
- States and territories are responsible for determining the Fee-Free TAFE courses that can be undertaken through an Australian Apprenticeship. This means that eligible Fee-Free courses differ between the jurisdictions, and in some jurisdictions there is an overlap in the course list for Fee-Free TAFE and the courses delivered through an apprenticeship pathway.
 - For example, Certificate III in Plumbing was made fee free by New South Wales and Queensland under Fee-Free TAFE. Alternatively, courses can be delivered through an apprenticeship pathway, per their respective state apprenticeship arrangement.
- Apprenticeship systems depend on the industrial arrangements and settings of each jurisdiction – **for most apprenticeship arrangements, employers are responsible for the training related costs**, either paid directly by the employer or through a reimbursement to the apprentice.
 - For prescribed apprenticeship Fee-Free TAFE courses, this cost is not incurred.
- Some states and territories provide funding contributions towards the cost of training for eligible apprentices and trainees, including fee-free apprenticeship programs that pay the full cost of a course.

⁴ Student Savings have been sourced through online searches of TAFEs in Australia as at 14 January 2025.

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Why don't you collect information on how many Fee-Free TAFE students are apprentices?

- Under the Fee-Free TAFE Agreement, states and territories are not required to report on apprentice enrolments. This interim reporting arrangement reflects the time-limited nature of the Fee-Free TAFE program when first introduced in 2023.
- Consequently, there is currently no dataset that can identify whether an apprentice is benefiting from the Fee-Free TAFE program.
- Through our negotiations with states, we are exploring whether it is feasible to identify Fee-Free TAFE students who are undertaking their study as part of an apprenticeship.
- While there is limited data on the overlap between Fee-Free TAFE and apprenticeships, the department more broadly has dedicated ICT infrastructure to track and analyse data for apprentices and trainees, including completion and withdrawal rates.
- As the program shifts to ongoing Free TAFE, we will with NCVER to include a Free TAFE identifier into the national reporting system, which will enable us to track apprentices that are accessing Free TAFE.

Review and Evaluation

- As part of the Fee-Free TAFE Skills Agreement, **all governments have committed to an ongoing cycle of review and evaluation** for Fee-Free TAFE.
- The **program is still in the formative stages, with only 21 months of data** available to date. Further insights will progressively be available the program matures, including through ongoing completions data broken down by enrolment year, as well as upcoming evaluations.
- The department is also exploring options to **assess the outcomes of Fee-Free TAFE beyond completions data**. This will be considered in collaboration with states and territories and informed by **upcoming evaluation of Tranche 1 and the midpoint evaluation of Tranche 2**.

Quarterly data

- In accordance with the Agreement, states are required to provide quarterly data on funding, student characteristics, enrolments, completions, courses and providers.
- The quarterly reporting for Fee-Free TAFE is **sourced differently** from data collected through NCVER's VET Provider Collection under the Australian Vocational Education and Training Management Information Statistical Standard (AVETIMSS).
- The department is **working with NCVER to include an identifier of training activities funded under Fee-Free TAFE in the national VET Data Collection** through AVETMISS. Transition to the new Information Standard from 2025-26 may also open up opportunities for the capture of data to track student disengagement in Fee-Free TAFE.
- In the interim, the department is working with states and territories to update the reporting template for quarterly reporting from 2025 onwards to improve the capture of completions data, including by commencement date. Work is also underway to capture data at Statistical Area Level 4.

Tranche 1 End of Fund report

- All states and territories have provided the Government with End of Fund Reports for Tranche 1. These were received last year from 30 July 2024 to 18 September 2024.
- The reports include a stocktake and acquittal, including a review of the Fee Free TAFE Tranche 1 and an assessment of its effectiveness in meeting the needs of the target cohorts within each jurisdiction.

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- Work is well advanced on the department's analysis of the reports. This will then be shared with states and territories for their consideration and feedback and is expected to be finalised in the first quarter of this year.
- This work will inform an evaluation of the outcomes of Tranche 1, which the Commonwealth has committed to collaborating with states and territories on as per the Agreement.

Why have they not been finalised yet?

- End of Tranche 1 reports were only received over July to September 2024.
- The department then undertook a quality assurance process and worked with states to finalise the data. Following this, an initial analysis was undertaken.
- This initial analysis has been provided to states for their review and feedback.
- The department intends to finalise its review in the first quarter of 2025.

Commented [s 22(1)]: OR: Will shortly be provided - update as at 7 Feb

What are some of the findings and reflections?

- **Strong and productive relationships** with states and territories enabled Fee-Free TAFE parameters and settings to be agreed and rolled out effectively.
- **Ongoing close collaboration regarding reporting and data** has enabled early assessment of the program against its objectives.
- Further work on comprehensive **tracking of progress**, including completions and outcomes following training will benefit future policy development and planning.
- There is a need to consider Fee-Free TAFE **data being part of broader VET reporting and surveys through NCVER collections**, to minimise reporting burden and have comparable information. This will also provide more information on how Fee-Free interacts with states' training systems and apprenticeships.

Tranche 2 mid-cycle Insights report

- States will each also provide an Insight Report in July 2025, which will be the midpoint of Tranche 2 of Fee Free TAFE.
- This will feed into a more comprehensive evaluation that will be undertaken in the second half of 2025. The Government has committed to collaborating with states on this midpoint evaluation of the initiative which is expected to be completed before the end of 2025.

Midpoint Evaluation of Tranche 2

- It is expected that the midpoint evaluation of Tranche 2 would be completed by the end of 2025, to inform the design of the ongoing Free TAFE initiative from 2027.
- This timing would allow data from two years of the program (2023 and 2024) to inform the evaluation. Any earlier evaluation would have focussed on process, administration and operation of the *Fee-Free TAFE Skills Agreement* only.
- The terms of reference for the evaluation will be developed in conjunction with the Senior Skills Officials Network (SSON), which has senior representatives from the Commonwealth as well as all states and territories. The terms of reference will outline the scope of work to be undertaken, timeframes and key deliverables.
- It is expected an independent evaluator would be engaged to conduct the midpoint review, with the approach and methodology is to be finalised in discussion with states and territories.
- The evaluation will examine a range of metrics and success factors for the Fee-Free TAFE initiative including:

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- enrolments; commencements; the types and levels of courses; completions
 - take up of the initiative by priority cohorts, and the effectiveness of Fee-Free TAFE in supporting these cohorts
 - the courses offered within priority sectors at the national and state levels
 - broader outcomes where possible, such as students moving on to further study or employment.
- The analysis gathered from the evaluation will help to inform future policy, program and operational decisions and support continuous improvement for Fee-Free TAFE beyond 2026.

End of Fund report

- States will each also provide an End of Fund Report by 29 June 2027 that considers the effectiveness of Fee-Free TAFE, to inform an end of program evaluation.

Quarter 4, 2024 reporting

- States are required to provide the Commonwealth with Quarter 4, 2024 data by 14 February (note: original date was 15 January but has been extended due to lower staffing levels over January). This will also provide States with enough time to provide additional completions data as a part of their Quarter 4, 2024 data report.
- It is expected that a summary of Fee-Free TAFE Quarter 4, 2024 data will be made publicly available in the first quarter of 2025.

Fee-Free TAFE Communications Campaign

- The first phase of the Fee-Free TAFE communications campaign ran from 8 October 2023 to 23 March 2024 and received funding of \$7.01 million in the October 2022 Budget. It included television advertising and digital and social media elements.
- The second phase of the campaign commenced on 10 November 2024 and will run until March 2025. It received funding of \$4.4 million in the 2024-25 Budget. The campaign was informed by an evaluation of the first phase of the campaign and is specifically targeted to young people and uses a range of digital and social media elements.

[A detailed overview of the Fee-Free TAFE communications campaign is in a separate brief]

Fee-Free Construction

- To support the expansion of the construction workforce to meet the Government's target of building 1.2 million new homes by 2029, \$86.6m is being provided to states and territories for Fee-Free Construction.
- Fee-Free Construction will deliver 20,000 new places within construction-related fields over 2025 and 2026, including approximately 5,000 additional pre-apprenticeship places.
- s 47B(a)

If asked:

How are you measuring the success and impact of Fee-Free TAFE?

- The department uses the quarterly reporting provided by states and territories as an indicator of whether Fee-Free TAFE is delivering on its goals to support priority cohorts to undertake training to improve their employment outcomes and to address skills shortages.

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- We are continuing to see an increase in completions as the program matures and students have sufficient time to finish their studies. Of the over 568,000 enrolments in Fee-Free TAFE from 1 January 2023 to 30 September 2024, over 87% were in qualifications at Certificate III level and above, which can take multiple years to complete.
- The department continues to work closely with states and territories to monitor the outcomes of the program and ensure it continues to deliver on its purpose.

How are you ensuring the integrity of the data that states are providing?

- The department undertakes quality assurance of all data that the states provide to ensure consistency and accuracy.
- States also have their own audit and assurance processes in place to ensure the veracity of VET data, including Fee-Free TAFE data.
- Where data inconsistencies are identified, the department would seek clarifications and confirmation from states. Ultimately states have ownership of their data.

What do states' implementation plans include? Can you table copies of plans?

- There is no requirement to publish state and territory implementation plans under the Federation Funding Agreements arrangements, and it is not usual to publish operational implementation arrangements between the Commonwealth and jurisdictions.
- The types of matters that implementation plans deal with are set out in the Agreement and include priority learners, approved courses, number of places, providers and reporting arrangements.
- If pressed: we would need to seek agreement from states and territories to make these available.

Why make Fee-Free TAFE permanent?

- There is strong demand for Fee-Free TAFE. Since the program's commencement in January 2023 there have been over 568,000 Fee-Free TAFE enrolments nationally.
 - There were over 355,500 enrolments in Tranche 1 of Fee-Free TAFE (2023), exceeding the target of 180,400 by 197.1%.
 - There have been nearly 213,000 enrolments from 1 January to 30 September 2024, reaching 71.0% of the indicated target of 300,000 for Tranche 2 over 2024 to 2026.
- Enrolments have been strong across all priority sectors, with almost 151,000 care sector course enrolments, over 54,000 technology and digital sector course enrolments, over 40,000 early childhood education and care sector enrolments, and over 39,000 construction sector course enrolments.
- Demographic data shows the program is supporting disadvantaged and in-need Australians, with over 192,200 young people (24 and under), almost 140,000 job seekers, over 44,000 people with disability and over 34,000 First Nations Australians enrolling in Fee-Free TAFE.
- Submissions from a range of stakeholders, including governments, RTOs, unions, non-for-profit organisations and peak bodies have highlighted the importance of the program to students, teachers, the VET sector and industry and have supported that it be made an ongoing program, enshrined in legislation
- The effectiveness of Fee-Free TAFE will continue to be monitored through quarterly reporting, data improvements and planned evaluations for the end of Tranche 1, the midpoint of Tranche 2 and the end of Tranche 2.

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- An evaluation will be conducted in the second half of 2025. Findings will feed into the parameters of Free TAFE and the agreement with states and territories.

Why do students withdraw from courses early?

- VET provides a pathway to employment, even without full qualification completion. In many instances, students can gain valuable practical skills and knowledge through VET courses and on-the-job training through their apprenticeship without completing the entire program, improving their work-readiness.
- According to the 2024 VET Student Outcomes Survey undertaken by the National Centre for Vocational Education Research, students across the VET system withdraw from courses for a variety of reasons.
- The vast majority of non-completers (77%) note that they do not complete as they have achieved their main reason for doing the training. Other reasons for non-completion include that they changed jobs, or started a new job, learnt the skills they needed for a job, or completed all intended training.
- The full list of student reasons provided by the survey are listed below:

Outcome	Qualification part-completers 2023
Achieved main reason for doing the training	77.0%
Main reason for discontinuing training	
Changed jobs or started a new job	17.6%
Lost job	2.6%
Learnt the skills I needed for a job	5.0%
Achieved training goals	3.0%
Started other training	6.8%
Training no longer related to plans	7.7%
Training was not as expected	12.8%
Training timetable was not flexible enough	3.3%
Personal reasons	21.9%
Completed all intended training	8.1%
Problems with the work placement	5.5%
Other	5.9%

Why don't you capture withdrawal rates?

- Under the Agreement states are not required to report on withdrawal rates.
- Discussions with states have indicated that withdrawal data is very difficult to collect accurately. This is further substantiated by the submission to this inquiry from NCVER which states that "*limitations in the national VET data standard hinder [NCVER's] ability to calculate reliable cancellation rates at the qualification level for non-apprenticeship or traineeship qualifications*".
- We continue to work closely with states and territories to monitor the success of Fee-Free TAFE, including through exploring enhancements to reporting requirements.
- It is currently anticipated that a new VET Information Standard will be introduced 2026/27 that will enable NCVER to begin identifying students who cancel or withdraw from their training.

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- We will work with NCVER and states to include ongoing Free TAFE into the national reporting regime. As the new VET Information Standard is introduced, we will then be able to track withdrawals in Free TAFE.

What happens to the funding for a Fee-Free TAFE place where a student has withdrawn?

- States and territories have agreed to redirect funding back into further Fee-Free TAFE place, if a student withdraws from a Fee-Free TAFE course after a state or territory has received a related milestone payment.

Do students have to pay any costs?

- The Agreement allows for other fees to be changed such as administration fees, material costs, and optional fees (for example, purchasing a higher quality knife set than what is provided as part of a Cookery course), however it is expected that these are minimal.
- Separately as part of undertaking a course, a student may also be required to pay costs associated with working with children checks, tools or uniforms as examples.

What happens when places run out?

- The Commonwealth works closely with states to monitor take-up of places.
- Where demand outstrips supply of places, states can manage demand, for example by prioritising particular cohorts or courses.
- Some states choose to fund Fee-Free TAFE as a demand driven program and cover the additional costs associated with that.
- Should demand continue to increase, states may choose to use their funding entitlements under the National Skills Agreement to support additional places.

Is Fee-Free TAFE subsidising state training budgets?

- Fee-Free TAFE is a shared initiative.
- In Tranche 1 of Fee-Free TAFE (2023), states and territories were required to contribute approximately 50% of the costs of the program.
 - In Tranche 1 there were over 355,500 enrolments, nearly double the target of 180,400.
- Many states are also voluntarily contributing to Fee-Free Tranche 2 (2024 to 2026).
 - From January 2024 to September 2024, there have been 212,894 enrolments, representing 70.7% of the 300,000 places committed to in Tranche 2.
 - Based on the rate of enrolments, it is anticipated that Tranche 2 enrolments will also significantly exceed the number of places for which the Commonwealth provided financial assistance for.
- States are ultimately responsible for running their own training systems including paying state based training subsidies, determining cost fee structure and decisions regarding student eligibility.

How much does a fee-free place cost governments?

- There is not a uniform place cost for the program. Course costs in each state and territory differ, reflecting:
 - differences in course costs by location and by provider
 - some jurisdictions regulating fees
 - different levels of subsidies provided by jurisdictions for different courses.

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- The Commonwealth's financial commitments include a capped amount of funding and a negotiated number of places to be delivered by states.
- The costings were based on the VET average price benchmark and advertised TAFE fees. The policy was designed this way to acknowledge different policies, operations and associated costs that exist across each jurisdictions VET market.

Is Fee-Free TAFE subsidising students who would have otherwise paid a fee?

- Fee-Free TAFE increases opportunities for those who traditionally face barriers to participate in training and work. This makes it less likely that students accessing Fee-Free TAFE would have otherwise self-funded their training.
- Fee-Free TAFE places are targeted to priority cohorts – First Nations people, youth (17-24), people out of work or receiving income support, unpaid carers, women facing economic insecurity, women undertaking study in non-traditional fields, people with disability and certain categories of visa holders.

Is Fee-Free TAFE having an impact on overall VET student numbers?

- While data disaggregating Fee-Free TAFE students from overall VET enrolments is not available at this point in time, 2023 data shows that students in VET programs increased by 6.9% compared to 2022.
 - Students in TAFE institutes increased by 8.6% and students at all other providers increased by 6.2%.

Why is clean energy not a national priority sector?

- Although clean energy is not a defined priority sector under the Fee-Free TAFE Skills Agreement, courses that are relevant to this sector intersect with existing priority areas such as Construction, Technology and Digital and Manufacturing.
- Examples of courses related to the clean energy sector that are already funded through Fee-Free TAFE are:
 - Certificate III in Electrotechnology Electrician
 - Course in Working Safely in the Solar Industry
 - Diploma of Information Technology

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Summary table – Fee-Free TAFE

	Tranche 1 (2023)	Tranche 2 (2024-2026)	Construction (2025-2026)	Free TAFE (2027 onwards)
Funding	\$493.3m (Cth): - \$427m places - \$66.3m ancillary and student support \$986.6m total (Cth and state investment)	\$414.1 million No formal cost-sharing (No funding provided for ancillary or student support)	\$86.4m to states (\$88.8m total). Includes \$7.55m for student support and ancillary funding. No formal cost-sharing	\$253.7 million over the forward estimates (for 1.5 years of Free TAFE over 2026 27 and 2027-28), and approximately \$177.2 million ongoing from 2028-29 Cost sharing to be negotiated
Places funded	180,000 total: - 120,000 existing# - 60,000 additional*	300,000 (existing)	20,000 new places including 5,000 pre-apprenticeship places	100,000 existing places per year indexed to population growth
Places delivered	355,557 student enrolments	212,894 student enrolments to 30 June 2024	Commenced Q1, 2025	Has not yet commenced
Cth contribution per place	Around \$3,460 (for additional places) Around \$1,380 (for existing places) <i>(Cost of places calculated using the average of 35 courses identified by the National Skills Commission. The courses accounted for around 90 per cent of the total TAFE enrolments based on NCVER data)</i>	Around \$1,380 (for existing places) <i>(Same methodology as Tranche 1 – existing places only)</i>	Around \$3,940 (for additional fee-free places) <i>(Weighted average cost derived from the cost of new places in relevant courses for the construction sector from the 2023 full year Fee-Free TAFE data).</i>	s 47B(a)

An existing place is a place that would be delivered by a jurisdiction as part of their planned VET delivery, that then becomes fee-free.

* Additional places are new places where the price of training, including full delivery cost and tuition fee is covered. The 60,000 additional places include 45,000 election commitment places and 15,000 JobTrainer Aged Care places.

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Fee-Free TAFE - Detailed Summary

National - Cumulative 1 January 2023 - 30 September 2024

Table 1 – Total Enrolments

Total Fee-Free TAFE Enrolments (Cumulative)	Total
Tranche 1 (2023)	355,557
Tranche 2 (2024 - 2026)	212,894
Total All Fee-Free TAFE Enrolments	568,451
Total All Fee Free TAFE Completions	110,403

Note: completions reflects updated 2023 and 2024 overall cohort data provided by states

Table 2 – Tranche 1 State and Territory Indicative Target and Enrolment Figures

Summary	Total
Tranche 1 (2023) Indicative Target (180,400 places)	180,400
Tranche 1 Enrolments	355,557
Delivery Against Indicative Target (percentage)	197.1%
Tranche 2(2024-2026) Indicative Target (301,200 places)	301,200
Tranche 2 Enrolments	212,894
Tranche 2 Delivery Against Indicative Target (percentage)	70.7%

Table 3 – Enrolments by Priority Sector

Sector	Total	Percentage
Agriculture	22,114	3.9%
Care	150,985	26.6%
Construction	39,231	6.9%
Defence	960	0.2%
Early Childhood Education and Care	40,766	7.2%
Hospitality and Tourism	21,889	3.9%
Manufacturing	8,294	1.5%
Sovereign Capability	4,364	0.8%
State Priority	211,663	37.2%
Technology and Digital	54,795	9.6%
VET Workforce	13,390	2.4%
Total	568,451	

Note: - values represent no data reported. Enrolments to priority sectors are based DEWR mapping.

Table 4 – Enrolments by New or Existing Places

Enrolments by Existing / New Places	Total	Percentage
New (additional)	119,946	21.1%
Existing	448,505	78.9%
Total	568,451	

Table 5 – Enrolments by Age

Age	Total	Percentage
Under 17	7,812	1.4%
17 -24	184,390	32.4%
25-34	141,386	24.9%
35-44	125,561	22.1%
45-54	74,123	13.0%
55+	35,179	6.2%
Total	568,451	

Note: - values represent no data reported.

Table 6 – Enrolments by Course Type

Course Level	Total	Percentage
Short Course	41,195	7.2%
Certificate I	336	0.1%
Certificate II	28,522	5.0%
Certificate III	208,559	36.7%
Certificate IV	189,629	33.4%
Diploma	97,585	17.2%
Advanced Diploma	2,475	0.4%
Graduate Certificate	150	0.0%
Total	568,451	

Note: - values represent no data reported.

Table 7 – Enrolment by Priority Group

Demographic	Total	Percentage of total enrolments
Aged Care*	42,015	7.4%
First Nation Australians	34,122	6.0%
Job seeker	139,928	24.6%
People with disability	44,479	7.8%
Visa holders	9,525	1.7%
Young person (24 and under) **	192,202	33.8%
Unpaid carers	-	0.0%
Women facing economic insecurity	-	0.0%
Women undertaking study in non-traditional fields	-	0.0%

* Reporting against 15,000 JobTrainer Aged Care places rolled into Fee-Free TAFE in 2023.

** Figure has been revised from 191,955 following review.

Note: Priority cohort information does not sum to enrolment information, as some enrolments may not be from priority cohorts and other enrolments may meet multiple categories. Data is self-reported. - values represent no data reported.

Table 8 – Enrolments by Field of Education

Enrolments by field of education - RTO	Total	Percentage
Agriculture, environmental and related studies	14,631	2.6%
Architecture and building	28,787	5.1%
Creative arts	15,031	2.6%
Education	86,885	15.3%
Engineering and related technologies	56,718	10.0%
Food, hospitality and personal services	20,515	3.6%
Health	63,316	11.1%
Information technology	31,226	5.5%
Management and commerce	105,080	18.5%
Mixed Field Programmes	24,951	4.4%
Natural and physical sciences	3,406	0.6%
Short Course	17,896	3.1%
Society and culture	100,009	17.6%
Total	568,451	

Note: - values represent no data reported. Short courses relate to 'short courses' not otherwise linked to a field of education.

Table 9 – Enrolments by RTO Sector

RTO Sector	Total	Percentage
TAFE	441,329	77.6%
Private	70,907	12.5%
Dual	46,831	8.2%
Community-based adult education provider	9,384	1.7%
Total	568,451	

Note: - values represent no data reported.

Table 10 – Enrolments by Region

Location	Total	Percentage
Major city	370,274	65.1%
Inner and outer regional	187,588	33.0%
Remote and very remote	10,134	1.8%
Unknown	934	0.2%
Total	568,930	

Note: - values represent no data reported. Victoria have some students enrolled in courses delivered at multiple campus locations.

Table 11 – Enrolments by Language Other Than English in the Home

Demographic	Total	Percentage
Language other than English spoken at home	124,667	21.9%
Percentage of Enrolments	21.9%	

Note: - values represent no data reported.

Table 12 – Enrolments by Gender

Gender	Total	Percentage
Female	354,070	62.3%
Male	210,644	37.1%
Non-binary / other / unspecified	3,737	0.7%
Total	568,451	

Note: - values represent no data reported.

Fee-Free TAFE: Completions

Key points

- Since the commencement of Fee-Free TAFE to September 2024 there have been **110,403 completions**. This equates to a preliminary completion rate of 19.4%.
- For the **2023 cohort, there have been 92,934 completions to September 2024**. This equates to a preliminary completion rate of 26.2%. [This compares to **355,557 enrolments in 2023**.]
- These figures **only provide an early indication** of completions. As Fee-Free TAFE only commenced in January 2023, completion data is preliminary and there are a range of factors which mean it is too soon to obtain an accurate completion rate:
 - There is a **time lag between commencements and completions**. The standard practice of the national data custodian, NCVET, is to report actual completions **4 years after commencement**.
 - For VET qualifications that commenced in 2019, the **national completion rate after 4 years was 47.3%**.
 - Enrolments include a **mixture of full-time and part-time** enrolments which impact completion dates. In 2023, **79.7% of government funded VET students were part-time**.
 - **Almost 90% of Fee-Free TAFE courses are full qualifications at Certificate III and above**, which take longer to complete, with some courses taking multiple years. Examples include:
 - Certificate III in Construction Crane Operations (2 years full time)
 - Diploma of Community Services (2 years full time, with 120 hours of mandatory work placement)
 - Certificate III in Early Childhood Education and Care (1-year full time)
 - Certificate III in Carpentry (1 year 10 months to 3 years 9 months)
- As you would expect, we have seen an increase in completions over time. The pattern of Fee-Free TAFE completions to date broadly mirrors the completion pattern for those courses in TAFE institutes generally.

Student characteristics

- There are a range of factors which drive non-completion, **including student characteristics**, which mean that a more nuanced analysis is needed rather than looking at straight figures.
- Fee Free TAFE has **higher participation** from priority cohorts, who due to a range of factors have lower overall completion rates.

- **Table 1: Priority Groups – proportion of VET students**

Cohort	All of VET 2023	FFT 2023
First Nations	3.5%	6.7%
People with disability	3.8%	7.6%
Females	46.2%	61.8%
Regional and remote	26.8%	35.9%
Youth (15-24 years)	29.5%	33.2%
Lowest socio-economic quintile	17.6%	N/A*

*States do not provide reporting on socio-economic status for Fee-Free TAFE

- **Table 2: Qualification completion rates 4 years after commencement by 2019 cohort**

Cohort	With	Without
Disability/no disability	41.9%	49.6%
Indigenous/non-Indigenous	33.1%	48.0%
Most disadvantaged (Q1)/most advantaged (Q5)	42.4% (Q1)	48.0% (Q5)
Very remote/major cities	36.0%	48.1% (major cities)
Total	47.3%	

Source: NCVET 2024, VET qualification completion rates 2023, NCVET, Adelaide.

- The department continues to work with states to source further disaggregation of Fee-Free TAFE completions by student characteristics.

Private providers completion rates compared to public providers (^{s 22(1)} to cover)

- VET qualification completion rates tend to be higher at private providers than at TAFE. However, the 4-year **completion rate at TAFEs increased slightly** from commencing year 2018 to 2019, while it **decreased at private providers**.
- While data shows that most or all other RTO types have higher completion rates than TAFEs at each qualification level, there are a range of factors which drive non-completion, including student characteristics.
- This means a more nuanced analysis is needed.

Table 3: VET qualification completion rates (after 4 years) for commencing year 2018 and 2019, by provider type

Provider type	2018	2019
TAFE institutes	44.1%	44.3%
Universities	44.8%	47.2%
Schools	50.4%	49.0%
Community education providers	44.4%	45.7%
Enterprise providers	58.0%	55.5%
Private training providers	49.2%	48.5%
Total	47.6%	47.3%

Source: NCVET 2024, VET qualification completion rates 2023, NCVET, Adelaide.

Completion rates methodology

- NCVER defines a VET qualification completion rate as the proportion of VET qualifications that commenced in a given year that are eventually completed. The calculation considers when a student commences a qualification and, ultimately, when a student exits (such as successfully completing or discontinuing).
- NCVER presents completion rates, **four years after commencement**, for qualifications at the certificate I level and above using the latest collection of total VET activity data.

Value of non-completions

- **VET provides a pathway to employment, even without full qualification completion.** In many instances, students can **gain valuable practical skills and knowledge** through VET courses and **on-the-job training** without completing the entire program, **improving their work-readiness.**
- This is **more common in fields with high demand for skilled labour where practical experience may be more highly valued** than having formal qualifications.
 - In construction trades like carpentry and bricklaying, students may gain sufficient training such that they can find full-time employment as a trades assistant or in other entry-level positions prior to completion of their qualification.
 - In the hospitality sector, partial certificates in areas like commercial cookery can be highly valuable in obtaining work as a kitchen hand or barista.
 - While becoming less common as the sector matures, some entry-level care sector roles don't require formal qualifications, enabling students with partial qualifications or volunteer experience to find full time work without completing their formal training.

National Skills Agreement – Improved Completions policy initiative

- Through the National Skills Agreement, the Australian Government is partnering with states and territories to trial, evaluate and scale innovative and best practice approaches to helping more VET students to successfully complete their studies.
 - The Government will invest up to \$250 million over five years to improve VET student outcomes, including completions. States and territories will make a matched contribution, equating to \$500m in total to improve completions.
 - Projects funded through this initiative will prioritise groups such as First Nations students, people with disability, and women.
 - The initiative will help build shared knowledge nationally to improve student outcomes by providing a robust evidence base around effective, efficient and scalable solutions, especially for priority groups.

If asked

What are the completion rates for Fee-Free TAFE?

- Fee-Free TAFE has exceeded expectations. From 1 January 2023 to 30 September 2024 (latest available data) there have been over 568,400 enrolments in Fee-Free TAFE nationally, including over 30,000 First Nations people. More than 60% of students are women, and more than 30% of enrolments have been in regional areas.
- As Fee-Free TAFE only commenced in January 2023, completion data is preliminary and there are a range of factors which mean it is too soon to obtain an accurate completion rate:
 - **Students need time to complete** their courses.
 - There is a **time lag between commencements and completions**, with the standard practice of the national data commencement.
 - Enrolments also include a **mixture of full-time and part-time enrolments** which impact completion dates. In 2023, **79.7% of government funded VET students were part-time**.
 - **Enrolments are progressive** by nature, with students studying under Fee-Free TAFE at different stages of their courses and needing sufficient time to complete their courses.
 - Almost **90% of Fee-Free TAFE courses are full qualifications at Certificate III and above** which take longer to complete.
 - The **rate of completions is expected to increase over time**.
 - There are a **range of factors** which drive non-completion, **including student characteristics**, which mean that a more nuanced analysis is needed
 - The department continues to work with states to source further disaggregation of completions by student characteristics.
- **Completions are only one measure of success** [*Pass to^{s 22(1)} to discuss other outcomes from NCVER's National Student Outcomes Survey*].
- The department continues to work closely with state and territory counterparts on assessing the outcomes of Fee-Free TAFE as the program matures, including exploring options for other qualitative and quantitative data beyond enrolments and completions to ensure Fee-Free TAFE continues to meet its objectives.
- We continue to work with the states to improve the data provided.

Why don't you have more detailed information on completions?

- Enrolment and completion information for Fee-Free TAFE is sourced from quarterly reporting provided by states.
- States and territories do not provide individual student level data for the department to undertake centralised data analysis.

- As of December last year, states and territories are now providing data on completions disaggregated by year of commencement, offering a more fulsome picture of the outcomes of Fee-Free TAFE.
- While overall completions data by year of commencement is available at an aggregate level, this is not broken down by sector, cohort or course type.
- Some jurisdictions have advised that there are limitations in their reporting of Fee-Free TAFE data, including for disaggregating completions data by year of commencement. This is due to how training providers report on the different tranches of Fee-Free TAFE and how information is captured in their systems for this time-limited program.
- However, we are working closely with states to get more detailed completions data by factors such as student characteristics, fields of study and by course duration. We are expecting to have this for the end of 2024 reporting period, with reports due from states and territories on 14 February.
- As part of the ongoing program for Free TAFE, the Australian Government will work with states and territories and NCVER on opportunities to capture Fee-Free TAFE data as part of the broader VET system, which would enable completions data to be captured by commencement year and analysed in line with NCVER's current practices.

Can you provide completions data by state?

- The department does not have permission to share that level of data and would need to seek agreement from states.
- NCVER, as the data custodians, undertake detailed analysis of completion information on a four-year basis.

What completion rate are you aiming for?

- We will consider the Fee-Free TAFE completion rate and compare to a range of other completion rates – general VET completion rates, completion rates for students studying the courses that Fee-Free TAFE offers, and completion rates for students with similar characteristics.
 - For VET qualifications that commenced in 2019, the **national completion rate after 4 years was 47.3%**.
- We will also work with states and territories to understand the outcomes for students in terms of further education or employment.
- The Australian Government is also working with states and territories as part of the National Skills Agreement to lift completion rates including investing up to \$250 million over five years (2024 to 2028) to improve VET student outcomes (with states and territories making a matched contribution).

Why didn't you provide completions data in the Questions on Notice from Supplementary Budget Estimates in November 2024?

- The department had not yet finalised its due diligence on Fee-Free TAFE data provided by states and territories to ensure completions data provided was correct and reflected cumulative enrolments since Fee-Free TAFE's commencement in 2023.
- This process has now been finalised for data up to and including Quarter 3, 2024.
- Since the program's commencement to September 2024 there have been 110,403 completions.

For the 2023 cohort, states have reported there have been 92,934 completions. This compares to 355,557 overall enrolments in 2023.

VET completions data by specified groups

Table 4: Qualification completion rates 4 years after commencement by AQF Level

Level of education	2018	2019
Diploma or higher	56.7%	55.9%
Certificate IV	51.8%	52.4%
Certificate III	47.5%	47.0%
Certificate II	42.5%	41.7%
Certificate I	36.0%	35.6%
Total	47.6%	47.3%

Source: NCVET 2024, VET qualification completion rates 2023, NCVET, Adelaide.

Table 5: Qualification completion rates 4 years after commencement by state/territory of student residence

State or territory of student residence	2018	2019
New South Wales	47.1%	47.3%
Victoria	41.4%	39.2%
Queensland	49.4%	49.4%
South Australia	42.8%	45.7%
Western Australia	49.1%	52.3%
Tasmania	49.3%	50.0%
Northern Territory	42.8%	44.1%
Australian Capital Territory	40.6%	42.8%
Offshore	61.8%	59.3%
Not known	44.0%	28.6%
Total	47.6%	47.3%

Source: NCVET 2024, VET qualification completion rates 2023, NCVET, Adelaide.

National Skills Agreement - Improved Completions Funding

Key points

- Through the National Skills Agreement (NSA), the Australian Government will partner with states and territories to trial, evaluate and scale innovative and best practice approaches to helping more Vocational Education and Training (VET) students to successfully complete their studies.
 - The Australian Government will invest **up to \$250 million over five years (2024 to 2028) to improve VET student outcomes**, including completions. States and territories will make a matched contribution.
 - Projects funded through this initiative will **prioritise groups such as First Nations students, people with disability, and women**.
 - The initiative will help to build shared knowledge nationally and improve student outcomes by providing a **robust evidence base around effective, efficient and scalable solutions, especially for priority groups**.

Table 1: Estimated maximum contribution to improved completions

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
\$m	73.26	61.50	49.36	18.50	27.28	7.90	5.20	7.00

Note funding has been rounded to the nearest ten thousand.

- Improved Completions Implementation Plans will be bilaterally agreed and will involve:
 - trialling and evaluating new initiatives to support individuals and cohorts to enrol, engage in and transition out of training,
 - evaluating existing initiatives to build a robust evidence base of best practice support interventions,
 - scaling effective completions initiatives with a demonstration of additionality,
 - supporting or otherwise enhancing the voice of students in VET policy,
 - clear evidence based research to support proposed activities, and
 - a commitment to evaluate and disseminate learnings through the TAFE Network.
- Discussions are underway with several states including Queensland, Western Australia and Tasmania to finalise improved completions implementation plans.

Background

Western Australia

- Western Australia (WA) is the first state to implement the Improved Completions initiative. The implementation plan addresses Improved Completions as a component of the WA TAFE Centre of Excellence. The total Commonwealth funding is \$7.3 million including \$4.01 million of improved completions funding. WA will

make a matched funding contribution for a total combined investment of \$14.6 million.

- This leaves \$23.27 million available to WA for further projects supporting Improved Completions.
- Part of the implementation plan focuses on activities, strategies and targeted programs for Improved VET Completions in Defence sector training, including a Year 9 Career Taster Program, the Women in Defence Industry Scholarship Program, and the School Based Traineeship program.

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National VET Completions Taskforce

Why was the Taskforce established and how did the Australian Government participate?

In February 2023, Skills and Workforce Ministers determined a better understanding of the factors affecting completion rates was required to ensure future policies and a new National Skills Agreement include provisions to improve outcomes.

The South Australian Government led the National VET Completions project, which included establishing a National VET Completions Taskforce with representatives from governments, unions, industry and training providers; engagement with key skills and industry stakeholders; exploring best practice models; and collaborative data analysis between the National Centre for Vocational Education Research (NCVER), Jobs and Skills Australia (JSA) and governments to improve data collection and reporting.

- Belinda Campbell, First Assistant Secretary, Apprenticeships and Foundation Skills Division, was the Commonwealth's representative on the Taskforce.
- Professor Peter Dawkins, former JSA Director, was also a member of the Taskforce

What did the Taskforce recommend?

The Taskforce advised that a collaborative approach is needed, with governments, industry and employers, unions, training providers and influencers all playing a part.

The Taskforce considered opportunities for intervention before, during and after study, making 17 recommendations centered around three main themes:

- *Learner purpose for studying*, including the functions of VET and information and advice
 - tailored information and enrolment should be aligned to the learner's purpose of study
 - following data and evidence on people and outcomes, not contracts, will support better completion rates.
- *VET system and delivery*, including system and program design, enablers, and delivery mode
 - system delivery and approaches need to be responsive to learner purpose and goals
 - high quality, adaptive training delivery will assist to meet student and industry needs and improve outcomes
 - funding and enrolment practices must support learners to achieve their reason for study.
- *Learner characteristics*, including universal approaches and targeted support and interventions
 - understanding learner needs early will enable better support from the point of enrolment
 - more is needed for those at greater risk of dropping out.

How did Skills Ministers respond?

In August 2023, Skills Ministers welcomed the National VET Completions report that outlined approaches to increase the number of people completing their VET training. Skills Ministers acknowledged the work by the tripartite National VET Completions Taskforce, led by the SA Government, and the valuable contribution of the NCVET, JSA, and governments.

Skills Ministers noted the report and agreed that its important findings may be used to inform future completion policy initiatives, including through the National Skills Agreement.

How does the report relate to work under the National Skills Agreement?

The themes and recommendations from the National VET Completions Taskforce broadly align with the themes in the new National Skills Agreement (NSA) that commenced 1 January 2024, in particular, the NSA's Improving Completions measure.

- Through the NSA, the Australian Government will partner with states and territories to trial, evaluate and scale innovative and best practice approaches to helping more VET students to successfully complete their studies.
 - The Australian Government will invest up to \$250 million over five years to improve VET student outcomes, including completions. States and territories will make a matched contribution.
 - Projects funded through this initiative will prioritise groups such as First Nations students, people with disability, and women.
 - The initiative will help build shared knowledge nationally to improve student outcomes by providing a robust evidence base around effective, efficient and scalable solutions, especially for priority groups through piloting innovative student support practices.
- Through the NSA, the Australian Government has committed to also partner with states and territories to improve apprentice and trainee completions and outcomes by better supporting employer and apprentice relations.
 - Governments will work with stakeholders to refresh the National Code of Good Practice for Australian Apprenticeships and collaborate on developing best practice guidance and resources for employers.
 - A refresh of the National Code and development of best practice guidance will support better relationships between employers and their apprentices by helping employers to better understand their roles and responsibilities, to ensure safe and inclusive workplaces, high-quality apprenticeship experiences and to contribute to higher completion rates.
 - Work on the National Code and best practice guidance will occur in 2024 in consultation with apprentices, employers, industry, unions, TAFEs and training providers, and apprenticeship service providers, with a refreshed National Code to be brought back to Skills Ministers for endorsement in 2025.

Fee Savings – Methodology and Examples Across Jurisdictions

Fee Savings

- Fee savings for Fee-Free TAFE students are the total tuition fees for a course.
- **Fee savings vary across courses, jurisdictions and providers.**
 - Depending on the course, students may be subject to other fees such as a materials fee or a retained course items fee.
- Course fees are **regulated across some jurisdictions, and unregulated in others.**
 - For example, TAFE courses in Western Australia are subject to fee caps dependent on the personal circumstances of the students and the type of course being undertaken.
- Fees also vary between jurisdictions based on the costs of course delivery and subsidies provided by state or territory governments.

Methodology

- The fee savings listed below have been sourced from TAFE websites as at **24 January 2025.**
 - Where available, subsidised fees were used as this figure is most relevant to Fee-Free TAFE students
 - Where subsidised fees were not available, the full fee has been listed.
- Where publicly available, some course fees were derived from costings information.
 - For example, Victoria has a range of training package purchasing guides that dictate the maximum and minimum payable hours available for each qualification, and nominal hours for each unit of competency within a training package.
- Where course fees were not publicly available, the correct amounts were confirmed through consultation with State and Territory counterparts.

Examples Across Jurisdictions

Australian Capital Territory

Examples of student savings in the Australian Capital Territory in 2025

- A student studying a Certificate IV in Cyber Security can save up to \$3,467
- A student studying a Certificate III in Early Childhood Education and Care can save up to \$2,519
- A student studying a Certificate III in Business can save up to \$1,375
- A student studying a Certificate IV in Community Services can save up to \$2,438
- A student studying a Certificate IV in Mental Health can save up to \$2,282

** Student Savings have been sourced through online searches of TAFEs/CIT in the ACT. At CIT, subsidised course fees are listed as 'Standard'. Apprentice/Trainee fees may also differ, and the subsidised fees are listed as 'Standard'.*

New South Wales

Examples of student savings in New South Wales in 2025:

- A student studying a Certificate III in Individual Support can save up to \$1,750
- A student studying a Certificate III in Early Childhood Education and Care can save up to \$1,930
- A student studying a Certificate IV in Training and Assessment can save up to \$1,850
- A student studying a Certificate III in School Based Education and Support can save up to \$1,930
- A student studying a Certificate III in Information Technology can save up to \$2,080

** Student Savings have been sourced through online searches of TAFEs in NSW.*

Victoria

Examples of student savings in Victoria in 2025

- A student studying a Diploma of Nursing can save up to 17,150
- A student studying a Certificate IV in Cyber Security can save up to \$4,107.92
- A student studying a Certificate IV in Training and Assessment can save up to \$5,368
- A student studying a Certificate IV in Accounting and Bookkeeping can save up to \$3,597
- A student studying a Diploma of Building and Construction (Building) can save up to \$15,318

** Student Savings have been sourced through online searches of TAFEs in VIC.*

Queensland

Examples of student savings in Queensland in 2025:

- A student studying a Diploma of Nursing can save up to \$15,930
- A student studying a Certificate IV in Accounting and Bookkeeping can save up to \$4,745
- A student training in Certificate III in Electrotechnology Electrician can save up to an estimated \$1,760.
- A student studying a Certificate III in Early Childhood Education and Care can save up to \$955
- A student studying a Diploma of Project Management can save up to \$12,195.

** Student Savings have been sourced through online searches of TAFEs in QLD.*

Western Australia

Examples of student savings in Western Australia in 2025:

- A student studying a Certificate III in Early Childhood Education and Care can save up to \$3,452.
- A student studying a Certificate III in Individual Support can save up to \$2,795.
- A student studying a Diploma of Nursing can save up to \$10,451.
- A student studying a Certificate IV in Work Health and Safety can save up to \$2,294.
- A student studying a Certificate IV in Information Technology can save up to \$2,616.

** Student Savings were provided by the WA Government and reflect fee amounts prior to the introduction of discount fee categories – this information is not publicly available online.*

Tuition Caps

Student tuition fees are subject to the following caps in Western Australia:

- In 2025, there is a cap of \$420 per calendar year for students born on or after 1 July 2007, who are at least 15 years old, not enrolled at secondary school, and who undertake training that is not part of a VET in Schools program.
- From 2021 select courses are being offered with reduced fees under the Lower fees, local skills program. These courses are offered at a lower rate for all students, with Tuition fees capped at \$1200 per course in a calendar year.
- Lower fees, local skills courses are offered at a further reduced rate for valid concession holders. Tuition fees for concession holders will be capped at \$400 per course in a calendar year.
- Students who are aged 15-24, are also entitled to the \$400 tuition fee capping.
- Tuition fees for Diploma and Advanced Diploma courses will not exceed \$7,860 per course in a calendar year.

Students training in Fee-Free TAFE courses will save this fee.

South Australia

Examples of student savings in South Australia in 2025:

- A student studying a Certificate IV in Information Technology (Networking) can save up to \$4,464
- A student studying a Certificate III in Individual Support can save up to \$3,277
- A student studying a Certificate III in Information Technology (IT Support) can save up to \$1,656
- A student studying a Certificate IV in Training and Assessment can save up to \$3,045
- A student studying a Certificate III in Early Childhood Education and Care can save up to \$4,419

** Student Savings have been sourced through online searches of TAFEs in SA.*

Tasmania

Examples of student savings in Tasmania in 2025:

- A student studying a Certificate III in Individual Support (Ageing) can save up to \$2,420
- A student studying a Assist Clients with Medication Skill Set can save up to \$415
- A student studying a Certificate III in Early Childhood Education and Care can save up to \$2,680
- A student studying in Prepare to work in the Construction Industry can save up to \$90
- A student studying a Medical Terminology Skill Set can save up to \$350

** Student Savings have been sourced through online searches of TAFEs in TAS.*

Northern Territory

Examples of student savings in the Northern Territory in 2025:

- A student studying a Certificate III in Early Childhood Education and Care can save up to \$16,228
- A student studying a Certificate III in Community Services can save up to \$8,879
- A student studying a Certificate III in Civil Construction Plant Operations can save up to \$3,663
- A student studying a Agricultural Chemical Skill Set can save up to \$444
- A student studying a Diploma of Leadership and Management can save up to \$2,701

** Student Savings have been sourced through online searches of TAFEs in the NT.*

For the majority of the courses, the department compared the subsidised prices with the Fee-Free TAFE price to students, which is zero, as students eligible for FFT are most likely to be eligible for subsidised training without FFT, instead of full-fee paying.

The exceptions for the examples are Certificate III in Early Childhood Education and Care and Certificate III in Community Services, which are offered as full-fee or fee-free at Charles Darwin University. Accordingly, the fee savings for these courses is based on its full fee.

Fee-Free TAFE: review and evaluation

Key points

- The 2023-2026 Fee-Free TAFE Skills Agreement (the Agreement) **sets out a cycle of monitoring, review and evaluation** to ensure that the program delivers on its **objectives** to:
 - **remove financial barriers** to education and training, including for people experiencing economic disadvantage
 - support education and training in **areas of high workforce demand** and emerging skills needs that are a national or state priority
 - **bolster equity** of access to VET for priority cohorts
 - **improve employment outcomes** by supporting Australians to obtain the skills and capabilities they need to obtain well paid and secure jobs.
- The Agreement requires that the Commonwealth and states and territories (states) collaborate on the cycle of evaluation.
- A holistic approach, using both quantitative and qualitative methods, will be utilised at each stage.
- The evaluation and review cycle will inform improvements to the program as it matures and ensure it remains fit-for-purpose.
- At this point, it is important to note Fee-Free TAFE is still in the formative stage, with 21 months of data available to date.
- Further insights will become available as the program matures and more data becomes available.

Quarterly Reporting

- In accordance with the Agreement, states provide quarterly data on funding, student characteristics, enrolments, completions, courses and providers directly to the department.
- The department is working with states and territories to update the reporting template for quarterly reporting from 2025 onwards to improve the capture of completions data, including by commencement date.

Mid-point insights report

- States will each provide an Insights Report to the Government by 28 July 2025, which will be the midpoint of Tranche 2 of Fee-Free TAFE.
- The reports will provide a review of the progress, including demand for training and any changes in economic environment. These will also include an assessment of the effectiveness of Tranches 1 and 2 of Fee-Free TAFE in meeting the needs of the target cohorts within each jurisdiction.
- These will feed into a more comprehensive evaluation that will be undertaken in the second half of 2025. The Government has committed to collaborating with states

on this midpoint evaluation, which is expected to be completed before the end of 2025.

Midpoint Evaluation of Tranche 2

- It is expected that the midpoint evaluation of Tranche 2 would be completed by the end of 2025, to inform the design of the ongoing Free TAFE initiative from 2027.
- This timing would allow data from two years of the program (2023 and 2024) to inform the evaluation. Any earlier evaluation would have focussed on process, administration and operation of the *Fee-Free TAFE Skills Agreement* only.
- The terms of reference for the evaluation will be developed in conjunction with the Senior Skills Officials Network (SSON), which has senior representatives from the Commonwealth as well as all states and territories. The terms of reference will outline the scope of work to be undertaken, timeframes and key deliverables.
- It is expected an independent evaluator would be engaged to conduct the midpoint review, with the approach and methodology is to be finalised in discussion with states and territories.
- The evaluation will examine a range of metrics and success factors for the Fee-Free TAFE initiative including:
 - enrolments; commencements; the types and levels of courses; completions
 - take up of the initiative by priority cohorts, and the effectiveness of Fee-Free TAFE in supporting these cohorts
 - the courses offered within priority sectors at the national and state levels
 - broader outcomes where possible, such as students moving on to further study or employment.
- The analysis gathered from the evaluation will help to inform future policy, program and operational decisions.
- Recommendations from the evaluation will help guide any required program adjustments for the delivery of the remainder of Fee-Free TAFE.
- The evaluation will also inform the program design of ongoing Free TAFE, which will commence in 2027

Tranche 1 End of Fund report (if asked)

- As of September 2024, all states had provided the Government with End of Fund Reports for Tranche 1 of Fee-Free TAFE (2023).
- The reports provide a stocktake and acquittal, including a review of Tranche 1 and an assessment of its effectiveness in meeting the needs of the target cohorts within each jurisdiction.
- Work is well advanced on the department's analysis of the reports. This will then be shared with states and territories for their consideration and feedback and is expected to be finalised in the first quarter of this year.

- This work will inform an evaluation of the outcomes Tranche 1, to be undertaken in collaboration with states.

Tranche 2 End of Fund report

- States will each provide an End of Fund Report by 29 June 2027, which will include a stocktake and acquittal, a review of Fee-Free TAFE Tranche 2, and an assessment of its effectiveness in meeting the needs of the target cohorts within each jurisdiction.
- The Commonwealth will collaborate with states on the evaluation of the outcome of Fee-Free TAFE. The timing for this evaluation is to be determined in collaboration with states and territories.
- Findings from the end of fund evaluation will also inform the delivery of ongoing Free TAFE as the program evolves.

Ongoing Free TAFE

- The Free TAFE Bill explicitly sets out that a Free TAFE Agreement include terms and conditions in relation to reporting, review and evaluation. The specific evaluation arrangements are subject to agreement with states.
- The Bill requires that at a minimum, reporting by states must include:
 - total amount of funding
 - amount of Commonwealth funding
 - courses
 - enrolments, including a breakdown by priority cohorts, and
 - completions.
- As Free TAFE will be an ongoing measure, the department will work closely with the National Centre for Vocational Education and Research (NCVER) and states to ensure it is part of the national VET Data Collection reported under Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS).

First review

- Subject to negotiations with states, the first in-depth review of Free TAFE is anticipated to occur in 2029 after two years of delivery of Free TAFE. This will be embedded in the Free TAFE Agreement.
- The review will analyse the implementation and delivery of Fee-Free TAFE and to guide any updates to program parameters.



Fee-Free TAFE campaign

Phases 1 and 2

Need for campaign

Skill shortages in a number of industries increased over 2022 and 2023, and recruitment pressures for skilled workers continues in sectors such as the care and support sector, nursing, childcare, and digital skills. There has also been a significant increase in shortages across occupations including technicians, machinery operators and labourers, community and personal service workers.

To address these skills shortages, the Australian Government, states and territories have jointly provided funding of over \$1.5 billion for 500,000 Fee-Free TAFE and vocational education and training places from 2023-2026.

The Fee-Free TAFE advertising campaign is needed to inform Australians about these courses and to help drive enrolments, particularly in areas of national priority and sectors facing skills shortages:

- clean energy
- care and support (including aged care, health care and disability care)
- construction
- technology and digital
- early childhood education and care
- hospitality and tourism (phase 1)

Aim

The aim of the Fee-Free TAFE campaign is to inform audiences of the availability of Fee-Free TAFE training places and to drive them to the Your Career website to find out more about courses, eligibility and where to enrol.

Target audience

Phase 1

The primary target audiences for phase 1 of the campaign were Australians aged 25-54 and young people aged 17-24 years.

Phase 2

The primary target audience for phase 2 is youth aged 17-24 years. This is because this audience may be more open to undertaking study at TAFE in the current economic environment, as opposed to older audiences who may be too nervous to do so.

At-a-glance

Dates on air	Target audience	Channels
Phase 1 8 October 2023 to 23 March 2024*	Australians aged 25-54 who are looking to gain new skills or change careers their career path including: <ul style="list-style-type: none"> ○ Women ○ First Nations Australians ○ People out of work or receiving income support ○ People with disability Young people aged 17-24 who are eligible for a Fee-Free TAFE course.	Television: 8 October to 11 November 2023. Digital video, digital social and search: 8 October 2023 to 23 March 2024*.
Phase 2 10 November 2024 to 28 February 2025**	Young people aged 17-24 who are eligible for a Fee-Free TAFE course.	Digital video, digital social media, search: 10 November 2024 to 28 February 2025**.

* While the campaign launched nationally, advertising ceased in individual jurisdictions when courses reached capacity.

** Planned end date.

Funding summary

- Funding of \$7.01 million was received in the October 2022 Budget for the Fee-Free TAFE campaign, comprising \$5.89 million in 2022–23 and \$1.12 million in 2023–24.
- A Movement of Funds request to move \$5.573 million in unspent funding from 2022–23 to the 2023–24 financial year was approved by the Department of Finance. The total budget for 2023–24 was \$6.693 million.
- Additional funding of \$4 million was received in the 2024–25 Budget to deliver phase 2 of the campaign in 2024–25.

Impact on underlying cash (\$ m) (ex GST)				
	2022–23	2023–24	2024–25	Total
Total	-0.317	-6.693	-4.000	-11.010

Budget

The budget breakdown for both phases is below.

Item/Supplier	2022-23 Budget (Phase 1) (\$m)	2023-24 Budget (Phase 1) (\$m)	2024-25 Budget (Phase 2) (\$m)
Media buy Universal McCann	-	4.801	2.800
Creative development Clemenger BBDO Melbourne	0.137	1.092	0.600
Concept testing research Whereto Research	0.180	0.020	0.050
Public relations ThinkHQ	-	0.250	0.120
Multicultural communication CultureVerse	-	0.220	0.155
First Nations communication 33Creative	-	0.220	0.170
Evaluation research Hall & Partners	-	0.090	0.105
Total	0.317	6.693	4.000

Timeline

Critical date	Event or action
Phase 1	
8 December 2022	Government approval to commence work on campaign
22 May 2023	Ministerial approval of communication outline
6 June 2023	Movement of Funds request approved
24 July 2023	Government consideration of campaign – Stage 1
14 August 2023	Independent Communications Committee consideration of campaign
18 September 2023	Government consideration of campaign – Stage 2
29 September 2023	Campaign certified
8 October 2023	Fee-Free TAFE campaign phase 1 launched
23 March 2024	Fee-Free TAFE campaign phase 1 ends
Phase 2	
28 August 2024	Government approval to commence work on Fee-Free TAFE phase 2 campaign
8 October 2024	Government consideration of campaign – phase 1
18 October 2024	Independent Communications Committee consideration of campaign
28 October 2024	Government consideration of campaign – phase 2
6 November 2024	Campaign certified
10 November 2024	Fee-Free TAFE campaign phase 2 launched
28 February 2025	Fee-Free TAFE campaign phase 2 planned end

In 2024-25, the Commonwealth expenditure on VET is a projected **\$5.1 billion** (as at 2024-25 MYEFO)

\$2.6 billion to states & territories

NASWD
\$1.7 billion

National Skills Agreement
\$784 million

Fee Free TAFE
\$45 million

Capital and Equipment Investment Fund
\$35 million

TAFE Technology Fund
\$32 million

Turbocharging TAFE Centres of Excellence
\$20 million

\$1.9 billion in Commonwealth own programs

Australian Apprenticeship Incentives System	\$976 million
Australian Apprenticeship Support Network	\$238 million
Australian Apprenticeship Incentives Program	\$227 million
Skills for Education and Employment Program	\$129 million
Jobs and Skills Council	\$117 million
Trades Recognition Australia	\$73 million
ASQA	\$54 million
National Training System COPE	\$47 million
VET Data Streamlining	\$20 million
Remote Training Hubs Network	\$9 million
Supporting Women to Achieve Higher Paying Careers through VET	\$9 million
Jobs and Skills Australia	\$9 million
Closing the Gap	\$7 million
Unique Student Identifier-Agency Establishment Costs	\$6 million
Industry Workforce Training	\$5 million
Skills Communication Campaign	\$5 million
Foundation Skills	\$5 million
VET Workforce	\$4 million
NSA Implementation	\$2 million
Other Programs	\$6 million

\$538 million in income contingent loans
^ nominal value of loans

VET Student Loans (and VET FEE-HELP)
\$279 million
(unpublished)

Trade Support Loans
\$259 million
(unpublished)

Not included in Commonwealth figure

In 2023, states & territories also contributed **\$4.7 billion** to VET
Source: NCVET Government Funding of VET 2023

Other funding sources include:

- Training purchased by other portfolios
- Self-education tax deductions
- Income support payments

- Sources:
- 2024-25 MYEFO.
 - VET-FEE HELP, VET Student Loans and Trade Support Loans nominal loan values are unpublished departmental estimates current as at December 2024.

Notes: 1. The expense component of VET Student Loans and Trade Support Loan is excluded from these figures given the nominal loan value is counted in the next column. 2. Individual numbers in this sheet are rounded. Component figures may not add up to headline figures.

The National VET System

Key points

- Vocational education and training (VET) play a critical role in ensuring Australia's workforce have the necessary skills to meet current and future social, economic, and environmental challenges and opportunities.
 - **In 2023, around half of all employed people** are in occupations where VET is the primary education and training pathway.¹
 - **Over the next 10 years, around 43 per cent of all new jobs** will require a VET qualification.²
- At a population level, education and training underpins Australia's prosperity and living standards –boosting participation and productivity, and delivering the skilled workforce needed to sustain essential services and sovereign capability.
- It promotes a more inclusive economy, by enhancing opportunities for secure, well-paid jobs, and freedom to make choices throughout their working lives.
- VET spans all fields of education occupational groupings and provides pathways to a diverse range of jobs.
- **In 2023, an estimated 5.1 million students (representing around 30% of Australia's working age population)** were enrolled in VET – from foundation skills through to high-level trade and technical skills in advanced and graduate diplomas.³
- The main providers in the VET sector are TAFEs and private Registered Training Organisations (RTOs). In 2023, there were 24 TAFEs and 2,920 private RTOs.

Occupation Shortages List

- Jobs and Skills Australia's 2024 Occupation Shortage List shows that in 2024, **33% of occupations were in national shortage** (303 out of 916), 3 percentage points lower than in 2023 (36% of occupations).
- The 2024 List shows the highest shortages are for **Technicians & Trades Workers** (shortages in 50% of occupations) and **Professionals** (shortages in 45% of occupations).
- The top industries which are experiencing acute shortage pressures are:
 - **construction (69% in shortage)**
 - **mining (66% in shortage)**

¹ Jobs and Skills Australia (JSA) 2023, *Towards a National Jobs and Skills Roadmap*

² JSA 2024, *Better Together: The Jobs and Skills Report November 2024*

³ NCVET, *Total VET students and courses 2023*

- **health care and social assistance (62% in shortage)**
- **other services (54% in shortage)**
- **education and training (51% in shortage)**
- There is need to keep skilling up the future workforce in areas of national priority, such as construction, clean energy and the care economy.
- VET qualifications are a prerequisite for many occupations in these priority industries, meaning VET will play a key role in reducing skills shortages across the economy.

Participation in VET

- In 2023:⁴
 - There were **2.3 million students enrolled in nationally recognised programs and 3.5 million students enrolled in subjects not delivered as part of a nationally recognised program.**⁵
 - **15.1% (763,100) were TAFE students and 77.6% (3,925,665) were students at private RTOs.**
 - There were **1,256,365 government-funded VET students.** Of these, **659,185 (52.5%) were enrolled in TAFE.**⁶
 - **56.8% of employers used nationally recognised training** to meet their skills needs.⁷
 - As of 31 December 2023, there were **343,640 apprentices and trainees** in training nationally.⁸

Benefits of VET

- **75% of students surveyed in 2023 cited employment-related reasons** for engaging in training.⁹
- Students who completed common VET courses experienced a **median increase in their annual income of \$10,285.**¹⁰
- Employment rates **increased by 12.4 percentage points** for students who completed common VET courses.¹¹

⁴ Ibid.

⁵ Note: The sum of students (n= 5.8 million in 2023) will not add to the 2023 total (5.1 million) as a student may have enrolled in multiple types of training in a calendar year

⁶ NCVET, *Government-funded students and courses 2023*

⁷ NCVET 2023, *Employers' use and views of the VET system 2023*

⁸ NCVET 2024, *Australian vocational education and training statistics: apprentices and trainees 2023 — December quarter*

⁹ NCVET, *VET student outcomes 2023*

¹⁰ Jobs and Skills Australia 2023, [VET Student Outcomes – Top 100 courses \(VET National Data Asset \(VNDA\)\)](#).

¹¹ Ibid.

- **Of employers** that used nationally recognised training, **74% were satisfied** vocational qualifications met their skills needs.¹²

Funding

- Funding for the VET system is a joint responsibility of the Commonwealth and the state and territory governments. The Australian Government contributes to the VET system by directly funding parts of the national training system and providing funding to states and territories to operate their training systems.
- Government funding for VET delivery and capital **grew by \$606.9 million (10.2%)** from \$5.9 billion in 2022 to **\$6.5 billion** in 2023 (**Table 1** refers).¹³
 - Government funding for **TAFE increased** from \$4,157.2 million in 2022 to **\$4,491.9 million (68.6% of all government funding)** in 2023.
 - Government funding for **private RTOs increased** from \$1,105.5 million in 2022 to **\$1,226.2 million (18.7% of all government funding)** in 2023.

Table 1: VET delivery and capital funding by provider type, 2021 to 2023

	2021		2022		2023	
	\$m	%	\$m	%	\$m	%
TAFE	4,150.1	70.5	4,157.2	70.0	4,491.9	68.6
University	286.8	4.9	270.5	4.6	358.0	5.5
Private	1,087.4	18.5	1,105.5	18.6	1,226.2	18.7
Other	261.8	4.4	253.4	4.3	271.9	4.2
Funding not attributable	100.9	1.7	152.9	2.6	198.4	3.0
Total	5,887.1	100.0	5,939.5	100.0	6,546.4	100.0

Commonwealth VET investment in 2024-25

- In 2024-25, the Australian Government's expenditure on VET is projected to be **\$5.1 billion** (as at 2024-25 MYEFO,). This comprises:
 - **\$2.6 billion to states and territories**, including:
 - \$2.5 billion under the National Skills Agreement (NSA)
 - \$45 million for Fee-Free TAFE, out of \$500 million over 3 years from 2024 to 2026
 - \$35 million for Capital and Equipment Investment Fund
 - \$32 million for TAFE Technology Fund
 - \$20 million for Turbocharging TAFE Centres of Excellence

¹² NCVER, *Employers' use and views of the VET system 2023*, NCVER, Adelaide

¹³ NCVER, *Government funding of VET 2023*

- \$15 million for Turbocharge the Teacher, Trainer and Assessor Workforce
 - **\$1.9 billion in Commonwealth-own programs**, including:
 - \$1.4 billion to support Australian Apprenticeships
 - \$129 million for the Skills for Education and Employment Program
 - \$117 million for Jobs and Skills Councils
 - \$9 million for supporting Women to Achieve Higher Paying Careers through VET
 - **\$538 million in income contingent loans**, supporting students to access VET through VET student loans and Australian Apprenticeship Support Loans.
- The 2024-25 Budget included a further **\$265.1 million over 4 years from 2024-25 for the Australian Apprenticeships Incentive System**, to continue supporting apprentices in priority occupations.
- The 2024-25 Budget also included additional funding for **Skilling the Clean Energy Workforce** (including the Capital and Equipment Investment Fund and the Turbocharge the Teacher, Trainer, and Assessor Workforce measures), Skilling the Construction Workforce, Commonwealth Prac Payments, Building Women’s Careers in VET, Fee-Free TAFE, pre-apprenticeships, and lower indexation for income-contingent loans.
- Attachment A sets out VET initiatives and programs that are funded by the Commonwealth in 2024-25.

VET system governance

- Governance of the VET sector is the **joint responsibility** of the Commonwealth and the state and territory governments.
 - The Skills and Workforce Ministerial Council, Jobs and Skills Australia, and Jobs and Skills Councils are the primary avenues for system stewardship and are supported by broader engagement with government and non-government partners.
 - State training authorities, accountable to their respective skills minister, are largely responsible for skills and training delivery within their jurisdiction and decisions on how subsidies, TAFE funding and fee concessions are applied.

- Areas of joint responsibility between the Commonwealth and states include:
 - providing national data collection, labour market and VET intelligence and analysis through the National Centre for Vocational Education Research, and Jobs and Skills Councils, and
 - providing a national regulatory framework through the Australian Skills Quality Authority (ASQA) (though these are largely funded by the Commonwealth, with Victoria and WA retaining their own state-based regulators).

Providers

- In 2023, there were **3,607 RTOs** that had an active registration and delivered nationally recognised VET (**Table 2** refers).

Table 2: Provider type, 2021 to 2023

Type	2021	2022	2023
TAFE institutes	24	24	24
Universities	16	15	14
Schools	368	348	340
Community education providers	200	193	184
Enterprise providers	123	124	125
Private training providers	2,836	2,898	2,920
Total	3,567	3,602	3,607

Importance of public institutions

- As public institutions, TAFEs are a vital community asset and provide critical training opportunities. Compared to private RTOs, TAFEs are more likely to be delivering full qualifications. In 2023:
 - **TAFEs: 9 in 10 students undertook a program of study** while one in 10 undertook subject-only training.
 - **Private providers: 4 in 10 students undertook a program of study**, with 6 in 10 doing subject-only training.
 - **TAFE students in programs increased by 8.6%** compared to 2022. In comparison, students in **programs at private training providers increased by 5.5%** in the same period.
- TAFEs also play a crucial role in providing opportunities for those from disadvantaged and priority cohorts. Analysis of 2023 National Centre for Vocational Education Research (NCVER) student data shows that a higher proportion of students at TAFEs identify as belonging to priority cohorts:
 - **8% of students at TAFEs** identified as having a disability compared to **3% at private RTOs**

- **6% of students at TAFEs identified as Indigenous** compared to **3% at private RTOs**
- **21% of students at TAFEs** belonged to the **most disadvantaged socio-economic quintile** compared to **17% at private RTOs**
- **28.7% of students at TAFEs** were from **inner and outer regional areas** compared to **23.9% at private RTOs**
- **2.3% of students at TAFEs** were from **remote and very remote areas** compared to **2.0% at private RTOs**.

National Skills Agreement

- Through the NSA, the Australian Government has provided **\$12.6 billion over 5 years** to expand and strengthen Australia's VET System and deliver the skills Australia needs. Under the NSA, the **combined investment by governments in the VET sector will be up to \$30 billion** over 5 years.
- The NSA is a 5-year agreement with states and territories underpinned by a \$12.6 billion funding commitment from the Commonwealth. The Agreement commenced on 1 January 2024.
 - The NSA provides an additional \$3.7 billion above the funding that would have been available under the previous National Specific Purpose Payment.
 - The NSA also includes a new focus on co-investment, collaboration, planning and evidence-led reform through a joint stewardship model and shared national priorities.
- The \$12.6 billion includes \$11.3 billion in flexible funding to states, paid in proportion to their skills and training expenditure, and up to \$1.3 billion to implement specific reforms and policy initiatives to strengthen the VET system, including:
 - \$325 million to establish nationally networked **TAFE Centres of Excellence**
 - \$100 million to support, grow and retain a **quality VET workforce**
 - \$155 million to establish a **National TAFE Network**
 - \$214 million for **Closing the Gap initiatives** to be designed in partnership with First Nations peoples and led by them.
 - \$250 million to **improve VET completions** including for women and other priority cohorts
 - \$142 million to **improve foundation skills** training capacity, quality, and accessibility

- \$116 million to **improve VET evidence and data.**
- The Agreement is designed to deliver an uplift in funding by all jurisdictions. **States will need to contribute a total of \$21.6 billion of their own funding** to access the maximum available Commonwealth funding.

Funding transferred to states to end of January 2025

- As of end January 2025, \$2,347.6 million of the NSA flexible funding has been paid to states and territories since it commenced on 1 January 2024. In addition, \$19.0 million has been transferred to states for the delivery of specific policy initiatives under the Agreement.

Stewardship

- Under the NSA, all parties have committed to implement the new shared stewardship model that will maximise joint investment in VET and support collaborative delivery of agreed outcomes and national priorities while also providing states with flexibility to meet local needs.
- The inaugural National Skills Plan was launched by Skills Ministers on 20 September 2024. The Plan was developed in close collaboration with states and is a key product underpinning the shared system stewardship model introduced by the Agreement. It will guide the approach to achieving the shared goals of the Agreement and skills ministers' vision for the national VET system.
- NSW, WA, Tas, Qld, NT and the Commonwealth have published jurisdictional action plans that outline how each jurisdiction will deliver national priorities. Jurisdictional action plans of remaining jurisdictions are to be published soon.
- The National Skills Plan and jurisdictional action plans will be reviewed and updated on an annual basis.
- Reporting against outcomes and national targets will occur through the National Skills Agreement Outcomes Framework released 10 December.
- The Outcomes Framework will use a balanced scorecard approach for assessing progress against both system level and population level outcomes. JSA are developing the balanced scorecard which will be used to undertake reporting to Skills Ministers on an annual basis.
- Once developed, the balanced scorecard will include diverse indicators and measures at the national level that will provide a holistic system-wide view of the VET sector. This will enable governments and other stakeholders, through the annual review process, to identify which elements of the system are working and what changes could be made to deliver economic and social improvements.
- Bilateral implementation plans for the NSA policy initiatives are being developed with states.

TAFE Centres of Excellence

- Of the available \$325 million, the Australian Government has announced approximately \$182.5 million to establish nationally networked TAFE Centres of Excellence in partnership with states.
 - As of January 2025, the Commonwealth has announced 10 TAFE Centres of Excellence across the ACT, WA, Qld, SA, Vic and NSW.
- Under the Turbocharging measure the Commonwealth has announced \$25.1 million of the available \$31.6 million in additional unmatched funding to accelerate training delivery for 5 TAFE Centres of Excellence (in the ACT, SA, Qld, WA and NSW) and lay the groundwork for the uptake of higher and degree-equivalent apprenticeships for priority areas of net zero, care and support, and digital skills capability.
- States are continuing to work on their proposals and further announcements are anticipated shortly.

Other NSA policy initiatives approved to date

- The NSW Foundational Skills implementation plan for \$22.8 million investment in the ACE sector was announced 27 September 2024.
- NSW Closing the Gap (Stage 1 implementation plan) for \$2.4 million initial investment from the Commonwealth was approved in December 2024, and due to be announced shortly.
- NSW Measures to Strengthen the VET Workforce implementation plan for \$4.9 million investment from the Commonwealth was approved on 23 January 2024, and due to be announced shortly.
- WA Enhanced VET Data and Evidence for \$8 million to implement the VET Data Streamlining Program was approved on 21 January 2025 and due to be announced shortly.

VET system capacity

Workforce

- Supply issues are a significant concern facing the VET workforce, with the sector under increasing pressure to attract and retain skilled individuals to meet training delivery needs. This is why the Government, in collaboration with states and territories, released the VET Workforce Blueprint.
- The Blueprint identifies 8 opportunities and 14 actions that provide a roadmap for the attraction, retention, development and support of the VET workforce.

- The Blueprint’s actions are flexible, allowing for different approaches to be taken. Some strategies may be at a national level, and some may be more localised, at a state and territory level, or industry specific.
- All governments and key stakeholders have an important role to play in leveraging the actions in the Blueprint to build and support the VET workforce.
- The Government is investing **up to \$100 million over 5 years** through the National Skills Agreement for initiatives to strengthen the VET workforce, including responses to the Blueprint. This includes:
 - **\$70 million (with matched funding) for state and territory initiatives to strengthen the VET workforce**, including local action to respond to the Blueprint, and
 - **\$30 million to support national actions**, agreed by Skills Ministers.
- Skills Ministers have agreed to commence work on an initial suite of nationally led ‘foundational’ actions, including:
 - Undertaking **comprehensive occupational mapping for the VET workforce** to identify and inform broader actions to strengthen pathways into, and through, the VET workforce.
 - Developing a **VET workforce data strategy** to enable the collection of VET workforce data to support and enable informed policy and workforce strategies, and inform ongoing research.
 - Establishing an **ongoing research program** to develop a robust evidence base for key workforce issues.
 - Undertaking work to **map and analyse compliance and administrative burden and implement strategies to reduce** this burden, where appropriate, for the VET workforce.
- Jobs and Skills Australia (JSA) has agreed to undertake the occupational mapping, develop a VET workforce data strategy and contribute to an ongoing research program through the development of a research strategy, leveraging JSA’s labour market expertise and building on the work it undertook developing the VET Workforce Study. This work will be undertaken in collaboration with NCVET.
- The Australian Government is providing **\$12 million to Jobs and Skills Councils** for initiatives that support **identifying and responding to VET workforce challenges by industry**. This includes:
 - Undertaking VET workforce studies to develop a comprehensive understanding of industry-specific roles.

- Investigating industry-specific VET workforce challenges and issues to identify industry-led responses.
- Supporting industry-led pathways to produce a pipeline of people moving into the VET workforce.
- This work has commenced and complements and contributes to the opportunities and actions identified in the Blueprint.

Skilling the Clean Energy Workforce

- The Skilling the Clean Energy Workforce package is an important step in delivering the workforce needed to support clean energy investment under a Future Made in Australia.
- The package includes:
 - \$1.8 million for a pilot of **Group Training Organisation (GTO)** reimbursements for small and medium businesses taking on clean energy, construction and manufacturing apprentices. The Government will reimburse GTO fees for up to 800 small and medium enterprises.
 - \$50 million over three years for the **Clean Energy Capital Investment Fund** to pay for new and existing facility upgrades across a broad set of clean energy occupations including wind, solar, pumped hydro, grid battery storage, electricity networks and hydrogen, as well as electrical and construction trades. To be distributed via states and territories, the fund will focus on at-capacity facilities and regional, rural and remote communities that are experiencing workforce transition.
 - \$30 million to **turbocharge the VET teacher, trainer and assessor workforce** for clean energy. Also to be delivered via the states and territories, this funding will help ensure there are enough VET teachers to train the workforce we need.
 - Establishing **climate careers advocacy and promotion activities** across government, industry, civil society and the education and training sectors – which includes creation of new content and publications available from the National Career Institute’s Your Career website, informed by stakeholder workshops conducted in December 2023.

NSA Closing the Gap Policy Initiative

- Closing the Gap in VET is a national priority in the NSA. It provides for a step-change in governments’ approach to delivering on Closing the Gap commitments for skills, with dedicated investment and concrete action to ensure that the design and delivery of VET to First Nations students is in full and genuine partnership.

- Funding under the Closing the Gap Policy Initiative is intended to be additional targeted investment, to help meet Closing the Gap skills targets focused on the specific priority reform areas.
- The Commonwealth will **invest more than \$214 million over five years** to help meet Closing the Gap skills targets.
- This includes **\$36 million to progress a national partnership framework** to ensure active engagement on VET policy with First Nations people, organisations, and communities.
- The Commonwealth will provide **up to \$166 million** to states and territories (matched investment), to support **place-based Closing the Gap initiatives** and will favour proposals that include a strong focus on investment in the **capability, sustainability and growth of the Aboriginal Community Controlled (ACC) and First Nations Owned (FNO) training sector**.
- There is also **\$11 million** to support the delivery of Closing the Gap activities delivered by the Commonwealth, which includes preliminary work to scope the development of a **Sector Strengthening Plan for the ACC and FNO training sector** for Skills Ministers consideration.
- The Commonwealth will also **invest in supporting shared access to data and information at a regional level**. This work will also be considered in the context of building capability of the ACC and FNO RTO sectors over the longer-term.

Perceptions of VET

- Despite the critical importance of VET to Australia's economic security, many people hold negative perceptions of VET and the careers to which it leads. VET is often perceived as less intellectually demanding and inferior to university, and as leading to lower-paid, more physically demanding, and less stimulating employment.
- These negative perceptions are often driven by low levels of understanding of VET and VET-enabled careers, as well as by policy decisions and media representations which reinforce the belief that university education is necessary for personal and professional success.
- The Australian Government has been working to improve perceptions and lift the status of VET through a wide range of measures, including:
 - improving the availability and quality of careers and pathways information
 - celebrating and showcasing successful VET career journeys through initiatives such as the Australian Training Awards and the VET Alumni.

- targeted promotion of excellence and best practice in VET, delivered through partnerships with key stakeholders and engagement with organisations for flagship events such as National Skills Week, National Careers Week, and various jobs and careers fairs.
 - supporting the professionalisation and quality of careers advice and guidance via the Australian Blueprint for Career Development
 - providing career information, including the promotion of VET pathways, directly to individuals through the Your Career website
 - establishing a network of 10 Jobs and Skills Councils to provide industry with a stronger voice to ensure Australia's VET sector delivers better outcomes for learners and employers.
- To lift the status of VET, the Australian Government continues to build a stronger and more equitable VET sector to support students and priority groups to gain skills they need for secure well-paid jobs, through the NSA and key initiatives such as the Government's \$1.2 billion Future Made in Australia Skills Plan, Fee-Free TAFE, the Australian Skills Guarantee, and support for Australian apprentices.
 - Further, the Government is committed to a harmonious tertiary system with a shared vision and equal pathways. This commitment recognises that a more seamless tertiary system where higher education and VET are equally important pathways bringing different strengths will together meet the skills needs of Australia now and in the future.



Free TAFE Bill 2024 Inquiry – VET Market

Supporting analysis on government-funded VET.

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1 Background on supportive TAFE commitments

- The Government is committed to TAFE at the centre of the VET system.
- All Australian governments have committed to this, acknowledging the importance of TAFEs as enduring institutions with a public interest mandate, while valuing the complementary roles of other providers within the VET system.
- Free TAFE is one of the ways in which government can act towards this commitment.

2 VET Market overview

2.1 VET market share over time – TAFE and Independent providers (MH)

Key Takeaway: Independent providers have the vast majority (86.9%) of total VET students. This is predominantly through short high-volume training such as First Aid and Responsible Service of Alcohol. The share of Government-funded program enrolments is much closer between provider types and has remained stable as government-funded program enrolments have increased over recent years.

2.1.1 Total VET market share

- *Independent providers* have continued to increase their share of total VET students, from 79.3% in 2016 to 86.9% in 2023 [see Figure 1]. This has predominately been driven by Private providers.
- In comparison, TAFE institutions have continued to decrease their share of total VET students, from 21.6% in 2016 to 15.1% in 2023. Despite a significant increase in Total VET students over the last 3 years, TAFE has not been able to grow as quickly as *Independent providers*. The relative growth of Independent providers compared to TAFEs has been in subject-only training (see section 5.2.1).

2.1.2 Government-funded VET market share

- Since 2018 there has been an increase in government-funded program enrolments. Both TAFEs and *Independent providers* have been able to maintain their relative share of program enrolments within a few percentage points over the period.
- In 2023, there were 1.6 million government-funded program enrolments, 47.6% were undertaken at a TAFE, 40.2% were undertaken through *Independent providers*.

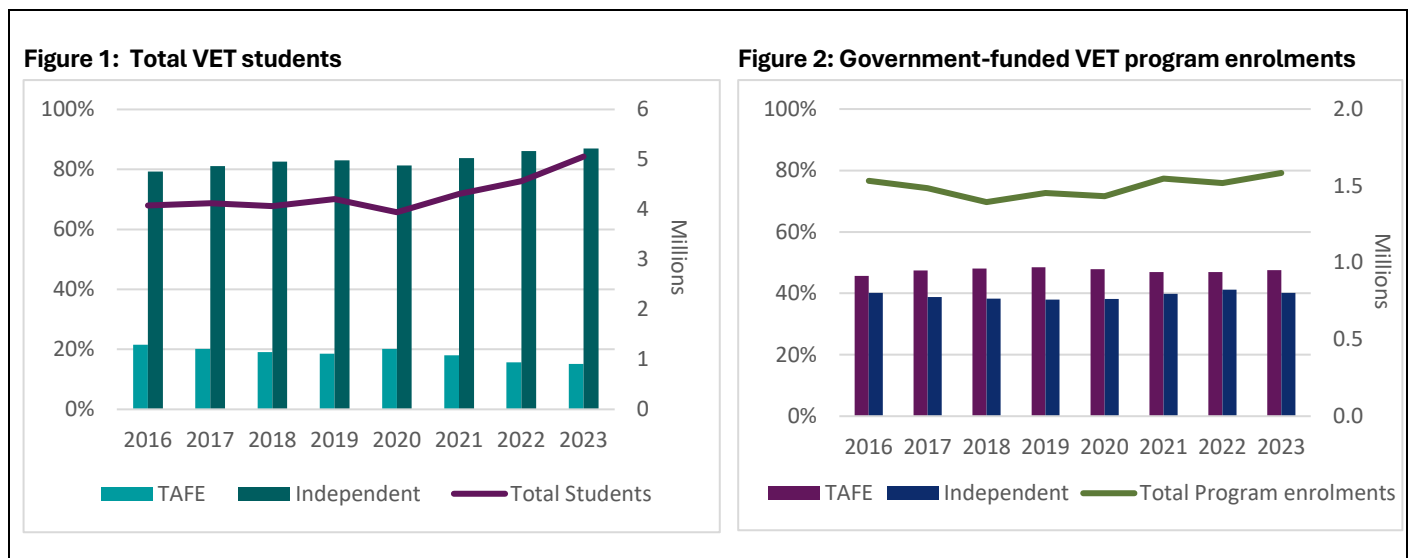


Table 1: Proportion of government-funded VET program enrolments, by provider type, 2019-2023

Provider type	2019	2020	2021	2022	2023
Program enrolments	1,454,110	1,433,035	1,546,325	1,517,000	1,583,675
TAFE	48.5%	47.9%	46.9%	46.9%	47.6%
School	9.3%	9.7%	9.2%	8.1%	8.2%
University	4.2%	4.2%	4.1%	3.8%	4.0%
Independent	37.9%	38.1%	39.8%	41.2%	40.2%
- Private training provider	31.3%	32.7%	34.5%	35.8%	34.5%
- Community education provider	4.3%	4.1%	4.2%	4.2%	4.4%
- Enterprise provider	2.3%	1.3%	1.2%	1.2%	1.2%

3 Impact of Fee-Free TAFE (FFT)

Key Takeaway: There was concern that the FFT program would create a significant shift from other provider types to TAFE institutes without increasing overall VET students in programs. This is not supported by the Total VET Activity (TVA) 2023 data.

3.1 Impact of FFT - Overview

TVA 2023 data shows growth for students in programs at TAFE institutes as well as other provider types, supporting overall VET growth, rather than a shift away from other provider types towards TAFE institutes.

In 2023, each jurisdiction saw an increase in students commencing in FFT-eligible programs compared to non-FFT programs (regardless of provider type). This is a desirable outcome as FFT programs are generally aligned with areas of national skills shortage. In 2023, TAFE students in programs increased by 8.6% compared to 2022. For all other provider-types students in programs increased by 6.2% compared to 2022.

3.2 Impact of FFT - Students changing provider types

Data sensitivity: Data throughout this subsection is non-public.

s 47G(1)(b)

3.3 Impact of FFT - Rate of RTO Churn

Data sensitivity: Data throughout this subsection is non-public.

s 47G(1)(b)

4 Sector comparisons

Key Takeaway: Outcomes tend to differ based on student demographics and training attributes, in addition to provider type. This means that comparing provider types is a nuanced discussion that cannot be explained fully with top-level data.

4.1 Mixed positive student outcomes for government-funded students

For 2023 government-funded VET completers surveyed in mid-2024, TAFEs came out on top in 9 outcomes, private providers came out on top in 16, and there were 5 where the outcomes were statistically similar. Further analysis, delving into types of training, student demographics and reasons for undertaking the training, is needed to provide more meaningful insights to explain these differences.

Table 2: Outcomes where TAFEs fared better than Private training providers, 2023 government-funded qualification completers surveyed in 2024

#	Outcomes	TAFE institutes	Private training providers	Difference TAFE - private
1	Commenced further study after training	37.6%	30.0%	7.6 p.p.
2	Commenced further study at a higher level after training	25.7%	18.8%	6.9 p.p.
3	Of those employed before training: employed at a higher skill level after training	20.7%	16.9%	3.8 p.p.
4	Improved numerical skills	53.6%	50.5%	3.1 p.p.
5	Received at least one personal benefit	95.1%	92.4%	2.7 p.p.
6	Of those employed before training: better job after training	38.0%	36.5%	1.5 p.p.
7	Recommend training provider	86.5%	85.2%	1.3 p.p.
8	Employed in same occupation as training course	31.2%	30.0%	1.2 p.p.
9	Main reason for undertaking training: study-related ¹	10.8%	10.0%	0.8 p.p.

Table 3: Outcomes where Private training providers fared better than TAFEs, 2023 government-funded qualification completers surveyed in 2024

#	Outcomes	TAFE institutes	Private training providers	Difference TAFE - private
1	Employed in different occupation to training course and training is relevant	22.6%	30.6%	-8.0 p.p.
2	Of those employed in the same job as before training: improved skills	47.3%	55.1%	-7.8 p.p.
3	Of those not employed before training: employed after training	42.2%	49.1%	-6.9 p.p.
4	Improved employment status after training	61.9%	67.7%	-5.8 p.p.
5	Of those employed after training: found the training relevant to their current job	74.5%	80.0%	-5.5 p.p.
6	Employed after training	74.1%	78.7%	-4.6 p.p.
7	Achieved main reason for doing the training	84.8%	88.6%	-3.8 p.p.
8	Satisfied with support services	77.9%	81.6%	-3.7 p.p.
9	Employed before training ¹	66.6%	69.6%	-3.0 p.p.
10	Satisfied with the learning resources	82.4%	85.2%	-2.8 p.p.
11	Of those employed after training: received at least one job-related benefit	80.5%	83.2%	-2.7 p.p.
12	Satisfied with assessment	88.6%	90.6%	-2.0 p.p.
13	Satisfied with the training overall	89.1%	90.3%	-1.2 p.p.
14	Satisfied with teaching	87.7%	88.5%	-0.8 p.p.
15	Main reason for undertaking training: personal development ¹	12.0%	12.6%	-0.6 p.p.
16	Developed problem-solving skills	81.4%	82.0%	-0.6 p.p.

¹ Note, it could be argued that this is a characteristic of the student rather than an “outcome”.

Table 4: Outcomes where TAFEs and Private training providers fared similarly, 2023 government-funded qualification completers surveyed in 2024

#	Outcomes	TAFE institutes	Private training providers
1	Employed or in further study after training	85.5 (0.3)	85.3 (0.4)
2	Improved writing skills	53.9 (0.5)	54.1 (0.5)
3	Main reason for undertaking training: employment-related ¹	77.1 (0.4)	77.4 (0.4)
4	Satisfied with the facilities and other	85.0 (0.3)	84.6 (0.4)
5	Satisfied with the location of the training provider	85.6 (0.3)	85.1 (0.4)

Source: NCVET 2024, *VET student outcomes 2024*, NCVET, Adelaide.

Note: bracketed figures are the \pm margin of error calculated at a 95% confidence level. If these margins cause comparison figures to overlap, they can be considered to be statistically similar, based on further statistical conditions being met.

4.2 Meaningful comparisons

Provider type is not always the most useful feature when evaluating differences across the VET sector. Different types of training providers tend to have different and complementary roles in the VET system. These roles often depend on the jurisdiction where providers operate (e.g., whether TAFEs, universities, or dual sector providers deliver the majority of public training) as well as the type of training being offered (e.g., apprenticeship vs non -apprenticeship).

Comparisons by provider type need to take into account differences in the mix of students and types of training delivered. Further, student outcomes can vary by program attributes like level of education and training package.

4.2.1 Composition of delivery training types and educational levels

Each sector in VET delivers training with a mix of levels of education, funding and student demographics. The particular mix at a given provider or provider type will impact outcomes, completions and student satisfaction in different ways.

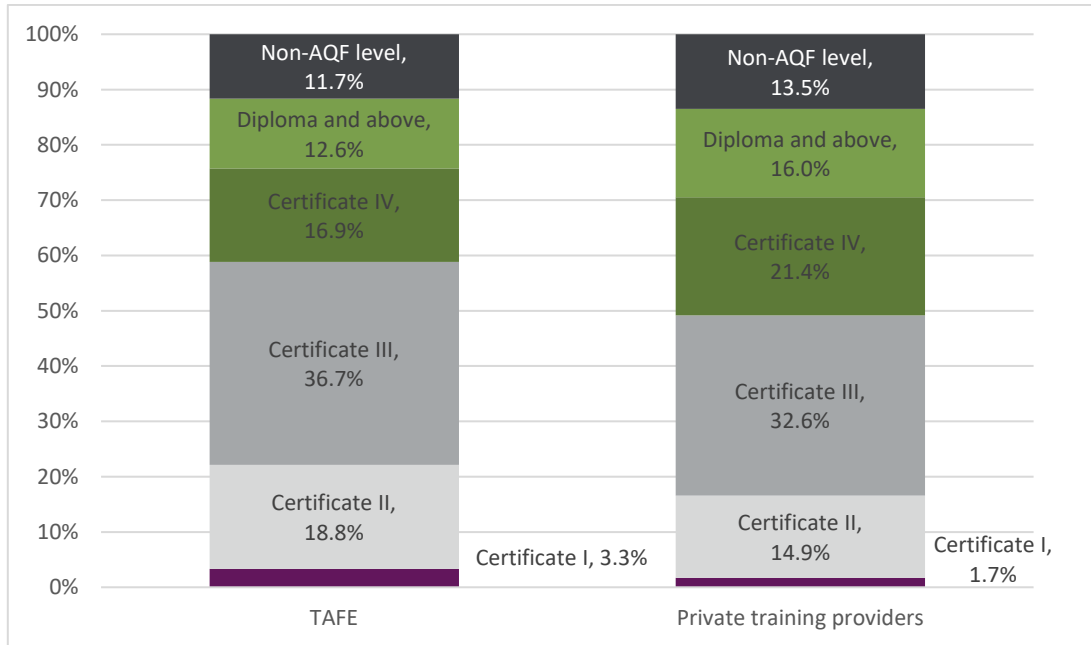
TAFEs and private providers focus on different types of training delivery, with TAFEs more likely to be delivering full qualifications and private providers tending to focus on short, high-volume training, such as first aid and responsible service of alcohol on an exclusively fee-for-service basis.

- At TAFEs, 9 in 10 students undertake a program of study compared with one in 10 doing only subject-only training.
- At private providers, 4 in 10 students undertake a program of study, compared with 6 in 10 doing only subject-only training.

4.2.2 Level of education - Composition

TAFEs have a larger proportion of program completions at lower levels of education compared to private training providers. (See Figure 7)

Figure 7: 2023 preliminary program completions by level of education



4.2.3 Level of education - Satisfaction

In 2023, satisfaction with aspects of a training provider varied across levels of education and provider types. Students had higher satisfaction rates with TAFE providers, the lower the level of education. At private providers, higher satisfaction rates were seen for Certificate II or Certificate IV levels.

Figure 8: Satisfaction for 2023 qualification completers at TAFE by Level of Education

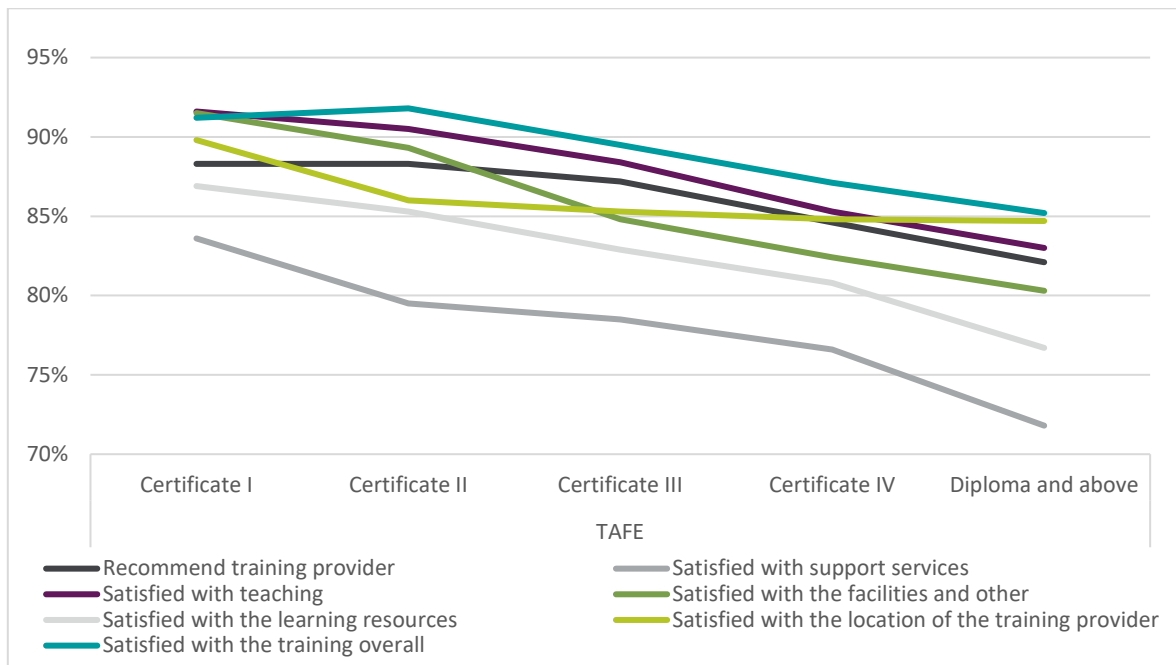
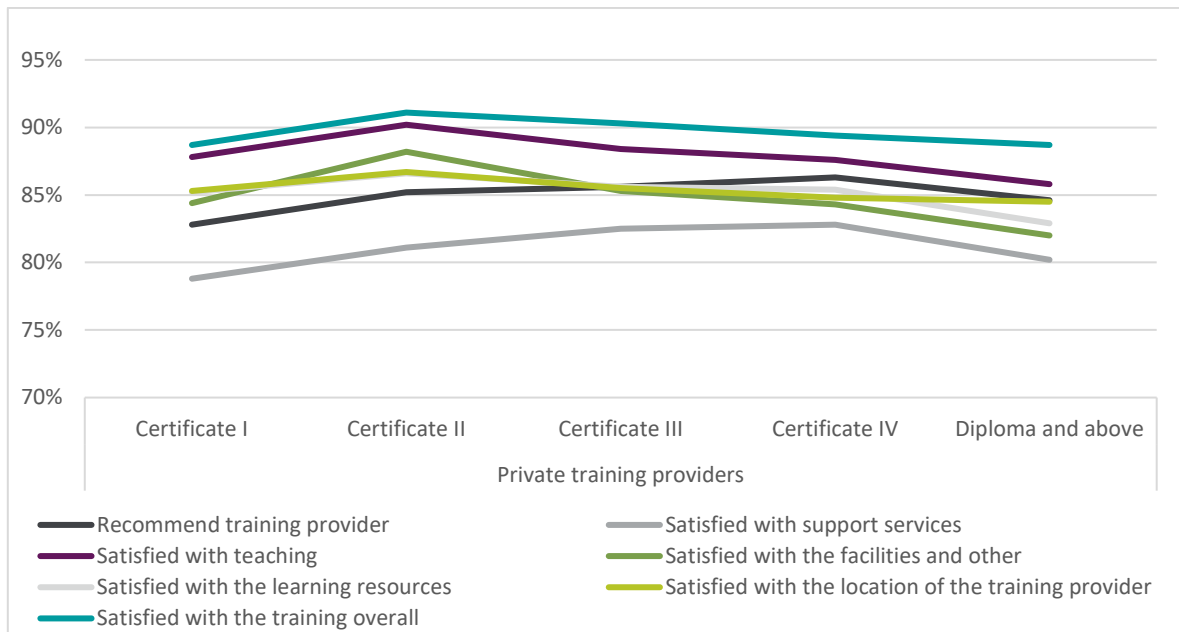


Figure 9: Satisfaction for 2023 qualification completers at private providers by Level of Education



4.2.4 Level of education – Completion rates

Completion rates also vary by level of education, student demographic and provider type. The 4-year completion rate for the 2019 cohort increased with higher level of education as shown in Figure 10.

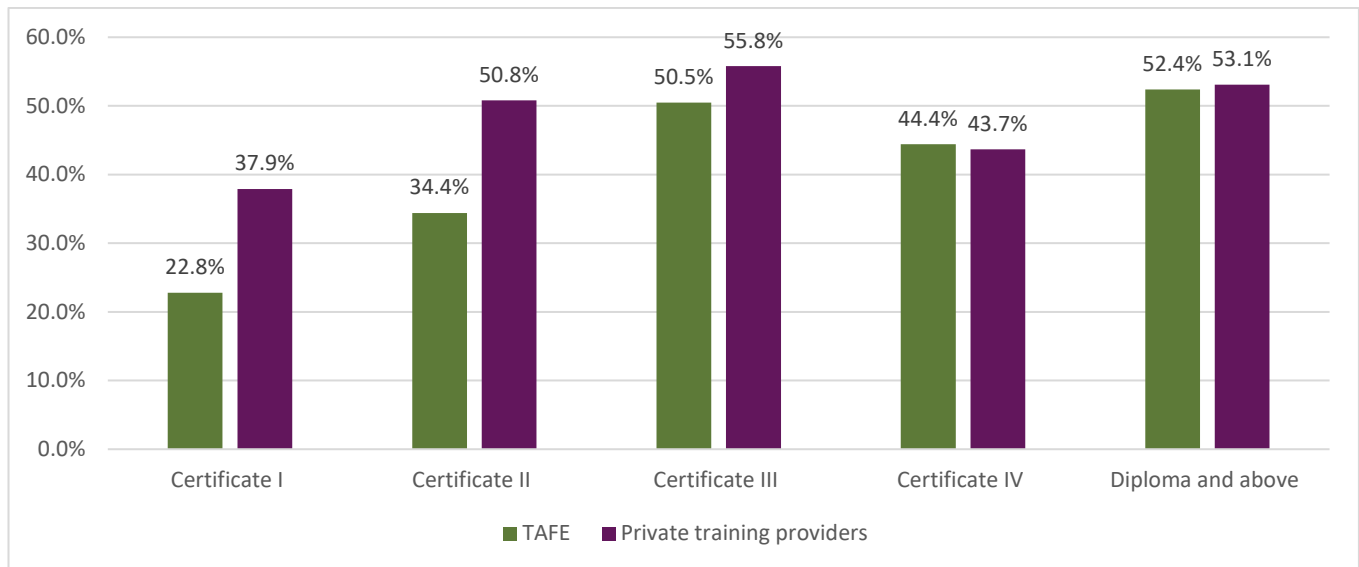
Figure 10: Qualification completion rates, commencing in 2019

Level of Education	2019 completion rate
Total	47.3%
Diploma or higher	55.9%
Certificate IV	52.4%
Certificate III	47.0%
Certificate II	41.7%
Certificate I	35.6%

However, this trend does not follow for government-funded students across provider types. For government-funded students TAFEs have noticeably lower completion rates at the Certificate I and II levels and both TAFEs and private providers experienced a dip in completion rate at the Certificate IV level.

- Certificate III government-funded students showed stronger completions at both provider types than the overall Certificate III completion rate of 47.0%.
- For commencing year 2019, 40.3% of government-funded program enrolments at TAFEs and 49.2% of government-funded program enrolments at private providers were Certificate III level.

Figure 11: 4-year completion rates for 2019 government-funded cohort by education level



4.2.5 Student mix and composition

- Both TAFEs and private providers play an important role in servicing vulnerable cohorts. However, analysis of NCVER 2023 student data shows that a higher proportion of students at TAFEs identify as belonging to disadvantaged cohorts.
 - 8% of students at TAFEs identified as having a disability compared to 3% at private providers.
 - 6% of students at TAFEs identified as Indigenous compared to 3% at private providers.
 - 21% of students at TAFEs belonged to the most disadvantaged socio-economic quintile compared to 17% at private providers.
 - 0.9% of students at TAFEs were from very remote areas compared to 0.6% at private providers.

4.2.6 Employer satisfaction

In the NCVER's *Survey of employers' use and views of the VET system 2023 (SEUV)*, 5 of the 7 aspects of satisfaction for nationally recognised training were statistically similar between TAFEs and private training providers. (Figure 12)

As an example, of employers using nationally recognised training at a TAFE, 76.6% were satisfied with the training overall from their main training, where the training provider was a TAFE. Taking into account the margins of error, employers' overall satisfaction for private training providers would need to be lower than 65.9% or higher than 87.3% to be statistically significantly different from TAFEs. Employers' overall satisfaction with nationally recognised training at private training providers was 85.9%, which is within the range of values that are statistically similar to that for TAFEs.

Figure 12: Employer satisfaction with aspects of nationally recognised training for TAFEs and private providers, and range of values statistically significantly similar to TAFE (for existing margins of error), 2023 survey

Aspect of satisfaction	Estimates		Range of values statistically similar to TAFE	
	TAFE	Private	Lower limit	Upper limit
Relevance of skills taught	80.1%	85.7%	70.3%	89.9%
Condition of equipment and facilities	74.1%	84.9%	62.6%	85.6%
Cost effectiveness of training	72.8%	80.6%	61.6%	84.0%
Flexibility of the provider in meeting your needs	66.9%	86.8%	55.6%	78.2%
Trainers' knowledge and experience of your industry	76.8%	86.3%	66.2%	87.4%
Standard of assessment	72.9%	87.8%	61.5%	84.3%
Overall satisfaction with training	76.6%	85.9%	65.9%	87.3%

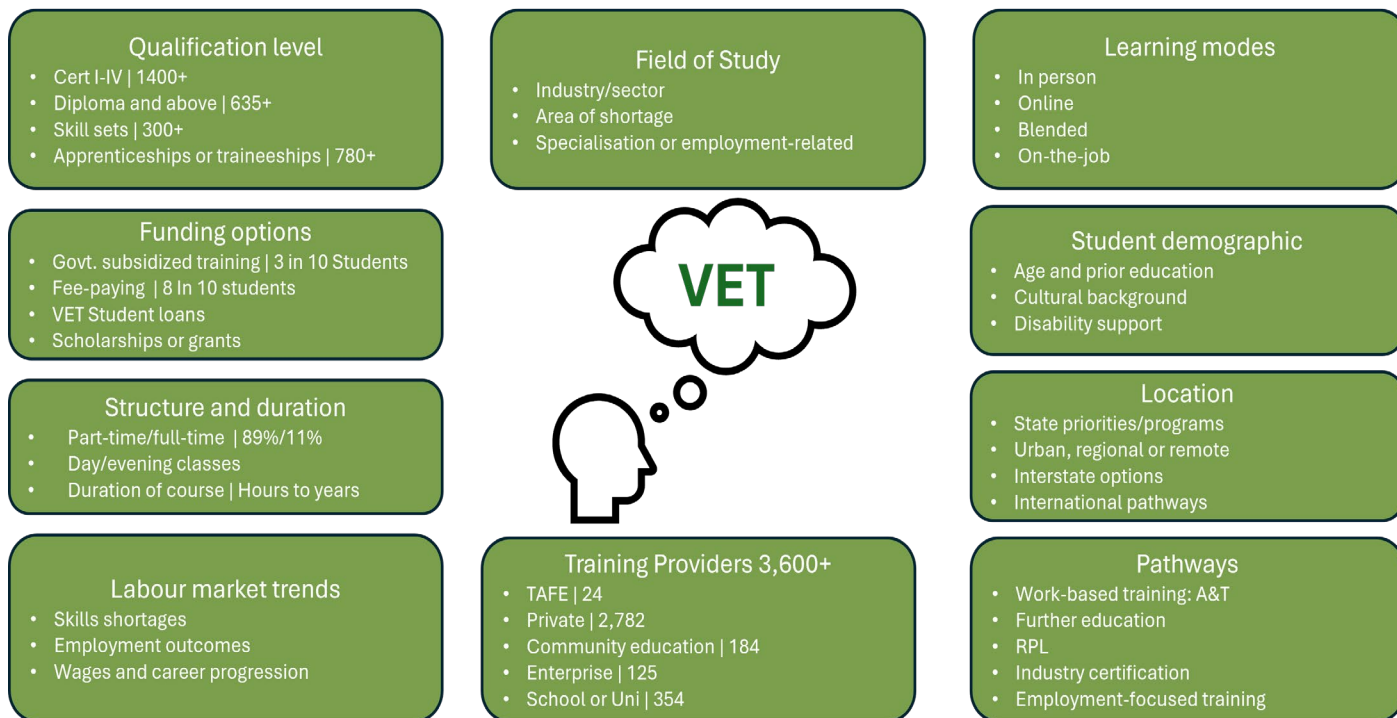
5 Student Choice

Key Takeaway: Students have a large amount of choice when deciding how they want to engage in VET studies, and these choices last the duration of their study and pathways after training. This allows them to tailor their studies to their personal situations. Students in most areas have a choice between provider types for qualifications, short courses and subject-only training.

5.1 Visual overview

There is a significant choice for someone choosing VET, the factors in Figure 13 need to be considered.

Figure 13: Visual overview – Factors affecting choice in VET



5.2 Accessibility of Government-funded training

Accessibility to the Fee-Free TAFE program has been addressed through a limited number of non-TAFE providers delivering training under the FFT program in areas that don't have appropriate local TAFE coverage.

More broadly, government funding is primarily focused on qualification level training, with less support for subject-only training, which is typically funded by a student or employer. Even with this focus on more intensive training we can see strong coverage for both TAFE Institutions and Independent providers across Australia.

The 2021 ABS Census indicates that there were 2,423 SA2s with non-zero working age populations (people aged 15-64). In 2023, 2,294 (94.7%) of these SA2s had students engaged in some form of nationally recognised training (regardless of funding type). Table 2, below, outlines the proportion of these SA2s that each provider covers and the type of government-funded training that was undertaken.

Of the 2,423 populated SA2s:

- Government-funded qualifications were equally available at TAFEs and *Independent providers*, with both provider types being represented in 92.9% of these SA2s.
- Government-funded subject-only training was more available at *Independent providers*, with 84.7% of these SA2s being covered.
 - 82.4% of SA2s for private providers.
 - 74.8% of SA2s for TAFEs.

Table 5: Proportion of populated SA2s with government-funded training by type of training and type of provider, 2023

Type of training	TAFE	Independent	Private providers
Qualifications	92.9%	92.9%	92.8%
Accredited courses and Skill sets	83.2%	85.2%	82.6%
Subject only	74.8%	84.7%	82.4%

Table 6: Number of SA2s with government-funded training by type of training and type of provider, 2023

Type of training	TAFE	Independent	Private providers
Qualifications	2,251	2,250	2,249
Accredited courses and Skill sets	2,015	2,064	2,001
Subject only	1,813	2,053	1,996

6 Costs

Key Takeaway: Analysis (with several caveats – see below) suggests that TAFEs generally have higher government expenditure per government-funded hour and completion compared to private training providers. Expenditure per hour and completion also vary significantly with training attributes like level of education and training package.

6.1 Caveats

- Expenditure by provider type includes some capital funding. Capital funding is a relatively small contribution compared to VET delivery expenditure, but they can't be broken out separately for expenditure by provider type.
- VET delivery expenditure doesn't include employer assistance funding. This is likely to be especially significant for apprentices and trainees, who make up a higher share of government-funded students at private providers than at TAFEs.
- Australian Government expenditure and other "not attributable" funding cannot be attributed to jurisdictions, providers, or training activity.
- All expenditure is in nominal terms and is not adjusted for inflation.
- Causality is hard to determine from these statistics.
- For VET activity, reporting hours are by state/territory of delivery location and program completions are by state/territory of student residence.

6.2 VET delivery and Capital funding comparisons

Between 2019 and 2023, VET Delivery and Capital Funding (expenditure) grew by:

- \$1.0 billion (31%) for TAFEs; and
- \$200 million (20%) for private providers.

A more recent comparison, between 2022 and 2023*, shows a more nuanced result with growth of:

- \$335 million (8%) for TAFEs; and
- \$121 million (11%) for private providers.

*This perhaps surprising result may be misleading as it is heavily influenced by a \$74 million reduction in expenditure provided to TAFEs in Victoria which was largely a consequence of reduced capital funding. As a result, the 2022 to 2023 comparison should be used with caution.

6.3 Cost per completion and cost per hour

The difference between TAFE and private providers in cost per hour terms is less than their difference in cost per completion terms.

Table 7: 2023 VET delivery and capital expenditure per government-funded hour, by provider type and jurisdiction.

Jurisdiction	Expenditure (\$ million)		GF hours		Cost per hour		TAFE cost per \$1 at Private RTOs
	TAFE	Private	TAFE	Private	TAFE	Private	
National	\$4,491.9	\$1,226.2	192,851,588	140,256,230	\$23.29	\$8.74	\$2.66
New South Wales	\$1,711.4	\$352.3	80,177,191	26,985,724	\$21.35	\$13.06	\$1.64
Victoria	\$780.3	\$302.2	39,074,453	44,150,397	\$19.97	\$6.84	\$2.92
Queensland	\$635.4	\$294.1	27,792,069	35,829,763	\$22.86	\$8.21	\$2.79
South Australia	\$221.6	\$114.0	9,036,670	10,290,332	\$24.52	\$11.08	\$2.21
Western Australia	\$590.6	\$103.0	28,980,144	18,019,471	\$20.38	\$5.72	\$3.57
Tasmania	\$127.4	\$14.1	3,986,336	2,779,507	\$31.96	\$5.07	\$6.30
Northern Territory	\$13.6	\$7.1	451,775	917,524	\$30.10	\$7.74	\$3.89
Australian Capital Territory	\$104.2	\$15.6	3,352,950	1,280,081	\$31.08	\$12.19	\$2.55
Australian Government	\$307.5	\$23.8	-	-	-	-	-

Sources: NCVET 2024, Government funding of VET 2023, NCVET, Adelaide; NCVET 2024, Total VET students and courses 2023, NCVET, Adelaide.

Note: Jurisdiction for reporting hours is by delivery location.

Table 8: 2023 VET delivery and capital expenditure per government-funded completion, by provider type and jurisdiction.

Jurisdiction	Expenditure (\$ million)		GF completions		Cost per completion		TAFE cost per \$1 at Private RTOs
	TAFE	Private	TAFE	Private	TAFE	Private	
National	\$4,491.9	\$1,226.2	153,505	160,490	\$29,262	\$7,640	\$3.83
New South Wales	\$1,711.4	\$352.3	66,110	29,140	\$25,887	\$12,090	\$2.14
Victoria	\$780.3	\$302.2	23,210	33,025	\$33,619	\$9,151	\$3.67
Queensland	\$635.4	\$294.1	26,225	52,485	\$24,229	\$5,604	\$4.32
South Australia	\$221.6	\$114.0	6,350	11,060	\$34,898	\$10,307	\$3.39
Western Australia	\$590.6	\$103.0	21,265	12,455	\$27,773	\$8,270	\$3.36
Tasmania	\$127.4	\$14.1	4,280	3,565	\$29,766	\$3,955	\$7.53
Northern Territory	\$13.6	\$7.1	275	860	\$49,455	\$8,256	\$5.99
Australian Capital Territory	\$104.2	\$15.6	2,190	1,450	\$47,580	\$10,759	\$4.42
Australian Government	\$307.5	\$23.8	-	-	-	-	-

Sources: NCVET 2024, Government funding of VET 2023, NCVET, Adelaide; NCVET 2024, Total VET students and courses 2023, NCVET, Adelaide.

Note: Jurisdiction for completions is by student residence. Completions are preliminary and may be revised upwards due to completions submitted after the reporting deadline.

6.4 Cost by level of education

Cost per hour is substantially lower for Certificate I and II level qualifications than for Certificate III and above (Table 6.) This difference is even greater for cost per completion (Table 7).

Table 9: 2023 VET delivery expenditure per government-funded hour, by level of education.

Level of education	Expenditure (\$ million)	GF hours	Cost per hour
Total	\$6,143.8	403,603,479	\$15.22
Diploma or higher	\$540.3	61,345,282	\$8.81
Certificate IV	\$730.8	72,817,247	\$10.04
Certificate III	\$1,945.1	178,051,463	\$10.92
Certificate II	\$365.5	61,145,974	\$5.98
Certificate I	\$59.7	12,679,450	\$4.71
Other programs	\$195.9	17,564,063	\$11.15
Not attributable	\$2,306.5	-	-

Sources: NCVET 2024, Government funding of VET 2023, NCVET, Adelaide; NCVET 2024, Total VET students and courses 2023, NCVET, Adelaide.

Table 10: 2023 VET delivery expenditure per government-funded completion, by level of education.

Level of education	Expenditure (\$ million)	GF completions	Cost per completion
Total	\$6,143.8	396,545	\$15,493
Diploma or higher	\$540.3	33,075	\$16,336
Certificate IV	\$730.8	64,705	\$11,294
Certificate III	\$1,945.1	154,215	\$12,613
Certificate II	\$365.5	109,295	\$3,344
Certificate I	\$59.7	19,975	\$2,989
Other programs	\$195.9	15,280	\$12,821
Not attributable	\$2,306.5	-	-

Sources: NCVET 2024, Government funding of VET 2023, NCVET, Adelaide; NCVET 2024, Total VET students and courses 2023, NCVET, Adelaide.

Note: Completions are preliminary and may be revised upwards due to completions submitted after the reporting deadline.

6.5 Cost by training package

Cost per government-funded hour in training package qualifications ranges from \$23.35 for *Plastics, Rubber and Cablemaking* to \$4.19 for *Sport, Fitness and Recreation* (minimum \$1 million expenditure). The top 10 training packages by expenditure per government-funded hour are shown in Table 11.

Table 11: Expenditure per government-funded hour, top 10 training packages by government-funded hours.

Training package	Expenditure (\$ million)	GF hours	Cost per hour
Community Services	\$700.7	86,406,795	\$8.11
Construction, Plumbing & Services Integrated Framework	\$406.3	32,885,482	\$12.35
Health	\$303.2	28,635,864	\$10.59
Business Services	\$230.1	24,965,626	\$9.22
Electrotechnology	\$228.4	16,820,871	\$13.58
Tourism, Travel and Hospitality	\$129.6	16,245,505	\$7.98
Creative Arts and Culture	\$91.2	15,000,494	\$6.08
Agriculture, Horticulture and Conservation and Land Management	\$149.5	14,709,267	\$10.16
Automotive Industry Retail, Service and Repair	\$197.2	12,796,131	\$15.41
Hairdressing and Beauty Services	\$103.9	12,069,265	\$8.61

Relative Performance of Sectors

Program enrolments at TAFE and independent RTOs

- There were 2,929,405 VET program enrolments in 2023. Of these, 854,195 (29%) were at TAFEs and 1,853,350 (63%) were at independent¹ training providers.
- Of the program enrolments at independent RTOs:
 - 50% were domestic fee-for-service training
 - 34% were government funded training
 - 16% were international fee-for-service training
- Of the program enrolments at TAFEs:
 - 8% were domestic fee-for-service training
 - 88% were government funded training
 - 4% were international fee-for-service training

Additionally, there were 8,469,660 subject-only enrolments across all provider types, of which only 297,505 were government-funded.

Government funded student numbers

- There were 5,056,845 VET students in 2023. Of these, 1,349,350 (26.7%) received some level of government funding (see Table 1).
- Of government-funded students in 2023 (note that students may study multiple types of training at different providers in the same year, so sums of totals may not add to overall totals):
 - 1,276,450 (94.6%) studied a nationally-recognised program
 - 72,900 (5.4%) did not study a nationally-recognised program
 - 110,265 (8.2%) studied a subject delivered outside of a nationally-recognised program in 2023
 - 605,095 (44.8%) studied at independent RTOs
 - 648,600 (48.1%) studied at TAFEs.

Table 1: Government-funded students over time, 2020-2023

	2020	2021	2022	2023
Government-funded students	1,300,630	1,358,800	1,288,800	1,349,350
Change from previous year	+4.3%	+4.5%	-5.2%	+4.7%

Source: NCVET 2024, *Total VET students and courses 2023*, NCVET, Adelaide.

Student outcomes (2023 qualification completers, surveyed in 2024)

Table 2a: Outcomes where TAFEs fared better than Private training providers

#	Outcomes	TAFE institutes	Private training providers	Difference TAFE - private
1	Commenced further study after training	37.3%	30.8%	6.5 p.p.
2	Commenced further study at a higher level after training	25.5%	19.2%	6.3 p.p.
3	Of those employed before training: employed at a higher skill level after training	20.3%	14.3%	6.0 p.p.
4	Of those employed before training: better job after training	37.5%	34.3%	3.2 p.p.
5	Received at least one personal benefit	94.9%	92.0%	2.9 p.p.
6	Improved numerical skills	53.1%	50.9%	2.2 p.p.
7	Employed in same occupation as training course	30.3%	29.1%	1.2 p.p.
8	Recommend training provider	86.3%	85.5%	0.8 p.p.

¹ Independent providers include private training providers, enterprise providers and community education providers, as reported in the NCVET DataBuilder tool. Some of these providers are actually public entities, but DataBuilder does not allow for this granularity.

Table 2b: Outcomes where Private training providers fared better than TAFEs

#	Outcomes	TAFE institutes	Private training providers	Difference TAFE - private
1	Employed in different occupation to training course and training is relevant	23.7%	30.1%	-6.4 p.p.
2	Of those not employed before training: employed after training	42.4%	48.1%	-5.7 p.p.
3	Employed after training	74.6%	79.2%	-4.6 p.p.
4	Improved employment status after training	62.2%	66.8%	-4.6 p.p.
5	Satisfied with support services	77.6%	81.9%	-4.3 p.p.
6	Improved writing skills	53.5%	57.8%	-4.3 p.p.
7	Of those employed in the same job as before training: improved skills	47.8%	51.8%	-4.0 p.p.
8	Of those employed after training: found the training relevant to their current job	74.4%	78.1%	-3.7 p.p.
9	Achieved main reason for doing the training	85.0%	88.6%	-3.6 p.p.
10	Satisfied with the learning resources	82.3%	85.4%	-3.1 p.p.
11	Satisfied with assessment	88.5%	90.1%	-1.6 p.p.
12	Of those employed after training: received at least one job-related benefit	80.2%	81.4%	-1.2 p.p.
13	Satisfied with the training overall	89.0%	90.0%	-1.0 p.p.
14	Satisfied with teaching	87.6%	88.2%	-0.6 p.p.

Table 2c: Outcomes where TAFEs and Private training providers fared similarly

#	Outcomes	TAFE institutes	Private training providers
1	Developed problem-solving skills	81.2% (0.3)	81.4% (0.2)
2	Employed or in further study after training	85.8% (0.3)	85.8% (0.2)
3	Satisfied with the facilities and other	85.0% (0.3)	85.3% (0.2)
4	Satisfied with the location of the training provider	85.4% (0.3)	85.5% (0.2)

Source: NCVER 2024, *VET student outcomes 2024*, NCVER, Adelaide.

Note: bracketed figures are the \pm margin of error calculated at a 95% confidence level. If these margins cause comparison figures to overlap, they can be considered to be statistically similar, based on further statistical conditions being met.

Correlation of student outcomes (2023 completers, surveyed in 2024)

Table 3a: Satisfaction and achievement by employment status after training, all providers

Outcome	Survey group	Employed after training	Not employed after training
Satisfied with the training overall	Qualification completers	90.0%	88.0%
	Qualification part-completers	79.4%	73.9%
	Short course completers	93.4%	90.7%
	Short course part-completers	89.5%	84.4%
	Subject-only completers	93.0%	88.5%
Achieved main reason for training	Qualification completers	90.9%	77.3%
	Qualification part-completers	81.4%	66.9%
	Short course completers	94.4%	80.9%
	Short course part-completers	94.7%	77.6%
	Subject-only completers	94.5%	81.4%

Table 3b: Satisfaction and achievement by employment status after training by provider type (%)

Outcome	Survey group	TAFE institutes		Private training providers	
		Employed after training	Not employed after training	Employed after training	Not employed after training
Satisfied with the training overall	Qualification completers	89.5%	87.7%	90.5%	88.3%
	Qualification part-completers	76.6%	71.3%	81.8%	73.7%
	Short course completers	91.5%	90.3%	93.9%	90.5%
	Short course part-completers	82.6%	78.3%	90.2%	86.9%
	Subject-only completers	92.1%	90.5%	92.9%	88.0%
Achieved main reason for training	Qualification completers	89.4%	72.9%	91.6%	79.0%
	Qualification part-completers	78.7%	61.5%	83.6%	69.7%
	Short course completers	91.3%	79.6%	95.2%	80.9%
	Short course part-completers	86.2%	65.2%	95.6%	83.5%
	Subject-only completers	93.0%	73.1%	94.2%	81.3%

Employer outcomes

Table 4: Survey of Employers' Use and Views of VET, 2023: comparison of employers' satisfaction with TAFEs and Private training providers

	TAFE institutes	Private providers	TAFE - Private providers: percentage point difference
Overall satisfaction with training	74.7%	74.4%	0.3 p.p.
Relevance of skills taught	75.5%	76.3%	-0.8 p.p.
Condition of equipment and facilities	83.0%	77.0%	6.0 p.p.
Cost effectiveness of the training	76.3%	76.7%	-0.4 p.p.
Flexibility of the provider in meeting your needs	71.0%	78.2%	-7.2 p.p.
Trainers' knowledge and experience of your industry	80.1%	77.6%	2.5 p.p.
Standard of assessment	73.1%	72.3%	0.8 p.p.

Source: NCVET 2023, *Employers' use and views of the VET system 2023*, NCVET, Adelaide.

Completion rates 4 years after commencement by year of commencement

Table 5: Comparison of completion rates 4 years after commencement for government-funded students with private training providers and TAFEs, by level of education, 2019 commencing cohort

	All providers	TAFE institutes	Private training providers
Certificate I	32.0%	22.8%	37.9%
Certificate II	42.1%	34.4%	50.8%
Certificate III	52.3%	50.5%	55.8%
Certificate IV	44.9%	44.4%	43.7%
Diploma and above	53.3%	52.4%	53.1%
Overall	46.4%	42.7%	51.7%

Source: NCVET 2024, *VET qualification completion rates 2023*, NCVET, Adelaide.

Last Cleared By	s 22(1)
Date Last Cleared	02 February 2025

Topic	Snapshot of Issue	Response
ITECA representation of the VET system	ITECA has made a series of reports using data to argue that independent providers are more important than public providers and disadvantaged by government.	<ul style="list-style-type: none"> TAFE and independent providers play complementary roles in the VET system. Through National Cabinet, all governments have recognised the critical role of TAFE providing stability to the VET system. The different roles can be understood against a range of factors (set out below).
Type of delivery	TAFEs and private RTOs focus on different types of training delivery – with TAFEs more likely to be delivering full qualifications. Many independent RTOs deliver short, high-volume training, such as first aid and responsible service of alcohol on an exclusively fee-for-service basis.	<ul style="list-style-type: none"> TAFEs: 9 in 10 students undertake a program of study compared with one in 10 doing only subject-only training¹ Privates: 4 in 10 students undertake a program of study, compared with 6 in 10 doing only subject-only training (2023)²
Fee-Free TAFE (FFT) and its impact on the training system	There was concern that the FFT program would create a significant shift from other provider types to TAFE institutes without increasing overall VET students in programs. This is not supported by the Total VET Activity ³ 2023 data. TVA 2023 data shows growth for students in programs at TAFE institutes as well as other provider types, supporting overall VET growth, not a shift away from other provider types towards TAFE institutes.	<ul style="list-style-type: none"> In 2023, each jurisdiction saw an increase in students commencing in FFT-eligible programs compared to non-FFT programs (regardless of provider type). This is a desirable outcome as FFT programs are generally aligned with areas of national skills shortage. In 2023, TAFE students in programs increased by 8.6% compared to 2022. For all other provider-types students in programs increased by 6.2% compared to 2022.
Cohorts served	Both TAFEs and private providers play an important role in servicing vulnerable cohorts. However, analysis of NCVER 2023 student data shows that a higher proportion of students at TAFEs identify as belonging to disadvantaged cohorts.	<ul style="list-style-type: none"> 8% of students at TAFEs identified as having a disability compared to 3% at private RTOs. 6% of students at TAFEs identified as Indigenous compared to 3% at private RTOs. 21% of students at TAFEs belonged to the most disadvantaged socio-economic quintile compared to 17% at private RTOs. 0.9% of students at TAFEs were from very remote areas compared to 0.6% at private RTOs (2023)
Government-funded student volume	TAFEs have a higher share of government-funded program enrolments than independent providers.	There were 1,583,675 government-funded program enrolments in 2023 ⁴ <ul style="list-style-type: none"> 48% (753,835) at TAFE 35% (546,930) at independent providers
Government-funded student satisfaction	There is a mixed picture in student satisfaction	<ul style="list-style-type: none"> 2020 Qualification completers: Private RTOs had better outcomes than TAFEs across 9 areas of student satisfaction. TAFEs had better outcomes than private RTOs in 15. 2021 Qualification completers: Private RTOs had better outcomes than TAFEs across 12 areas of student satisfaction. TAFEs had better outcomes than private RTOs in 13. 2022 Qualification completers: Private RTOs had better outcomes than TAFEs across 12 areas of student satisfaction. TAFEs had better outcomes than private RTOs in 10. 2023 Qualification completers: Private RTOs had better outcomes than TAFEs across 14 areas of student satisfaction. TAFEs had better outcomes than private RTOs in 8.⁵
Completions	Completion rates are higher at independent RTOs than TAFEs.	While data shows that most or all other RTO types have higher completion rates than TAFEs at each qualification level, there are a range of factors which drive non-completion, including student characteristics and assessment, which mean that a more nuanced analysis is needed than assessing by provider type.
Expenditure	As has been recognised in government policy and national cabinet decisions, TAFE serves a critical role in providing stability and certainty to the training system. Government funding is focused on TAFE, recognising its central role in the VET system. In addition, TAFE has a particular role in the VET system in serving thin markets and vulnerable cohorts. TAFE often also focuses on programs which are higher cost or more capital intensive.	1,730 of 3,607 independent ⁶ RTOs delivered government-funded, nationally recognised training. In 2023, 74.1% of VET Delivery and Capital expenditure was provided to TAFEs and universities. This varied from 64.1% for SA to 86.5% for the ACT.
Employer satisfaction	Employers' overall satisfaction has tended to be higher for Private ⁷ RTOs.	Historically the <i>NCVER's survey of Employers' use and views of VET</i> reported higher employer satisfaction with private RTOs. However, the 2023 survey shows no significant difference between TAFE and private RTOs on overall satisfaction with training. <i>Professional or Industry Associations</i> have the highest overall satisfaction rating.

¹ TAFE – 92% undertake a program of study compared with 8% doing only subject-only training.

² Independent – 35% undertake a program of study, compared with 65% doing only subject-only training.

³ “Total VET Activity” is a shortening of the name of the publication, “Total VET students and courses”. It is named as such to distinguish it from the “Government-funded students and courses” publication.

⁴ NCVER 2024, *Total VET students and courses 2023*, NCVER, Adelaide.

⁵ NCVER 2024, *VET student outcomes 2024*, NCVER, Adelaide. Some outcomes in each completion year were statistically similar between the two provider types.

⁶ “Independent” RTOs refers to Private providers, Community Education providers and Enterprise providers, as per the NCVER's DataBuilder product. This terminology has been used here to be consistent with that used by ITECA to refer to their member organisations.

⁷ In the Survey of Employers' Use and Views of VET, employers are asked about the type of provider that they use for training their staff. The provider types are broken down into 4 categories – TAFE institutes, Private training providers, Professional or industry associations, and Other external providers. This is different from the types in the statistical collections, including Total VET students and courses. And, even if it was the same, it is not possible to combine results for different provider types (e.g., to get an overall result for Independent providers) without the raw data, which is not publicly available.

Summary of NCVET VET data collection and publication

Publication	Scope	Release frequency	Collection and publication
Total VET students and courses (TVA)	Collected from all RTOs (i.e., TAFEs, Universities, Schools, Community Education providers, Enterprise providers and Private providers) that delivered any VET in a given calendar year	Annual	Data collected from Jan-Feb in the following year; usually released in August (~20 months from beginning of relevant year)
Government-funded students and courses	Collected from all RTOs that delivered any government-funded VET in the period of interest	Quarterly	Published 6 months in arrears. Jan-Mar: released in June Jan-Jun: released in September Jan-Sep: released the following March Jan-Dec (full-year): released the following July
VET student outcomes (SOS)	All students who completed any VET in the previous calendar year. Separated into the following cohorts: <ul style="list-style-type: none"> • Qualification completers • Qualification part-completers • Short-course completers • Short-course part-completers • Subject(s)-only completers 	Annual	Surveys carried out generally between June and August of the year following training. Released in December of the year following training.
Survey of employers use and views' of the VET system (SEUV)	All organisations in Australia with at least one employee. The results relate to employers' training experiences over the previous 12 months.	Biennial	Surveys generally carried out between March and June. Released in October.

VET Funding by Provider Type, Australian Government and States, 2021-2023

In 2023, 69 per cent of Australian Government and State VET delivery and capital funding was allocated to TAFEs.

The majority share of all government funding for VET goes to TAFEs. In 2023, \$4.5 billion out of \$6.5 billion (69 per cent) of all government VET delivery and capital funding was allocated to TAFEs.

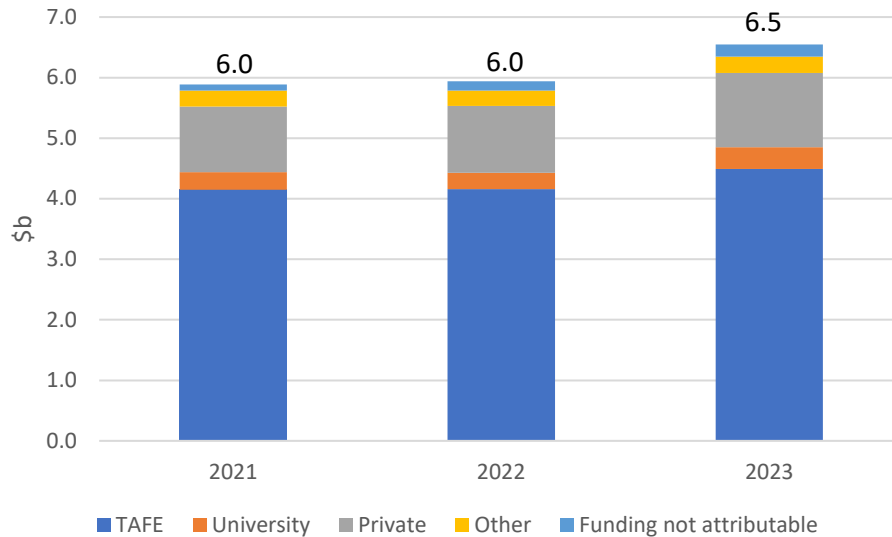
State and territory governments are responsible for allocating funding among their own training systems and TAFEs. VET is a shared responsibility. While the Commonwealth provided funding to states under the NASWD, JobTrainer, 12 Month Skills (Fee-Free TAFE) and Energising Tasmania agreements, states had discretion over their own training systems in 2023.

67 per cent of Australian Government funding for direct training delivery goes to TAFEs. RTOs are directly funded through the Adult Migrant English Program, Foundation Skills for Your Future program and the Skills for Education and Employment program. In 2023, this amounted to \$457 million, of which \$308 million went to TAFEs.

The Australian Government partnered with states and territories to deliver the \$1 billion 12-Month Skills Agreement (now Fee-Free TAFE Skills Agreement), which funded 180,000 fee-free TAFE and vocational education places in 2023. The Australian Government is investing an additional \$414.1 million for a further 300,000 places from January 2024.

Under the new five-year National Skills Agreement which commenced on 1 January 2024, the Government will invest up to an additional \$3.7 billion, bringing Commonwealth investment up to \$12.6 billion over five years.

VET delivery and capital funding by provider type, 2021 to 2023

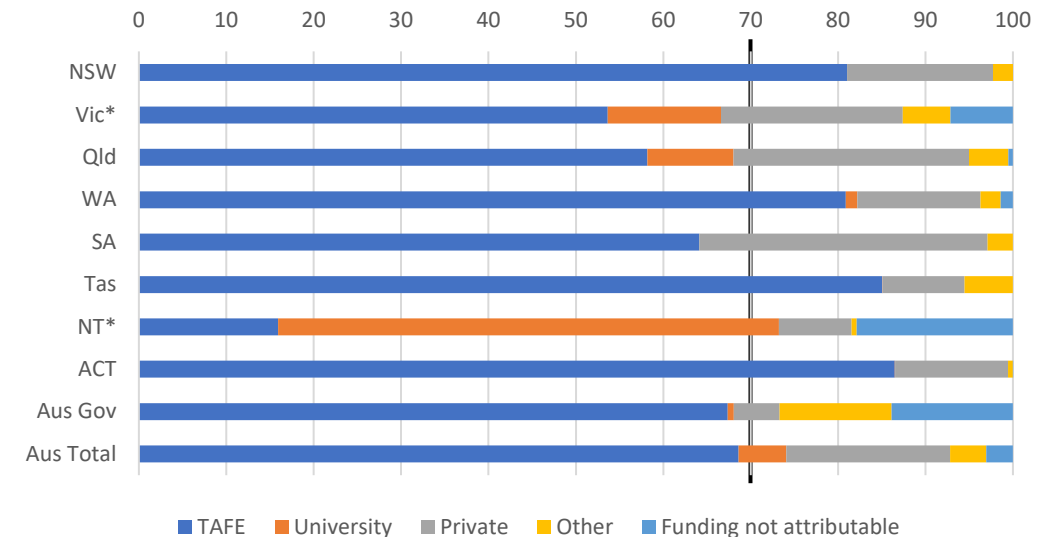


VET delivery and capital funding by provider type, 2021 to 2023

	2021		2022		2023	
	\$m	%	\$m	%	\$m	%
TAFE	4,150.1	70.5	4,157.2	70.0	4,491.9	68.6
University	286.8	4.9	270.5	4.6	358.0	5.5
Private	1,087.4	18.5	1,105.5	18.6	1,226.2	18.7
Other	261.8	4.4	253.4	4.3	271.9	4.2
Funding not attributable	100.9	1.7	152.9	2.6	198.4	3.0
Total	5,887.1	100.0	5,939.5	100.0	6,546.4	100.0

Source: NCVET Government Funding of VET (2023).

Share of VET delivery and capital funding by provider type and jurisdiction, 2023



Share of VET delivery and capital funding by provider type and jurisdiction, 2023

	NSW	Vic*	Qld	WA	SA	Tas	NT*	ACT	Aus Govt	Aus Total
TAFE	81.0	53.6	58.2	80.9	64.1	85.1	15.9	86.5	67.4	68.6
University	0.0	13.0	9.9	1.3	0.0	0.0	57.3	0.0	0.7	5.5
Private	16.7	20.8	26.9	14.1	33.0	9.4	8.3	12.9	5.2	18.7
Other	2.3	5.5	4.5	2.3	2.9	5.5	0.6	0.6	12.8	4.2
Funding not attributable	0.0	7.1	0.5	1.4	0.0	0.0	17.9	0.0	13.9	3.0

Source: NCVET Government Funding of VET (2023).

*Note: The Victorian "TAFE network" includes significant delivery at dual sector providers with a provider type of 'University'. In the Northern Territory, Charles Darwin University is the primary RTO in the Northern Territory and has a provider type of 'University'.

Summary of TAFEs vs Independent Providers with respect to place in the VET system

Student satisfaction (page 1)

KEY TAKEAWAY: Outcomes can vary from year to year, with TAFE sometimes doing better overall, and Private providers sometimes doing better overall. Often where one provider type is better than the other, it is by no more than 1 or 2 percentage points. Outcomes provide a useful overview of how the VET sector is performing, but differences in outcomes for individual provider types require deeper analysis to make any specific claims.

Comparison of external only delivery, by provider type (page 1)

KEY TAKEAWAY: While TAFEs had a higher proportion of all government-funded training hours than Independent providers, they had a slightly lower proportion of these hours taught in an external-only [i.e. generally online] delivery mode. ¹(Table 1)

Costs per completion (page 2)

KEY TAKEAWAY: ITECA's calculations of cost per completion used a crude methodology which does not control for critical cost drivers such as the type of course, length of study, student characteristics, or model of delivery. There is also what we assume is a typographical error with regard to Tasmania. (Table 2)

Employer satisfaction measures (all funding sources) (page 2)

KEY TAKEAWAY: Most delivery at TAFEs is in full qualifications while most delivery at private training providers is in subject-only training, so expectations about the delivery and outcomes of training may differ. For example, an employer is more likely to find a short course like first aid relevant or cost effective than longer forms of training.

In addition, the data used by ITECA on employer satisfaction by funding source has a high margin of error. We have annotated it to show that 4 of the TAFE figures have a margin of error greater than or equal to 10% so the estimates should be used with caution. Once margins of error are factored in, for 5 of the 7 measures the results are not statistically significant different between TAFEs and non-TAFEs. (Table 3)

Delivery of VET (page 3)

VET delivery to disadvantaged learners (page 3)

KEY TAKEAWAY: Generally speaking, TAFEs take on more than their fair share of vulnerable groups and certain kinds of training, when compared with the percentage of students they deliver VET to, overall.

All VET activity (page 4)

KEY TAKEAWAY: TAFEs tend to deliver longer, more complex training, such as qualifications, while Independent RTOs tend to deliver short, high-volume training, such as first aid and responsible service of alcohol on an exclusively fee-for-service basis.

Government-funded VET activity (page 4)

KEY TAKEAWAY: TAFEs have a larger share of students in government-funded nationally-recognised training than Independent providers, with a larger proportion of their students being in programs rather than subject-only training. However, the numbers of government-funded students and proportions in programs are much more similar across the two provider type categories than for total VET activity. (Tables 4 and 5)

¹ External-only delivery means training that was not delivered face-to-face or at a workplace. Generally, it would mean learning is undertaken online, but could include postal learning, for example.

Summary of TAFEs vs Independent Providers

Student satisfaction

KEY TAKEAWAY: Outcomes can vary from year to year, with TAFE sometimes doing better overall, and Private providers sometimes doing better overall. Often where one provider type is better than the other, it is by no more than 1 or 2 percentage points. Outcomes provide a useful overview of how the VET sector is performing, but differences in outcomes for individual provider types require deeper analysis to make any specific claims.

- **2020 Qualification completers:** Private RTOs had better outcomes than TAFEs across 9 areas of student satisfaction. TAFEs had better outcomes than private RTOs in 15.
- **2021 Qualification completers:** Private RTOs had better outcomes than TAFEs across 12 areas of student satisfaction. TAFEs had better outcomes than private RTOs in 13.
- **2022 Qualification completers:** Private RTOs had better outcomes than TAFEs across 12 areas of student satisfaction. TAFEs had better outcomes than private RTOs in 10.
- **2023 Qualification completers:** Private RTOs had better outcomes than TAFEs across 14 areas of student satisfaction. TAFEs had better outcomes than private RTOs in 8.¹

Comparison of external only delivery, by provider type

KEY TAKEAWAY: While TAFEs had a higher proportion of all government-funded training hours than Independent providers, they had a slightly lower proportion of these hours taught in an external-only [i.e. generally online] delivery mode.²

- In 2023, Independent providers accounted for 40.5% of government-funded hours, while accounting for 49.7% of all external-only delivery.
 - By comparison, TAFE Institutes accounted for 47.8% of all Government-funded hours and 47.1% of all external-only delivery.
- Of all government-funded hours undertaken at Independent providers, 11.4% had external-only delivery.
 - By comparison, of all government-funded hours undertaken at TAFE Institutes, 9.2% had external-only delivery.

Table 1: Proportion of Government-funded hours by delivery and provider type, 2023.

Provider type	Total Hours	Proportion of total hours (%)	Hours with External-only delivery	Proportion of external-only hours within provider (%)	Proportion of total external-only (%)
All providers	403,603,479	100.0%	37,615,770	9.3%	100.0%
TAFE institutes	192,851,588	47.8%	17,722,692	9.2%	47.1%
Universities	22,579,946	5.6%	1,169,755	5.2%	3.1%
Schools	24,572,323	6.1%	18,298	0.1%	0.0%

¹ NCVET 2024, *VET student outcomes 2024*, NCVET, Adelaide. Some outcomes in each completion year were statistically similar between the two provider types.

² *External-only delivery* means training that was not delivered face-to-face or at a workplace. Generally, it would mean learning is undertaken online, but could include postal learning, for example.

Independent providers	163,599,622	40.5%	18,705,025	11.4%	49.7%
<i>Community education providers</i>	19,323,710	4.8%	2,056,134	10.6%	5.5%
<i>Enterprise providers</i>	4,019,682	1.0%	86,331	2.1%	0.2%
<i>Private training providers</i>	140,256,230	34.8%	16,562,560	11.8%	44.0%

Source: NCVER 2024, *Total VET students and courses 2023*, NCVER, Adelaide.

Costs per completion

KEY TAKEAWAY: ITECA’s calculations of cost per completion used a crude methodology which does not control for critical cost drivers such as the type of course, length of study, student characteristics, or model of delivery. There is also what we assume is a typographical error with regard to Tasmania.

- ITECA has simply divided expenditure on VET delivery and capital by completion which is a very crude metric. Limitations of this approach include:
 - Funding supports all enrolments, including those that would not result in a program completion e.g. subject-only enrolments, as well all fee-for-service enrolments.
 - The course and student mix at TAFEs and non-TAFEs is very different. Due to community obligations, TAFEs have traditionally delivered more expensive “non-profitable” course, delivered courses with higher capital or equipment costs, and also provided training to students who require more intensive support.
- This methodology replicates ITECA’s figures for National, NSW, Vic., Qld, SA, and WA. Tasmania is \$7.53 compared to \$0.75 stated by ITECA. ITECA did not publish figures for NT or ACT.
 - Table 2: Government expenditure in VET in 2023, using methodology instigated by ITECA

Jurisdiction	Expenditure (\$ million)		Program completions		Expenditure per completion (\$)		TAFE cost per completion for each \$1 at Private RTOs
	TAFE	Private	TAFE	Private	TAFE	Private	
National	4,491.9	1,226.2	153,505	160,490	\$29,262	\$7,640	\$3.83
NSW	1,711.4	352.3	66,110	29,140	\$25,887	\$12,090	\$2.14
Vic.	780.3	302.2	23,210	33,025	\$33,619	\$9,151	\$3.67
Qld	635.4	294.1	26,225	52,485	\$24,229	\$5,604	\$4.32
SA	221.6	114.0	6,350	11,060	\$34,898	\$10,307	\$3.39
WA	590.6	103.0	21,265	12,455	\$27,773	\$8,270	\$3.36
Tas.	127.4	14.1	4,280	3,565	\$29,766	\$3,955	\$7.53
NT	13.6	7.1	275	860	\$49,455	\$8,256	\$5.99
ACT	104.2	15.6	2,190	1,450	\$47,580	\$10,759	\$4.42

Source: NCVER 2024, *Government funding of VET 2023*, NCVER, Adelaide; NCVER 2024, *Total VET students and courses 2023*, NCVER, Adelaide.

Employer satisfaction measures (all funding sources)

KEY TAKEAWAY:

Most delivery at TAFEs is in full qualifications while most delivery at private training providers is in subject-only training, so expectations about the delivery and outcomes of training may differ. For example, an employer is more likely to find a short course like first aid relevant or cost effective than longer forms of training.

In addition, the data used by ITECA on employer satisfaction by funding source has a high margin of error. We have annotated it to show that 4 of the TAFE figures have a margin of error greater than or equal to 10% so the estimates should be used with caution. Once margins of error are factored in, for 5 of the 7 measures the results are not statistically significant different between TAFES and non TAFES.

Employer Satisfaction – All funding sources	TAFE	Private	Ind. Assoc.
Relevance of skills taught	80.1%	85.7%	95.0%
Condition of equipment and facilities	74.1%	84.9%	85.2%
Cost effectiveness of training	72.8%	80.6%	76.4%
Flexibility of the provider in meeting your needs	66.9%	86.8%	84.9%
Trainers' knowledge and experience of your industry	76.8%	86.3%	91.5%
Standard of assessment	72.9%	87.8%	89.7%
Overall satisfaction with training	76.6%	85.9%	88.8%

SOURCE: NCVET 2022 EMPLOYERS USE AND VIEWS OF THE VET SYSTEM (REFER APPENDIX C)

- The survey population is only for employers that have arranged for employees to undertake nationally recognised training in the 12 months prior to being surveyed (mid-2023). Most delivery at TAFEs is in full qualifications while most delivery at private training providers is in subject-only training, so expectations about the delivery and outcomes of training may differ.
 - Unfortunately, employers are not surveyed on both the main type of training that they arrange for employees to undertake and their satisfaction with aspects of the training by provider type.
- Note that the SEUV data has large margins of error, so many of the comparisons are not statistically significantly different, or mean that comparisons need to be made with caution.

Table 3: SEUV outcomes comparing TAFEs, Private providers and Independent associations.

Outcome	Estimates (Margin of error)			Difference in employer satisfaction	
	TAFE	Private	Ind. Assoc.	TAFE - Private	TAFE - Ind. Assoc.
Relevance of skills taught	80.1% (8.6)	85.7% (4.7)	95.0% (4.5)	similar	-14.9 p.p.
Condition of equipment and facilities	74.1% (10.2)	84.9% (5.3)	85.2% (8.6)	similar	similar
Cost effectiveness of training	72.8% (10.0)	80.6% (5.1)	76.4% (8.4)	similar	similar

Flexibility of the provider in meeting your needs	66.9% (10.5)	86.8% (4.2)	84.9% (6.9)	-19.9 p.p.	-18.0 p.p.
Trainers' knowledge and experience of your industry	76.8% (9.6)	86.3% (4.5)	91.5% (5.5)	similar	-14.7 p.p.
Standard of assessment	72.9% (10.6)	87.8% (4.3)	89.7% (5.9)	-14.9 p.p.	-16.8 p.p.
Overall satisfaction with training	76.6% (9.7)	85.9% (4.6)	88.8% (6.3)	similar	-12.2 p.p.

Source: NCVET 2023, *Employers' use and views of the VET system 2023*, NCVET, Adelaide.

Delivery of VET³

VET delivery to disadvantaged learners

KEY TAKEAWAY: Generally speaking, TAFEs take on more than their fair share of vulnerable groups and certain kinds of training, when compared with the percentage of students they deliver VET to, overall.

- Both TAFEs and independent RTOs provide a wide range of training for a diverse group of students.
- However, analysis of NCVET 2023 student data, shows that a higher proportion of students at TAFEs identify as belonging to disadvantaged cohorts, than at independent providers. For instance:
 - 8% of students at TAFEs identified as having a disability compared to 3% at private RTOs.
 - 6% of students at TAFEs identified as Indigenous compared to 3% at private RTOs.
 - 21% of students at TAFEs belonged to the most disadvantaged socio-economic quintile compared to 17% at private RTOs.
 - 0.9% of students at TAFEs were from very remote areas compared to 0.6% at private RTOs (2023)

All VET activity

KEY TAKEAWAY: TAFEs tend to deliver longer, more complex training, such as qualifications, while Independent RTOs tend to deliver short, high-volume training, such as first aid and responsible service of alcohol on an exclusively fee-for-service basis.

- TAFEs delivered training to 15.1% of all VET students in 2023, compared with independent⁴ providers, delivering training to 86.9% of all VET students.
- TAFEs delivered 24.0% of VET training hours⁵ in 2023, compared with independent providers delivering 70.2% of VET training hours in 2023.
- This share of activity reflects that many independent RTOs deliver short, high-volume training, such as first aid and responsible service of alcohol on an exclusively fee-for-service basis. This is highlighted by the proportion of students undertaking a program of study (structured study where associated subjects are grouped together as qualifications, courses or skill sets) relative to those doing subject-only training.

³ Unless otherwise stated, all data is sourced from: NCVET 2024, *Total VET students and courses 2023*, NCVET, Adelaide, or NCVET 2024, *VET student outcomes 2024*, NCVET, Adelaide.

⁴ Independent providers include: Non-government universities, community-based providers, non-government enterprise providers, professional associations, equipment manufacturers/suppliers and privately operated RTOs.

⁵ Full-year training equivalents (FYTE) are presented in this paper, where a FYTE is equal to 720 hours of training.

- For TAFEs, 9 in 10 students undertake a program of study compared with fewer than one in 10 doing only subject-only training. Further, 8.5 in 10 students at TAFE are government-funded compared with 1.7 in 10 who are fee-for-service.
- This is significantly higher than independent training providers, where 3.4 in 10 students undertake a program of study, compared with 6.6 in 10 doing only subject-only training.
- Further, 1.4 in 10 students at independent training providers are government-funded compared with 9.1 in 10 who are fee-for-service.

Government-funded VET activity

KEY TAKEAWAY: TAFEs have a larger share of students in government-funded nationally-recognised training than Independent providers, with a larger proportion of their students being in programs rather than subject-only training. However, the numbers of government-funded students and proportions in programs are much more similar across the two provider type categories than for total VET activity (see Table 1).

- TAFEs delivered training to 48.1% of all government-funded VET students in 2023, compared with independent providers delivering training to 44.8% of all government-funded VET students.
- TAFEs delivered 47.8% of government-funded VET training hours in 2023, compared to independent providers delivering 40.5% of government-funded VET training hours.
- Note that some government-funded training is not nationally recognised training and so will not show up in the NCVET Total VET Activity data.

Table 4: Government-funded students by provider type and type of training, 2023

	Total students	Students in programs	Students in subject-only training	Students ONLY in subject-only training
Totals	1,349,350	1,276,450	110,265	72,900
		94.6%	8.2%	5.4%
TAFE Institutes	648,600	617,340	51,000	31,260
		95.2%	7.9%	4.8%
Independent providers	605,095	557,510	57,965	47,585
		92.1%	9.6%	7.9%

Table 5: Government-funded training hours by provider type and type of training, 2023

	Total training hours	Training hours in programs	Training hours in subject-only training
Totals	403,603,479	394,239,287	9,364,192
<i>Proportion of Total training hours</i>		97.7%	2.3%
TAFE Institutes	192,851,588	188,383,352	4,468,236
<i>Proportion of Total training hours at TAFEs</i>		97.7%	2.3%
Independent providers	163,599,622	158,973,504	4,626,118
<i>Proportion of Total training hours at Independents</i>		97.2%	2.8%

Higher Education and VET

Key points

Tertiary attainment targets

- The Australian Universities Accord (the Accord) found that our **tertiary education system needs to grow significantly** to meet Australia's economic and social objectives in the future.
- Jobs and Skills Australia analysis suggests that over the next **ten years, 9 out of 10 jobs will require a tertiary education** and of these **4 will require a VET qualification** and around 5 will require a higher education.
- The Australian Government has set a national target of **80 per cent of the working age population having a tertiary qualification** (Certificate III and above) by 2050.
- **Growth in both the higher education and VET** sectors will be necessary to meet this target. Increasing the number of people moving between sectors and obtaining both VET and higher education qualifications will also be necessary.
- Sectors like health and aged care, teaching and early childhood education and the construction and engineering employ people with qualifications obtained across the higher education and VET sectors.
- As such, appropriate **investment and reforms for both sectors** will be imperative to driving this growth.
- In 2024 the department commenced work to develop a VET attainment target to contribute to the tertiary attainment target of 80% of the working age population by 2050.
- However, a key challenge in developing a VET attainment target has been the availability of data. In particular, the lack of longitudinal data made it challenging to understand the historical attainment rates and the infrequent release of some of the Australian Bureau of Statistics survey data made it challenging to fully understand the number of people with both a VET and higher education qualification.
- Historically, approximately 6.5% in 2019 and 7.8% in 2023 of the 25–34 year-olds with a higher education qualification also held a VET qualification (Cert III and above)¹ with this percentage expected to grow over time.

Higher Education funding arrangements

- As part of the 2024-25 Budget and MYEFO processes, the Australian Government committed to new funding arrangements for higher education through the new Managed Growth Funding and Needs-based Funding systems.
- The Government will invest an additional **\$2.5 billion over the medium-term (from 2024-25 to 2034-35)** to introduce a new **Managed Growth Funding system** for Commonwealth supported places and **demand-driven Needs-based Funding** and other measures to support students from underrepresented backgrounds.

¹ Calculated by DEWR using Australian Bureau of Statistics (2019 and 2023) [Education and Work TableBuilder and Qualifications and Work TableBuilder], accessed 27 June 2024.

- The new system of is expected to deliver an **additional 82,000 fully-funded Commonwealth supported** university places compared to current settings in 2035.
- These new systems aim to improve how higher education is funded and better support students to succeed and complete their studies, particularly those from disadvantaged backgrounds.

Interaction with Fee-Free TAFE

- **Fee-Free TAFE complements these reforms**, helping to support key industries experiencing skills shortages and improving accessibility to high-quality vocational education and training for students including priority cohorts.
- The program demonstrates the Government’s commitment to providing a **more accessible and equitable tertiary education system** and places **VET as an equal partner of the higher education sector** in meeting our future skills needs.
- It also ensures those students who are more suited to the style of learning provided by VET have the same opportunity as those opting to attend higher education.
- We are **not aware of any evidence that there is a substitution effect between VET students funded through Fee-Free TAFE and higher education** students. Rather, Fee-Free TAFE should be seen as **parity of esteem measure**, that gives students real choice in their tertiary education and training needs.
- The student cohorts between the two sectors are also broadly different. **Approximately 75% of enrolments in Fee-Free TAFE are at the Certificate I to IV level and around 7% are in short courses (rather than Diploma level or above).**

Fee-Free Uni Ready Program

- The Government is investing **\$350 million** in additional Commonwealth Grant Scheme funding **over 4 years, commencing on 1 January 2025, to deliver FEE-FREE Uni Ready courses** to help more students prepare for university.
- This investment will provide more students with a high-quality enabling pathway into higher education, **focussing on students from underrepresented backgrounds.**
- FEE-FREE Uni Ready courses replace the Enabling Loading Program.
- The Department of Education will determine allocations of additional FEE-FREE Uni Ready funding for 2025.

Background

- The Australian Universities Accord (the Accord) Final Report outlines an ambitious reform agenda with **47 recommendations primarily focusing on growing and strengthening the higher education system.**
- The Australian Government announced a series of measures to deliver on the recommendations of the Accord Final Report as part of the 2024-25 Budget. The five measures that will have an impact on the VET sector are:
 - setting **attainment targets** to grow the tertiary sector
 - establishing an **Australian Tertiary Education Commission (ATEC)**

- **Tertiary Harmonisation**
- **Commonwealth Prac Payment**, and
- **lowering the Indexation** of HELP Debts and other **income contingent loans**.
- The Government also announced commitments to additional measures through the 2024-25 MYEFO, which includes:
 - **expansion of FEE-FREE University Ready Courses**
 - implementation of a **new Managed Growth Funding system, including Commonwealth Supported Places for TAFEs**
 - provision of **Needs-based Funding**
- The Government has announced the establishment of an ATEC, the scope and details of which are being developed in consultation with the sector, including VET stakeholders, states, and territories, including the Accord Implementation Advisory Committee. Further details will be available in due course.
- Once the ATEC is established, it is expected that some of the tertiary harmonisation measures will be progressed by the ATEC, and the department will take on a shadow tertiary harmonisation function

Relevant timelines

- From 1 January 2026, the transition to the Managed Growth Funding System will begin.

If asked

How was the target for 80 per cent of working age people to hold a tertiary qualification by 2050 arrived at? What is the modelling behind it?

- A central recommendation of the Australian Universities Accord was that by 2050, 80% of the working age population should hold a tertiary qualification by 2050.
- The Universities Accord panel arrived at the 80% target through taking into account modelling conducted by various entities including Oxford Economics Australia, Jobs and Skills Australia (on future demand for skills), the Intergenerational Report and advice from the Centre for Population at Treasury.
- To achieve this tertiary attainment target will require a substantial uplift from both the VET and higher education sectors.
- The two sectors will need to work together to ensure students gain the skills and knowledge needed by industry and the economy.

Sensitivity:

This policy areas sits across two Departments and any further questions around the higher education facts and figures need to be directed to the Department of Education.

Higher Education funding

FEE-FREE Uni Ready (FFUR) Program (sourced from [Commonwealth Grant Scheme \(CGS\) - Department of Education, Australian Government](#))

- As part of the 2024-25 Budget, the Australian Government has committed **\$350.3 million to fully fund FFUR courses** to provide more students with a high-quality enabling pathway into higher education, with a focus on students from underrepresented backgrounds.
- This investment will result in **30,000 students studying in FFUR courses each year by 2030, an increase of 40 per cent in student numbers, and doubling the number of students by 2040.**
- In 2025, 8,665 places will be funded at a cost of \$158.4 million.
 - The Department of Education has allocated 8,211 FFUR places for 2025 to 29 Table A universities based on 2022 Commonwealth supported places enabling course delivery.
 - This is a change to the previous Enabling Loading Program (ELP) arrangements where funding was based on historical allocations. From 2025, the ELP has ceased with increased funding in support of FFUR courses now provided as a part of universities' Maximum Basic Grant Amount.
 - The remaining 454 FFUR places for 2025 will be allocated to Table A universities (as set out in the *Higher Education Support Act 2003*) based on a competitive selection process. Outcomes are expected to be announced in early February 2025.

How many CSPs are traditionally funded? (sourced from [Commonwealth Grant Scheme \(CGS\) - Department of Education, Australian Government](#))

- Through the Commonwealth Grant Scheme (CGS), the Government subsidises tuition costs for higher education students across a wide range of discipline areas and qualification levels.
- Each year the **CGS is worth roughly \$8.0 billion.**
- The Government subsidises the cost of study for over **800,000 students studying in a Commonwealth Supported Place (CSP)**, most of whom also defer fees through [HECS-HELP](#).

What are the recent CSP announcements? (sourced from [Commonwealth Grant Scheme \(CGS\) - Department of Education, Australian Government](#) and from the attached)

- As part of the 2024-25 MYEFO, the Government is delivering on further reforms recommended in the Australian Universities Accord Final Report, including a Managed Growth Funding System for CSPs, Needs Based Funding and FFUR courses.

- The Government has invested \$25 million over the forward estimates to provide an additional 365 commencing CSPs in critical skill areas each year for TAFEs and other high-quality, not-for-profit specialist providers from 1 January 2026. Once fully implemented, this would mean around 1,000 additional CSPs each year.
- The Department of Education will release more information on eligibility criteria, specific requirements, and application process in early 2025, following consultation with the Accord Implementation Advisory Committee. Providers will be eligible to apply for the additional commencing CSPs with the final allocation decisions being in the second half of 2025.
- The new system of managed growth funding is expected to deliver an additional 82,000 fully funded Commonwealth supported places compared to current settings in 2035.

How much \$ are being invested (sourced from the [2024-25 MYEFO: Funding reforms for a better, fairer higher education system - Department of Education, Australian Government](#))

- The Government will invest an **additional \$2.5 billion over the medium-term (from 2024-25 to 2034-35)** to introduce a new **Managed Growth Funding system** for Commonwealth supported places and **demand-driven Needs-based Funding and other measures** to support **students from underrepresented backgrounds**.

What is the Government doing to encourage closer links between VET and higher education? (sourced from [Tertiary Education Harmonisation](#) factsheet)

- At the 2024-25 Budget, the Government committed **\$27.7 million over the forward estimates to drive harmonisation between higher education and VET**, following a recommendation of the Australian Universities Accord.
- The package includes initiatives to facilitate better student pathways between the two systems, develop a standard approach to credit recognition arrangements, and align data sets to better understand student movements. This work has commenced in the department and the Department of Education .
- The Government will also work to improve the regulatory approach for dual-sector providers, explore TAFEs becoming self-accrediting organisations in higher education, and exploring delegation of VET course accreditation to selected TAFEs.
- In addition, the Government has committed to establishing an Australian Tertiary Education Commission (ATEC) as steward of Australia's tertiary education system. This was a key recommendation from the Australian Universities Accord Final Report. The ATEC will promote ongoing efforts to create better pathways for students between the VET and higher education sectors. It will **commence in an interim capacity from 1 July 2025, and as a Statutory Office by 1 January 2026**, subject to the passage of legislation.

- The **Tertiary Reform Group has also been established** for Commonwealth, state and territory officials to consider and provide advice on national tertiary education matters related to the Accord – including tertiary harmonisation.

Apprenticeships Data

Apprentices and trainees in **off-the-job training**, 2023

Apprentices and trainees as a proportion of VET continuing and commencing students and enrolments, 2023				
	Students	Students in programs	Program enrolments	Commencing program enrolments
Total	5,056,845	2,271,565	2,929,405	2,050,700
Apprentices and trainees	396,255	396,255	425,620	212,245
Apprentices and trainees, proportion of total	7.8%	17.4%	14.5%	10.3%

Apprentices **in-training** by trade status

1.1 Australian Apprentices in-training by trade status, as at 30 June 2015 to 2024										
Trade status	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Trade	184,565	176,055	172,485	178,445	180,450	181,065	215,765	249,345	241,020	239,385
Trade %	61.1%	62.6%	63.1%	64.7%	65.4%	68.0%	63.4%	58.2%	64.2%	68.7%
Non-trade	117,390	105,375	100,980	97,475	95,360	85,165	124,665	178,655	134,390	109,220
Non-trade %	38.9%	37.4%	36.9%	35.3%	34.6%	32.0%	36.6%	41.7%	35.8%	31.3%
Total	301,960	281,430	273,465	275,920	275,820	266,235	340,455	428,150	375,460	348,635

Apprentice **commencements** by trade status

2.1 Australian Apprentice commencements by trade status, 12 months to 30 June 2015 to 2024										
Trade status	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Trade	85,050	76,165	70,955	74,045	70,305	64,690	98,595	116,550	83,150	86,635
Trade %	46.2%	45.1%	43.7%	46.2%	45.2%	48.0%	45.6%	42.0%	50.8%	51.5%
Non-trade	99,140	92,635	91,450	86,100	85,140	69,945	117,620	160,665	80,540	81,460
Non-trade %	53.8%	54.9%	56.3%	53.8%	54.8%	51.9%	54.4%	57.9%	49.2%	48.5%
Total	184,190	168,805	162,410	160,145	155,450	134,640	216,235	277,370	163,710	168,115

Apprentice **completions** by trade status

3.1 Australian Apprentice completions by trade status, 12 months to 30 June 2015 to 2024										
Trade status	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Trade	51,490	48,025	42,865	38,995	38,345	36,790	37,515	43,040	47,975	48,690
Trade %	39.7%	44.5%	44.2%	43.6%	42.9%	43.7%	48.4%	47.9%	47.1%	47.7%
Non-trade	78,255	60,015	54,060	50,470	51,095	47,330	40,000	46,845	53,720	53,335
Non-trade %	60.3%	55.5%	55.8%	56.4%	57.1%	56.3%	51.6%	52.1%	52.8%	52.3%
Total	129,745	108,040	96,925	89,465	89,440	84,125	77,520	89,900	101,790	102,045

Grill'd and McDonalds use of the Boosting Apprenticeships Commencements program.

Were the BAC and CAC programs appropriate government responses?

- The Boosting Apprenticeship Commencements (BAC) and Completing Apprenticeship Commencements (CAC) wage subsidies were high-cost emergency response measures designed to support the apprenticeship system during the COVID-19 pandemic.
- The measures were deliberately broad-based, aimed at encouraging employers of any size to take on apprentices and trainees in any occupation between 5 October 2020 and 30 June 2022.

If asked questions about McDonald's and Grill'd accessing the BAC?

- The department is aware of a number of articles published by the AFR in relation to larger employers, including McDonald's and Grill'd, accessing the BAC.
- This commentary relied on, and is consistent with, data released by the department under FOI.
- We are confident employers met eligibility criteria at the time they claimed payment.

If asked for information or views on public v private RTO completion outcomes under the BAC?

- I do not have this information to hand.
- There are a range of factors that may affect a completion outcome – many of which have been discussed in this hearing already – so I would hesitate to make a definitive statement on the relative performance of public or private RTOs under the BAC.
- However, we may be able to provide some analysis on notice.
- I would just note that completion data does take some time to settle and many of the BAC-eligible apprentices may yet complete their qualification.

What outcomes did the BAC and CAC achieve?

- Between October 2020 and 30 September 2024, over \$7.64 billion in BAC and CAC wage subsidies have been paid out to employers of eligible Australian Apprentices, supporting around 412,000 apprenticeships and traineeships and assisting around 116,000 employers.
- Department data indicates larger employers were not overrepresented compared to the proportion of jobs across the economy.

How did the government ensure that only legitimate employers could access the BAC and CAC?

- Under the BAC program employers were only able to claim wage subsidies based on actual wages paid and must have engaged apprentices with assistance from an Australian Apprenticeship Service Network provider. This includes completing a Training Contract which was approved by the relevant state authority.

...if pushed

- We are confident employers met eligibility criteria at the time they claimed payment.
- To be eligible for apprenticeship incentives, the Australian Apprentice must be engaged under an approved Training Contract. The Department's contracted Providers are responsible for conducting sign-up meetings for the purposes of:
 - Assessing the proposed training arrangements.
 - Facilitating the signing of the Training Contract between the employer and Australian Apprentice.
 - Undertaking a preliminary assessment of eligibility for apprenticeship incentives.
- Providers submit the signed Training Contract to the relevant State Training Authority for approval in line with the requirements of their governing legislation. This includes considering the employer's capacity to:

- Employ and train the apprentice as agreed in the Training Plan.
- Make sure the apprentice/trainee receives on the job training and assessment in accordance with the Training Plan.
- State Training Authorities are responsible for regulating compliance with these requirements over the life of the Australian Apprenticeship.

If asked about the veracity of data on BAC and CAC claimants

- The department is aware of a number of articles published by the AFR in relation to larger employers, including McDonald's and Grill'd, accessing the BAC.
- This commentary relied on, and is consistent with, data released by the department under FOI.
- I do not have that data with me today. I would be happy to take any specific questions about it on notice.

If asked - Team Van Diemen SA Pty Ltd (Domino's pizza franchisees).

- The department is aware of the action being undertaken by SA Skills Commissioner, Cameron Baker, against Team Van Diemen SA, to terminate 145 apprenticeship training contracts due to lack of training progression and prohibit the employer and its sole director from engaging apprentices in the future.
- The department has **no** information indicating TAFE providers were involved in the delivery of training to Team Van Diemen SA apprentices.

Team Van Diemen SA Pty Limited

- Team Van Diemen SA claimed \$1.7 million in apprenticeship incentive payments for 208 Australian Apprentices, including payments of Boosting Apprentices Commencement and Completing Apprenticeship Commencements wage subsidies, the Standard Commencement Incentive, the Australian School-based Apprenticeship Commencement Incentive and the Standard Completion Incentive.
- The department is reviewing these claims in light of the work being undertaken by the SA Skills Commissioner.

Compliance matters

- The department takes all allegations of fraud and non-compliance seriously and has mechanisms in place to receive and manage tip-offs and referrals of potential non-compliance.
- The department does not comment on specific compliance matters but can advise it has been working with the SA Skills Commission to determine any potential issues regarding apprenticeship incentive payments made to the employer.
- Where non-compliance is identified, action is taken by the department, including ceasing payments and recovering any overpaid funds due to non-compliance.

What is the department doing to ensure compliance across its Skills programs?

The department has a well-developed compliance and assurance program for our various programs, including:

- an ongoing compliance program with specific assurance plans and compliance strategies, led by a dedicated Skills Programs Compliance Branch
- an intelligence capability to better identify potential compliance risks or issues along with data analysis and reporting capabilities allowing for ongoing monitoring
- collaboration with other agencies such as the Australian Skills Quality Authority (ASQA); the VET Student Loans (VSL) Ombudsman and the Australian Taxation Office (ATO) to monitor compliance trends, patterns of provider behaviour and student complaints
- incorporating compliance and risk management in design, implementation and administration of programs to strengthen controls, such as requiring a more rigorous application process for providers
- response actions when non-compliance is identified, including suspension or revocation of providers' approval, cessation of payments and recovery action where overpayments occur
- IT system controls that check against key eligibility criteria to prevent issues before they arise
- data analysis and reporting capabilities that support ongoing monitoring of trends and patterns of behaviour.

FFT Inquiry - Apprenticeships

Key points

- In 2023, **apprentices and trainees made up 7.8% of all VET students**; they made up **17.4% of all VET students in programs** (down from 19.0% in 2022).
- The Australian Apprenticeship system includes **shared responsibilities across the Commonwealth and states and territories** (states). Delivery of training and approval of apprenticeship pathways, as well as appropriate Registered Training Organisations is a key responsibility of each state.
 - The **types of qualifications** primarily taken through apprenticeships include Certificate II, III, IV, VET Diploma or VET Advanced Diploma, with **Certificate III and above qualifications being the most common** form of an apprenticeship pathway.
- **States are responsible for determining the Fee-Free TAFE courses that can be undertaken through an Australian Apprenticeship.** This means eligible Fee-Free courses differ between the jurisdictions.
 - For example, *Certificate III in Plumbing* was made fee free by New South Wales and Queensland under Fee-Free TAFE. Alternatively, courses can be delivered through an apprenticeship pathway, per their respective state apprenticeship arrangement.
 - For most apprenticeship arrangements, **employers are responsible for the training related costs, either paid directly by the employer or through a reimbursement to the apprentice.** However, under Fee-Free TAFE, for prescribed apprenticeship Fee-Free TAFE courses, this cost is not incurred.
- The **Australian Government administers financial and non-financial supports** for **apprentices and their employers** through the Australian Apprenticeships Incentive System (financial supports) and the Australian Apprenticeship Support Network (non-financial supports).
- State governments **offer additional financial assistance**, including tax rebates, direct payments, subsidies, and discounts or waivers on government services, as well as non-financial support services to apprentices and their employers.
- Together, these investments aim to improve the apprenticeship experience, supporting employers to take on and train apprentices and encouraging apprentices to enroll and remain in training through to completion.

Refer to ^{s 22(1)} on all apprenticeship-related questions.

If asked

In-training

There are fewer Australians being skilled under this government. How does the government account for the loss of one in five apprentices since Labor took office?

- While there has been a slight decline, overall, **the numbers are still strong.**
- There were **348,635 Australian Apprentices** in training at June 2024 – the **third highest June quarter we have seen in the last decade** – including the peaks of the Boosting Apprenticeship Commencements (BAC) and Completing Apprenticeship Commencements (CAC) incentives.
- The slight decline in in-training numbers comparing June 2023 to June 2024 **reflects the end of BAC and the sharp increase of non-trade apprenticeships** in the last 2 quarters of the

BAC (Jan – June 2022). These non-trade apprentices generally undertook shorter qualifications, and many have now successfully completed (hence the reduction in in-training numbers).

- Importantly, the Incentive System and the focus on priority occupations is encouraging greater take up of apprenticeships in key occupations.
- The proportion of Australian Apprentices **in a trade apprenticeship (68.7%) has increased by 4.5 percentage points since 30 June 2023 (64.2%)**.
- Further to this, **7 out of the Top 10 Occupations by in-training apprentice numbers** (at June 2024) are **occupations identified on the Australian Apprenticeship Priority List (AAPL)**.
- This alignment of the top occupations and the priority list demonstrates that government incentives targeting priority occupations is resulting in an increase of the workforce in areas of national skills shortage.

Women

What is the government doing to address the declining number of women in-training in apprenticeships, which according to NCVER decreased by 14,375 (or 13.3%) from 107,815 in June 2023 to 93,440 in June 2024?

- To address gender segregation and give women genuine access to skilled and well-paid work, male-dominated workplaces need to change. And so do inflexible training arrangements in those sectors.
- The **Building Women’s Careers Program and Australian Skills Guarantee** are working to make enduring changes to workforce diversity and workplace improvements to reverse current gender segregation in traditionally male-dominated workplaces.
- In NCVER’s latest data release (June 2024) that **five occupations with the largest increase in female in-training numbers are early childhood educators (2,430 or 12.2%), electricians (390 or 16.0%), automotive electricians and mechanics (235 or 11.3%), mechanical engineering trades workers (235 or 22.5%) and farm workers (215 or 45.1%)**.

Commencements

Why have the number of apprenticeship commencements dropped significantly?

- Factors driving the commencements decline include **a mix of policy changes and economic factors**.
- **From 1 July 2024, employer incentives were adjusted to focused on priority occupations only**, as well as a **reduction in the incentives paid for each apprentice** under the Australian Apprenticeship Incentive System.
 - The priority wage subsidy of up to \$15,000 for employers of apprentices in occupations on the AAPL was replaced by a hiring incentive that provided up to \$5,000 to employers of the same apprentices.
 - A hiring incentive of \$3,500 for employers of apprentices in occupations not on the AAPL was removed.
- These changes led to a ‘pull forward’ effect, with **many employers bringing forward hiring decisions, creating an artificial spike in commencements in the June quarter and unusually low commencements for the remainder of 2024**.

- Additionally, the NAB Monthly Business Survey for November 2024 indicates **business confidence fell sharply in November** with business conditions softening and noticeable declines across most industries.
- We **expect to see an increase in commencements in Quarter 1, 2025** compared to current levels due to the quarter coinciding with the peak hiring period for apprentices. Many prospective apprentices choose to enter into the system during this period with employers looking to train apprentices and set up their business activities for the year ahead. However, **based on current trends**, we would expect commencements will still be **comparatively lower than those in Quarter 1, 2024**.

Completions

What is the government doing to address the decline in the overall completion rate reported in the latest National Centre for Vocational Education Research (NCVER) data?

- The latest NCVER report *Completion and Attrition Rates for Apprentices and Trainees 2023* released in September 2024 indicates the initial individual apprenticeship **completion rate for the 2019 commencing cohort** across both trade and non-trade occupations is **54.8%**.
 - This is a **decrease of 1.0% compared to the 2018 commencing cohort** and follows a **general trend of a steady decline** in overall completion rates over previous years.
- For **trade occupations**, the individual completion rate was **54.1%, up slightly by 0.7 percentage points** compared to the 2018 cohort (while only a slight increase this is a reversal of the declining trend of the last few years).
- For **non-trade** qualifications, the individual completion **rate was 55.7%, down 2.5 percentage points** from the 2018 commencing cohort.

Important context for the latest completion rate report

- For the 2019 commencing cohort their apprenticeship experience (for trades this is up to 4 years) which included the period at **height of COVID-19** when job mobility was restricted, and off the job training was disrupted explains why there is a lag in completions for this cohort, and our data shows they are taking longer the pre-COVID to complete their apprenticeship.
- Further, BAC and CAC Programs were introduced as emergency response measures to **support apprenticeship commencements through COVID-19**, offering a 50% wage subsidy to employers of apprentices and trainees.
- **BAC and CAC led to an overall increase in apprentice numbers**, and in some instances, this reflected sharp practice. The expectation has always been that **commencement, in-training and completion numbers** would be lower following the closure of BAC and CAC, particularly for non-trade occupations.
- **Declining completion rates, in part, are a consequence of a healthy economy.** When unemployment is low, the **opportunity cost of doing an Australian Apprenticeship rises**. This trend is a large contributor to the emerging skills shortages we are observing.

The government removed supports for some apprentices and employers in Phase 2 of the Incentive System. How is this going to improve completions?

- There has been a **deliberate rebalancing of Commonwealth financial supports** towards priority occupations which are mostly trade occupations. This will likely affect the composition of completions into the future.
- Importantly, completion rates only tell one part of the apprenticeship outcomes story.

- For example, the *NCVER 2023 Apprentices and Trainee Outcomes Survey* released in March 2024 shows around 80% of apprentices who cancelled or withdrew from their training remain employed. Of those, around 40% remained in the same industry.
- By comparison, around 92% of apprentices who completed their training remain employed after training. Of those, around 50% remained in the same industry.
- This suggests that partially completed training largely still leads to employment outcomes, and that other factors need to be taken into account when interpreting the outcomes of completions data.
- s 47C(1)

Background – Free TAFE inquiry submissions relevant to apprenticeships

Relevant Submissions

#18 – National Australian Apprenticeships Association	#40 -Ai Group
#34 – Australian Chamber of Commerce & Industry	#48 – Master Builders Association

Summary of relevant submission themes

- **Fee-Free Apprenticeships & Capacity Constraints:** While Fee-Free places have been popular, increased demand has led to provider capacity issues, particularly due to shortages of VET trainers. Some apprentices are facing extended wait times (up to six months) for off-the-job training, raising concerns in high-safety occupations. Stakeholders recommend a nationally consistent approach to Fee-Free apprenticeship eligibility under the Skills Agreement.
- **Concerns About Legislating Free TAFE:** Some industry bodies, including ACCI and Ai Group, argue that making Free TAFE a permanent feature of the VET system is premature without detailed data on its effectiveness. Concerns include potential high dropout rates and uneven access across states and territories.
- **Inconsistencies Across Jurisdictions:** Different states and territories apply varying eligibility criteria for apprenticeships under Free TAFE, leading to inconsistent access. Some stakeholders recommend standardising eligibility to ensure all apprentices and trainees can access free skills training.
- **Impact on Private Training Providers:** There are concerns that legislating Free TAFE could distort the market by favouring TAFE over private training providers, particularly in sectors like building and construction, where private providers play a significant role.



Inquiry into the Free TAFE Bill 2024 [Provisions]

Education and Employment Legislation Committee

Public Hearing - Friday 7 February 2025

Opening statement

Thank you for the opportunity to appear today to discuss the Free TAFE Bill.

This Bill will support at least 100,000 Free TAFE and vocational education and training (VET) places annually from 2027.

In submissions and evidence provided to the Committee, there has been focus on the financial impact of Free TAFE. I can confirm funding was provisioned in the 2024-25 Mid-Year Economic and Fiscal Outlook (MYEFO). Funding of \$253.7 million over the forward estimates was provisioned, and ongoing funding of around \$177 million each year from 2028-29.

The Bill sets out the framework for the delivery of Free TAFE, in partnership with states and territories. It will establish an ongoing commitment of financial assistance to states to deliver Free TAFE, subject to a Free TAFE Agreement being in place.

Free TAFE will deliver cost-of-living relief through the removal of tuition fees. It will be prioritised to those cohorts who typically face barriers to education and training and will be offered in fields of study in high demand and of national and state priority.

Free TAFE builds on the 2023-2026 Fee-Free TAFE Skills Agreement, which is delivering over \$1.5 billion in joint funding for 500,000 Fee-Free TAFE and VET places.

From January 2023 to September 2024, there have been 568,451 enrolments in Fee-Free TAFE courses. Enrolments have been significantly higher than targets, demonstrating strong demand for the program.

Enrolments have been strong across priority sectors. For example, there have been almost 151,000 care sector course enrolments and over 39,000 construction sector enrolments.

Fee-Free TAFE has a much higher participation rate by priority cohorts than the broader VET system. In 2023:

- First Nations students – 6.7% of FFT compared to 3.5% for VET more generally.
- Students with disability – 7.6% compared to 3.8%.

- Women – 61.8% compared to 46.2%.
- Regional and remote students – 35.9% compared to 26.8%.

The inclusion of these cohorts in the labour market is important given the current low rate of unemployment of 4%.

There is also a growing body of evidence presented by JSA on the economic contribution people with a VET qualification can make.

We understand the interest from the committee, and from a range of submissions and witnesses, regarding the number of Fee-Free TAFE completions. Completions are one factor to consider when looking at outcomes from the program.

We have completion data to the end of September 2024, which is 21 months of data. This provides an early indication, noting that there is a time lag between commencements and completions. The standard practice of the national data custodian, NCVET, is to report actual completions 4 years after commencement.

The number of completions has been steadily increasing over time. Since the commencement of Fee-Free TAFE there have been 110,403 completions.

For 2023 students, there have been 92,934 completions to September 2024.

It is important to consider a range of other factors when looking at completion numbers. In 2023, around 80% of government funded VET students were part-time.

Further, almost 90% of Fee-Free TAFE courses are full qualifications at Certificate III and above, which take longer to complete, with some courses taking multiple years.

I note that there has been a lot of discussion about the role of private providers. All providers make a contribution to a vibrant, diverse and quality national training system that meets the needs of all Australians.

Under the Bill, Free TAFE places are prioritised for delivery by public providers. Places may be available to non-TAFE providers in certain circumstances, such as thin markets, local conditions or specific cohort needs. This includes Aboriginal Community Controlled and First Nations Owned RTOs, industry-led RTOs, adult and community education providers and private RTOs.

In the existing Fee-Free TAFE program, to 30 September 2024, 85.8% of provision was from public providers, including TAFE and dual sector providers. 12.5% was delivered by private providers and 1.7% by community-based adult education providers.

[NCVER data shows that private RTOs received 20% of all government funding in 2023 (from Commonwealth and states). Further. Government funding for VET delivery and capital to private RTOs continues to grow. From 2022 to 2023, government funding for private providers increased by 10.9% and funding for TAFE increased by 8.1%.^[2]

Free TAFE is one of many government measures to support to deliver the skilled workforce needed and to ensure all Australians can participate in the economy. More broadly, Commonwealth expenditure on VET is projected to be \$5.1 billion in 2024-25.

Ongoing Free TAFE will support Australians to obtain the skills they need to access employment and embeds Free TAFE as an enduring feature of the national VET system.