



An initial look at Fee-Free TAFE

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Executive Summary

One of the early initiatives of the new Labour government was the funding of ‘fee-free TAFE’, contrasting with the earlier arrangements under which VET students paid fees which contributed to the cost of the courses being undertaken.

The policy rhetoric behind the Fee-Free TAFE program is broadly around four objectives:

- To make a significant contribution to the delivery of training
- To channel training places to designated national priorities
- To support training for designated priority groups
- To support TAFE in the VET system.

The purpose of this paper is have an initial look at the NCVET data on Government funded training with the aim of seeing whether this change in direction in the funding regime has made any discernible difference in respect of the four objectives outlined above.

One of the difficulties we face in scrutinising the Fee-Free TAFE program is that the NCVET data standard captures government funding but does not explicitly identify the Fee-Free TAFE program.

We also note that the program is a joint effort between the Australian and State governments, with the States having the dominant role in delivering Vocational Education and Training.

The results are fairly clear cut.

First, Government funded training, as measured by program commencements, increased from 2022 to 2023. That said, commencements have been fairly static since 2015, and are well down on the number of commencements over the period 2010-2014. Thus it is difficult to sell the program as a significant increase in investment in training delivery by governments.

Second, there is no evidence that the Australian government priorities have had a material effect on shifting training toward its priority areas. Overall, the proportion of commencements in priority areas has not shifted from 2022 to 2023. We see that commencements in the Construction field declined from 2022 to 2023, despite construction being a clear priority. Similarly commencements increased in the training package areas of Creative Arts and Culture (up 17%), Financial Services (up 103%), and the Public Sector (up 17%), despite these areas not being designated as priority areas.

It is worth making a few comments here. First, the national priorities are mediated through the States and it is clear that States have their own priorities. Second, commencements are the outcome of supply and demand. If individuals are not interested in priority areas then there is little the Government can do. Similarly, providers need teachers and infrastructure to deliver training and these resources may well limit what is offered. If supply is the binding constraint then it may take several years to effect a shift in the offerings.

Third, there is little evidence that Fee-Free TAFE has had much impact from an equity perspective. The percentage of government funded commencements that is Indigenous did not increase from 2022 to 2023 and is lower than what was observed in 2019. Commencements aged 17-24 years declined, while those out of work changed little. Little has changed in terms of women in non-traditional fields or those with a disability. While the fee-free nature of the program should make it more attractive for individuals, tuition fees in VET government funded places have always been heavily subsidised and the States have always offered concessions for target groups, so perhaps the

tuition free aspect has not made that much difference. It should also be noted that tuition is not the only cost associated with VET training - individuals need to invest considerable effort.

Fourth, the Fee-Free TAFE program has definitely improved the position of TAFE in the VET market. This has occurred at the expense of private providers.

My final comment relates to the fee-free aspect of the program. This is not costless with tuition fees previously contributing amounts representing around 13% of funding for training. The absence of this source of funding limits the number of places offered. The policy judgment then is whether the benefits to individuals not having to pay tuition fees outweighs the negative impact on the finances of VET. If the lack of tuition fees limits the offerings then it is possible that the impact on equity groups will be perverse, with fewer individuals able to take up a training place.

1. Introduction

One of the early initiatives of the new Labour government was the funding of ‘Fee-Free TAFE’, contrasting with the earlier arrangements under which VET students paid fees which contributed to the cost of the courses being undertaken.

According to the DEWR website¹

Fee-Free TAFE

Through the Fee-Free TAFE Skills Agreement (formerly known as the 12-Month Skills Agreement), the Commonwealth Government has partnered with states and territories to deliver over \$1.5 billion funding for 500,000 Fee-Free TAFE and vocational education and training (VET) places across Australia over 2023 to 2026.

The Australian Government partnered with state and territory governments to establish the \$1 billion 12-month Skills Agreement to deliver an initial 180,000 Fee-Free TAFE and VET places from January 2023. The Australian Government contribution of \$493 million to support the delivery of training places was matched by states and territories.

In August 2023 the Australian Government announced an additional \$414.1 million for a further 300,000 TAFE and VET places to be made fee-free from January 2023, with these places currently being rolled out nationally.

As part of the 2024-25 Budget, the Australian Government has committed an additional \$88.8 million to work with states and territories to deliver a further 20,000 Fee-Free TAFE and VET places, including approximately 5,000 pre-apprenticeship places, over two years from January 2025, to boost the supply of the construction industry.

Further information about these additional places will be available in due course.

The Fee-Free TAFE Skills Agreement sets out training places across the following areas of national priority: 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; VET workforce from 2024

The Australian Government has identified that Fee-Free TAFE will be prioritised for a number of priority groups, noting that specific details on priority groups, qualifications and courses may differ in each state and territory.

Priority groups include: First Nations Australians; young people (17-24); people who are out of work or receiving income support payments; unpaid carers; women facing economic insecurity; women undertaking study in non-traditional fields; people with disability; certain categories of visa holders.

Source: [Dewr.gov.au/skills-reform/fee-free-TAFE](https://dewr.gov.au/skills-reform/fee-free-TAFE) accessed 29/05/2024

The press release of the Australian Government Minister, Brendan O’Connor, emphasises the ‘free’ attribute of the program and also stresses that the program funds the public provider TAFEs and not private training providers (which are a very substantial component of the VET sector).

“By removing financial barriers to study, Fee-Free TAFE is giving Australians the best opportunity to secure a stable, well-paid job, by providing training places in areas of high demand and skills need.

“After smashing our Fee-Free TAFE targets in 2023 with almost 300,000 enrolments as at September 30, I’m delighted we’re rolling out an additional 300,000 places from 2024.

“This investment continues our commitment to put TAFE at the centre of the VET system.” Minister for Skills and Training, the Hon Brendan O’Connor MP, media release 1 January 2024

The purpose of this paper is have an initial look at the data in an attempt to see whether this change in direction in the funding regime has made any discernible difference, first, to the quantity of

¹ [Dewr.gov.au/skills-reform/fee-free-TAFE](https://dewr.gov.au/skills-reform/fee-free-TAFE) accessed 29/05/2024

training delivered by the VET sector and funded by government, and secondly the types of courses being delivered, noting that the program has specified the areas of priority. In addition, we consider whether there has been any apparent shift in the characteristics of students undertaking the training.

We stress that this is an initial look only, with only one year's data. Thus there has been limited time to implement the priorities and there are no data on completions which arguably are more important than commencements.

Before we begin analysis, we note that the program is a joint effort between the Australian and State governments. This implies that the shape of the program is mediated by State government priorities, and it is clear that there will be considerable variation in how the program is delivered across the various States and territories. To give some flavour we have included in an Appendix the courses covered by Fee-Free TAFE in South Australia and in Queensland. The notes accompanying the Queensland list explicitly state that *Qualifications and skill sets funded under Fee-Free TAFE are aligned to national and state skills priorities, so the Fee-Free TAFE priorities are only one consideration in Queensland's priorities. We see that the two States clearly have different priorities. For example, in South Australia there are no creative arts courses on the Fee-Free TAFE list while the Queensland list includes the Certificate III in Visual Arts. In South Australia the only business course listed is the Certificate III in Health Administration while in Queensland the list includes a string of business courses. We also note that in South Australia courses in tourism are explicitly excluded from the Fee-Free TAFE list. It is also worth mentioning that Victoria has had its own Fee-Free TAFE program since its establishment in 2019, with more than 80 Free TAFE qualifications and short courses available at 12 standalone Victorian TAFE institutes and 4 dual-sector universities.*²

One of the difficulties we face in scrutinising the Fee-Free TAFE is that the data standard captures government funding but does not explicitly identify the Fee-Free TAFE program. In addition, it takes some time for the NCVET to collect and publish training data and the latest data for 2023 have just been released. At the date of this paper, no data have been published for 2024 enrolments.

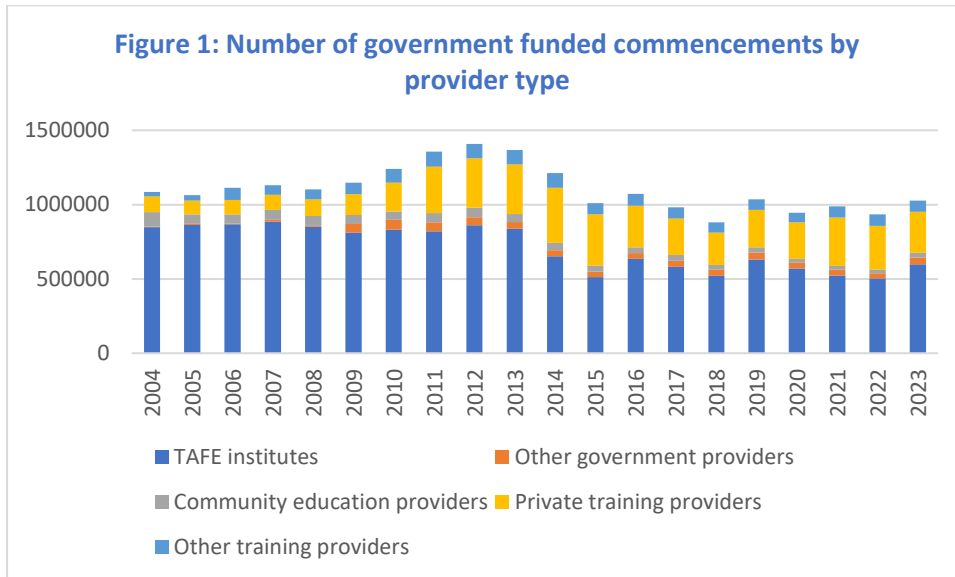
2. Trends in the quantity of training

There are several possibilities in looking at the quantity of training. The first decision is whether we should look at numbers of students in training or commencements. We choose the latter because our expectation is that the Free-Free TAFE program will initially impact on commencements in 2023 – the program could not have impacted on commencements in earlier years.

In the following figure we show the number of government funded commencements for 2004 to 2013.³

² See <https://www.audit.vic.gov.au/report/free-tafe>

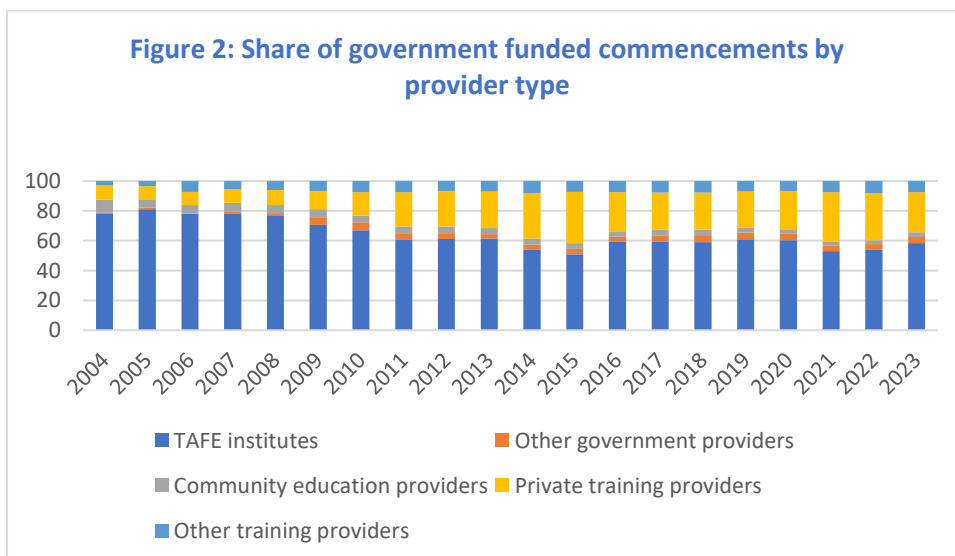
³ Please note that the 2003 are omitted. The commencement flag is derived and so the 2003 data will include commencements from earlier years.



Source: NCVET VOCSTATS Government funded students and courses, VET program enrolments 2003-2023.

We see that we estimate that government funded commencements in 2023 were higher than in 2022 with much of the growth occurring in TAFE. However, the commencements in 2023 were by no means at a historical high, with higher numbers in the whole period from 2004 to 2014 and in more recent years 2016 and 2019. In fact, the number of commencements is very similar to those in 2004, twenty years earlier. The number of government funded places would have to very significantly to reach the peak of 2012 – by around 380,000 commencements. From a TAFE perspective the 2023 number of commencements is around 250,000 lower than the 2004 number.

One of the policy aims of the Fee-Free TAFE is to support the sector. Certainly the bulk of the increase in 2023 commencements is in the TAFE sector – in fact the TAFE increase at 96,200 marginally exceeds the overall increase of 94,300. This increase was to some extent at the expense of private providers for whom the number of commencements decline by around 17,000. However, TAFE enrolments would have to increase very significantly for TAFE to recover the market share of earlier years, as can be seen from Figure 2.



Source: VOCSTATS Government funded students and courses, VET program enrolments 2003-2023

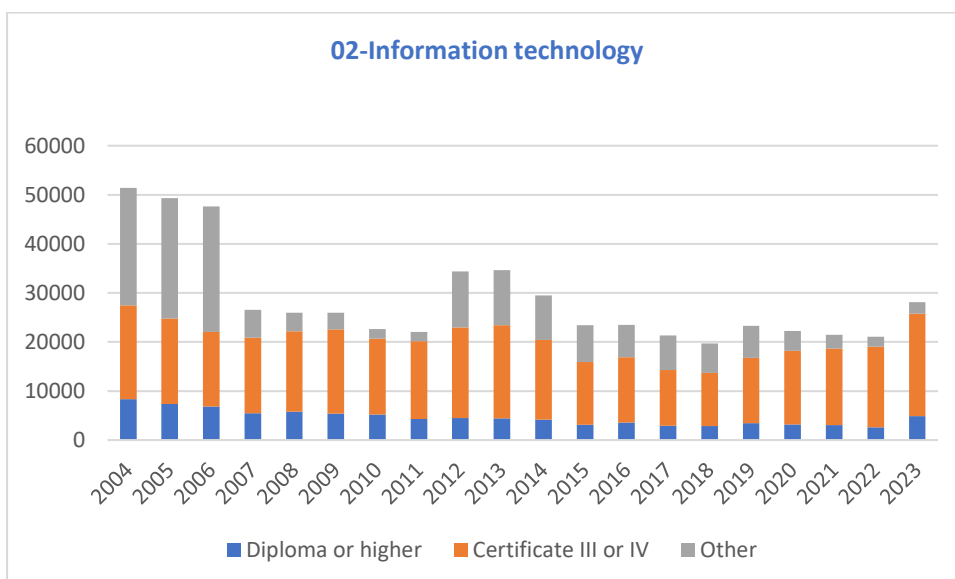
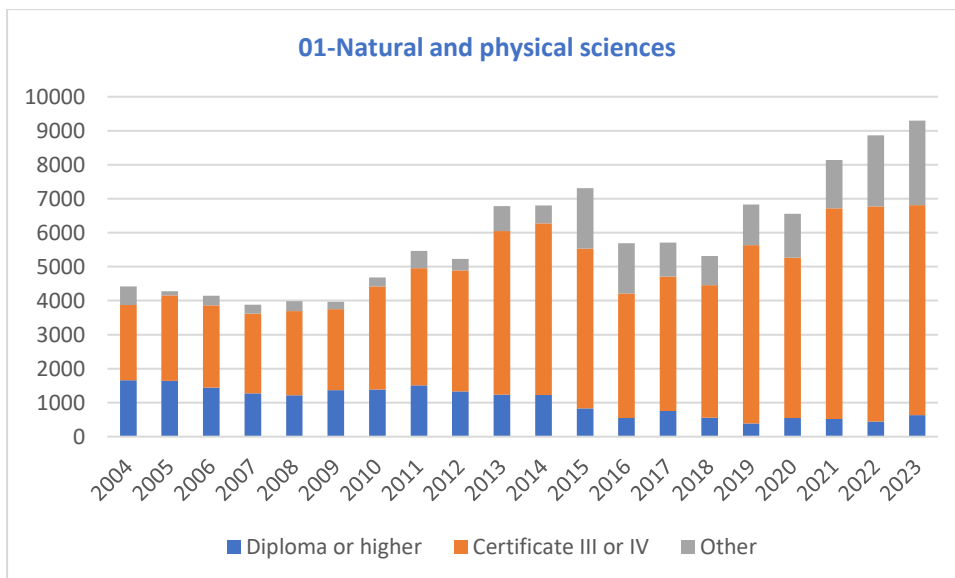
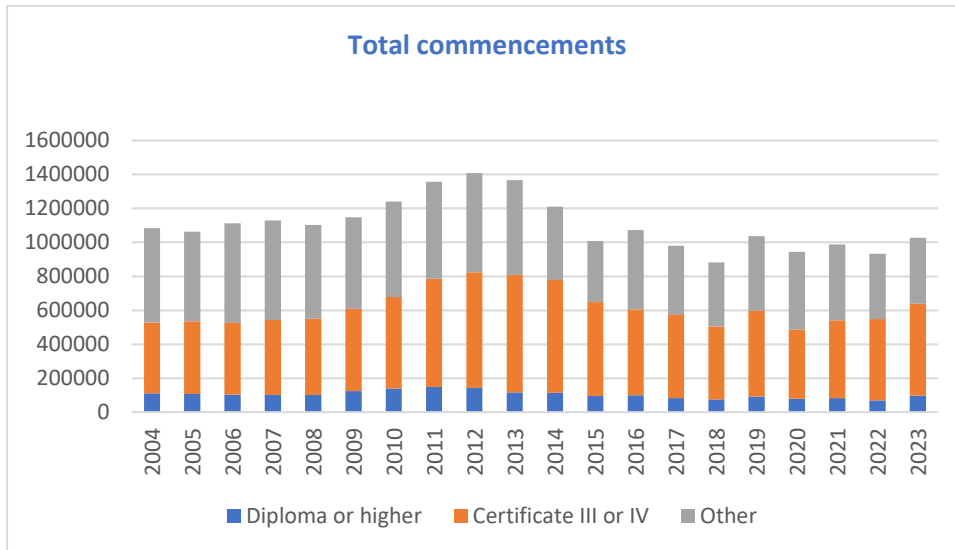
TAFEs had around 80% of the government funded places at its peak in the 2000s but this declined to a minimum of 51% in 2015. In 2023 the share was 58%, up 4% points from 2022. The increase in share in 2023 was largely at the expense of private providers whose share declined by almost 5% points.

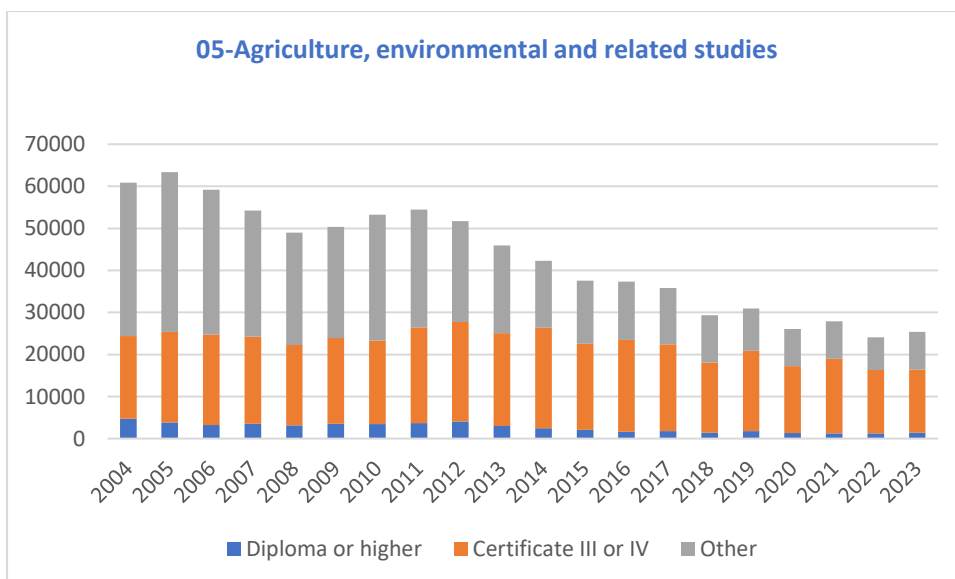
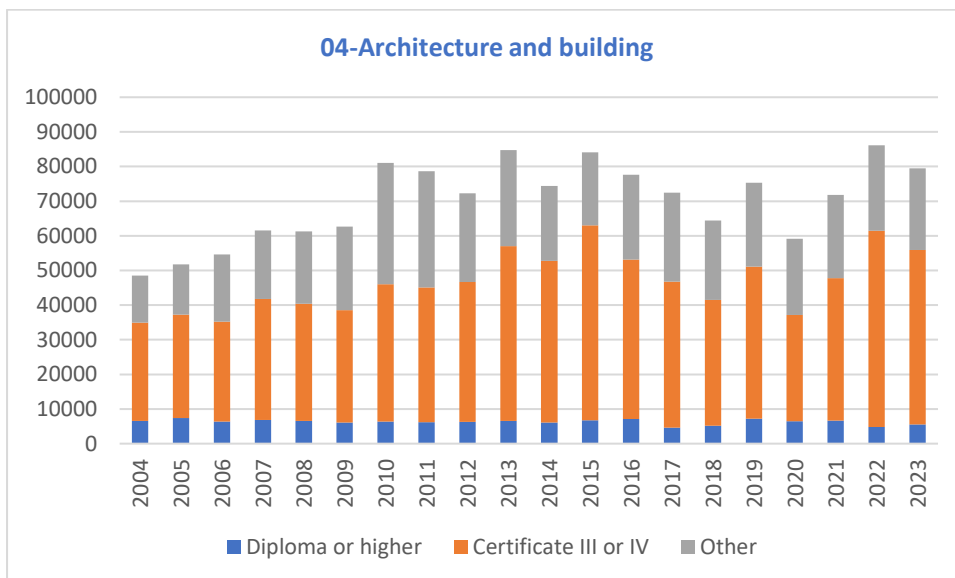
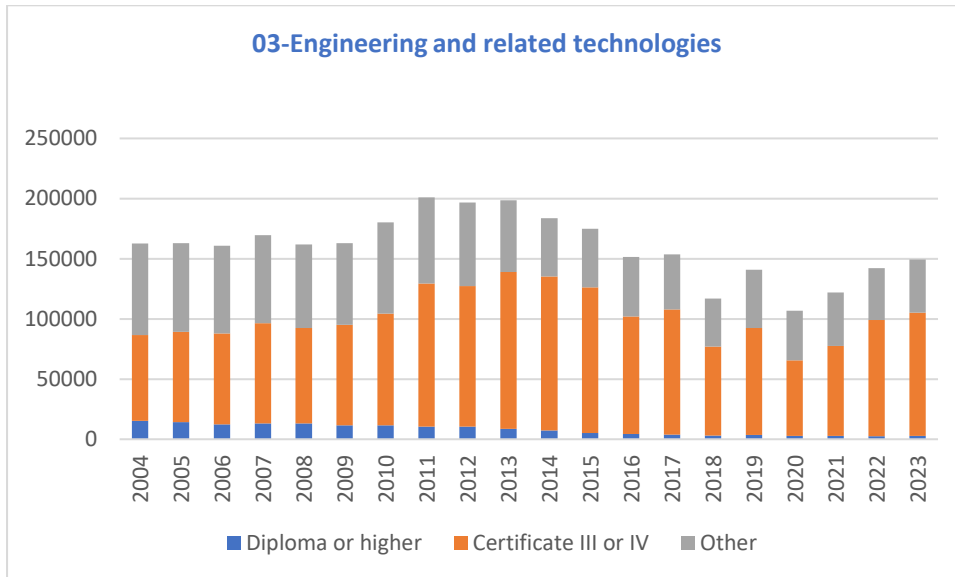
3. Has Fee-Free TAFE impacted on course choice?

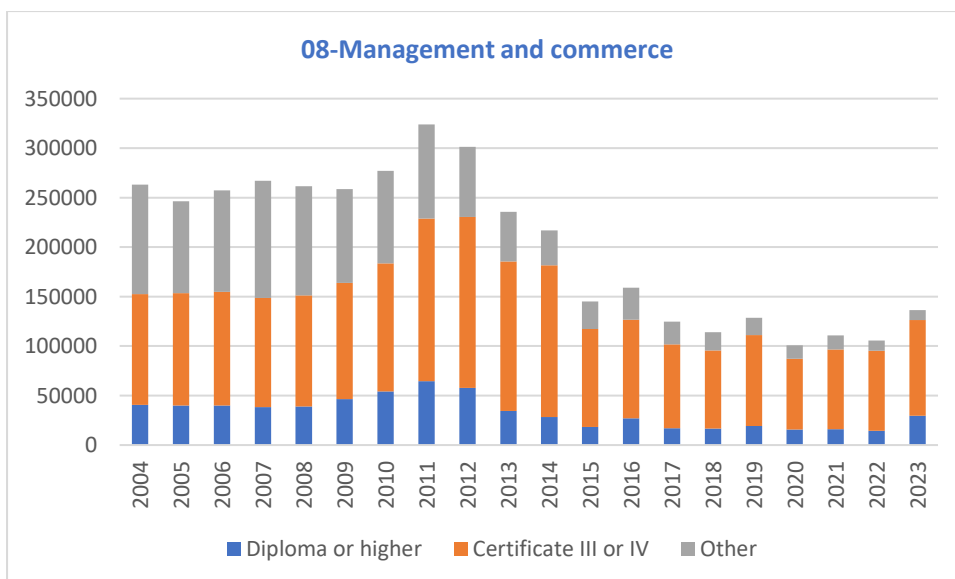
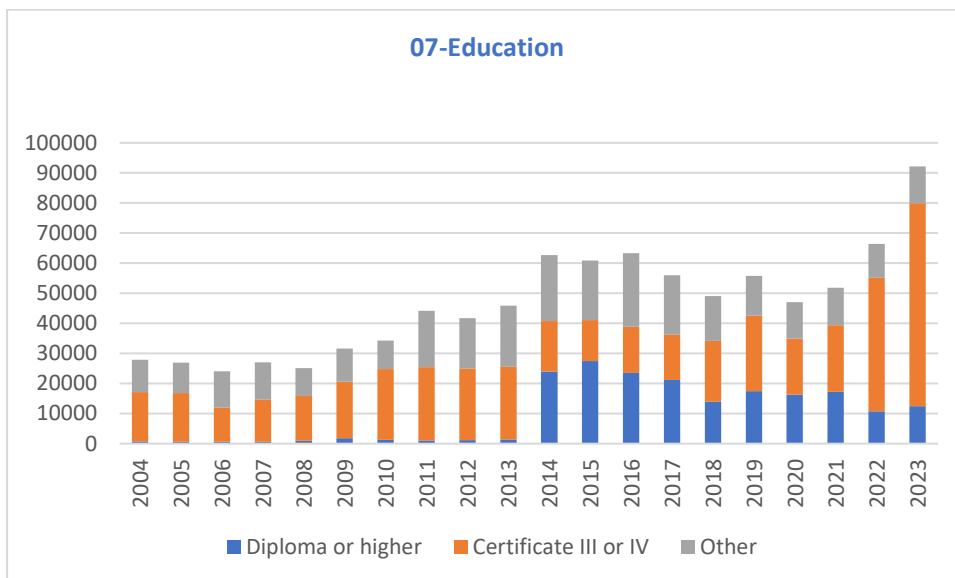
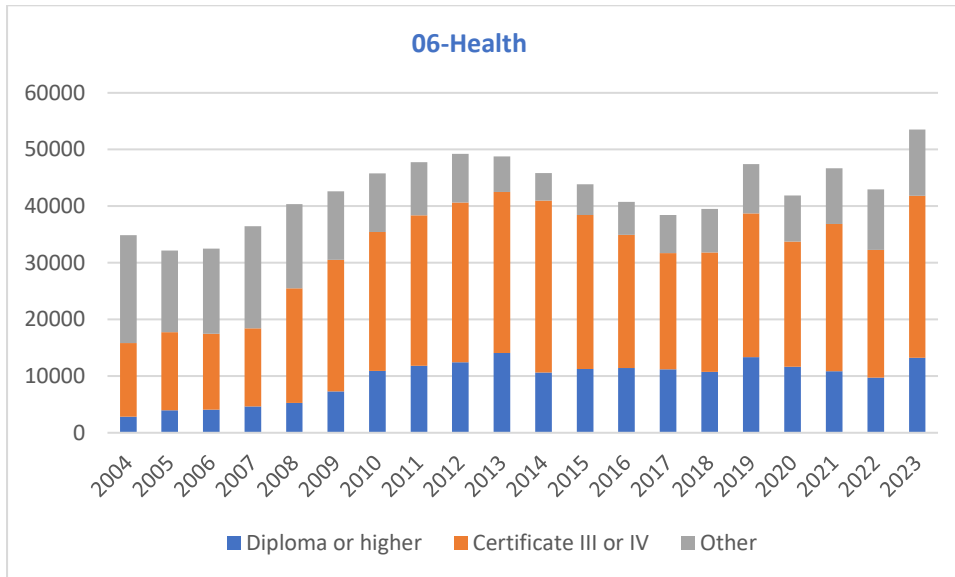
The description of the program explicitly nominates priority areas, namely: agriculture; care (including aged care, health care and disability care); construction; defence; early childhood education and care; hospitality and tourism; manufacturing; sovereign capability; technology and digital; VET workforce from 2024. However, as we noted earlier it is the States which actually deliver the training and decide which courses will be funded through the program.

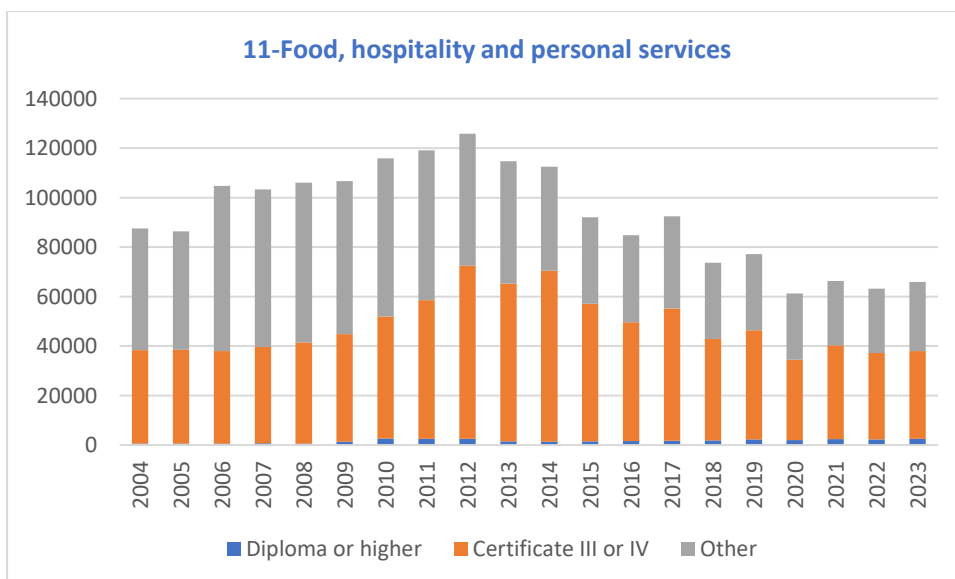
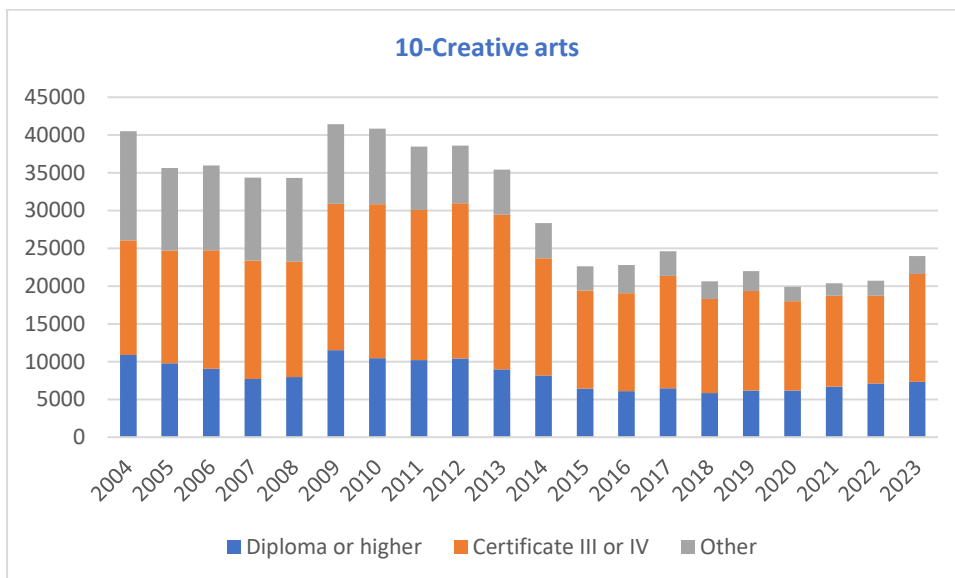
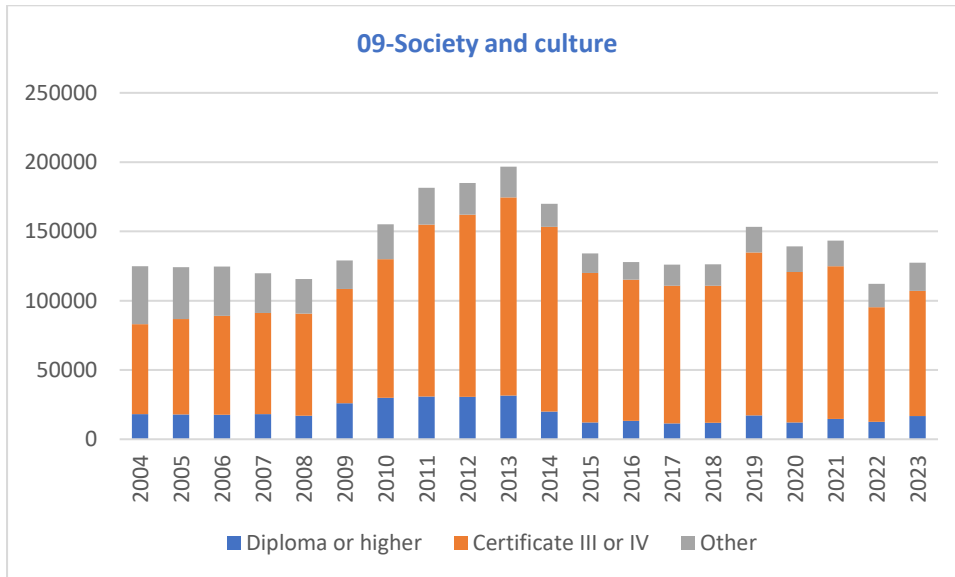
The first approach we take is to tabulate the commencements by ASCED group, and see how shares in commencements have been changing. We begin with a series of graphs in Figure 3.

Figure 3: Government funded commencements, by level and field of education, 2004-2023.









Source: NCVET VOCSTATS Government funded students and courses, VET program enrolments 2003-2023

We see that overall commencements were up in 2023 compared to 2022 but well down compared to the period 2004-2014. Programs other than diplomas and certificates III or IV are down compared to 2004-2013. When we look at growth by Field of Education we see quite disparate patterns, but little to indicate that 2023 was qualitatively different from 2022. However, over the longer term there have been some quite marked trends.

In brief:

- Natural and physical sciences: numbers are on an increasing trajectory, but the numbers are relatively small.
- Information technology: this field stands out - the commencements in 2023 were substantially higher than in 2022 and the highest of any year since 2013. The importance of programs other than diplomas and certificates III or IV have declined substantially compared to the period 2004-2006.
- Engineering and related technologies: the numbers were up in 2023 compared to 2022, but were lower than the period 2010-2015.
- Architecture and building: the numbers actually decline a little between 2023 and 2022, but are at historically high levels.
- Agriculture, environmental and related studies: the numbers have been on a downward trajectory since 2004, but much of the decline has been in programs other than diplomas or certificates III or IV.
- Health: the numbers in 2023 were well up on 2022, and in fact were the highest over the period in consideration.
- Education: The numbers in 2023 were well up on earlier years. However most recent growth was in terms of certificates III and IV, with diplomas on a downward trend since 2014-2015.
- Management and commerce: the numbers in 2023 were up on those of 2022 but the numbers over the period 2015-2023 were much lower than for the years 2004.
- Society and culture: the numbers in 2023 were up on 2022 but lower than those for 2010-2014.
- Creative arts: the numbers in 2023 were up on those of 2022 and were at the high end of the range observed over 2015-2023. However, the number since 2015 are well down compared to the years 2004-2013.
- Food, hospitality and personal services: while the numbers in 2023 were up on 2022, there has been a long term decline since 2012.

An alternative way of looking at the data is by using training packages developed by various Skills bodies. Presenting this data is a little difficult because there some 55 different packages, some of which according to the NCVER data have zero or very few commencements. To make the exercise tractable we sort the training packages by the number of commencements over 2015-2023 and present the data for those training packages that make up 99% of all commencements (over the period 2015-2023). This reduces the number of training packages we have to consider to 31.

There are too many training packages to present the data graphically, so we use a table. For each training package we show the number of commencements in January to September 2023, the average share of commencements (January-September 2015-2023), and the percentage increase between 2022 and 2023. We also include the 2023 commencements relative to the average of 2015 to 2022. This gives a picture of how the 2023 relate to both the previous year and the previous 8

years. We also include a column in which we assign a level of priority to the training package, based on the stated Australian Government priorities *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; VET workforce from 2024*. Inevitably there is an element of subjectivity in this assignment and no doubt those in a particular industry sector would regard their courses as being important. But if there are to be priorities, not all training packages can be treated as being a priority. In this regard, we note that the Queensland government has chosen to have a broad definition of priorities (for example, including all training which is part of an apprenticeship for those under 25 years). The Queensland government also includes creative arts courses (viz Certificate III in Visual Arts). By contrast, the SA government includes no creative arts courses and also explicitly excludes tourism courses from the Free-Fee TAFE courses.

Table 1: Commencements by training package (31 largest)

Sorted by 2023 commencements	Priority	Commencements 2023	Average share 2019-2023 (%)	Change 2022-2023 (%)	Change from 2015-2022 %
CHC - Community Services	Yes	157936	20.7	22.5	18.4
BSB - Business Services	No	84628	10.1	30.1	21.8
CPC - Construction, Plumbing & Services Integrated Framework	Yes	65372	9.1	-12.7	2.9
SIT - Tourism, Travel and Hospitality	Yes	47622	7.0	8.9	-19.9
HLT - Health	Yes	42897	5.5	21.4	25.1
UEE - Electrotechnology	Yes	40146	4.3	15.6	60.4
AUR - Automotive Industry Retail, Service and Repair	No	30760	3.9	-7.1	19.4
MEM - Metal and Engineering	Yes	30292	3.4	24.3	39.9
AHC - Agriculture, Horticulture and Conservation and Land Management	Yes	26025	3.6	15.7	-8.9
FNS - Financial Services	No	22802	2.3	102.7	46.6
ICT - Information and Communications Technology	Yes	22276	2.9	20.0	2.3
CUA - Creative Arts and Culture	No	21668	2.7	17.4	13.7
FSK - Foundation Skills	No	18566	2.9	8.0	-9.4
CPP - Property Services	Yes ⁴	18139	2.4	21.4	-1.1
SHB - Hairdressing and Beauty Services	No	17955	2.5	9.8	-2.8
RII - Resources and Infrastructure	Yes ⁵	15349	2.1	-5.9	-23.0
TAE - Training and Education	Yes	13360	1.3	45.3	113.0
SIS - Sport, Fitness and Recreation	No	12446	1.7	12.1	-8.6
TLI - Transport and Logistics	No	11709	1.8	-6.0	-45.0
SIR - Retail Services	No	10794	1.8	-17.2	-27.8
ACM - Animal Care and Management	No	10112	1.4	13.9	19.5
MSF - Furnishing	No	7652	1.0	21.4	16.4
MSL - Laboratory Operations	Yes	5475	0.6	11.4	58.0
FBP - Food, Beverage and Pharmaceutical	Yes	4952	0.9	-19.4	-35.4
MAR - Maritime	No	4253	0.5	37.4	45.4
MSA - Manufacturing	Yes	3642	0.6	6.5	-5.8
PSP - Public Sector	No	3448	0.5	16.9	50.3
AMP - Australian Meat Processing	Yes	2606	0.4	-6.2	-43.7
MST - Textiles, Clothing and Footwear	Yes	2235	0.3	2.9	-8.6
AVI - Aviation	Yes	1814	0.2	20.8	56.8
MSS - Sustainability	Yes ⁶	1577	0.2	43.5	-39.7

Source: NCVET VOCSTATS Government funded students and courses, VET program enrolments 2003-2023

We see that commencements increased in most training packages from 2022 and 2023. The exceptions were Construction, Plumbing & Services Integrated Framework, Resources and Infrastructure, Retail Services, Food, Beverage and Pharmaceutical, Transport and Logistics, and Australian Meat Processing. Relative to the average between 2015 and 2022, the training packages with the highest growth were Training and Education (up 113% of 2015-2022 average), Electrotechnology (up 60%), Public Sector (up 50%), Metal and Engineering (up 40%), Maritime (up 45%), and Health (up 25%). By contrast the training packages on a downward trajectory included Transport and Logistics (down 45%), Australian Meat Processing (down 44%), Sustainability (down 40%), Food, Beverage and Pharmaceutical (down 35%), Retail Services (down 28%), Resources and

⁴ Assessed as being a priority because of link to construction

⁵ Assessed as being a priority because of link to sovereign capability

⁶ Assessed as being a priority because of link to sovereign capability

Infrastructure (down 23%), and Tourism, Travel and Hospitality (down 20%). So we see substantial variability in commencements over time across the various training packages. We can only speculate on what causes this variability. Clearly, demand by students is key but we have no data on the extent of any supply constraints. In respect of training associated with apprentices and trainees, we have a combination of the choices of individuals taking up an apprenticeship or traineeship and the demand by employers for apprentices or trainees. There may well be supply constraints as well, with providers imposing limits on course numbers. However, what these figures do show is that the training effort (as funded by Government) can shift rapidly from one area to another.

In the context of this paper, however, we are interested whether there is any evidence that the Australian government priorities have had any influence on outcomes, either through shifts in student demand or shifts in the supply of training places. The way we have approached this is through the data in Table 2. We assign each training package to being a priority or not. We then compare the total number of commencements in the priority training packages with those in the non-priority training packages.

Table 2: Shares of commencements in priority and non-priority training packages.

	Priority packages	Non-priority packages
Share of commencements 2022	67.0	33.0
Share of commencements 2023	66.1	33.9

Note: assignment of priority according to Table 1

Source: NCVET VOCSTATS Government funded students and courses, VET program enrolments 2003-2023

We see that there has been little shift from the training packages assigned as not being priority relative to those assigned as priority. Between 2022 and 2023 there was growth in both categories but slightly stronger growth in the non-priority training packages as a group. However, this is at the aggregate level. Among individual training packages we see a decline in commencements in some packages that we have assigned as being a priority (notably, Construction, Plumbing & Services Integrated Framework (down 13%), Resources and Infrastructure down 6%), Food, Beverage and Pharmaceutical (down 19%), Australian Meat Processing (down 6%). We also saw some large increases in training packages we have designated as not being a priority, notably Creative Arts and Culture (up 17%), Financial Services (up 103%), and Public Sector up 17%)

On balance, it seems that the Australian government priorities have had a fairly limited role in determining the distribution of training. In this regard, we point out that the Fee-Free TAFE program funds only part of overall VET training - Brendan O'Connor's press release quoted earlier referred to 300,000 Fee-Free enrolments as at September 30 2023. These must be seen in the context of some 1,000,000 government funded commencing enrolments in 2023.

4. Priority groups – impact of Fee-Free TAFE program on the make up of commencements

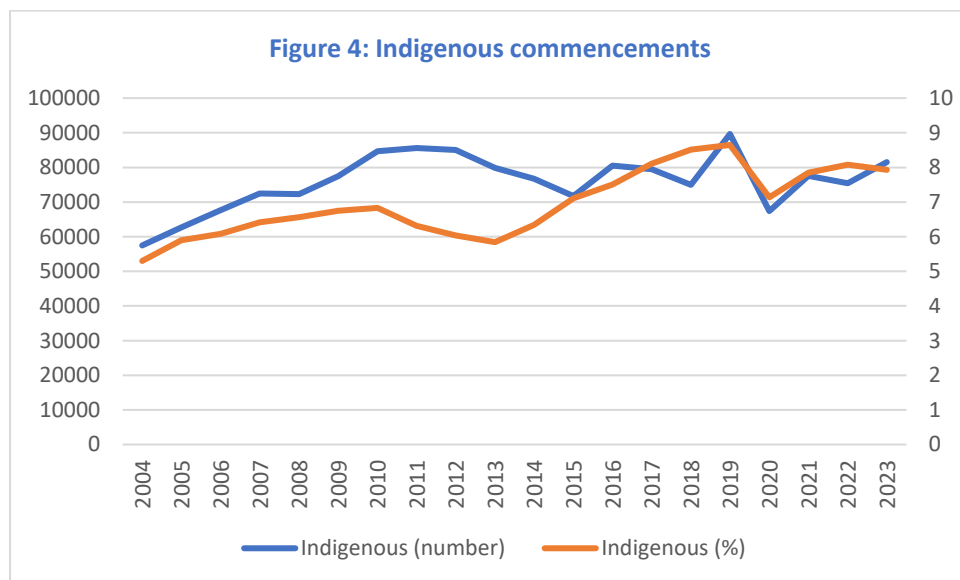
As noted earlier, the program identifies a number of priority groups, namely, First Nations Australians; young people (17-24); people who are out of work or receiving income support payments; unpaid carers; women facing economic insecurity; women undertaking study in non-traditional fields; people with disability; and certain categories of visa holders.

The NCVER data collection identifies some of these groups but not all. For those groups for whom we have some information we show how the numbers of commencements have changed and how the percentage of commencements relating to the group in question has changed. Our focus, of course, is the extent to which the designation of the priority groups in the program has had an impact on the composition of commencements.

The groups for which we do not have any data comprise unpaid carers and certain categories of visa holders.

First Nations Australians

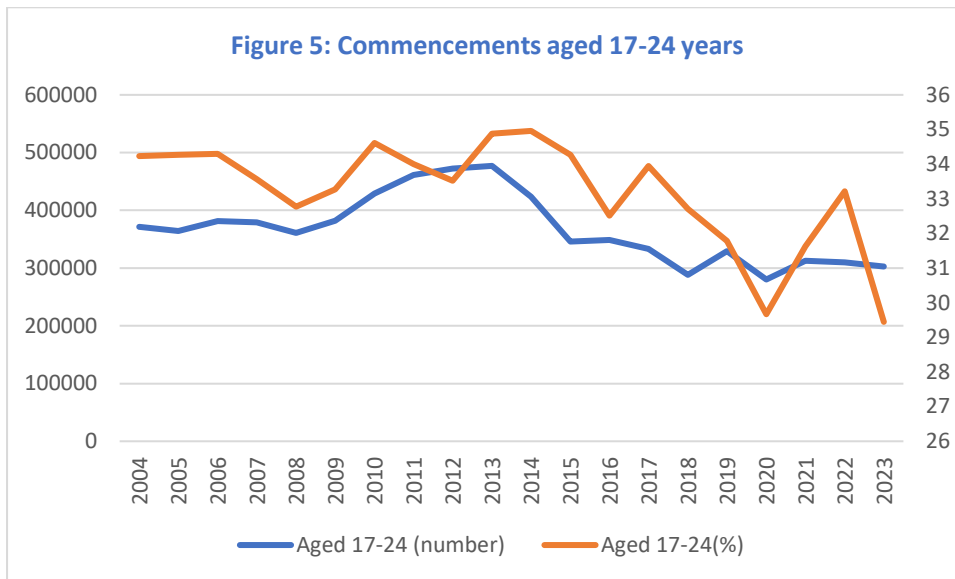
The NCVER data identifies Indigeneity with three categories: Indigenous, non-Indigenous and not known. In the following graph the percentage of commencements that is Indigenous uses the total number of commencements as the denominator (that is, not known is treated as being non-Indigenous).



Source: NCVER VOCSTATS Government funded students and courses, VET program enrolments 2003-2023

We see that the number of Indigenous commencements increased from 2022 to 2023 but the 2023 level is lower than a number of the earlier years. We note that the percentage of commencements that were Indigenous declined from 2022 to 2023 a little and was pretty close to the overall average over 2015-2022. We also note that the percentage is higher than in the general population.

Young people (17-24 years).

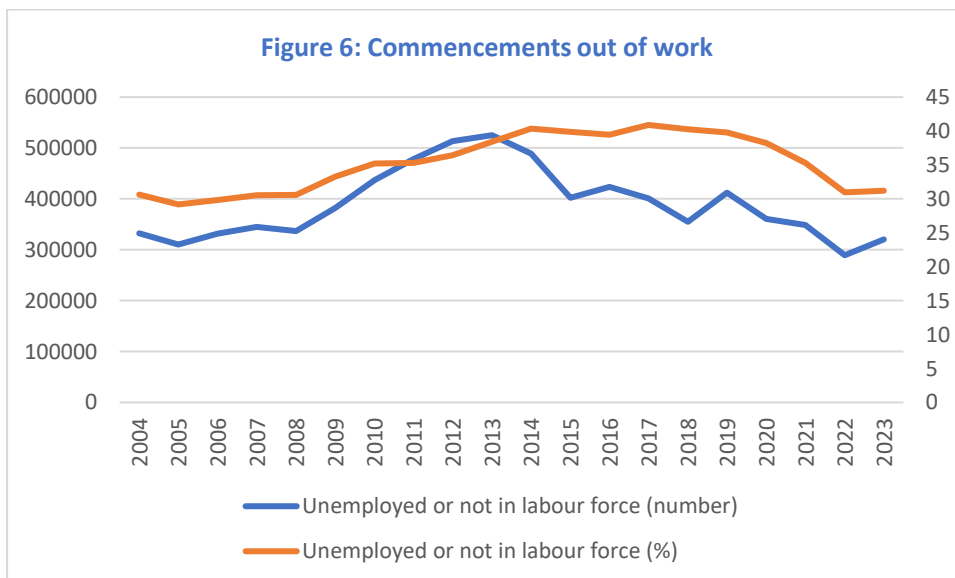


Source: NCVET VOCSTATS Government funded students and courses, VET program enrolments 2003-2023

We see that the number of commencements aged 17-24 years in 2023 were among the lowest over the period 2004-2022 in both number and percentage terms.

People who are out of work or receiving income support

We do not have information on income support but we do the best we can by looking at the group who are not working – i.e. unemployed or not in the labour force.



Source: NCVET VOCSTATS Government funded students and courses, VET program enrolments 2003-2023

While persons out of work make up a sizable proportion of commencements, the numbers and percentages in 2023 are low relative to the 2004-2023 period. However, we note that the overall employment and unemployment levels will impact on these numbers – when the labour market is

buoyant employment levels will be relatively high and unemployment low. The point is that the supply of persons seeking a VET place will be impacted by the labour market.

Women in non-traditional fields.

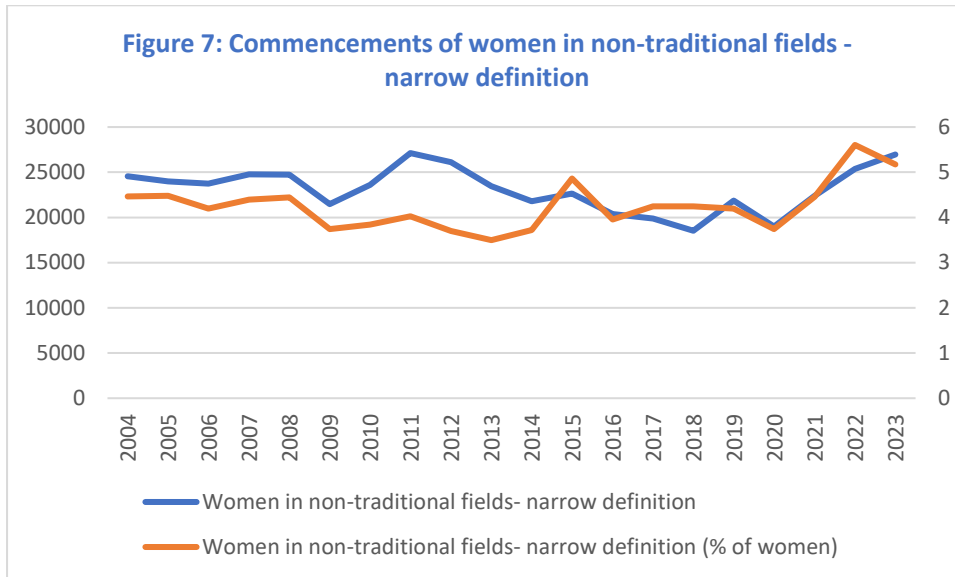
We proxy this by looking at fields of education where women take up a relatively small share of commencements. The proportion of commencements that are women is shown in Table 3

Table 3: Proportion of commencements who are women

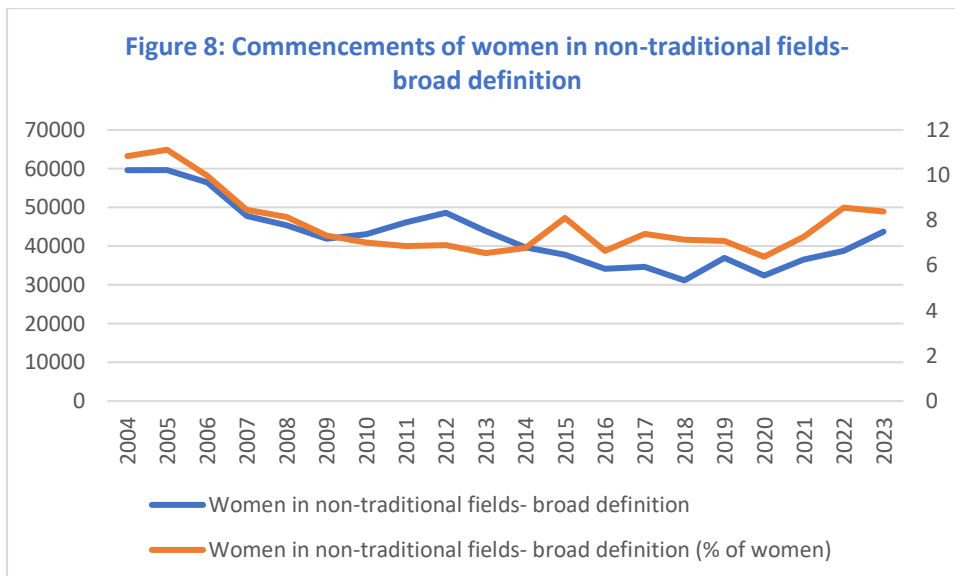
Program field of education	Average 2018-2022
01 - Natural and physical sciences	68.0
02 - Information technology	24.2
03 - Engineering and related technologies	11.5
04 - Architecture and building	8.4
05 - Agriculture, environmental and related studies	29.6
06 - Health	79.0
07 - Education	75.4
08 - Management and commerce	65.6
09 - Society and culture	73.2
10 - Creative arts	54.9
11 - Food, hospitality and personal services	63.7
12 - Mixed field programmes	54.5
No field of education	49.3
Total	50.4

Source: NCVET VOCSTATS Government funded students and courses, VET program enrolments 2003-2023

We see that overall commencements are evenly split between men and women, but there is considerable sex segregation. We look at two definitions of 'non-traditional fields' (i.e. where women are significantly underrepresented). First we take a narrow definition and include only Engineering and related technologies (11.5% women on average over 2018 to 2022) and Architecture and building (8.4% women). We then take a broader definition and include Information technology (24.2% women) and Agriculture, environmental and related studies (29.6% women).



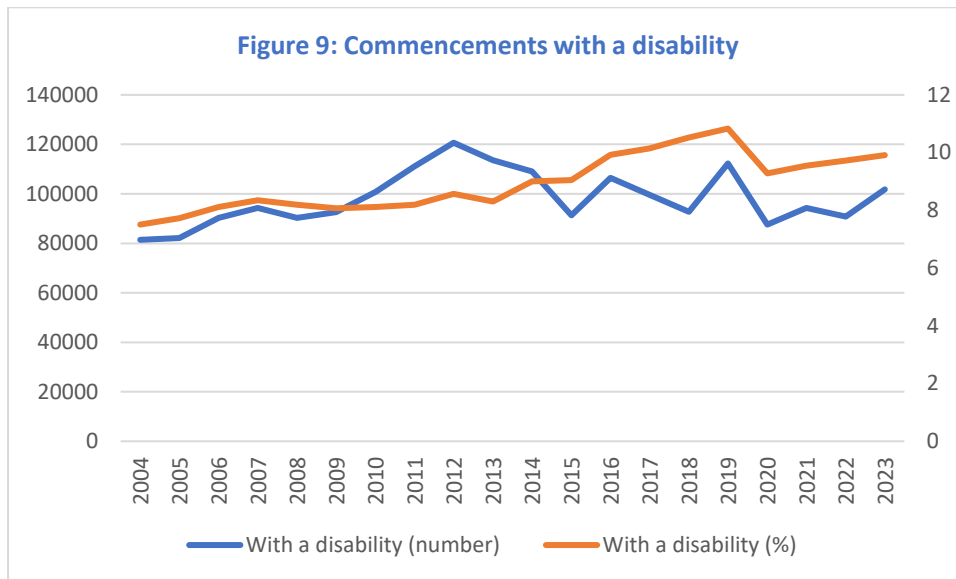
Source: NCVER VOCSTATS Government funded students and courses, VET program enrolments 2003-2023



Source: NCVER VOCSTATS Government funded students and courses, VET program enrolments 2003-2023

According to these two figures the women in non-traditional fields have increased a little from 2022 to 2023 in numbers but not by percentage. However, women undertaking these fields represent a very small proportion of women undertaking VET (less than 5% of government funded commencements with the narrow definition and around 8% using the broader definition). It is clear that there is a long way to go if sex segregation is to be removed from the choice of field of education. The introduction of Fee-Free TAFE has not made a material difference.

Disability



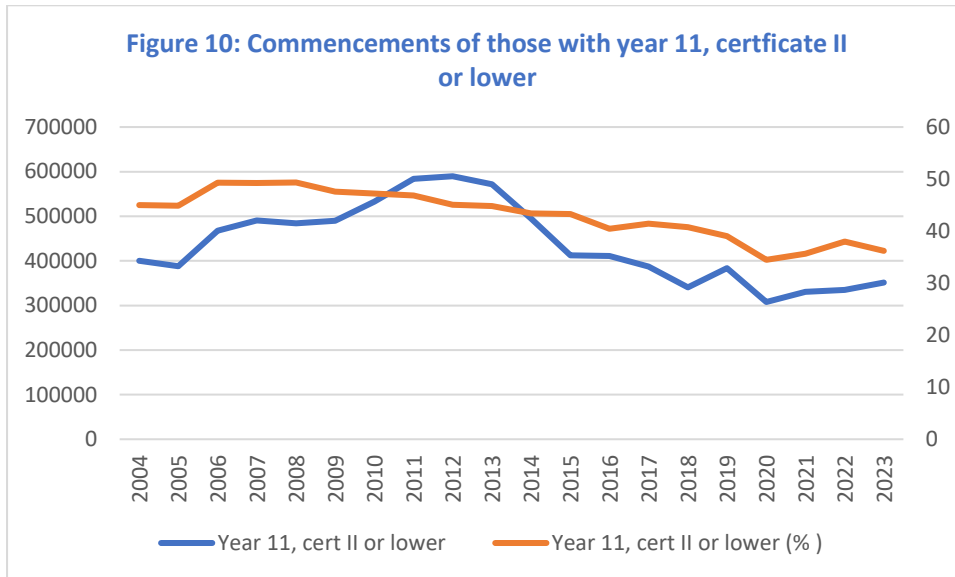
Source: NCVET VOCSTATS Government funded students and courses, VET program enrolments 2003-2023

We see that commencements of persons with a disability were highest in 2012 while the proportion was highest in 2019. The numbers in 2023 were a little higher in 2023 compared to 2022.

Educational disadvantage

Defining equity groups is always problematic because of the multi-dimensional nature of disadvantage. However, a useful measure of disadvantage is previous educational achievement, noting that VET has always prided itself in providing an opportunity to overcome earlier educational disadvantage. One of the variables collected by NCVET is previous highest educational level. This measure ranks educational qualifications comprising both school level and post-school level. While the choice is essentially arbitrary a sensible measure of low level previous educational achievement is to include Year 11, Certificate II and below namely Year 11, Certificate II, Year 10, Certificate 1, miscellaneous education, year 9 or lower and did not go to school. We note that the NCVET variable ranks year 11 and year 12 higher than a certificate II.

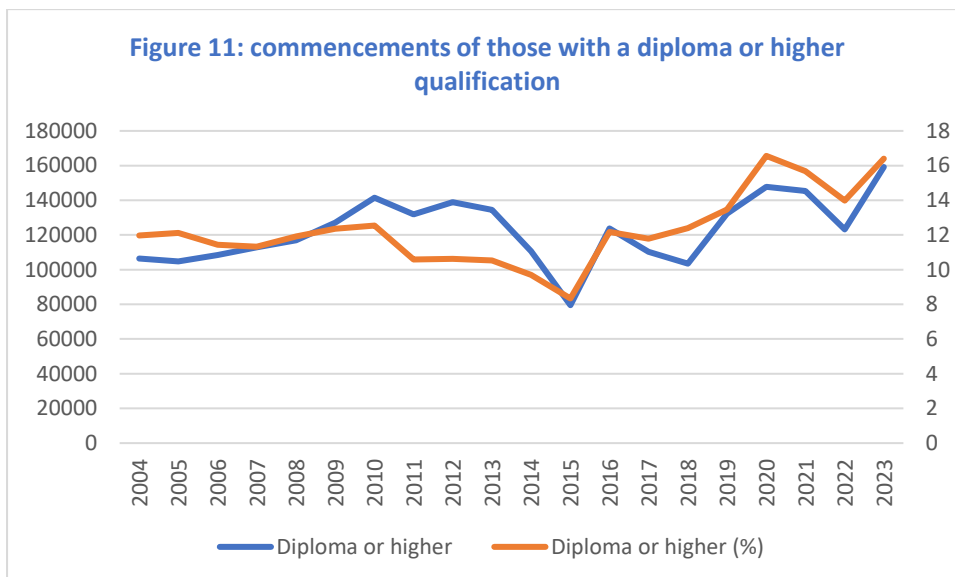
The next figure presents the trends in commencements of persons with lower level education qualifications, as defined.



Source: NCVET VOCSTATS Government funded students and courses, VET program enrolments 2003-2023

We see that, if anything, there has been a downward trend in the percentage of commencements in this group, and a downward trend in the number since 2012.

It is interesting to contrast the trend in this group with that for persons with relatively high educational qualifications. In the next figure, we define those with relatively high educational qualifications as those already possessing a diploma or higher qualification.



Source: NCVET VOCSTATS Government funded students and courses, VET program enrolments 2003-2023

We see that there is a trend since 2015 for the previous educational qualifications of commencements to have increased

In terms of the change in commencements from 2022 to 2023 we see an increase in the proportion of persons with a higher education qualification (diploma or degree), and a decline in the proportion with a relatively low previous education background (did not complete school or with a Certificate I or II).

If anything the VET system seems to be becoming less focused on those coming from a poor educational background. However, one contributing factor will be the general increasing education levels of the community.

Comment

The Fee-Free TAFE program explicitly sets out priority groups. Unfortunately, we cannot identify from the NCVER data whether or not a particular commencement is by a person with a Fee-Free TAFE place or not. Consequently, we are restricted to looking at how the overall composition of government funded commencements has changed. From this perspective there is little evidence that the Fee-Free TAFE program has had any substantial impact on the composition of students commencing a VET course. When we look at particular variables there are trends, some up and some down, but for no variable is the 2023 data qualitatively different from earlier years. It would be difficult to advance an argument that the Fee-Free TAFE program has made a significant difference to the composition of students commencing a VET program within the framework of government funding.

A point to be made here is that VET commencements depend on both the supply of places and the demand for places, and we have no data on what is the binding constraint. One would expect the fee-free nature of the program to increase demand for places but it is clear that the overall number of places has not grown significantly, with 2023 numbers, while higher than 2022, considerably less than those in 2016.

5. Financial considerations

Funding VET in Australia is a joint effort between the Commonwealth and the States, with delivery undertaken by the States. The Commonwealth contributes funding but does not deliver VET directly. The split up of Government funding is presented in the following table.

Table 4: Government funding of VET (nominal \$ Million)

	2017	2018	2019	2020	2021	2022
VET delivery						
States	4261.6	4329.1	4650.7	4738.6	5069.4	5128.6
Australian Govt	380.8	307.6	281.6	307.9	348.3	376.9
Total	4642.4	4636.7	4932.3	5046.5	5417.6	5505.4
Employer assistance						
States	105.3	103.0	108.8	141.4	153.3	166.9
Australian Govt	511.7	491.8	489.3	1312.2	3565.1	3842.1
Total	617.1	594.8	598.2	1453.6	3718.4	4009.0
Student assistance						
States	74.7	131.1	130.2	108.1	109.8	126.7
Australian Govt	0.0	43.1	19.0	11.1	15.7	18.4
Total	74.7	174.1	149.2	119.2	125.5	145.1
Capital funding						
States	159.2	119.8	180.7	323.7	469.5	448.3
Australian Govt	0.0	0.0	0.0	0.0	0.0	0.0
Total	159.2	119.8	180.7	323.7	469.5	448.3
System administration and governance						
States	370.7	370.8	372.1	345.1	407.9	443.9
Australian Govt	177.8	178.7	179.5	232.1	285.0	299.1
Total	548.5	549.6	551.6	577.2	692.9	743.0
TOTAL						
States	4971.6	5053.8	5442.6	5657.0	6209.9	6314.5
Australian Govt	1070.3	1021.2	969.5	1863.3	4214.0	4536.5
Total	6041.8	6075.0	6412.1	7520.3	10424.0	10850.9

Notes: Employer assistance includes incentive payments to employers for employing an apprentice or reskilling their workforce.

Student assistance funding include equipment, travel and other costs, completion incentives and general support services.

Source: NCVER 2023, *Australian vocational education and training statistics: government funding of VET 2022*, NCVER, Adelaide.

The above table shows that overall the States contribute more than half the total funding. The table also shows that it is the States who fund almost all of VET delivery, with most of the Commonwealth funding going to employer incentives (mostly associated with apprenticeship and traineeships).

The main point to be made is that the Fee-Free TAFE funding is unlikely to revolutionise the States' delivery of VET. The information from the DEWR website about the program refers to *an initial contribution of \$493 million to support the delivery of training places to be matched by states and territories, and In August an additional \$414.1 million for a further 300,000 TAFE and VET places to be made fee-free from January 2023*. As part of the 2024-25 Budget, the Australian Government also committed an additional \$88.8 million *to work with states and territories to deliver a further 20,000 Fee-Free TAFE and VET places*. The point is that these numbers are relatively small in relation to the overall delivery of government funded VET, with delivery in 2022 totalling 5.5 \$billion nationally, of which the States supplied \$5.1 billion.

One characteristic of Fee-Free TAFE funding is, of course, that student places under this program are free to the student. This implies that that the funding ‘buys’ less student places than would be the case if tuition fees are charged. It is difficult to estimate the magnitude of the tuition fees foregone. While the NCVER does publish some financial information in recent years the data have been restricted to flows of government funding. Previously, the NCVER published what amounted to the annual accounts of the training departments responsible for VET, and this earlier data identifies student fees and charges of \$528 million for 2017 on a cash basis⁷. This compares with cash flows from government of around \$3430 million, indicating that tuition fees are around 15% of the government payments for student tuition.⁸

The actual impact of the Fee-Free aspect can only be a matter of speculation. At one extreme we could assume that around 13%⁹ more places could have been offered if the previous student fee regime were in place. Alternatively, if the main constraint on VET places is student demand, then one could argue that tuition fees would have led to less places being taken up.¹⁰ However, we are not in a position to discriminate between these possibilities because the Fee-Free TAFE places are not identified in the student data and we have no data on unmet demand. Further, the published finance data do not identify revenue from tuition fees.¹¹

6. Concluding comments

The policy rhetoric behind the Fee-Free TAFE program is broadly around four objectives:

- To make a significant contribution to the delivery of training¹²
- To channel training places to designated national priorities
- To support training for designated priority groups
- To support TAFE in the VET system.

“By removing financial barriers to study, Fee-Free TAFE is giving Australians the best opportunity to secure a stable, well-paid job, by providing training places in areas of high demand and skills need.

“This investment continues our commitment to put TAFE at the centre of the VET system.” Minister for Skills and Training, the Hon Brendan O’Connor MP, media release 1 January 2024

This paper is an initial look at what has happened to training funded by government in 2023, the first year for which there is any data. An important limitation of the data is that Fee-Free TAFE places

⁷ See table 8 of NCVER 2018

⁸ Burke 2022 arrives at a similar percentage. He estimated that total tuition fees associated with government funded delivery would be around \$800 million, assuming that the private providers charge similar tuition fees as the public providers. This compares with total government funding for VET delivery of \$5667 million in 2019 (see Figure 1 and section 9 of Burke 2022)

⁹ $15/115=0.13$

¹⁰ I understand that the Australian government pays a tuition component that it sets. Previously, TAFEs set the tuition fee.

¹¹ The ABS publishes data on private expenditure on education but the published data does not show VET separately from Higher Education, see for example Australian Bureau of Statistics 1999.

¹² ‘Through the Fee-Free TAFE Skills Agreement (formerly known as the 12-Month Skills Agreement), the Commonwealth Government has partnered with states and territories to deliver over \$1.5 billion funding for 500,000 Fee-Free TAFE and vocational education and training (VET) places across Australia over 2023 to 2026.’ dewr.gov.au/skills-reform/fee-free-TAFE accessed 29/05/2024

cannot be identified as such. Notwithstanding that limitation, we have looked at students commencing a program in 2023 to see if there is any evidence concerning shifts in the fields of study, shifts in the characteristics of those commencing, and shifts in the share of government funding places delivered by TAFE.

The results are fairly clear cut. First, Government funded training, as measured by program commencements, increased from 2022 to 2023. That said, commencements have been fairly static since 2015, and are well down on the number of commencements over the period 2010-2014. Thus it is difficult to sell the program as a significant increase in investment in training delivery by governments.

Second, there is no evidence that the Australian government priorities have had a material effect on shifting training toward its priority areas. A clear example is that commencements in the Construction field declined from 2022 to 2023, despite construction being a clear priority. Similarly commencements increased in the training package areas of Creative Arts and Culture (up 17%), Financial Services (up 103%), and Public Sector (up 17%), despite these areas not being designated as priority areas. It is worth making a few comments here. First, the national priorities are mediated through the States and it is clear that States have their own priorities. Second, commencements are the outcome of supply and demand. If individuals are not interested in priority areas then there is little the Government can do. Similarly, providers need teachers and infrastructure to deliver training and these resources may well limit what is offered. If supply is the binding constraint then it may take several years to effect a shift in the offerings. However, what is clear is that fields can change in importance over longer periods. Institutional factors, such as regulation, also play a part. An example is that there has been significant growth in education training associated with regulation of childcare. It may also be the case that underlying demand change – an example is Management and commerce where the number of commencements from 2015 is well down on the number over the period 2004- 2012. Perceived benefits can alter and the growth of higher education will also have an impact on the demand in areas where VET and Higher Education are offering alternatives.

Third, there is little evidence that Fee-Free TAFE has had much impact from an equity perspective. The percentage of government funded commencements that is Indigenous did not increase from 2022 to 2023 and is lower than what was observed in 2019. Commencements aged 17-24 years declined, while those out of work changed little. Little has changed in terms of women in non-traditional fields or those with a disability. While the fee-free nature of the program should make it more attractive for individuals, tuition fees in VET government funded places have always been heavily subsidised and the States have always offered concessions for target groups, so perhaps the tuition free aspect has not made that much difference. We also note that Victoria has had its own Fee-Free TAFE program since 2019. It should also be noted that tuition is not the only cost associated with VET training - individuals need to invest considerable effort.

Fourth, the Fee-Free TAFE program has definitely improved the position of TAFE in the VET market. This has occurred at the expense of private providers.

My final comment relates to the fee-free aspect of the program. This is not costless with tuition fees previously contributing amounts representing around 13% of funding for training. The absence of this source of funding limits the number of places offered. The policy judgment then is whether the benefits to individuals not having to pay tuition fees outweighs the negative impact on the finances of VET. If the lack of tuition fees limits the offerings then it is possible that the impact on equity groups will be perverse, with fewer individuals able to take up a training place.

References

Australian Bureau of Statistics 1999, 5510.0-expenditure on education Australia, 1997-98, ABS, Canberra.

Burke, G 2022, Funding vocational education in Australia: 1970 to 2020, VET Knowledge Bank, NCVET, Adelaide

NCVER 2018, *Australian vocational education and training statistics: financial information 2017 - data tables*, NCVET, Adelaide'.

Appendix 1 Priorities for Fee-Free TAFE, Queensland in 2024

Industry Training Group	Qualification ID	
Arts & Entertainment - Creative	CUA31120	Certificate III in Visual Arts
Automotive - General	AURSS00064	Battery Electric Vehicle Inspection and Servicing Skill Set
Business - Finance	FNS30322	Certificate III in Accounts Administration
Business - Finance	FNS40222	Certificate IV in Accounting and Bookkeeping
Business - Finance	FNS50222	Diploma of Accounting
Business - Finance	FNSSS00004	BAS Agent Registration Skill Set
Business - Finance	FNSSS00014	Accounting Principles Skill Set
Business - General	BSB30120	Certificate III in Business
Business - General	BSB40320	Certificate IV in Entrepreneurship and New Business
Business - General	BSB40520	Certificate IV in Leadership and Management
Business - General	BSB40920	Certificate IV in Project Management Practice
Business - General	BSB50420	Diploma of Leadership and Management
Business - General	BSB50820	Diploma of Project Management
Communications - Information Technology	10849NAT	Diploma of Applied Blockchain
Communications - Information Technology	22603VIC	Certificate IV in Cyber Security
Communications - Information Technology	ICT30120	Certificate III in Information Technology
Communications - Information Technology	ICT50220	Diploma of Information Technology
Community Services - Childcare	10983NAT	Certificate III in Outside School Care
Community Services - Childcare	CHC30121	Certificate III in Early Childhood Education and Care
Community Services - Childcare	CHC30221	Certificate III in School Based Education Support
Community Services - General	CHCSS00124	Disability Work - Behaviour Support Skill Set
Community Services - General	CHC32015	Certificate III in Community Services
Community Services - General	CHC33021	Certificate III in Individual Support
Community Services - General	CHC40221	Certificate IV in School Based Education Support
Community Services - General	CHC40321	Certificate IV in Child, Youth and Family Intervention
Community Services - General	CHC40421	Certificate IV in Youth Work
Community Services - General	CHC42021	Certificate IV in Community Services
Community Services - General	CHC43015	Certificate IV in Ageing Support
Community Services - General	CHC43115, CHC43121	Certificate IV in Disability, Certificate IV in Disability Support
Community Services - General	CHC43315	Certificate IV in Mental Health
Community Services - General	CHC43515	Certificate IV in Mental Health Peer Work
Community Services - General	CHC50121	Diploma of Early Childhood Education and Care
Community Services - General	CHCSS00070	Assist Clients with Medication Skill Set
Community Services - General	CHCSS00129	Individual Support - Ageing skill set
Community Services - General	CHCSS00103	Mental Health Peer Work Skill Set
Community Services - General	CHCSS00123	Dementia Support Skill Set
Community Services - General	CHCSS00130	Individual Support - Disability Skill Set
Community Services - General	CHCSS00133	Induction to Disability
Construction - General	CPP40121	Certificate IV in Residential Drafting
Engineering - General	MSA30208	Certificate III in Manufacturing Technology (CAD/drafting)

Food Processing - General	FBP30121	Certificate III in Food Processing
Food Processing - Meat	AMP40222	Certificate IV in Meat Processing
Food Processing - Meat	AMP40522	Certificate IV in Meat Safety Inspection
General Education & Training - General	10765NAT, 11240NAT	Certificate IV in Adult Tertiary Preparation
General Education & Training - General	TAE40122	Certificate IV in Training and Assessment
Health - General	HLT30121	Certificate III in Aboriginal and/or Torres Strait Islander Primary Health Care
Health - General	HLT33015, HLT33021	Certificate III in Allied Health Assistance
Health - General	HLT33115	Certificate III in Health Services Assistance
Health - General	HLT35021	Certificate III in Dental Assisting
Health - General	HLT37015	Certificate III in Sterilisation Services
Health - General	HLT37215	Certificate III in Pathology Collection
Health - General	HLT37315	Certificate III in Health Administration
Health - General	HLT37415	Certificate III in Pathology Assistance
Health - General	HLT40113, HLT40121	Certificate IV in Aboriginal and/or Torres Strait Islander Primary Health Care
Health - General	HLT40221, HLT40213	Certificate IV in Aboriginal and/or Torres Strait Islander Primary Health Care Practice
Health - General	HLT43015, HLT43021	Certificate IV in Allied Health Assistance
Health - General	HLT47315, HLT47321	Certificate IV in Health Administration
Health - General	HLT54121	Diploma of Nursing
Hospitality - General	SIT30622	Certificate III in Hospitality
Hospitality - General	SIT20322	Certificate II in Hospitality
Hospitality - General	SIT20421	Certificate II in Cookery
Laboratory Operations - General	MSL30122	Certificate III in Laboratory Skills
Primary Industry - Agriculture	AHC21216	Certificate II in Rural Operations
Primary Industry - Agriculture	AHC30122	Certificate III in Agriculture
Primary Industry - Agriculture	AHC30620	Certificate III in Production Horticulture
Primary Industry - Agriculture	AHC32822	Certificate III in Rural Operations
Primary Industry - Agriculture	AHC50122	Diploma of Agriculture
Primary Industry - Agriculture	AHC51422	Diploma of Agribusiness Management
Primary Industry - Horticulture	AHC30921	Certificate III in Landscape Construction
Primary Industry - Horticulture	AHC20422	Certificate II in Horticulture
Primary Industry - Horticulture	AHC30722	Certificate III in Horticulture
Primary Industry - Land Management	AHC31421	Certificate III in Conservation and Ecosystem Management
Tourism - General	SIT30122	Certificate III in Tourism
Transport & Distribution - Marine	MAR20321	Certificate II in Maritime Operations (Coxswain Grade 1 Near Coastal)

Fee-Free TAFE is part of the Free TAFE initiative, which also includes [Free Nursing](#) and [Free Apprenticeships for Under 25s](#).

Qualifications and skill sets funded under Fee-Free TAFE are aligned to national and state skills priorities, in-demand areas, and emerging industries to enable Queenslanders to be job-ready and meet current and future skills needs.

Source: <https://www.qld.gov.au/education/training/subsidies/feefree> accessed 29/05/2024

Appendix II: Fee-Free courses at SA TAFE

Certificate II in Construction Pathway
 Certificate IV in Residential Drafting
 Certificate IV in Building and Construction (Building)
 Certificate IV in Building and Construction (Site Management)
 Diploma of Building and Construction (Building)
 Diploma of Building Design
 Certificate II in Electrotechnology (Career Start)
 Certificate II in Plumbing (Pre-apprenticeship)
 Certificate IV in Plumbing and Services (Hydraulic Services Design)
 Certificate IV in Plumbing and Services (Operations)
 Certificate III in Concreting
 Certificate III in Health Administration
 Certificate III in Individual Support (Ageing)
 Certificate III in Individual Support (Disability)
 Certificate III in Individual Support (Ageing and Disability)
 Certificate III in Outside School Hours Care
 Certificate III in Early Childhood Education and Care
 Diploma of Early Childhood Education and Care/Bachelor Early Childhood Education
 (Honours)(LHEC/MHEC) - UniSA Pathway
 Diploma of Early Childhood Education and Care
 Certificate III in Community Services
 Certificate IV in Child, Youth and Family Intervention
 Diploma of Community Services / Bachelor of Social Work - Flinders Uni Pathway
 Diploma of Counselling/Bachelor of Arts - Uni of Adelaide Pathway
 Diploma of Counselling/Bachelor of Arts - UniSA Pathway
 Diploma of Community Services/Bachelor of Social Science (Ageing and Disability) - UniSA Pathway
 Diploma of Community Services/Bachelor of Social Science (Human Services) - UniSA Pathway
 Diploma of Community Services/Bachelor of Social Work - UniSA Pathway
 Diploma of Counselling
 Diploma of Community Services
 Certificate III in Women's Advocacy
 Certificate IV in Women's Advocacy
 Certificate IV in Training and Assessment
 Certificate III in Dental Assisting
 Certificate III in Pathology Collection
 Diploma of Nursing/Bachelor of Nursing (Pre-registration) - Flinders Uni Pathway
 Diploma of Nursing/Bachelor of Nursing - University of Adelaide Pathway
 Diploma of Nursing/Bachelor of Nursing - UniSA Pathway
 Diploma of Nursing
 Certificate II in Cookery
 Certificate III in Information Technology
 Certificate IV in Information Technology (Systems Administration Support)
 Certificate IV Program in IT (Systems Administration Support) - Industry Work Experience Program
 Certificate IV in Information Technology (Networking)
 Certificate IV in Information Technology (Programming)

Certificate IV in Information Technology (Web Development)
Certificate II in Automotive Servicing Technology
Diploma of Engineering - Technical
Certificate II in Electronics
Certificate II in Engineering Pathways
SSDIS01011 - Basic Welding Skills Skill Set
Certificate II in Resources and Infrastructure Work Preparation
Certificate III in Conservation and Ecosystem Management

Tourism courses are not included as part of Fee-Free TAFE.

Source: https://www.tafesa.edu.au/courses/fee-free-tafe-courses?ct_i=&ct_r=&mode=najax accessed 29/05/2024