Is private VET different?

Tom Karmel
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Mackenzie Research Institute
E: tom.karmel@hotmail.com
info@mri.edu.au

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Executive Summary

One of the features of Australia's VET sector is the existence of a very large privately funded sector which does not depend on government funding. The privately funded and government funded sectors are not clones but have a high degree of overlap.

The main points from a comparison of the government and non-government funded VET provision are:

- In 2023 the government funded commencements represented about 58% of the total domestic provision of VET program commencements (i.e. excluding single subject provision).
- The age distributions of students across the government and non-government funded sectors are similar, with the main exception being the dominance of the government funded sector among 15-19 year olds.
- One clear difference between public and private provision relates to apprentices and trainees, all of whom receive government funding. However, if we exclude these, we still find that government provision dominates the 15-19 year olds.
- Government provision is relatively larger for females than males.
- We see that there are only small differences in study intensity between government funded and non- government funded students. Overall, full-time study is in the minority.
- There is little difference in the percentage in employment rates for persons up to the age of around 30 years. Thereafter, the government funded provision tends to be directed towards those not in employment.
- For both groups, the most common qualification is a certificate III. Diplomas and certificates IV are more popular for those not receiving government funding than for those doing government funded courses. Lower level courses (certificates I and II) are more common among government funded courses. Non-AQF courses are much more common (21.5%) for students who are not government funded compared to those who are government funded.
- We see that the largest fields of education, irrespective of funding source, are Engineering and related technologies, Management and commerce, and Society and culture. Similarly, the smallest fields are Information technology, Agriculture, environments and related studies and Creative arts. Among those receiving government funding 'mixed field' programs are quite large (11.2% of courses).
- While the distributions across fields of education are fairly similar across government funded or not government funded commencements, the cross over in terms of the most popular courses is quite small.
- We also note that a couple of the courses funded by government are preparatory in nature, A number of popular courses not government funded are of the nature of a ticket – very specific skills rather than a qualification. An example is Responsible service of alcohol, SITSS00069.
- Government funded places tend to favour those who are disadvantaged educationally: Indigenous persons, persons with a disability, low SES (especially in respect of young persons classified as low SES), persons without a post-school qualification or with a certificate I/II and especially early school leavers, and those not in employment (especially those not in the labour force).
- The differences are small though in respect English speaking background and region. For the latter, government funding favours those from very remote areas but not those in remote

areas. There is little difference in the percentage of government funded places across major cities, inner regional areas and outer regional areas.

Our conclusion is that there is a high degree of commonality across the government funded and non-government funded sectors, but there is a difference in orientation. In particular, the government funded sector has a focus on:

- Young people
- Women
- Equity groups, notably Indigenous persons, persons with a disability, low SES, without a post-school qualification, early school leavers, those not in employment and those in very remote areas.
- Preparatory courses.

Finally, we looked at completion rates. For diploma and higher qualifications, and for certificates IV, in most fields the non-government funded courses have higher completion rates. By contrast the picture is pretty mixed for certificates III. For certificates II, the majority of fields have higher completion rates for the government funded courses for males, but the opposite for females. All in all, it is a complicated picture.

One implication of the high degree of overlap is that any policy change by government is likely to have an impact on the non-government funded sector as well as the government funded sector. Training funded by government is likely to be a substitute of training funded by firms or individuals. So, any expansion of government funded training may well have a negative effect on non-government funded training. This means that it is difficult to come up with policies that expand the quantity of training, and it is easy for governments to take on the burden of financing training without any real increase in the overall level of training.

The development of Fee Free TAFE as a central plank of the Australian Government makes this discussion pertinent. My initial consideration of this policy (Karmel 2024) – bedevilled as it was by lack of identification of the actual Fee-Free students - suggested that the policy has had little effect on the VET sector in terms of the quantum of delivery, a shift to priority areas, or equity groups. The most evident impact was the improved position of TAFEs vis-a-vis private providers.

This discussion raises the issue of how funding policy should be designed. In this context we note that educational funding as a whole is very messy. At the school level, funding is universal to the extent that all students are entitled to a place at a government school until year 12 but at the same time considerable private money and government funds go to non-government schools. At the university level, provision is dominated by public universities with funding for teaching underpinned by Commonwealth Supported Places alongside income contingent loans. At the undergraduate level there are only small numbers of domestic fee-paying students at a number of private institutions (mostly specialised). These students may have access to the income contingent loan FEE-HELP. We also know that demand led funding is very problematic (recall VET FEE-HELP and the Victorian Training Guarantee) and easily translates into a budget blow out. The perils of demand led funding are also underscored with the experience with the NDIS where the annual funding increases we have observed are clearly not sustainable.

We also note that the current funding arrangements have some perverse outcomes. One obvious one is that there are VET students who are in government funded places who already have a degree, perhaps a higher degree (see Karmel 2025). This seems to be unnecessary largesse.

Given the difficulty of coming up with funding rules based on first principles perhaps the most pragmatic way to proceed is to muddle along as we have been doing by setting a budgetary envelope and then giving priority to certain groups. This still leaves issues to be addressed in terms of the extent of fees (is it fair to have Fee-Free places while charging fees to other government funded students?) and the availability of income contingent loans. In the case of the latter some sort of rationing would be advisable given the earlier experience with VET FEE-HELP, to ensure that there is not an inadvertent budget blow out.

At the same time, the idea of a tertiary education entitlement is attractive. The idea behind such an entitlement would be that the world has changed such that year 12 completion is no longer a sufficient qualification for the labour market, and that our society is rich enough to support education beyond 12 years. Possibilities would be to support up to diploma or degree level qualifications (that is 13-15 years of education). Fees and income contingent loans could be part of the mix. It is worth noting that it would be feasible to ration an entitlement through the mechanism of a limited number of vouchers. If a person missed out on a voucher one year that person could be given priority the next year. In such a way we would have entitlements that would fit within budgetary constraints.

1. Introduction

VET in Australia is difficult to figure out. It covers qualifications from certificate I to advanced diplomas[1], including qualifications which internationally are not considered to be at the tertiary education level as well as qualifications which are clearly tertiary in nature. It is delivered by a range of providers including TAFE institutes, universities, community education providers, enterprise providers, private training providers and schools.

Essentially VET is defined by the courses listed on the National Register of VET (training.gov.au). The educational philosophy is that the nationally recognised programs *are designed to meet industry* and *focus on practical skills and knowledge for the workforce, rather than traditional academic subjects.*[2]

According to the My Training website: *VET is vocational education and training that gets you job-ready and builds skills to support your career. This is learning developed by industry and focuses on the technical skills and capabilities you'll need to know on-the-job.* (https://mytraining.skills.sa.gov.au/training/thinking-about-vet/what-is-vet).

One of the distinct features of VET is that there is a very large privately funded sector in addition to the government funded sector. This raises the question as to whether there are fundamental differences between the public and private sectors or whether the private sector is supplying training needs over and above what is supported by public funding.[3]

The purpose of this paper is to compare the public and private provision and identify any fundamental differences.

We first look at who is eligible for government supported provision. We then look at various characteristics of the public and private provision. We end with a discussion.

2. Eligibility for public funding

Eligibility may vary from state to state. However, typically the criteria are broad. For example, in South Australia you might be eligible for subsidised training if you live or work in South Australia, and are an Australian or New Zealand citizen, a permanent Australian resident or an eligible visa holder. Adult learners must be 16 years or over and not enrolled at school. For those still at school, the persons must be 16 or turning 16 years of age in the current year of enrolment and enrolled in Year 11, 12 or 13 doing SACE or an equivalent or enrolled in Year 10, 11 or 12 and employed in a Training Contract that combines VET and SACE or school-based curriculum (https://mytraining.skills.sa.gov.au/training/thinking-about-vet/subsidised-training)

The level of subsidy can vary. The standard entitlement in SA is currently based on highest level of education and employment status.

Historically, students have had to pay tuition fees even when receiving the public subsidy. However, the introduction of Fee-Free TAFE and VET places in 2023 means that some students pay no tuition

[1] Vocational degrees have recently been added to the list of VET qualifications, see https://www.dewr.gov.au/vocational-degree-vet-sector

[2] This description comes from the AI Overview from a Google search on 'nationally recognised training'.

[3] The distinction we are drawing relates to funding rather than whether the teaching institution is part of government (i.e. the TAFE) or privately owned.

fees. In South Australia Fee-Free TAFE and vocational education includes foundation skills courses across in-demand areas. The industries designated to be 'in demand' comprise:

- Care industries such as aged and disability care, health care and childcare
- Technology and digital
- Hospitality and tourism
- Construction
- Agriculture
- Defence and manufacturing
- Education

As can be seen the priority areas cover a large slice of the overall workforce.

Eligibility for Fee free TAFE and VET places is limited. Fee-Free training aims to increase opportunities and workforce participation of First Nations Australians, young people (17-24), people out of work or receiving income support, unpaid carers, women undertaking study in non-traditional fields, people with disability and certain categories of visa holders (see https://mytraining.skills.sa.gov.au/training/get-started/fee-free).

Again, eligibility is broad.

3. Comparison of public and private VET

The comparison of public and private VET is based on the flag *program highest funding source* which takes values of *government funding* and *no government funding*. International students are excluded. We present data relating to 2023 and to commencing students (so we are tracking a cohort).

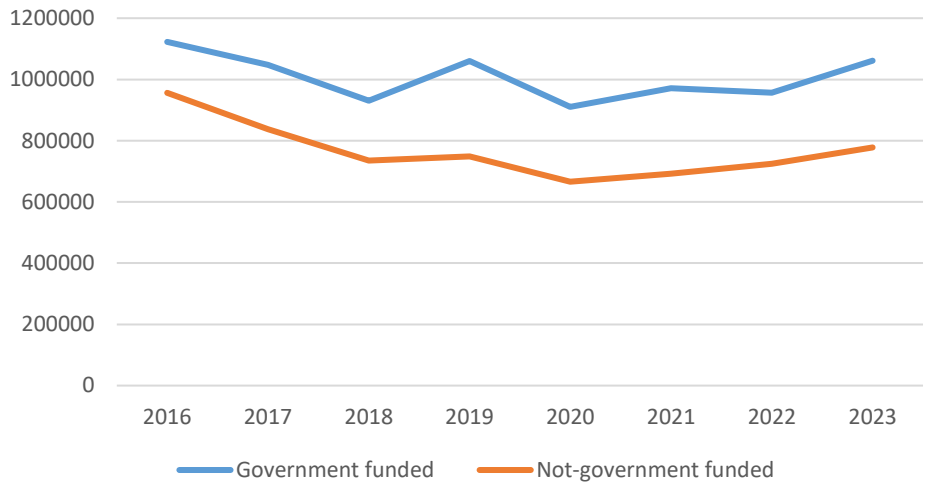
We restrict the analysis to program enrolments, thus excluding students who undertake single subjects outside a program. This restriction makes little difference to government funded activity when measured by Full Year Training Equivalents - FYTEs (it understates the activity by around 2% in 2023) but omits considerable non- government funded activity (the restriction understates the FYTE by around 57% in 2023). Our focus is comparing the characteristics of students undertaking VET programs funded by government with those undertaking VET programs funded privately.

We present the comparison for a range of characteristics including age and sex, previous education, and the various equity groups. We also look at what is being undertaken in terms of the level of the course and the field of education.

Basic demographics

We begin by showing the total number of domestic students from 2016 to 2023 (Figure 1).

Figure 1: Commencing domestic students by funding source

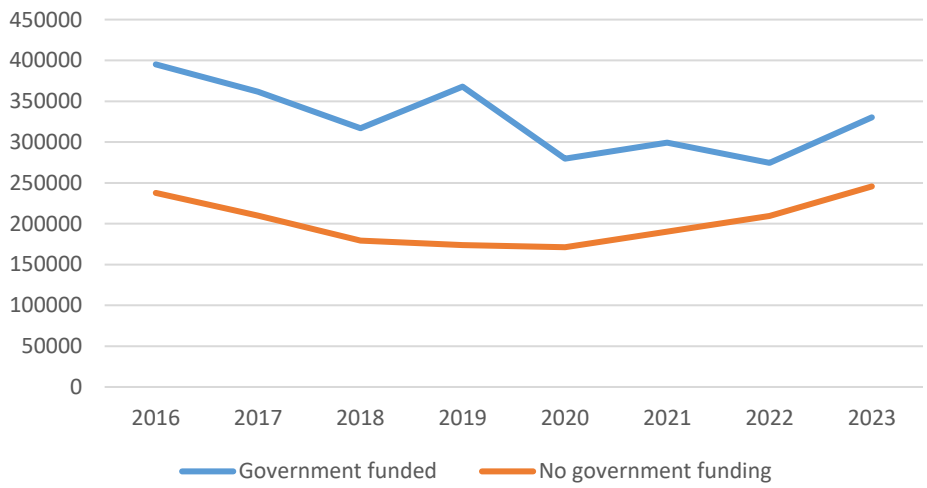


Source: NCVER VOCSTATS, TVA program enrolments 2015-2023, Program highest funding source and Summation Options by Year by Commencing program status and Student status (based on funding source). Counting: Total VET nationally recognised training FYTE, Program enrolments

We see that Government provision is larger than private provision, but the difference is not that great. In 2023 the government funded commencements represented about 58% of the total domestic provision. We also see that the numbers have moved around with 2016 representing the high point and 2020 the low point.

We note that VET courses tend to be relatively short and are mostly studied part-time. In order to allow for differences in study patterns between the government and not government funded students we also show a time series of FYTEs (full-year training equivalents).

Figure 2: Commencing domestic FYTEs by funding source



Source: NCVER VOCSTATS, TVA program enrolments 2015-2023, Program highest funding source and Summation Options by Year by Commencing program status and Student status (based on funding source). Counting: Total VET nationally recognised training FYTE, Program enrolments.

Counting FYTEs rather than enrolments makes little difference to the relative shares of government funded to not government funded students. While government funded enrolments tend to have higher intensity over the whole period, in 2023 the intensity is almost identical – the ratio of FYTEs to program enrolments is 0.31 for government funded students compared to 0.32 for non-government funded students.

We now concentrate on the commencing cohort in 2023. In Figure 2 we show the distribution by age for males and females separately.

Figure 2a: Commencing domestic students by funding source and age, males (2023)

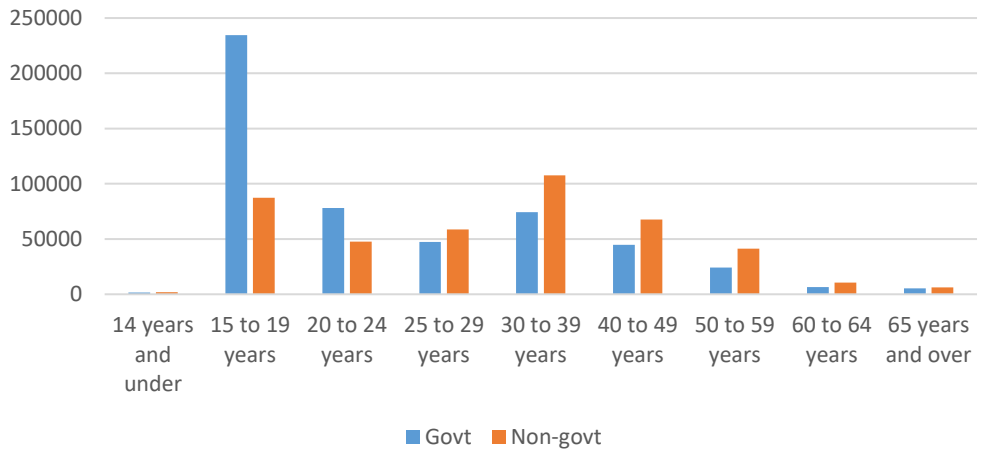
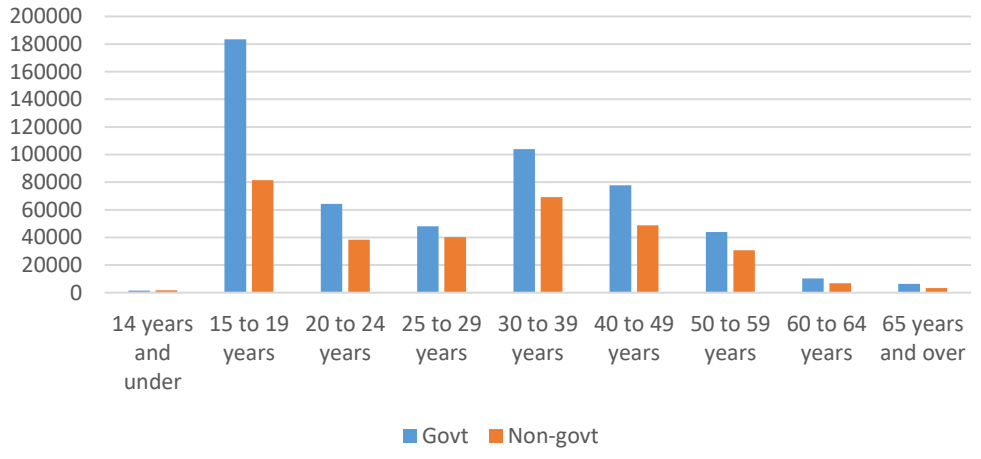


Figure 2b: Commencing domestic students by funding source and age, females (2023)



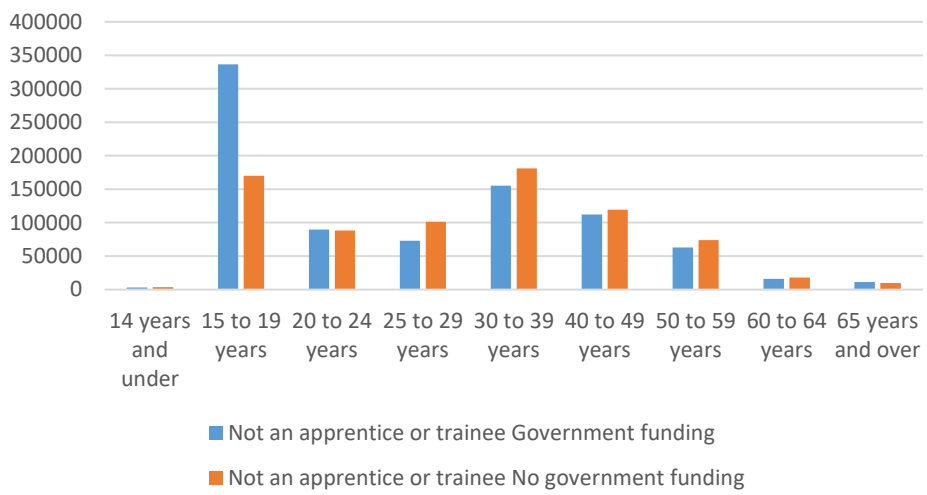
Source: VOCSTATS: TVA program enrolments 2015-2023, Program highest funding source by Age by Gender and Year by Commencing program status and Student status (based on funding source)

Two features stand out. The first is that only in the 15 to 19 group does the government provision swamp private provision. The other point is government provision is larger for females than males. Among females, government provision is larger in every age group, while for males government

provision is larger only for the age groups 15-19 and 20-24. Overall government provision represents 55% of commencements for males and 63% for females.

One clear difference between public and private provision relates to apprentices and trainees, all of whom receive government funding. However, if we exclude these, we still find that government provision dominates the 15-19 year olds (Figure 3). The difference in provision is small for the other age groups.

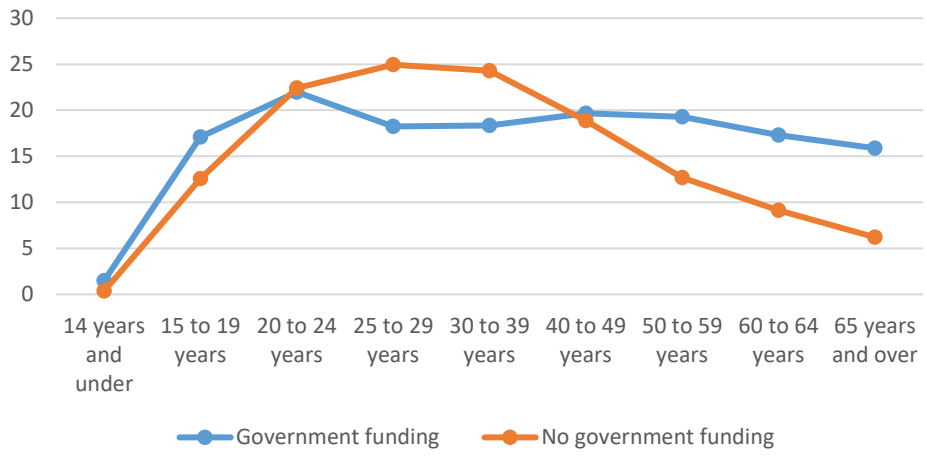
Figure 3: Commencing domestic program enrolments, 2023



Source: VOCSTATS: TVA program enrolments 2015-2023, Year by Apprentice/trainee status and Program highest funding source by Age by Commencing program status and Student status (based on funding source)
Counting: Program enrolments

We now look at whether there are differences in intensity of study. In the next figure we show the percentage of students studying full-time by age.

Figure 4: % studying full-time, commencing, domestic program enrolments, 2023

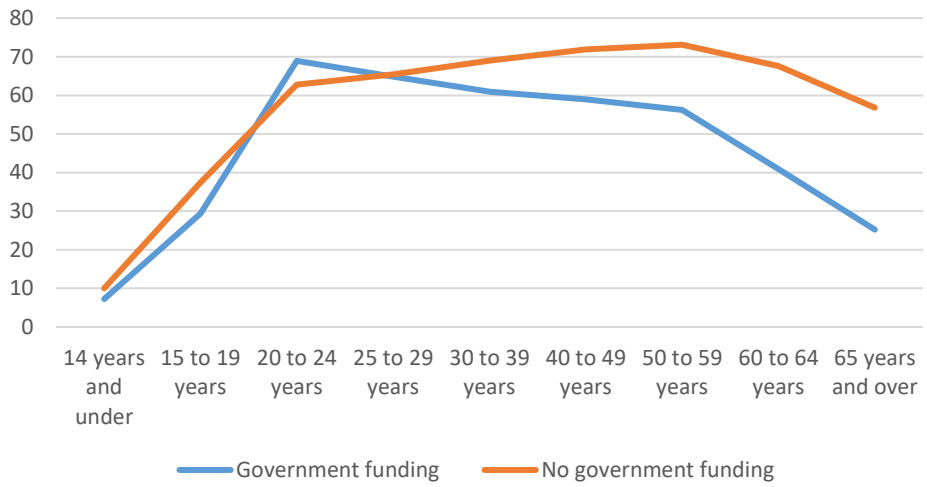


Source: VOCSTATS: TVA program enrolments 2015-2023, Year by Program highest funding source and Study mode by Age by Commencing program status and Student status (based on funding source)
Counting: Program enrolments

We see that there are only small differences in study intensity between government funded and non-government funded students. Overall, full-time study is in the minority, with the percentage reaching a peak of 22% at age 20-24 years among the government funded students, and 25% at 25-29 and 30 to 39 years among non-government funded students.

We now look at employment status (Figure 5).

Figure 5: % employed, commencing domestic program enrolments



Source: VOCSTATS: TVA program enrolments 2015-2023, Year by Labour force status and Program highest funding source by Age by Student status (based on funding source) and Commencing program status, Counting: Program enrolments

There is little difference in the percentage in employment rates for persons up to the age of around 30 years. Thereafter, the government funded provision tends to be biased towards those not in employment. We also note that for those aged 20-60 years around 60-70% of commencing students are in employment.

What are students studying?

We now look at the level and field of education for commencing students.

Table 1: Percentage of domestic commencing students by level of course

	Government funded	No government funding.
Diploma or higher	9.2	10.1
Certificate IV	16.4	18.1
Certificate III	38.8	32.0
Certificate II	24.1	16.3
Certificate I	5.7	2.0
Non-AQF level	5.7	21.5
Total	100.0	100.0

Source: VOCSTATS TVA program enrolments 2015-2023, Program highest funding source by Program field of education by Program level of education by Commencing program status, Student status (based on funding source) and Year, Counting: Program enrolments

For both groups, the most common qualification is a certificate III. Diplomas and certificate IV are more popular for those not receiving government funding than for those doing government funded courses. Lower level courses (certificates I and II) are more common among government funded courses. Finally, non-AQF courses are much more common (21.5%) for students who are not government funded compared to those who are government funded.

Table 2: Percentage of domestic commencing students by field of education

	Government funding	No government funding
01 - Natural and physical sciences	1.0	0.4
02 - Information technology	3.1	0.6
03 - Engineering and related technologies	15.9	16.3
04 - Architecture and building	8.5	8.5
05 - Agriculture, environmental and related studies	2.8	1.2
06 - Health	5.6	9.3
07 - Education	8.7	6.3
08 - Management and commerce	15.4	16.5
09 - Society and culture	14.3	20.9
10 - Creative arts	3.2	1.5
11 - Food, hospitality and personal services	8.4	4.8
12 - Mixed field programmes	11.2	2.3
Not known	2.1	11.5
Total	100.0	100.0

Source: VOCSTATS TVA program enrolments 2015-2023, Program highest funding source by Program field of education by Program level of education by Commencing program status, Student status (based on funding source) and Year, Counting: Program enrolments

We see that the largest fields of education, irrespective of funding source, are Engineering and related technologies, Management and commerce, and Society and culture. Similarly, the smallest fields are Information technology, Agriculture, environments and related studies and Creative arts. Among those receiving government funding 'mixed field' programs are quite large (11.2% of courses). A direct comparison in the two distributions is made more difficult because of the large number of 'unknowns' in the programs not receiving government funding. Among the smaller fields we see that Health courses are more important for those not receiving government funding while Education and Food, hospitality and personal services are more important for those receiving government funding.

We complete this section by listing the most popular courses for those receiving government funding and those not, respectively.

Table 3a: Most popular programs which are government funded, domestic commencing programs, 2023

	Domestic Commencements
CHC30121 - Certificate III in Early Childhood Education and Care	38463
BSB30120 - Certificate III in Business	26724
UEE30820 - Certificate III in Electrotechnology Electrician	24005
FSK20119 - Certificate II in Skills for Work and Vocational Pathways	23882
CHC33015 - Certificate III in Individual Support	23756
SIT20322 - Certificate II in Hospitality	16658
CPC30220 - Certificate III in Carpentry	16313
FNS40222 - Certificate IV in Accounting and Bookkeeping	12985

	Domestic Commencements
ACM - Animal Care and Management (ACM, RUV)	12129
CHC33021 - Certificate III in Individual Support	12013
CHC50121 - Diploma of Early Childhood Education and Care	10765
HLT54121 - Diploma of Nursing	10753
CPC20220 - Certificate II in Construction Pathways	10708
ICT30120 - Certificate III in Information Technology	10163
BSB20120 - Certificate II in Workplace Skills	9677
CHC40221 - Certificate IV in School Based Education Support	9599
UEE22020 - Certificate II in Electrotechnology (Career Start)	9519
TAE40116 - Certificate IV in Training and Assessment	9410
52832WA - Course in Underpinning Skills for Industry Qualifications	9258
CPC10120 - Certificate I in Construction	9256
CHC30221 - Certificate III in School Based Education Support	9127
BSB50420 - Diploma of Leadership and Management	8909
AUR20720 - Certificate II in Automotive Vocational Preparation	8854
CPC32420 - Certificate III in Plumbing	8853
MEM20413 - Certificate II in Engineering Pathways	8603
CHC32015 - Certificate III in Community Services	8383
SIS30122 - Certificate III in Sport, Aquatics and Recreation	8257
52823WA - Course in Applied Vocational Study Skills (CAVSS)	8170
SIT20421 - Certificate II in Cookery	7876
MEM30319 - Certificate III in Engineering - Fabrication Trade	7694

Source: VOCSTATS TVA program enrolments 2015-2023 by Program highest funding source

Table3b: Most popular programs which are not government funded, domestic commencing programs, 2023.

	Domestic commencements
CHC33015 - Certificate III in Individual Support	30947
SIS30321 - Certificate III in Fitness	22014
CPP41419 - Certificate IV in Real Estate Practice	20483
BSB30120 - Certificate III in Business	18421
10830NAT - Course in Crystalline Silica Exposure Prevention	17849
CPP20218 - Certificate II in Security Operations	16048
22578VIC - Course in First Aid Management of Anaphylaxis	15106
TAE40116 - Certificate IV in Training and Assessment	14586
CHC30121 - Certificate III in Early Childhood Education and Care	13672
RII30820 - Certificate III in Civil Construction Plant Operations	12139
22556VIC - Course in the Management of Asthma Risks and Emergencies in the Workplace	11971
SITSS00071 - Responsible service of alcohol	11179
SITSS00069 - Food Safety Supervision Skill Set	10096
CHC43115 - Certificate IV in Disability	9511
UEESS00174 - Electrical Safety Testing of Electrical Cord Connected Equipment and Cord Assemblies Skill Set	8627
SISSS00112 - Swimming and Water Safety Teacher	8137
BSB41419 - Certificate IV in Work Health and Safety	6942
SIS30115 - Certificate III in Sport and Recreation	6938
TLI31222 - Certificate III in Driving Operations	6820
TLI27120 - Certificate II in Rail Infrastructure	6682

	Domestic commencements
RII30920 - Certificate III in Civil Construction	6389
HLT33115 - Certificate III in Health Services Assistance	6287
BSB50120 - Diploma of Business	5978
FNS40821 - Certificate IV in Finance and Mortgage Broking	5955
SITSS00055 - Responsible Service of Alcohol	5892
TAE40122 - Certificate IV in Training and Assessment	5811
BSB20120 - Certificate II in Workplace Skills	5684
CHC43015 - Certificate IV in Ageing Support	5592
CPC40120 - Certificate IV in Building and Construction	5469
11084NAT - Course in Asbestos Awareness	5384

Source: VOCSTATS TVA program enrolments 2015-2023 by Program highest funding source

It is interesting to note that while the distributions across fields of education are similar across government funded or not government funded commencements, the cross over in terms of the most popular courses is quite small. The only courses which appear on both lists are: BSB20120 - Certificate II in Workplace Skills, BSB30120 - Certificate III in Business, CHC33015 - Certificate III in Individual Support and TAE40116 - Certificate IV in Training and Assessment.

We also note that a couple of the courses funded by government are preparatory in nature, such as FSK20119 - Certificate II in Skills for Work and Vocational Pathways and 52823WA - Course in Applied Vocational Study Skills (CAVSS). In addition, we see that a number of courses not government funded are of the nature of a ticket – very specific skills rather than a qualification. Examples are 10830NAT - Course in Crystalline Silica Exposure Prevention, 22556VIC - Course in the Management of Asthma Risks and Emergencies in the Workplace, SITSS00071 - Responsible service of alcohol, SITSS00069 - Food Safety Supervision Skill Set, UEESS00174 - Electrical Safety Testing of Electrical Cord Connected Equipment and Cord Assemblies Skill Set and 11084NAT - Course in Asbestos Awareness.

Equity considerations

In the introduction we noted that the parameters guiding government funding have equity aspects as well as labour market considerations. We now look at how government funded and not government funded students differ. The NCVER data include information on indigeneity, disability, socio economic status, educational background, region and labour force status.

Table 4: Per cent of domestic commencements which are government funded, by various characteristics, 2023

		Per cent government funded
Indigeneity	Indigenous	71.7
	Non-Indigenous	60.3
	Not known	31.5
	Total	57.7
Disability	With a disability	70.8
	Without a disability	56.9
	Not known	56.3
	Total	57.7
English speaking background	English speaking background countries	57.1
	Non-English speaking background countries	60.9
	Not known	56.4
	Total	57.7
Region	Major cities	57.4
	Inner regional	58.7
	Outer regional	56.9
	Remote	53.7
	Very remote	63.6
	Offshore	16.1
	Not known	65.0
	Total	57.7
SES - all students (education and occupation status)	Quintile 1: lowest	61.0
	Quintile 2	59.4
	Quintile 3	58.4
	Quintile 4	55.1
	Quintile 5: highest	52.9
	Not known	60.0
	Total	57.7
SES - 15-19 years (education and occupation status)	Quintile 1: lowest education and occupation status	73.9
	Quintile 2	72.3
	Quintile 3	70.1

		Per cent government funded
	Quintile 4	66.5
	Quintile 5: highest education and occupation status	60.7
	Not known	86.0
	Total	71.0
Previous education	Diploma and higher	45.3
	Cert IV	51.9
	Cert III	58.0
	Cert I/II	68.4
	Year 12	64.0
	Year 11	73.2
	Year 10 and below	69.6
	Not known	27.1
	Total	57.7
Labour Force status	Employed	52.0
	Unemployed	65.5
	Not in labour force	69.9
	Not known	61.8
	Total	57.7

Source: VOCSTATS TVA program enrolments 2015-2023 by Program highest funding source by Year, Student status (based on funding source) and Commencing program status

We see that government funded places tend to favour those who are disadvantaged from an educational point of view: Indigenous persons, persons with a disability, low SES (especially in respect of young persons classified as low SES), persons without a post-school qualification or with a certificate I/II, early school leavers, and those not in employment (especially those not in the labour force).

The differences are small though in respect to English speaking background and region. For the former government funding favours those with a non-English speaking background only marginally. For the latter, government funding favours those from very remote areas but not those in remote areas where the per cent receiving government funding is lower than the overall per cent. There is little difference in the percentage of government funded places across major cities, inner regional areas and outer regional areas.

Completion rates

We now compare the completion rates between the government funded places and the non-government funded places. We take these rates as being indicators of efficiency and effectiveness.[4]

[4] We acknowledge that completion rates are an imperfect measure of quality: a high completion rate can signify high quality teaching and motivated students or, alternatively, low standards and poor quality assessment.

These rates will no doubt depend upon the course and personal characteristics. It is beyond the scope of this paper to undertake a fully-fledged multi variate analysis but we make some effort to control for characteristics by undertaking the comparison across level and field of education and by gender.

The ideal way of estimating completion rates is to track individuals across time. However, we do not have the required data. Instead, we calculate the ratio of completions to commencements. In a steady state this ratio would provide a direct estimate of the completion rate. In the absence of a steady state, we accumulate the data over a number of years.

We first present the calculations by level of education. We have bolded the higher completion rates across the two funding sources

Table 5: Completion rates by level of education, gender and funding source, based on average completions and commencements from 2018-2022

	Males		Females	
	Government funded	No government funding	Government funded	No government funding
Diploma or higher	41.5	**58.6**	49.1	**53.6**
Certificate IV	38.0	**51.3**	39.0	**49.8**
Certificate III	**38.9**	30.0	**44.5**	39.4
Certificate II	**38.8**	34.4	**46.3**	40.9
Certificate I	30.5	**42.2**	36.9	**48.2**
Non-AQF level	19.7	**70.3**	20.7	**56.0**

Source: TVA completions (2015-2023), TVA program enrolments (2015-2023) by commencing program status, by highest funding source.

A couple of points stand out. First, completion rates tend to be a little higher for diplomas than for the lower level qualifications. In terms of source of funding, among males, completion rates for non-government funded courses are higher than for government funded courses for diplomas and certificates IV but lower for certificates III and II. The same pattern is also seen for females.

One possibility is that the field of education mixture is affecting the comparison between completion rates across government funded and not government funded courses. To allow for this we estimated the completion rates by the level of the qualification across the various fields of education. To facilitate the comparison, we have bolded the higher completion rates within a field of education, by gender.

Table 6: Completion rates by level and field of education, gender and funding source, based on average completions and commencements from 2018-2022 (%)

	Males		Females	
Diploma or higher	**Govt funded**	**Not govt funded**	**Govt funded**	**Not govt funded**
01 - Natural and physical sciences	**58**	55	**64**	58
02 - Information technology	41	**51**	37	**41**
03 - Engineering and related technologies	37	**54**	**39**	37
04 - Architecture and building	36	**58**	30	**36**
05 - Agriculture, environmental and related studies	30	**47**	29	**30**
06 - Health	47	**65**	**52**	47

	Males		Females	
Diploma or higher	Govt funded	Not govt funded	Govt funded	Not govt funded
07 - Education	47	**50**	**61**	47
08 - Management and commerce	45	**59**	44	**45**
09 - Society and culture	41	**65**	39	**41**
10 - Creative arts	**45**	44	**47**	45
11 - Food, hospitality and personal services	60	**64**	59	**60**
Certificate IV				
01 - Natural and physical sciences	46	**61**	**55**	46
02 - Information technology	**27**	24	27	27
03 - Engineering and related technologies	**50**	43	47	**50**
04 - Architecture and building	39	**46**	33	**39**
05 - Agriculture, environmental and related studies	43	**55**	**47**	43
06 - Health	42	**52**	**45**	42
07 - Education	39	**58**	**49**	39
08 - Management and commerce	37	**44**	36	**37**
09 - Society and culture	37	**61**	36	**37**
10 - Creative arts	36	**54**	**41**	36
11 - Food, hospitality and personal services	37	**74**	**43**	37
12 - Mixed field programmes	34	85	37	34
Certificate III				
01 - Natural and physical sciences	**47**	36	**61**	47
02 - Information technology	23	**29**	20	**23**
03 - Engineering and related technologies	**42**	19	**47**	42
04 - Architecture and building	35	**39**	20	**35**
05 - Agriculture, environmental and related studies	**38**	18	38	38
06 - Health	47	**53**	**48**	47
07 - Education	**35**	23	34	**35**
08 - Management and commerce	**40**	29	**45**	40
09 - Society and culture	45	**48**	**51**	45
10 - Creative arts	34	**44**	**40**	34
11 - Food, hospitality and personal services	**37**	35	**41**	37
12 - Mixed field programmes	21	**28**	**25**	21
Certificate II				
01 - Natural and physical sciences	**81**	37	**83**	81
02 - Information technology	**45**	43	**47**	45
03 - Engineering and related technologies	**42**	24	**43**	42
04 - Architecture and building	**28**	14	22	**28**
05 - Agriculture, environmental and related studies	**33**	15	**44**	33
06 - Health	41	**54**	**55**	41
08 - Management and commerce	**47**	34	**57**	47
09 - Society and culture	62	66	62	62
10 - Creative arts	36	38	**51**	36
11 - Food, hospitality and personal services	**30**	23	**44**	30
12 - Mixed field programmes	32	**40**	**35**	32

Source: TVA completions (2015-2023), TVA program enrolments (2015-2023) by commencing program status, by highest funding source.

When we do this, it is clear that there are variations across the fields of education. For diploma and higher qualifications, and for certificates IV, in most fields the non-government funded courses have higher completion rates. By contrast the picture is pretty mixed for certificates III. For certificates II, it seems that the majority of fields have higher completion rates for the government funded courses for males, but the opposite for females. All in all, it is a complicated picture.

4. Discussion

One of the features of Australia's VET sector is the existence of a very large private sector which does not depend on government funding for its students. In this paper we have compared the government funded and non-government funded sectors in terms of a range of demographic characteristics of its students, fields and levels of education, and completion rates. What is clear is that the two sectors are not clones but have a high degree of overlap.

The main points to emerge are:

- In 2023 the government funded commencements represented about 58% of the total domestic provision (excluding those undertaking a single subject outside a qualification.
- The age distributions of students across the government and non-government funded sectors are similar, with the main exception being the dominance of the government funded sector among 15-19 year olds.
- One clear difference between public and private provision relates to apprentices and trainees, all of whom receive government funding. However, if we exclude these, we still find that government provision dominates the 15-19 year olds.
- Government provision is relatively larger for females than males.
- We see that there are only small differences in study intensity between government funded and non- government funded students. Overall, full-time study is in the minority, with the percentage reaching a peak of 22% at age 20-24 years among the government funded students, and 25% at 25-29 and 30 to 39 years among non-government funded students.
- There is little difference in the percentage in employment rates for persons up to the age of around 30 years. Thereafter, the government funded provision tends to be directed towards those not in employment.
- For both groups, the most common qualification is a certificate III. Diplomas and certificate IV are more popular for those not receiving government funding than for those doing government funded courses. Lower level courses (certificates I and II) are more common among government funded courses. Non-AQF courses are much more common (21.5%) for students who are not government funded compared to those who are government funded.
- We see that the largest fields of education, irrespective of funding source, are Engineering and related technologies, Management and commerce, and Society and culture. Similarly, the smallest fields are Information technology, Agriculture, environments and related studies and Creative arts. Among those receiving government funding 'mixed field' programs are quite large (11.2% of courses).
- While the distributions across fields of education are fairly similar across government funded or not government funded commencements, the cross over in terms of the most popular courses is quite small. The only courses which appear on both lists are: BSB20120 - Certificate II in Workplace Skills, BSB30120 - Certificate III in Business, CHC33015 - Certificate III in Individual Support and TAE40116 - Certificate IV in Training and Assessment.

- We also note that a couple of the courses funded by government are preparatory in nature. A number of popular courses not government funded are of the nature of a ticket – very specific skills rather than a qualification. An example is Responsible service of alcohol, SITSS00069.
- Government funded places tend to favour those who are disadvantaged educationally: Indigenous persons, persons with a disability, low SES (especially in respect of young persons classified as low SES), persons without a post-school qualification or with a certificate I/II and especially early school leavers, and those not in employment (especially those not in the labour force).
- The differences are small though in respect to English speaking background and region. For the latter, government funding favours those from very remote areas but not those in remote areas. There is little difference in the percentage of government funded places across major cities, inner regional areas and outer regional areas.

Our conclusion is that there is a high degree of commonality across the government funded and non-government funded sectors, but there is a difference in orientation. In particular, the government funded sector has a focus on:

- Young people
- Women
- Equity groups, notably Indigenous persons, persons with a disability, low SES, without a post-school qualification, early school leavers, those not in employment and those in very remote areas.
- Preparatory courses.

Finally, we looked at completion rates. For diploma and higher qualifications, and for certificates IV, in most fields the non-government funded courses have higher completion rates. By contrast the picture is pretty mixed for certificates III. For certificates II, the majority of fields have higher completion rates for the government funded courses for males, but the opposite for females. All in all, it is a complicated picture.

One implication of the high degree of overlap is that any policy change by government is likely to have an impact on the non-government funded sector as well as the government funded sector. Training funded by government is likely to be a substitute of training funded by firms or individuals. So, any expansion of government funded training may well have a negative effect on non-government funded training. This means that it is difficult to come up with policies that expand the quantity of training, and it is easy for governments to take on the burden of financing training without any real increase in the overall level of training. Of course, it could be argued that the opposite might also occur - that is, governments could reduce the level of funding without a commensurate decrease in the level of training. What would actually occur depends on the extent of private benefits to individuals and firms – and we know that these must be sizable given the size of the non-government funded sector.

The development of Fee Free TAFE as a central plank of the Australian Government makes this discussion pertinent. My initial consideration of this policy (Karmel 2024) – bedevilled as it was by lack of identification of the actual Fee-Free students - suggested that the policy has had little effect

on the VET sector in terms of the quantum of delivery, a shift to priority areas, or equity groups. The most evident impact was the improved position of TAFEs vis-a-vis private providers.[5]

This discussion raises the issue of how funding policy should be designed. In this context we note that educational funding as a whole is very messy. At the school level, funding is universal to the extent that all students are entitled to a place at a government school until year 12 but at the same time considerable private money and government funds go to non-government schools. At the university level, provision is dominated by public universities with funding for teaching underpinned by Commonwealth Supported Places alongside income contingent loans. At the undergraduate level there are only small numbers of domestic fee paying students at a number of private institutions (mostly specialised). These students may have access to the income contingent loan FEE-HELP. We also know that demand led funding is very problematic (recall VET FEE-HELP and the Victorian Training Guarantee) and easily translates into a budget blow out. The perils of demand led funding are also underscored with the experience with the NDIS where the annual funding increases we have observed are clearly not sustainable.

We also note that the current funding arrangements have some perverse outcomes. One obvious one is that there are VET students who are in government funded places who already have a degree, perhaps a higher degree (see Karmel 2025). This seems to be unnecessary largesse.

Given the difficulty of coming up with funding rules based on first principles perhaps the most pragmatic way to proceed is to muddle along as we have been doing by setting a budgetary envelope and then giving priority to certain groups. This still leaves issues to be addressed in terms of the extent of fees (is it fair to have Fee-Free places while charging fees to other government funded students?) and the availability of income contingent loans. In the case of the latter some sort of rationing would be advisable given the earlier experience with VET FEE-HELP, to ensure that there is not an inadvertent budget blow out.

At the same time, the idea of a tertiary education entitlement is attractive. The idea behind such an entitlement would be that the world has changed such that year 12 completion is no longer a sufficient qualification for the labour market, and that our society is rich enough to support education beyond 12 years. Possibilities would be to support up to diploma or degree level qualifications (that is 13-15 years of education). Fees and income contingent loans could be part of the mix. It is worth noting that it would be feasible to ration an entitlement through the mechanism of a limited number of vouchers. If a person missed out on a voucher one year that person could be given priority the next year. In such a way we would have entitlements that would fit within budgetary constraints.

[5] The NSW government has also announced that TAFE NSW will no longer compete with private training providers for funding. See Whan (2025).

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