



T H E M C K E L L I N S T I T U T E

Trading up: Free TAFE

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About the McKell Institute

The McKell Institute is an independent, not-for-profit research organisation dedicated to advancing practical policy solutions to contemporary issues.

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Acknowledgment of country

This report was written on the lands of the Darug and the Eora Nations. The McKell Institute acknowledges Aboriginal and Torres Strait Islander peoples as the Traditional Owners of Country throughout Australia and their continuing connection to both their land and seas.

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Executive summary

Free TAFE courses in identified areas of skill shortages is an economic reform that would help Australia build back stronger after the COVID-19 pandemic. TAFE is a greatly respected institution in Australia and is integral to the nation's vocational education and training system. Yet it has been run down since around 2012, depleting Australia's pool of skilled workers.

In the period since 2012 leading up to the COVID-19 pandemic the Commonwealth relied heavily upon migration to deal with skill shortages in preference to training Australian workers. This has not been possible during the pandemic, resulting in businesses increasingly reporting skill shortages.

While skilled migration can form part of an overall strategy to ensure Australia has the necessary skills for the modern world, much greater effort should be devoted to the vocational education and training of Australian residents.

New skills will be needed in the digital age. And the caring professions of child care, health care, aged care and disability care will require many more well-trained workers. Australia's vocational education and training system is not currently equipped to help Australia meet this forecast skills shortage.

Training is not only relevant and valuable for the young who do not intend to go to university, it is also useful for older workers who wish to leave jobs that they feel don't offer them a secure and rewarding future.

TAFE provides ready access to vocational education and training, because:

- Its entry-level courses don't require prior qualifications to enrol;
- It allows students to get valuable and realistic insights into the field they are interested in without requiring a large financial commitment;
- It offers the flexibility to work and attend courses at the same time, which opens a pathway for students at all stages of life;
- Its Student Services help disadvantaged students acquire necessary language and cultural skills to succeed in their courses; and
- TAFE courses prepare students for the majority of occupations on the skill shortage list.

One of the main attractions of TAFE is its hands-on approach to delivering education. This is particularly helpful for people who do not want to learn in a more academic or theoretical setting.

This report outlines how the expansion of free TAFE courses could create greater opportunities for Australian workers and position the country to build back better after the COVID-19 pandemic.

Free TAFE would provide opportunities for all Australian workers, and importantly would expand the number of women and people from culturally and linguistically diverse backgrounds engaging in vocational education. When the Victorian free TAFE courses were introduced, they led to a 118 per cent increase in women studying at TAFE during the first year of operation. *Free TAFE* courses are especially suitable for:

- Young people who don't intend to go to university;
- People working in industries that are becoming increasingly redundant in the digital economy;
- People who want a late change in careers but otherwise couldn't obtain the qualifications to enable it;
- Migrants who want to improve their skills; and
- The caring professions – nursing, child care, aged care and disability care – which are in strong demand.

Free TAFE for these professions offers great opportunities not only for young people but also for older age groups who see TAFE as the best option to attempt a late change of careers, which means they are not stuck in an occupation where they are not happy or their position is insecure.

The McKell Institute recommends a national program of *Free TAFE* without restrictions on eligibility of participants.

The Commonwealth would join with each state and territory to fund *Free TAFE* in occupations assessed by the National Skills Commission as facing an existing skill shortage and with high future demand. States and territories would be required at least to maintain their existing resourcing of TAFE.

Free TAFE would come into force at the expiry of enrolments under the existing JobTrainer scheme at the end of 2022.

Introduction

In 2018, the McKell Institute published *Trading Up: A Reform Package for a Stronger TAFE NSW*. The report recommended expanding funding for courses that address specific skill shortages and that fully funding these courses be investigated.

In 2019, the Victorian government announced a policy of free TAFE and in the same year, the Western Australian government announced *Lower Fees Local Jobs*. In 2020, the Queensland government announced free TAFE and apprenticeships. The NSW government has offered fee-free scholarships and capped course fees for several years under its *Smart and Skilled* program.

These initiatives are evidence of the political will to arrest the decline in students undertaking vocational education, particularly in areas of skill shortages.

Despite the movement towards reducing and removing TAFE fees, most of these programs have strict eligibility criteria. They restrict the programs to younger people and people experiencing some form of disadvantage. As this paper demonstrates, some schemes have enjoyed more success than others.

In response to the deepening COVID-19 economic crisis in 2020, the Australian government announced in July 2020 temporary programs to support the jobs market. Among these was a \$1 billion *JobTrainer Fund* to provide low-fee or free courses on the condition that the funds were matched by the states and territories. The scheme was introduced using the Roadmap.

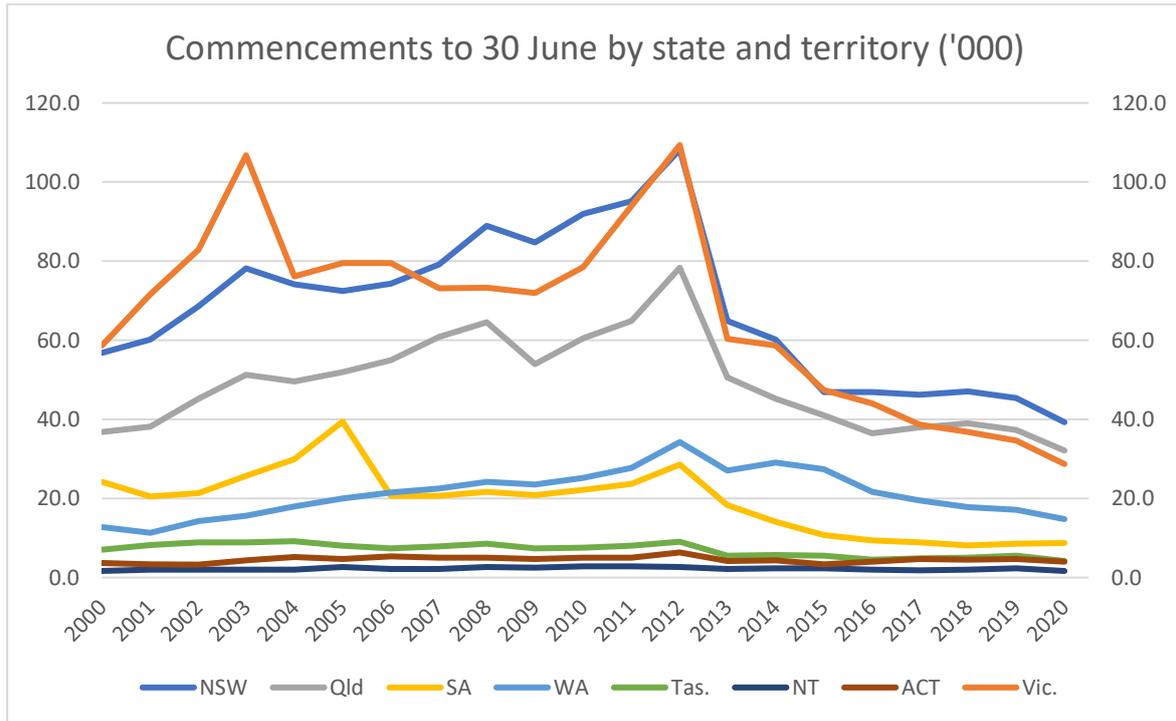
Despite these initiatives at both state and federal levels, a decline in the uptake and completion of apprenticeships and traineeships in Australia is still clear.

This report outlines how Australia can arrest the decline in apprenticeships, traineeships and vocational education places by further harnessing the resources of both levels of government to rebuild TAFE. Doing so would constitute a recognition of the importance of world-class vocational education and training to our national prosperity.

PART ONE: Vocational education student numbers are in decline

The number of people commencing an apprenticeship or traineeship is at its lowest level since 1997 when Australia’s population was 28 per cent smaller than today.

The large lift in commencements from 2010 to 2013 was the result of increased traineeships which, at the time, attracted a subsidy to incentivise training of existing workers. Victoria and NSW experienced large commencement declines when the scheme ended in 2013.



Source: NCVET 2021, Historical time series of apprenticeships and traineeships in Australia, from 1963.

The decline in apprenticeships and traineeships is reflective of a broader decline in vocational education commencements. In the four years before the COVID-19 pandemic struck TAFE commencements halved. The COVID-19 pandemic merely exacerbated these long-term trends. TAFE commencements fell by a further 8 per cent in 2020 as the pandemic began. Private training providers experienced an even greater fall of 14 per cent in 2020.

Provider type	2016	2017	2018	2019	Decline in commencements
TAFE institutes	393,225	285,730	221,595	197,875	50%
Private training providers	1,590,465	1,304,795	1,021,680	890,760	44%

Source: NCVET 2021, Total VET students and courses 2020: students DataBuilder, Total, Provider type, Commencing student status by year.

Aggregate trends in vocational education enrolments do not fully reveal the challenges facing occupations with shortages across Australia. Sustained low levels of vocational education will reduce the supply of skilled labour and create labour market shortages.

It is particularly worrying that some of the most severe declines in TAFE commencements have occurred in occupations assessed by the National Skills Commission to be facing a skill shortage *and* with high future demand.

The National Disability Insurance Agency forecasts a substantial increase in employment in the disability care sector to deliver the National Disability Insurance Scheme. The report of the Royal Commission into Aged Care Quality and Safety released in February 2021 highlighted the need for more highly trained, better-paid aged-care workers. Yet the number of people who had started study in aged and disability care was 14 per cent lower in 2019 than in 2016.

Table: TAFE commencements for selected occupations with a skill shortage

Occupation	2016	2017	2018	2019	Decline in commencements
Aged and disability carer	7,120	2,610	3,460	4,255	40%
Bricklayers and stonemasons	2,050	1,735	1,795	1,765	14%
Cooks	13,470	13,515	13,275	11,475	15%
Early childhood education worker	37,400	36,290	29,490	25,590	32%
Motor mechanics	20,040	21,985	17,920	18,530	8%

Source: NCVET 2021, Total VET students and courses 2020: program enrolments DataBuilder, Total, Provider type, Occupation 2,3 and 4-digit by year.

As noted in *Trading Up: A Reform Package for a Stronger TAFE NSW*, many businesses have used visas for foreign workers to overcome skill shortages.¹ This strategy fails to address underlying problems in skilling Australians.

The COVID-19 pandemic has exposed the risk of failing to address the underlying underinvestment in domestic skills. In June 2021, 45 per cent of medium-sized businesses and 43 per cent of large businesses reported having difficulty finding suitable staff.²

The historic decline in vocational training has become more acute and the business strategies used to overcome skill shortages by importing skilled labour are not available. These challenges create the environment for fundamental change that can rebuild TAFE.

PART TWO: Identifying what is working in TAFE policy today

Each state and the Commonwealth have responded differently to the crisis in vocational education. A common measure, however, has been the removal of student fees to encourage enrolment.

NSW has offered fee-free scholarships for courses addressing skill shortages since 2016.³ However, the scholarships were limited to students who were 30 years old and under who received Commonwealth support payments, were in out-of-home care, a social housing tenant or a survivor of domestic violence.⁴

A one-year review for the NSW Skills Board found no increase in student enrolments in the first year of the program as a result of the *Smart and Skilled* reforms.⁵ Alarming, the review found that:

“Early evidence suggests that there has been a decline in training activity now covered by Smart and Skilled.”

The review noted that this finding reflects “the broader historical decline in enrolments in VET across Australia.”⁶

Victoria offered the first comprehensively free TAFE program. Like the NSW program, the courses on offer were determined by the government on the advice from industry and TAFE institutes, but the eligibility of students was substantially different. All Australians qualify to study free TAFE in Victoria if they are:⁷

- Under the age of 20;
- Aged 20 or older and enrolling in a course that is a higher qualification than the highest qualification previously attained;
- Victorians who are:
 - unemployed,
 - retrenched,
 - looking to change careers,
 - automotive supply chain workers; or
- Victorians who want to reskill, change careers, improve their employment prospects and/or meet the needs of local industries, subject to availability of TAFE places and prioritised based on need.

The Victorian program also limited free TAFE courses to one per person in their lifetime.

In the first year of operation to December 2019, commencements across the eligible courses increased by 88 per cent.⁸ While enrolments in 2020 have been affected by the pandemic, January 2021 enrolments are up 83 per cent from the same time the previous year.⁹

Victoria’s Free TAFE policy has increased the number of unemployed students studying in eligible courses by 43 per cent as well as increasing learners with a disability by 41 per cent and those from culturally and linguistically diverse backgrounds by 45 per cent.¹⁰

The most popular free TAFE courses in Victoria have been nursing, accounting and bookkeeping, community services, cyber security, building and construction, early childhood education and care, and disability care.¹¹

The Victorian policy is consistent with the previous Mckell Institute research on TAFE and has proven to be effective. It should form the basis of the new National Vocational Education Agreement through the Roadmap.

JobTrainer is a temporary measure

JobTrainer was announced in June 2020 in response to the COVID-19 pandemic. The Commonwealth program was seeded with \$500 million, to provide free or subsidised vocational education and training for 300,000 young people aged 24 and under.

The eligibility criteria are more constrained than Victoria's Free TAFE policy. Unlike in Victoria, there is no upskilling rule. JobTrainer courses are available for students:

- Aged 16-24 years; or
- Receiving Commonwealth welfare benefits; or
- Unemployed (or "an employed person who is expected to become unemployed e.g. companies in declining industries").

JobTrainer was intended as a temporary program underscored by the fixed \$500 million funding commitment. As the pandemic continued, the program was extended by a further \$500 million. As it stands, JobTrainer will cease accepting applications in December 2022.

Eligible courses for JobTrainer vary by state but are determined by the National Skills Commission in cooperation with the states and territories. The recommended courses are based on:¹²

- Measuring occupational resilience and recovery; and
- Mapping resilient occupations to VET qualifications.

JobTrainer was implemented through negotiations with states and territories, which are working on a new long-term National Skills Agreement.¹³ The purpose of this agreement is:

"Adopting a new funding model that improves national consistency for students, integrates subsidies and loans and is linked with efficient pricing and the skills needed by employers."

The National Skills Agreement is a chance to bring together the necessary resources to properly fund the revival of our world-class TAFE system.

PART THREE: The case for *Free TAFE*

The McKell Institute recommends the Commonwealth works with the states and territories to provide *Free TAFE* courses in areas of skill shortages as a pathway to well paying, secure jobs.

When the existing JobTrainer program expires at the end of 2022 it should be replaced with a permanent commitment to provide *Free TAFE* for courses addressing identified skill shortages.

The proposed permanent scheme would provide certainty for students and industry through a long-term commitment to boost the nation's skills base.

The limited scope and duration of JobTrainer make it inadequate for the task of recovering from years of declining apprenticeships and traineeships, and the pandemic, and preparing Australian workers for the jobs of the future.

Under the McKell proposal, *Free TAFE* would be offered for Certificate II, III and IV in identified areas of skill shortages, based on the Commonwealth Skills Priority List and each state and territory's list of skill shortages.

The final list of courses available for *Free TAFE* would be agreed upon by the Commonwealth and each state and territory.

Free TAFE would be offered to people of all ages and would not be limited to the unemployed and income-support recipients. Government schooling is not means-tested and nor should TAFE in areas of skill shortages.

Based on the Victorian experience, broader eligibility increases overall commencements.

National *Free TAFE* would be supported through a Commonwealth contribution to each state and territory such that, together, the state or territory and the Commonwealth would cover all student fees in the agreed courses.

States and territories would be required to at least maintain their existing levels of funding for TAFE.

The Commonwealth funding would enable states and territories to offer *Free TAFE* to more people and to expand the list of eligible courses.

Free TAFE is an investment in our people that would help make our economy stronger in recovering from the COVID-19 pandemic.

The existing JobTrainer program would be retained until its scheduled expiry date and then replaced by *Free TAFE*. Each person would be eligible for one free course to avoid overuse of the program.

Which courses would be offered for free?

The arrangements for each state and territory would be negotiated through the proposed National Skills Agreement or new national partnership agreements.

Like JobTrainer, courses would be determined in collaboration with the states, based on the Skills Priority List produced by the National Skills Commission.¹⁴

In 2020, 137,000 students enrolled in a TAFE course addressing a skill shortage with high future demand as identified on the Skills Priority List. *Free TAFE* would include vocational education and training for occupations such as:

- Electrician
- Early Childhood Education and Care Worker
- Aged Care Worker
- Disability Care Worker
- Enrolled Nurse
- Welder

To illustrate the sorts of TAFE courses that the proposed *Free TAFE* policy would offer, here is the current list of TAFE courses that are provided free of charge in Victoria:

- Certificate IV/Diploma/Advanced Diploma in Accounting
- Certificate IV in Ageing Support
- Certificate II/III/IV in Agriculture
- Certificate III in Agriculture (Dairy Production)
- Certificate III/IV in Allied Health Assistance
- Certificate IV/Diploma in Building and Construction (Building)
- Certificate III in Civil Construction
- Certificate III/IV/Diploma in Community Services
- Certificate III in Concreting
- Certificate III in Construction Waterproofing
- Certificate II/IV in Dental Assisting
- Certificate IV in Disability
- Certificate III/IV in Education Support
- Certificate IV in Engineering
- Certificate III in Horticulture
- Certificate III in Hospitality
- Certificate III in Individual Support
- Certificate IV in Mental Health
- Diploma of Nursing
- Certificate IV in Plumbing Services

The Victorian government already offers these courses free of charge. *Free TAFE* would involve the Commonwealth contributing to the cost of providing these courses, enabling the Victorian government to add further courses to its free list.

Endnotes

¹ The Mckell Institute, 2018. 'Trading Up: A Reform Package for a Stronger TAFE NSW'. Accessed online: https://mckellinstitute.org.au/wp-content/uploads/Mckell_TAFE_SPREADS_WEBApril.pdf

² Australian Bureau of Statistics, 2021. 'Business Conditions and Sentiments: Insights into Australian business conditions and sentiments'. Accessed online: <https://www.abs.gov.au/statistics/economy/business-indicators/business-conditions-and-sentiments/jun-2021#data-download>

³ NSW Government, 2021. 'Smart and skilled fee-free scholarships' Accessed online: <https://www.tafensw.edu.au/enrol/payment-funding/smart-skilled>

⁴ *ibid.*

⁵ Nous Group, 2016. 'Smart and skilled year one program review: stage two'. Accessed online: https://media.opengov.nsw.gov.au/pairtree_root/21/1c/34/70/af/60/48/df/8f/7a/47/e4/4f/f1/4f/70/obj/Nous_Smart_and_Skilled_Year_One_Program_Review_Stage_2.pdf

⁶ *ibid* p8

⁷ Victorian Government, 2019. 'Free TAFE for lots of jobs'. Accessed online: <https://www.vic.gov.au/free-tafe>

⁸ Victorian Government, 2021. 'Free TAFE more popular in 2021 than ever before'. Accessed online: <https://www.premier.vic.gov.au/free-tafe-more-popular-2021-ever>

⁹ *ibid.*

¹⁰ TAFE Victoria 2020. 'Victorians continuing to win with Free TAFE'. Accessed online: <https://www.education.vic.gov.au/Documents/training/2020-Free-TAFE-report-card.pdf>

¹¹ [ibid.](#)

¹² Australian Government, 2020. 'JobTrainer and the NSC'. Accessed online: <https://www.nationalskillscommission.gov.au/about-us/jobtrainer-and-nsc>

¹³ Australian Government, 2020. 'Heads of Agreement on Skills Reform'. Accessed online: <https://pmc.gov.au/sites/default/files/publications/heads-of-agreement-skills-reform.pdf>

¹⁴ Australian Government, 2020. 'JobTrainer and the NSC'. Accessed online: <https://www.nationalskillscommission.gov.au/about-us/jobtrainer-and-nsc>