

FEE-FREE TAFE SKILLS AGREEMENT FEDERATION FUNDING AGREEMENT – EDUCATION AND SKILLS

Part 1: Formalities and operation of schedule													
Parties	Commonwealth New South Wales Victoria Queensland Western Australia South Australia Tasmania Australian Capital Territory Northern Territory												
Duration	This Schedule is expected to expire 30 June 2027.												
Purpose	<p>This Schedule establishes shared funding arrangements between the Commonwealth and states and territories (the States) to deliver Fee-Free TAFE places in agreed areas of priority set out in Appendices A and F and enhanced infrastructure set out in Appendices B and C.</p> <p>Through Fee-Free TAFE, support will be available for priority groups including First Nations Australians, young people (17-24), people out of work or receiving income support, unpaid carers, women facing economic insecurity, women undertaking study in non-traditional fields, people with disability and certain categories of visa holders.</p> <p>This agreement will put TAFE at the centre of VET, while recognising varied State delivery contexts</p>												
Estimated financial contributions	<p>The Commonwealth will provide an estimated total financial contribution to the States for Fee-Free TAFE Tranche 1 of \$493 million in respect of Appendix A and \$50 million for the TAFE Technology Fund as described in Appendix B. The Commonwealth will also provide \$6.85 million for VET Data Infrastructure Reforms as described in Appendix C. The Commonwealth will provide an estimated total financial contribution to the States for Fee-Free TAFE Tranche 2 (FFTT2) of \$414.11 million in respect of Appendix F and Table 1a.</p> <p>States will match the Commonwealth’s contribution for Fee-Free TAFE (Table 1, 2 & 3 refer).</p> <p>State-matched funding will be additional to the Baseline Funding commitment in 2023 described in Appendix A Table 1. States further commit to an increase in levels of expenditure on public providers.</p> <p>Table 1: Estimated financial contributions for Fee-Free TAFE places</p> <table border="1"> <thead> <tr> <th>(\$ million)</th> <th>2022-23</th> <th>2023-24</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Estimated total budget</td> <td>597.76</td> <td>256.22</td> <td>853.98</td> </tr> <tr> <td>Less estimated National Partnership</td> <td>298.88</td> <td>128.11</td> <td>426.99</td> </tr> </tbody> </table>	(\$ million)	2022-23	2023-24	Total	Estimated total budget	597.76	256.22	853.98	Less estimated National Partnership	298.88	128.11	426.99
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payments

New South Wales	94.02	40.30	134.32
Victoria	77.46	33.20	110.66
Queensland	61.29	26.27	87.56
Western Australia	31.37	13.44	44.81
South Australia	20.57	8.82	29.39
Tasmania	6.29	2.70	8.99
Australian Capital Territory	5.01	2.15	7.16
Northern Territory	2.87	1.23	4.10
Non-Commonwealth contributions	298.88	128.11	426.99

The Commonwealth will provide an estimated total financial contribution to the States for FFTT₂ of \$414.11 million in accordance with the funding principles of the Agreement as described in Table 1a:

Table 1a: Funding for FFTT₂ by jurisdiction:

(\$ million)	2023-24	2024-25	2025-26	2026-27	Total
Estimated total budget	165.642	0	124.231	124.231	414.104
New South Wales	51.733	0	38.612	38.519	128.864
Victoria	42.555	0	32.148	32.260	106.963
Queensland	33.975	0	25.494	25.501	84.970
Western Australia	17.786	0	13.356	13.363	44.505
South Australia	11.493	0	8.536	8.498	28.527
Tasmania	3.593	0	2.681	2.675	8.949
Australian Capital Territory	2.921	0	2.214	2.225	7.360
Northern Territory	1.586	0	1.190	1.190	3.966

Source: Calculation based on state population projections of 2023-24 Commonwealth Budget.

Payments are to be made in accordance with Part 2: Performance Milestones and Payment Summary for FFTT₂.

Table 2: Estimated financial contributions for ancillary funding

(\$ million)	2022-23	2023-24	Total
Estimated total budget	59.80	25.60	85.40
Less estimated National Partnership payments	29.90	12.80	42.70
New South Wales	9.40	4.03	13.43
Victoria	7.75	3.32	11.07
Queensland	6.13	2.63	8.76
Western Australia	3.14	1.34	4.48
South Australia	2.06	0.88	2.94
Tasmania	0.63	0.27	0.90
Australian Capital Territory	0.50	0.21	0.72
Northern Territory	0.29	0.12	0.41
Non-Commonwealth contributions	29.90	12.80	42.70

Table 3: Estimated financial contributions for additional student support

(\$ million)	2022-23	2023-24	Total
Estimated total budget	47.26	0.00	47.26
Less estimated National Partnership payments	23.63	0.00	23.63
New South Wales	7.44	0.00	7.44
Victoria	6.11	0.00	6.11
Queensland	4.84	0.00	4.84
Western Australia	2.48	0.00	2.48
South Australia	1.63	0.00	1.63
Tasmania	0.50	0.00	0.50
Australian Capital Territory	0.40	0.00	0.40
Northern Territory	0.23	0.00	0.23
Non-Commonwealth contributions	23.63	0.00	23.63

Table 4: VET Data Infrastructure Reforms

(\$ million)	2022-23	2023-24	Total
Estimated total budget	3.89	2.94	6.83
New South Wales	0.75	0.57	1.32
Victoria	0.53	0.40	0.93
Queensland	0.53	0.40	0.93
Western Australia	0.53	0.40	0.93
South Australia	0.53	0.40	0.93
Tasmania	0.36	0.27	0.63
Australian Capital Territory	0.33	0.25	0.58
Northern Territory	0.33	0.25	0.58

Table 5: Estimated financial contributions TAFE Technology Fund

(\$ million)	2022-23	2023-24	Total
Estimated total budget	28.20	21.80	50.00
New South Wales	7.50	~	~
Victoria	4.20	~	~
Queensland	5.80	~	~
Western Australia	8.20	~	~
South Australia	0.00	~	~
Tasmania	2.50	~	~
Australian Capital Territory	0.00	~	~
Northern Territory	0.00	~	~

Additional terms	<p>The Parties agree to implement this Schedule in accordance with the funding principles set out under the Appendices of this Schedule, and bilateral Implementation Plans.</p> <p>Implementation Plans for Fee-Free TAFE will be agreed by the Commonwealth and each state individually, with finalisation triggering Milestone Payment 1 for that state.</p> <p>To support FFTT₂, new Implementation Plans must be submitted by all States by 29 September 2023 or as negotiated between senior officials.</p> <p>FFTT₂ places for each jurisdiction are set out in Table 6.</p> <p>Table 6: FFTT₂ Places by jurisdiction</p> <table border="1"> <thead> <tr> <th></th> <th>2023-24</th> <th>2024-25</th> <th>2025-26</th> <th>2026-27</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Estimated total places</td> <td>50,300</td> <td>100,300</td> <td>100,300</td> <td>50,300</td> <td>301,200</td> </tr> <tr> <td>New South Wales</td> <td>24,600</td> <td>49,100</td> <td>49,100</td> <td>24,600</td> <td>147,400</td> </tr> <tr> <td>Victoria</td> <td>10,500</td> <td>20,900</td> <td>20,900</td> <td>10,500</td> <td>62,800</td> </tr> <tr> <td>Queensland</td> <td>7,200</td> <td>14,500</td> <td>14,500</td> <td>7,200</td> <td>43,400</td> </tr> <tr> <td>West Australia</td> <td>3,700</td> <td>7,400</td> <td>7,400</td> <td>3,700</td> <td>22,200</td> </tr> <tr> <td>South Australia</td> <td>2,500</td> <td>5,000</td> <td>5,000</td> <td>2,500</td> <td>15,000</td> </tr> <tr> <td>Tasmania</td> <td>800</td> <td>1,500</td> <td>1,500</td> <td>800</td> <td>4,600</td> </tr> <tr> <td>Australian Capital Territory</td> <td>600</td> <td>1,200</td> <td>1,200</td> <td>600</td> <td>3,600</td> </tr> <tr> <td>Northern Territory</td> <td>400</td> <td>700</td> <td>700</td> <td>400</td> <td>2,200</td> </tr> </tbody> </table> <p>Governments are committed to delivering 480,000 Fee-Free TAFE places.</p> <p>Through Implementation Plans, officials will agree implementation arrangements so that Fee-Free TAFE places are available across each year of the Agreement to avoid service gaps.</p> <p>Implementation plans can be varied by agreement between the relevant senior Commonwealth and state officials to assist States to manage demand for places, including by counting over-enrolments in areas of national priority towards places for the following year.</p> <p>Changes to the appendices of this Schedule may be agreed in writing between the state and Commonwealth Skills Ministers, either multilaterally or bilaterally where the changes will not affect other States.</p> <p>Given the importance of addressing key skills shortages in the economy, regular reporting is considered necessary.</p> <p>The parties also agree to share the costs of the debt-not-expected-to-be-repaid for Government Subsidised students under the VET Student Loans Program set out in Appendix D.</p>		2023-24	2024-25	2025-26	2026-27	Total	Estimated total places	50,300	100,300	100,300	50,300	301,200	New South Wales	24,600	49,100	49,100	24,600	147,400	Victoria	10,500	20,900	20,900	10,500	62,800	Queensland	7,200	14,500	14,500	7,200	43,400	West Australia	3,700	7,400	7,400	3,700	22,200	South Australia	2,500	5,000	5,000	2,500	15,000	Tasmania	800	1,500	1,500	800	4,600	Australian Capital Territory	600	1,200	1,200	600	3,600	Northern Territory	400	700	700	400	2,200
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Part 2: Performance milestones and payment summary		
Performance Milestones and Payments for the Fee-Free TAFE Fund (FFT Fund)	Due	Payment
<p><i>Provision of additional Fee-Free training places in areas of identified skills need in accordance with principles outlined at Appendix A.</i></p>		
<p>Performance Milestone 1</p> <p>States agree and sign up to the Schedule.</p> <p>Commonwealth and States agree to the FFT Fund Implementation Plan. In doing this:</p> <ul style="list-style-type: none"> • The State has provided an Implementation Plan that outlines how they will operationalise Fee-Free TAFE in their jurisdiction, consistent with the principles and areas requiring Commonwealth agreement in Appendix A and including any specific bilateral parameters and local fraud and integrity measures. • Commonwealth senior officials to review and either confirm agreement or provide feedback within two weeks of receiving an Implementation Plan from the State. • If updates are required, the State to provide revised Implementation Plan within 2 weeks. 	<p>Within 30 days of signing the schedule or 1 January 2023 or following Commonwealth and State agreement to the State's FFT Fund Implementation Plan, whichever is later.</p>	<p>The total of:</p> <ul style="list-style-type: none"> • 40% of the State's allocation of funding for Fee-Free TAFE places; • 100% of the State's allocation of funding for Student Support Services; and • 40% of the State's allocation of Ancillary funding.

<p>Performance Milestone 2</p> <p>The State has provided quarterly reporting consistent with Part 3 of this Schedule which shows that enrolments in eligible training places have committed a minimum of 40 per cent of the total of the Fee-Free Places and Ancillary Purposes funds for expenditure.</p> <p>State funding for ancillary purposes will count toward meeting this milestone on a pro-rata basis. For example: To meet the 40 per cent committed funding utilisation milestone, a minimum of 36 per cent utilisation must be met through enrolments, with a maximum of 4 per cent met through ancillary funding.</p>	<p>May 2023 (Estimated)</p>	<p>The total of:</p> <ul style="list-style-type: none"> • 30% of the State’s allocation of Fee-Free TAFE places; and • 30% of the State’s allocation of funding for Ancillary Purposes.
<p>Performance Milestone 3</p> <p>The State has provided quarterly reporting consistent with Part 3 of this Schedule which shows that enrolments in eligible training places have committed a minimum of 70 per cent of the Fee-Free TAFE Places and Ancillary Purposes funds for expenditure.</p> <p>State funding for ancillary purposes will count toward meeting this milestone on a pro-rata basis. For example: To meet the 70 per cent committed funding utilisation milestone, a minimum of 64 per cent utilisation must be met through enrolments, with a maximum of 6 per cent met through ancillary funding.</p>	<p>November 2023 (Estimated)</p>	<p>The total of:</p> <ul style="list-style-type: none"> • 30% of the State’s allocation of the Fee-Free TAFE places: and • 30% of the State’s allocation of funding for Ancillary Purposes.

Fee-Free TAFE Tranche 2

Performance Milestones and Payments for the Fee-Free TAFE Fund (FFT Fund)	Due	Payment
<p>Performance Milestone 1</p> <p>States agree and sign up to the Deed of Variation.</p> <p>Commonwealth and States senior officials agree to the FFTT2 Implementation Plan.</p>	<p>Within 30 days of signing this Deed of Variation or 1 January 2024, whichever is later</p>	<ul style="list-style-type: none"> • A first payment of 40% of the State's FFTT2 funding.
<p>Performance Milestone 2</p> <p>The State has provided quarterly reporting consistent with Part 3 of this Schedule which shows that the value of enrolments in eligible training places in the jurisdiction has reached a minimum of 40 per cent of the FFTT2 expenditure.</p>	<p>Estimated for July 2025</p>	<ul style="list-style-type: none"> • A second payment of 30% of the State's FFTT2 funding, based on achievement of 40% of the total expenditure of FFTT2 funds.
<p>Performance Milestone 3</p> <p>The State has provided quarterly reporting consistent with Part 3 of this Schedule which shows that the value of enrolments in eligible training places in the jurisdiction has reached a minimum of 70 per cent of the FFTT2 expenditure.</p>	<p>Estimated for December 2026</p>	<ul style="list-style-type: none"> • A final payment of 30% of the State's FFTT2 funding, based on achievement of 70% of the total expenditure of FFTT2 funds.

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Milestones and Payments – TAFE Technology Fund Committed Projects (Appendix B) <i>*Performance Milestones for projects agreed from the TAFE Technology Funding Pool will be considered in the application assessment process.</i>	Due	Payment
Performance Milestone 1 States and Commonwealth agreement to (individual) TAFE Technology Fund Project Plan(s). State and territory and Commonwealth senior officials will agree to (individual) TAFE Technology Fund Project Plan(s).	From 31 March 2023	70% allocation for TAFE Technology Fund project.
Performance Milestone 2 Finalisation of project, as demonstrated by agreement completion criteria and final project acquittal report to the Commonwealth. Finalisation of project, as demonstrated by completion criteria outlined in the project plan agreed by Commonwealth and state and territory senior officials and final project acquittal report to the Commonwealth.	As outlined in the (individual) Project Plan.	30% allocation for TAFE Technology Fund project.
Milestones and Payments - Strengthening VET Data (Appendix C)	Due	Payment
Performance Milestone 1 Signing of this Schedule and a commitment to collaborate on the VDS program	1 January 2023	57% State allocation of the funding for VET data Infrastructure.
Performance Milestone 2 Development of State impact assessments and high-level roadmaps	1 July 2023	43% State allocation of the funding for VET data Infrastructure.

Part 3: Reporting requirements	
Reporting underpinning the Milestones at Part 2.	Due
<p>For the FFT Fund, States will provide a quarterly report consistent with Appendix E on:</p> <ul style="list-style-type: none"> - Training uptake by quarter with enrolments, commencements, completions and committed funding to date - Demographics of cumulative enrolments, commencements, and completions by agreed target cohorts to date. - RTO Summary of training providers by type (TAFE/Dual Sector/Private), including numbers and cumulative enrolments. - RTO level data (where the required RTO level data is not available the Commonwealth may agree to modified reporting arrangements) including: <ul style="list-style-type: none"> o RTO Name, RTO Code, RTO Sector (TAFE/Dual Sector/Private), course name, course code, course type, number of allocated places; and o Training uptake by RTO including cumulative enrolments, commencements, completions and committed funding. - Course level data of cumulative training uptake including course name, course code, course type, price (existing training place), price (additional training place), and cumulative enrolments, commencements, completions, committed funding, and, where available, student cohorts. 	<ul style="list-style-type: none"> • By the 15th day of the month following the end of the quarter for the life of the agreement, unless alternative arrangements agreed in implementation plan.
<p>Mid-Fund Report</p> <p>The States will provide a report of progress, including demand for training and any changes in the health and/or economic environment, to inform any required adjustments including to the scope, size, timing and payment structure under the FFT Fund, to help inform the development of the next agreement.</p>	<ul style="list-style-type: none"> • 15 July 2023

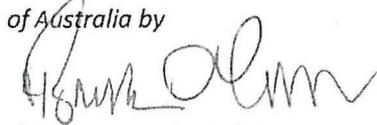
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<p>End of Fund Report</p> <p>The States will provide an End of Fund Report which provides a stocktake and acquittal, including a review of the Fund and an assessment of its effectiveness in meeting the needs of the target cohorts within, each jurisdiction.</p> <p>The Commonwealth will collaborate with States on the evaluation of the outcome of the initiative.</p>	<ul style="list-style-type: none"> • 31 July 2024
<p>For the TAFE Technology Fund, the responsible jurisdiction will provide:</p> <ul style="list-style-type: none"> - quarterly progress reports against the individual Project Plan(s) - a final acquittal report on completion of the project. 	<ul style="list-style-type: none"> • By the 15th day of the month following the end of the quarter for the life of the agreement on completion of the project.
<p>For VET Student Loans, the Commonwealth will:</p> <ul style="list-style-type: none"> - consult States on the development of the draft 2024 course list; and - provide the States with more data on the courses and profile of learners participating in VSL in their jurisdiction. 	<ul style="list-style-type: none"> • From July 2023 (with the list to take effect 1 January 2024) • April 2023 and April 2024
<p>With respect to FFTT2 States will provide:</p>	
<p>Report</p>	<p>Due</p>
<p>Quarterly Reporting States will continue to provide quarterly reports by the 15th day of the month following the end of the quarter for the life of this Agreement using the Fee-Free TAFE Tranche 1 agreed templates at Appendix E, unless alternative arrangements are agreed in the Implementation Plan.</p> <p>States will also report on tuition fee savings (actual or estimated where not available) for students enrolled in FFTT2. Reporting arrangements may be revised once the transition to a new VET Information Standard and new reporting pathways is completed.</p>	<ul style="list-style-type: none"> • By the 15th day of the month following the end of the quarter for the life of this Agreement unless alternative arrangements are agreed in Implementation Plans.
<p>Insights Report: States will provide a review of progress, including demand for training and any changes in the economic environment. The review will also include an assessment of the effectiveness of Fee-Free TAFE Tranche 1 and 2 in meeting the needs of the target cohorts within each jurisdiction. The Commonwealth will collaborate with States on an evaluation of the initiative, incorporating the Insights Report. This evaluation is expected to be completed before the end of 2025.</p> <p>Once the evaluation is finalised, the Commonwealth and the States will consider the future of Fee-Free TAFE beyond 2026, to be agreed by the Skills and Workforce Ministerial Council (SWMC).</p>	<ul style="list-style-type: none"> • 28 July 2025
<p>End of Fund Report States will provide an End of Fund Report which provides a stocktake and acquittal, including a review of FFTT2 and an assessment of its effectiveness in meeting the needs of</p>	<ul style="list-style-type: none"> • 29 June 2027

the target cohorts within each jurisdiction. The Commonwealth will collaborate with States on the evaluation of the outcome of the initiative.	
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The Parties have confirmed their commitment to this Agreement as follows:

*Signed for and on behalf of the Commonwealth
of Australia by*



The Hon Brendan O'Connor MP
Minister for Skills and Training
...../...../2023

*Signed for and on behalf of the
State of New South Wales by*



The Hon Prudence Car MP
Minister for Skills, TAFE and Tertiary Education
18/.../2023

*Signed for and on behalf of the
State of Victoria by*

The Hon Gayle Tierney MLC
Minister for Training and Skills, Minister for Higher
Education
...../...../2023

*Signed for and on behalf of the
State of Queensland by*

The Hon Dianne Farmer MP
Minister for Training and Skills Development
...../...../2023

*Signed for and on behalf of the
State of Western Australia by*

The Hon Simone McGurk MLA
Minister for Training, Water and Youth
...../...../2023

*Signed for and on behalf of the
State of South Australia by*

The Hon Blair Boyer MP
Minister for Education, Training and Skills
...../...../2023

*Signed for and on behalf of the
State of Tasmania by*

The Hon Felix Ellis MP
Minister for Skills, Training and Workforce Growth
...../...../2023

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Capital Territory by*

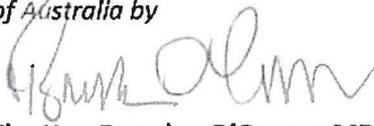
Mr. Chris Steel MLA
Minister for Skills
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*Signed for and on behalf of the Northern
Territory by*

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Minister for Business, Jobs and Training
...../...../2023

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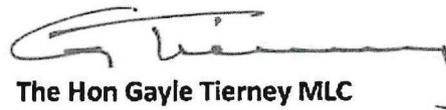
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State of South Australia by*

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*Signed for and on behalf of the
State of Victoria by*



The Hon Gayle Tierney MLC
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Education
30/...../2023

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Minister for Training, Water and Youth
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Minister for Skills, Training and Workforce Growth
...../...../2023

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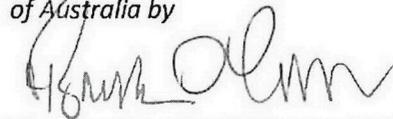
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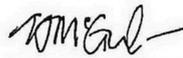
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Education

...../...../2023

*Signed for and on behalf of the
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The Hon Simone McGurk MLA

Minister for Training, Water and Youth

13./09./2023

*Signed for and on behalf of the
State of Tasmania by*

The Hon Felix Ellis MP

Minister for Skills, Training and Workforce Growth

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*Signed for and on behalf of the Northern
Territory by*

The Hon Paul Kirby MLA

Minister for Business, Jobs and Training

...../...../2023

The Parties have confirmed their commitment to this Agreement as follows:

*Signed for and on behalf of the Commonwealth
of Australia by*



The Hon Brendan O'Connor MP

Minister for Skills and Training

...../...../2023

*Signed for and on behalf of the
State of New South Wales by*

The Hon Prudence Car MP
Minister for Skills, TAFE and Tertiary Education
...../...../2023

*Signed for and on behalf of the
State of Queensland by*

The Hon Dianne Farmer MP
Minister for Training and Skills Development
...../...../2023

*Signed for and on behalf of the
State of South Australia by*



The Hon Blair Boyer MP
Minister for Education, Training and Skills
...../...../2023

*Signed for and on behalf of the Australian
Capital Territory by*

Mr. Chris Steel MLA
Minister for Skills
...../...../2023

*Signed for and on behalf of the
State of Victoria by*

The Hon Gayle Tierney MLC
Minister for Training and Skills, Minister for Higher
Education
...../...../2023

*Signed for and on behalf of the
State of Western Australia by*

The Hon Simone McGurk MLA
Minister for Training, Water and Youth
...../...../2023

*Signed for and on behalf of the
State of Tasmania by*

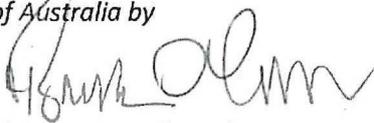
The Hon Felix Ellis MP
Minister for Skills, Training and Workforce Growth
...../...../2023

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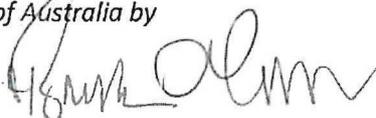
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.15/.11./2023

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Minister for Training, Water and Youth
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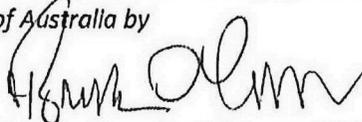
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*Signed for and on behalf of the Northern
Territory by*



The Hon Paul Kirby MLA

Minister for Business, Jobs and Training

...../...../2023

Appendix A: Funding Principles for the Fee-Free TAFE Fund (FFT Fund)

Priority Learners

1. States will administer learner eligibility for Fee-Free TAFE, prioritising groups including First Nations Australians, young people (17-24), people out of work or receiving income support, unpaid carers, women facing economic insecurity, women undertaking study in non-traditional fields, people with disability and certain categories of visa holders.
 - a. In this context, States will in local eligibility arrangements in their Implementation Plans and how Fee Free TAFE will be marketed in the first instance to the priority groups.
 - b. States will outline the proposed learner eligibility in the Implementation Plan and advise on any changes in quarterly progress reports.

Training in scope of funding

2. Commencing 1 January 2023, the national target for the Fund is 180,000 Fee-Free TAFE places, including 15,000 aged care places (see definitions for Fee-Free and TAFE below). The total indicative numbers of Fee-Free TAFE places, and aged care places, in each jurisdiction in 2023 will be outlined in the State's Implementation Plan.
3. States will determine the courses (accredited qualifications and short courses) to be funded under this Schedule, to deliver national and/or State-based priorities. National areas of priority include:
 - a. care (aged care, childcare, health care, disability care);
 - b. technology and digital;
 - c. hospitality and tourism;
 - d. construction;
 - e. agriculture; and
 - f. sovereign capability (for example manufacturing, and Defence).
4. The States will specify an initial list of courses (qualifications and short courses) covered by this Schedule in their Implementation Plan, which will also address the indicative aggregate of full qualifications and short courses (including micro-credentials), how the list will address national and/or State priority areas, and how the list may be updated.
5. Fee-Free TAFE will be delivered by a registered training provider that is recognised as a TAFE or public dual sector higher education provider, including TAFE auspicing or partnership arrangements. In limited circumstances delivery may also include community training providers or Indigenous training providers where they are better placed to deliver specialist training, as agreed with the Commonwealth in the Implementation Plan.
6. To deliver priority training in the care sector (including 15,000 places nationally in aged care), State delivery may include broader eligibility and qualifications, as agreed with the Commonwealth in the Implementation Plan.
7. The Commonwealth and States may, by exception, agree to specific bilateral training delivery arrangements in the Implementation Plan.
8. Commonwealth Government payments under this Schedule will be directed to State Governments, which will manage the distribution of funds in line with this Schedule and according to their policies and procedures.

Enrolment Period

9. Enrolments for, or delivery commenced from the time of signing this Schedule to 31 December 2023 will be eligible for this Fund, unless varied in the Implementation Plan.

Course Pricing

10. States will use their current pricing policies for VET places in their jurisdiction for setting the price of Fee-Free TAFE training places. In doing so, they will be informed by advice from Commonwealth Government and State and Territory Government agencies. States' current pricing policies are subject to change and the price set for the training places under this Schedule may be adjusted through a revised Implementation Plan.

Reporting Arrangements

11. The States will provide reports in accordance with Part 3 aligned with the templates attached to this Schedule.
12. The Commonwealth may share the reports set out in Part 3 with any Commonwealth entity for information, reporting and promotion purposes.

Ancillary Purposes and Student Support Services

13. The State may use up to 10 per cent of the Commonwealth funding contribution for Fee-Free places on (ancillary) costs on a cost shared basis to support the delivery of Fee-Free TAFE and student outcomes. States will not use the Fund for wage subsidies, or major capital works. States will match the ancillary amount and may count existing commitments.
14. The State will also match its (per-capita) allocation of Student Support Services and may count existing commitments.

Unused funding

15. Where a student enrolls in a training place funded through the Fund and then withdraws after the State has received the related milestone payment, the State agrees to redirect that amount back into the Fund to support additional places and associated student supports.
16. Where there is unallocated funding left over from a Commonwealth contribution received by the State at the end of this Fund, States agree to spend any such amount in the TAFE sector.

Promotion of the Fund

17. All governments will take steps to promote access to Fee-Free TAFE training.
18. States and the Commonwealth will make best efforts to ensure they consult on the nature and content of any events, announcements, promotional activity or publicity related to the Fund.

Baseline and matched funding arrangements

19. Consistent with the cost shared arrangements for Fee-Free TAFE, States agree to match the Commonwealth's funding commitment in the 2023 calendar year and not to use FFT Funds to substitute existing expenditure.
20. State contributions may be met through the allocation of funding under existing program streams but must be in addition to the agreed Baseline Funding commitment. States further agree to ensure a proportional increase in funding provided to TAFEs relative to pre-COVID (2019) levels, with this to be agreed with the Commonwealth in the Implementation Plan.
21. The Baseline Funding commitment has been determined by reference to 2019, based on the 2019 NCVET Funding Collection, with adjustments for agreed one-off spending and State funding contributions under Fee-Free TAFE (Table 1 refers).
22. If the Baseline Funding commitment is not met in 2023, Commonwealth payments to States under the new long-term skills funding agreement may be reduced to offset the shortfall in funding. The

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Commonwealth will not seek to offset shortfalls in funding driven by factors outside the control of States and where States have demonstrated best endeavors to fulfil the Baseline Funding commitment.

Table 1: State and Territory Baseline funding commitments and additional contributions under the Fee-Free TAFE Fund (\$m)

	Level of baseline funding	Additional Fee-Free TAFE funding
New South Wales	1,099.7	155.2
Victoria	798.3	127.8
Queensland	618.3	101.2
Western Australia	355.7	51.8
South Australia	174.0	34.0
Tasmania	106.2	10.4
Australian Capital Territory	79.8	8.3
Northern Territory	76.6	4.7

Definitions:

23. For the purposes of this Appendix:

- a. **Ancillary funding** is up to 10 per cent of the value of the Fund, to support the delivery of Fee-Free TAFE and student outcomes. This may include wraparound support services to help disadvantaged learners to access training, promotion of Fee-Free TAFE, funding support to assist students in accessing required work placements, or support for learners to access training that is best suited to their needs and the local jobs market and to transition from learning to employment.
- b. **Baseline Funding commitment** means the agreed financial baseline for which additional contributions under the Fund is assessed in 2023.
- c. **Cost shared** means **50:50 cost sharing** between the Commonwealth and the States to deliver Fee-Free TAFE places (including student support) and meet ancillary costs.
- d. **Existing Training Place** means a training place identified by the State as a current place (in agreed priority qualifications and/or for priority learners) where the fee component is met from the Fund. States will outline their approach to managing existing places bilaterally.
- e. **Eligible Visa Holders** means a student who holds an eligible visa as agreed between the State and Commonwealth.
- f. **Fee-Free** means the learner will not be charged a fee for the tuition component of training funded through this Fund. Any other fees (e.g., Administration fee or material costs) will be minimal and agreed with the Commonwealth in the Implementation Plan.
- g. **Fee-Free TAFE Fund** includes the Fee-Free TAFE Places fund, ancillary funding and funding for additional support.
- h. **Implementation Plan** is a bilateral plan outlining how Fee-Free TAFE will operate in practice, to be agreed with the Commonwealth. The Implementation Plan template will be provided by the Commonwealth.
- i. **New Training Places** are those where the price of training is fully met from the Fund.
- j. **Student Support Services** means services that enhance student access to training and supporting completions. These will be agreed bilaterally and included in State Implementation Plans.
- k. **TAFE** means a training provider that is recognised as a TAFE, public dual sector higher education provider, a TAFE auspicing or partnership arrangement.

Appendix B: The TAFE Technology Fund

Overview

1. The States acknowledge the Commonwealth has announced a \$50 million TAFE Technology Fund, including a number of specific projects across the country to be delivered as a priority.
2. The States agree to work bilaterally with the Commonwealth on the administration of the Fund.
3. In respect of Committed Projects, Implementation Plans will be agreed with the Commonwealth from 31 March 2023.
4. In relation to access to the remaining TAFE Technology Funding Pool, TAFE infrastructure project proposals (projects) will be assessed by the Commonwealth on a competitive basis against the following:
 - Criterion A: Value for money.
 - Criterion B: Contribution to improving training delivery standards expected by industry.
 - Criterion C: Evidence of industry support.
 - Criterion D: Demonstrable need identified in the State or Territory TAFE sector.
 - Criterion E: Ability to deliver.
 - Criterion F: History of capital support for addressing the need.
5. Comprehensive Fund Guidelines and templates will be provided to States (and published).

Cost Sharing Arrangement

6. There is no requirement for States and Territories to match TAFE Technology Funding.

Definitions

7. For the purposes of this Appendix:
 - a. **The TAFE Technology Fund** is a \$50m Australian Government fund to improve IT facilities, workshops, laboratories, and tele-health simulators across the country.
 - b. **Committed Projects** are 14 projects valued at \$28.2 million which will be delivered as a priority from the TAFE Technology Fund.
 - c. The TAFE Technology **Funding Pool** is \$21.8 million which States can apply to access.

Appendix C: Provision of seed funding for VET data Infrastructure Reforms.

Overview

1. \$6.85 million has been allocated nationally to support jurisdictions with a funding contribution to undertake impact assessment and cost planning, technical design, sector coordination, implementation and rollout activities associated with implementation of the VET Data Streamlining (VDS) Program during 2023.
2. These funds are a contribution toward the State undertaking VDS transition planning by the end of 2023.
3. Funding has been notionally allocated to jurisdictions as outlined in Table 3.
4. Milestone payments will be made in accordance with Part 2.

Cost Sharing Arrangement

5. There is no requirement for States to match this funding.

Definitions

6. For the purposes of this Appendix:
 - a. The **VET Data Streamlining** Program is focussed on improving the collection and use of VET activity data. The program aims to introduce:
 - i. a modern technology that enables near real-time submission of VET activity data;
 - ii. a VET Information Standard to replace the existing Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS); and
 - iii. updated regulatory and governance settings.

Appendix D: Principles for cost sharing under the VET Student Loans Program

Overview

1. The Commonwealth and the States agree to the VET Student Loans (VSL) Program cost sharing arrangement (below) from 1 January 2023 to 31 December 2023, unless alternative arrangements are bilaterally agreed.
2. This arrangement will cover enrolments from 1 July 2022 to 31 December 2023.
3. This arrangement is limited to loans provided to State subsidised students for courses at the Diploma and Advanced Diploma level.

Cost Sharing Arrangement

4. Each jurisdiction will contribute 50 per cent of the cost of the:
 - a. *Debt Not Expected to be Repaid (DNER)*. The DNER rate will be set at 22 per cent of the value of loans issued in a jurisdiction to its State-subsidised students; and
 - b. *Deferral Adjustment Costs* for those loans, arising from the concessional treatment that applies to VSL.
5. The Commonwealth will waive the 20 per cent loan fee for State subsidised students who access a VSL.
6. The Commonwealth will issue invoices in April each year for the calendar year prior.
7. At the time of invoicing, the Commonwealth will provide data on the jurisdiction's subsidised loans issued by each provider in their jurisdiction for the calendar year prior, including enrolments and loan values.

Definitions

8. For the purposes of this Appendix:
 - a. **Debt Not Expected to Be Repaid (DNER)** means loans that are not expected to be repaid due to the income contingent nature of the VSL program. The AGA has modelled the rate of DNER for VSL and advised that a DNER rate of 22 per cent be used for the purposes of cost sharing until the modelling is reviewed again in 2024.
 - b. **Deferral Adjustment Costs** means the represented cost of deferring the repayment of the debt and recognises that debts are charged interest broadly in line with the change in the CPI each year, which is different to the underlying cost of government borrowing. The Australian Government Actuary will determine the deferral adjustment rate.

Appendix E: Fee-Free TAFE Reporting Schedule

Interim Skills Agreement Reporting Schedule

This reporting template is consistent with Part 3: Reporting requirements of the Interim Skills Agreement Schedule.
 Reports are due by the 15th day of the month following the end of each quarter.

1. Training Update by Quarter

Note: Each monthly figure should reflect the total enrolments, commencements and completions that occurred within the reporting period - i.e. at a

Reporting Period	Enrolments (per month)	Commencements (per month)	Completions (per month)
Jan - Mar 2023			
Apr - Jun 2023			
Jul - Sep 2023			
Oct - Dec 2023			
Total	0	0	0

2. Demographics

Notes:
 A student who enrolled, commenced and completed a course is recorded as 1 enrolment, 1 commencement and 1 completion. E.g. 20 enrolments were in short courses, of those 10 have commenced, and of those 5 have completed their commencements.
 For the Priority Cohorts section, the sum of the Target Cohort categories can differ from the overall Total and the totals of other demographic categories, which are mutually exclusive.

Demographic	Enrolments (cumulative total)	Commencements (cumulative total)
Priority Cohort		
First Nation Australians		
Young person (24 and under)		
Job seeker (includes unemployed, income support recipients, and those who are at risk of unemployment)		
People with disability		
Visa holders		
Aged Care		
[Other cohort agreed bilaterally] (please specify e.g. Underemployed, Veterans, Childcare, Unpaid carers, Women facing economic insecurity, Women undertaking study in non-traditional fields - and report each cohort in a separate row)		
Course type		
Full Qualification (Cert I and above)		
Short course / Skill Set		
Gender		
Female		
Male		
Non-binary / other / unspecified		
Age		
Under 17		
17-24		
25-34		
35-44		
45-54		
55+		
Location		
Major city		
Inner and outer regional		
Remote and very remote		
Language other than English spoken at home		
Language other than English spoken at home		

3. RTO Level Data

Notes: A student who enrolled, commenced and completed a course would be recorded as 1 enrolment, 1 commencement and 1 completion. E.g. There have been 20 enrolments in the Certificate III in Industry and of those who commenced 5 students have completed the certificate. Cumulative completions therefore cannot be higher than commencements.

A breakdown of the courses provided by each RTO, including allocation of places in those courses

Specific RTO Details							Enrolments (cumulative total)
RTO Name	RTO Code	RTO Sector (TAFE/Dual Sector/Private)	Course name	Course code	Course type (Cert III, Cert II etc)	Number of Allocated Places	

4. RTO Summary

RTOs Delivering Places		
RTO Sector (TAFE/Dual Sector/Private)	Number of RTOs	Enrolments per Sector (cumulative)

Appendix F: Funding Principles for Fee-Free TAFE Tranche 2

Priority Learners

1. States will administer learner eligibility for FFTT2 as described in their Implementation Plan, prioritising cohorts including First Nations Australians, young people (17-24), people out of work or receiving income support, unpaid carers, women facing economic insecurity, women undertaking study in non-traditional fields, people with disability and certain categories of visa holders.
 - a. In this context, States will continue to ensure priority groups are incorporated in local eligibility arrangements and continue marketing FFTT2 to those priority groups.
 - b. States will advise on any changes to eligibility through their quarterly reports.

Training in scope of funding

2. States will continue to determine the courses (accredited qualifications and short courses) to be funded under this Agreement to deliver national priorities. Funding under this Agreement for State-based priorities will be agreed in implementation plans. National areas of priority are:
 - care (aged care, childcare, health care, disability care)
 - technology and digital
 - hospitality and tourism
 - construction
 - agriculture, and
 - sovereign capability (for example manufacturing, and defence).
3. The VET Workforce will be included as a new national priority from 1 January 2024
4. States will provide estimates of the number of places for each national priority in their Implementation Plans, based on previous delivery patterns. These numbers will be indicative of expected demand.
5. A focus on these priority sectors would not preclude allocation to other priority skill shortage areas as identified and agreed through SWMC.
6. FFTT2 will be delivered by registered training providers recognised as a TAFE or public dual sector higher education provider, including TAFE auspicing or partnership arrangements. In limited circumstances delivery may continue to include community training providers or Indigenous training providers where they are better placed to deliver specialist training, as agreed within Implementation Plans.
7. The Commonwealth and States may, by exception, agree to specific bilateral training delivery arrangements through Implementation Plans.
8. Commonwealth Government payments under this Agreement will be directed to State Governments, which will manage the distribution of funds in line with this Agreement and according to their policies and procedures.

Enrolment Period

9. Enrolments from the time of signing this Deed of Variation to 31 December 2026 will be eligible unless varied in Implementation Plans.

Course Pricing

10. States will use their current pricing policies to set the price of FFTT2 training places. In doing so, they will be informed by advice from Commonwealth Government and State and Territory Government agencies. States' current pricing policies are subject to change and the price set for the training places under this Agreement may be adjusted through a revised Implementation Plan.

Reporting Arrangements

11. The States will provide reports in accordance with Part 3 aligned with the reporting templates provided through the Agreement, in addition to new quarterly reports on savings (estimated or equivalent) for students enrolled in FFTT2.
12. The Commonwealth may share reports set out in Part 3 with any Commonwealth entity for information, reporting and promotion purposes.

Unused funding

13. Where a student enrolls in a training place funded through FFTT2 and then withdraws after the State has received the related milestone payment, the State agrees to redirect that amount back into FFTT2 to support additional places.
14. Where there is unallocated funding left over at the end of 2026, States agree to invest any such amount in Fee-Free TAFE beyond 2026, where practicable, in line with the intent of this Agreement. Where this is not practicable, any such funds will be invested into delivery of TAFE courses.

Promotion of FFTT2

15. All governments will take steps to promote access to Fee-Free TAFE training.
16. States and the Commonwealth will make best efforts to ensure they consult on the nature and content of any events, announcements, promotional activity, or publicity related to FFTT2.

Definitions:

17. For the purposes of this Agreement and FFTT2:
 - a. **Existing Training Place** means a training place identified by the State as a current place in agreed priority qualifications and/or for priority learners, where the tuition fee component is met from the Fund. States will outline their approach to managing existing places bilaterally.
 - b. **Implementation Plan** is a bilateral plan outlining how FFTT2 will operate in practice, to be agreed with Commonwealth skills officials. The Implementation Plan template will be provided by the Commonwealth.

Fee-Free TAFE Tranche 2 Reporting Schedule

A formal reporting template for the new data set of student cost savings will be supplied.