

Free TAFE Agreement

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Preliminaries

1. The Parties acknowledge the Traditional Owners of the lands and waters on which Australians live, learn, train and work, and pay respects to their Elders past and present.
2. This Agreement establishes shared funding arrangements between the Commonwealth and the states and territories for Free TAFE. It will provide cost-of-living relief for students, prioritising access for individuals that typically face barriers to education and employment while promoting study in areas of high workforce demand and emerging skills needs throughout Australia.
3. The Parties make an ongoing commitment to collectively deliver at least 100,000 Free TAFE places each year. This Agreement recognises the shared commitment of all Parties to build the pipeline of skilled workers to key sectors in the economy.
4. The Parties acknowledge that TAFE and other public training institutions are key pillars of the vocational education and training (VET) sector, while recognising the important role of other training providers.
5. The Agreement acknowledges the importance of the National Skills Agreement (NSA) and builds on the stewardship model where all governments have committed to working collaboratively and purposefully together, while preserving flexibility for states and territories to align VET delivery with local needs.
6. Outcomes of this Agreement are supported by complementary Commonwealth, state and territory programs to support VET learners, as well as the policy initiatives of the NSA including the Foundation Skills, Closing the Gap and Improved Completions initiatives.
7. This Agreement is subject to the Intergovernmental Agreement on Federal Financial Relations and should be read in conjunction with that agreement and subsidiary schedules.

Part 1 – Legislative Context

8. This Agreement is underpinned by the *Free TAFE Act 2025* (the Act), which establishes an enduring legislative framework for Free TAFE.
9. Clause 3 of the Act sets out its objective to provide ongoing Commonwealth financial support to states and territories for Free TAFE, and in doing so:
 - support the delivery of at least 100,000 Free TAFE and VET places across Australia each year
 - acknowledge that TAFE and other public training institutions are key pillars of the VET sector
 - acknowledge the importance of shared stewardship of the national VET system

- remove financial barriers to education and training, including for people experiencing economic disadvantage, and
 - support education and training in areas of high workforce demand, with emerging skills needs or that are otherwise a shared government priority or jurisdiction-specific priority.
10. Clause 6 of the Act establishes an ongoing commitment to a grant of Commonwealth financial assistance to states and territories to deliver Free TAFE places, subject to a state or territory being a party to a Free TAFE Agreement.
11. Clause 8 of the Act sets out key matters to be dealt with in a Free TAFE Agreement, including, but not limited to, the areas of study, the number of places that are to be offered, the amount of financial assistance, the groups that are to be prioritised for access, performance milestones and reporting requirements.

Part 2 – Parties and Operation

Parties

12. The parties to this Agreement (Parties) are:
- a. The Commonwealth of Australia (the Commonwealth), and
 - b. The states and territories, being:
 - i. New South Wales
 - ii. Victoria
 - iii. Queensland
 - iv. Western Australia
 - v. South Australia
 - vi. Tasmania
 - vii. the Australian Capital Territory, and
 - viii. the Northern Territory.

Term

13. This Agreement will commence once the Commonwealth and one other Party sign it and is expected to expire on 30 June 2032 or on completion of all requirements by all Parties, including final reporting and the processing of final milestones.
14. Bilateral implementation plans will commence once agreed by the Commonwealth and each individual state or territory and expire in line with this Agreement.

Variations

15. This Agreement and supporting bilateral implementation plans may be amended by written agreement of the relevant Parties.

Withdrawal

16. A Party to this Agreement may terminate its participation by notifying all other Parties in writing.
17. If a Party intends to withdraw, it should provide as much notice as possible before withdrawing, and a minimum of 3 months. Such notice will include any transitional arrangements, including in relation to performance milestones and delivery of Free TAFE places.

Part 3 – Estimated Financial Contributions

Financial contributions for Free TAFE places

18. The Commonwealth will provide an estimated total financial contribution of \$911,283,000 from 2026-27 to 2031-32 (as at 2026-27 Budget) to support states and territories to deliver Free TAFE places, distributed by population share.
19. Commonwealth financial contributions to support the delivery of Free TAFE places require matched funding by states and territories.
- a. State and territory matched funding contributions are Eligible State Expenditure for the purposes of the NSA, and Clause A61.(c) of the NSA does not apply.

Table 1: Estimated financial contributions for Free TAFE places

\$ million	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	Total
Estimated total budget	166.14	345.21	357.54	370.62	384.09	198.96	1,822.57
Less estimated National Partnership Payments	83.07	172.61	178.77	185.31	192.05	99.48	911.28
New South Wales	25.77	53.46	55.29	57.25	59.27	30.67	281.71
Victoria	21.34	44.43	46.11	47.89	49.73	25.81	235.32
Queensland	17.09	35.55	36.86	38.24	39.67	20.57	187.97
Western Australia	9.23	19.24	19.97	20.74	21.53	11.17	101.89
South Australia	5.69	11.75	12.10	12.48	12.86	6.62	61.50
Tasmania	1.71	3.52	3.61	3.71	3.81	1.95	18.30
Australian Capital Territory	1.46	3.03	3.14	3.26	3.38	1.75	16.00
Northern Territory	0.79	1.64	1.69	1.74	1.80	0.93	8.59
Balance of non-Commonwealth contributions	83.07	172.61	178.77	185.31	192.05	99.48	911.28

Note: Funding is current as at date of Commonwealth signature. Funding has been rounded and discrepancies between totals and the sums of components reflect rounding. Funding is subject to change based on updates to economic parameters and population estimates as part of the Commonwealth Budget update process. The economic parameter applied to the indexation is Wage Cost Index 3 (comprising wage price index with a productivity component weighted by 60 per cent, and all groups consumer price index weighted by 40 per cent). The Commonwealth will notify states and territories of updates in writing. Updates will only be applied to amounts that have not yet been paid to a state or territory and will not be applied retrospectively.

Unused funding

20. Where a student enrolls in a training place funded through this Agreement and then withdraws, states and territories agree to redirect any unused funding back into the delivery of Free TAFE places under this Agreement.
21. Where unallocated funding remains at the end of 2031, states and territories agree to invest any such amount in Free TAFE beyond 2031.

Strengthening supports for learners with low foundation skills

22. Subject to agreement by a majority of the Skills and Workforce Ministerial Council including the Commonwealth in accordance with Clause A105.(b) of the NSA, the Commonwealth will provide an estimated total financial contribution of \$25,000,000 in 2026-27 to support states and territories to strengthen supports for Free TAFE learners with low foundation skills as an agreed action to give effect to the National Foundation Skills Strategy 2025-2035.
- a. For the avoidance of doubt, by signing this Agreement a state or territory will be deemed to have granted their agreement to this action in accordance with Clause A105.(b) of the NSA.

Table 2: Commonwealth financial contributions to strengthen supports for learners with low foundation skills

\$ million	2026-27
Estimated total budget	25.00
New South Wales	6.27
Victoria	5.37
Queensland	4.50
Western Australia	2.89
South Australia	2.16
Tasmania	1.35
Australian Capital Territory	1.30
Northern Territory	1.16

Note: Funding has been rounded to the nearest ten thousand.

23. Commonwealth financial contributions to strengthen supports for Free TAFE learners with low foundation skills do not require matched funding by states and territories and will not be included in the assessment of performance milestones under Part 6 of this Agreement.
24. States and territories will detail additional activities (including the expansion of existing activities) that will be supported by this funding in bilateral implementation plans and report on these activities in annual insights reporting.

25. Examples of activities include, but are not limited to, small-group tutoring, the development of learner support resources, foundation skills specialist support officers, team-teaching arrangements with foundation skills specialists, and the upskilling of teachers, trainers and assessors to better identify and support learners with foundation skills needs.

Part 4 – Places

26. All Parties commit to delivering the target number of places set out in this Agreement and ensure the availability of Free TAFE places each year over 2027 to 2031 to avoid service gaps, with places distributed by population share in line with Commonwealth financial contributions and state and territory matched funding.

27. A Free TAFE place means an existing training place where the waiver of the associated tuition fee is funded under this Agreement.

Table 3: Free TAFE places by state and territory

Places	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	Total
Estimated total places	50,000	101,356	102,714	104,079	105,438	53,390	516,977
New South Wales	15,510	31,390	31,771	32,157	32,541	16,460	159,829
Victoria	12,846	26,092	26,494	26,899	27,304	13,851	133,486
Queensland	10,285	20,873	21,176	21,479	21,781	11,040	106,634
Western Australia	5,556	11,298	11,474	11,648	11,822	5,997	57,795
South Australia	3,423	6,902	6,954	7,007	7,058	3,554	34,898
Tasmania	1,028	2,064	2,073	2,081	2,089	1,048	10,383
Australian Capital Territory	876	1,776	1,802	1,829	1,855	941	9,079
Northern Territory	476	961	970	979	988	499	4,873

Note: Places are distributed to states and territories by population share and are current as at date of Commonwealth signature. Places and their distribution are subject to change based on updates to population estimates as part of the Commonwealth Budget update process. The Commonwealth will notify states and territories of updates in writing.

Part 5 – Outcomes and Priorities

Priority learners

28. This Agreement prioritises Free TAFE places to cohorts that typically face barriers to education, training and work, including those who experience social and economic exclusion.

29. States and territories will administer learner eligibility, prioritising access to the following groups:

- First Nations people
- young people (aged 17 – 24)
- women undertaking study in non-traditional fields
- those who are unemployed or not in the labour force

- e. people with disability
 - f. those in regional and remote locations
 - g. those who speak a language other than English at home.
30. The prioritisation of these groups aligns with the national commitments of all Parties under the NSA of gender equality and Closing the Gap.
31. A state or territory may also prioritise access to other groups to meet local needs, as agreed in its bilateral implementation plan.
32. Eligibility for Free TAFE will align with a state's local eligibility requirements, including existing or future cross-border arrangements.

Areas of shared government priority

33. Areas of shared government priority for Free TAFE are aligned with the sectoral national priorities of the NSA, currently:
- a. supporting the Net Zero transformation
 - b. sustaining essential care services
 - c. developing Australia's sovereign capability and food security
 - d. ensuring Australia's digital and technology capability
 - e. delivering housing supply.
34. The VET workforce, including the foundation skills teaching workforce, is also a shared government priority for the purposes of this Agreement.
35. Areas of shared government priority may be amended from time to time in accordance with the NSA or Clause 15 of this Agreement.
36. At least 75 per cent of Free TAFE places are to be delivered in areas of shared government priority.
37. State and territories will be required to offer courses across all shared government priorities unless agreed in bilateral implementation plans.
38. Where Parties agree to amend areas of shared government priority under this Agreement or through the NSA, states and territories will have 6 months to update their bilateral implementation plans.

Areas of jurisdiction-specific priority

39. States and territories may deliver up to 25 per cent of Free TAFE places in areas of local priority that are not shared government priorities.

40. The selection of areas of jurisdiction-specific priority should be supported by evidence and outlined in bilateral implementation plans. This includes one or more of the following:
- a. the National Skills Plan and Jurisdictional Action Plans under the NSA
 - b. agreed and announced state or territory government priorities, including election commitments
 - c. skilled occupation lists, workforce plans, evidence and analysis by relevant state or territory entities
 - d. evidence from Jobs and Skills Councils, including workforce plans and sectoral insights
 - e. Jobs and Skills Australia's Occupation Shortage List and the Department of Home Affairs' skilled occupation list
 - f. research and publications by Jobs and Skills Australia and the National Centre for Vocational Education Research (NCVER)
 - g. other evidence including historical demand for Free TAFE courses, and previous delivery patterns.

Eligible courses

41. States and territories will nominate the courses (full qualifications and short courses) to be funded under this Agreement in areas of shared government priority and jurisdiction-specific priority, to be agreed as part of bilateral implementation plans.
42. Funding and places under this Agreement cannot be used to substitute existing state expenditure on other fee waiver programs but can be used to expand access to free training.
- a. In limited circumstances the Commonwealth may agree, through a state or territory's bilateral implementation plan, to allow funding and places under this Agreement to be used to support a state or territory's existing fee-waiver program where additionality cannot be easily measured (for example where there is an existing demand-driven program that is in alignment with the parameters of this Agreement).
43. Training where a student is not responsible for tuition fees, such as where an employer is responsible, should not be funded through this Agreement. Where this is not practicable, it will be jointly agreed through a state or territory's bilateral implementation plan.

Mix of short courses and full qualifications

44. Course offerings should prioritise full qualifications and have an appropriate balance of short courses. This acknowledges that the objective of Free TAFE is to build the pipeline of skilled workers with full qualifications that will help deliver shared government and jurisdiction-specific priorities, while recognising that short courses can be a first step towards a new job, a pathway to further study, or used for upskilling.
45. The proportion of short courses will be jointly agreed in bilateral implementation plans.

Pre-apprenticeships and other trade pathways

46. Pre-apprenticeship courses that offer students practical experience and industry knowledge should be prioritised, where appropriate and taking into consideration local needs, to support pathways into apprenticeships and traineeships, particularly those that provide pathways to qualifications on the Australian Apprenticeship Priority List.

Accessibility

47. Course selection should consider a range of delivery models that provide options which promote access to participation in learning for all students, particularly for priority groups. This includes delivery models that offer flexibility in terms of class times and locations including face-to-face, online and mixed delivery.

Providers

48. Free TAFE will be delivered by registered training organisations (RTOs) that are recognised as TAFE institutions or public dual-sector providers. This may include delivery through auspicing or partnership arrangements led by TAFE.
49. Delivery by Aboriginal Community Controlled and First Nations owned RTOs will also be prioritised, where suitable and having regard to local and regional contexts, in line with all Parties' shared commitments under the National Agreement on Closing the Gap.
50. Delivery by other RTOs, where necessary to ensure Free TAFE remains responsive and accessible and suits the needs of each state and territory, will be agreed in bilateral implementation plans.

Part 6 – Performance Milestones

Table 4: Performance milestones, due dates and payments summary.

Milestone	Activity	Due date	Payment
1	Signing of Agreement and joint agreement of bilateral implementation plan	Estimated by 31 August 2026	2026-27 allocation as per Table 1 and 2
2	Achievement of performance milestones described in Clause 51.	31 March 2028	2027-28 allocation as per Table 1
3		31 March 2029	2028-29 allocation as per Table 1
4		31 March 2030	2029-30 allocation as per Table 1
5		31 March 2031	2030-31 allocation as per Table 1
6		31 March 2032	2031-32 allocation as per Table 1

51. Performance milestones 2-6 comprise:

- a. delivery of at least 90 per cent of cumulative agreed places as set out in Table 3, with at least 75 per cent of cumulative places in areas of shared government priority since the commencement of the Agreement.
 - i. This will be assessed using the latest available data as reported to NCVER. A full calendar year of NCVER data will not be required to assess performance milestones as these will be assessed on a pro-rata basis to reflect the reporting available from NCVER at the time of assessment.
- b. cumulative committed expenditure of 90 per cent of joint financial contributions (excluding expenditure of Commonwealth contributions for strengthening supports for learners with low foundation skills as per Clause 22 and Table 2), and
- c. provision of reporting, including annual insights reporting, in accordance with Part 7 of this Agreement.

52. The Commonwealth will assess whether performance milestones 2-6 have been achieved annually on receipt of a state or territory's annual insights report, due 31 March each year from 2028 to 2032.

53. For the purposes of assessing performance milestones:

- a. *a place* means a program enrolment with a commencing program status of ‘commencing program’ in 2027 or later as per the *Terms and definitions: National VET Provider and VET in Schools Collections*; and with one or more subject enrolments with a specific funding identifier of ‘Free TAFE Waiver’ as per the Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS); and with no subject enrolments with a specific funding identifier of ‘Free TAFE Waiver’ in a previous year.
- b. *Committed expenditure* comprises:
 - i. The foregone tuition fee revenue resulting from the tuition fee waiver applied to Free TAFE places (the fee the student would have paid in the absence of this Agreement excluding any existing subsidy). States and territories will use local pricing policies to determine the tuition fee component for Free TAFE places.
 - In limited circumstances the Commonwealth may agree, through a state or territory’s bilateral implementation plan, to include other types of expenditure where a state or territory provides evidence that these costs are directly associated with the delivery of Free TAFE places under this Agreement.
 - ii. Expenditure relating to student support and ancillary costs associated with Free TAFE places (up to 15% maximum of total joint committed expenditure).

54. Where a performance milestone is not met, the Commonwealth may assess a state or territory as having met that performance milestone if that state or territory has implemented actions to help get performance back on track, or identified external factors beyond its control, or a combination of both. This may include re-assessing performance milestones outside the annual assessment cycle.

55. Adjustments to milestones, places, or financial contributions, may also be agreed bilaterally between the Commonwealth Minister and the relevant state or territory Minister if there are systemic issues affecting a state or territory’s ability to meet performance milestones. This may include bilateral agreement to make a part-payment for partial achievement of an annual milestone where a state will meet its cumulative annual milestones over the life of the Agreement but may not be able to do so over a discrete period.

56. As an avenue of last resort, the Commonwealth may delay or not make payment of a performance milestone where there is significant non-compliance with this Agreement.

Part 7 – Reporting, Review and Evaluation

Quarterly statistical data

57. States and territories will report quarterly statistical data via NCVER through the National VET Provider Collection.
58. From 1 January 2027, the *Free TAFE Waiver* identifier will be made available within AVETMISS, to be used for all training activity supported by this Agreement.

Annual Reporting

59. States and territories will provide an annual insights report by 31 March each year, that includes cumulative committed expenditure up to 31 December of the previous year (in accordance with Clause 53.b), assessment of performance against bilateral implementation plans including strengthening supports for learners with low foundation skills, insights into demand and program management.
60. The Commonwealth will provide a national summary insights report to the Skills and Workforce Ministerial Council annually, detailing national performance against targets, actions and priorities of this Agreement.

Review and Evaluation

61. A joint review of the Free TAFE program will occur in the final year of this Agreement, with the terms of reference and framework to be agreed by all Parties.
62. It will be informed by the previous evaluations of the 2023-2026 Fee-Free TAFE Skills Agreement and will be undertaken with regard to broader VET system settings, such as the NSA as well as the work of the Australian Tertiary Education Commission.

Part 8 – Bilateral implementation plans

63. A state or territory that is a Party to this Agreement will be required to develop an agreed implementation plan, based on local contexts.
64. Bilateral implementation plans between the Commonwealth and a state or territory will describe the specific intentions for the relevant state or territory and the Commonwealth to deliver Free TAFE.
65. Bilateral implementation plans, including material changes to course lists, may be updated by agreement to reflect new local training needs, policy priorities and objectives.
66. Bilateral implementation plans will include anything not covered by this Agreement that provides local context to support strategies for Free TAFE program delivery.

67. The implementation plan will set out:

- a. training place targets
 - i. by qualification level (full qualifications and short courses)
 - ii. by each area of shared government priority
 - iii. by jurisdiction-specific priority area(s) (no more than 25 per cent of places) and how jurisdiction-specific priority area(s) were identified in accordance with Clause 40
 - iv. by priority groups
 - v. how forecasts for training place targets were derived
 - vi. notification arrangements on how updates will be made to forecasts or targets are expected to vary by more than 10 per cent.
- b. management of places to ensure availability over the academic year
- c. learner eligibility, including ensuring access for priority groups and details of any cross-border arrangements
- d. activities to strengthen supports for Free TAFE learners with low foundation skills
- e. eligible course list, detailing selection process and alignment with areas of priority
- f. eligible training providers by type, including Aboriginal Community Controlled and First Nations Owned RTOs, and other specialist community providers
- g. how committed expenditure will be calculated in accordance with Clause 53.b including any supporting evidence
- h. existing or planned state or territory public reporting (if any)
- i. planned review and evaluation processes for where Free TAFE is in scope
- j. fraud control and/or integrity measures, and notification arrangements where systemic issues are identified
- k. promotional activities including marketing to priority groups.

Part 9 – Administration

Dispute resolution

68. Any Party may give notice to the relevant Party/Parties of a dispute under this Agreement or a bilateral implementation plan under this Agreement.

69. Officials of relevant Parties will attempt to resolve any dispute under this Agreement in the first instance. If a dispute cannot be resolved by officials it may be escalated to the relevant Ministers.

Delegations

70. A Minister may delegate their actions and decisions under this Agreement, including the agreement to bilateral implementation plans by senior officials, where appropriate.

Publication

71. This Agreement will be published on the Federal Financial Relations website.

72. Program snapshots will be published. Snapshots will provide summary data on students and courses, including by student attributes, program attributes and training attributes.

Promotion of Free TAFE

73. All Parties will take steps to promote access to Free TAFE training, particularly focussing marketing to engage with the agreed priority cohorts.

74. In all public materials relating to Free TAFE, states and territories will acknowledge the Commonwealth's contribution with the following statement:

“Free TAFE is a joint initiative between the Australian Government and the [state or territory] Government.”

75. All Parties will make best efforts to ensure they consult with the relevant Party/Parties on the nature and content prior to any events, announcements, promotional activity, or publicity related to Free TAFE.

Part 10 – Signatories

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

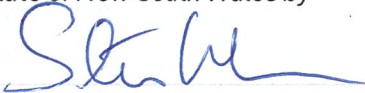
Signed for and on behalf of the Commonwealth of Australia by



The Honourable Andrew Giles MP
Minister for Skills and Training

Date: 22 July 2026

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



The Honourable Steven Whan MP
Minister for Skills, TAFE and Tertiary Education

Date: 13 Oct 2026

Signed for and on behalf of the State of Victoria by

The Honourable Colin Brooks MP
Minister for Skills and TAFE

Date:

Signed for and on behalf of the State of Queensland by

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

The Honourable Rosslyn Bates MP
Minister for Finance, Trade, Employment and Training

Date:

The Honourable Amber-Jade Sanderson MLA
Minister for Skills and TAFE

Date:

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

Signed for and on behalf of the State of Tasmania by

The Honourable Lucy Hood MP
Minister for Education, Training and Skills

Date:

The Honourable Felix Ellis MP
Minister for Skills and Jobs

Date:

Signed for and on behalf of the Australian Capital Territory by

Signed for and on behalf of the Northern Territory by

Mr Michael Pettersson MLA
Minister for Skills, Training and Industrial Relations

Date:

The Honourable Jo Hersey MP
Minister for Education and Training

Date: