



79 Constitution Avenue  
Campbell ACT 2612  
02 6245 1300

15 January 2025

Committee Secretary  
Senate Education and Employment Committees  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
Email: eec.sen@aph.gov.au

## **Response to the Inquiry into the Free TAFE Bill 2024**

The residential building industry is experiencing critical skills shortages. The training pathways through the vocational education and training (VET) system provide the entry point for a large part of the industry's workforce. It is critical that the VET system is well resourced, operating efficiently, and ultimately facilitating the development of the workforce that industry requires.

It is important to recognise the role that the VET system has in supporting the other national priorities identified by the Government. The Housing Accord has set a target of building 1.2 million homes over the next five years, which represents a substantial increase in the volume of residential building. This will require a significant increase in the workforce capacity.

The Housing Industry Association's (HIA) analysis estimates that increasing residential building activity to a level that would enable the Accord's target to be achieved would require around 83,000 additional skilled trades workers. Skilled migration may contribute to the growth of the industry's workforce in a small way, however most of the additional workers will need to come through local training and recruitment.

With 'Fee-free TAFE' being one of the Government's marquee workforce development policies and often being cited as evidence of the Government's commitment to addressing labour shortage in the construction industry, HIA takes this opportunity to provide comment on the Free TAFE Bill 2024 which is being considered by the Parliament.

HIA supports the Government's efforts to improve the VET system and promote careers for which VET provides the training pathway. A well-functioning VET system is vital for equipping Australians with the skills needed to thrive in a rapidly evolving economy. However, we have concerns regarding several aspects of the proposed legislation for the Fee-free TAFE program as outlined in the Free TAFE Bill 2024.

### **Evaluation Before Legislation**

We recommend evaluating the performance of the Fee-free TAFE scheme to date before enshrining the scheme into legislation. Understanding the program's successes and challenges will allow for evidence-based adjustments that enhance its effectiveness and efficiency.

### **Level Playing Field for TAFE and other VET Providers**

If legislated, it is imperative that private and industry-based training providers have equitable access to funding to deliver fee-free programs, alongside publicly run TAFE institutions which have been given preference under the existing scheme.

Any reforms to the VET system must recognise the key role for industry in developing and delivering training that best meets the needs of the sector. Furthermore, this inclusivity will also ensure that students can choose the most appropriate training provider for their specific needs, fostering a diverse and competitive VET sector and enabling VET providers to deliver training in areas not serviced by public training providers.

Where the legislation addresses matters that are to be dealt with in Free TAFE agreements (paragraph 8(1)(h)), it should specify an upper limit on the share of financial assistance that can be delivered by TAFE institutions, or alternatively specify a minimum share that will be made available for other non-TAFE VET providers. It is preferable that this issue is dealt with by the legislation rather than in each Free TAFE agreement.

### **Transparency**

Legislation must include provision for the timely collection and publication of data that enables objective evaluation of the fee-free scheme. Data collection and reporting must be done in a way that enables integration with existing VET datasets maintained by the National Centre for Vocational Education and Research.

To date, the level of performance reporting of the Fee-free scheme has been grossly inadequate. To provide a comparison, there has been annual reporting of the performance of the Housing Guarantee Scheme since its inception. Housing Australia publishes the 'Home Guarantee Scheme Trends & Insights Report' each year which presents comprehensive analytics and commentary across a range of relevant performance metrics. A legislated Fee-free scheme must be capable of achieving a comparable standard of performance reporting.

### **Targeted Number of Fee-free Places**

While the target of at least 100,000 fee-free TAFE places appears commendable, we question whether this number is sufficiently ambitious to meet the demand for vocational training and skilled workers across Australia. A target which is not sufficiently ambitious might limit the program's reach and impact, potentially excluding many who would benefit from such support.

The target should go further to specify sub-targets for the various levels of training that would be eligible for Fee-free funding. Sub-targets should recognise the differences in value and program costs. For example, there is a significant difference in the value and cost of funding a Certificate I level courses compared to a Certificate IV or Diploma level qualifications.

### **Alternative Support Mechanisms**

Alternative methods to support greater participation in training for occupations essential to national priorities should also be investigated. During the time in which the Fee-free scheme has been in operation, the number of apprentices and trainees in training within the construction industry has declined. It is important to recognise that course fees are not the singular barrier to participation in vocational training.

In addition to course fees, the cumulation of incidental expenses during training, for example the cost of travelling to attend training (particularly for students in regional and remote areas) or purchasing tools of trade may be an equally significant barrier. Targeted financial assistance or subsidies may also be effective in addressing specific skills shortages.

In conclusion, existing arrangements between State and Territory Governments and the Commonwealth with respect to funding and operating the VET system do not prevent the continuation of the Fee-free scheme, and legislation is not required to enable the Free-free scheme to continue.

Provided that the scheme is demonstrated to be delivering positive and efficient outcomes it would be unlikely that it would be discontinued, and if the scheme is unable to demonstrate efficient outcomes it would be inappropriate for the Fee-free scheme to continue.

While we endorse the Government's commitment to enhancing vocational education, we urge a reconsideration of the scheme's legislative framework. A more inclusive, transparent, and thoroughly evaluated approach will better serve the diverse needs of Australia's vocational learners and the broader economy.

Thank you for considering our views on this important matter. We look forward to continuing our collaboration with the government to advance vocational education in Australia.

If you wish to discuss any aspects of this submission, I can be contacted on 02 6245 1379 or via email ([g.murray@hia.com.au](mailto:g.murray@hia.com.au)).

Sincerely,

HOUSING INDUSTRY ASSOCIATION LIMITED

A handwritten signature in black ink, appearing to read 'G. Murray', written in a cursive style.

Geordan Murray  
Executive Director – Future Workforce