

Free TAFE

May 2026

Independent assurance report to Parliament
2025–26: 18



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ISBN 978-1-921650-28-4

Free TAFE

Independent assurance report to Parliament

Published by order, or under the authority,
of the Parliament of Victoria

May 2026

The Hon Shaun Leane MLC
President
Legislative Council
Parliament House
Melbourne

The Hon Maree Edwards MP
Speaker
Legislative Assembly
Parliament House
Melbourne

Dear Presiding Officers

Under the provisions of the *Audit Act 1994*, I transmit my report *Free TAFE*.

Yours faithfully



Andrew Greaves
Auditor-General
13 May 2026

The Victorian Auditor-General's Office (VAGO) acknowledges the Traditional Custodians of the lands and waters throughout Victoria. We pay our respects to Aboriginal and Torres Strait Islander communities, their continuing culture, and to Elders past and present.

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Audit snapshot

Is the Free TAFE initiative providing training for priority skills and delivering benefits to Victorians?

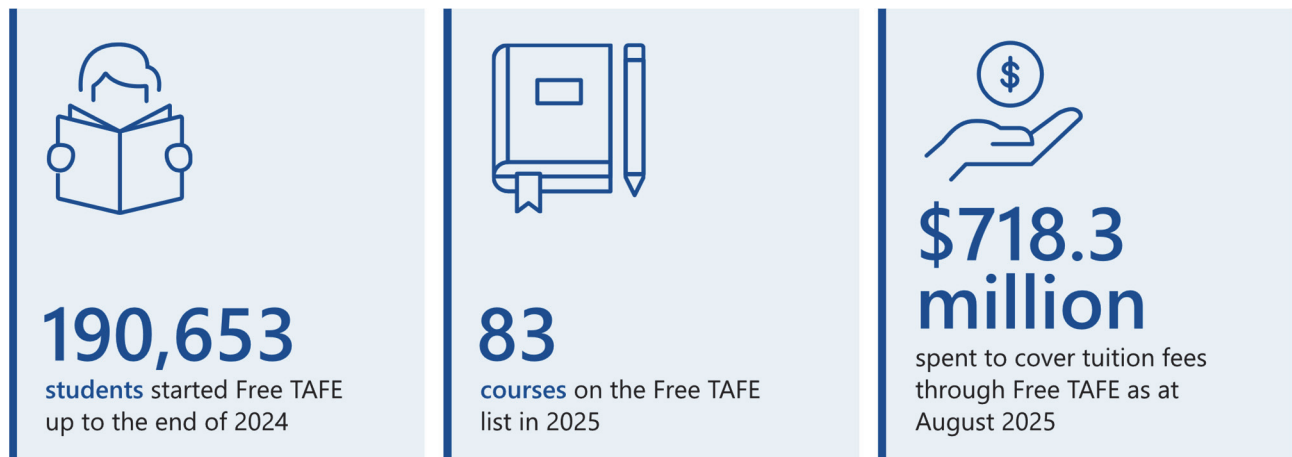
Why we did this audit

In 2019 the Victorian government introduced Free TAFE, an initiative that removes tuition fees from some vocational educational and training courses for eligible Victorians. Free TAFE has since expanded to cover over 80 courses. But despite the scale and cost of the initiative, there is little publicly available information on:

- the total cost of Free TAFE since 2019
- how well Free TAFE has performed against its publicly stated objectives (including teaching people skills for jobs in industries with demand and helping priority cohorts access training)
- Free TAFE participation rates, including how many students started courses
- how the government selects courses for Free TAFE.

We conducted this audit to determine whether the Free TAFE initiative is providing training for priority skills and delivering benefits to Victorians.

Key background information



Source: VAGO.

What we concluded

The Free TAFE initiative is providing training for priority skills. It is delivering some benefits to Victorians, including increasing participation in TAFE courses the government has prioritised and saving students' tuition fees. However, the proportion of students in most cohorts identified as 'priority' by the government has not significantly changed.

Free TAFE costs the government more per enrolment than comparable government-subsidised training. Students studying Free TAFE courses have similar outcomes to students in other TAFE courses and students who studied the same courses at private providers.

The Department of Jobs, Skills, Industry and Regions (the department) uses evidence-based frameworks to select courses for Free TAFE aligned with skills it considers priorities for Victoria's workforce. The department monitors and reports on various aspects of Free TAFE, but it could do more to expand this and evaluate the initiative against its objectives. This would allow the department to demonstrate how well Free TAFE is achieving its goals, including teaching people skills that are in demand and improving access to training for priority cohorts.

We made 2 recommendations to the department and the Victorian Skills Authority (the skills authority) to document agency expectations and evaluate achievement of overall objectives.

1.

Our key findings

What we examined

Our audit followed 2 lines of inquiry:

1. Is the Free TAFE initiative enabling Victorians to access training for priority skills?
2. Can the department demonstrate that the Free TAFE initiative is performing as expected?

To answer these questions, we examined:

- Department of Jobs, Skills, Industry and Regions (the department)
- Victorian Skills Authority (the skills authority)
- Bendigo Kangan Institute
- Box Hill Institute
- Chisholm Institute
- South West TAFE
- Wodonga TAFE.

Identifying what is working well

In our engagements we look for what is working well – not only areas for improvement.

Sharing positive outcomes allows other public agencies to learn from and adopt good practices. This is an important part of our commitment to better public services for Victorians.

The vocational education and training system in Victoria

Vocational education and training (VET) is post-compulsory education that helps people gain practical skills. This enables them to enter the workforce with new skills or go onto further VET study or higher education at university. The registered training organisations (RTOs) that deliver VET courses comprise:

- TAFEs
- private providers
- community-based organisations.

Skills First

The *Education and Training Reform Act 2006* (Victoria) guarantees each eligible Victorian a subsidised training place for a VET course. The department funds RTOs to deliver these courses through the Skills First program.

The government introduced Skills First in 2017 to reform Victoria's training and TAFE system. It aims to provide:

- access to targeted, relevant training for all Victorians
- training aligned to workforce needs
- additional funding for students who may require extra support, such as Aboriginal and Torres Strait Islander students and eligible young people, and for training providers that operate in regional areas.

The Free TAFE initiative

The Free TAFE initiative sits within the Skills First program. It aims to help Victorians access qualifications and short courses that teach skills Victoria's workforce needs and that are priorities of the government. Free TAFE students do not pay the tuition fees students usually pay at TAFE.

Figure 1: Costs of going to TAFE

Without Free TAFE:

Base subsidy	\$ Paid by government
Tuition fees	\$ Paid by student
Course materials	\$ Paid by student

With Free TAFE:

Base subsidy	\$ Paid by government
Tuition fees	\$ Paid by government
Course materials	\$ Paid by student

Source: VAGO.

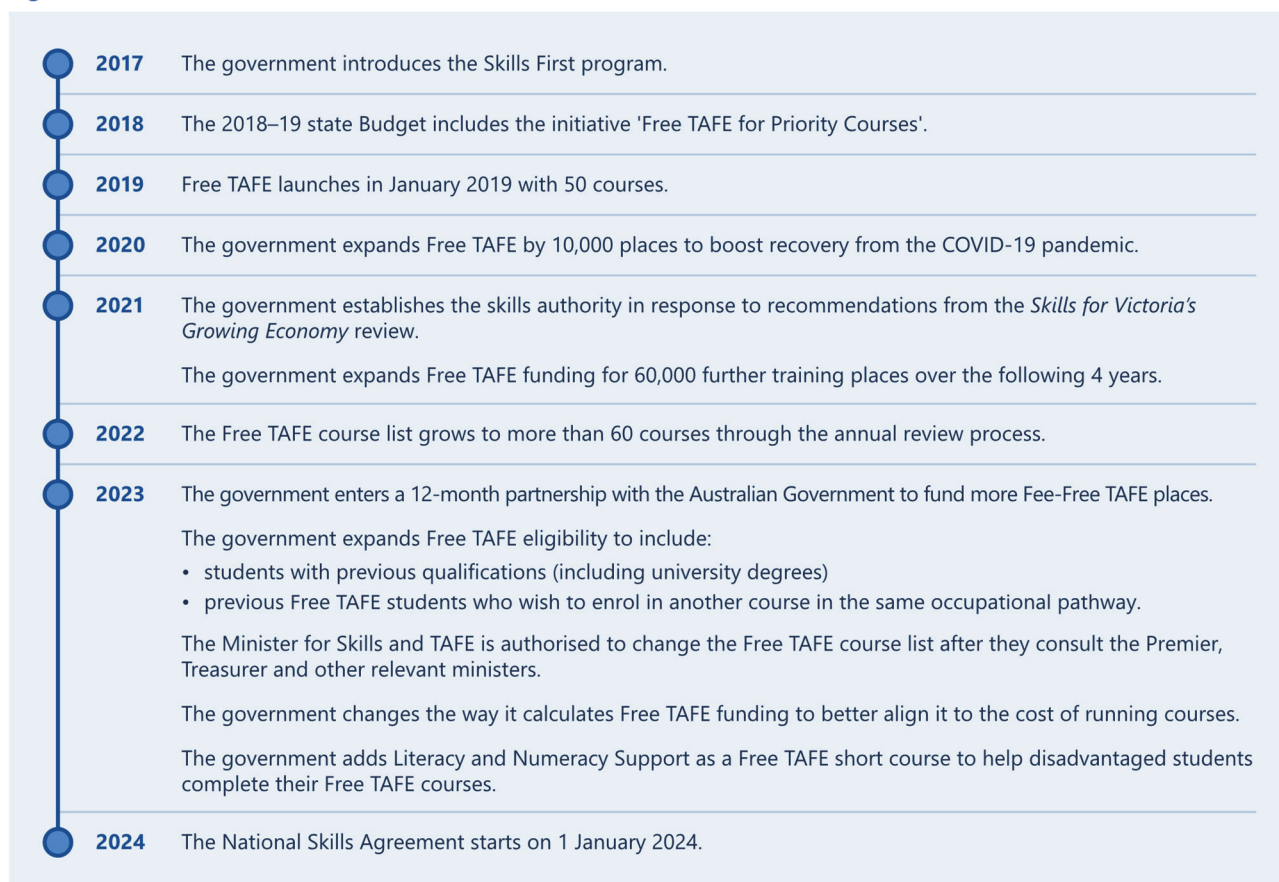
Internal department briefings have described the government objectives of the Free TAFE initiative as:

- responding to skills in demand in priority industries in Victoria
- supporting participation in training for under-represented and priority cohorts by reducing financial barriers
- positioning TAFEs at the centre of the Victorian training and skills system.

Timeline of the Free TAFE initiative

Free TAFE has gone through different changes since it was introduced.

Figure 2: Timeline of the Free TAFE initiative



Source: VAGO, based on department information.

National agreements

When Free TAFE was introduced in 2019, it was the first initiative of its kind in Australia. In 2023, the Australian Government partnered with the states and territories to establish the Fee-Free TAFE Skills Agreement. Through this agreement, the Australian Government provides funding to the states and territories to support their delivery of fee-free TAFE.

In January 2024, the Australian Government introduced the National Skills Agreement with the aim to strengthen Australia's VET sector. It is a 5-year agreement between the Australian, state and territory governments, outlining 8 national priorities for aligning training with jobs to support Australia's economy.

Under this agreement, the department must work to improve student outcomes, with particular focus on priority cohorts. It must also ensure students can access foundation skills training, including for literacy and numeracy, among other requirements. The department reports back to the Australian Government on participation metrics each quarter. Free TAFE contributes to the department's actions in achieving the National Skills Agreement's objectives.

Roles and responsibilities

Body	Role
The department	Responsible for supporting and overseeing subsidised VET in Victoria. The Skills and TAFE group is the division of the department that does this.
The skills authority	Advises on matching the Free TAFE course list to labour market needs and also manages student and employer satisfaction surveys.
TAFEs	The TAFE network delivers VET. It includes 12 technical and further education institutes and 4 dual-sector universities which deliver training in Victoria.

For more information about the scope of this audit and our methods, please see Appendix C: Audit scope and method).

What we found

This section focuses on our key findings, which fall into 2 areas:

1. Free TAFE costs the government more per enrolment than comparable government-subsidised training, yet it delivers similar student outcomes.
2. The department selects Free TAFE courses that teach priority skills and monitors costs and outputs, but it could do more to evaluate whether the initiative is achieving its intended outcomes.

Consultation with agencies

When reaching our conclusions, we consulted with the audited agencies and considered their views.

You can read their full responses in Appendix A.

Key finding 1: Free TAFE costs the government more per enrolment than comparable government-subsidised training, yet it delivers similar student outcomes

Free TAFE costs the government more per student and a growing proportion of available Skills First funding is going towards Free TAFE students

As a result of waiving student tuition fees, Free TAFE has cost the government between 33.4 and 94.2 per cent more per eligible enrolment than the same courses at non-TAFE providers.

While broader TAFE funding has remained relatively stable since Free TAFE began, more of that funding is used per eligible Free TAFE student. As of August 2025, the department has paid TAFEs more than \$700 million to cover tuition fees for Free TAFE students.

Students in Free TAFE courses had similar outcomes to the equivalent courses at non-TAFE providers

Changes in reported outcomes for students in Free TAFE courses are similar to those in non-Free TAFE courses at TAFEs, before and after Free TAFE began.

Changes in outcomes for students in Free TAFE courses are also similar to those studying equivalent courses at private providers. This suggests students in Free TAFE courses are having similar outcomes to those in other courses, and to those in equivalent courses at private providers.

Free TAFE has not led to a significant increase in the proportion of students from priority cohorts

The overall proportion of students from priority cohorts in Free TAFE courses has not increased since the initiative started. Proportions of most priority cohorts within Free TAFE courses have not significantly changed, but the proportion of women in Free TAFE courses increased by 2.3 percentage points.

Working well: More students are starting priority TAFE courses

Since its introduction, Free TAFE courses have seen increased commencements while commencements in other courses have decreased over the same time. There has been a high take-up of Free TAFE for eligible students.

Key finding 2: The department selects Free TAFE courses that teach priority skills and monitors costs and outputs, but it could do more to evaluate whether the initiative is achieving its intended outcomes

The department uses a consistent and logical process to monitor and update Free TAFE courses that align with the initiative's objectives

The department uses consistent and logical processes to monitor and update the Free TAFE course list. This includes an annual assessment and consulting with other departments to determine if a course sufficiently meets the objectives of Free TAFE to secure funding.

The department understands which priority skills need to be addressed through close consultation with the skills authority, which uses evidence-based systems to understand Victoria's skills demands. Priority skills are not the only thing that determines if a course is funded through Free TAFE. But we found that all Free TAFE courses have a link to an area of need because the courses derive from the list of Skills First courses.

The department and the skills authority collaborate effectively to produce the modelling used to understand Victoria's skills demand. However, there is an opportunity for the skills authority to document the expectations of timing and delivery of the department's modelling outputs.

The department monitors and reports on cost and output measures for Free TAFE but could do more to evaluate the achievement of the initiative's objectives

The department has internal monitoring and reporting systems and cost and output measures for Free TAFE, but it has conducted limited evaluation of the initiative as a whole.

In 2020 Deloitte evaluated the initiative one year into its implementation. But this evaluation had limited ability to assess student outcomes and the overall cost and benefit of Free TAFE because there was not yet enough data to do so.

The department does not have a framework or plan for evaluating Free TAFE. It cannot demonstrate the extent to which the initiative as a whole is meeting its overall objectives of increasing TAFE participation and responding to skills demand. The department has plans to expand its budget paper performance statement reporting measures to include more Free TAFE-specific measures.

Key issue: The department has conducted limited evaluation of the Free TAFE initiative as a whole

While the 2020 Deloitte report gave a limited evaluation of early performance of the Free TAFE implementation, the initiative has not been evaluated as a whole since. It is important to evaluate Free TAFE against its original objectives and intended outcomes to determine the value of the initiative and understand if the public resources that fund it are being used effectively.

Addressing our findings

We have made 2 recommendations to the department and the skills authority about:

- documenting overarching expectations and duties within the priority skills identification process
- evaluating how well Free TAFE has achieved overall objectives.

See the next page for the complete list of our recommendations, including agency responses.

2.

Our recommendations

We made 2 recommendations to address our findings. The relevant agencies accepted both recommendations in full.

		Agency response(s)
Victoria Skills Authority, in collaboration with the Department of Jobs, Skills, Industry and Regions	<p>1 Establish an overarching, documented understanding for delivering the employment projections that contribute to identifying priority skills, that:</p> <ul style="list-style-type: none"> • recognises the employment projections as a key input in producing skills demand and supply analysis • describes the roles and responsibilities of the agencies involved, including the Department of Jobs, Skills, Industry and Regions and Victoria Skills Authority • describes the expectations for collaboration between the department and other agencies • outlines the timing and mode of delivery for key outputs such as the employment projections (see Section 4). 	Accepted
Department of Jobs, Skills, Industry and Regions	<p>2 Develop and implement a plan to evaluate the Free TAFE initiative that:</p> <ul style="list-style-type: none"> • describes the initiative, including its background, activities, objectives and intended outcomes • defines the expected performance of the initiative • sets specific and appropriate performance measures for objectives and outcomes, including sources of data and data collection methods • assesses the achievement of objectives, intended benefits and outcomes • assesses the impact of Free TAFE on the level of support services students require, and the operational costs for TAFEs to provide these services • considers the value for money of the initiative with respect to the government expenditure vs. the broader economic, social and individual benefits • establishes a schedule for monitoring and evaluation activities and deliverables (see Section 4). 	Accepted

3.

Free TAFE funding and outcomes

Free TAFE has cost the government between 33.4 and 94.2 per cent more for each eligible enrolment than it would have if not for the initiative. The department has paid TAFEs more than \$700 million to cover tuition fees, which represent savings for Free TAFE students accessing training.

Changes in reported outcomes for students in Free TAFE courses were similar to those in other courses at TAFEs and to those in comparable courses at private providers, before and after Free TAFE started.

There has been a high take-up of Free TAFE for eligible students. However, proportions of priority cohorts participating in Free TAFE courses have not significantly changed.

Covered in this section:

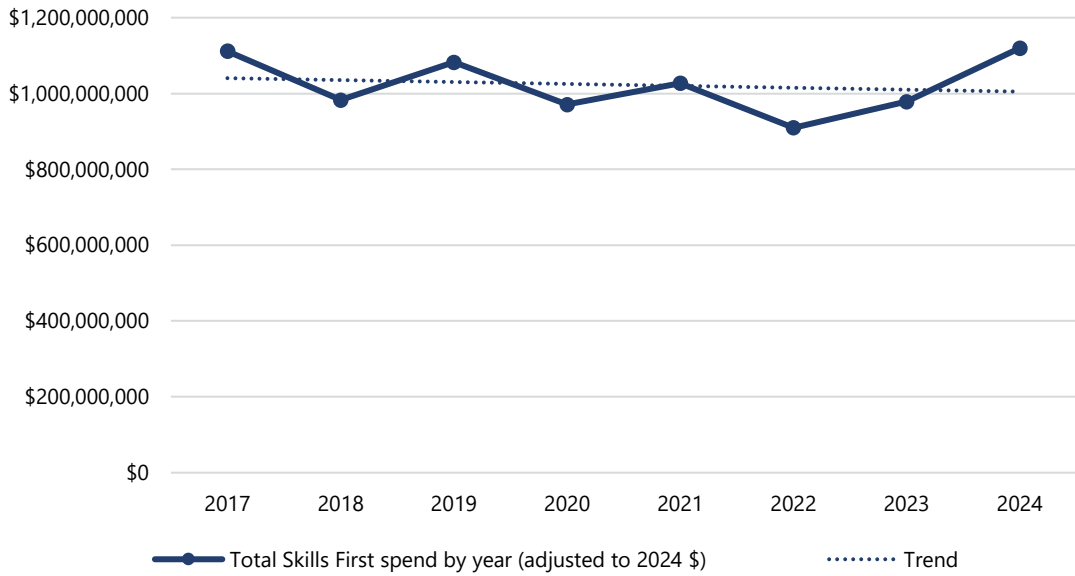
- The amount of Skills First funding used for Free TAFE has increased over time
- The cost to the government per Free TAFE student is higher than that of comparable courses delivered by non-TAFE providers
- Outcomes for students in Free TAFE courses were similar to those in comparable courses
- Overall commencements increased, with more students starting Free TAFE courses than other courses at both TAFEs and private providers
- The proportion of students from priority cohorts in Free TAFE courses has not significantly increased
- About 40 per cent of students in Free TAFE courses went into associated priority occupations
- Despite changes to the Free TAFE funding model, the financial sustainability of TAFEs could still be at risk

The amount of Skills First funding used for Free TAFE has increased over time

Skills First funding has remained relatively stable

Under Skills First, the government funds TAFEs to deliver subsidised training in over 600 courses and skillsets to eligible Victorians. When adjusted for inflation, the funding allocated to Skills First has been relatively stable since 2017 and did not increase significantly after the government introduced Free TAFE, as Figure 3 shows.

Figure 3: Skills First funding by year adjusted to 2024 dollars



Source: VAGO, based on department information.

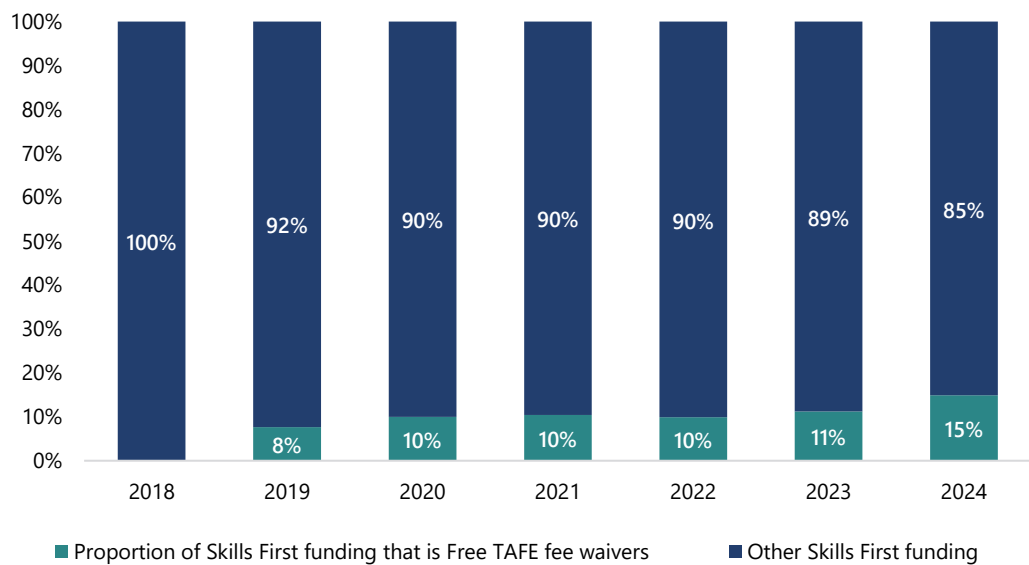
More of the available Skills First funding is used for Free TAFE

The department pays TAFEs to deliver Free TAFE via fee waiver reimbursements, which are a subset of Skills First funding and replace the tuition fees they would have received from students. Each year the department determines a Free TAFE budget for each TAFE based on the money it gets in the state Budget.

The base subsidy and fee waiver together subsidise Free TAFE students, so they do not have to pay any tuition fees for their courses. They may still need to pay for course materials such as books, equipment, amenities fees, excursions or placements.

In the years since 2019, an increasing proportion of Skills First funding has been directed toward Free TAFE fee waivers, as Figure 4 shows.

Figure 4: Proportion of available Skills First funding used for Free TAFE fee waivers



Source: VAGO, based on department data.

The funding allocated per Free TAFE student is higher than that per non-Free TAFE student. Consequently, an equal amount of overall funding available for Skills First can now support fewer students. This is inherent in the policy decision to introduce Free TAFE.

The cost to the government per Free TAFE student is higher than that of comparable courses delivered by non-TAFE providers

Cost of the Free TAFE initiative As of the end of August 2025, the Victorian Government has spent \$718.3 million on fee waiver payments for students participating in Free TAFE, which has provided savings in tuition costs for students accessing training at TAFE.

In the years since Free TAFE started, Free TAFE enrolments have made up 14.4 to 19.2 per cent of all TAFE enrolments subsidised by the government through Skills First.

Government paid more per eligible Free TAFE student Free TAFE has increased the amount of funding the government gives TAFEs per student. It gives more per student to TAFEs for Free TAFE students than to:

- TAFEs for non-Free TAFE students
- private providers that offer the same course.

This is because those students are eligible for base subsidies but not Free TAFE fee waivers.

We analysed the differences between the base subsidy rates and the fee waiver rates for all courses on the Free TAFE list over the time the initiative has been in place.

Each year, the department revises each course's base subsidy and fee waiver rates. From when Free TAFE started in 2019 until 2023, it set separate fee waiver rates for each TAFE based on how much that institution had historically charged for each course. This meant that in each year, each of the up to 83 courses had up to 16 different fee waiver rates.

Due to the fee waiver reimbursements, the department paid more per Free TAFE student enrolment than it would have if not for the initiative:

In ...	the department paid an average of ...
2019	between 33.4 and 76.0 per cent more
2020	between 36.4 and 79.9 per cent more
2021	between 37.7 and 81.7 per cent more
2022	between 55.4 and 87.1 per cent more
2023	between 62.7 and 90.9 per cent more*
2024	94.2 per cent more.

*In mid-2023, the department revised Free TAFE fee waiver rates and applied a uniform rate for each course across all TAFEs.

Note: These results have been weighted for the representation by enrolment numbers of each Free TAFE course within each year.

Outcomes for students in Free TAFE courses were similar to those in comparable courses

Measuring student outcomes

To examine whether Free TAFE is providing benefits we compared the outcomes students in Free TAFE courses reported to:

- students in non-Free TAFE courses
- students studying equivalent courses at private providers.

This information comes from the Student Satisfaction Survey which is administered by the skills authority. You can find information about our analysis approach in Appendix D.

Student Satisfaction Survey

The skills authority administers Student Satisfaction Surveys to Victorian students who completed or discontinued VET. The surveys capture information on student outcomes after training including employment status, further study and occupation after training. As the survey is not compulsory, it does not capture outcomes for all students.

Student outcome performance metrics

We used 4 key performance metrics to assess Free TAFE outcomes, as Figure 5 shows.

Figure 5: Performance metrics used to assess Free TAFE outcomes

Performance metric	What it captures
Improved employment status	Improvements include: <ul style="list-style-type: none"> • obtaining or changing jobs • setting up or expanding a business • receiving a promotion • increasing earnings or work hours with a current employer.*
Went on to further study at a higher level	Continuing study in VET or higher education.
Students achieved their main reason for training	Reasons include: <ul style="list-style-type: none"> • improving employment status • getting into further study • improving their general educational skills • other reasons such as personal interest.
Improved outcomes (our aggregated metric)	A student has experienced improvement in at least one of the metrics above after their training.

Source: VAGO based on the skills authority Student Satisfaction Survey.

*Note: While an improved employment status can be a result of training, it also depends on labour market conditions including interest rates, inflation and labour force participation rates.

Free TAFE courses

In our analysis, the term 'Free TAFE courses' refers to the specific courses that were offered on the Free TAFE course list in 2023 and older, superseded versions of those courses. Superseded courses may have had different engagement hours, units or vocational outcomes but are still broadly equivalent to a course on the 2023 list.

The Free TAFE course list changes every year, as we discuss in Section 4. When we refer to 'Free TAFE courses' in other years, including before the initiative started, we are referring to courses that would later be, or were, on the 2023 list. We have chosen to focus on this particular set of courses to illustrate how the initiative has impacted vocational training over time both at TAFEs and at private providers in equivalent courses.

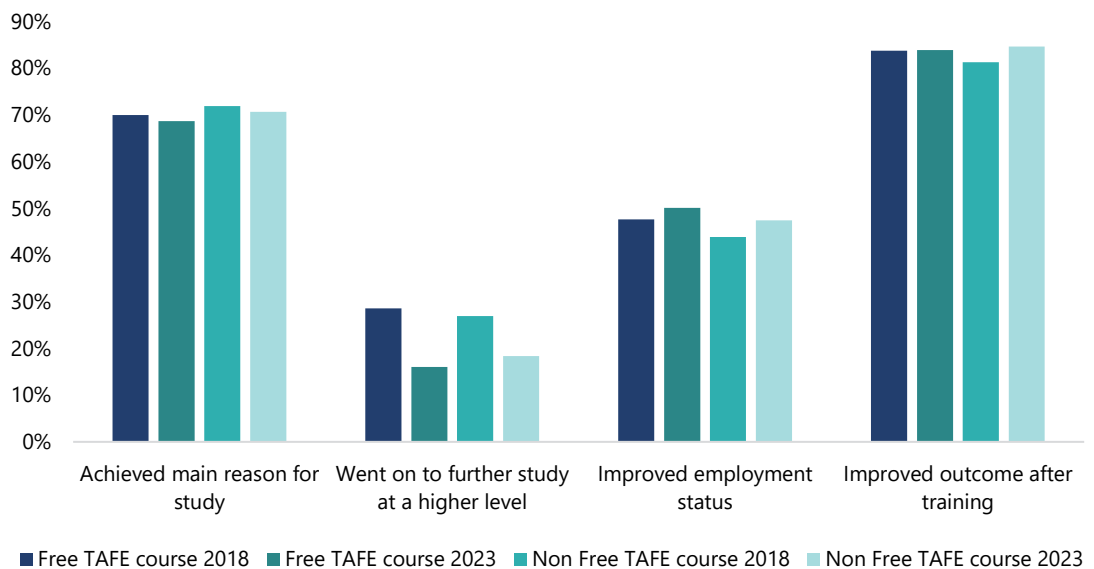
It is important to note that not every government-subsidised student who does a course on the Free TAFE list is eligible for Free TAFE funding, and some still pay tuition fees.

Outcomes for students in Free TAFE courses and non-Free TAFE courses

We examined changes in performance measures for courses on the 2023 Free TAFE list from 2018, before Free TAFE began, to 2023. Students in Free TAFE courses reported similar outcomes in most measures before and after Free TAFE started.

Notably, we saw similar results for students in non-Free TAFE courses. Each measure had similar changes for students in both Free TAFE courses and non-Free TAFE courses, as Figure 6 shows.

Figure 6: Student-reported outcomes of training at TAFE



Source: VAGO, based on department and skills authority data.

This suggests students in Free TAFE courses are having similar outcomes to those in other courses.

Outcomes for students in Free TAFE courses compared to private providers

We also examined changes in performance measures from 2018, before Free TAFE, to outcomes in 2023. We compared results for students in Free TAFE courses with students in the equivalent courses at private providers.

We again observed similar results across the survey metrics between these 2 groups. Results for both groups generally decreased, as Figure 7 shows.

Figure 7: Student-reported outcomes – Free TAFE versus private providers

Provider type	Measure	2018	2023	Change
TAFE	Achieved main reason for training	70.3%	64.6%	-5.7%
Private	Achieved main reason for training	79.6%	76.7%	-2.9%
TAFE	Went on to further study	23.7%	14.4%	-9.3%
Private	Went on to further study	17.6%	10.7%	-6.9%
TAFE	Improved employment status	48.1%	44.8%	-3.3%
Private	Improved employment status*	36.6%	56.4%	+19.9%
TAFE	Improved outcome (VAGO aggregate metric)	84.0%	81.3%	-2.7%
Private	Improved outcome (VAGO aggregate metric)	88.8%	86.6%	-2.2%

Source: VAGO, based on department and skills authority data.

*Note: Improved employment status outcomes for students commencing study at private providers in 2018 were unusually low. The average from 2016 and 2017 is 47.1%, for an increase of 9.4% by 2023. Numbers have been rounded.

In 2023, Free TAFE courses had an 'improved outcome' result of 81.3 per cent, a 2.7 per cent decrease from 2018. Meanwhile, private providers of equivalent courses had a result of 86.6 per cent, a 2.2 per cent decrease from 2018.

We note that though TAFEs and non-TAFE training providers often provide similar courses with equivalent qualifications, the department told us that the service delivery of training at TAFEs differs from that at other training provider types, including in facilities, contact hours and delivery mode (online versus in person).

Overall commencements increased, with more students starting Free TAFE courses than other courses at both TAFEs and private providers

Context for analysis of TAFE participation

Through Free TAFE, the government seeks to increase participation in training, particularly for priority cohorts, by removing the financial barrier that tuition fees may present. We assessed the impact of the initiative on training participation by analysing the changes in number of commencements in Free TAFE and 'non-Free TAFE' courses before and since the introduction of Free TAFE. We also compared commencements at TAFE to private providers in equivalent courses. For further information on our methodology for analysing TAFE data, please see Appendix D.

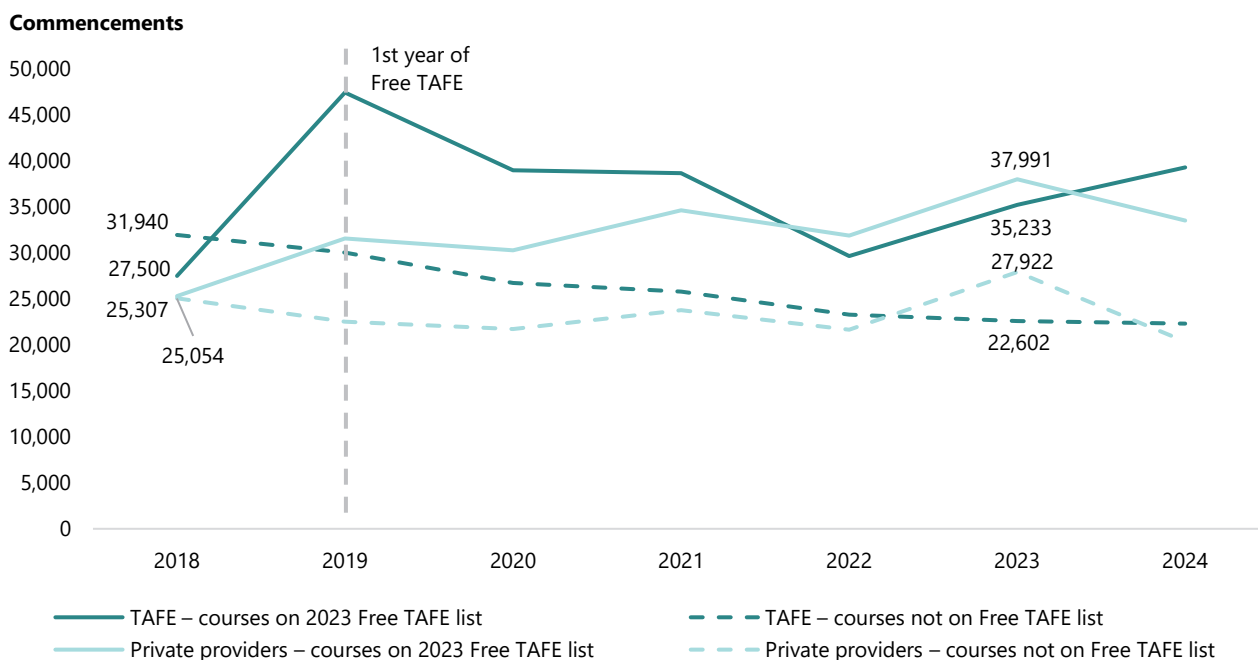
Increased commencements in Free TAFE courses

We compared government-funded TAFE commencements between 2018 and 2023, as shown in Figure 8.

In 2018, 109,801 students started government-subsidised training at TAFEs and private providers. In 2023, 123,748 students started, an increase of 12.7 per cent.

Our analysis showed ...	which could mean ...
more students overall started government-subsidised training at TAFEs and private providers	the department is achieving its objective of increasing participation in training.
more students started courses on the Free TAFE list at TAFEs and private providers	Free TAFE has incentivised students to choose courses the government has identified as providing skills in demand over other courses.
students starting non-Free TAFE courses at TAFEs declined over the same period	

Figure 8: Government-funded student commencements in TAFE



Source: VAGO, based on department data.

Observations and limitations

As shown in Figure 8, from 2018 to 2023, government-funded commencements in ...	courses at TAFE ...	This suggests that after Free TAFE started more students have ...
Free TAFE	increased by 28 per cent.	chosen courses that teach priority skills than other courses.
non-Free TAFE	decreased by 29 per cent.	

We also found that 86 per cent of government-subsidised students who started courses on the Free TAFE list in 2023 received Free TAFE funding. This indicates a high take-up of Free TAFE within the cohort of eligible government-subsidised students.

These commencement rates could show Free TAFE is contributing to increasing participation in VET courses the government has prioritised. But Free TAFE may not be the only reason for the changes. The economic factors that led the government to add certain courses to the Free TAFE list (such as demand in certain fields of work) could also be driving students to choose these courses regardless of the initiative.

The proportion of students from priority cohorts participating in Free TAFE courses has not significantly increased

Representation of priority cohorts

Free TAFE aims to give all Victorians access to education and training by removing financial barriers. It particularly aims to support disadvantaged and under-represented people, including:

- women
- Indigenous Australians
- jobseekers/people unemployed before training
- young people (we categorise this as people aged 24 or under when they start training, consistent with the Australian Institute of Health and Welfare)
- people living with a disability.

We looked at the TAFE commencement trends for people in these groups to see if there had been any change since Free TAFE started.

Students from priority cohorts in Free TAFE courses

Most students at TAFE are in at least one priority cohort. More students both in and not in priority cohorts have started Free TAFE courses.

Government-funded students starting courses on the 2023 Free TAFE list ...	in 2018 numbered ...	in 2023 numbered ...
in priority cohorts	23,050	28,164
not in priority cohorts	4,267	6,511
with unknown priority status	183	547

We found that between 2018 and 2023 priority cohort commencements increased by 22.2 per cent and non-priority cohort commencements increased by 52.6 per cent.

Priority cohort participation rates broadly stable

We also investigated whether the proportion of students from priority cohorts starting Free TAFE courses has changed.

The proportion of students who were ...	in courses on the 2023 Free TAFE list ...
in at least one priority cohort	decreased.
young	did not increase.
unemployed before training	did not increase.
living with disability	increased, but also increased in non-Free TAFE courses, so we cannot say that Free TAFE caused the change.
Indigenous Australians	is too small to detect changes.*
women	increased by 2.3 percentage points, the only priority cohort to do so.

*These students also have access to tuition-free training at all Skills First TAFE and training providers under a separate initiative called the Aboriginal Access Fee Waiver.

These results show that while training participation for priority cohorts has grown under Free TAFE, participation by other cohorts had a higher rate of growth in most cases.

We acknowledge that disadvantage is not limited to these attributes. In particular, socioeconomic disadvantage related to income or wealth is not captured in enrolment data.

Additionally, some students may choose not to disclose that they are in some of these cohorts.

About 40 per cent of students in Free TAFE courses went into associated priority occupations

Priority skills occupation outcomes

Based on student satisfaction survey data for Free TAFE students who left TAFE in 2022 and 2023, we found that 41.7 per cent of Free TAFE students are going into priority skills occupations. A further 36.7 per cent go into other occupations while 21.6 per cent remained unemployed at the time of the survey.

Of the top 9 occupations that Free TAFE students became employed in, all were on the training needs list, and 8 out of 9 were priority occupations associated with Free TAFE courses.

Data limitations There is not much available data about employment outcomes in priority skills areas after training. We were not able to do a comparison over time because the data capturing student-reported courses and jobs for earlier years had not been mapped to the standardised industry occupation codes. We therefore had no baseline or target for comparison.

The student survey data we do have has limits, which we discuss in Appendix D. For example:

- the surveys are voluntary, so not all students complete them
 - not all students are offered a chance to complete a survey for every Free TAFE course they complete
 - there is complexity in aligning students' responses about their occupation with defined career pathways.
-

Despite changes to the Free TAFE funding model, the financial sustainability of TAFEs could still be at risk

Fee waiver rate changes

In 2023, the department found that the way it was calculating fee waiver rates did not always align with the cost of delivering courses as enrolments grew. This meant TAFEs were not incentivised to grow Free TAFE courses.

In mid-2023, the department implemented a new method of calculating fee waiver rates. It now estimates the average cost of delivering each Free TAFE course and sets a uniform rate for each course for all TAFEs. Rates still vary between courses because some cost more to deliver than others.

Result of changes to Free TAFE fee waiver rates

The department told us the 2023 increase to fee waiver rates had incentivised TAFEs to deliver Free TAFE to more students, as the government intended.

In 2024, the first full year the new rates were in place, Free TAFE course commencements increased by 15 per cent. In comparison, overall commencements in government-funded training were stagnant, falling by 0.8 per cent from 2023 to 2024.

The department also says the waiver rate changes have made TAFEs more financially viable and better able to implement the initiative. In recent years, fewer TAFEs have needed:

- top-up funding during the year
 - letters of support from the government because auditors expressed concern that they may not have enough money to remain viable.
-

Need for extra support services

We asked the 5 TAFEs we audited about how changes to the fee waiver rates had impacted them. They generally agreed that the new fee waiver rates helped reduce the gap between subsidies and the cost of delivering courses. However, most TAFEs were concerned that rates may not stay in line with enrolment growth and rising delivery costs, including staff costs.

Most TAFEs told us that since Free TAFE started, they have observed that students' need for extra support services has significantly increased. These include various services outside of the classroom such as:

- disability support
- career counselling
- interpreters.

Free TAFE has made training more accessible for students who might not otherwise have been able to participate. These cohorts often need more support.

Delivering this additional support has come at an extra cost to TAFEs. TAFEs were not aware of any work that they or the department had done to specifically quantify this additional cost but believed that analysing these costs would demonstrate the increase.

Financial sustainability of TAFEs

Our 2025 report *Results of 2024 Audits: TAFEs and Universities* found that TAFEs grew their own-source revenue, which is key to financial sustainability.

However, we also found that while the TAFE sector reported a net surplus in 2024, this was mostly because of one-off capital grants. Eight TAFEs reported a net surplus, but without these grants, only 5 TAFEs would have done so and the sector would have had a \$53.1 million net deficit.

These results are consistent with recent years. Our report found that in 2019 to 2023, 9 of the 12 TAFEs reported a net surplus for 3 or more years, but without capital grants, only one TAFE would have achieved this result. This suggests that since Free TAFE started, TAFEs' financial sustainability has not significantly improved.

Our report highlighted that cost pressures for TAFEs persist. TAFEs are not set up to make large surpluses or fund capital costs completely on their own. However, even with the changes to fee waiver rates, the long-term financial sustainability of TAFEs could be at risk if they do not effectively manage their expenses or increase their own-source revenue.

4.

Managing and improving Free TAFE

The department and skills authority use effective systems to understand Victoria's priority skill demands. This contributes to the department's annual assessment of course performance, which determines which courses should be funded through Free TAFE. While the agencies work together effectively, there is an opportunity to create an overarching procedure to coordinate this work.

The department has internal monitoring and reporting practices to understand components of Free TAFE cost and outputs. However, its monitoring and evaluation of Free TAFE focus primarily on course performance. It has not conducted an evaluation of the overall program since 2020. This means it cannot demonstrate the extent to which Free TAFE is meeting its objectives and intended outcomes to respond to priority skill areas and improve access to training for priority cohorts.

Covered in this section:

- The department and the skills authority use evidence-based modelling to identify Victoria's priority skills but do not have an overarching procedure to coordinate some parts of this work
- The department follows a consistent and logical process to add, retain and remove Free TAFE courses to ensure they align with the initiative's objectives
- The department monitors components of Free TAFE using different internal systems but it does not have an overarching plan for evaluating the overall initiative
- The department publicly reports on the cost and performance of Free TAFE and has opportunities to be more transparent
- There has been limited overarching evaluation of the Free TAFE initiative

The department and the skills authority use evidence-based modelling to identify Victoria's priority skills but do not have an overarching procedure to coordinate some parts of this work

Free TAFE and priority skills

Since Free TAFE was announced in 2018, one of its key objectives has been to give people skills that key industries in Victoria most need. The department does this by funding courses associated with job demand across Victoria. The department needs effective processes to understand which skills it should prioritise in order to select the right courses.

The skills authority is responsible for monitoring and reporting workforce demand across Victoria. It advises the government through its Victorian Skills Plan and employment projections dashboard. The department uses these to understand the priority skills.

Identifying priority skills

The skills authority uses a framework of evidence-based economic models to:

- predict the future picture of employment across different industries, occupations and regions in Victoria
- estimate the movement of workers by industry (for example through people retiring or changing industries)
- determine the difference between the current and future employment levels and the number of training commencements needed to address this
- match priority skills with course qualifications.

The outputs of these models help the government understand the employment and skills needs in Victoria.

Matching Free TAFE courses with priority skills

The department understands VET demand and supply capacity through the skills authority's modelling processes. The department uses the skills authority's work to determine the training needs list, which it then selects the Free TAFE courses from.

The training needs list includes all courses and skillsets which are subsidised through the Skills First funding. To be subsidised through Skills First, courses must align with:

- industry and occupation demands
- strong job outcomes
- social needs which prepare students with foundational skills
- government priorities.

In 2025 there are over 600 courses or skillsets on the training needs list. Over 80 of these are funded through Free TAFE.

Responsibilities for identifying priority skills

The skills authority is responsible for analysing the skill needs of Victoria's workforce, including identifying priority skills. It uses a system of economic modelling to do this.

While the skills authority is responsible for the modelling overall, it works in partnership with other groups in the department for some parts of its analysis. All sectors of the government and industry use the outputs of this modelling to plan their workforces.

Employment projections are a key input to workforce analysis

A key input into the skills authority's analysis of Victoria's workforce is the employment projections. The employment projections estimate how many people will work in different occupations in the future.

In 2024 the department's Economic Policy, Projects and Coordination group (now the Economic Policy, Programs and Services group) became responsible for this analysis work.

The skills authority cannot complete its work identifying employment and skills needs and other key analysis of Victoria's workforce without the employment projections.

Coordination between the skills authority and the department

While the skills authority and the department understand their roles in identifying priority skills, there is no overarching document that describes how they should collaborate, including how and when they are expected to deliver key inputs.

Without this, there is a risk that the skills authority may not receive the employment projections when it needs them. This could impact the work it does to understand Victoria's workforce.

There is an opportunity for the skills authority and the department to document an understanding which describes the procedure and expectations for delivering the employment projections. This would include:

- recognising the employment projections as a key input in producing skills demand and supply analysis
- when they need to deliver this work
- the teams involved
- who they should consult with
- how they should transfer information.

A written procedure would reduce the risk of variance in carrying out their functions to identify priority skills and promote efficiency in their collaboration.

The department follows a consistent and logical process to add, retain and remove Free TAFE courses to ensure they align with the initiative's objectives

Types of Free TAFE courses

Free TAFE offers different types of courses that enable students to either upskill in their existing occupation or enter a new industry.

Figure 9 shows the types of courses offered through Free TAFE.

Figure 9: Types of courses offered through Free TAFE

Course type	Definition	Examples
Nationally accredited qualifications	Comprehensive, nationally recognised credentials each made up of a program of units. They are designed to deliver a broad range of skills and knowledge within a specific industry or occupation. This enables a student to enter a new industry.	<ul style="list-style-type: none"> • Certificate III in Early Childhood Education and Care • Diploma of Community Services
Pre-apprenticeships	Entry-level qualifications that provide a pathway to an Australian apprenticeship. They offer foundational skills and work experience in a chosen trade or industry, which can make it easier to secure a full apprenticeship and potentially shorten its duration.	<ul style="list-style-type: none"> • Certificate II in Baking
Short courses	Smaller programs that deliver targeted training for a skill in a specific training area. Also referred to as a skillset. They enable students to upskill in their current occupation.	<ul style="list-style-type: none"> • Identifying and Responding to Family Violence Risk • Agricultural Chemical Skill Set

Source: VAGO, based on department information.

Process for annual assessment of courses

The department follows a consistent and logical assessment process to review the performance of Free TAFE courses and determine if they are suitable to keep receiving Free TAFE funding. This annual assessment helps the department to work towards its objective to address priority skills and deliver outcomes for priority cohorts.

The annual assessment is guided by a process map that outlines a set of performance measures to assess Free TAFE courses against. The department uses the outcome of this assessment to:

- inform its consultation with stakeholders on Free TAFE courses
- support its advice to the government on whether a course should be retained on, added to, or monitored for removal from the Free TAFE course list.

Course performance indicators

The department uses 5 indicators to assess course performance.

The department assesses each course based on ...	this means the course must ...
whether it is linked to a government priority	align with the Skills First objectives and/or align with state or federal commitments to investing in a priority area.
an outcomes indicator	demonstrate positive TAFE learning outcomes.
student demand and supply activity	demonstrate that students want to do the course and the TAFEs have the capacity to deliver it.
labour market demand	address a labour market area which has an estimated shortage of VET graduates.
a social score	be considered a higher cost to students to reduce financial barriers for priority student cohorts.

Assessing course performance

The department assesses each course against a set of performance indicators to determine whether to add, retain or remove them from the Free TAFE course list.

If a course meets ...	then the department will advise the government to ...
4 or 5 of thresholds	add it to, or retain it on, the Free TAFE course list.
3 or fewer thresholds	monitor it on the Free TAFE course watchlist.

If a course is on the watchlist for 2 consecutive years it is removed from the Free TAFE course list.

Free TAFE course watchlist

The Free TAFE course watchlist was introduced in 2022 to monitor courses which have been flagged as underperforming. The list was created to avoid courses being removed prematurely due to a one-off volatility. This gives the department and the TAFE network the chance to investigate underperformance.

Stakeholder consultation and advice to the government

After it has assessed courses against the performance indicators, the department consults other departments and TAFEs to support its advice to the government. This consultation ensures that Free TAFE courses align with:

- government priorities
- industry demand
- the capacity of the VET sector to deliver training.

The department's annual assessment process informs its advice to government on which courses are likely to deliver Free TAFE's stated objectives of addressing priority skills and participation of priority cohorts. The Free TAFE course list is updated following approval from the government.

The annual course assessment is a mechanism that helps the department work towards delivering the program's intended outcomes.

The department monitors components of Free TAFE using different internal systems, but it does not have an overarching plan for evaluating the overall initiative

The department's expectations for monitoring and evaluation

The department regularly monitors and reports on components of Free TAFE, but it does not have an overarching monitoring and evaluation plan for the initiative.

Without this, there is a risk that the department will not be able to promptly and consistently identify and respond to issues that could affect its ability to achieve its intended outcomes for Free TAFE. It also means that the department cannot demonstrate the impact of the Free TAFE investment.

The department's process map provides a framework for evaluating courses with indicators based on the initiative's objectives. The result of this evaluation supports the department's advice on which courses align with the overall objectives and therefore should get Free TAFE funding. This assessment is one part of the department's actions towards delivering the intended outcomes, but it does not evaluate the initiative as a whole.

The department's monitoring policy

The department's Monitoring and Evaluation Policy and Standards outlines how the department should oversee its programs and initiatives. This policy acknowledges that the department needs to perform monitoring and evaluation to:

- make evidence-based and strategic decisions
- know if it is making progress towards its goals
- demonstrate its initiatives, strategies, policies, programs and projects have delivered expected outcomes for Victorians.

The department's policy sets the expectation that the department should systematically and continuously monitor its initiatives while it implements them. It should also provide a more formal, deeper, independent judgement of each initiative and deliver a report on the findings and recommendations.

While the department's evaluations of components of the initiative, such as the annual course review, helps it ensure courses align with Free TAFE's objectives, these evaluations do not show how the initiative is performing overall.

Range of monitoring and reporting systems and processes

In addition to its annual course review process, the department actively monitors and reports on expenditure and outputs for Free TAFE internally through its systems and processes for reporting across VET.

We found that the department uses a range of systems and processes that provide monitoring of expenditure and output measures related to VET. These include some measures for Free TAFE. This reporting gives information to multiple stakeholders including TAFE's, different areas of the department, and decision-makers such as the Minister for Training and Skills.

Internal systems capture information related to Free TAFE but reports could contain more specific Free TAFE metrics

The department's internal systems include some monitoring of indicators that are specific to Free TAFE.

For instance, TAFEs need to set their own targets for Free TAFE commencements in consultation with the department. They then report commencements and other training data through a reporting system that flows through to a dashboard that the department monitors. This dashboard also captures priority cohort participation and the costs students have saved through Free TAFE.

While it is good that commencements and student savings are monitored internally, internal reports do not as consistently or comprehensively include metrics on:

- completions
- participation of specific student cohorts
- costs to TAFEs related to delivering Free TAFE.

This means the department is not reporting a holistic picture of the overall impact of the initiative.

The department publicly reports on the cost and performance of Free TAFE and has opportunities to be more transparent

Budget paper output initiatives

The department reports on output initiatives in the Victorian state Budget papers. Various output initiatives have been attached to Free TAFE in the years since its introduction, including:

- Supporting Free TAFE for priority courses (2019–20)
- TAFE and training driving economic recovery (2020–21)
- Boosting access to Free TAFE and training services (2024–25 and 2025–26).

However, it is not always clear based on the Budget output initiative descriptions what component of an initiative is specifically for Free TAFE. Some of the initiatives list the output funding as 'including' Free TAFE but also as funding other partially subsidised training.

The department does on occasion publish information on the cost and performance of Free TAFE in media releases, including the number of students accessing Free TAFE, and the cost-savings to students (which are equal to aggregate fee-waiver expenditure).

A March 2025 media release on the Premier's website stated that 'Since its launch in 2019, Free TAFE has saved students over \$600 million in tuition fees ... for the 200,000 Victorians who have enrolled.'

However, the government does not regularly and consistently publish Free TAFE expenditure publicly. This makes it harder to track how much money is spent on the initiative.

While this is not an explicit requirement, the initiative is a significant policy platform for the Victorian government and was a considerable shift from previous subsidy arrangements. Clearer and more consistent reporting on its cost and performance would enable the public to interpret whether the initiative is providing a net benefit to Victorians.

Budget paper performance reporting

Since 2021–22, Victorian government Budget papers have contained an output measure capturing the 'number of enrolments in the Free TAFE for priority courses initiative'.

The department is currently exploring adding further performance measures to include in the next Budget papers that show Free TAFE outcomes, including:

- retention and completion rates
- employment outcomes, especially in targeted areas of skills shortages.

This is in response to a recommendation from the Public Accounts and Estimates Committee during Budget estimates hearings for 2024–25.

The department intends to propose new measures for the government to consider as part of the 2026–27 state Budget process. Measures currently under consideration include:

- the 4-year completion rate for commencements in Australian Qualifications Framework qualifications in the Free TAFE for priority courses initiative
- the proportion of VET completers with better employment status after training in the Free TAFE initiative.

These outcomes-focused metrics are existing Budget paper measures for VET participants overall.

Potentially adding Budget paper performance measures for Free TAFE that capture outcomes is a positive move towards better understanding how the program is performing.

There has been limited overarching evaluation of the Free TAFE initiative

Early evaluation conducted by Deloitte

In 2020, one year into the implementation of Free TAFE, the department procured Deloitte to conduct an early evaluation of the initiative. The scope of Deloitte's formative assessment focused on:

- awareness and the decision-making motivators of participants
- student demographics
- initial student experience following the introduction of the initiative.

The Deloitte evaluation found:

- Free TAFE was almost universally seen in a positive light. It was commonly a catalyst in participants' decisions to enrol in courses they had considered but never thought achievable or affordable. It was reported as particularly important for financially vulnerable groups
- Free TAFE had significantly increased enrolments, with students almost doubling in 2019
- student experience was inherently varied but benefitted from flexible student support services
- administrative processes, student support services and classroom and teacher availability were facing capacity issues and were reportedly under strain from the influx of students
- some perverse incentives and outcomes had emerged including some participants having less 'buy-in' and not taking courses seriously.

Given this evaluation was conducted in the early stages of implementation, it was limited in its assessment of student outcomes and the factors influencing participation. It also could not provide an evaluation of the overall cost and benefit of the Free TAFE initiative to the state.

Evaluating Free TAFE outcomes has been limited to course performance

While the department does regular monitoring of course performance, it does not equate to monitoring the performance of the overall initiative.

The department's position is that Free TAFE has not been in place for sufficient and uninterrupted time to have reliable data on student outcomes. This is because COVID-19 impacted TAFE and VET participation and completion, making the data within the 2020 and 2021 years incomparable.

However, the program has been in place for 4 years since 2021 and still does not have a monitoring and evaluation plan which would outline the department's intention for an overall assessment of Free TAFE's performance.

An effective monitoring and evaluation plan for Free TAFE would set out how the department intends to comply with its own Monitoring and Evaluation Policy and Standards, and:

- describe the initiative and its background, activities, objectives and intended outcomes
- define the expected performance of the initiative
- set specific and appropriate performance measures for objectives and outcomes, including sources of data and data collection methods
- consider the value for money of the initiative with respect to government expenditure versus the broader economic, social and individual benefits.

Key issue: The department has not evaluated Free TAFE as a whole since 2020

While the 2020 Deloitte report gave a limited evaluation of early performance of the Free TAFE implementation, the initiative has not been evaluated as a whole since. It is important to evaluate Free TAFE against its original objectives and intended outcomes to determine the value of the initiative and understand if the public resources that fund it are being used effectively.

Current and future evaluation plans

The department advised us that it has a series of evaluations for Free TAFE underway, planned or recently completed. These are:

- an evaluation of the Free TAFE Literacy and Numeracy Support course to gather early insights on its impact on student engagement and completion (this is a literacy and numeracy support course the department added to the course list in July 2023 to help students gain the capabilities to help them complete their training)
- a holistic funding reform report and an independent evaluation of expanded eligibility for Free TAFE and Skills First in response to the government's request
- a draft evaluation framework is currently in its initial stages of consultation to develop its reporting and evaluation of Free TAFE (this is required under the department's partnership with the Australian Government).

Our analysis

Given the 7-year period the Free TAFE initiative has now been in place in Victoria, we have been able to conduct further analysis than the initial Deloitte evaluation. This includes differentiating between students who are and are not fully subsidised by a Free TAFE place in some cases. We also considered student-reported outcomes and the impact on private providers of fee-free TAFE.

However, there are still some limitations to our analysis. Our work does not substitute the need for the department to develop a plan for, and conduct, a full evaluation of the Free TAFE initiative in line with the focus areas in the department's Monitoring and Evaluation Policy and Standards.

5.

Appendices

There are 4 appendices covering responses from audited agencies, information about how we perform our work, and our data analysis methodology.

Appendix A: Submissions and comments

Appendix B: Abbreviations, acronyms and glossary

Appendix C: Audit scope and method

Appendix D: Data analysis approach and limitations

Appendix A:

Submissions and comments

We have consulted with the Department of Jobs, Skills, Industry and Regions and we considered their views when reaching our audit conclusions. As required by the *Audit Act 1994*, we gave a draft copy of this report, or relevant extracts, to those agencies and asked for their submissions and comments.

Responsibility for the accuracy, fairness and balance of those comments rests solely with the relevant agency head.

Responses received

Agency	Page
Department of Jobs, Skills, Industry and Regions	A-2

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Department of Jobs, Skills, Industry and Regions

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Ref: CSEC-2-26-28325

██████████ ██████████
Mr Andrew Greaves
Auditor-General
Victorian Auditor-General's Office
Level 31, 35 Collins Street
MELBOURNE VICTORIA 3000

Dear Mr Greaves

PROPOSED REPORT: FREE TAFE

Thank you for your letter of 2 April 2026 sharing the Free TAFE proposed report for review and response.

The Department of Jobs, Skills, Industry and Regions (the department) accept VAGO's recommendations. It is committed to delivering a high performing skills system that enables Victorians to access skilled employment and supports the economy to meet its workforce needs, including via Free TAFE.

The department notes Free TAFE's economic and equity impacts and considers it to be successful labour market activation policy. Significantly, Free TAFE performs comparably to non-Free TAFE courses while activating new learners who would not otherwise be able to access training. The department is pleased that 2024 and 2025 training data reports an increase in priority cohorts accessing Free TAFE.

The department considers that Free TAFE is comparable to income-contingent loans in the higher education system. Both remove upfront cost barriers, allowing individuals to participate in tertiary education irrespective of their ability to pay upfront costs.

Free TAFE is also boosting economic growth by training Victorians in areas of highest priority and addressing persistent skills shortages. Victorian Skills Authority analysis shows that workforce shortages and employment growth are concentrated in sectors such as construction and care, many occupations in these sectors are supplied through Free TAFE.

The department will continue to monitor Free TAFE using the extensive frameworks shared with VAGO. The department is seeking to introduce two new Free TAFE performance measures.

Enclosed is the department's action plan to address VAGO's recommendations on Free TAFE.

I thank you for the professional manner demonstrated by VAGO throughout the course of the review.



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If your team requires any further information, please contact Karan Gill, Chief Audit Officer on [REDACTED] or [REDACTED].

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Heather Ridley'.

Heather Ridley
Acting Secretary

Date: 20/04/2026

Encl. DJSIR Action Plan to Address Recommendations – Free TAFE



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Department of Jobs, Skills, Industry and Regions action plan to address recommendations from Free TAFE performance audit engagement

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	<p>(Victoria Skills Authority, in collaboration with the Department of Jobs, Skills, Industry and Regions:)</p> <p>Establish an overarching, documented understanding for delivering the employment projections that contribute to identifying priority skills, that:</p> <ul style="list-style-type: none"> recognises the employment projections as a key input in producing skills demand and supply analysis describes the roles and responsibilities of the agencies involved, including the Department of Jobs, Skills, Industry and Regions and Victoria Skills Authority describes the expectations for collaboration between the department and other agencies outlines the timing and mode of delivery for key outputs such as the employment projections. 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>The Victorian Skills Authority (VSA) and department accept this recommendation.</p> <p>The department and VSA will document the agreed process for delivering the employment projections that contribute to identifying priority skills.</p>	June 2027
2	<p>Develop and implement a plan to evaluate the Free TAFE initiative that:</p> <ul style="list-style-type: none"> describes the initiative, including its background, activities, objectives and intended outcomes defines the expected performance of the initiative sets specific and appropriate performance measures for objectives and outcomes, including sources of data and data collection methods assesses the achievement of objectives, intended benefits and outcomes assesses the impact of Free TAFE on the level of support services students require, and the operational costs for TAFE to provide these services considers the value for money of the initiative with respect to the government expenditure vs. the broader economic, social and individual benefits establishes a schedule for monitoring and evaluation activities and deliverables. 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>The department accepts this recommendation.</p> <p>The department will continue to monitor Free TAFE using the extensive frameworks shared with VAGO and will establish a Free TAFE schedule for future monitoring and evaluation activities.</p> <p>In addition, the department will introduce two new Free TAFE performance measures as part of state budget reporting and will consider how an evaluation of Free TAFE can be achieved within the context of the broader funded training system.</p>	December 2027

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Appendix B:

Abbreviations, acronyms and glossary

Abbreviations We use the following abbreviations in this report:

Abbreviation	Full spelling
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the department	Department of Jobs, Skills, Industry and Regions
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the skills authority	Victorian Skills Authority
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Acronyms We use the following acronyms in this report:

Acronym	Full spelling
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RTOs	registered training organisations
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TAFE	Technical and further education
------	---------------------------------

VAGO	Victorian Auditor-General's Office
------	------------------------------------

VET	vocational education and training
-----	-----------------------------------

Glossary The following terms are included in or relevant to this report

Term	Explanation
------	-------------

Level of assurance	This is a measure of the confidence we have in our conclusions. The quality and quantity of evidence we obtain affects our level of assurance. We design our work programs with the information needs of our report users in mind. We consider if we need to provide them with reasonable assurance or if a lower level of assurance may be appropriate.
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Limited assurance	We obtain less assurance when we rely primarily on an agency's representations and other evidence generated by that agency. However, we aim to have enough confidence in our conclusion for it to be meaningful. We call these types of engagements assurance reviews and typically express our opinions in negative terms. For example, 'nothing has come to our attention to indicate there is a problem.' See our assurance services fact sheet for more information.
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Reasonable assurance	We achieve reasonable assurance by obtaining and verifying direct evidence from a variety of internal and external sources about an agency's performance. This enables us to draw a conclusion against an objective with a high level of assurance. We call these performance audits . See our assurance services fact sheet for more information.
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Appendix C:

Audit scope and method

Scope of this audit

Who we examined

We examined the following agencies:

Agency	Their key responsibilities
Department of Jobs, Skills, Industry and Regions	Is responsible for managing and supporting subsidised vocational education and training in Victoria. It provides advice to the Minister on which courses should be funded by Free TAFE. It also manages TAFEs through its Office of TAFE Coordination and Delivery group.
Victorian Skills Authority	Provides evidence-based planning and solutions to meet current and future skills needs in Victoria.
Bendigo Kangan Institute	Deliver vocational education and training including Free TAFE courses. The TAFE's also set individual targets for commencements in Free TAFE courses and monitor this.
Box Hill Institute	
Chisholm Institute	
Wodonga TAFE	
South West TAFE	

Our audit objective

Is the Free TAFE initiative providing training for priority skills and delivering benefits to Victorians?

What we examined

We examined:

- the cost of the Free TAFE initiative
- student participation in Free TAFE courses and non-Free TAFE courses
- the modelling used to determine Victoria's priority skills in demand
- the department's process to evaluate select Free TAFE courses
- the department's internal and public monitoring and reporting systems.

Aspects of performance examined

Our mandate for performance audits and reviews includes the assessment of economy, effectiveness, efficiency and compliance (often referred to as the '3Es + C').

In this audit we focused on the following aspects:

Economy	Effectiveness	Efficiency	Compliance
○	●	○	○

Key:

- Primary focus
- Not assessed

Conducting this audit

Assessing performance

To form a conclusion against our objective we used the following lines of inquiry and criteria.

Line of inquiry	Criteria
1. The Free TAFE initiative is enabling Victorians to access training for priority skills.	1.1 The department and the skills authority use an evidence-based framework to identify the priority skills that are in demand in Victoria.
	1.2 Courses selected for the Free TAFE initiative are appropriately aligned with identified priority skills.
2. The department can demonstrate that the Free TAFE initiative is performing as expected.	2.1 The department monitors, evaluates and reports on: <ul style="list-style-type: none">the cost of the Free TAFE initiativethe achievement of intended outcomes.
	2.2 The Free TAFE initiative is achieving its intended outcomes and providing benefits including: <ul style="list-style-type: none">participants self-identifying as succeeding in the main reason for their studyparticipants having an improved employment status following their trainingparticipants going on to study at a higher levelincreasing participation (course enrolments and completions in VET).

Our methods

As part of the audit we:

- reviewed policies and procedures, internal communication, evidence of collaboration and economic methodology documents to determine whether the skills authority and the department use consistent, logical, and evidence-based modelling to support them in identifying Victoria's skills needs
- reviewed the department's procedure for selecting Free TAFE courses
- reviewed cabinet submissions, internal communication and evidence of stakeholder consultation to determine whether the department consistently followed its procedure for Free TAFE course selection
- reviewed cabinet submissions, evaluation reports and internal monitoring and reporting systems to determine whether Free TAFE has had specific performance targets and understand how the department monitors and reports the initiative's performance
- analysed student participation and cost data for Free TAFE and non-Free TAFE VET courses.

Level of assurance

In an assurance review, we primarily rely on the agency's representations and internally generated information to form our conclusions. By contrast, in a performance audit, we typically gather evidence from an array of internal and external sources, which we analyse and substantiate using various methods. Therefore, an assurance review obtains a lower level of assurance than a performance audit (meaning we have slightly less confidence in the accuracy of our conclusion).

Compliance

We conducted our audit in accordance with the *Audit Act 1994* and ASAE 3500 *Performance Engagements* to obtain reasonable assurance to provide a basis for our conclusion. We complied with the independence and other relevant ethical requirements related to assurance engagements. We also provided a copy of the report to the Department of Premier and Cabinet and the Department of Treasury and Finance.

Cost and time

The full cost of the audit and preparation of this report was \$830,000. The duration of the audit was 17 months from initiation to tabling.

Appendix D:

Data analysis approach and limitations

Included data We analyse government-funded students because Free TAFE is only offered to students eligible for government funding.

We use course commencements rather than enrolments to analyse participation. A student may be enrolled for multiple years with the same course commencement date. Commencements are more useful for assessing trends.

Some courses are available as multiple enrolment types. We include normal enrolment types and traineeships but exclude apprenticeships which are not available under Free TAFE.

We analysed data for calendar years from 2016 to 2024.

Comparison years

We use data from 2018 as a pre-Free TAFE baseline to compare with because:

- it is the most recent non-Free TAFE year
- survey data prior to 2018 had differences that make it incomparable with following years
- our analysis of commencements data indicated this is a typical pre-Free TAFE year.

We use data from 2023 as a comparison year after the introduction of Free TAFE because:

- 2019 is atypical as it was the first year Free TAFE was offered, fewer courses were eligible and there was a one-off spike in commencements
 - 2020 and 2021 are atypical due to the impact of COVID-19 on employment and the economy
 - 2024 satisfaction survey data was not yet available for our analysis, and completion rate analysis for 2024 could not be conducted for a period of longer than one year
 - 2023 was preferred over 2022 because:
 - it was more recent
 - more courses were eligible for Free TAFE
 - students became eligible to participate in multiple Free TAFE courses
 - more time had passed for providers and students to adapt to Free TAFE as business as usual.
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Student-reported outcomes

Analysis approach and limitations

To reduce bias in the 2018 results by including students who take a longer time to complete training, we only included survey responses for students surveyed within 2 years of commencing.

There were 154,158 students in VET during 2023 who were eligible to be surveyed in 2024. The response rate for the 2024 survey was 43.8 per cent.

Data collected from this survey has the following limitations:

- Students enrolled in multiple courses are surveyed for one course only.
- The response rate for individual questions is lower than the overall response rate.
- Survey questions change over time as part of process refinement by the skills authority.
- Students may be surveyed over multiple years if they were incorrectly identified as completing or discontinuing their course in an earlier survey year.

Surveys, by their nature, include an incomplete and limited sample of all student results. We weighted survey responses to make aggregate data more representative of the entire population. Weights for survey responses used age group, gender, course level and completion status.

Broader economic factors will have an impact on 'improved employment status'. Metrics 'achieved main reason for study' and 'improve outcome' are also influenced by employment status. These results should be interpreted within the broader context of selecting courses to add to Free TAFE based on the need for skilled people.

Auditor-General's reports tabled in 2025–26

Report title	Tabled
<i>Delivering Savings Under the COVID Debt Repayment Plan</i> (2025–26: 1)	July 2025
<i>Planned Surgery in Victoria</i> (2025–26: 2)	August 2025
<i>Financial Management of Local Councils</i> (2025–26: 3)	August 2025
<i>Responses to Performance Engagement Recommendations: Annual Status Update 2025</i> (2025–26: 4)	September 2025
<i>Annual Report 2024–25</i>	October 2025
<i>Relief and Recovery Funding for the 2022 Floods</i> (2025–26: 5)	October 2025
<i>Cybersecurity of IT Servers</i> (2025–26: 6)	October 2025
<i>Accessibility of Tram Services: Follow-up</i> (2025–26: 7)	November 2025
<i>Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2024–25</i> (2025–26: 8)	November 2025
<i>Service Delivery Performance 2025</i> (2025–26: 9)	December 2025
<i>Managing the Transition to Renewable Energy</i> (2025–26: 10)	December 2025
<i>Ravenhall Correctional Centre: Rehabilitating and Reintegrating Prisoners – Part 2</i> (2025–26: 11)	February 2026
<i>Major Projects Performance Reporting 2025</i> (2025–26: 12)	March 2026
<i>Modernising myki</i> (2025–26: 13)	March 2026
<i>Timely Payments Performance</i> (2025–26: 14)	March 2026
<i>Results of 2024–25 Audits: Local Government</i> (2025–26: 15)	March 2026
<i>Supporting the Transition from Native Timber Harvesting</i> (2025–26: 16)	April 2026
<i>Enhanced Maternal and Child Health Program Performance</i> (2025–26: 17)	April 2026
<i>Free TAFE</i> (2025–26: 18)	May 2026
<i>Responses to Performance Engagement Recommendations: Annual Status Update 2026</i> (2025–26: 19)	May 2026

All reports are available for download in PDF and HTML format on our website at <https://www.audit.vic.gov.au>

Our role and contact details

The Auditor-General's role

For information about the Auditor-General's role and VAGO's work, please see our online fact sheet [About VAGO](#).

Our assurance services

Our online fact sheet [Our assurance services](#) details the nature and levels of assurance that we provide to Parliament and public sector agencies through our work program.

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