## Deed of Variation to the 12-Month Skills Agreement FEDERATION FUNDING AGREEMENT – EDUCATION AND SKILLS

#### **Preliminaries**

- In accordance with clause 36 of the Education and Skills Federation Funding Agreement, the Parties agree to amend the 12-month Skills Agreement ("Agreement") as set out in this Deed of Variation.
- The Deed of Variation will amend the Agreement to enable the Commonwealth and State and Territories (the States) to agree on delivery of 300,000 Fee-Free TAFE existing places, and associated payments, reporting, and program parameters. It continues the intent of Fee-Free TAFE delivered through the Agreement to put TAFE at the centre of VET, while recognising varied State delivery contexts.
- 3. Delivery of Fee-Free TAFE Tranche 2 (FFTT2) is expected across 3 years, commencing 1 January 2024 through to 31 December 2026. It will remove the student contributions for 300,000 existing places. Fee-Free TAFE places will continue to be prioritised for First Nations Australians, young people (17-24), people out of work or receiving income support, unpaid carers, women facing economic insecurity, women undertaking study in non-traditional fields, people with disability, and certain categories of visa holders. Fee-Free TAFE students in priority cohorts will continue to have access to appropriate student support services.
- 4. The following appendices of the Agreement will not be impacted by the Deed of Variation:
  - i. Appendix A (Funding Principles for the Fee-Free TAFE Fund (FFT Fund) describing the delivery of Fee-Free TAFE Tranche 1)
  - ii. Appendix B (TAFE Technology Fund)
  - iii. Appendix C (Provision of seed funding for VET Data Infrastructure Reforms) and
  - iv. Appendix D (Principles for cost sharing under the VET Student Loans Program). VET Student Loans requirements beyond 31 December 2023 will be specified in the new National Skills Agreement.
- 5. The following activities and measures described in the Agreement associated with Tranche 1 Implementation Plans will not apply for FFTT2:
  - i. Ancillary funding
  - ii. Additional student support services
  - iii. Baseline measures
  - iv. 15,000 Aged Care places provided for under Paragraph 2 of Appendix A: Funding Principles for the Fee-Free TAFE Fund (FFT Fund)
  - v. Matched contributions
  - vi. New training places

### Variations to the Agreement

6. The Parties agree to amend the Agreement as follows:

Item	Clause	Variation
	Reference	
Schedule	Name of	From: 12-month Skills Agreement
Name	Instrument	To: Fee-Free TAFE Skills Agreement

# 1. Part 1: Formalities and operation of schedule

#### **Duration**

**From:** This Schedule is expected to expire on 30 June 2024. **To:** This Schedule is expected to expire on 30 June 2027.

#### **Purpose**

From: This Schedule establishes shared funding arrangements between the Commonwealth and States and Territories (the States) to deliver Fee-Free TAFE places in agreed areas of priority set out in Appendix A and enhanced infrastructure set out in Appendices B and C

**To:** This Schedule establishes shared funding arrangements between the Commonwealth and States and Territories (the States) to deliver Fee-Free TAFE places in agreed areas of priority set out in Appendices A and F and enhanced infrastructure set out in Appendices B and C.

#### **Estimated financial contributions**

From: The Commonwealth will provide an estimated total financial contribution to the States for Fee-Free TAFE of \$493 million in respect of Appendix A and \$50 million for the TAFE Technology Fund as described in Appendix B. The Commonwealth will also provide \$6.85 million for VET Data Infrastructure Reforms as described in Appendix C.

To: The Commonwealth will provide an estimated total financial contribution to the States for Fee-Free TAFE Tranche 1 of \$493 million in respect of Appendix A and \$50 million for the TAFE Technology Fund as described in Appendix B. The Commonwealth will also provide \$6.85 million for VET Data Infrastructure Reforms as described in Appendix C. The Commonwealth will provide an estimated total financial contribution to the States for Fee-Free TAFE Tranche 2 (FFTT2) of \$414.1 million in respect of Appendix F and Table 1a.

#### **Insert after Table 1:**

The Commonwealth will provide an estimated total financial contribution to the States for FFTT2 of \$414.1 million in accordance with the funding principles of the Agreement as described in Table 1a:

Table 1a: Funding for FFTT2 by jurisdiction:

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

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

Payments are to be made in accordance with Part 2: Performance

Milestones and Payment Summary for FFTT2.

#### **Additional Terms**

#### Insert after paragraph 2:

To support FFTT2, new Implementation Plans must be submitted by all States by 29 September 2023 or as negotiated between senior officials.

FFTT2 places for each jurisdiction are set out in Table 6.

Table 6: FFTT2 Places by jurisdiction

8	2023-24	2024-25	2025-26	2026-27	Total
Estimated total places	50,300	100,300	100,300	50,300	301,200
New South Wales	24,600	49,100	49,100	24,600	147,400
Victoria	10,500	20,900	20,900	10,500	62,800
Queensland	7,200	14,500	14,500	7,200	43,400
Western Australia	3,700	7,400	7,400	3,700	22,200
South Australia	2,500	5,000	5,000	2,500	15,000
Tasmania	800	1,500	1,500	800	4,600
Australian Capital Territory	600	1,200	1,200	600	3,600
Northern Territory	400	700	700	400	2,200

Governments are committed to delivering 480,000 Fee-Free TAFE places.

Through Implementation Plans, senior officials will agree implementation arrangements so that Fee-Free TAFE places are available across each year of the Agreement to avoid service gaps.

Implementation plans can be varied by agreement between the relevant senior Commonwealth and state officials to assist states to manage demand for places, including by counting over-enrolments in areas of national priority towards places for the following year.

2.	Part 2: Performance milestones and payment	Under Performance Milestones and Payments for the Fee-Free TAFE Fund (FFT Fund), insert after Performance Milestone 3:  Fee-Free TAFE Tranche 2			
	summary	Performance Milestones and Payments for the Fee-Free Due TAFE Fund (FFT Fund)		Payment	
		Performance Milestone 1 States agree and sign up to the Deed of Variation.  Commonwealth and State senior officials agree to the FFTT2 Implementation Plan.	Within 30 days of signing this Deed of Variation or 1 January 2024, whichever is later	A first payment of 40% of the State's FFTT2 funding.	
		Performance Milestone 2 The State has provided quarterly reporting consistent with Part 3 of this Schedule which shows that the value of enrolments in eligible training places in the jurisdiction has reached a minimum of 40 per cent of the FFTT2 expenditure.	Estimated for July 2025	A second payment of 30% of the State's FFTT2 funding, based on achievement of 40% of the total expenditure of FFTT2 funds.	
		Performance Milestone 3 The State has provided quarterly reporting consistent with Part 3 of this Schedule which shows that the value of enrolments in eligible training places in the jurisdiction has reached a minimum of 70 per cent of the FFTT2 expenditure.	Estimated for December 2026	A final payment of 30% of the State's FFTT2 funding, based on achievement of 70% of the total expenditure of FFTT2 funds.	
3.	Part 3: Reporting Requirements	Insert at end of Part 3 Reporting requirements table:			
		With respect to FFTT2, States will  Report  Quarterly Reporting States will of provide quarterly reports by the	Due		

the month following the end of the quarter for the life of this Agreement using the Fee-Free TAFE Tranche 1 agreed templates at Appendix E, unless alternative arrangements are agreed in the Implementation Plan. States will also report on tuition fee savings (actual or estimated where not available) for students enrolled in FFTT2. Reporting arrangements may be revised

once the transition to a new VET Information Standard and new reporting pathways is completed.

Insights Report: States will provide a review of progress, including demand for training and any changes in the economic environment. The review will also include an assessment of the effectiveness of Fee-Free TAFE Tranche 1 and 2 in meeting the needs of the target cohorts within each jurisdiction. The Commonwealth will collaborate with States on an evaluation of the initiative, incorporating the Insights Report. This evaluation is expected to be completed before the end of 2025.

By the 15th day of the month following the end of the quarter for the life of this Agreement unless alternative arrangements are agreed in Implementation Plans.

28 July 2025

Once the evaluation is finalised, the Commonwealth and the States will consider the future of Fee-Free TAFE beyond 2026, to be agreed by the Skills and Workforce Ministerial Council (SWMC).

End of Fund Report States will provide an End of Fund Report which provides a stocktake and acquittal, including a review of FFTT2 and an assessment of its effectiveness 29 June 2027 in meeting the needs of the target cohorts within each jurisdiction. The Commonwealth will collaborate with States on the evaluation of the outcome of the initiative.

#### 4. **New Appendix**

#### **Insert as Appendix F:**

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

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

- marketing FFTT2 to those priority groups.
- b. States will advise on any changes to eligibility through their quarterly reports.

#### Training in scope of funding

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

#### **Enrolment Period**

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

#### Course Pricing

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

Reporting Arrangements

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

#### Unused funding

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

#### **Promotion of FFTT2**

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

#### Definitions:

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

Fee-Free TAFE Tranche 2 Reporting Schedule

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

The Parties have confirmed their commitment to this Agreement as follows: Signed for and on behalf of the Commonwealth of Australia by The Hon Brendan O'Connor MP Minister for Skills and Training 2..../2023 Signed for and on behalf of the Signed for and on behalf of the State of New South Wales by State of Victoria by The Hon Gayle Tierney MLC The Hon Prudence Car MP Aipister for Skills, TAFE and Tertiary Education Minister for Training and Skills, Minister for Higher **3**./..../2023 Education ...../2023 Signed for and on behalf of the Signed for and on behalf of the State of Queensland by State of Western Australia by The Hon Simone McGurk MLA The Hon Dianne Farmer MP Minister for Training and Skills Development Minister for Training, Water and Youth ...../2023 ...../2023 Signed for and on behalf of the Signed for and on behalf of the State of South Australia by State of Tasmania by The Hon Felix Ellis MP The Hon Blair Boyer MP Minister for Education, Training and Skills Minister for Skills, Training and Workforce Growth ...../2023 ...../2023 Signed for and on behalf of the Australian Signed for and on behalf of the Northern Territory by Capital Territory by

The Hon Paul Kirby MLA

...../2023

Minister for Business, Jobs and Training

Mr. Chris Steel MLA

Minister for Skills

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25./.8./2023

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The Hon Simone McGurk MLA Minister for Training, Water and Youth 13../.09./2023

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