Submission to the Senate Education and Employment Legislation Committee

July 2026

THE UNIVERSITY OF MELBOURNE

Universities Accord (Opening the Doors of Opportunity) Bill 2026

Executive Summary

The University of Melbourne welcomes the opportunity to contribute to the Committee's inquiry into the *Universities Accord (Opening the Doors of Opportunity) Bill 2026*. The University strongly supports the Government's goals to increase tertiary attainment to at least 80 per cent of the working age population holding a post-secondary qualification by 2050. We recognise the Bill represents a genuine attempt to address systemic challenges in higher education funding and to widen participation for students from underrepresented cohorts.

At the same time, the Bill's design contains several provisions that risk undermining these objectives. While the University supports boosting enrolments, there are issues in the Bill, including:

- The proposed framework creates perverse incentives that could reduce rather than increase student places;
- Ministerial discretion over place allocation lacks legislative safeguards;
- The Needs-based Funding system contains structural flaws that exclude certain student cohorts; and
- Over-enrolment penalties discourage universities from using their full allocation and responding to genuine demand.

Experience with previous initiatives, such as the one-off 20,000 additional Commonwealth-supported places (CSPs) program, demonstrates the importance of aligning policy design with actual student demand to ensure places are utilised effectively.

To reduce the risk of unintended consequences, while maintaining the Bill's core policy objectives, the University recommends the Bill be amended to:

1. **Introduce legislative safeguards for Ministerial powers**, ensuring certainty and stability for providers and students, by:
    - removing disallowance exemptions for Total Allocation Pool determinations or setting legislated minimum growth
    - requiring the Minister to set the International Allocation Pool and ATEC to make domestic and international student allocations to providers by 1 July in the preceding year to align with recruitment cycles
    - requiring conditions on grants to be "reasonable and proportionate" and subject to disallowance.
2. **Remove the 750 EFTSL cap on over-enrolment buffers** (retain 105 per cent of Domestic Student Profile only) – to ensure universities are not penalised for high retention rates and can respond confidently to student demand.
3. **Remove or restrict designated courses** to reduce the risk of unused student places and ensure universities can respond to actual student demand – while the Minister retains strategic levers through the Total Allocation Pool determination and letter of expectations to ATEC.
4. **Expand demand-driven places to First Nations postgraduate students** to strengthen the academic pipeline and build Indigenous academic leadership.
5. **Simplify Needs-based Funding**, removing perverse incentives and enabling universities to respond to local equity needs, by:
    - removing ATAR-based scaling
    - extending eligibility to low-SES postgraduate students
    - recognising regional/remote status as an additional loading for low-SES and First Nations students at metropolitan campuses

- specifying that low-SES status is determined by reference to the student's permanent home address, and
- allowing universities to use funding for outreach activities.

6. **Legislate a minimum equity modifier in the Act** (not Guidelines) – to prevent future reduction of Needs-based Funding and to ensure ongoing support for equity students.
7. **Reduce complexity in the funding system** where possible to reduce the administrative burden on Government and providers and maximise funding available for teaching, learning and research.

For further information or to discuss this submission, Professor Michael Wesley, Deputy Vice-Chancellor (Global, Culture and Engagement) can be contacted at michael.wesley@unimelb.edu.au.

Certainty for universities and students

While the University acknowledges the need for executive oversight, the Bill grants the Minister much broader powers than currently exist. This creates uncertainty for both universities and students. For example, the Minister sets the Total Allocation Pool (TAP) via a legislative instrument that is not subject to disallowance. There is no legislated requirement for the Minister to grow the TAP. A future Minister could limit growth only to “demand driven higher education courses,” which the Minister can define via legislative instrument and effectively cap for specific providers. This means that despite the Government’s goals, growth is not guaranteed, even if there is unmet demand from equity cohorts.

Similarly, the Minister sets the International Allocation Pool (IAP) via a legislative instrument that is not subject to disallowance. The Minister may specify “the kind or kinds of ESOS registered higher education providers” that receive allocations and “matters that the ATEC must take into account when making an allocation.” There is no deadline by which this determination needs to be made, and this can be varied at any time. There is also no deadline for ATEC to allocate Domestic Student Profiles (DSP) or International Student Profiles (ISP), causing considerable uncertainty for providers that generally work to 18-month recruitment timelines.

Beyond setting the number of student places, the Minister may also determine conditions with which a provider must comply. This is not a legislative instrument and there are no constraints on the conditions that may be imposed. While we do not suggest this is the Government’s intent, this power could curtail academic freedom and institutional autonomy, and potentially lead to politicisation of the sector.

The combined effect of these powers is that a future Minister could reduce universities’ autonomy and main sources of revenue with no Parliamentary oversight or recourse. To provide certainty to students and providers, the University recommends: removing disallowance exemptions for TAP determinations or setting legislated minimum growth; requiring the Minister to set the IAP and ATEC to agree providers’ DSP and ISP by 1 July in the preceding year; and requiring conditions to be “reasonable and proportionate” and subject to parliamentary disallowance.

Over-enrolments and designated places

The Bill’s introduction of an over-enrolment buffer is a welcome acknowledgement that it can be difficult for universities to predict and maintain a precise student load. Enrolments are subject to changes outside of providers’ direct control, including varying acceptance and retention rates. If a university’s retention rate increases – a desirable policy outcome – this may push the university’s enrolments over the cap.

The over-enrolment buffer becomes particularly important under the Bill because universities that enrol above their cap will be penalised through a reduction in their total basic grant amount. If the buffer is set too low, universities will make fewer offers to students than they have places to ensure that they do not exceed their cap. In this way, a small buffer could dampen supply, lead to unused places and make tertiary attainment goals harder to achieve.

To ensure this buffer is effective for all providers, we recommend removing the 750 EFTSL cap and retaining only the 105 per cent of DSP threshold. For larger providers, 750 EFTSL represents only 1–3 per cent of their total student load, which is insufficient to accommodate normal variation in enrolment, including due to increased retention. Removing this cap would allow universities to respond confidently to student demand and improve student outcomes while maintaining the Bill's cost control objectives.

We understand the Government's desire to direct growth toward areas of skills need. The Bill empowers the Government to designate courses, allowing ATEC to make allocations in specific fields of study or qualification levels. ATEC can use this as either a cap (as universities that enrol above their allocation do not receive Commonwealth contributions) or to encourage enrolments in those fields (as a university can only use up its whole DSP if it enrols in those courses). However, experience with the Government's one-off

20,000 additional CSP initiative suggests that designated course allocations can result in underutilisation when student demand does not align with allocations. Due to the number of criteria applied to the places and soft demand, many of these went unused, with that funding later redirected to equity initiatives.

To ensure maximum utilisation of CSPs and responsiveness to student demand, we recommend removing the designated courses power or placing legislative safeguards on the power. The Minister could still set out areas of priority in the letter of expectations to ATEC. ATEC could then work collaboratively with providers through Mission-based Compacts to encourage greater supply of places for priority courses.

Additionally, we recommend expanding demand-driven places to First Nations students undertaking postgraduate courses. Currently, demand-driven places are limited to First Nations students in bachelor degrees, bachelor honours degrees, and medical courses. Extending this to postgraduate study would strengthen the academic pipeline into academia and research, supporting Indigenous knowledges and building Indigenous academic leadership. This expansion would complement needs-based funding for postgraduate First Nations students and remove financial barriers to progression.

Needs-based Funding

The University welcomes the Government's strong focus on equity and access. Education is one of the most effective ways to drive social mobility and improve social cohesion. Students must be supported to access and succeed in education, with funding flowing to where it is needed most. The University strongly supports the provision of NBF to postgraduate First Nations students. This is essential to build the academic pipeline.

We recommend also extending Needs-based Funding to all postgraduate students from equity cohorts. We note that equity groups are far less likely to complete postgraduate education than non-equity students. Extending NBF to non-Indigenous postgraduate students would strengthen the Government's ability to support equity outcomes across the entire student journey and build diversity in occupations that require postgraduate qualifications.

The University notes a potential drafting issue in the Bill's eligibility criteria for low-SES students. The Bill specifies that a student is eligible if "at the time the person enrols in the unit, the person is from a low socioeconomic background." However, this differs from current university systems and the Commonwealth Higher Education Student Data Collection, which are designed primarily to maintain and report current address information rather than historical point-in-time address records. More importantly, it risks unintended consequences: a student's SES eligibility should not change if they move accommodation during a semester. We recommend that the Bill be amended to specify that low-SES status is determined by reference to the student's permanent home address.

To strengthen the effectiveness of NBF in supporting equity outcomes, we recommend removing ATAR-based scaling that would see low-SES students with higher ATARs attract less support funding. A report from the Australian Centre for Student Equity and Success found that the influence of ATAR "as a predictor of university success is questionable for low SES and [First in Family] background students facing disadvantage, and is not as crucial as other factors." Funding all low-SES students at the same rate would simplify administration, ensure academically-prepared, low-SES students were not discriminated against, remove potentially perverse incentives for universities to lower their minimum academic requirements, and ensure support is based on demonstrated need rather than secondary school performance.

One of the key changes from the previous Higher Education Participation and Partnerships Program (HEPPP) is that regional and remote students will no longer attract funding if they choose to study at a metropolitan campus. Retention data shows these students face similar challenges to low-SES students regardless of campus location. Rather than creating a separate equity category, we recommend that regional and remote student status be recognised as an additional loading applied to low-SES and First Nations students who study at metropolitan campuses. This targeted approach would strengthen equity outcomes and support student choice while containing costs. It would also maintain the Government's ability to provide additional location-based loadings to regional campuses to reflect the costs associated with servicing thin markets.

The University strongly suggests that institutions retain the flexibility to use NBF for outreach. The Bill states that NBF funding must be used to support equity students to "access, participate in and complete eligible equity courses." However, universities have been advised that from 2027 pre-access activities, such as outreach, must be funded exclusively through the $44 million Outreach Fund. Recent analysis by Dr Nadine Zacharias suggests demand by students from underrepresented backgrounds is declining. This means that outreach will be essential to achieve the Government's participation targets. We recommend allowing universities to use a portion of NBF for outreach activities. This would complement the dedicated Outreach Fund and allow universities to tailor support to their communities' specific needs.

Finally, the University notes that many of the details of NBF have been delegated to the Guidelines. While we appreciate the need for flexibility so the program can evolve and respond to need and feedback over time, it is important that the legislation provides safeguards. NBF for different students is calculated by multiplying the base equity amount by the equity modifier amount for the student, as specified in the Guidelines. However, the legislation does not set out a minimum equity modifier, meaning that a future Minister could amend the Guidelines to set this at 0 to cut funding. To provide long-term certainty for students and universities, we recommend legislating a minimum equity modifier. This would ensure NBF remains a stable, predictable source of support for equity students.

Administrative burden

While the University supports the Government's policy goals, we note that the Bill's proposed funding model introduces additional complexity compared to the existing system. This creates additional administrative burden and costs for both Government and providers. To maximise the efficiency of the new funding system, we recommend the Government consider opportunities to reduce complexity where possible. The Bill introduces several new allocation mechanisms and reporting requirements. Streamlining these would reduce administrative costs for both Government and providers, allowing more resources to be directed toward teaching, learning and research. This would align with the Government's intention to reduce administrative and regulatory burden.

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