

Submission to the  
Senate Education  
and Employment  
Legislation  
Committee

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THE UNIVERSITY OF  
MELBOURNE

# Higher Education Support Amendment (Reverse Job- Ready Graduates Fee Hikes and End 50k Arts Degrees) Bill 2025

## Executive Summary

The University of Melbourne welcomes the opportunity to contribute to this inquiry by the Senate Education and Employment Legislation Committee into the *Higher Education Support Amendment (Reverse Job-Ready Graduates Fee Hikes and End 50k Arts Degrees) Bill 2025*.

The Job-Ready Graduates (JRG) scheme, introduced in 2020, aimed to increase university places, align funding with teaching costs, and use price signals to direct students towards priority fields. While JRG has never been formally evaluated, it does not appear to have achieved these policy goals. For example, research from the Melbourne Institute found that student contribution changes had little effect on field of study decisions, largely because the HELP scheme defers fees until income thresholds are reached, blunting intended price signals. The Universities Accord made this point, arguing that JRG has failed in its purpose and needed to be “urgently remediated.”

At the same time, JRG has created significant inequities. Humanities graduates now accrue over \$50,000 in debt with only 7% Commonwealth subsidy. At the other end of the spectrum, agriculture graduates accrue less than \$15,000 with 87% subsidy. Students enrolled in medical degrees—which generally cost the most to deliver—accrue less debt per year than humanities students, despite better long-term career earnings outcomes.

Student debt has increased substantially. Those carrying debts exceeding \$40,000 comprised 25% of all debtors in 2024-25, compared to 15% in 2018-19. Average debt for 30-39 year-olds increased 44% over seven years, outpacing inflation. Longer repayment periods affect graduates' life decisions, including in relation to housing, employment and family planning.

JRG has reduced Commonwealth-supported place revenue to universities by about 6%. As noted by Universities Australia CEO Luke Sheehy, JRG is “entrenching the very funding challenges the sector is trying to solve.” JRG has also created perverse incentives for universities. Higher student contributions for arts, law and commerce degrees incentivise over-enrolment in these fields, contrary to policy intent. Funding for some courses deemed a priority, such as engineering, has declined. While research suggests that universities have not responded to these signals and instead enrolled based largely on student demand, it is important to consider the incentives and financial implications for institutions when designing changes to JRG and implications for ATEC's ability to steward the sector.

In principle, the Universities Accord's suggestion that student contributions should eventually reflect future earnings potential is a pragmatic approach. However, this broader shift will need to be underpinned by a new, rigorous costing exercise and careful implementation to address the challenges of linking contributions to earnings across diverse fields of study. **While the University supports the intent of the Bill to reduce student contributions, any reductions must be offset by increases in Commonwealth contributions. As currently drafted, the Bill would cut university funding by an estimated \$1.3 billion each year.**

For further information or to discuss this submission, Deputy Vice-Chancellor (Education) Professor Gregor Kennedy can be contacted on [gek@unimelb.edu.au](mailto:gek@unimelb.edu.au).

## Has Job-Ready Graduates achieved its intended purpose?

Amendments to the JRG should consider whether the program has achieved its intended policy goals. When the Government introduced the Bill to establish Job-Ready Graduates (JRG) in 2020, then Education Minister Dan Tehan outlined a number of goals. In his second reading speech, Tehan promised that JRG would “grow the number of university places for domestic students by 39,000 in 2023.” He also suggested that the program would “better align the total combined public and private funding for higher education units with contemporary data on the cost of delivering university education.”

Most of the debate centred around the goal of “introducing a price signal to students by making degrees cheaper in areas of expected job growth.”<sup>1</sup> This saw student contributions for units such as agriculture and mathematics decrease by 59%, while student contributions for humanities units increased by 113%.

### Growth in student places

The Government's assertion that JRG would progressively increase the number student places has proven unfounded. Under current funding arrangements the Government does not allocate a set number of Commonwealth-supported places (CSPs). Universities are provided an overall funding envelope, which they can allocate across disciplines and course levels as they see fit. Given the large variations in Commonwealth contributions across disciplines, the number of CSPs that can be supported within a funding envelope can vary significantly. Universities can also over-enrol above their funding envelope, but they do not receive Commonwealth subsidies for those enrolments. Universities Australia (UA) estimated that in 2024, around 16,000 CSPs at 14 universities received no Commonwealth subsidy.<sup>2</sup> With the introduction of managed growth funding in 2027, this will change to funding EFTSL with restrictions on over-enrolments.

Further, the Government did not provide sufficient subsidy to deliver these promised additional places, as noted by Honorary Senior Fellow at the University's Centre for the Study of Higher Education Professor Mark Warburton in 2021. JRG cut total revenue for domestic students by over 5% by reducing Commonwealth subsidies by around 15% and increasing student contributions by around 8%.<sup>3</sup> UA has stated that this has reduced university funding by around \$750-800 million per year.<sup>4</sup>

### Alignment with costs

As noted in the University's [submission](#) on the Bill to establish the Australian Tertiary Education Commission (ATEC), the most recent government costing exercise was led by Deloitte, whose report contained several shortcomings. These included overlooking capital investment in teaching and research infrastructure and the ongoing cost of maintenance, for which universities no longer receive explicit funding. Additionally, Deloitte acknowledged in the report that “there is concern that contextual factors may mean that two equally efficient universities could have very different costs, reflecting differences in context, strategic objectives and teaching methods.” Accurately assessing teaching costs is further complicated by cross-subsidies between teaching and research and revenue from different sources, including international student fees, which can obscure the true marginal and fixed costs of provision. Given the shortcomings of the exercise, it is difficult to conclude that JRG led to better alignment with the costs of delivering education.

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<sup>1</sup> Commonwealth, [Parliamentary Debates](#), House of Representatives, 26 August 2020 (Dan Tehan)

<sup>2</sup> Universities Australia, [Critical challenges in Australia's university sector: securing a sustainable future: 2025 edition](#), p. 7

<sup>3</sup> Warburton, M., [The rhetoric and reality of Job-Ready Graduates](#)

<sup>4</sup> Universities Australia, [2026-27 pre-budget submission](#), p. 4

## Demand for priority courses

Despite the significance of the changes under JRG, the program has never been formally evaluated. This makes it challenging to meaningfully assess whether JRG has incentivised students to enrol in courses deemed a priority. The most sophisticated research on this was undertaken by the Melbourne Institute, who found that “changes in student contributions have had little effect on individual field of study decisions.”<sup>5</sup> The researchers estimated that only 1.52% of students changed their preferences due to JRG. This is largely attributed to the effects of HELP, which was specifically designed to blunt the very price signals the Government wished to send by deferring payment of fees until graduates earned a minimum income.

Other analyses have made other concerning conclusions, including that JRG has led to a particular decline in enrolments from low SES students in courses in the highest fee band. However, it can be challenging to isolate the factors impacting student demand. Enrolments may have been otherwise impacted by the pandemic, low unemployment, higher cost of living, lower Year 12 completions, greater demand for vocational education and several other factors.

Regardless of the impact on student preferences, the impact on student debt has been substantial. Additionally, students are generally best placed to make decisions about their studies based on their interests and strengths. Surveys consistently report that “personal interest” is the most common reason for choosing a course, with over 95% of students saying that it is important to study a field that interests them.<sup>6</sup> This may help explain why policies that attempt to steer student demand through price have generally failed.

## How has Job-Ready Graduates impacted students?

JRG has had undoubted impacts on student debt. Funding clusters in 2026 mean that students in most three-year degrees in humanities will accrue over \$50,000 in debt, with the Commonwealth only subsidising 7% of the price of those units. In comparison, students in agriculture courses will accrue less than \$15,000 in debt for a three-year degree, with the Commonwealth providing an 87% subsidy. Medical courses receive the largest combined student and Commonwealth contributions, but students in those courses accrue less debt per year of study than humanities students. In essence, government policy has almost privatised education in some disciplines.

This raises questions of fairness and equity, given the graduate outcomes associated with those courses. In November 2025, Jobs and Skills Australia released a report analysing graduate outcomes by field of study, using linked datasets. It found that graduates of general medicine courses had employment rates of over 95% and the highest median annual incomes of \$152,000 five years post-completion. Graduates of society and culture courses tended to have significantly lower median incomes and employment rates (although those graduates also entered 70 distinct occupational groups, meaning outcomes would vary significantly).<sup>7</sup>

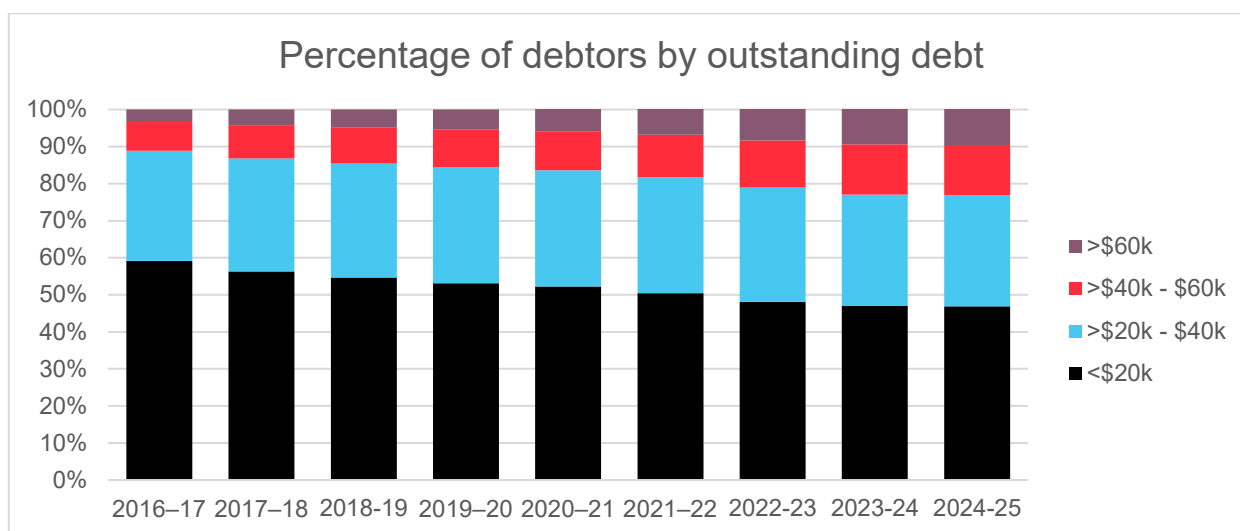
These changes to student contributions mean that over one-third of undergraduates are enrolled in degrees that will cost over \$50,000. This is slowly being reflected in HELP data. Those with debts of \$40,000 or more in 2024-25 made up 25% of all debtors, compared to just under 15% in 2018-19. The average debt for debtors aged 30-39 was just under \$32,000 in 2024-25, compared to 2017-18 when it was just under \$22,000. Average debts for that group have increased by 44% over that period, outpacing inflation. This will likely mean longer repayment times, particularly as those accruing larger debts are more likely to enter occupations with lower expected salaries, reducing their ability to repay. It will also likely lead to a larger portion of debt not expected to be repaid. This has ramifications for the Federal Budget.

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<sup>5</sup> Yong, M., et al., [University fees, subsidies and field of study](#) (Working Paper No. 11/23), p. 31

<sup>6</sup> Baik, C., et al., [The First Year Experience in Australian Universities: Findings from Two Decades, 1994-2014](#), p. 24

<sup>7</sup> Jobs and Skills Australia, [Higher Education Outcomes – Exploring Administrative Data](#)



Source: Australian Taxation Office, [HELP Statistics 2024-25](#)

Longer repayment periods have obvious impacts on graduates' ability to obtain a mortgage, but they also impact graduates in other less obvious ways. Research from the Melbourne Institute found that half of debtors indicated that borrowing affected important life decisions, including living arrangements, work undertaken and family decisions.<sup>8</sup> While policies of debt forgiveness are welcome, they do not offer a long-term solution to this issue, as new graduates will continue to accrue increasingly large debts.

Changes in student contributions have also meant that students are overall paying for roughly 48% of the costs of teaching and learning, with Government contributing 52%. This is a significant increase from students contributing roughly 42% pre-JRG.<sup>9</sup> This raises broader questions about the split of public and private benefits and the fairness of students covering an increasing share of the costs.

The shift to JRG has led to other distortions in student contributions. For example, under JRG, a Professional Pathway Psychology classification was introduced. This was to ensure that students enrolled in a psychology program leading to professional entry pay a lower unit rate (\$9,537) than students who are not enrolled in a psychology program leading to professional entry (they are charged the behavioural science student contribution unit rate of \$17,399). The University of Melbourne has an undergraduate Australian Psychology Accreditation Council accredited Psychology program of study, embedded as a designated major within three bachelor programs (Bachelor of Arts, Bachelor of Science and Bachelor of Biomedicine). The program of study is fundamentally equivalent to undergraduate psychology programs offered by other institutions as a Bachelor of Psychology. However, students enrolled in the University's psychology majors are not eligible for the lower funding rate because those students are not enrolled in a named degree. This means that students at the University are charged 82% more than students in virtually identical courses at other universities, while the University receives 26% less in total funding for those students.

## How has Job-Ready Graduates impacted providers?

When it introduced JRG, the then Government intended to shift student demand from courses deemed a lower priority to those deemed a high priority. However, the dramatic shift in student contributions created a perverse incentive for universities to offer more student places in arts, law and commerce degrees. Because the total price of enrolments in arts, law and commerce degrees is lower than that in other degrees, universities can enrol more students in those courses before reaching their total funding cap. Additionally,

<sup>8</sup> Dahmann, S., [Taking the Pulse of the Nation: Higher education in Australia—a desired but costly investment](#)

<sup>9</sup> Warburton, M., [Gender, equity and policy neglect in student financing of tertiary education](#), p. 10

there are caps on total Commonwealth contributions but no caps on total student contributions. This means that universities still receive 93% of funding for over-enrolments in arts, law and commerce (courses that typically have lower marginal costs to deliver) but only 13% of funding for over-enrolments in agriculture. Under the new Managed Growth Funding model, over-enrolments will be limited and institutions will not receive any funding for enrolments above a buffer. As noted in the Accord, JRG also reduced the funding provided to universities for the very subjects it considered most important, including engineering.<sup>10</sup>

Despite this perverse incentive, research by the Melbourne Institute found that there was no evidence that universities had responded to JRG in a way that suggests they were maximising net teaching revenue.<sup>11</sup> Still, it is important to consider how JRG impacts university finances and the sustainability of those finances going forward, when making amendments to the rates. This is particularly important as the Bill, as currently drafted, would lower student contributions in those highest bands, without increasing the Commonwealth contributions to universities by a commensurate amount. This would see universities receive significantly less funding overall for enrolments in arts, law and commerce, meaning universities would not be funded for the full cost. This could perversely disincentivise universities from offering places in those courses.

## How should student contributions be set?

The Universities Accord Final Report suggested principles for student contribution arrangements:

1. There should be a fair contribution amount.
2. The system should be simple to understand.
3. The amount students contribute towards their learning should depend on their field of study.
4. The higher the future earnings potential linked to their field of study, the greater the student contribution.<sup>12</sup>

In principle, linking student contributions to projected earnings is a pragmatic approach. However, this requires careful implementation given several important caveats.

There are challenges with linking student contribution directly to potential future earnings. Some degrees have clear vocational links (e.g. 72% of education graduates become school teachers<sup>13</sup>) but other degrees lead to a diverse array of occupations. This means that graduate salaries and lifetime earnings can vary greatly within a single field of study, making earnings-based contribution levels imprecise as a policy tool.

Nevertheless, as noted by IRU, “there is no credible evidence to suggest humanities and related fields should be in the top-charging band” if future earnings are the basis for student contributions.<sup>14</sup> Given that this band of student contributions creates the greatest inequities under JRG, it is reasonable to abolish it in the first instance. Any reduction in student contributions must be compensated with increases in Commonwealth contributions to ensure the price broadly aligns with the cost of delivery. As currently drafted, UA estimates that the Bill would result in an expected reduction in university funding of around \$1.3 billion each year, deepening the structural funding issues created by JRG. In the medium to long-term, it is important that a new, robust costing exercise is undertaken by ATEC and used as the basis for the replacement of JRG.

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<sup>10</sup> Universities Accord Panel, [Australian Universities Accord Final Report](#), p. 281

<sup>11</sup> Yong, M., et al., [University fees, subsidies and field of study](#) (Working Paper No. 11/23), p. 3-4

<sup>12</sup> Universities Accord Panel, [Australian Universities Accord Final Report](#), p. 155

<sup>13</sup> Jobs and Skills Australia, [Higher Education Outcomes – Exploring Administrative Data](#), p. 4

<sup>14</sup> Innovative Research Universities, [IRU discussion paper – Reforming JRG funding rates](#), p. 2

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