



Australian Government
Department of Education

Impact Analysis

The New Managed Growth Funding System





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Acronyms

ACSES	Australian Centre for Student Equity and Success
AGA	Additional Growth Allocation
AIHW	Australian Institute of Health and Welfare
ATAR	Australian Tertiary Admission Rank
ATEC	Australian Tertiary Education Commission
BAU	Business As Usual
CGS	Commonwealth Grant Scheme
CSL	Core Student Load
CSP	Commonwealth supported place
DDS	Demand-Driven Funding System
DESE	Department of Education, Skills and Employment
DSP	Domestic Student Profile
EFTSL	Equivalent Full-Time Student Load
HEC MBGA	Higher Education Courses Maximum Basic Grant Amount
HECG	Higher Education Continuity Guarantee
HELP	Higher Education Loan Program
HEPPP	Higher Education Participation and Partnerships Program
HESA	<i>Higher Education Support Act 2003</i>
HESSC	Higher Education Student Statistics Collection
IAC	Implementation Advisory Committee
JMI	James Martin Institute
JRG	Job-ready Graduates package
JSA	Jobs and Skills Australia
MBC	Mission-Based Compact
MBGA	Maximum Basic Grant Amount
MGFS	Managed Growth Funding System
MGT	Managed Growth Target
MYEFO	Mid-Year Economic and Fiscal Outlook
NBF	Needs-Based Funding
NCSEHE	National Centre for Student Equity in Higher Education
OECD	The Organisation for Economic Co-operation and Development
SCA	Student Contribution Amount
SES	Socioeconomic Status
SMART	Specific, Measurable, Achievable, Relevant and Time-Bound
STEM	Science, Technology, Engineering and Mathematics
Table A	Table A are higher education providers currently listed in section 16-15 of HESA
TAC	Tertiary Admissions Centre
TAFE	Technical and Further Education
TAP	Total Allocation Pool
TCSI	Tertiary Collection of Student Information
The Accord	The Australian Universities Accord
UC	Underlying Cash

Executive Summary

The Australian higher education system is high performing, ranking highly in many international university ranking schemes. It delivers around 250,000 domestic graduates each year spanning a wide range of qualification levels. Each year, the Australian Government invests close to \$20 billion in higher education for education delivery and research. The Commonwealth Grant Scheme (CGS) alone is worth over \$8 billion, funding the delivery of higher education teaching and learning to around 850,000 Commonwealth supported students.

In 2023, the Australian Universities Accord panel conducted a systematic review of the higher education system (the Accord Review). This review was asked to examine Australia's higher education system and create a long term plan for reform. It found that significant changes are needed to grow the sector to produce the skills, knowledge and intellectual ambition to meet Australia's current and emerging social, economic and environmental challenges.

The Accord Review made 47 recommendations in its final report spanning many important topics such as funding for teaching and learning, the Higher Education Loan Program (HELP), equity student support, and research funding. Some of the key recommendations included a tertiary attainment target of at least 80 per cent to meet Australia's skills needs, and that equity student representation needs to achieve population parity by 2050.

The Accord Review identified three critical issues that may prevent the sector from achieving the ambitious attainment and equity participation targets, noting that the current funding system:

- does not provide sufficient funding to fully fund growth in enrolments to meet the nation's skills needs, with growth occurring in unplanned and unmanaged ways;
- is overly complex, fragmented and difficult to comprehend; and
- allows universities to enrol students over the funding cap and receive only marginal funding for additional students, which creates adverse flow-on impacts for the whole system.

The Accord Review recommended that the Australian Government should establish an Australian Tertiary Education Commission (ATEC) to provide the leadership and stewardship necessary to achieve an agreed objective for Australian tertiary education. Needs-based Funding was also proposed, in recognition of the different levels of support under-represented students may need to succeed and the increased cost of delivery in regional areas. The Accord Review also recommended that the funding system should be effectively 'demand-driven for equity' but with planned allocation of places to universities to ensure access for equity students. The Managed Growth Funding System for higher education proposal seeks to address the above mentioned three critical issues with the current funding system. Along with the establishment of the ATEC and the implementation of Needs-Based Funding it aims to provide:

- A more efficient funding system to meet future skills needs
- Increased equity student participation
- A funding safety net for Table A universities¹

¹ Table A universities are Australian universities currently listed in section 16-15 of the *Higher Education Support Act 2003*

- Adequate lever for the government to actively steward the sector in line with government priorities.

Three policy options have been assessed to develop a new higher education funding framework. Based on their effectiveness in achieving the objectives, budgetary and regulatory impact and other indirect benefits to individuals, businesses and communities, a preferred option has been chosen.

The preferred option proposes the new funding system would be implemented through a two-staged approach with 2026 as a transition year and full implementation from 1 January 2027. In 2026, universities would continue to be allocated Maximum Basic Grant Amounts for higher education courses (HEC MBGAs). However, universities' HEC MBGAs would be adjusted to better align with student demand.

From 1 January 2027, the ATEC would provide universities with a Domestic Student Profile (DSP) - comprising a Core Student Load and an Additional Growth Allocation component that provides for additional student growth. The DSP would be an overall cap on the number of Commonwealth supported places (CSPs) for which a university could receive both Commonwealth and student contributions, with an over-enrolment buffer and a student contribution glidepath that would allow providers to continue to retain student contributions for enrolments above their allocated DSP. The over-enrolment buffer is the lesser of 5 per cent of a university's DSP or an Equivalent Full-time Student Load (EFTSL) amount specified in the CGS Guidelines. For 2027, the EFTSL amount is planned to be set at 750 EFTSL. The student contribution glidepath is a temporary measure to provide for universities that are currently well above their enrolment cap to adjust over time. It will be managed by the ATEC setting a commencing EFTSL limit and requiring universities to keep their commencing enrolment within that number.

The Government would also provide a temporary institution-based funding floor from 2026 to the end of 2031 to ensure financial sustainability of Table A universities and the university sector more broadly.

Under the preferred option, the allocation of CSPs would be better aligned with the actual student demand seen at each institution, maximising the utilisation and efficiency of government expenditure on higher education teaching and learning. Students from underrepresented backgrounds would find it easier to access university education and be well supported throughout their learning at universities, while the Australian economy and society would benefit from having a better educated workforce.

Chapter 1 Background

1.1 The Australian Universities Accord and the proposed reforms

The current Government established the Australian Universities Accord (the Accord Review) – a national review of higher education, led by a panel of eminent Australians. The Accord Review was the most comprehensive review of the higher education sector in 15 years. Its Final Report sets out a blueprint for higher education reform for the next decade and beyond.

The Accord Review was clear that many more Australians need tertiary qualifications if Australia is to meet its future skills and employment needs. Consistent with this, the Government has set an ambitious target of lifting tertiary education attainment to 80 per cent of working age people (15 to 64 years-old) by 2050.

The Accord Review identified several challenges to Australia’s higher education system and made 47 recommendations to address the challenges identified. These challenges include:²

- Australia’s tertiary education system lacks the coordinated, future-focused and evidence-based, decision-making capacity necessary for the nation’s future success;
- The current funding framework for Commonwealth supported places does not provide for sufficient fully funded growth in enrolments to meet the nation’s skills needs, with growth occurring in unplanned and unmanaged ways; and
- Current funding arrangements limit enrolment growth in student cohorts from under-represented backgrounds because they do not reflect the additional costs of teaching these students who, on average, need additional support to succeed.³

The Government has responded to many of the 47 Accord Review recommendations in full or in part in the 2024–25 Budget and 2024–25 Mid-year Economic and Fiscal Outlook (MYEFO). This includes a fairer HELP system, cost of living relief for students, support for people from the outer suburbs and regions to go to university and a commitment to making structural reforms to our tertiary education system. Major structural changes to the higher education system include the establishment of the ATEC, a new Managed Growth Funding System (MGFS), and demand-driven Needs-Based Funding (NBF) to better support underrepresented students to participate and succeed in higher education.

1.2.1 The Australian Tertiary Education Commission (ATEC)

The Government’s commitment to establish the ATEC responds to the Accord Review final report, which found that the absence of a sector steward is a critical gap in the tertiary education system’s ability to respond to pervasive challenges including:

- Persistent underrepresentation of students from disadvantaged backgrounds;
- Lack of system-wide planning and clear direction for the sector to meet future demands;
- Fragmented policy and funding settings driven by immediate priorities rather than long term strategic thinking; and

² Australian Universities Accord, Final Report, Findings. [Australian Universities Accord Final Report Document - Department of Education, Australian Government](#)

³ These challenges are further discussed in the following sub-sections.

- Lack of coordination and planning of effort and resources for areas with strong growth.⁴

The ATEC is a statutory office, established by its own legislation (see [Universities Accord \(Australian Tertiary Education Commission\) Act 2026](#)), embedding its stewardship role in the tertiary education system. It will have strong and independent leadership, supported by skilled and capable staff, and provide expert advice to Government to support delivery of higher and tertiary education outcomes. It will be outcome-focused, supporting meaningful long-term reform, including driving growth through equity.

The ATEC's roles in higher education include, but is not limited to, negotiating mission-based compacts⁵ and implementing the MGFS (subject to the passage of further legislation). The ATEC will work closely with key stakeholders across the sector and other Government agencies to ensure its decisions are evidence-informed, build a tertiary education system that is equitable and sustainable, and deliver better outcomes for the sector, students and wider community.

1.2.2 Needs-based Funding

Needs-based funding (NBF) along with the MGFS and the introduction of FEE-FREE Uni Ready Courses forms a suite of reforms to the higher education funding system to ensure those from under-represented backgrounds that meet admission requirements are offered a CSP and are better supported to complete their degree. NBF would be a core component of the new Commonwealth funding for higher education teaching and learning designed to increase course completion and improve equity outcomes.

NBF would be demand-driven, meaning funding to providers increases in line with enrolments of students from eligible under-represented cohorts. Under the equity component this includes students from low-SES backgrounds and First Nations students enrolled in CSPs. Under the regional component, NBF providers receive contributions for students enrolled in CSPs studying at regional and remote campuses, to help meet the higher cost of delivery in regional and remote areas.

Under the equity component, NBF should be directed to academic and wrap-around services and activities that support enrolled students to complete their degrees. Providers are required to report on expenditure of funds to ensure transparency and accountability. From 2027 monitoring of equity outcomes will also be improved.

An in-flight evaluation of NBF will be undertaken two years from commencement. NBF will also be evaluated within five years of implementation to measure its effectiveness and whether it has increased success and completions of students from under-represented backgrounds.

⁴ Australian Universities Accord, Final Report, Chapter 6. [Australian Universities Accord Final Report Document - Department of Education, Australian Government](#)

⁵ The legislated purpose of a mission based compact between the ATEC and a Table A or Table B provider would be to give the provider flexibility to pursue their goals and mission while also enabling the provider to – contribute to diversity within the higher education system; contribute to higher education priorities including those set out in the Statement of Strategic Priorities; and meet the higher education needs of the provider's students and community. More details about the mission-based compacts are in the [Universities Accord \(Australian Tertiary Education Commission\) Act 2026](#)

1.2.3 The Managed Growth Funding System

The Accord Review Final Report found that Australia's current higher education funding system:

- does not provide sufficient funding to fully fund growth in enrolments to meet the nation's skills needs with growth provided in unplanned and unmanaged ways;
- is overly complex, fragmented and difficult to comprehend; and
- allows universities to enrol students over the funding cap and receive only marginal funding for these additional students, which creates adverse flow-on impacts for the whole system.⁶

As part of the 2024–25 Budget, the Government committed to introduce a new Managed Growth Funding System (MGFS) for CSPs, with the plan for implementation to be developed in consultation with the sector. The proposed MGFS was in response to Universities Accord Review recommendations 40, 41 and 46 and contained the following key elements:

- A system-wide pool of CSPs for the sector to be set by the Government;
- Managed growth targets for allocating CSPs based on EFTSL to Table A and non-Table A providers
- Managed demand-driven funding for students from under-represented backgrounds for Table A providers
- Transition arrangements to prevent a potential funding cliff at some providers due to the cessation of the Higher Education Continuity Guaranteed (HECG) to support institutional sustainability.

Following consultation with key stakeholders,⁷ the Government announced a refined MGFS proposal at the 2024–25 MYEFO.

While the refined MGFS proposal featured many of the same elements as the original proposal in the 2024–25 Budget, it included a different approach to managed demand-driven funding for students from under-represented backgrounds and introduced a transition year in 2026, with full implementation to occur from 2027. Details regarding the policy context, the policy options and their potential impacts are discussed in subsequent chapters.

⁶ Australian Universities Accord, Final Report, Chapter 8. [Australian Universities Accord Final Report Document - Department of Education, Australian Government](#).

⁷ After the 2024–25 Budget, the Department of Education undertook targeted consultations with key stakeholders to inform the final design of the MGFS announced in the 2024–25 MYEFO. These included public submissions to the MGFS public consultation papers and the establishment of [the Accord Implementation Advisory Committee](#) (IAC). More details about MGFS consultations are in Chapter 6 of this document.

Chapter 2 Issues and challenges of current funding system

As outlined in the Accord Review Final Report,

Australia is fortunate to have a high-quality tertiary education system. It performs above the OECD average in delivering high levels of participation and attainment and strong labour market outcomes. Its teachers, researchers and students are highly motivated, work hard and are making a major contribution to Australia and the world.⁸

Nevertheless, there are several issues and challenges with the current funding system that require attention. To achieve the ambitions set out in the Accord Review Final Report and to achieve the Government's stated tertiary attainment target of 80 per cent of working aged people by 2050, these issues and challenges need to be addressed and solved.

Without changes to the current Commonwealth funding framework for CSPs, the Australian higher education system will be unable to produce the number of graduates needed to meet the skills needs of Australia's future economy. This would have a significant negative impact on Australia's economy, industry and individuals. This is because:

- The funding growth built into the current funding system is insufficient to support the number of CSPs required to meet the Government's tertiary attainment target and the nation's future skills needs. In addition, the current allocation of funding growth based on campus location has led to a mismatch between student demand and funding, with some universities in metropolitan areas enrolling above their funding allocation to meet student demand, while some universities in regional areas have enrolments below what is sufficient to fully exhaust their allocated funding cap.
- The current funding system and the previous funding policies have not sufficiently addressed under representation of students from low socio-economic status and regional areas; First Nations students and students with a disability.
- Several universities that have been experiencing soft student demand – particularly those in regional Australia would face a funding cliff when the current HECG, which provides a 'funding guarantee' to universities regardless of enrolments, terminates at the end of 2025. This will threaten the viability and sustainability of universities currently serving Australia's regional communities.

2.1 The trajectory of Commonwealth supported places is insufficient and their distribution is not aligned to student demand

Economic modelling performed for the Accord Panel found that to meet Australia's skills needs, the share of employment requiring tertiary education is forecast to need to be 82 per cent in 2050. The share requiring a higher education degree is forecast to need to be 51 per cent, up from 35 per cent

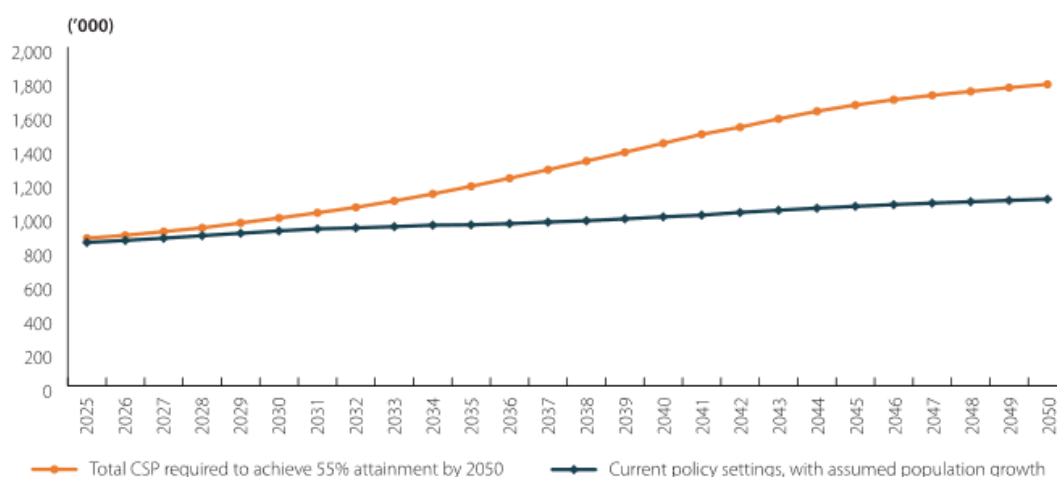
⁸ Australian Universities Accord, Final Report, p. 1. [Australian Universities Accord Final Report Document - Department of Education, Australian Government](#)

in 2020.⁹ Jobs and Skills Australia (JSA) projections show that over the 10 years to 2033, around 2 million more people will be employed in the Australian economy. More than 9 out of 10 new jobs are expected to require post-secondary qualifications (Skill Levels 1 to 4) and around half will require a bachelor degree or higher qualification as the primary education training pathway (Skill Level 1).¹⁰

In line with recommendations in the Accord Review Final Report, the Government has announced a tertiary attainment target of 80 per cent of working aged people by 2050. In addition, the Accord Review Final Report recommended a bachelor-level attainment target of 55 per cent of 25 to 34 year olds in 2050. While the Government is still considering the appropriate balance between higher education and vocational education and training sectors within the overall tertiary attainment target, the Accord Report’s recommendation of 55% bachelor attainment provides a useful guide.

The Department of Education estimates that to achieve a bachelor-level attainment target of this nature, the higher education system will need to more than double the number of Commonwealth supported students from just under 860,000 in 2022 to 1.8 million by 2050 (Figure 1). The below figure from the Report (p. 49) demonstrates the challenge:

Figure 1: Total Commonwealth supported student projection (headcount, thousands of students) under current policy settings and to achieve 55% attainment by 2050.



The Job-ready graduates (JRG) Package was introduced in 2021 to restore genuine funding growth to the system after CGS funding was frozen following the 2017–18 MYEFO and to incentivise more enrolments in areas of national priority and future labour market demand. The Accord Review Final Report found that not only do current settings not allow for sufficient growth in enrolments, but that the current capped funding and growth allocation system is inefficient.

Under the JRG policy settings, universities receive 3.5 per cent indexation on top of CPI for student load enrolled at regional campuses, compared to 2.5 per cent and 1 per cent at metropolitan campuses. This allocation of growth funding has led to a mismatch of students and funding, with the consequence of “over-enrolments” at some universities in metropolitan areas that enrol above their allocation to meet student demand. When universities over-enrol, funding per place is eroded as the

⁹ Oxford Economics Australia, *Tertiary Education Qualification Demand*, (Sydney: Department of Education, December 2023). [Accord Report - Tertiary Education Qualifications Demand - Department of Education, Australian Government](#)

¹⁰ [Employment projections for the decade ahead | Jobs and Skills Australia](#)

university does not receive a government contribution for these students above their funding allocation. The fixed campus-based growth rates also contribute to “under-enrolments” at some universities in regional areas, where student enrolments are insufficient to exhaust their MBGA.

Many of the most under-enrolled universities have campuses in areas that receive the highest possible indexation of grants under the JRG growth formula. Analysis based on the latest university estimates of 2025 student load (submitted in October 2025) show that of the nine regional universities,¹¹ seven are expecting to be underenrolled in 2025, some by as much as 29 per cent. It is clear that the “build it and they will come” rationale that underpinned this funding formula has not led to the intended policy outcomes.

The Accord Review Final Report found that over time the mismatch of funding allocation and student demand could lead to serious problems in the system including lowering educational quality and the student experience, as well as contributing to institutional and sector sustainability issues.

Operating in a formula-based allocation process based on campus location, particularly one that does not consider student demand, means the Government has limited ability to manage and steward the system, with funding allocations not reflecting student enrolments. Without this ability, the system risks ‘drifting’ with little Government intervention; some universities becoming very over-enrolled, some becoming significantly under-enrolled, leading to inefficient resource allocations and not meeting the needs of the nation, individuals or the Government.

Under the current capped funding system, universities that enrol students in high-cost disciplines – e.g. teaching, nursing, health and science, technology, engineering and mathematics (STEM) courses – that receive higher cluster rates would be fully funded for fewer places within their funding cap. This has imposed a supply -side barrier for universities to offer courses that meet student demand and the workforce priorities.

This systematic issue is impacting prospective students, Table A providers and the wider community. Prospective students may not be able to study at the university of their choice because of the misalignment between funding growth and study demand. Excess growth funding is allocated to universities with soft student demand, while some universities are unable to meet demand due to financial constraints. Businesses will also continue to experience recruitment difficulties. Reform to the higher education funding system is necessary to avoid a future state where the system is unable to produce the number of graduates needed to meet the skills needs of Australia’s future economy. This would have a significant negative impact on Australia’s economy, industry and individuals.

2.2 Low SES, First Nations, regional and remote and students with disability continue to be under-represented in higher education

While previous reforms have aimed to improve participation by students from under-represented backgrounds, the Accord Review Final Report found that current and past policies have not

¹¹ Regional universities include regional headquartered universities or members of [Regional Universities Network](#) – i.e. Charles Darwin University, Charles Sturt Universities, CQUniversity, Federation University, James Cook University, Southern Cross University, University of New England, University of Southern Queensland and University of Tasmania.

sufficiently addressed underrepresentation of students from low SES backgrounds; First Nations students; those from regional areas; and students with disability.

In response to the Bradley Review in 2008, the Australian Government set a target that 20 per cent of higher education enrolments at the undergraduate level be from low SES backgrounds by 2020, however this was not achieved. The proportion of undergraduate students from low SES areas increased only marginally from 2008 (16.1 per cent) to 2020 (16.8 per cent) despite the introduction of a demand-driven system from 2012 to 2017.¹² Since 2021, the proportion of undergraduate students from low SES backgrounds has not increased further, remaining relatively steady at 16.9% in 2021 and 16.6% in 2024.¹³

Analysis by the Productivity Commission found that given the expansion of enrolments seen through the implementation of demand-driven funding from 2012 to 2017, additional students were more likely to be first in their family to go to university and significantly more likely to have an Australian Tertiary Admission Rank (ATAR) below 70 (or no ATAR).¹⁴ These students were also more likely to leave without a qualification. By age 23, 21 per cent of these additional students had left university without receiving a qualification compared to 12 per cent of other students.¹⁵ The Productivity Commission also criticised the previous demand-driven system for its cost to taxpayers and for saturating the labour market with graduates, finding that these additional students that were able to enrol through the demand-driven system had poorer labour market outcomes than other students, particularly those that leave without receiving a qualification.

As outlined in the Accord Review Final Report,

Every Australian should have the opportunity to experience the life transforming benefits of tertiary education. This is vital for Australia's future. Only by expanding access to tertiary education to currently under-represented groups – including people from low SES backgrounds, First Nations, people with disability and regional, rural and remote students – can the nation meet its projected skills needs.¹⁶

Central to ensuring this happens is a higher education funding system that supports and facilitates access, enrolment and completion by students from under-represented backgrounds.

2.3 Many universities face a funding cliff at the end of 2025

The Higher Education Relief Program (HERP) was introduced to protect universities from the impact of COVID-19 in 2020 and its successor, the HECG implemented from 2021, guarantees that universities will receive their funding allocation (i.e. MBGA) regardless of actual enrolments. The HECG terminated at the end of 2025, meaning the sector has operated in a 'guaranteed funding' environment for six years since 2020.

¹² The data for low SES for 2008 and 2020 are based on the Low SES postcode measure.

¹³ Department of Education 2025, [Selected higher education statistics – 2024 student data, Section 11 – Equity groups](#).

¹⁴ Productivity Commission, *The Demand Driven University System: A Mixed Report Card*, (Canberra: 2019), 15, www.pc.gov.au/research/completed/university-report-card/university-report-card.pdf.

¹⁵ Productivity Commission, *The Demand-driven University System*, 2.

¹⁶ Australian Universities Accord, Final Report, p. 11.

From 2026, those universities that have been relying on the funding guarantee face a funding cliff when their funding returns to levels reflecting their actual enrolments rather than providing government funding for places that are not being filled.

This could threaten the sustainability of several universities, with the largest impact being felt in regional areas at universities with low levels of enrolment in recent years. With the termination of HECG, in 2026, three universities could experience falls in teaching funding of around 20 per cent, and a further six could face falls of around 10 per cent. The practical impact of this funding cliff is the potential for staff reductions and continued workforce casualisation, reductions in teaching quality, and adverse impact on regional communities.

2.5 Limitations of supporting evidence

This Impact Analysis document has references to a range of research and analysis. One main source of evidence is the Accord Review Final Report, which is the most recent comprehensive review of the Australian higher education system. Throughout the Accord Review process, four rounds of extensive consultations were conducted, attracting around 2,000 submissions to the Panel.¹⁷ These submissions represented diverse views on Australia's higher education system, including those of individual Australians, students, industry groups, higher education staff, higher education providers and peak advocacy groups.

The Accord Review Final Report outlined the panel's review of the state of the Australian higher education system and included relevant recommendations to the Government informed by the submissions and many roundtable discussions around Australia with a wide range of stakeholders (see further discussion in Chapter 6) The long-standing systematic issues, such as the demand-supply misalignment and equity representation, are well supported by many other Departmental internal analyses, and external research reports such as the *Demand-driven University System: A Mixed Report Card* by the Productivity Commission and the *Equity Policy Options: Parity Targets* by NCSEHE, which are independent of the views of the Accord Panel.

2.6 Data availability and reliability

The data cited above in support of the problem description includes economic modelling of likely future skills needs of the economy in 2050. While this is the best available information, it is inherently imprecise due to the long horizon of the forecast and the fallibility of the assumptions underlying the forecast. As is shown in Appendix A1 of the report, which outlines the sensitivity analysis of the estimates, it is entirely possible that hundreds of thousands more graduates will be required in 2050 than was suggested in Oxford Economics' forecast.¹⁸ Yet this remains the best available information. Following publication of the Report there have been no challenges to the credibility of the forecasts. In addition, JSA publications have been supportive of the trend of newly created jobs increasingly requiring tertiary, and especially higher education.

In terms of information supporting monitoring and evaluation of the proposal if implemented, the Department holds, in the Tertiary Collection of Student Information (TCSI) database, a rich

¹⁷ Written submissions to the Australian Universities Accord can be found here:

<https://www.education.gov.au/australian-universities-accord/panel/accord-review-consultations>.

¹⁸ Oxford Economics Australia 2023, *Tertiary education and qualification demand*, A report produced for the Department of Education, Sydney.

administrative dataset of student enrolment information – the Higher Education Student Statistics Collection (HESSC). The Department also collects applications, offers, and acceptances data from universities and Tertiary Admissions Centres (TACs), as well as a regular collection of university forward estimates of CSP enrolments. The latter two of these datasets provide leading indicators of student demand, while HESSC provides verified actuals on enrolled students and their characteristics. To successfully implement the MGFS proposal, ATEC, in close collaboration with the Department, will need to increase sector confidence in using preliminary student enrolment data to inform allocation decisions. This would ensure that CSP allocations are closely aligned with student demand and enrolments.

To track tertiary educational attainment, the Australian Bureau of Statistics (ABS) publishes the Census of Population and Housing every five years, with the next Census being 2026. Up until 2025, the ABS also published annual estimates of attainment from the Survey of Education and Work, however this collection has now ceased creating a gap in the availability of timely (annual) updates on attainment.

Chapter 3 Case for funding system reform

As discussed in Chapter 2, reform to the current funding system for CSPs is necessary to meet the skills needs of Australia's economy in the future and to meet the Government's ambitious 80 per cent tertiary attainment target by 2050.

Conditions attached to enrolments and funding for CSPs are highly regulated by the Australian Government and prescribed in the *Higher Education Support Act 2003* (HESA). Most domestic students studying a bachelor degree course at a Table A provider are enrolled in a CSP. Domestic students enrolled in a CSP are subsidised by the government through the Commonwealth Grant Scheme, with students in a CSP required to pay the student contribution amount either through upfront payment or through HECS-HELP. Significant policy reforms to how the funding system works for CSPs can only be done through changes to HESA.

3.1 Policy Objectives

The Accord Review identified four key objectives for the higher education funding system reform.

3.1.1 More efficient funding system to meet future skills needs

As mentioned earlier and in the Accord Review Final Report, the current system is insufficient to support the significant enrolment growth needed to meet Australia's future skills needs. The recent economic conditions and a strong labour market have led to a significant softening in demand for higher education, further exacerbating the challenge of under-enrolment at different universities. The softening in student demand in recent times has affected the delivery of the Government's election commitment to provide an additional 20,000 commencing CSPs in 2023 and 2024, which was aimed at tackling skills shortages and giving more students from underrepresented backgrounds the opportunity to go to university.

An efficient higher education funding system should aim to closely align institutions' actual enrolments with the funding being provided. Over-enrolled institutions should be provided with sufficient funding growth to be able to increase their capacity to meet demand, while under-enrolled institutions should not receive excessive funding allocations that exceed actual demand. A mechanism that enables timely adjustment of funding distribution should be in place to respond to changes in demand, skills needs and government priorities. This will ensure that within a fixed amount of total government funding allocation for CSPs, funding is fully utilised to meet student demand, with the aim that most CSP enrolments become fully funded (i.e. receiving both Commonwealth and student contributions).

An efficient funding system should ensure that institutions are not financially incentivised to enrol students in courses that do not contribute to meeting skills needs. In addition, an efficient funding system should also allow institutions to offer courses that students wish to pursue. It is recognised that some courses (e.g. health and STEM) will cost more to deliver than other courses. Under the current capped funding system based on MBGAs, there is a supply-side barrier for universities to enrol students in high-cost subjects (i.e. those that attract higher Commonwealth contribution per EFTSL) as institutions would be fully funded for fewer places compared to the number of students they could enrol in lower-cost subjects (i.e. those that attract lower Commonwealth contribution per

EFTSL). This is further exacerbated by these lower-cost subjects (e.g. economics, law and arts) having the highest student contributions.

3.1.2 Increased equity student participation and completion

A central goal of the Accord Review Final Report was ‘growth through equity’. This will not only support reaching the attainment target but also ensure that the benefits of higher education are more evenly spread across society. Ensuring that universities are encouraged and supported to increase enrolments by students from under-represented backgrounds and to also support these students to completion is an important role of the funding system.

3.1.3 Provide a funding safety net for Table A universities

Providing a funding safety net for universities during periods of uncertainty would allow them to manage fluctuations in student demand and make necessary adjustments to their operating environment.

The disruption to the sector caused by COVID-19 and the recovery has demonstrated that in times of significant upheaval in the sector, there is a need to ensure a level of funding certainty for universities. Without this funding certainty, several universities would have seen significant reductions in their CGS funding in the aftermath of COVID-19 due to a significant softening in student demand, particularly from non-Year 12 students. This could have resulted in significant changes in staffing levels and course offerings.

In addition, it is important that the transition from the current funding system to a new funding system that is more efficient is achieved in a staged and progressive manner, minimising any sudden negative financial impacts on institutions and ensuring institutions are supported during transitions. This is especially important for those under-enrolled institutions, many of which are regionally headquartered. Their sustainability and stability are important for the Government’s agenda to reach population parity for equity students, and for the local economy of those regions.

3.1.4 Provide government adequate levers to actively steward the sector in line with national priorities

The Accord Review Final Report suggested establishing an ATEC, a public sector steward for the tertiary education system. Through the stewardship role of the ATEC, the funding system should establish incentives to drive a greater focus on quality performance by rewarding institutions that can sustainably grow and offer a quality educational experience to attract prospective students. It is proposed that under the reformed funding system, the ATEC would be able to achieve sector growth and quality through its responsibilities in allocating CSPs to eligible higher education providers, processing of allocation adjustment requests based on latest available information, and performance expectations setting through compact negotiations. It would make decisions on CSP allocations and providers’ agreed performance based on the latest student enrolment data, enrolment estimates and other sector intelligence in consultation with providers, as well as guided by the budgetary constraints and priorities set by the Minister for Education and the Australian Government.

Additionally, the new funding system should be designed to create more opportunity for Government through the ATEC to flexibly support the emergence of new providers, specialist

providers and smaller providers, contributing to the diversity and sustainability of the tertiary education system.

3.2 Barriers to success

The success of a new funding system could be hindered by a few potential issues that could be mitigated by adequate policy design and fast-tracking system improvements.

3.2.1 Projected funding growth and attainment level may not eventuate

While implementation of a funding system that allows for growth in enrolments which supports achievement of the attainment target is important, this also requires demand from potential students to participate in higher education. Total CSP enrolments (i.e. in EFTSL) declined from 653,834 EFTSL in 2021 to 595,342 EFTSL in 2023 – mainly due to COVID-19.¹⁹ The latest 2024 data shows early signs of recovery in domestic student demand, with CSP EFTSL increasing to 623,772 and domestic commencing undergraduate student enrolments (in headcount) increasing by 3 per cent.

With domestic undergraduate commencements being the main feeder group to domestic student enrolments in higher education overall, this may signal a return to growth in domestic enrolments after the recent period of decline. In addition, recent school leavers are making up a progressively larger share of domestic undergraduate commencements, increasing steadily over the last four years from 43 per cent in 2021 to 48 per cent in 2024, the highest it has been in a decade. This is partly due to the decline in commencing mature aged students in recent years.^{20, 21}

There is currently a cultural shift away from attending university after school in Australia, especially for people from disadvantaged backgrounds. Australian Year 8 students from disadvantaged backgrounds in 2019 had lower aspiration to attend university than four years earlier.²² The university participation rates of low-SES and regional and remote students have also declined slightly over the past few years (refer to Figure 2). Student outreach and aspiration building will be particularly important for encouraging more students to consider post-school qualification – including higher education – to meet the nation’s future skills needs and improve equity participation to ensure that the higher education system is representative of Australia’s population.

One of the important aims of the new funding system and the ATEC’s stewardship role is to incentivise sector wide growth by ensuring demand is met while providers adjust their operational models and outreach programs to build greater demand for higher education nationwide, particularly from prospective students from underrepresented backgrounds. In light of this, the new funding system should include a safety net such as a funding floor guarantee to protect the financial sustainability of providers who are at risk of a sudden decline in student demand and a corresponding decrease in funding. Many of these providers are especially important for providing

¹⁹ Department of Education 2025, [Tertiary Collection of Student Data – Annual Summary](#), visual analytics, accessed on 23 February 2026.

²⁰ Department of Education 2025, [Key findings from the 2024 higher education student statistics](#).

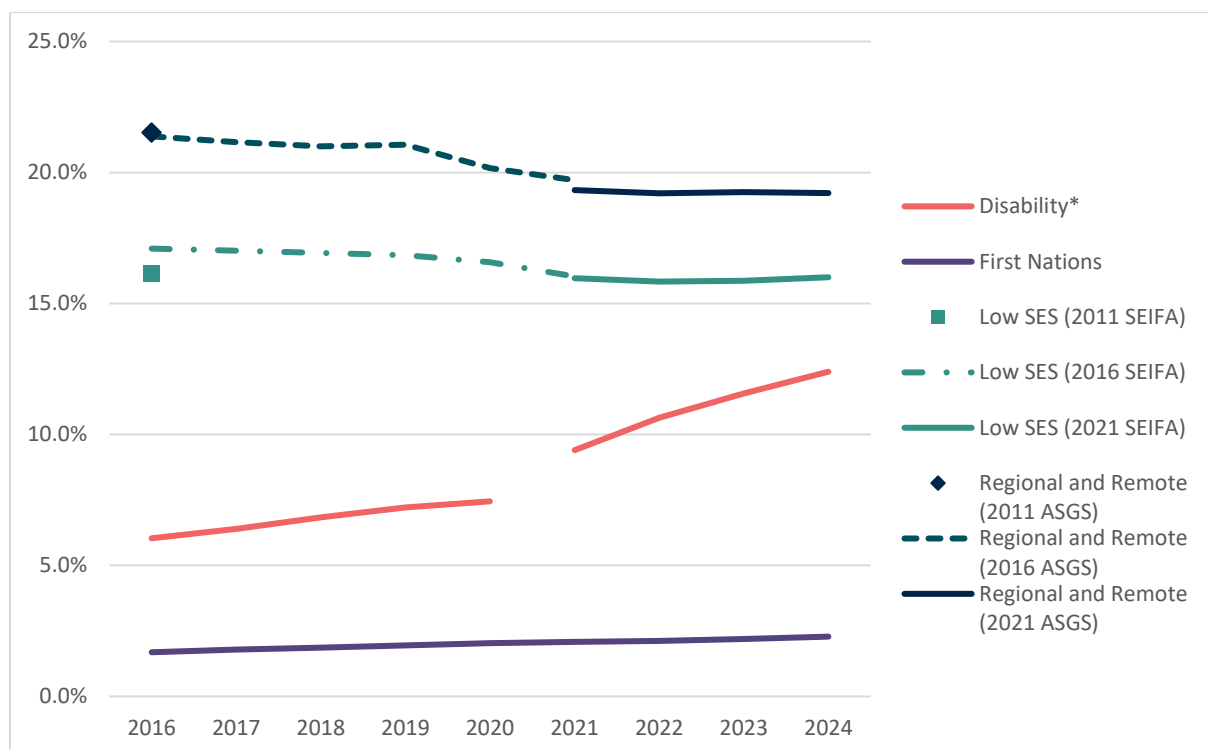
²¹ Recent school leavers are higher education commencing students who have been admitted to the university on the basis of recent secondary education. Higher Education providers report all domestic commencements within 3 years of completing secondary school as recent school leavers.

²² *Student educational aspirations and attitudes towards STEM*, https://www.teachermagazine.com/au_en/articles/student-educational-aspirations-and-attitudes-towards-stem, Teacher Magazine

education opportunities in regional and remote areas and for disadvantaged student cohorts. It will also prevent an overall decline in supply to a level below future demand. This funding floor guarantee will ensure providers' financial sustainability as they seek to recover and build up their student base.

The Higher Education Participation and Partnerships Program currently provides funding for outreach programs. Some programs have successfully demonstrated that they gave students a better understanding of university life and study, improved social skills, and motivated more students to achieve success in further study.²³

Figure 2: Participation rates[^] for domestic equity students.



Source: Department of Education 2025, [Selected higher education statistics – 2024 student data, Section 11 – Equity groups](#). Notes: [^] Participation rate denotes students in equity group as a share of all domestic onshore students. * There is a break in the series for disability students due to the change in data collection. Low SES and regional and remote indicators are based on a student's permanent home address at the commencement of study.

3.2.2 Low student success and completion result in funding inefficiency

While driving increases in student access, the sector will see additional students with varying levels of academic preparedness and study skills enrolling at Australia's universities, who may require additional academic support to succeed. A significant uptick in enrolments, especially from students with lower levels of academic preparation, may lead to an increase in attrition and a decrease in student pass rates and satisfaction if student support is not adequate. As detailed in Chapter 2, the

²³ See the Evaluation of the HEPPP report. 2017. Acil Allen Consulting and Wallis Consulting Group. Examples can be found in: Access and Participation in Higher Education: Outreach, Access and Success. 2013. National Centre for Student Equity in Higher Education.

consequence would be unwanted high student debt, opportunity loss and the waste of government resources.

Any government initiative to increase enrolments should be accompanied by active monitoring of admissions standards, student success and completion outcomes. The additional government funding to support equity students, such as the accompanying Needs-based Funding, will ensure students from disadvantaged backgrounds and those attending at a regional or remote campus receive more support under the new funding model.

3.2.3 Barriers to implementing a funding system that is better aligned with demand

A funding system that provides the Government or system steward with the power to determine the final allocation of places to providers while also attempting to improve the efficiency of this funding would need to be informed by information such as actual enrolment in preceding years, universities' applications and offers and enrolment forecasts instead of a purely formula-based methodology as in the status quo. The formula-based approach has resulted in the dissociation between student demand and funding allocation. As discussed in Section 2.1 and 2.3, many universities are allocated additional funding despite being chronically underenrolled and faced a funding cliff with termination of the HECG at the end of 2025.

Currently there is a minimum six-month lag following the end of a calendar year for the student enrolment data for that year to be verified by providers and available internally for funding calculations. While the department is working to reduce this lag through efficiencies in the data processing and validating stage, much of the current lag is unavoidable and due to the need to capture outcomes from third trimester enrolments (which typically begin in November) and data reporting issues which are identified following higher education providers submitting their data to ensure the data reported by providers are fit-for-purpose.

Instead of relying solely on verified enrolment data, the ATEC would need to work collaboratively with the Department to examine ways to better utilise the rich dataset on student enrolments in the HESSC, including preliminary student enrolment and applications and offers data. This is to ensure ATEC's allocation of CSPs to providers are not only responsive to evolving student demand and government priorities, but also to ensure timely advice to providers on their CSP allocations before the start of academic year.

More work is underway between the Department and ATEC to improve the use of preliminary student enrolment data to inform ATEC's negotiations with providers and decision-making process on CSP allocations. More effective use of preliminary student data coupled with final (verified) data when they are available, would allow the ATEC to fast-track the allocation process each year, ensuring sufficient time to inform load and course planning as well as admissions processes at providers. This would greatly contribute to the future success of the implementation of the more efficient funding/places allocation regime that closely follows demand.

3.3 Achieving success

As stated in section 2.1, changes to the higher education funding system need to be: Specific, Measurable, Achievable, Relevant and Time-Bound. To measure the success of this funding reform,

the government will assess funding allocation efficiency, equity representation, sector financial stability and government-sector engagement.

The COVID-19 pandemic exposed the sector's sensitivity to unforeseen systemic impacts. The Government's rescue measures, such as the Higher Education Relief Package and the Higher Education Continuity Guarantee, provided the sector with the financial resourcing and funding safety net to continue its operation and employment stability for the sector workforce. Changes to the funding system should ensure that government funding provided for CSPs is closely aligned with student demand while ensuring higher education providers are protected from sudden changes in operating revenue during the transition to the new funding system.

The success in bringing equity participation closer to population parity depends on two factors – access and aspiration building. Equity access should be at the front and centre when considering the design of a new funding model to ensure that demand from prospective students from disadvantaged backgrounds can be met. Sustained and adequate outreach funding, together with the changes in labour market conditions, could translate into a recovery in demand for higher education opportunities, in particular from mature aged students and students from underrepresented backgrounds. A key sign of success could be characterised as sustained

SMART targets

- By 2050, the tertiary education sector achieves the 80 per cent tertiary attainment target for Australian working age population.
- By 2031, while maintaining quality, there will be clear alignment between places allocation and actual enrolments and no institution would need to access the funding floor.
- By 2050, growth in the number of Indigenous students, and those from low-SES and regional and remote backgrounds has resulted in a higher education sector that more closely reflects Australia's broader society.
- All performance metrics are stretch targets, aligned to government priorities and system improvement objectives, with all higher education providers having a Mission-Based Compact with the ATEC on track to or meeting performance targets by the end of each 4-year MBC cycle.
- Teaching quality, student experience and student outcomes are maintained and on track to improve as the higher education sector reaches its attainment and equity enrolment targets.

improvements in equity representation across the higher education sector, with growth in equity enrolments approaching representative participation by 2050, while being on track to achieve the 80 per cent tertiary attainment target by 2050.

A future funding system should ensure the quality of the education, student experience and outcomes are maintained and, if possible, on track to improve when the system seeks to grow and expand. As mentioned in Chapter 2, the demand-driven funding system, although it provided better university access, did not provide sufficient resources to support disadvantaged students to succeed. It was criticised for its failure to achieve comparable educational outcomes for the additional

students (those who would not have attended university before the demand-driven system was introduced) when compared to the other students, and for wasting government investment.

However, research has shown that dropping out of university is not always a bad outcome. Surveys have shown that many school leavers and first-year university students are uncertain about their career direction after school, and that enrolling at university can help students decide what their interests are and what their career options will be. Many people who did not finish their degree noted that they would still begin their degree despite knowing that they would drop out eventually. Many reported significant employment-related benefits, including that their course taught them useful skills, helped clarify their career goals and helped them get employed.²⁴

The expansion of the system could also risk a decline in educational quality and student experience if a provider did not prepare sufficiently to support greater attendance, particularly students from underrepresented backgrounds who are more likely to require additional support to succeed. The design of a new funding model should ensure it is flexible enough so that, when a provider is met with an unexpected growth in demand, it is able to meet it without risking resourcing restraint.

3.4 Rationale for Government Intervention

The higher education system needs a reset to alleviate the issues and challenges created by policy changes in recent years.

Almost all Table A universities plus the Batchelor Institute of Indigenous Tertiary Education are established by their own state or territory legislations, except for the Australian National University which is established by a Commonwealth Act of Parliament and the Australian Catholic University which is established under the *Corporations Act 2001* (Commonwealth). The Federal Minister for Education is responsible for the legislative instruments and the government funding for Australian public universities.

Funding is a very effective lever that can be applied through legislative amendments to HESA to influence university behaviour and drive system change. CGS funding is worth over \$8 billion each year and is the biggest single source of Government funding under HESA for university teaching and learning activities. Major reforms to its distribution across the sector are likely to bring about changes to provider behaviour.

Over the last twenty years, successive governments have made several attempts to use funding policy to increase overall participation, equity representation and enrolment in particular fields of national interest. These include major reforms such as the introduction of demand-driven funding for bachelor-level non-medical CSPs at Table A universities, establishment of the Higher Education Participation and Partnerships Program, changes to CGS cluster rates and student contributions for priority fields, and the Job-Ready Graduates Package.

Past major funding reforms had varying degrees of success in achieving their policy objectives. The demand-driven funding system implemented from 2012 to 2017 saw increases in university participation partly driven by the unmet demand under a capped system prior to the reforms, but

²⁴ Norton, A., Cherastidham, I., and Mackey, W. 2018, [*Dropping out: the benefits and costs of trying university*](#), Grattan Institute.

this was accompanied by an increase in CGS expense as demand was much greater than originally anticipated. This increase in enrolments saw the achievement of the Bradley target of 40 per cent of 25–34 year olds having a bachelor degree by 2019, 6 years ahead of the then government’s target.²⁵ However, the low-SES student participation target of 20 per cent by 2020 was not achieved, although enrolments by low-SES students did grow faster than overall domestic undergraduate enrolments.

It is not possible to determine with any certainty whether the latest funding reform, the JRG Package, is achieving its intended policy outcomes – incentivising enrolment growth in fields of future labour force demand (beyond pre-existing trends) and providing more opportunities for regional students to participate in higher education. JRG was introduced in 2021, a time of significant disruption to the sector due to the COVID-19 pandemic. Enrolments spiked while borders were closed and then dropped back as broader economic conditions (employment and cost of living) influenced enrolment decisions. Enrolments in 2024 are likely the first to return to normal patterns of growth for the sector.

Analysis of higher education data indicates that there was a decrease in commencing student EFTSL in the years following the introduction of JRG in subjects associated with Funding Cluster 1 (those with decreased Commonwealth contribution and increased student contribution amounts compared with pre-JRG arrangements). A similar magnitude of growth was also seen particularly in Funding Cluster 2, where SCAs were lowered. However, sophisticated modelling is required to understand the factors driving these changes and it is not possible to apportion these changes to JRG or SCA at present.

Funding allocation needs to better reflect student demand over time but also remain adequate and sustainable. The current formula-based approach has led to a misalignment between funding and enrolments. In some cases, funding has been allocated to universities without the corresponding level of enrolments. Similarly, some universities have had enrolments well beyond the equivalent funding, and therefore effectively teaching these students for no Commonwealth funding. A new systematic reform is needed to allow for a correction of funding distribution across universities so that funding and place allocations better align with student enrolments. This is paramount to ensure the system can accommodate all potential students who aspire to participate in higher education while allowing the sector to grow in a managed and sustainable manner, with a greater emphasis on incentivising equity student participation, providing greater equity student support and improving accountability from providers.

Without intervention, many of the issues discussed above are likely to persist. Interventions such as the 20,000 additional commencing places for equity students in national priority areas are not designed to fix systemic issues such as the recurring over/under-enrolment at some institutions and plateaued equity student participation rates.

²⁵ Budget 2009-10 Ministerial Statement on Education, Employment and Workplace Relations. Jobs, Productivity and Fairness – A Foundation for Recovery.

Chapter 4 Policy Options

4.1 Option 1 – Status Quo

The first option is to continue with the current funding system. In many ways, the current funding system functions well and many features, including Commonwealth contributions and student contributions by funding clusters, are not the subject of the proposal. This was considered as an option as it creates minimal financial and structural disruption to the higher education sector. However, as outlined above, the current funding system:

- does not provide for sufficient growth in places to meet Australia’s future skills needs or to meet the Government’s 80 per cent tertiary attainment target by 2050;
- has not addressed the underrepresentation of equity students at Australian universities, mainly due to a lack of systemic prioritisation;
- has caused marginal funding of students for some universities with enrolments exceeding their CGS funding caps; and
- would have caused a funding cliff for many under-enrolled universities when the HECG terminated at the end of 2025, meaning they would only receive Commonwealth funding for actual deliveries.

In addition, the Department of Education has limited scope to change the existing formula-driven funding allocation – where circumstances require this – without policy change. While the calculation of growth in funding allocations based on campus location is not legislated, the Government’s existing policy authority requires funding to be allocated on the basis of a formula.

The Accord Review Final Report recommended that the current system be reformed to address these issues. Given public statements made by the Government committing to act on the Accord Review Final Report’s recommendations (including specifically committing to introducing a managed growth funding system), maintaining the status quo is not an attractive option, and may further exacerbate the above-mentioned issues.

4.2 Option 2 – Managed Growth Targets with catchments and hard caps

Through the public consultation process and internal and external analysis, the issues with the current system as outlined above became evident to the Accord Panel. As pointed out in both the Accord Review Interim report and Accord Review Final report, the sector needs a new funding model that is affordable, sustainable, student-centric, allows expansion and increases student success to support the Government’s ambitious 80 per cent attainment target.

Subsequently, the Panel recommended a MGFS along with NBF for equity student support, with an ATEC playing a central role in managing the new funding system.

The Accord Review Final Report recommends a Managed Growth Funding System with the following features:

- the system provides for freedom within a framework; providers should have freedom to make choices regarding their enrolments and finances, within a framework set out by the funding principles and monitored by the ATEC.
- there is no ‘over-enrolment’ of students who only attract partial funding – the enrolment cap would be a hard cap that prevents universities from enrolling students in Commonwealth supported places above that EFTSL cap.²⁶

4.2.1 MGT as enrolment cap in EFTSL

Based on the above proposed features and the principles for the new funding system, a funding system based around Managed Growth Targets (MGTs) was considered, commencing from 1 January 2026. Under this option, the Government would determine a system-wide pool of Commonwealth supported places, sufficient to support long term growth in the number of CSPs to achieve the Government’s tertiary attainment target. Eligible institutions would then negotiate a MGT with the ATEC that draws from this pool.

The allocation of MGTs would be part of the enhanced Mission-based compact negotiations between the ATEC and universities. These negotiations would be informed by national objectives set by the Government (e.g. to promote a productive economy and society and equitable opportunity for all Australians) and consider other factors such as student demand, institutional goals and missions, and institutional and sector dynamics and sustainability.

Each provider would be provided with a MGT for the next year with estimates for the following two years, giving higher education providers a clear expectation of their contribution to overall system growth and an incentive to grow sustainably and deliver on performance expectations. MGTs would be adjusted each year in response to changes in student demand, provider’s performance and other new information to ensure that they would remain appropriate and responsive to changes. In contrast to a formula-driven funding allocation to providers, such as the one introduced as part of the Job-ready Graduates package, Option 2 would provide government (through the ATEC) with adequate policy levers to establish incentives in the funding system to drive greater focus on quality and equity performance from universities. Through MGT negotiations with individual institutions, ATEC could provide additional CSPs to institutions that provide greater access to equity students and provide high-quality learning opportunities, while also ensuring sustainable competition between universities.

The MGT would set the maximum number of CSPs – specified in EFTSL – that would be funded based on the cluster rates and student contribution amounts. The setting of a cap based on EFTSL would remove the current supply-side barrier for universities to enrol students in high-cost subjects, such as those in health and STEM disciplines. Under the current system of capped funding, an institution would be fully funded for fewer places in these expensive disciplines. While this proposal does not directly influence students’ discipline or study choice, it removes barriers imposed by a funding cap for universities to offer courses that meet student and industry demand, especially in higher cost health and STEM disciplines.

²⁶ Australian Universities Accord, Final Report, p. 290. [Australian Universities Accord Final Report Document - Department of Education, Australian Government](#)

4.2.2 Managed demand driven equity based on catchment areas

A managed demand-driven funding system for equity students would also be established for Table A providers. Eligible students from underrepresented backgrounds – i.e. students from low SES, regional and remote areas – wishing to study a non-medical bachelor level course at a Table A provider would be guaranteed a fully funded CSP. However, this place would not necessarily be at their chosen university. If their preferred university was already fully enrolled (i.e. enrolled up to their MGT), equity students would be offered a similar place at another university within a geographically defined student catchment area that has unused places, contingent on them meeting the entry requirements for the course at that university. In instances where all universities in a geographically defined student catchment area had exhausted their MGTs, but there is still unmet demand from prospective equity students, the ATEC could increase MGTs for catchment area universities, redirecting unused supply from elsewhere in the system or through an increase in the total number of places available in the system should all places be filled.

The catchment-based managed demand-driven system for equity students would provide additional incentives (i.e., the ability to receive both Commonwealth and student contributions) for universities to enrol equity students. This would contribute to meeting equity participation targets, while allowing growth at an institutional level to be managed sustainably, but may not increase equity participation to the same extent as guaranteeing a place at eligible students provider of choice (assuming that provider finds them suitable).

4.2.3 MGT as a hard cap

Under this option, the MGT would also represent a hard enrolment cap on CSPs at an institution. This means providers would not be entitled to receive either CGS funding or student contribution amounts (SCAs) for any enrolments above their MGT.

While the MGT represents a hard cap, where universities do not receive CGS funding nor student contributions for enrolments above their cap, under Option 2, a transitional arrangement would be in place for three years until 31 December 2028 for students enrolled prior to 1 January 2026. During this three-year transition period, providers that enrolled above their allocated MGTs would be allowed to keep the student contributions for any enrolments above their MGT to prevent a sudden decline in nominal revenue received for their enrolments.

4.2.4 Permanent funding floor guarantee

To provide a funding safety net for Table A universities, particularly those universities that have been underenrolled and relied on the Higher Education Continuity Guarantee since 2021, a permanent institution-based funding floor guarantee would also be introduced under Option 2. The funding floor would be a level of funding which a Table A provider is guaranteed to receive each year, irrespective of actual enrolments. Under Option 2, the funding floor would be set at a level lower than the previous year's CGS funding (97.5 per cent) such that funding levels and enrolments would eventually converge for under-enrolled universities, removing the need for universities to access the floor over the longer-term. This would align funding with actual enrolments over time, providing universities sufficient time to adapt to the new system.

Option 2 could alleviate the previous mentioned systemic issues.

- The system-wide pool and the MGTs give the Government (and ATEC) a lever to ensure the appropriateness and efficiency of allocation of CSPs and therefore CGS funding across the sector over the long term.
- Moving away from formula-driven funding cap allocation through the MBGA approach to allocation based on enrolment cap (i.e. EFTSL) ensures the new system is responsive to changes in student demand and Government priorities.
- The managed demand-driven funding for equity students, along with Needs-based Funding, removes barriers for students from disadvantaged backgrounds to participate and succeed in higher education.
- The introduction of a funding floor guarantee reduces the impact of the cessation of the HECG at the end of 2025 and allows the MGT allocation to align with student demand at universities over time.
- Through effective stewardship and monitoring by the ATEC, including through the agreement on performance indicators for universities in Mission-based compacts, the Government can expect improvements in universities' accountability and performance.

4.3 Option 3 – Domestic Student Profiles with an over-enrolment buffer and student contribution glidepath

Under the same principles proposed by the Accord Review, an alternative Option (Option 3) is proposed. This option is similar to Option 2, but removes the catchment area requirement for the demand-driven equity places and includes additional transitional arrangements to moderate the operational impact on providers.

Option 3 would be fully implemented from 1 January 2027, with 2026 being a transition year. This would allow the ATEC to be established before the new funding system is legislated and begins operating, as well as establishing a baseline for the introduction of enrolment caps (now known as Domestic Student Profiles (DSPs)) that better reflect student demand and providers' performance.

4.3.1 2026 as the transition year

Transition to the MGFS would begin from 1 January 2026, with university funding adjusted so that it better aligns with actual enrolments across the sector. In 2026, CGS funding allocation to eligible providers continues to be based on a funding cap through the Maximum Basic Grant Amount for higher education courses (HEC MBGAs).

The 2026 transition year aims to better align funding with university enrolments, while also ensuring universities are supported to transition to the new MGFS. Key elements of the 2026 transition year include:

- Adjustments to Table A providers' 2026 HEC MBGAs with an additional \$50 million distributed across significantly over-enrolled universities based on their share of over-enrolments in 2024 (latest verified data available)
- Removal of JRG campus-based growth and unused pipeline funding for the 20,000 commencing equity places for Table A providers
- Introduction of a transitional funding floor – set at 100 per cent of a provider's 2025 CGS payment (including HECG) – for Table A providers
- Introduction of a one-off Transition Fund Loading to ensure no Table A university receives less Commonwealth funding for teaching and learning (i.e. CGS and NBF) in 2026 compared to relevant funding in 2025

- Establishment of a \$50 million Structural Adjustment Fund available to Table A universities from 1 July 2026 to fund specific projects to adjust to the new funding system, ensuring learning outcomes for domestic students are maintained.
- Additional 365 commencing CSPs for non-Table A providers for courses of study in national priorities.

The 2026 transition year arrangement operates under the existing legislative framework as currently prescribed in the *Higher Education Support Act 2003*.

4.3.2 Total Allocation Pool and Domestic Student Profile

Under Option 3, from 1 January 2027, the Government would set the Total Allocation Pool (TAP), which would be the maximum number of fully funded places (i.e. entitled to receive both the Commonwealth contribution and student contribution amounts) available for allocation to Table A and eligible non-Table A providers for any given year. The ATEC would play a critical stewardship role in the sector through the allocation of available places in the TAP to all eligible higher education providers as a DSP. The DSP would set the maximum number of CSPs for all courses of study at an institution – except for demand-driven higher education and medical courses – specified in EFTSL that would be fully-funded.

For Table A providers, their allocated DSP would be made up of two parts:

- a Core Student Load (CSL) that would ensure a provider’s DSP for that year is at least the lower of its latest available actual student load or its previous year’s DSP. This aims to provide a guarantee such that a provider’s DSP will not go backwards if they have students; and
- an Additional Growth Allocation (AGA) component that would provide for additional growth in the number of students at the provider.

As the system steward, ATEC would allocate AGA – at differing rates – to eligible providers. The AGA would be the additional fully funded CSPs each year to support additional growth in enrolments that are consistent with the Government’s strategic priorities. The AGA would be allocated by ATEC to eligible providers as part of its role as a system steward with a nuanced understanding of sector performance. In making allocation decisions, ATEC would consider factors such as student demand, institutional performance on equity, institutional goals and missions, market dynamics between institutions, sector sustainability and institutional performance against the plan and metrics agreed in providers’ mission-based compact negotiations.

This means a provider’s DSP would reflect student demand and reward universities for aligning their enrolments with their agreed metrics/targets in the mission-based compact negotiations. Moreover, through the specific addition of a growth element (i.e. the AGA) to the enrolment caps, this option would clearly show that growth is central to the design of the new funding system.

4.3.2 Managed demand-driven equity places at the system level

To ensure there are sufficient fully funded CSPs across the sector for adequately prepared equity students wishing to pursue a university qualification, funding for CSPs for equity students would be effectively uncapped at the sector level. Should the ATEC believe the TAP is insufficient to meet demand from adequately prepared equity students (bachelor-level students from low-SES or regional and remote backgrounds), it could request that the Minister for Education increase the TAP.

If the Minister agreed to the request, the ATEC would then be able to allocate these additional places to relevant universities by increasing their DSPs.

4.3.3 Over-enrolment buffer and student contribution glidepath

While advice from the Accord Review Final Report was for enrolment caps (i.e. DSP) to be hard caps on enrolments (i.e. a provider would not be entitled to receive both Commonwealth and student contributions beyond the cap), it was recognised that it could be difficult for a university with potentially tens of thousands of enrolments to plan for a precise number of enrolments.

To soften the impact of the hard cap, under Option 3 all eligible providers would be given an overenrolment buffer set at the lesser of 5 per cent of their allocated DSP or 750 EFTSL. The 750 EFTSL threshold will be updated to reflect the growth in DSP over time. By default, a provider would be entitled to receive student contribution amounts for any enrolments up to the higher of their allocated DSP plus the over-enrolment buffer or the provider's 2025 total enrolments; noting that a provider would only receive CGS funding for enrolments up to the allocated DSP.

In addition, some Table A universities that are currently enrolled above their MBGAs (i.e. enrolled more students than they are entitled to receive Commonwealth contribution amounts for under Part 2-2 of HESA) are entitled to receive student contributions for these students until 31 December 2026. Recognising the need to transition to the new arrangement, particularly for Table A universities that are currently enrolled above their MBGA, a transitional student contribution glidepath would be implemented.

Under this arrangement, the ATEC would set the limit on commencing EFTSL in higher education courses for Table A providers for the following year in consultation with Table A providers (known as the 'commencing EFTSL limit'). Should:

- a Table A provider's verified commencing EFTSL be at or below the set 'commencing EFTSL limit' in the relevant year, the provider would retain all student contribution revenue it received for that year for student enrolments; however
- a Table A provider's verified commencing EFTSL be higher than the set commencing EFTSL limit, then the provider's CGS grant amount payable for the year would be reduced by the number of verified commencing EFTSL that are in excess of the set commencing limit, multiplied by the average student contribution amounts the provider received.

This transitional arrangement would prevent a sudden decline in revenue for overenrolled institutions as they transition to and adjust their enrolments under the new funding system.

4.3.4 Temporary funding floor guarantee

Under this option, as in Option 2, there would be an institution-based funding floor guarantee. However, under Option 3 this would be a temporary feature, with the floor terminating at the end of 2031. The temporary funding floor would be set at 97.5 per cent of the previous year's CGS payment (including funding floor payment). In 2026, a transitional floor would guarantee 100 per cent of 2025 CGS payments (including HECG) regardless of actual enrolments.

Option 3 would address the issues with the current funding system similarly to Option 2 but with the following **additional** advantages:

- Delaying the implementation of the MGFS to 1 January 2027 with 2026 being the transition year allows providers more time and resources to adjust their finances, operations and course offerings in preparation for a major funding reform for the Australian higher education system.
- The catchment area requirement for the managed demand-driven funding for equity student is removed to simplify the implementation of the new funding system in recognition of the administrative burden it may cause to providers, tertiary admissions centres and the ATEC.
- Option 3 allows over-enrolled providers to receive the student contributions for a small number of enrolments above their allocated DSP through the over-enrolment buffer and the transitional student contribution glidepath. This would allow universities to adjust their enrolment level to align with their enrolment cap over time, without significantly affecting their operating revenue.

Table 1 below outlines the key differences between the three options considered.

Table 1: Summary of policy options considered

Policy Element	Option 1	Option 2	Option 3
Start date	The existing funding system has been in place since 1 January 2021	1 January 2026	1 January 2027, with 2026 as transition year
Transitional arrangements	Not applicable	A three-year transitional arrangement would be in place between 2026 and 2028 (inclusive) to allow universities to enrol above their MGT and keep their SCA).	<p>2026 is a transition year. Table A universities continue to be allocated a HEC MBGA. The 2026 HEC MBGA is equal to the nominal value of their 2025 HEC MBGA or their actual 2025 HEC MBGA plus indexation based on their 2024 verified enrolment. An additional \$50 million funding is made available in 2026 to provide additional funding for providers that were significantly over-enrolled in 2024.</p> <p>A one-off transition loading will be in place to ensure there is no nominal reduction in universities' Commonwealth funding for teaching and learning between 2025 and 2026.</p> <p>A \$50 million structural adjustment fund will be provided to assist universities to transition to the new system from 1 July 2026.</p>
Enrolment caps	CGS funding for eligible providers is currently capped at their MBGA – specified in dollar terms. Increase in a Table A university's MBGA for higher education courses is formula-driven and	The ATEC would allocate the MGT in consultation with each eligible provider. The MGT would set the maximum number of Commonwealth supported places – specified in EFTSL – that would be	The ATEC would allocate the DSP in consultation with each eligible provider. The DSP would set the maximum number of EFTSL that would be fully funded (i.e. receive both the Commonwealth and student contributions).

	<p>based on CPI indexation and the geographical location of the university's campus.</p> <p>The growth in the CGS funding cap does not consider student demand or universities' performance.</p>	<p>fully funded (i.e. receive both the Commonwealth and student contributions).</p>	<p>The DSP would be comprised of two elements – the core student load and the AGA.</p> <p>The core student load would reflect a provider's latest verified CSP enrolments up to the previous year's allocated DSP;²⁷ while the AGA would provide additional growth in CSPs each year.</p> <p>Providers' DSP would reflect student demand and reward universities for aligning their enrolments with the agreed metrics/targets in their mission-based compact negotiations.</p>
Overenrolment	<p>While a provider only receives CGS for enrolments up to its allocated MBGA, the provider continues to receive student contributions for all students enrolled.</p>	<p>A provider would only receive both CGS and student contributions for enrolments up to their allocated MGT. For any enrolments above their MGT, the provider would receive zero funding.</p>	<p>While a provider only receives CGS for enrolments up to its allocated DSP, the provider would continue to receive student contributions for a small number of permitted enrolments above the DSP, based on the over-enrolment buffer or student contribution glidepath.</p>
Commonwealth supported places for students from under-represented backgrounds	<p>Providers only receive CGS funding for enrolments up to their allocated MBGA, regardless of whether students are from underrepresented backgrounds (with the exception of First Nations students who are demand-driven).</p>	<p>The MGT for each Table A provider would include managed demand-driven funding for students from disadvantaged backgrounds at the system level.</p> <p>While students from disadvantaged backgrounds wishing to study a</p>	<p>The funding for eligible equity students studying a non-medical bachelor course at Table A universities would be uncapped for the ATEC at the system level. The ATEC Commissioner(s) would be given the power to increase the TAP – subject to agreement by the Minister for Education – to ensure all eligible equity students that</p>

²⁷ In 2027, the core student load will reflect the number of CSPs enrolled within the 2026 Adjusted MBGAs. From 2028, it will reflect the number of CSPs enrolled within the provider's Domestic Student Profile in previous year.

		<p>non-medical bachelor level course at a Table A provider would be guaranteed a fully funded CSP if they gain admission, if their preferred university is already fully enrolled, equity students would be offered a similar place at another university within a geographically defined student catchment area that has unused places.</p> <p>The ATEC could increase MGTs for catchment area universities to accommodate unmet demand from prospective eligible equity students if all universities in a geographically defined student catchment area exhausted their MGTs.</p>	<p>meet university entry requirements receive a fully funded place in the system.</p> <p>Within the DSP for each institution, the AGA component would provide additional growth in CSPs each year to providers (subject to meeting the performance requirements agreed in their mission-based compacts negotiations). If a university sees strong demand from eligible equity students who meet admission requirements but is predicted to be fully enrolled up to their DSP, the ATEC could increase the provider's AGA and DSP through system level transfer of unused CSPs or by increasing the TAP, subject to agreement by the Minister for Education.</p> <p>Under Option 3, without the catchment area constraints, equity students would be able to enrol at any provider of their choice as long as they meet the admission requirements, and the provider can demonstrate its ability to accommodate the additional students and support their success while meeting their agreed performance indicators.</p>
Funding Floor	The HECG will cease from 1 January 2026, with providers only receiving CGS funding for actual enrolments up to their allocated MBGA.	A permanent funding floor for Table A providers would be in place at 97.5% of the preceding year's CGS payment to prevent any funding cliff as a result of the termination of the HECG. Over time, it would be expected that the funding floor would converge with student demand.	A temporary funding floor would be in place for Table A universities until the end of 2031 at 100% of the preceding year's CGS payment in 2026 and 97.5% from 2027 onwards to prevent any funding cliff as a result of the termination of the HECG. Over time, it would be expected that the funding floor would converge with student demand.

Chapter 5 Cost-benefit analysis

This section examines the likely policy benefits and costs to universities, students pursuing a university degree and the wider Australian economy. This cost-benefit analysis examines the ‘potential’ costs and benefits of the options to change the funding framework for Commonwealth supported places (CSPs), rather than actual costs and benefits. The estimated benefit from the reform is highly dependent on the growth in student demand at each individual Table A university and any changes to the supply of CSPs, which in the case of Options 2 and 3, depends on decisions made by ATEC Commissioners in the allocation of CSPs to different providers.

5.1 Estimated broad policy benefits of the proposed funding reform (Option 2 and Option 3)

As discussed in the previous sections, the key policy objective of proposing a new funding framework for CSPs is to ensure that Australia’s higher education system has sufficient CSPs at the sector level to meet student demand, the needs of community and industry, and to achieve the Government’s ambitious 80 per cent tertiary attainment target by 2050.

To achieve 55 per cent higher education attainment by 2050, the Universities Accord Review Interim Report estimates that we would need to have at least 1.2 million Commonwealth supported students (in headcount) in 2035, increasing to 1.8 million in 2050. This is well above the growth in CSPs projected by the Department of Education under existing policy settings and population growth, indicating that the Australian higher education system would need to grow to one million Commonwealth supported students in 2035 and 1.2 million by 2050.²⁸

Modelling by the Department of Education shows workers benefiting from an estimated \$190 billion (in 2023 dollars) in additional earnings over the period to 2050, from meeting the higher education attainment rate of 55 per cent for those aged 25 to 34 years old, and \$240 billion for meeting broader tertiary attainment targets.²⁹ People who attain post-school qualifications have higher lifetime earnings, relative to those whose highest level of education is Year 11 or below. This lifetime income premium is an increase of 60 per cent for a bachelor degree, 70 per cent for a graduate diploma or graduate certificate and 90 per cent for a masters or doctoral degree.

Both options could benefit equity cohorts by allowing for additional growth in equity enrolments, either in the form of a university catchment area (Option 2) or AGA (Option 3). Both options would provide growth in places for equity student enrolments. The additional places made available to equity students along with NBF would help to support more equity students pursuing higher education qualification and increase their probability of success.

It is inherently difficult to know precisely how enrolments may change after a funding reform— how many additional enrolments if there is growth; who the additional students are; which institutions

²⁸ Australian Universities Accord 2024, *Interim Report*, p.45

²⁹ Department of Education 2024, *Australian Universities Accord: Budget Summary*, p. 6, <https://www.education.gov.au/download/18195/australian-universities-accord-2024-25-budget-summary/37352/document/pdf>

these students are enrolled at and in which disciplines. If enrolment growth were to follow a similar distribution to current equity participation, additional students would be in the most popular fields, including Society and Culture, Health (including nursing), and Management and Commerce, and many of the additional students would be equity students. In the meantime, as funding would be capped based on EFTSL under options 2 and 3, rather than capped at a dollar amount (Option 1 – status quo), the incentive for universities to enrol students in disciplines at lower CGS cluster rates – but with higher student contribution amounts – would be reduced. The proposed funding reform (Option 2 or 3) helps to create an environment in which universities could better respond to student demand across different disciplines while government, through implementing a funding reform, takes the opportunity to grow the higher education system in a fair and sustainable way.

Implementing a funding reform that enables sustainable growth focusing on equity participation across the sector is consistent with Australia’s commitments to the United Nations’ 17 Sustainable Development Goals in the 2030 Agenda for Sustainable Development³⁰ (2030 Agenda). Goal 4 is to “ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”. Australia, as one of the signatories, needs to ensure:

4.3 By 2030, equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university

4.5 By 2030, elimination of gender disparities in education and equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.

By providing better access to Commonwealth supported places for all students through better aligning supply with demand and especially focusing growth on equity students, the policy is consistent with Australia’s commitments to the 2030 Agenda. Australia achieved the UN’s Sustainable Development Goal’s tertiary attainment long-term goal of 52.2 per cent for 25 to 34-year-olds in 2019 and has maintained its achievement since. However, our continued effort to improve the tertiary attainment level is not only important for the nation’s economic and societal development but also demonstrates the Government’s commitment to global efforts to ensure sustainable development and eradicate poverty and inequality.

5.2 Method

To quantify the benefits of the different options to the Government and key stakeholders, it is essential to estimate the differences in the number of CSP places each option would deliver and how well they align with future learning demand and labour market needs.

5.2.1 CSP supply and Total Allocation Pool estimates

Under each option, the CSP in EFTSL supply at each institution and the Total Allocation Pool (TAP) are estimated using the adjusted MBGA from 2026 and each institution’s average CGS per EFTSL for Higher Education Courses (i.e. non-medical CSPs excluding demand-driven funding for Indigenous CSPs).

³⁰ [The Sustainable Development Agenda - United Nations Sustainable Development](#)

5.2.2 CSP demand and utilisation estimates

Under Option 3, the CSP demand estimate over the medium-term (i.e. to 2034-35) is based on university specific CSP load projections for 2025 provided by each university in April 2024. The growth rates applied are detailed in Table 2.

Under Option 2, the non-equity growth rate in Table 2 was applied to the 2025 CSP load projections. This is because the restrictive nature of the managed demand-driven equity within geographic catchments under Option 2 would not be expected to result in a significant difference in CSP growth between equity and non-equity students.

CSP utilisation is the lesser of the projected CSP demand or supply (i.e. MBGA/ DSP) at each institution.

Table 2: The growth rates applied to the demand estimates in Option 3.

	Growth rates	
	Equity	Non-Equity
2026	2.7% - the compound annual growth rate of all equity students from 2006 to 2021.	Institution specific annual average growth rate in 2025 and 2026 based on the April 2024 CSP load estimate with a minimum 1.2% (50 th percentile) and maximum 3.1% (75 per centile) growth cap.
2027 onwards	A higher growth rate 4.2% - the compound annual growth rate of all equity students during the Demand-driven funding period from 2009 to 2017	

5.2.3 Funding floor estimates

Under both Option 2 and 3, each university would be provided with a funding floor that is the amount of funding guaranteed, regardless of actual enrolments. The number of universities estimated to access the funding floor is based on estimated CSP demand. If an institution is estimated to not enrol up to its guaranteed funding level, it will access the funding floor payment. The funding floor payment is the difference between the guaranteed floor amount less the CGS payment based on actual enrolments.

Period	Option 2	Option 3
2026	97.5% of its 2025 CGS payment (including HECG) for 2026	100% of its 2025 CGS payment (including HECG) for 2026
2027 onwards	97.5% of the estimated CGS payment a university received in the preceding year	

5.3 Option 1 – Status Quo

Under Option 1, the CGS funding for higher education courses (HEC) at Table A universities is capped at the Maximum Basic Grant Amount (MBGA).

The Accord Review Final Report found that the current capped funding and growth allocation system implemented as part of the JRG is inefficient. It provides more growth funding to institutions with

little student demand – most of these universities are in regional Australia – due to its formula-based allocation that preferences regional providers. Consequently, there are some universities – mainly in metropolitan areas – that are enrolled above their funding caps; while some universities – mainly in regional areas – are enrolled below their funding allocation. This misallocation of growth funding has led to a lower number of fully funded places (i.e. places that received both CGS and Student Contribution amounts) than the Government funding could otherwise provide.

In addition, the ceasing of the current Higher Education Continuity Guarantee (HECG) at the end of 2025 creates a potential funding cliff for universities that are currently enrolled below their funding cap and thus accessing HECG grants due to low student enrolments. Without any change to the current funding system, the Department of Education’s projections suggest that three universities will face a reduction of approximately 20 per cent in government funding for teaching and learning in 2026, with a further six universities facing a reduction of around 10 per cent. Many of these universities are in regional Australia.

Table 3: Option 1 Average annual regulatory costs (i.e. business as usual)

Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total, by sector	\$0	\$0	\$0	\$0

5.4 Option 2 – Managed Growth Targets with catchments

Under Option 2, the new Managed Growth Funding system for CSPs based on a Managed Growth Target (MGT) would be implemented from 1 January 2026. Within the MGT for all Table A providers, managed demand-driven funding for equity students would be established to ensure students from equity backgrounds wishing to study a non-medical bachelor level course at a Table A provider would be guaranteed a fully funded place, though not necessarily at their chosen university. In the short-term, the fiscal costs of Option 2 would be fully offset by ceasing the JRG’s fixed campus-based funding growth from 2025.

Option 2 ensures that the increased demand can be met in the short term by moving available places from under-enrolled institutions to institutions that can use those places in the system, achieving a more efficient funding system to meet future skills needs. This would pay for more fully funded places and move places to where they are needed in a system-responsive manner.

Under Option 2, students from low SES and regional and remote areas would have more opportunities through the MGT to gain a higher education qualification with a specific intent to grow the number of students from underrepresented groups as a proportion of all domestic undergraduate enrolments. Through Option 2, the Department of Education estimates that there would be around 28,300 additional CSPs for low SES and regional students in the system by 2035 (compared to 2022).

Option 2 reduces the incentive for universities to over-enrol. Under Option 1, this incentive is particularly strong in courses where student contributions make up a higher proportion of the funding received for that student (i.e. disciplines in CGS funding cluster 1). In addition, the use of a funding cap provides an incentive for universities to enrol students in courses with lower

Commonwealth contributions, as they are able to enrol more students within the overall funding cap.

The transition to an enrolment cap based on places will remove this incentive as providers will be paid based on the relevant funding cluster rate for each place delivered within the enrolment cap. While it is difficult to estimate the impact of removing these incentives, particularly as students' course choices will continue to be driven by individual preferences, it is likely that the new system will place downward pressure on student contributions.

Option 2 would result in additional regulatory impact on the university sector, compared to Option 1. Under the new system, every year, eligible providers and the ATEC would need to negotiate and agree on each provider's MGT allocation to ensure their ongoing alignment with student demand, performance against the metrics agreed in the MBC and government's priorities. As part of the four-yearly negotiation of MBCs, providers and the ATEC would also need agree on a Mission-Based Compact that outlines the performance requirements linked to the MGT.

Compared to Option 3, Option 2 is likely to create additional administrative challenges to the Department, the ATEC, universities and prospective students due to its requirement for eligible equity students to be offered a place in a catchment area. If a student could not gain admission to a given university despite fulfilling all admission requirements, a mechanism needs to be in place to identify available CSP places at universities within the same catchment area and make an offer to the student for an equivalent course. If all universities within a catchment area were unable meet the local student demand, they would need to approach the ATEC to apply for an increase in MGT.

The estimated 10-year annual average regulatory impact of Option 2 is \$1.91 million each year. This accounts for a greater cost of \$5.67 million in the first year, tapering down to \$4.19 million in subsequent MBC negotiation years and approximately \$0.6 to \$1.6 million in other intervening years (see Appendix A for further information regarding the calculation of this regulatory burden).

Table 4: Option 2 10-year Average annual regulatory costs, 2026 to 2036 (from business as usual i.e. Option 1)

Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total, by sector	\$0	\$1.91	\$0	\$1.91

5.5 Option 3 – Domestic Student Profile

Under Option 3, the current funding system for Table A universities would transition to a new Managed Growth Funding system for CSPs from 1 January 2026, with the new Managed Growth Funding system based on Domestic Student Profile (DSP) commencing from 1 January 2027. In the short-term, consistent with Option 2, the fiscal costs of Option 3 would be fully offset by ceasing the JRG's fixed campus-based funding growth from 2026.

Similar to Option 2, Option 3 would ensure that the increased demand can be met in the short term by moving available places from under-enrolled institutions to institutions that can use those places in the system. This would pay for more fully funded places and move places to where they are needed in a system-responsive manner. Amid current soft student demand, growth would be built

back into the system gradually and taking account of this greater internal allocational efficiency in the first instance.

Under Option 3, students from low SES and regional and remote areas would have more opportunities through the DSP to gain a higher education qualification with a specific intent to increase the number of students from underrepresented groups as a proportion of all domestic undergraduate enrolments. The removal of the catchment area requirement would reduce the administrative burden on the ATEC and Table A universities by reducing the regulatory cost of implementing Option 3 compared to Option 2 (Table 5). The ATEC would not be required to model and project student demand for each catchment area or move unutilised CSPs across different catchment areas. It would focus on the modelling and planning at the national level. On the provider side, providers would not be required to coordinate alternative offerings when some providers within a catchment area have fully utilised their DSPs, or perform additional modelling to predict demand within a set geographical area. Through Option 3, the Department of Education estimates that there would be around 79,300 additional Commonwealth supported places for low SES and regional students in the system by 2035 (compared to 2022).

Moreover, with the over-enrolment buffer and Student contribution glidepath proposed under Option 3, providers would not be required to plan for exact enrolments up to their allocated enrolment cap. This would reduce the administrative burden required to manage and plan their student load including new student intake to enrol close to their allocated DSP, without the fear that they will lose both Commonwealth and student contributions for any unplanned enrolments above their cap.

As with Option 2, the removal of incentives for universities to enrol more students in Cluster 1 subjects is likely to put downward pressure on student contributions under Option 3.

The reduction in the coordination required within a catchment area and the provision of an over enrolment buffer and student contribution glidepath is reflected in the slightly reduced regulatory cost for providers. The estimated regulatory impact of Option 3 is \$1.82 million each year (lower than Option 2). Like Option 2, Option 3 incurs a higher initial cost of \$5.4 million in the first year, tapering down to \$4 million in subsequent mission-based compact (MBC) negotiation years and \$0.6 to \$1.5 million in other intervening years (see Appendix A for further information regarding the calculation of this regulatory burden).

Table 5: Option 3 10-year Average annual regulatory costs, 2026 to 2036 (from business as usual i.e. Option 1)

Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total, by sector	\$0.0	\$1.82	\$0.0	\$1.82

5.6 Policy impact comparison

Impact on institutions and number of available CSPs

Table 6 shows the estimated number of CSPs that would be available (i.e. Total Pool) and the estimated number of fully funded places delivered (i.e. utilisation) across the sector under each option.

Under Option 2, while there would be an estimated 10,700 fewer available CSPs (in EFTSL) in the system in 2029 than the status quo, the ability of ATEC to allocate places to align with student demand and enrolments would see 15,300 more fully funded places delivered in 2029 than the status quo. In 2035, the number of fully funded places delivered under Option 2 would be 33,600 EFTSL more than the status quo.

Under Option 3, while there would be an around 6,000 fewer available CSPs (in EFTSL) in the system in 2029 than the status quo, the ability of ATEC to allocate places to align with student demand and enrolments would see around 25,000 more fully funded places delivered in 2029 than the status quo. In 2035, the number of fully funded places delivered under Option 3 would be 82,000 EFTSL more than the status quo.

The Government will provide an estimated \$37.2 billion over 2026–27 to 2029–30 through the Commonwealth Grant Scheme to support the implementation of Option 3.³¹

Table 6: Estimated total number of available places and fully-funded places delivered under different options.

Options		2026	2027	2028	2029	2035
Option 1 Status Quo	Total Pool	648,900	657,000	664,800	676,200	749,400
	Utilisation	613,300	622,800	630,200	639,421	702,100
Option 2 Managed Growth Target	Total Pool	643,100	648,100	656,400	665,500	744,600
	Utilisation	616,500	630,000	642,400	654,700	735,600
	<i>Change from Option 1: Total Pool</i>	<i>-5,800</i>	<i>-8,900</i>	<i>-8,400</i>	<i>-10,700</i>	<i>-4,800</i>
	<i>Change from Option 1: Utilisation</i>	<i>3,100</i>	<i>7,300</i>	<i>12,300</i>	<i>15,300</i>	<i>33,600</i>
Option 3 Domestic Student Profile	Total Pool	641,600	647,700	657,100	670,000	792,100
	Utilisation	615,200	632,600	648,400	664,300	783,800

³¹ 2026–27 Education Portfolio Budget Statements, p. 50. [2026–27 Education Portfolio Budget Statements - Department of Education, Australian Government](#)

	Change from Option 1: Total Pool	-7,300	-9,200	-7,800	-6,200	42,600
	Change from Option 1: Utilisation	1,900	9,800	18,300	24,900	81,800

Note: The number of places in the total pool and utilisation estimates are modelled based on unpublished administrative information on CGS forward estimates, unpublished provider enrolment projections for CGS program administration purposes, and the high-level methodology outlined in section 5.2.

In addition, through the introduction of a funding floor, universities would have certainty around a minimum amount of guaranteed CGS funding each year, shielding them from a sudden decline in funding due to student demand shocks. The funding floor would also smooth the impact of the ceasing of the Higher Education Continuity Guarantee (HECG) for universities that are currently under-enrolled. As discussed under Option 1 above, without the funding floor, three universities are expected to face a reduction in government funding for teaching of around 20 per cent with a further six universities facing a decline of around 10 per cent in 2026.

Table 7 shows that under Options 2 and 3 universities that are expected to experience soft student demand, and thus be under-enrolled, would be protected under the proposed funding floor from 2026. Based on our student demand projections, most of the universities that are expected to access their funding floor are small universities based in regional and outer metro areas. No university is projected to access their funding floor by 2031.

Moreover, under Option 3, the Government is also providing a one-off transition fund loading to ensure that Commonwealth funding in teaching and learning for Table A universities does not go backward in 2026 compared to 2025 in nominal terms, as the sector transitions to the new funding framework. Option 3 is also providing a \$50 million structural adjustment fund for the 2026—27 financial year, with the ability to rollover the unused funding to future years, and all funding expended by the end of 2030. This will support universities to transition to the new funding system and adjust to the financial and staffing impact of various reforms brought forward by this package and other reforms in the higher education system.

Table 7: Number of Table A universities accessing their funding floor and estimated payment

Option	Funding floor access	2026	2027	2028	2029
Option 2 Managed Growth Target	Number of under-enrolled universities accessing their funding floor	14	8	4	2
	Estimated funding floor payment to under-enrolled universities	\$199.8 million	\$79.7 million	\$32.0 million	\$9.1 million
Option 3 Domestic Student Profile	Number of under-enrolled universities accessing their funding floor	17	8	4	2
	Estimated funding floor payment to under-enrolled universities	\$253.1 million	\$96.6 million	\$34.3 million	\$7.6 million

Note: The number of places in the total pool and utilisation estimates are modelled based on unpublished administrative information on CGS forward estimates, unpublished provider enrolment projections for CGS program administration purposes, and the high-level methodology outlined in section 5.2.

Distributional Impact

The proposed funding reform would bring a significant change to how Australian higher education is funded to ensure its ongoing capacity for growth, sustainability and efficiency. The impacts would be primarily felt by higher education providers. Individuals, students, businesses, government agencies and other community groups are not expected to see any obvious changes in the way they interact with the higher education system.

Both Option 2 and Option 3 provide for a funding floor for universities transition to the new system. In contrast, Option 1 sees the ceasing of the Higher Education Continuity Guarantee at the end of 2025, which will be felt most by many regional universities that are currently under-enrolled. Options 2 and 3 will both provide support and additional resources to these universities, ensuring they are able to continue to provide the full range of courses and services required to support their local communities.

As shown in Table 6, both Option 2 and Option 3 will significantly increase the number of fully funded places, meaning more prospective students would engage with the higher education system and complete a degree. The precise impact on different individuals and other stakeholders is difficult to quantify, as this funding reform only indirectly impacts them and the changes may not be obvious immediately after implementation. However, in general, people with higher educational attainment enjoy a greater lifetime earning premium, and the country benefits from lower welfare and health costs. Analysis by the Department of Education has found that additional educational attainment can lead to increased employability and higher lifetime earnings. For example, for an employed person, increasing their attainment from year 11 or below to a bachelor degree increases their median income from salary and wage income (in 2021 dollars) from \$50,000 to around \$80,000.³²

One of the important objectives of the funding reform (both Option 2 and 3) is to increase the participation of students from Low-SES, regional and remote areas. Through better aligning supply to demand with a focus on incentivising more equity students to participation, students from disadvantaged backgrounds are more likely to benefit the most from the reform (under either Option 2 and 3). This is likely to differ slightly between different fields of education. The courses with a greater proportion of equity students, such as teaching, nursing and social services, are likely to see a greater increase in enrolments, while other courses, such as law and sciences, may not see as much change.

5.7 Overall Cost-Benefit Summary

As shown in Table 9, while both Option 2 and Option 3 address the systematic issues of the current funding framework (i.e. Option 1) as outlined in Chapter 2, using a multi-criteria analysis, Option 3 minimises disruption to the higher education system when compared to Option 2.

Option 3 is preferred compared to Option 2 because:

- It imposes a lower administrative cost on Table A providers as it is much easier to implement without catchment areas.

³² Department of Education 2024, *Australian Universities Accord: Budget Summary*, p. 6, <https://www.education.gov.au/download/18195/australian-universities-accord-2024-25-budget-summary/37352/document/pdf>

- It does not impose a hard cap on student contributions for any enrolments above the allocated enrolment cap. Universities are provided with some administrative flexibility in managing their student load in such a way that their operating revenue will not be significantly impacted by any discrepancy in their load planning. It will ensure that universities are incentivised to enrol up to their cap, and to fully utilise their allocated places, without risking any loss of revenue.
- It does not impose a catchment area for each university, and thus does not constrain the choice of course or institution for students from disadvantaged backgrounds.
- Delaying full implementation to 2027 allows universities more time to adjust their financial and operational arrangements for a smooth transition to a new funding system.
- It provides the additional CGS funding allocation for over-enrolled universities, and the one-off transition fund loading and structural adjustment fund for 2026 helps to ensure universities' financial stability during the transition to the new funding model.

Table 8: Net-Benefit Analysis

-3	-2	-1	0	1	2	3
Significantly adverse	Moderately adverse	Slightly adverse	Neutral	Slightly beneficial	Moderately beneficial	Significantly beneficial

Table 9: Impact on system objectives

Policy Objectives	Options			Explanation
	1	2	3	
More efficient funding system to meet future skills needs	0	2	2	<p>The system-wide pool and the allocation of places by the ATEC as a system steward in the form of Managed Growth Targets (Option 2) or Domestic Student Profiles (Option 3) give the Government a lever to ensure the appropriateness and efficiency of allocations across the sector over the long-term.</p> <p>Moving away from a formula-based allocation approach to a negotiated approach ensures the new system is responsive to changes in student demand, provider needs and Government priorities.</p> <p>The managed demand-driven funding for equity students along with Needs-based Funding removes barriers for students from disadvantaged backgrounds to participate and succeed in higher education.</p>
Increased equity student participation	0	1	2	<p>The managed demand-driven funding for equity students along with Needs-based Funding removes barriers for students from disadvantaged backgrounds to participate and succeed in higher education.</p> <p>Under Option 3, in response to sector feedback, the catchment area requirement for the managed demand-driven funding for equity students in Option 2 is removed to simplify the implementation of the new funding system, recognising the significant administrative burden it may cause to providers, tertiary admissions centres and the ATEC. This will also ensure students from disadvantaged backgrounds are provided with flexibility to choose where they want to study.</p>

Safety net for higher education providers	0	2	3	<p>Under Option 1 (status quo), upon the cessation of the HECG, the chronically under-enrolled universities will see a funding cliff in 2026. Many of these are regional universities that are the only easily accessible higher education institutions for many regional communities. The funding cliff will severely threaten their sustainability and may be detrimental to the development of regional Australia.</p> <p>The introduction of a funding floor under Option 2 and 3 reduces the impact of ending the HECG at the end of 2025 but also allows CSP allocation to align with the demand at universities over time.</p> <p>Option 3 would also provide additional transitional measures to ensure the sustainability of Table A universities as they transition to the new funding system. This includes a higher funding floor in 2026, one-off transition fund loading to ensure Commonwealth funding for teaching and learning at Table A universities does not go backward in 2026 compared to 2025, and a \$50 million Structural Adjustment Fund for providers that require additional financial assistance.</p>
Other advantages	0	-1	2	<p>Option 1 does not have any cap on student contributions. If a provider enrolls above its MBGA, it will receive the student contribution of its over-enrolment. This creates an issue where over-enrolled universities are operating with lower per student funding (compared to the per place amounts outlined in the legislation). As detailed in the Accord Review Final Report:</p> <p><i>“Continued operation of this system is likely to cause financial difficulties for some universities... Marginal funding has distorted the distribution of students between universities creating potential long-term viability issues for some universities.”</i></p> <p>Option 2 proposes a hard cap on student contributions, which would ensure all enrolled students are funded at the full legislated base funding rates and alleviate the over/underenrolment issues in the system. However, this could have a significant impact on the finances of already over enrolled universities, leaving some students unfunded until providers gradually adjust their enrolment levels to meet their funding levels.</p> <p>In lieu of the hard cap on student contributions in Option 2, Option 3 allows the overenrolled providers to receive the student contributions for between 2 to 5 per cent of enrolments above their MGFS cap. The over-enrolment buffer recognises that it is difficult for providers to enrol perfectly to their cap and helps to reduce their revenue decline upon the implementation of the MGFS while they gradually adjust their enrolment levels. In addition, Option 3 also would also introduce a transitional student contribution glidepath that would allow Table A providers to continue to receive student</p>



				contribution amounts for all their enrolments, if their commencing enrolments for that year are within the commencing EFTSL limit set by the ATEC in consultation with the provider.
Subtotal	0	4	9	

Regulatory Impact	Option			Explanation
	1	2	3	
Regulatory Impact	0	-1	-1	Option 2 is administratively more difficult to implement than Option 3 as reflected by its greater 10-year average annual regulatory impact of \$1.91 million each year, compared to \$1.82 million each year under Option 3.

Stakeholder Groups	Option			Explanation
	1	2	3	
Students	0	1	1	<p>Nil direct impact.</p> <p>The proposed changes to the funding system under Option 2 and Option 3 would better align government funding with student demand and ensure providers would receive corresponding CGS funding for students that they enrolled up to their EFTSL cap.</p> <p>The managed demand driven system and the Needs based funding under Option 2 and Option 3 would incentivise providers to focus on equity student enrolments. Equity students would indirectly benefit from this reform through better access to their courses of choice within their catchment area (Option 2) or anywhere in Australia (Option 3). The proposed managed demand driven system would ensure that all eligible equity students – i.e. those from low SES and regional/remote areas – studying a non-medical Bachelor course at a Table A provider would receive a fully funded place in the system.</p>
Businesses	0	1	1	Nil direct impact.

				Businesses would see improvements in the supply of suitable employees in the long run as the nation's educational attainment increases.
Community groups other than higher education providers	0	1	1	<p>Nil direct impact.</p> <p>Communities would indirectly benefit from having greater access to higher education opportunities and a more highly educated society.</p>
Subtotal	0	3	3	
Overall Score	0	6	11	Option 3 provides the most positive impact on the higher education system and the general Australian community.

Chapter 6 Accord Funding Reform Consultation

The development of a new managed growth funding system for higher education has been the result of significant consultation with the higher education sector and other stakeholders over the last two years. This consultation initially occurred through the Australian Universities Accord Review process, which recommended a new funding model for higher education that is planned and managed by the Australian Tertiary Education Commission.

In response to the Accord Review's recommendation, the Government announced its commitment to introduce a new Managed Growth Funding system for CSPs from 1 January 2026 in the 2024–25 Budget. Implementation of this new system was subject to further consultation with the sector, including through an Implementation Advisory Committee (IAC) which was formed to provide expert advice on the implementation of the Government response to the Accord Review.

Following the post 2024–25 Budget consultation process, the Government announced in the 2024–25 MYEFO that the Managed Growth Funding System will be introduced through a staged approach, with a transition year arrangement in 2026 and full implementation from 1 January 2027.

6.1 Australian Universities Accord review and related consultations

On 16 November 2022, the Minister for Education, the Hon Jason Clare MP, announced the appointment of Professor Mary O'Kane AC to lead the Australian Universities Accord Review (the Accord Review). Other members of the Accord Panel were:

- Professor Barney Glover AO (then Vice-Chancellor of Western Sydney University and Commissioner of Jobs and Skills Australia)
- Shemara Wikramanayake (Managing Director and Chief Executive Officer of Macquarie Group)
- the Hon Jenny Macklin (former Minister for Families, Community Services and Indigenous Affairs)
- Professor Larissa Behrendt AO (Professor of Law and Director of Research and Academic programs at the Jumbunna Institute for Indigenous Education at the University of Technology Sydney)
- The Hon Fiona Nash (Regional Education Commission and former Minister for Regional Development, Regional Communications and Local Government and Territories).

The Deputy Secretary, Higher Education, Research and International at the Department of Education was an ex-officio member of the panel. Mr Tony Cook PSM held this position from November 2022 until his appointment as Secretary of the Department of Education, at which time Mr Ben Rimmer joined the Panel as the new Deputy Secretary.

The Accord Panel was supported by a secretariat and taskforce within the Department of Education.

The Terms of Reference for the Accord Review were broad ranging, with the following key areas for review:

1. Meeting Australia’s knowledge and skills needs, now and in the future
2. Access and opportunity
3. Investment and affordability
4. Governance, accountability and community
5. The connection between the vocational education and training and higher education systems
6. Quality and sustainability
7. Delivering new knowledge, innovation and capability

6.1.1 Consultation

As required by the terms of reference, stakeholder consultation was central to the development of the recommendations and findings in the Accord Review Final Report. As outlined in Appendix D of the Accord Review Final Report, there were four consultation phases during the Accord Review:

- Survey on priorities of the Accord Terms of Reference (over 1,900 responses, with the majority of respondents being students and university academic and professional staff)
- Consultation on the Accord Terms of Reference (185 written submissions)
- Consultation on the Accord Discussion Paper (over 300 written submissions)
- Consultation on the Accord Interim Report (over 300 written submissions)

Further analysis of these consultation processes (available in the Final Report, pages 316 to 320 and on the Department of Education website ([Resources | Department of Education](#))) shows that some of the most popular issues contained in these submissions related to the funding of higher education learning and teaching, to improving access to higher education for under-represented groups, and to meeting the nation’s skills needs.

In addition to these consultation processes, the Accord Panel held or attended a number of roundtables with a range of stakeholders (details at pp. 324-331 of the Final Report), met with universities, university groups and other education providers (details at pp. 334-335), and met with many stakeholders, including federal, state and territory ministers, students, and representatives of business and industry (details at pp. 337-342).

The Accord Panel met 53 times between 17 November 2022 and 22 December 2023. At a number of these meetings, stakeholders, including policy experts and Government departments, were invited to attend for the purpose of providing expert advice and information (see p. 332-333 for a list of these stakeholders).

Lastly, a Ministerial Reference Group, chaired by the Minister for Education, was established to act as a sounding board and a source of advice to the Accord Panel. This reference group included representatives from higher education peak bodies, industry, unions, along with students and policy experts, and met three times (further details, including a list of members, on p. 321 of the Accord Final Report).

6.1.2 Development of a funding model

As required by its terms of reference, the Accord Panel explored funding arrangements for the delivery of equity, access, quality and longer-term investments to meet priorities in teaching and learning.

The four consultation phases during the Accord Review played a significant role in shaping the Panel's thinking around the future of the higher education teaching and learning funding. The initial survey of the priorities for the Accord Review showed that funding for learning and teaching, student equity and access and student fees were some of the most important issues for the Accord panel to consider, which guided the Panel's discussion and thinking thereon. After receiving the major concerns of the current funding system expressed by a wide range of stakeholders in response to the Australian Universities Accord Discussion Paper, the Accord Panel set out to examine whether the current funding system is fit-for-purpose and developed guiding principles for the development of a new funding model. The stakeholder feedback on the guiding principles then informed the final recommendations for the new funding model, including needs-based funding for better supporting equity students.

To support the development of the new funding model and examine a range of other issues, the Accord Panel commissioned a range of reports (for a full list, see pp. 345-347 of the Accord Review Final Report). This included a number of reports related to funding published on the Department of Education's website ([Resources | Department of Education](#)):

- Establishing Future Demand for Higher Education – Oxford Economics Australia
- Tertiary targets – Oxford Economics Australia
- Funding system design for higher education learning and teaching – James Martin Institute (through the University of Technology Sydney)
- University cost efficiency research – Emeritus Professor Bruce Chapman AO and Professor Keith Houghton (Higher Education Research Group Pty Ltd)
- Student contribution analysis – Emeritus Professor Bruce Chapman AO

Of particular relevance to the development of the Managed Growth Funding system was the work by the James Martin Institute (JMI, a full copy of the report is available here - [Accord Report - Higher Education Teaching and Scholarship – Proposed New Funding Model - Department of Education, Australian Government](#)). This report presented a new funding system based on seven principles: growth; equity and access; fairness; coherence; responsible stewardship; mission; and quality. The proposed new funding system would be managed by an independent Commission, which would provide each institution with a 'Moderated Growth Target' (a cap on Commonwealth supported enrolments based on EFTSL) and a 'Funding Floor' to ensure a stable planning environment for providers to make progress against their mission and public good objectives.

Development of this funding model was a collaborative project between JMI and the Australian Universities Accord Taskforce within the Department of Education. As with other work undertaken for the Accord, this report was informed by consultation with a range of stakeholders, including policy experts, university staff, and vice-chancellors.

6.1.3 Accord Review Final Report

The Accord Review Final Report was the culmination of the various consultation processes undertaken and was informed by the findings of these processes and the various pieces of commissioned research.

Chapter 8 of the Final Report outlines the Panel's proposed new funding model to underpin growth and quality. The significant consultation undertaken by the Accord Panel led to the following relevant findings:

- The current funding model does not provide for sufficient fully funded growth in enrolments to meet the nation's skills needs, with growth occurring in unplanned and unmanaged ways. The relatively low current demand for places highlights the need for a system that plans for, and delivers, growth in skills with equity.
- The current funding system is overly complex, fragmented and difficult to comprehend. It needs to be simplified.
- The practice of universities enrolling students over their funding cap and receiving only marginal funding for additional students has had adverse flow-on effects for the whole system. Marginal funding has distorted the distribution of students between universities, creating potential long-term viability issues for some universities.

The funding model proposed by the Accord Panel is based on that presented in the JMI report. To deliver the growth in places that the nation requires, the funding model is recommended to have the following features:

- A system that provides for freedom within a framework; providers should have freedom to make choices regarding their enrolments and finances, within a framework set out by the funding principles and monitored by the Commission
- No 'over-enrolment' of students who only attract partial funding – the enrolment cap would be a hard cap that prevents universities from enrolling students in Commonwealth supported places above their EFTSL cap. (p. 290)

The Accord Panel envisaged a system in which an independent Commission would take a central role, with universities required to regularly discuss their plans and ambitions with the Commission and enter into mission-based compacts that establish their plans over the medium term. Key features of the proposed funding model included:

- **Moderated Growth Targets** – a cap on the number of CSPs the university is able to enrol, covering all enabling, sub-bachelor, bachelor and postgraduate places and giving providers the flexibility to move CSPs between different levels within the overall cap. The Moderated Growth Target would represent a hard ceiling above which no funding (including student contributions) would be paid.
- **Funding Floor** – a guaranteed level of funding to support those providers who have to manage higher levels of fluctuation in demand and to ensure a stable planning environment for providers to make progress against their mission and public good objectives.
- **Tolerance Band** – the range of enrolments between the Moderated Growth Target and Funding Floor. Providers would be able to respond to demand within this tolerance band and be assured of full funding.
- **Extending CGS to TAFEs** – overall system growth will need to be supported by additional CSPs being allocated to non-university higher education providers, particularly TAFEs and TAFE Centres of Excellence. (pp. 291-293)

In summary, the Accord Review Final Report provided the following recommendations regarding a new higher education funding model (pp. 295 – 296, p. 309).

Recommendation 40:

That to provide a framework for funding higher education that supports achievement of the National Tertiary Education Objective, the Australian Government adopt a new funding model for higher education that is planned and managed by the Australian

Tertiary Education Commission through mission-based compacts with publicly funded universities to:

- deliver Australia's future skills needs
- deliver places to ensure equitable access, participation, and success for equity students in higher education – effectively 'demand driven for equity' but with planned allocation of places to universities
- deliver 'demand driven' fee-free preparatory courses
- provide sufficient funding to cover the cost of teaching and scholarship from combined government and student contributions based on advice from the Australian Tertiary Education Commission through its pricing authority function
- ensure Australia's academic workforce can support the nation's teaching and research ambitions
- invest in creating and using new knowledge through research and research training
- provide freedom for universities to make choices about their enrolments and finances, within a framework set out by the funding principles and monitored by the Commission
- stop the practice of providing only partial funding for additional students when a university is overenrolled.

Recommendation 41:

That the Australian Government ensure the new funding model supports publicly funded universities to deliver quality learning, teaching and scholarship by:

- ensuring places for undergraduate students in publicly funded higher education courses continue to be partially funded by a student contribution (and HELP) and partially funded by the government contribution (the Commonwealth Grants Scheme)
- delivering growth for the higher education system through providing a fully funded place for students who want to access higher education and can meet the entry requirements, managed at the system level to ensure that genuine demand is met with supply, and managed at the university level to ensure sustainability of universities
- ensuring all students from under-represented backgrounds are eligible for a funded place at a public university as soon as possible by redirecting the unused funding from the Australian Government's commitment to deliver 20,000 commencing Commonwealth supported places in 2023 and 2024
- increasing government funding to support science, technology, engineering and mathematics courses to reduce the negative impacts of the JRG package
- providing sufficient funding to cover the costs of learning, teaching and scholarship in each discipline, with increasing fidelity in the pricing system over time
- ensuring that student contributions reflect future earnings
- providing needs-based funding to address the cost of teaching students from backgrounds that need additional support and different locations of delivery by:
 - recognising the additional costs involved in teaching students who need additional support to complete their studies, specifically First Nations students, students from lower quartile SES backgrounds, and students with disability

- increasing the funding for regional delivery to better recognise the important equity issues involved in delivering courses to students in regional Australia, and additional costs of delivering higher education in regional areas
- significantly increasing the availability of fee-free preparatory places, meeting the need from interested students in high-quality preparatory courses ensuring:
 - preparatory courses are free for any student in a Commonwealth supported place and this continues to be enshrined in legislation
 - funding for preparatory places will reflect the cost of delivery
- expanding the number of publicly funded higher education places, including at TAFEs, ensuring students are funded to undertake the qualification of their choice, whether that be a funded microcredential, diploma, bachelor degree, postgraduate degree, or other type of accredited qualification. Tertiary education providers should continue to retain the flexibility to allocate places across different types of qualification
- ensuring funding for efforts to build aspiration and boost the pipeline of students is kept outside the new funding model
- continuing to provide the Indigenous Student Support Program, with potential future reforms to be guided by the First Nations-led review, but with accountability for the program to shift to the Minister for Education to ensure effective integration with these overall funding arrangements.

Recommendation 46:

That during the transition phase to a new funding model, universities be supported through a 'glidepath' to full policy implementation as they transition from the current funding system based on a fixed dollar amount (i.e. Maximum Basic Grant Amount – MBGA) to the new funding model built on EFTSL, discipline-based and needs-based funding.

Where current funding programs change, care should be taken to avoid affecting quality activities that are being delivered under current arrangements.

6.2 Consultation on the 2024–25 Budget commitments

As part of the 2024–25 Budget, the Government announced several reforms in response to the recommendations of the Accord Review. In total, the Government responded to 29 of the 47 Accord Review recommendations in full or in part. As outlined in the Australian Universities Accord: Budget Summary ([Australian Universities Accord: 2024–25 Budget Summary - Department of Education, Australian Government](#)), this included:

“A commitment to develop a new Managed Growth Funding System for Commonwealth supported places to meet student demand, maintain sustainable growth and increase opportunity for people from under-represented backgrounds. The new funding system will include targets for universities that encourage growth consistent with overall attainment targets, with funding to be provided on a per-place basis up to those university-level enrolment targets and provide demand driven funding for places for equity students,

although not necessarily at their chosen university. The new Managed Growth Funding System will also include transition arrangements to smooth the impacts of the end of the Higher Education Continuity Guarantee (HECG). The plan for the implementation of the new Managed Growth Funding System will be developed in consultation with the sector.” (p. 9)

The Government also announced that further consultation and engagement with the higher education sector was required to inform the legislative design of the proposed Australian Tertiary Education Commission, the new Managed Growth Funding System, and the new Needs-based funding. To assist with this, it announced the establishment of an Implementation Advisory Committee (IAC, [Accord Implementation Advisory Committee - Department of Education, Australian Government](#)) that brought together higher education stakeholders and those from across the tertiary education system.

To facilitate consultation with the sector on the implementation of the new Managed Growth Funding System and inform the IAC’s considerations, the Department of Education released an implementation consultation paper ([Managed Growth Funding System Implementation Consultation Paper - Department of Education, Australian Government](#)).

Option 2 above outlined the key proposed elements of a proposed managed growth funding system brought forward as part of the 2024–25 Budget process. The key elements included:

- **System-wide pool of CSPs** for the sector as a whole to be set by the Government.
- **Managed Growth Targets (MGTs)** for allocating places to Table A and non-Table A providers – specified in EFTSL and which represent hard caps on CSPs at institutions (i.e. providers are not entitled to receive CGS funding and not permitted to retain student contribution amounts for enrolments above their MGT).
- **Managed demand-driven funding** for equity students from under-represented backgrounds (low-SES, regional or remote, or students with disability) for Table A providers. If an eligible student’s preferred university is already fully enrolled, they would be offered a similar place at another university within a student catchment area that has unused places. In instances where all universities in a student catchment area have exhausted their MGTs and there continues to be unmet demand from prospective equity students, the ATEC could increase MGTs for catchment area universities, redirecting unused supply from elsewhere in the system or through an increase in the total number of places available.
- **Institutional sustainability measure** to smooth the impact of the end of the Higher Education Continuity Guarantee (HECG) from 1 January 2026 on universities’ operation. It was proposed that this would be achieved through a permanent funding floor for each Table A provider, set at a level lower than the previous year’s CGS funding.

The Department received over 60 written submissions in response to the Managed Growth Funding System Implementation Consultation Paper, including from universities, higher education peak bodies and individuals. Stakeholders were generally positive in their feedback regarding the introduction of a funding system that would provide for enough growth to meet the Government’s educational attainment ambitions.

Many stakeholders cautioned that the Government was trying to do too much, too quickly with the proposed implementation of MGFS from 1 January 2026. For example, Universities Australia recommended that the Government work with the sector to develop a Plan for Sector Growth and

refine the proposed funding arrangements. The Group of 8 (Go8) recommended that the Government should commission the new ATEC to design a new funding system that does not resort to institution-level caps.

While stakeholders were mostly supportive of the proposed implementation of demand driven funding for equity students, most stakeholders opposed the introduction of “catchments”, claiming it was unworkable and would disadvantage some equity students by imposing additional barriers.

As part of a broader suite of meetings to discuss a range of reforms to the higher education sector, senior officials from the Department met with vice-chancellors to hear their views on the proposed Managed Growth Funding system. Feedback through this process reflected positions taken in submissions and particularly reiterated the difficulty of implementing a reform package as large as that being proposed across both domestic and international students while also suggesting that the most effective policy to increase enrolments by students from under-represented groups would be a return to fully demand driven funding for those students. It was also suggested that discussion of enrolment caps made it difficult to envisage that there would be growth in enrolments, suggesting that the terms being used to describe the new system were not portraying the intent that it would lead to significant growth in enrolments.

Department officials also met with universities’ planning directors to discuss the proposed policy, with a particular focus on its implementation from an institutional perspective. Feedback from planning directors was reflective of that received from the submissions, particularly regarding the difficulty of implementing the proposed demand driven funding system based on catchments, but also noted the difficulty for universities in targeting a specific enrolment level. Advice from planning directors was that variance in enrolment (i.e. EFTSL) estimates that are within 2 to 5 per cent of actual enrolment outcomes were viewed as acceptable at their institutions.

This feedback was provided to the IAC, who also held a series of meetings with relevant stakeholders to discuss feedback on a range of reforms associated with the Accord Review. Taking into account this feedback, the IAC provided advice to the Minister for Education.

Based on advice from the IAC and feedback through the consultation process, changes were made to the operation of the Managed Growth Funding system. The revised system, reflecting these changes, was announced as part of MYEFO 2024—25 and is outlined in Option 3 above. Changes compared to the version announced at 2024–25 Budget included:

- Introduction of the new system was delayed by one year until 1 January 2027, reducing the amount of change occurring in the system in 2025 and 2026.
- The renaming of the overall enrolment limit at each institution to be a Domestic Student Profile (DSP), to align descriptions with those being introduced for international students, and identification of an Additional Growth Allocation (AGA) component when setting DSP to reaffirm the importance of growth in the new system.
- The concept of ‘catchments’ was removed from operation of the managed demand driven system to provide CSPs for all students from under-represented backgrounds to simplify the operation of the system while achieving the policy intent.
- A student contribution over-enrolment buffer was included to encourage institutions to enrol close to their enrolment caps; addressing universities concerns that the hard cap goes

against the government's growth and attainment objectives; as well as transitional arrangements to allow providers to retain student contribution amounts for a specified level of enrolments based on historical outcomes.

As with all consultations, not all recommendations and suggestions could be accepted in the drafting of the Accord Final Report and development of the new funding model. The funding model needs to be developed with the whole of sector sustainability in mind. The submissions represented individuals' or different organisations' opinions, and not all of them were reflective of issues shared across the sector. However, that feedback that was not implemented has not been ignored. The comments regarding specific universities could be considered during the enhanced MBC negotiations between each Table A provider and ATEC to ensure allocation of CSPs and performance target arrangements are meeting the needs and circumstances of individual providers.

Some recommendations were not considered due to budgetary constraints. These include the view from some stakeholders that the Government should implement demand driven funding for equity students at the provider level instead of at the system level. Many have also recommended a permanent funding floor to provide better funding certainty for institutions—especially those with underenrolment issues—to ensure institutional viability over the longer term, as many of those are regional universities that may be the only higher education providers in the regions. Under Option 3, by aligning allocation closely with student demand, and allowing ATEC to request additional places in the TAP from the Minister if there is still unmet demand from equity students, the new CGS funding model is effectively demand driven for equity students at the system level within the Total Allocation Pool. While the funding floor is a temporary feature under Option 3 (i.e. terminating at the end of 2031), for the 2026 transition year, it is set at 100 per cent of the 2025 actual CGS funding, higher than Option 2's funding floor guarantee that is set at 97.5 per cent of previous year's actual CGS payment. The introduction of a \$50 million structural adjustment fund in the 2026–27 financial year will provide additional financial support for higher education institutions.

6.3 Consultation post 2024–25 MYEFO announcement

The Australian Universities Accord Review was one of the most comprehensive consultations with the Australian higher education system in recent years. This process has provided the Government with a contemporary understanding of the state of play and future directions for the higher education sector. Feedback was collected through a variety of methods and received from a range of stakeholders, such as higher education providers, peak bodies, student representative groups, unions, advocacy groups, institutional academic or practitioner groups, learned academics, and sector experts, as well as concerned individuals (including individual students). The input along the way informed the main topics of exploration for the Accord Panel, questions for further consultation in the Interim Report, final recommendations in the Final Report and the proposals that the Government have put forward for consideration. Overall, the approach adopted for this policy development was extensive and thorough, ensuring the sector and community views, concerns and visions for the Australian higher education system were noted and considered.

The initial consultation on the implementation of MGFS, NBF and the ATEC was limited to the conceptual designs of the policies. Their implementation requires a more detailed implementation consultation targeting the higher education institutions who would be impacted by the funding reform to fine tune the policy and ensure a smooth implementation.

In the lead up to the MGFS full implementation from 2027, the department through the Interim ATEC has continued to consult with a range of key stakeholders – including vice-chancellors, universities’ planning directors, tertiary admission centres and peak university advocacy groups – in different forums.

Through these subsequent consultations, the department has further refined the implementation aspects of the proposal brought forward to the 2024–25 MYEFO, which is also outlined in Option 3. These refinements include:

- A Table A provider’s DSP would be made up of two components – a Core Student Load (CSL) and an Additional Growth Allocation (AGA). The CSL would provide a guarantee such that the DSP for a provider would not go backwards if they have sufficient enrolments, while the AGA would provide for additional student growth.
- A transitional student contribution glidepath for universities that are currently enrolled above their MBGA and receive student contributions for these students, to ensure these universities do not experience a sudden decline in operating revenue and/or see a sudden reduction in commencing enrolments as they endeavour to ensure that their total enrolments are below their DSP plus the overenrolment buffer.

The Department released a policy explainer on draft legislative amendments and conducted a targeted consultation with key stakeholders was held on 11 May 2026 – including vice-chancellors, peak advocacy bodies from universities and non-university higher education providers and policy experts on higher education funding.

6.4 Status of the IA at each decision point

Table 10: Impact analysis decision points.

Decision point	Timeframe	Status of the IA
Release of the Australian Universities Accord Review Final Report that proposed a Managed Growth funding system for Australian higher education teaching and learning	February 2024	Undeveloped
Government Commitment to implementing MGFS announced and the publication of implementation consultation paper	May 2024	Undeveloped
Authority to consult	August 2024	First contact with OIA regarding the need for an IA and shared a draft proposal for preliminary assessment
Assessment advice	September 2024	OIA advised a detailed Impact Analysis is required
Early assessment drafting	September 2024	Discussion with OIA regarding drafting for early assessment

		with two drafts sent to OIA for comments.
Implementation approach confirmation	October 2024	Comments received for the development of the complete detailed Impact Analysis. OIA advised that the detailed IA must be fully completed and undergo a two-pass formal assessment process prior to the introduction of the legislation to give effect to the MGFS policy.
Implementation approach drafting	July 2025	Draft detailed IA sent to OIA for initial review and comments.
Implementation approach consultation	December 2026	OIA's comments noted and addressed with further refinement following consultation.
Legislative amendment drafting (Policy paper on the amendment bill released for targeted consultation)	May 2026	1 st pass assessment completed. OIA's Comments noted and addressed.
Legislative amendment introduced	June 2026	2 nd pass assessment provided to OIA.

Chapter 7 Option selection

7.1 Option selection

As outlined in the multi-criteria analysis of the different funding reform options in Chapter 5, Option 3 is the preferred option for the new funding system for Commonwealth supported places. Both Option 2 and 3 would align university funding with Government priorities, help to ensure the sustainability of the higher education sector and promote the full utilisation of higher education infrastructure as well as providing the sector with a funding safety net. Under both options, the ATEC would play a stewardship role in the implementation of the funding reform. It would be responsible for negotiating enhanced mission-based compacts with providers and managing the system and ensuring it contributes to meeting Government and national priorities.

Nonetheless, Option 2 has a greater regulatory impact than Option 3 due to the implementation challenges associated with adjusting allocations based on equity student demand in different geographically based catchment areas. The necessity to provide more time and support for universities to smoothly transition to the new funding model makes Option 3 more favourable than Option 2. Additionally, Option 3 would provide over-enrolled providers with a student contribution over-enrolment buffer of 2 to 5 per cent that could reduce the unintended financial impact of the reform for those universities facing greater demand and having the potential to grow.

Overall, Option 3 could achieve the desired outcomes while being simpler to administer, has lower financial impact on providers and has lower regulatory impact than the Option 2. Hence, Option 3 is recommended for implementation.

The preferred Option 3 aims to:

- align allocation of CSPs with actual enrolments with no Table A university needing to access the funding floor guarantee by 2031;
- allow ATEC Commissioners to allocate more growth places through the AGA to providers in line with performance metrics agreed in the MBC negotiations;
- encourage enrolments of underrepresented students from low SES and regional/remote areas to ensure that the higher education sector is on track to reach 25% for low-SES students, 26% for regional and remote students, and 3.7% for Indigenous students by 2050; and
- ensure that the supply of CSPs is on track for Australia to meet the Government's 80% tertiary attainment target by 2050.

Chapters 7 and 8 will focus on discussing the implementation and evaluation of the chosen option for MGFS – Option 3.

7.2 Implementation

Option 3 will be implemented from 1 January 2026, with 2026 being a transition year, where universities' MBGAs will be rebased to reflect the latest verified student enrolment at the different

institutions. From 1 January 2027, the key elements of MGFS will be implemented in full. The transition year, the gradual adjustment of CSP allocation to reflect student demand, the implementation of a transitional funding floor, and the structural adjustment fund to assist under-enrolled unis (further discussed in Chapter 5) will all help to mitigate challenges universities may have adapting to the new system.

7.2.1 2026 transition year arrangement

As discussed in Chapter 4, under option 3, in the 2026 transition year, there are four main transitional changes to CGS funding for teaching and learning for universities. These changes will be managed by the Department of Education and will be reflected in the CGS funding agreement updated at the end of 2025.

For the 2026 transition year, the Department determined whether a university is eligible to receive CPI indexation on its 2025 HEC MBGAs in 2026 based on its 2024 verified enrolments.³³ For this purpose, the 37 Table A universities were grouped into three different categories:

- **Category 1:** Providers that underenrolled by more than 5 per cent in 2024 compared to their base HEC MBGA. A Category 1 provider's 2026 HEC MBGA will be equal to its 2025 HEC MBGA (that is, no indexation or additional funding will be provided). This adjustment brings the 11 Category 1 universities' 2026 HEC MBGAs closer to their actual student enrolments.
- **Category 2:** Providers that enrolled close to their HEC MBGA in 2024 (i.e. between 95% and 105% utilisation). In 2026, 17 Category 2 universities received CPI indexation on their 2025 HEC MBGA. This ensures that the real value of their Commonwealth contribution per student is maintained.
- **Category 3:** Providers that over-enrolled by more than 5 per cent in 2024. In 2026, nine Category 3 universities received both CPI indexation and a share of the \$50 million additional funding allocation for over-enrolled universities added to their 2025 HEC MBGA, up to a maximum of \$10 million at any one university, resulting in more of their students being fully funded.

In addition, the transition to the MGFS represents significant changes to the higher education funding framework that come in the context of ongoing operational and strategic choices and performance for Table A universities. It is likely that some universities will experience challenges during this transition period. As such, the government has also introduced a range of funding support for universities. This funding support includes:

- **Transitional funding floor Guarantee:** To prevent a funding cliff for under-enrolled universities who have been accessing the HECG, Table A universities will continue to receive some level of guaranteed CGS funding in 2026, regardless of enrolments. In 2026, Table A providers' CGS funding will be guaranteed through the transitional funding floor set at the equivalent of 2025 actual CGS payments (including any grant amount payable under the HECG), in nominal terms. The payment for 2026 transitional funding floor guarantee will be reconciled based on 2026 actual enrolment data available in the second half of 2027.

³³ Note that 2026 HEC MBGA was determined at the second half of 2025 with 2026 CGS funding agreements signed and executed before the grant year.

- **Transition Fund Loading:** The new Transition Fund Loading will ensure that CGS funding and Needs-based funding received by universities for 2026 is not lower than the amount of relevant government funding received in 2025 (in nominal terms). The Transition Fund Loading will be paid in arrears in the second half of 2027 to Table A providers, once 2026 actual enrolment data is available. The Transition Fund Loading is only expected to apply to a small number of universities.
- **Structural Adjustment Fund:** Table A universities will be able to apply for a share of the \$50 million structural adjustment from 1 July 2026 to provide additional financial support to assist them to transition to the new funding system. Any unspent funds in the 2026–27 financial year will be rolled over to future years, with all funding expended by 31 December 2030.

7.2.2 Full implementation from 2027

From 1 January 2027, the MGFS would be implemented in full, subject to the passage of legislation. This means that the Government would establish a total number of CSPs for the sector – i.e. the Total Allocation Pool (TAP) – for the ATEC to allocate to all Table A universities and other eligible higher education providers as approved in the *Commonwealth Grant Scheme Guidelines 2020*. ATEC, in consultation with each university, would allocate a DSP to all Table A providers. The DSP would include two components – Core Student Load (CSL) and an Additional Growth Allocation (AGA).

The CSL would be at least the lower of a provider’s latest available actual student enrolments (in EFTSL) or its previous year’s DSP (for 2027, it would be the equivalent EFTSL of providers’ 2026 HEC MBGA given the DSP would only exist from 2027 onwards).

As the system steward, ATEC would allocate AGA – at differing rates – to eligible providers. The AGA would provide additional fully funded CSPs each year to support growth in enrolments that are consistent with the Government’s strategic priorities. The AGA would be allocated by ATEC to eligible providers as part of its stewardship role and nuanced understanding of sector performance. In making the allocation decisions, ATEC would consider factors such as student demand, institutional performance on equity, institutional goals and missions, market dynamics between institutions, sector sustainability and institutional performance against the plan and metrics agreed in providers’ mission-based compact negotiations.

This means allocation of Domestic Student Profiles would reflect student demand and reward universities for aligning their enrolments with their agreed metrics/targets discussed in the DSP allocation and the mission-based compact negotiations.

Table A universities would also have opportunities to apply for allocation adjustments if the allocation is not sufficient for them to meet demand from eligible equity students. One opportunity arises at the end of each calendar year when most university’s offers are made for the next academic year. The second opportunity is in the second quarter of each year, when most students have enrolled in their course of study for the academic year and universities would start to better understand demand from students looking to commence in second semester.

If the ATEC found the TAP established by the Government was insufficient to meet demand from eligible equity students, it would request that the Minister for Education increase the TAP for that year. This advice would be based on the ATEC’s sector intelligence, e.g. load estimates, applications and offers and live enrolment data. If the Minister agreed to increase the TAP, ATEC would allocate

these additional places to Table A universities that have demonstrated demand from equity students and institutional performance in meeting the agreed equity target agreed in their DSP negotiations. The ATEC would assess institution's applications and allocate additional places to providers. This process would ensure that all eligible equity students who meet university entry requirements receive fully funded places in the system.

Institutions would also be held accountable for their agreed performance targets. If their performance targets are not met or not on track to be met, their AGA may be adjusted down for the following calendar year.

In response to feedback from the sector which highlighted the challenges universities face in planning for a precise number of enrolments, from 2027, universities would also have access to an over-enrolment buffer and student contribution glidepath that permit providers to continue to receive student contributions for enrolments above the allocated DSP. Providers would not receive any CGS entitlements for any enrolments above their allocated DSPs. All students would continue to be liable for student contributions (paid either upfront or deferred through HECS-HELP), with any excess student contributions above the permitted EFTSL used to reduce the provider's CGS entitlement upon reconciliation.

7.3 Implementation risks

Risk	Level	Explanation	Mitigation
MGFS creates disincentive for the sector to grow	Low	<p>Under Option 3, there remains an EFTSL cap on CGS, and SCA will also be capped for enrolments above the DSP plus over-enrolment buffer or the student contribution glidepath. The cap on SCA removes the incentive for universities to enrol over their DSP for the additional SCA revenue as under the current funding model. Meanwhile, the allocation for under-enrolled universities will taper down to match their actual demand.</p> <p>This risks the shrinking of the sector overall under the MGFS.</p>	<p>The ATEC would make informed decisions using the information it has available, including live TCSI enrolment data where possible. There would also be monitoring of DSP utilisation across the sector throughout the year. Unutilised places may be moved to meet the demand at other universities if there is unmet demand elsewhere.</p> <p>If there are universities that do not have sufficient fully funded places under their DSPs to meet the expected demand from equity students, the ATEC would have the power to approve AGA adjustment by moving unutilised places between universities.</p> <p>A mechanism would also be in place to seek agreement from the government to increase the TAP, if the TAP is deemed to be insufficient to accommodate the demand for higher education across the sector, in particular demand from equity students.</p> <p>The flexibility to adjust AGA and the TAP to better meet the demand for higher education under the MGFS would ensure more students would be fully funded than the current system as shown in Table 6.</p> <p>In addition, the introduction of student contribution glidepath would allow universities to retain all student contribution revenue it received for all enrolments above their DSP, if the provider's commencing EFTSL for that year is at or below the commencing EFTSL limit set by the ATEC.</p>

Risk	Level	Explanation	Mitigation
Equity students missing out attending university	Low	To keep within the enrolment cap, some universities would need to increase their entry requirements, which would disproportionately impact equity students as they are more likely to have a lower ATAR and are less able to relocate to attend a different university due to personal and financial constraints.	The ATEC would ensure the setting of AGA for different universities closely reflects the apparent demand for equity student places through close monitoring of application, offer and acceptance, and live enrolment data. The requests to adjust AGA to meet equity student demand would receive higher priority in the allocation of further AGA places to ensure more equity students can receive a fully funded place at a university or course of their choice than under the current system.
Delay in processing applications for equity student AGA adjustments, due to data availability	Low	The requests for adjustments to universities' AGAs to account for demand from eligible equity students will often occur before the end of each calendar year, meaning the applications would need to be assessed on imperfect data such as estimates, applications and live enrolment data. CSP load estimates are inherently inaccurate; applications and offers do not necessarily translate to successful commencements on a 1:1 ratio; and live enrolment data only provides point-in-time information (and given this process will occur prior to relevant students enrolling, can only be indicative). These data limitations may hinder the ATEC's ability to verify and assess the evidence provided in universities' applications for additional places in a timely manner.	<p>The ATEC and the Department of Education would establish streamlined processes to fast-track the TAP increase approval processes for meeting eligible equity student demand. This would ensure that equity students would receive fully funded places at the system level, if they meet admission requirements.</p> <p>The ATEC would also quarantine some places in the TAP for a given year to be reserved for later use by ATEC to respond to any unmet demand from equity students that exceeds a provider's allocated DSP.</p> <p>The final utilisation of DSP would be reconciled and universities who are not on track to meet their performance target and/or did not utilise their allocated DSP would likely see their AGA reduced in the following year, which could also impact the outcomes of their future AGA adjustment requests. It is therefore in the interests of each university to provide reliable and verifiable evidence and only request the additional places when there is genuine demand.</p>



Risk	Level	Explanation	Mitigation
Delay in TAP or AGA adjustment approvals	Low	<p>The request to increase the TAP to meet demand from eligible equity students can be approved by the Minister for Education through correspondence.</p> <p>If the sector utilised the previously agreed TAP and there is still unmet demand from non-equity students, the request to increase TAP would need to go through a cabinet submission process, which could be a lengthy process.</p> <p>There is a risk of delays in both processes especially due to government’s fiscal constraints.</p>	<p>One of the main responsibilities of the ATEC would be to conduct research and provide strategic advice to the government. As part of its business as usual, the ATEC would regularly monitor student demand at the sector/provider level for future planning and communicate with the ATEC commissioners and the Department of Education regarding the potential need for a TAP increase through the year for eligible equity students.</p> <p>This would also include adequate forward planning and advice to ensure the setting of the TAP by the Minister for Education is aligned with likely demand and avoid potential unwanted impact on student access or the need to update the TAP outside the budget cycle, especially for non-equity students. This advance notice would fast-track decision making in seeking authority to bring the submission forward for cabinet consideration.</p>
Decline in sector performance	Low	<p>As shown by the outcomes of the previous demand driven funding system, a system that facilitates a significant increase in overall enrolments does not necessarily see improvements in other performance indicators. For example, even though it was successful in increasing enrolments by students from disadvantaged backgrounds, it failed to significantly increase the proportion of students from these backgrounds.</p> <p>Those additional students would be more likely to face academic and personal challenges and have a higher risk of not completing the degree. They are more likely to study externally or part-time, less prepared</p>	<p>The Accord Reform package has several policy elements in place to ensure the higher education system can expand while maintaining the expected performance</p> <ol style="list-style-type: none"> 1. As mentioned in Chapter 1 – section 1.2.3, the MGFS would be implemented alongside a new equity support funding scheme comprising the NBF and FEE-FREE Uni Ready Courses, both of which are designed to better support students from disadvantaged backgrounds to access and succeed in higher education. 2. As part of the enhanced MBC, the ATEC and eligible higher education providers would negotiate and agree to a set of performance metrics/targets for



Risk	Level	Explanation	Mitigation
		academically, and to face significant financial constraints.	<p>each funding cycle. Providers failing to meet, or who are not on track to meet, their agreed targets may face a reduction in their AGA in the subsequent year.</p> <p>3. The ATEC would also closely monitor applications and offers data as well as admissions practices at different higher education providers and advise the government on any potential decline in the minimum entry requirements.</p>

Chapter 8 MGFS implementation evaluation

The performance of the MGFS will be evaluated against the set of SMART targets (see Chapter 5 and Table 11) that reflect the MGFS policy objectives. These will include measures of total enrolments, completions, analyses of the distribution of enrolments between institutions, equity participation and completion, the alignment of enrolments and completions with government priorities, and the financial sustainability of institutions. The evaluation will investigate how the MGFS has improved outcomes for students, providers and other key stakeholders in the university sector. It will explore whether the MGFS has enabled increased participation and completions, particularly from equity students. It will also explore student experience, graduate outcomes and employer satisfaction as a way to assess the performance of higher education teaching and learning activities. The review will examine both the overall effect, and the effect on different cohorts: for example, whether low-SES students more or less (dis)advantaged by the changes. The effectiveness of the new funding model in achieving outcomes would also be part of the review of the ATEC and its performance as a steward. Longer-term evaluation will explore the effect of the MGFS on reducing skills deficits and the suitability of graduates for current economic conditions.

The efficiency of the policy will be explored by comparing the difference in outcomes achieved under the MGFS and expected outcomes under the status quo to the cost of implementing the MGFS. This comparison will provide a basis for assessing the efficiency of the MGFS.

8.1 Evaluation plan scope and methodology

The ATEC will be the primary responsible agency for the allocation of CSPs as part of the MGFS. Working closely with the Department of Education, ATEC will be responsible for routine program management and evaluation, while the Department of Education would be responsible for managing the review of the MGFS and its implementation schedule to commence before the end of 2030.

8.1.1 Routine program management and evaluation

The ATEC is responsible for the four-yearly MBC negotiations, and more importantly for MGFS implementation and the annual DSP and AGA adjustment negotiation with each eligible institution. This includes negotiating the allocation of DSP and performance metrics with each eligible provider for the four-year period and the annual adjustment of the DSP.

In preparation for annual DSP and AGA adjustment discussions, the ATEC will need to undertake its own analysis to ensure the ATEC commissioners and officials are well informed of each provider's latest level of enrolment, apparent level of demand, performance, and projected future demand, as well as the overall state of demand and supply across the sector. The analysis conducted by the ATEC could form a part of the routine annual program evaluation and would be business-as-usual activities for the ATEC, with this sector intelligence informing the ATEC's advice to the government in relation to the current state of play and future policy interventions. The outcomes would be published in the ATEC's annual State of the Tertiary Education System report and other potential research publications.

8.1.2 Review of MGFS and its implementation in 2030

A review of MGFS and its implementation is scheduled to commence before the end of 2030. This is in addition to any routine and ongoing monitoring and reporting by the ATEC. This is because ongoing monitoring and reporting of MGFS can only report on what has happened to date, offering a snapshot of the current state. It does not specifically measure the success of MGFS overall. This review will evaluate the implementation of the MGFS and assess how and whether higher education provider's actions (e.g. enrolment decisions and student support) have contributed to the desired outcomes (i.e. increased enrolments, retention and attainment and system sustainability) as outlined in Table 11.

This review will provide information about providers' actions and their effectiveness at delivering the targeted outcomes, informing further process improvements. The review will also conduct an objective review of the funding reform and the performance and effectiveness of ATEC in managing the allocation of CSPs to meet the desired policy outcomes of MGFS.

While some data is available via TCSI to measure the impact of the policy, the review would also require an understanding of the activities universities have implemented to increase enrolments. This information may not be available in TCSI or any data held by the Department, so specific data collection and specialised skills would be required to infer causality from this data.

8.1.3 ATEC reviews

To ensure the ATEC is meeting its objectives, independent reviews have been scheduled before the end of two years and five years after the commencement of the ATEC Act as outlined in the *Universities Accord (Australian Tertiary Education Commission) Bill 2025*. These two scheduled independent reviews will not only review the operation of the ATEC Act and if the objectives of the ATEC Act have been achieved, but also the role and function of the ATEC which would include exploring the success of the ATEC in implementing the new MGFS. As the steward of the higher education sector, the performance of the sector also reflects the effectiveness of the ATEC in driving performance, efficiency and positive outcomes.

8.2 Scope and methodology

The scope of the MGFS review would align with but not be limited to the objectives of the MGFS and the objectives of the Accord Reform. The review would assess the impact of the MGFS on Australian higher education supply and demand as well as the Australian workforce and economic growth. As shown in Table 11, it will be mainly driven by quantitative research supplemented by qualitative analysis and custom data and information collection.

The performance metrics/targets as agreed with each eligible provider could serve as the benchmark for each provider's performance while the system objectives – system growth, sustainability and equity participation and success—could serve as the basis for the sector performance assessment. Both provider-level and sector-level performance metrics could inform the ATEC on the role and functions of ATEC and the sector's performance as a whole. The ATEC could leverage and access the extensive administrative data sources the Department currently holds through TCSI as well as future data and information collection improvements as discussed in Section 2.6. The ATEC may commission custom information collection to inform its research and policy recommendations through internal processes or external procurement.

Table 11: SMART targets, data source and evaluation frequency

Objectives	SMART Targets	Evidence Data Source	Frequency of Evaluation
A funding system that meets future skills needs	By 2050, 80% of Australia working age population has a tertiary education qualification.	ABS Census of Population and Housing	Five yearly
A more efficient funding system that aligns with student demand	By 2031, there will be clear alignment between places allocation and actual enrolments and no institution will need to access the funding floor.	HESSC enrolment data, DSP allocation, university actions to increase enrolment (in particular equity student participation) and university financial reports	Annual
Increased equity student participation	By 2050, growth in the number of Indigenous students, and those from low-SES and regional and remote backgrounds has resulted in a higher education sector that more closely reflects Australia's broader society.	HESSC enrolment data	Annual
Provide ATEC adequate levers to actively steward the sector in line with government priorities	All performance metrics are stretch targets, aligned with government priorities and system improvement objectives, with all higher education providers with a Mission-Based Compact with the ATEC on track to or meeting performance targets by the end of each 4-year MBC cycle.	HESSC enrolment data, application and offers data and CSP load estimates	Annual

Appendix

Regulatory Impact Analysis Assumptions for Funding Reform Options 2 and 3

Context

The Managed Growth Funding System (MGFS) would be implemented along with a number of other policies that were developed subsequent to the Australian Universities Accord Review conducted in 2023. The MGFS is the core of the funding reform that would better align higher education funding for teaching and learning with actual demand across the sector to:

- Ensure a more efficient funding system to meet student demand and future skills needs;
- Increase access and participation of students from underrepresented backgrounds;
- Provide Table A universities with a funding safety net; and
- Provide government with adequate levers to actively steward the sector in line with government priorities.

A newly established statutory office, the Australian Tertiary Education Commission (ATEC) would be responsible for the implementation of the MGFS, particularly the allocation of CSPs to eligible providers. Under the guidance of the advice from the Minister for Education, it would serve as the steward for the sector to achieve the agreed goals and objectives. The ATEC would have several important functions, with those that relate to the implementation of the MGFS including developing performance frameworks for assessing sector and individual provider's performance, and developing and negotiating enhanced Mission-Based Compacts and funding agreements. Through these important functions, the ATEC would finalise the DSP allocation for each eligible provider, decide on allocation adjustments, and advise the government on the likely adequacy of the Total Allocation Pool.

MGFS regulatory costs include two elements: compliance costs (administrative costs and substantive compliance costs) and delay costs.

As the MGFS represents a significant change to the way Australian higher education would be funded from 2027, the proposed options are likely to incur administrative costs to higher education providers (predominantly Table A universities) due to the additional workload involved to support the enhanced Mission-Based Compact (MBC) negotiations and implement the new funding model. The additional workload includes data reporting and analysis, preparation for enhanced MBC negotiation, and system and operational adjustments required to transition to the new funding model. It is assumed that this funding reform would not have significant regulatory impacts on non-Table A providers as they would continue to carry out allocation negotiation and receive allocations of CSPs in specific courses in national priority areas as they do under the current funding system (i.e. status quo).

We do not expect substantive compliance costs as universities already have the necessary IT solutions and equipment to complete the additional administrative workload required to implement the new funding model. Additional personnel or technical capability maybe necessary through recruitment processes or internal restructure.

There would be minimal delay costs due to the transition to the new funding model because the funding reform does not directly change the process of calculating Commonwealth Grant Scheme (CGS) payment advancement and the administrative operation of CGS. Hence, a university's normal operations, such as student admissions, enrolments and course delivery, should experience minimal disruption.

Businesses and individuals are not expected to experience any regulatory impact from this new funding model. They would receive indirect benefits such as greater availability of potential employees or increased course offerings at institutions of their choice.

This document discusses the administrative costs associated with implementing the Managed Growth funding system under Option 2 and Option 3 to support the two major additional operational processes at universities under the new funding model. It is expected that Option 2 would require slightly higher administrative costs than Option 3 due to the inclusion of geographical catchment areas for demand-driven places for eligible equity students at Table A universities.

Additional Operation Processes

The Enhanced Mission-based Compact negotiations

Instead of the current light touch process for MBCs, the new enhanced MBC negotiations will commence from the second half of 2026 for the 2027 funding year, when the MGFS would be implemented in full. The enhanced MBC negotiation that is relevant to MGFS would include:

- The Domestic Student Profile allocation for the current year and indicative figures for the following three years subject to performance and the Total Allocation Pool
- Catchment area boundaries (Option 2 only)
- Over-enrolment buffers and student contributions glidepath for enrolments above the allocated DSP (Option 3 only)
- Agreed performance targets or metrics that ensure providers' accountability.

The ATEC would negotiate and monitor the enhanced MBCs with providers.

Annual check-in meetings

At the annual check-in meetings, the ATEC and providers would discuss their progress in achieving their performance targets, their allocation utilisation, and would begin negotiating allocation and performance targets for the following year.

Compliance cost assumptions

The additional work needed to implement the MGFS from 2027 from a university management perspective includes the four-yearly Enhanced Mission-Based Compact negotiation, a yearly check-in, and applying for an Additional Growth Allocation adjustment if a provider has enrolled up to its allocated enrolment cap with clear evidence of unmet demand from eligible equity students.

Additional Administrative Activities

Improved six-monthly CSP load estimates: To inform MBC negotiation, universities would be required to provide more detailed and accurate CSP load estimates. Some of the likely changes may include estimating commencing CSP load for eligible equity students by funding cluster for the current year and two future years and the requirement to improve the accuracy of load estimates provided to the ATEC and the department.

Development of performance indicators, monitoring and analysis within institutions: To inform MBC negotiation, universities would need to have a good understanding of possible performance indicators that could be included in ATEC negotiations when setting the Domestic Student Profile. These indicators would be stretch targets that providers would be held accountable for when requesting additional places.

Preparation for MBC meetings with the ATEC: Strategic planning and information gathering to ensure the best outcome for the institution.

Executive attendance in MBC and annual check-in meetings: The MBC negotiation meetings would be in addition to the current yearly compact meetings.

Domestic Student Profile adjustment application: For those universities enrolling above their enrolment cap, they would have the opportunity to apply to the ATEC to increase their EFTSL cap to meet demand from eligible equity students within their catchment areas (Option 2 only) or eligible equity students in general (Option 3 only).

Additional workload

The additional workload to support the above activities utilise functions that already exist within each institution. In the calculation, it is assumed that the additional workload would be completed by one (Full-Time Equivalent) staff member in the relevant team with their hourly rate being the average of one staff member at a Table A university in 2026 (\$84 per hour in 2026 dollar terms). Large institutions are defined as any institution with over 15,000 EFTSL CSP enrolments in 2022 (inclusive of all course levels).

Additional workload includes:

Data analysis and reporting: to collect the necessary internal and external data and conduct analysis to inform university executives on the issues to be discussed.

Enhanced enrolment and demand modelling: to provide the ATEC and the university executives with a more accurate and detailed forecast of student demand and enrolment patterns, which would be used to inform DSP negotiation. For Option 2, this would require slightly more workload to develop catchment area-specific demand and enrolment modelling.

Strategic planning and government relations: Provide university executives with in-depth analysis and strategic advice regarding government policy changes and their impacts and relevance to universities' strategic missions/strengths, to ensure executives are well informed when attending relevant meetings and negotiations. Coordinate and navigate government processes and advocate for each institution's missions and priorities.

Meeting Administration: Coordinate meeting planning and other logistics.

IT and operation process improvements: ensure the internal IT system is adequately adjusted for implementing the new funding model and develop new data collection and reporting functionalities as required. This includes developing geolocation-based data reporting tools for Option 2.

Further background: The current funding system—Commonwealth Grant Scheme

Operation of the Commonwealth Grant Scheme (CGS)

Through the CGS, the Australian Government provides over \$8 billion to higher education providers to subsidise teaching and learning for students enrolled in a CSP. CSPs are available to Australian citizens, New Zealand citizens and permanent visa holders, with almost all undergraduate students at public universities in CSPs, along with many postgraduate coursework students and some students at non-university higher education providers.

The operation of the CGS is reasonably straightforward; however, it is complicated by a cap on eligible providers' CGS funding entitlement that was implemented in 2017 and the method for calculating funding growth introduced in 2021. Universities receive a Commonwealth contribution per EFTSL to fund teaching and learning at universities. Students also make a contribution towards the cost of their education, with maximum student contribution amounts established in HESA. Eligible students typically borrow this amount through a HELP loan. Fields of education are assigned to funding clusters and student contribution bands, which have different Commonwealth contribution rates and student contribution amounts.

CGS cluster rates and student contribution amounts

Central to the operation of the CGS are the CGS cluster rates and maximum student contribution amounts, which apply to students in CSPs. The total resourcing (also known as base funding) for each field of education is the sum of its CGS amount for each funding cluster and the maximum student contribution amount for each band. Under the current arrangements, there are five funding clusters and four student contribution bands, with nine combinations of cluster and band across the various disciplines as outlined in Table 12 below.

These CGS cluster rates are paid per EFTSL, up to the HEC MBGA – a cap on Commonwealth contributions per university. The HEC MBGA excludes demand-driven courses, where universities receive the full amount for all enrolled students, and medical courses, for which places are allocated directly and for which a 'Designated HEC MBGA' is provided.

Table 12: Commonwealth contribution amounts and maximum student contribution amounts (2026) by funding cluster

Funding Cluster	Field	Commonwealth Contribution amount	Maximum student contribution amounts
1	Management and Commerce	\$1,316	\$17,399
	Law and Economics		
	Humanities		
	Other Society and Culture		
	Communications		
	Human Movement		
	Mixed Fields, Food and Hospitality		
2	Clinical Psychology	\$15,898	\$4,738
	Education		
	English		
	Mathematics		
	Prof. Pathway Psych, Social Work	\$15,898	\$9,537
	Creative Arts		
	Architecture and Building		
	IT		
	Other Health		
	Allied Health		
3	Foreign Languages	\$19,497	\$4,738
	Nursing	\$19,497	\$9,537
	Engineering		
	Environmental Studies		
	Medical Science		
	Other Science		
4	Agriculture	\$32,400	\$4,738
	Pathology	\$32,400	\$9,537
	Medical Studies	\$32,400	\$13,558
	Veterinary Science		
	Dental Studies		
5	FEE-FREE Uni Ready courses – All Fields	\$18,716	\$0

Funding allocations and maximum basic grant amounts for Table A universities

Under current arrangements, universities receive three funding streams for student places through the CGS:

- Funding for Demand-driven Higher Education Courses
- Funding for Designated Higher Education Courses
- Funding for Higher Education Courses (i.e. excluding demand-driven and designated higher education courses)

In addition to the CGS payments, universities also receive the student contribution for all enrolled non-exempt students³⁴. While maximum student contributions per EFTSL are established in legislation, the number of places for which a provider can receive student contributions or the total value of the student contributions they can receive are not capped.

Demand-driven higher education courses

As part of the JRG reforms, the then-Australian Government made CGS funding for First Nations students from regional and remote areas, studying non-medical bachelor courses, demand-driven. Universities receive student contributions and the full CGS cluster funding amount for each enrolled eligible demand-driven student. The current Government extended this to all First Nations non-medical bachelor students at Table A universities from 2024 and to all First Nations students studying medical courses at Table A universities from 2026.

Universities estimate their student load in these courses and actual enrolments are reconciled against advance payments, in the same way as during the operation of the demand-driven funding system from 2012–2017.

Funding for designated higher education courses

Student places in designated higher education courses need to be allocated to providers by the Minister for Education, and the number of places (by funding cluster) are set out in CGS funding agreements, along with the maximum funding amount the provider will be paid (i.e. the designated HEC MBGA).

These are reconciled each year, such that universities are paid the *lower of*:

- the amount calculated by multiplying the per-student CGS cluster rate by the number of EFTSL in each cluster; or
- the designated HEC MBGA.

Currently only medical courses are designated, although HESA gives the Minister power to designate other courses.

Higher Education Courses maximum basic grant amount (HEC MBGA)

All other Commonwealth supported students are subsidised through the HEC MBGA, a funding allocation sometimes referred to as the “flexible funding envelope”. Within a capped amount of funding, universities can use this allocation for students studying FEE-FREE Uni Ready (or enabling)³⁵, sub-bachelor, bachelor, or postgraduate coursework courses, in any mix they prefer. The HEC MBGA is reconciled each year, such that universities are paid the *lower of*:

³⁴ Exempt students are students enrolled in a CSP that are not required to pay student contribution amounts or tuition fees for units of study undertaken as part of a specified course of study. Exempt students include students undertaking work experience in industry (WEI) units where the higher education provider is not providing any support to a student’s learning and students that has been awarded an exemption scholarships by providers. For more detailed see here: [11. Exempt students - Department of Education, Australian Government](#).

³⁵ FEE-FREE Uni Ready or enabling courses are courses of instruction provided to enable or prepare a person to be able to undertake a course leading to a higher education award. For more detailed see here: [6. Courses of study - Department of Education, Australian Government](#)

- the amount calculated by multiplying the per-student CGS cluster rate by the number of EFTSL in each cluster; or
- the HEC MBGA.

However, since 2020, a funding guarantee has operated alongside the CGS which guarantees a portion of universities' MBGAs regardless of the number of students enrolled. The HECG ensured a provider's CGS funding was guaranteed regardless of enrolment up to its HEC MBGA (excluding some special purpose allocations – see below). From 2024, any funding received through the HECG was required to be invested in additional academic and learning support for students from disadvantaged backgrounds. The HECG terminated at the end of 2025.

Within the HEC MBGA, universities can receive various allocations of funding for special purposes. These include allocations limited to specific cohorts or courses that will cease after a certain number of years (including the Government's 20,000 equity places allocation). Some of these allocations were made on a conditional basis such that they need to be reconciled separately to other HEC MBGA funding and are excluded from the funding guarantee.

It is worth noting that HEC MBGAs are largely based on the number of EFTSL in 2017, the year CGS funding was first capped. Despite changing dynamics in the sector, these capped amounts have not been adjusted to respond to student demand beyond the formula-driven growth amounts awarded each year (further discussed in Chapter 2 and 3).

Growth funding for Table A providers

A method for calculating funding growth was implemented as part of the JRG reforms, with the intention of meeting growing demand for student places as well as realising the then-Government's ambition to increase participation in regional Australia.

The method for increasing student funding above consumer price index (CPI) was based on the geographical location of university campuses. It provides the following funding growth above CPI (for most³⁶ of a HEC MBGA):

- 3.5 per cent on funding for students enrolled at “**regional**” campuses;
- 2.5 per cent on funding for students enrolled at “**high-growth metropolitan**” campuses; and
- 1 per cent on funding for students enrolled at “**low-growth metropolitan**” campuses.

The distinction between low- and high -growth campuses was based on population projections produced by the Australian Institute of Health and Welfare (AIHW), with those campuses situated in Statistical Area Level 4 (SA4)³⁷ areas with above -average projected population growth deemed to be “high growth”.

Despite receiving a higher growth factor, student demand at many regional universities has not been sufficient for universities to fill their MBGA and have therefore received funding through the HECG in

³⁶ The amount indexed is a redundant echo of the old “non-designated MBGA” – the amount for non-medical bachelor places that was previously demand-driven. Maintenance of this amount for funding purposes is complex to administer.

³⁷ Statistical Areas Level 4 (SA4s) are geographic areas built from whole Statistical Areas Level 3 (SA3s). SA4s are the largest sub-State regions in the Main Structure of the Australian Statistical Geography Standard (ASGS). There are 107 SA4 regions covering the whole of Australia without gaps or overlaps.

recent years. For example, regional universities – CQUniversity, Federation University, James Cook University, University New England, University of the Sunshine Coast and University of Southern Queensland – received a total of approximately \$160 million in HECG in 2023.