Submission to the Senate Education and Employment Legislation Committee

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

Rebalancing Equity and Sustainability in Australian Higher Education: A Submission on the Reversal of Job-ready Graduates Fee Settings

Dr Adam Lucas
School of Social Sciences
University of Wollongong
[redacted]

Dr James Guthrie AM, Emeritus Professor,
Knowledge Research Pty Ltd
Visiting Professor at IULM Milan, Italy
[redacted]

Contents

1.0 Executive Summary 3

2.0 Introduction 5

3.0 Analysis 7

3.1 Early critique 7

3.2 Institutional perspectives 8

3.3 Academic, union and student perspectives 8

3.4 Distributional effects and student debt 9

3.5 Effectiveness of price signals 10

3.6 Policy reassessment 11

3.7 External perspectives 12

4.0 Comment 12

5.0 Recommendations 14

6.0 Bibliography 17

7.0 Key concepts explained 20

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1.0 EXECUTIVE SUMMARY

The Job-ready Graduates (JRG) package, introduced in 2020, sought to reshape Australian higher education through differential pricing designed to steer student enrolments toward areas of perceived labour-market demand. While presented as an expansionary and efficiency-enhancing reform, accumulated evidence indicates that JRG has failed to achieve its stated objectives and has instead produced adverse, inequitable, and systemically destabilising outcomes.

This submission strongly supports the *Higher Education Support Amendment (Reverse Job-ready Graduates Fee Hikes and End $50k Arts Degrees) Bill 2025* as a necessary interim corrective measure. Evidence since implementation demonstrates that the policy's central mechanism – price signalling – has been ineffective. Student choice is only weakly responsive to fee differentials, with enrolment decisions shaped primarily by student interests, academic preparedness, and perceived career pathways rather than price alone (Chapman and Ryan, 2005; Heller, 1997; Bleemer and Zafar, 2018; Norton, 2019).

At the same time, JRG has generated significant unintended consequences. It has increased student debt, reduced per-student public funding, and intensified financial pressures on universities. The proposed Bill would reverse the most regressive fee increases, reduce student debt burdens, and restore greater equity while more comprehensive reforms are developed.

A central concern is the policy's inequitable distributional impact. Fee increases have been concentrated in disciplines with higher enrolments of women and students from low socioeconomic backgrounds, exacerbating existing inequalities. Emerging evidence indicates declining participation among disadvantaged students in high-fee disciplines such as law and commerce, alongside contraction in arts and humanities offerings. *These trends suggest that JRG has introduced new barriers to access rather than expanding participation.*

The interaction between higher fees, indexation, and repayment thresholds has also exposed structural weaknesses in the HELP loan system. Repayment periods now frequently exceed 40 years and, in some cases, approach lifetime debt trajectories. This represents a significant departure from the original design of income-contingent loans and raises serious concerns regarding fairness, intergenerational equity, and long-term sustainability.

Institutionally, universities face reduced per-student funding and increasing reliance on cross-subsidies, particularly from international student revenue (Guthrie, Dumay & Martin-Sardesai, 2020; Guthrie et al., 2021). Domestic undergraduate teaching is frequently loss-making and dependent on external revenue streams to remain viable (Guthrie et al., 2021). These dynamics contribute to system instability, including course closures, reduced disciplinary breadth, and pressures on educational quality (Public Universities Australia, 2023; National Tertiary Education Union, 2023). More broadly, they reflect long-term trends toward the marketisation and corporatisation of higher education, in which universities are increasingly organised around revenue generation, competition, and performance metrics rather than public educational objectives (Martin-Sardesai, Parker and Guthrie, 2023; Guthrie, Andrews and Baker, 2020).

These findings align with the emerging policy consensus reflected in the Australian Universities Accord, which identifies JRG as a flawed policy requiring substantial redesign. The Accord recommends a shift away from price signalling toward a student-centred, needs-based funding model. However, the development and implementation of such a model is likely to take at least 18 to 24 months.

In this context, the Bill should be understood as a necessary stabilisation measure. It addresses a set of demonstrable policy failures by reversing regressive fee settings, reducing immediate pressures on students, and restoring a degree of equity and neutrality to the system. It does not resolve the full range of structural challenges, but it creates the conditions for more comprehensive reform.

This submission therefore recommends passage of the Bill as a matter of priority, alongside a coordinated policy response that includes increased public funding, reform of HELP repayment settings, and the development of a new needs-based funding model. Without such action, the continuation of current settings risks entrenching inequities, undermining participation, and further destabilising the higher education system.

We therefore strongly support the passage of the Bill as a proportionate and timely step toward a more equitable and sustainable higher education system in Australia.

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2.0 INTRODUCTION

This submission addresses the *Higher Education Support Amendment (Reverse Job-Ready Graduates Fee Hikes and End 50k Arts Degrees) Bill 2025*, introduced by Senator for NSW and Australian Greens education spokesperson, Mehreen Faruqi. The Bill proposes to reverse the student contribution increases introduced by the Morrison Coalition Government under the Job-ready Graduates (JRG) package. The goal of the Bill is to restore fee levels (indexed forward) to what they would have been had the 2020 reforms not been implemented. In practical terms, this would reduce the cost of an arts degree from approximately $52,000 to around $24,500 by 2026, alongside equivalent adjustments across a range of disciplines including law, commerce, economics, communications and society and culture (Faruqi, 2025a). The Bill is a targeted intervention aimed at reversing the most significant distributional effects of the JRG reforms, particularly those associated with high-fee disciplines.

To assess the merits of this proposal, it is necessary to situate it within the broader trajectory of Australian higher education policy, and in particular, the introduction and implementation of the JRG package itself.

The JRG reforms were enacted through amendments to the *Higher Education Support Act 2003* in 2020. They represented a major restructuring of both Commonwealth funding and student contribution arrangements, organised through a system of "funding clusters" that assigned different levels of public subsidy and private contribution to groups of disciplines. The stated objective was to use price signals to influence student demand, encouraging enrolment in fields associated with projected labour market growth, such as health, education, STEM, and agriculture, while discouraging enrolment in others, particularly the humanities and social sciences (Australian Government, 2020).

A previous submission by Guthrie, Andrews and Baker (2020) offers a critical examination of the original *Higher Education Support Amendment (Job-Ready Graduates and Supporting Regional and Remote Students) Bill 2020*, arguing that the policy represents a substantive shift in the financing of Australian higher education rather than a genuine reform aimed at improving graduate employment outcomes. Central to their critique is the contention that the policy operates as a form of cost redistribution, shifting the financial burden increasingly from the state to students. Although framed as a measure to enhance affordability and align education with labour-market needs, the reforms effectively reduce overall government contributions while increasing student fees in several disciplines, particularly in the humanities and social sciences (Guthrie, Andrews, and Baker 2020). This reallocation reflects a broader trend towards the marketisation of higher education, in which students are positioned as primary investors in their own human capital.

A key assumption underpinning the original Job-Ready Graduates package is that price signals can influence student enrolment choices, directing them towards fields deemed to have stronger employment prospects. However, Guthrie, Andrews and Baker (2020) challenge this premise, arguing that student decision-making is only weakly responsive to fee differentials. Instead, choices are shaped by a complex interplay of factors, including personal interests, academic ability, access to career pathways, and perceptions of career outcomes. Consequently, the policy's reliance on economic

incentives is unlikely to produce the intended shifts in enrolment patterns, raising questions about its overall effectiveness as a workforce planning mechanism.

Our submission further highlights the potential institutional consequences of the funding changes. By reducing per-student funding in certain disciplines, the policy places universities under financial pressure, which may lead to cost-cutting measures such as larger class sizes, reduced staff numbers, and diminished educational quality (Guthrie, Andrews & Baker, 2020). Such outcomes risk undermining the broader public value of higher education, particularly in disciplines that contribute to critical thinking and civic engagement but may not yield immediate economic or employment returns.

Equity implications also feature prominently in the critique. The increase in student contributions in particular fields is likely to disproportionately affect students from lower socioeconomic backgrounds, who may be more price-sensitive and more debt-averse. Rather than expanding access, the reforms may exacerbate existing inequalities by discouraging participation in higher education or narrowing the range of disciplines considered viable (Guthrie, Andrews & Baker, 2020). This runs counter to longstanding policy goals centred on widening participation and promoting social mobility.

Finally, Guthrie, Andrews and Baker (2020) characterise the policy as lacking transparency and a robust evidentiary foundation. The complexity of the funding arrangements obscures the extent of cost shifting, while the rationale for the reforms appears insufficiently supported by empirical data. In this sense, the "pea and thimble trick" metaphor encapsulates their broader argument: that the policy constitutes a deceptive rearrangement that creates the illusion of change while hiding what is actually happening. They conclude that the JRG reforms are a politically framed initiative that prioritises fiscal reallocation over educational equity and effectiveness.

The reforms were framed as an expansionary measure, with government projections indicating increased total funding (from approximately $18 billion in 2020 to $20 billion by 2024), the creation of additional university places, and enhanced support for regional and remote participation. The policy narrative emphasised productivity gains through improved alignment between graduate outcomes and workforce needs, alongside increased access to higher education (Department of Education, Skills and Employment, 2020).

However, from the outset, these claims were contested. Evidence presented to parliamentary inquiries and subsequent analyses raised concerns about the internal coherence of the policy design, its distributional consequences, and the robustness of its underlying assumptions. Critics highlighted that the reforms combined reductions in public subsidy with increases in student contributions, especially in disciplines subject to the largest fee increases. Subsequent analysis indicates that the policy resulted in an estimated 15 per cent reduction in public funding per student, a 7 per cent increase in average student contributions, and an overall decline in per-student funding (Guthrie, Dumay and Martin-Sardesai, 2020; NTEU, 2020).

This shift must also be understood within a longer-term restructuring of higher education financing. While total government outlays on higher education have increased over recent decades, much of this growth has occurred through income-contingent loans rather than direct public funding for teaching. As a result, the burden of financing higher education has progressively shifted onto students, with direct Commonwealth teaching grants increasing only modestly in real terms (Guthrie, Dumay and Martin-Sardesai, 2022). The Job-ready Graduates reforms represent a continuation and intensification of this trend, further embedding reliance on student debt as a primary funding mechanism.

The structure of these changes was highly uneven. While some disciplines experienced modest fee reductions, others, particularly humanities and related fields, saw very substantial increases, in some cases exceeding 100 per cent (Marshman and Larkins, 2020). This redistribution was explicitly justified as a mechanism to reshape student demand, but it also concentrated higher levels of debt in certain student cohorts, raising questions about equity and access.

By the time of the Australian Universities Accord (2023–2024), JRG had become widely regarded as a central yet problematic feature of the higher education funding system. The Accord identified the policy as contributing to increased student costs, participation barriers, and distorted institutional incentives. It concluded that substantial redesign or replacement was required to avoid long-term damage (Australian Universities Accord Panel, 2024). Importantly, the Accord also signalled a broader shift away from price signals as a primary policy instrument, advocating instead for a student-centred, needs-based funding model oriented toward equity, participation, and long-term national capability (Australian Universities Accord Panel, 2023).

The present Bill must therefore be understood as operating within a policy environment in which the core assumptions and outcomes of JRG are no longer widely accepted. Rather than proposing a comprehensive redesign of the system, it seeks to address the most immediate and regressive consequences of the 2020 reforms, particularly those associated with sharply increased student contributions in selected disciplines.

In this respect, the Bill represents a transitional measure. It does not purport to resolve the full set of structural issues identified by the Accord and other inquiries, including the sustainability of university funding, the balance between public and private contributions, and the integration of higher education within a broader tertiary system. Instead, it aims to stabilise the system by reversing a set of policy settings shown to be both inequitable and ineffective, thereby creating the conditions for more comprehensive reform.

3.0 ANALYSIS

The implementation and subsequent operation of the Job-ready Graduates (JRG) package have generated a substantial, increasingly convergent body of critique across a wide range of stakeholders. While the tone and emphasis of these critiques vary, there is a notable degree of agreement across academics, unions, students, university leaders, policy analysts, and sections of government that the policy has failed to achieve its stated objectives and has produced a series of adverse and, in some cases, unintended consequences.

3.1 Early critique: design flaws and evidentiary weaknesses

From its inception in 2020, JRG attracted criticism for the weak empirical foundations of its central policy mechanism. The assumption that student demand could be reshaped through differential pricing, effectively treating fees as a proxy for labour-market signals, was challenged by economists, policy analysts, and former policymakers. Evidence suggested that graduate employment outcomes do not map cleanly onto fields of study, and that student choice is influenced by a complex mix of interests, capabilities, and perceived career pathways rather than price alone (Keating, 2020; Houghton et al., 2021).

At the same time, detailed policy analysis identified internal inconsistencies in the funding model. While the government presented JRG as an expansionary reform, independent modelling demonstrated that it involved a net reduction in public funding per student, with universities required to absorb lower Commonwealth subsidies. In contrast, students made greater contributions across many disciplines. This raised immediate concerns about whether the policy could deliver the promised increase in student

places, or whether it would instead function as a redistribution of constrained resources within a capped system (Warburton, 2021; Guthrie, Dumay and Martin-Sardesai, 2020).

3.2 Institutional perspectives: funding contraction and system instability

Submissions from institutional actors, including Universities Australia and individual universities, have tended to frame JRG as a system-level funding problem. Evidence from inquiries and sector reviews consistently shows that the reforms have reduced universities' resources, particularly when combined with other pressures, such as declining public investment and the volatility of international student revenue.

These actors generally stop short of outright rejecting the labour-market alignment rationale. Instead, they emphasise the practical consequences of the funding model, including:

- reduced per-student funding,
- increased reliance on cross-subsidies (especially from international students),
- and growing financial instability across the sector.

This reflects a structurally unstable funding model in which domestic undergraduate teaching is frequently loss-making and dependent on cross-subsidisation from international student revenue and other sources to remain "viable" (Guthrie et al., 2021).

The University of Sydney, for example, characterises JRG as something that must be "fixed" within a broader funding redesign, rather than retained in its current form. Similarly, Universities Australia links JRG to a wider "crisis" in university funding, arguing that it has contributed to a structural shortfall in resources for both teaching and research (Universities Australia, 2023; University of Sydney, 2023).

3.3 Academic, union and student perspectives: equity, purpose and system distortion

In contrast, submissions from academics, unions and student groups tend to offer a more structural and normative critique. These stakeholders consistently argue that JRG is not merely a flawed funding mechanism, but part of a broader shift toward market-oriented governance and the commodification of higher education.

Their critiques are aimed at the broader transformation of Australian universities over the past four decades, during which market-oriented policy settings and New Public Management practices have increasingly reshaped institutional priorities toward revenue generation, performance measurement, and competition (Martin-Sardesai, Parker and Guthrie, 2023).

Public Universities Australia (PUA), representing a coalition of academic and student organisations, identifies five recurring problems with JRG: it is instrumentalist in its use of price signals, inequitable in its distributional effects, economically unconvincing, damaging to teaching and research quality, and indicative of increasing corporatisation (Public Universities Australia, 2023). These concerns are echoed in submissions to parliamentary inquiries, which document the culling of courses and disciplines deemed "unprofitable", increased casualisation of staff, and a growing perception that students are treated as revenue sources rather than participants in a public education system (National Tertiary Education Union, 2023). These developments are consistent with broader sectoral evidence of contraction in subject offerings, with some universities eliminating large numbers of individual courses and narrowing the breadth of disciplinary provision in response to financial pressures (Guthrie et al., 2021).

Student and individual submissions reinforce these concerns at the level of lived experience. Evidence from the NSW inquiry indicates that large fee increases – particularly in humanities and related

disciplines – have altered perceptions of affordability and constrained meaningful choice, even within an income-contingent loan system. One student submission notes fee increases of over 100 per cent in some disciplines, arguing that this creates a strong disincentive for students without financial security to pursue those fields (Bhandari, 2025; King, 2025).

3.4 Distributional effects and student debt dynamics

The most significant area of convergence across stakeholders concerns the distributional and financial effects of JRG, particularly in relation to student debt.

Modelling by the National Tertiary Education Union (NTEU) shows that the combination of higher fees, lower repayment thresholds, and indexation can result in repayment periods exceeding 40 years, with total repayments exceeding $100,000 for some degrees (NTEU, 2023a; NTEU, 2023b). The table titled 'Expected Repayment Times Under Current Policy Settings' on page 1 of the NTEU report illustrates this clearly, showing repayment periods of 32–44 years across several common degree pathways (NTEU, 2023a), including humanities and law.

These developments indicate that the HELP system is no longer operating in accordance with its original design principles, under which graduates would repay their debts once they reached a position of financial security (Guthrie, Dumay and Martin-Sardesai, 2022).

The evidence presented has three principal implications.

First, it suggests that JRG contributes to the emergence of quasi-lifelong debt trajectories, particularly for graduates in lower-earning professions. Income-contingent loan systems are characterised by repayment periods that can extend across large portions of the working life where earnings remain modest or intermittent (Chapman and Dearden, 2022). Modelling by the NTEU indicates that repayment periods exceeding 40 years are plausible under current policy settings (NTEU, 2023a).

Second, it highlights the interaction between fee policy and broader macroeconomic conditions, particularly inflation-driven indexation, which can result in graduates making repayments without reducing their principal debt and, in some cases, experiencing increases in total debt over time (Australian Parliamentary Library, 2023; Department of Education, 2024; Jericho, 2024). Modelling indicates that graduates earning below approximately $60,500 may make compulsory repayments that do not exceed annual indexation, resulting in situations where individuals are effectively "going backwards" despite meeting repayment obligations (NTEU, 2023a). This dynamic is further reflected in a sharp increase in voluntary repayments, with Australians paying a record $2.9 billion in 2022–23, a rise of 272 per cent on the previous year, in an effort to avoid indexation effects (Cassidy, 2024).

Third, it underscores the uneven distribution of these burdens, with women and lower-income graduates more likely to experience extended repayment periods due to structural labour market inequalities and career trajectories. Empirical evidence indicates that women typically earn less, are more likely to work part-time or take career breaks, and therefore repay their debts more slowly, resulting in longer repayment durations and greater exposure to indexation (Chapman & Dearden, 2022; NTEU, 2023a; Preston, 2023; Warburton, 2023). These effects are compounded by persistent gender pay gaps and occupational segregation, which concentrate women in lower-paid professions and further delay debt repayment, resulting in, in some cases, substantially higher lifetime repayment burdens (Warburton, 2021; Australian Bureau of Statistics, 2023).

These policy changes represent a significant departure from the original design principles of income-contingent loans and are deeply inequitable. This observation is further reinforced by evidence that a significant proportion of HELP debt is now held by older Australians, including approximately 300,000

individuals aged over 50, two-thirds of whom are women, highlighting the long-term and gendered distributional consequences of current policy settings (NTEU, 2023a).

Recent analysis of national enrolment data provides further evidence that these financial settings are now translating into measurable participation effects. Analysis of Department of Education uCube data shows that, since the introduction of the Job-ready Graduates reforms, declines in domestic undergraduate commencements have been disproportionately concentrated among students from low socioeconomic backgrounds, particularly in disciplines subject to the highest fee increases (Department of Education, 2025). Independent analysis of these datasets indicates that, between 2020 and 2024, commencements declined by approximately 9.8 per cent among low-SES students, compared with 3.5 per cent among other domestic students, with substantially larger declines of up to 17.7 per cent observed in high-fee fields such as law and commerce (Hare, 2026). These findings are consistent with earlier reporting, which also identified disproportionately larger enrolment declines among low-SES students in high-fee disciplines following the introduction of JRG (Hare, 2025a).

While these trends cannot be attributed solely to JRG, the alignment between fee increases and participation decline provides strong evidence that the policy has exacerbated barriers to entry for disadvantaged students in the disciplines most affected by the reforms. The lower enrolment patterns seen in these disciplines are consistent with the structure of the JRG funding clusters, which concentrated the largest increases in student contributions in disciplines with historically higher participation by equity groups, including low-SES students. As such, the observed enrolment trends are unlikely to be incidental and instead reflect the interaction between policy-induced price signals and existing patterns of student participation.

3.5 Effectiveness of price signals and behavioural outcomes

A central premise of the JRG reforms was that differential pricing would operate as an effective behavioural lever, redirecting student enrolments toward areas of labour-market demand. However, accumulated evidence indicates that this mechanism has largely failed in practice. Analyses of enrolment patterns suggest that course change demand has been modest and often reflects pre-existing trends rather than policy-induced shifts (Wallen, 2023). This evidence directly undermines the policy's core mechanism.

Field-of-education data reinforce this conclusion. National enrolment patterns show that declines have been concentrated in disciplines subject to the largest fee increases, particularly in creative arts and society and culture, while growth has occurred in STEM and health fields. However, these shifts largely reflect pre-existing trends rather than policy-induced behavioural change (Wallen, 2023; Department of Education, 2025). In this sense, JRG has not actively redirected student demand but has instead amplified existing patterns while imposing substantial additional costs on particular cohorts.

Recent analysis drawing on national datasets indicates that enrolments in creative arts have declined significantly across the sector, with decreases recorded in 30 of 46 universities by 2023 and more than 40 related degree programs discontinued over the past decade. These trends have been directly linked to the increased cost of arts degrees under JRG, which raised annual student contributions substantially relative to STEM fields (Guardian Australia, 2026). Additional reporting drawing on Department of Education data indicates declines of approximately 22 per cent in creative arts enrolments and 7.5 per cent in society and culture disciplines, alongside growth in STEM and health fields.

The available evidence therefore suggests an asymmetrical policy effect: while JRG has contributed to contraction in high-fee disciplines, it has not produced a commensurate or policy-driven expansion in priority fields. This asymmetry is critical. It indicates that the policy is effective in imposing costs and

discouraging participation in certain areas, but ineffective as a mechanism for positively shaping enrolment behaviour, as reflected in both enrolment trends and institutional restructuring (Guardian Australia, 2026; Rennie, 2024).

Institutional responses further illustrate this dynamic. For example, Southern Cross University's decision to discontinue creative arts programs has been explicitly linked to declining demand in high-fee disciplines, with university leadership noting that increased student costs under JRG may have contributed to this outcome (Rennie, 2024). This suggests that JRG is influencing institutional restructuring without achieving its intended labour-market alignment objectives.

If student demand is only weakly responsive to price under an income-contingent loan system, the use of differential fees as a steering mechanism is inherently inefficient. In such circumstances, price signals do not meaningfully alter behaviour but instead increase costs, distort participation patterns, and generate unintended distributional effects. The policy therefore fails on its own terms: it imposes substantial financial burdens without delivering the labour-market alignment it was designed to achieve.

While JRG is not the sole driver of these trends, the alignment between fee increases, enrolment decline, and course contraction provides strong evidence that the policy has exacerbated participation barriers in high-fee disciplines, particularly for disadvantaged students. At the same time, it has failed to achieve the intended redirection of students into priority fields.

These findings indicate that JRG has functioned less as a labour-market steering mechanism than as a blunt instrument of cost redistribution, with significant unintended consequences for participation, equity, and system coherence.

3.6 Policy reassessment: the Universities Accord and broader reform consensus

Within three years of its introduction, the Job-ready Graduates (JRG) framework has been subject to a broad-based policy reassessment, culminating in the findings of the Australian Universities Accord. The Accord identifies JRG as a central but deeply problematic component of the current system, linking it to increased student costs, reduced affordability, distorted institutional incentives, and misalignment with long-term participation objectives. Crucially, the Accord's conclusions reinforce the evidence presented above: that price signalling has not functioned effectively as a mechanism for shaping student behaviour and should not serve as the primary basis for system design (Australian Universities Accord Panel, 2024).

Instead, the Accord proposes a fundamental shift in policy approach, moving away from discipline-based price signalling toward a student-centred, needs-based funding model in which public investment is aligned with equity objectives, participation goals, and national capability requirements. However, the development and implementation of such a model will require substantial policy design, consultation, and legislative change. Current indications suggest that this process will take at least 18 to 24 months, and potentially longer.

In this context, maintaining the current JRG settings would mean prolonging the operation of a policy that has been widely shown to be both ineffective and inequitable. The continuation of these settings risks further entrenching participation barriers, increasing student debt burdens, and reinforcing institutional instability.

The present Bill should therefore be understood as a necessary stabilisation measure within a broader reform trajectory. It addresses a set of policy settings that have been demonstrated to be regressive and ineffective, while creating the conditions for a more comprehensive redesign of the funding system. Importantly, it does so without pre-empting the outcomes of the Accord process, instead aligning with

its direction by reducing reliance on price-based incentives and restoring a greater degree of equity and neutrality to the system.

The proposed Bill is not an alternative to systemic reform, but a prerequisite for it.

3.7 External perspectives: media, political and public discourse

Outside the formal policy and academic domains, critique of JRG has also been prominent in media and political discourse. Reporting and commentary have highlighted the rapid increase in student debt, the perceived unfairness of fee structures, and the limited impact on student choice, contributing to a growing public perception that the policy is both inequitable and ineffective (Hare, 2025b; Eltham, 2024).

Notably, criticism is no longer confined to particular interest groups. It spans opposition parties (including the Greens and, at times, Labor before government, sectoral stakeholders (universities, unions, student organisations), and independent policy analysts.

This breadth of critique is significant, as it suggests that concerns about JRG are not merely partisan or sector-specific but reflect systemic issues with the policy design and implementation.

The accumulated evidence indicates that JRG has produced outcomes that diverge substantially from its stated objectives. It has failed to reshape student demand meaningfully, has increased students' financial burdens, has introduced regressive distributional effects, and has contributed to funding instability and system distortion. At the same time, it has not resolved the underlying structural challenges facing the higher education system, including sustainable funding, equitable access, and alignment with long-term national needs.

These findings provide the analytical foundation for considering the Bill before the Committee as a targeted corrective measure that addresses specific, demonstrable deficiencies in current policy settings.

4.0 COMMENT

On the basis of the evidence presented, we strongly support the *Higher Education Support Amendment (Reverse Job-ready Graduates Fee Hikes and End 50k Arts Degrees) Bill 2025* as a necessary and proportionate interim measure to address the most inequitable and ineffective elements of the Job-ready Graduates (JRG) framework.

This support is necessarily contextual. The Bill does not resolve the deeper structural challenges in Australian higher education, including the long-term shift from public to private funding, increasing reliance on cross-subsidies, and the corporatisation of university governance. Nor does it constitute a comprehensive replacement for JRG. However, this does not diminish its value. Its strength lies in its clarity of purpose: it directly addresses a discrete set of demonstrable policy failures while enabling more comprehensive reform to proceed.

The primary justification for the Bill is its capacity to reverse fee settings that are both inequitable in their distribution and unsupported by evidence of effectiveness. The JRG reforms concentrated the largest increases in disciplines enrolling disproportionate numbers of women, low-SES students, and First Nations students, while failing to produce meaningful shifts in enrolment behaviour. In effect, the policy has imposed disproportionate costs on groups already facing structural barriers, without delivering the labour-market benefits used to justify those costs.

The Bill also addresses a clear policy incoherence at the core of JRG. If the central mechanism of price signalling has not produced the intended behavioural response, its continuation cannot be justified on efficiency grounds. Maintaining large fee differentials in the absence of demonstrable impact entrenches distortions in student choice and institutional planning while increasing the cost of

participation. The proposed reversion of student contributions therefore represents a restoration of neutrality within the funding system, removing a set of incentives that have proven both ineffective and socially regressive.

The interaction between JRG fee settings and student debt dynamics further strengthens the case for reform. Current policy settings, including those introduced under JRG, can result in repayment periods exceeding 40 years and total repayments exceeding $100,000 for some graduates (NTEU, 2023a). These outcomes reflect the combined effects of higher initial debt levels, indexation, and relatively low early-career earnings. The result is a system in which a growing proportion of graduates may carry debt for most of their working lives, with implications for economic participation, household formation, and intergenerational equity.

From a policy perspective, these dynamics raise fundamental questions about both fairness and long-term sustainability. A system that generates large and persistent debt burdens, particularly among those with lower lifetime earnings, risks undermining both the perceived and actual value of higher education. At the aggregate level, continued growth in HELP liabilities also presents fiscal and policy risks for government.

More broadly, these dynamics are not incidental but reflect a structurally unstable funding model characterised by heavy reliance on volatile revenue streams and insufficient financial buffers. Analysis of university financial statements suggests that surpluses generated during periods of revenue growth were not consistently used to build resilience, leaving institutions exposed to policy shifts and external shocks (Guthrie et al., 2021).

The Bill's proposed reduction in student contributions would not eliminate these dynamics, but it would moderate their most extreme manifestations, particularly in disciplines currently subject to the highest fee bands.

There is also increasingly robust evidence that current settings are affecting patterns of participation and course provision. Declines in enrolment have been disproportionately concentrated among low-SES students and in high-fee disciplines, while universities have responded to reduced demand through course closures and program contraction, particularly in the creative arts (Hare, 2025a; Rennie, 2024; Duffy, Branley and Fiore, 2025). These developments reinforce the conclusion that JRG is shaping institutional behaviour without delivering its intended labour-market outcomes.

These developments strengthen the case for viewing the present Bill as an urgent stabilisation measure rather than a discretionary policy adjustment.

It is also important to recognise that the Bill aligns with the broader reform direction identified by the Australian Universities Accord. The Accord's analysis makes clear that JRG has introduced "policy settings that risk undermining the sector", particularly through its effects on affordability, equity, and institutional incentives, and that it requires substantial redesign or replacement (Australian Universities Accord Panel, 2024). The Bill can therefore be understood as consistent with, and supportive of, this emerging policy consensus, even though it does not itself implement the full range of recommended reforms.

A further issue raised in public discussion concerns the absence of explicit funding provisions within the Bill. This reflects procedural constraints rather than policy intent. Under established constitutional practice, the Senate cannot originate or amend legislation appropriating public expenditure. Any increase in Commonwealth funding must therefore be introduced through legislation originating in the House of Representatives. The absence of such provisions should be understood as a function of institutional process, not as an indication that additional public investment is unnecessary.

In this context, the effectiveness of the proposed reforms will depend on complementary government action to ensure that universities are not required to absorb further reductions in per-student funding. A coordinated policy response – combining the reversal of regressive fee settings with increased and more stable public investment – will be essential to achieving the equity and sustainability objectives identified throughout this Submission.

Failure to address this funding dimension would risk compounding the structural weaknesses identified under the current model, rather than resolving them.

The Bill should therefore be understood as a stabilisation measure. It addresses policy settings that are widely recognised as inequitable and ineffective, reducing immediate pressures on students and institutions while creating space for comprehensive reform. Given that a redesigned funding model will require significant time to develop and implement, the continuation of current JRG settings would prolong the operation of a demonstrably flawed policy with cumulative negative effects.

Finally, we note that the Bill's focus on reversing fee increases in specific disciplines should not be interpreted as privileging those disciplines over others. Rather, it reflects the asymmetrical nature of the original policy intervention, which imposed disproportionately large increases in particular areas. Restoring balance requires addressing these asymmetries directly.

The evidence demonstrates three central policy failures: the inability of JRG to redirect student demand, its inequitable effects on participation (particularly for low-SES and underrepresented groups), and its contribution to enrolment decline and course contraction in high-fee disciplines.

In summary, the case for the Bill rests on three grounds. First, it corrects demonstrable inequities in the distribution of student contributions. Second, it removes a policy mechanism that has failed to achieve its stated objectives. Third, it provides a timely and proportionate response to emerging risks associated with student debt, participation, and institutional sustainability. As such, it represents a necessary step toward a more equitable and coherent higher education system. In the absence of such intervention, current policy settings risk entrenching inequity, distorting participation, and further destabilising Australia's higher education system.

5.0 RECOMMENDATIONS

Considering the evidence presented in this submission, we make the following recommendations to the Committee:

5.1 **That the *Higher Education Support Amendment (Reverse Job-Ready Graduates Fee Hikes and End 50k Arts Degrees) Bill 2025* be passed, as a matter of priority.** The evidence demonstrates that the Job-ready Graduates (JRG) fee settings have produced regressive distributional outcomes, increased student debt burdens, and failed to achieve their stated behavioural objectives. Reversing these fee increases is therefore justified on both equity and efficiency grounds and represents a proportionate response to identified policy failures.

5.2 That the passage of this Bill be explicitly framed as an interim corrective measure, rather than a final resolution of higher education funding reform. The accumulated evidence from parliamentary inquiries, sector submissions, and the Australian Universities Accord indicates that JRG is embedded within a broader set of structural issues, including long-term underinvestment in public funding, increasing reliance on private contributions, and systemic instability in university finances (Public Universities Australia, 2023; Universities Australia, 2023). **Addressing these challenges will require a comprehensive redesign of the funding system that cannot be achieved through incremental legislative amendments alone.**

5.3 That any **reversal of JRG fee settings should be accompanied by a corresponding increase in direct public funding**.

5.4 That the Commonwealth Government commit to the **development and implementation of a new funding model within a defined timeframe of 18 to 24 months**, consistent with the direction identified by the Australian Universities Accord. Such a model should move away from discipline-based price signalling and adopt a student-centred, needs-based approach, allocating public funding according to student characteristics, participation objectives, and broader national priorities. This would represent a shift from the current market-oriented framework toward one grounded in equity, access, and long-term system sustainability (Australian Universities Accord Panel, 2024).

5.5 That **any future funding model include a rebalancing of public and private contributions**, with a view to reducing the reliance on student debt as a primary financing mechanism. Evidence indicates that current settings, particularly when combined with indexation and low wage growth, can generate repayment periods exceeding 40 years and total repayments exceeding $100,000 for some graduates (NTEU, 2023a). These outcomes raise serious concerns about intergenerational equity and the HELP system's long-term sustainability. Policy settings should therefore aim to moderate initial debt levels and ensure that repayment trajectories remain reasonable and predictable.

5.6 That the government undertake a **comprehensive review of HELP repayment settings**, including indexation arrangements and repayment thresholds, in parallel with fee reform. Previous work by Guthrie, Dumay and Martin-Sardesai (2022) has highlighted the need to reconsider indexation mechanisms and increase minimum repayment income thresholds to alleviate cost-of-living pressures and prevent debt from growing faster than repayments. Without such reforms, reductions in student contributions alone may not be sufficient to address the broader dynamics of debt accumulation.

5.7 That future policy design explicitly considers the distributional impacts of funding arrangements across different student groups, including women, low-SES students, and First Nations students. Evidence indicates that JRG has had disproportionate effects on these groups, particularly through the concentration of fee increases in disciplines with higher enrolments from disadvantaged cohorts. A **reformed system should therefore incorporate mechanisms to reduce barriers to participation and support equitable access**, including targeted funding, support services, and appropriate fee structures.

5.8 That the Commonwealth Government strengthen transparency and accountability in higher education funding and governance, including nationally consistent disclosure concerning the allocation of public funding, the use of student contributions, the composition of staffing levels and student enrolments, and the financial position of each university. Submissions from Public Universities Australia and others highlight **concerns about corporatisation, lack of accountability, and misalignment between institutional priorities and public purposes** (Public Universities Australia, 2023). Addressing these issues will be critical to restoring public confidence in the system.

5.9 That higher education reform be pursued as part of a broader, integrated tertiary education strategy, encompassing both higher education and vocational education and training (VET). The fragmentation of policy across these sectors has contributed to inefficiencies and inconsistencies in funding, access, and outcomes. The Australian Universities Accord provides a foundation for such integration, and future reforms should build on this work to create a coherent and coordinated tertiary system aligned with national social and economic objectives. **This should be one of the goals of the new Australian Tertiary Education Commission (ATEC) and a legislatively enhanced TEQSA.**

In conclusion, the Bill before the Committee represents a necessary and evidence-based intervention to address specific and significant shortcomings in the current funding framework.

Its passage would mitigate the most inequitable effects of the Job-ready Graduates reforms, while enabling the development of a more comprehensive and sustainable model of higher education funding. We unreservedly support its passage through the Parliament of Australia.

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7.0 KEY CONCEPTS EXPLAINED

1. Job-ready Graduates (JRG)

A higher education funding reform was introduced in 2020 that altered student fees and government contributions based on discipline clusters. It aimed to steer student enrolments toward labour-market priorities using price signals, but is criticised for increasing inequity and failing to influence behaviour effectively.

2. Price signalling

A policy mechanism that uses cost differences (e.g., tuition fees) to influence behaviour. In JRG, it is assumed that students will choose courses aligned with labour demand. Our submission argues that this is ineffective because broader social and personal factors shape student decisions.

3. Income-contingent loans (HELP)

A loan system where repayment depends on income levels. Originally designed to ensure affordability, our submission argues that current settings, especially indexation and high fees, have undermined this principle, leading to long-term or lifelong debt burdens for many students.

4. Equity (horizontal and vertical)

Equity refers to fairness in distribution. Horizontal equity means similar treatment across groups, while vertical equity recognises different needs. Our submission argues that JRG violates both by disproportionately burdening disadvantaged students and specific disciplines.

5. Marketisation of higher education

The shift toward treating education as a market commodity, with students as consumers and universities as competitive providers. Our submission links JRG to this trend, highlighting its emphasis on cost-sharing, competition, and economic outcomes over public value.

6. Needs-based funding

A proposed alternative funding model where resources are allocated based on student characteristics and social objectives rather than discipline pricing. It prioritises equity, participation, and national capability over market-driven individual incentives.

7. Cross-subsidisation

A financial practice where revenue from one source (e.g., international students) supports another (e.g., domestic teaching). Our submission argues that JRG increases reliance on this model, contributing to financial instability and sustainability risks in universities.

8. Distributional effects

The unequal impact of policy across different groups. JRG's distributional effects include higher costs for women, low-SES students, and humanities disciplines, leading to reduced access and increased inequality.

9. Policy failure

A situation where a policy does not achieve its intended objectives. Our submission identifies JRG as a failure because it neither redirected enrolments nor improved workforce alignment, while causing negative side effects.

10. System sustainability

The long-term viability of higher education funding and structure. Our submission argues that current settings, especially rising debt and underfunding, are unsustainable and risk undermining both participation and the institutional stability of Australian public sector universities.