



The Hon Jason Clare MP
Minister for Education

Reference: MS25-000564

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Interim Australian Tertiary Education Commission
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Dear

Thank you for your engagement and contribution to the design and implementation of the Australian Government's higher education reforms since the establishment of the interim Australian Tertiary Education Commission (ATEC) on 1 July 2025.

The Government is working to ensure access to higher education is open to all who have the interest and ability to benefit from it. This has informed our actions over the past 3 years to improve the higher education system, including cutting Higher Education Loan Program debts by 20 per cent, making Higher Education Contribution Scheme debt repayments and indexation fairer, establishing Commonwealth Prac Payments, and expending FEE-FREE Uni Ready Courses for those wanting to go to university.

Building a skilled and adaptable workforce requires growing educational attainment and is important to the Government's productivity agenda. The Government has already set an ambitious target of lifting tertiary education attainment to 80 per cent of working age people by 2050. Reaching the target requires more students being able to access tertiary education than ever before. This will require more places for students in the areas where they live and more places for low socio-economic status (SES) students, First Nations students and students with disability.

Thank you for sharing with me your views on the challenges that may emerge during the implementation of the Managed Growth Funding System (MGFS). Some universities have also raised concerns with me about the actions other universities are taking and the impact those actions may have on their transition to the MGFS, their ongoing sustainability, and the system as imagined by the Australian Universities Accord.

I agree taking steps to start addressing over-enrolment from 2026 is important to safeguard the sustainability of newer and smaller universities during transition to the new MGFS from 2027. It will also ensure the most efficient funding allocation as we move to the new system.

As part of your role, I ask that you continue to work with the Department of Education to negotiate the transition trajectory for marginally funded load from 2026 and indicate a growth trajectory for others. Given the expected higher levels of student demand in 2026 and the approaching 2027 changes, I ask that you engage with universities to agree steps to manage their over-enrolments as we transition to the MGFS. Negotiations should also involve under-enrolled universities to ensure interested students can access a place at university.

For the benefit of the entire system, over-enrolled universities should take steps to reduce, or not further grow, their commencing student load in 2026. Negotiations should include:

- Over-enrolled universities projected to be eligible for a share of the \$50 million over-enrolment fund as part of the 2026 transition arrangement agreeing to a plan for commencing load for the 2026 academic year. Agreement to a plan is a pre-condition for their access to the over-enrolment fund. This plan must include steps they will take to support their staff and students during this transition period and early adoption of agreed actions that result from Education Ministers' consideration of recommendations from the Expert Council on University Governance in October 2025;
- Government agreement to more attractive retention of student contributions from the over-enrolled cohort during the transition to fully-fund their student load over time, should universities comply with the agreed plan; and
- Clarifying the actions they take now will be considered by the ATEC when allocating growth places through mission based compact negotiations for 2027.

For other universities, there should be a clear expectation that they will grow, within reason, and be provided a glidepath for 2027 if required. For universities facing financial challenges in 2026, key settings for the Structural Adjustment Fund should be discussed, including timing and the likely process to apply for this additional funding. This should include steps to support their staff and students during the transition period and early adoption of agreed actions that result from Education Ministers' consideration of recommendations from the Expert Council on University Governance in October 2025.

I expect Domestic Student Profiles for 2027 to be established by mid-2026. The 2027 Total Allocation Pool set by the Government includes at least 15,000 additional funded Commonwealth supported places. This ensures funded places are available in the system to allow every eligible student from low-SES and/or regional and remote backgrounds to access a fully funded place in a non-medical bachelor degree at a publicly funded university.

To provide funding and planning certainty to universities and to enable critical early conversations ahead of the 2026 transition year, I ask that you share proposed priorities for growth of 2027 Domestic Student Profiles with eligible universities. These proposed priorities include:

- Supporting a gradual transition towards fully funded student load over time, where a transition trajectory has been agreed to between the ATEC and the university;
- Supporting smaller universities to operate sustainably;
- Prioritising growth in regional and outer-metropolitan locations that have strong student demand;
- Maximising growth in priority cohorts, including through the Government's commitment to a managed demand-driven system for eligible students from under-represented backgrounds; and
- Continuing to fund increased diversity in the provision of Commonwealth supported places.

The approach outlined above allows you to engage with under-enrolled universities to discuss their sustainability during transition as well as forecast their access to future growth opportunities. It also allows you to take steps to address significant over-enrolments in other parts of the current system.

Thank you for your continued leadership and support during this transitional period. I look forward to working closely with you to build a better and fairer higher education system.

Yours sincerely



JASON CLARE

28 / 8 / 2025