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Curtin University Response to Discussion paper:

Performance-based funding for the Commonwealth Grant Scheme

## How should the PBF scheme be implemented?

Consideration 1: how to *grow* a university’s PBF amount from 2021

***Is a more regional-based population growth more appropriate?***

Curtin is not supportive of regional-based population growth as a proposed alternative methodology. As universities enrol students from all over the country, a regional-based population measure would not be equitable as a funding measure. Population in and of itself is not an adequate measure given it is an estimate based on census data.

Consideration 2: how to *treat* a university’s PBF amount from 2021

***What are the benefits to each option?***

As the PBF amount will be used to drive initiatives to improve learning and teaching and other activities, keeping it separated would put prior years’ funding at risk in subsequent years. This would not allow universities to sustainably manage their resources over a longer term. The proposed performance funding methodology and applying growth to the Maximum Basic Grant amount based solely on population (18-64) raises a number of serious concerns. The frozen Maximum Basic Grant was calculated at a point in time (CGS was based on the load profile of the university at the time). CGS continues to be indexed (at a rate higher than the population growth) which means the return per student (assuming the load profile hasn’t changed) will reduce with time. If a university was to change their load profile, they would be unduly punished (e.g. business versus science students). Applying population growth to the maximum basic grant amount could punish universities even more if they were unsuccessful in the early years of performance funding.

As such, Curtin would prefer to see further review of the measures around indexation and the funding model. In any case, PBF amount should be part of the MBGA, rather than an approach which builds the PBF amount as a separate pool.

## What performance measures should the PBF scheme draw on?

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The complexity of identifying a suitable set of PBF measures is acknowledged and no set of measures will be completely agreeable to all institutions.

Curtin would like to highlight the following concerns regarding some of the measures proposed:

**General** – While Curtin is not opposed to the concept of performance-based funding, any funding scheme should be based at an institutional level and a more focused set of measures is required. It could be argued that measuring both retention and completion provides no further performance-related insights therefore the focus could be on either of these measures rather than both.

**Student completion within six years** – Six years is considered too short a timeframe and doesn’t adequately consider the time constraints of students who work as well as study. Given students are provided ten years to complete their studies, it is proposed that completion is measured after ten years rather than six. Any metric that involves a student needs to be on a sector basis for monitoring (e.g. students that leave one institution and subsequently transfer to another institution and complete).

**Equity measures** – It would be worth considering using State-based equity targets rather than individual institutional targets, which would foster greater collaboration between institutions, focus the collective effort and ultimately result in a greater social impact. This would mean, for example, a shared target for all institutions in a State, which they would jointly need to achieve.

**Graduate outcomes measures** – As these measures are heavily influenced by the discipline profile of an institution and the related discipline sector labour market trends, these measures do not provide an accurate indication of institutional performance. In particular, State labour market trends will impact national comparisons, as will each institution’s exposure to a particular segment. For example an institution with a large cohort of engineering graduates will be disadvantaged during a resources sector downturn relative to an institution which does not offer engineering.

**DNER** – The use of this measure does not relate to institutional performance in any way. Institutions should not be held accountable for the responsibility of students to repay their debts.

## How should the PBF scheme be designed?

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Curtin supports an approach that allows each institution to identify a set of supplementary measures to align with both the institution’s unique profile and the strategic direction it is taking.

## How should performance measure benchmarks be set?

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An approach which rewards institutions that have already reached a performance level above the average but not those institutions whose performance is currently below the average is counterproductive. Denying lower than average performing institutions access to this funding does not assist in improving their performance. The result may be that higher performing institutions who are above the average will continuously be provided with an advantage through performance funding.

Curtin would support an approach where each institution negotiates their targets based on their base performance and the diversity of their missions and profile. This method would ensure a greater level of equity and ultimately enhance sector wide performance and accountability.

## Should the PBF funding of unsuccessful universities be redistributed?

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Curtin is supportive of an approach which fairly and transparently ensures the total funding envelope is distributed across the sector.

## How much “lag” is acceptable between PBF data and the funding year?

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It is critical that performance funding is provided at the commencement of the funding year. Delays in receiving the funding, particularly if it is received in the final quarters of the funding year, impact upon the ability of institutions to use this funding for maximum effect.

It is recognised that lagged data, unfortunately, will need to be used given the availability of data on a national scale.

## How should the PBF scheme be regulated?

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Curtin does not support the PBF scheme being regulated through the CGS Guidelines but rather supports that the PBF be negotiated as part of the Mission Based Compact and/or Funding Agreement.