



THE UNIVERSITY
of ADELAIDE

Our ref: 2015/216

Department of Education and Training
GPO Box 9880
CANBERRA ACT 2601

Via email: HEReform@education.gov.au

12 February 2019

Dear Sir / Madam

Performance-Based Funding for the Commonwealth Grant Scheme – Discussion Paper

The University of Adelaide welcomes the opportunity to provide feedback to the Performance-Based Funding for the Commonwealth Grant Scheme Discussion Paper released by the Minister for Education on 18 December 2018. Additional detail to this submission can be provided on request.

University of Adelaide Submission

1. How should the PBF scheme be implemented?

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

The University does not support the allocation of funding according to regional-based population. Such an approach would restrict the diversity and choice available to students. Whilst in the past there is evidence to suggest a lack of mobility in the student market, this is changing and evolving with growing presence of online learning and other models of education. Without the capacity to be funded for growth to any greater extent than is reflected in local population growth, competition is likely to be reduced along with innovation. In the University's opinion, PBF allocations should be on the basis of national population growth.

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

The University is concerned that building a pool of 'at risk' funding may lead to instability rather than increased flexibility. The University does not support the separate allocations of PBF. To operate successfully, it is the University's position that universities do not operate on short cycles, requiring a level of funding certainty to enable good planning. Building components of funding which remain at risk could lead to short term decision-making about the use of the funds, including reticence to commit to projects which might benefit the performance of the institutions in the longer term.

The University is also concerned about the proposed expanded powers of the Minister.

2. What performance measures should the PBF scheme draw on?

When selecting performance metrics, careful consideration will be required to ensure that it truly measures the performance of the university and the value it adds to students.

Utilising broad based performance measures may result in a range of perverse outcomes. For example, funding according to retention rates could reward universities for being selective about the target student market and undermine principles of equity and diversity. In the consultation paper on the reallocation of Commonwealth supported places for enabling, sub-bachelor and postgraduate courses, the strongest statistical determinate of retention is the university in which they enrol. The conclusion in that paper is that the university has the control, which we suggest is entirely erroneous. Part of the problem is that a low SES student who aspires to attend the University of Melbourne may be differently motivated than the one who aspires to attend Victoria University. Assessing a university's retention rate against its own average, rather than its peers, could be more equitable, particularly for degrees or faculties with higher or lower - SES, larger proportion of ATSI students or regional/remote universities.

Any metric should reflect what is in the control of the university. With the exception of student satisfaction and participation, a university has limited control over other variables such as full-time employment and full-time further study. In these examples, it may be more appropriate to consider measures that reflect how well a university prepares students for the workforce and what proactive support is provided to find work.

3. How should the PBF scheme be designed?

The University believes the value any university provides is a function of its mission, geographical position, student profile and thus any metrics need to be cognisant of these nuances. As such, the University believes the proposal to have core measures whilst allowing universities to select from a range of supplementary performance is laudable.

4. How should performance measure benchmarks be set?

Statistical validity of the measurement threshold or benchmark is an absolute that must be demonstrated – if not, the University thinks it should not be considered as a basis to distribute government funds. For example, a simple ranking with the top half winning and the bottom half losing appears to be overly blunt. For instance, the last national report on student satisfaction contains the figure reproduced below. The overlapping error bars suggest that the middle 75% of universities are the same.

5. Should the PBF funding of unsuccessful universities be redistributed?

The University notes that the discussion paper is unclear about how the metrics will be applied and has concerns regarding the punitive approach to underperforming institutions. This approach may have the perverse outcome of limiting the ability of an underperforming university to improve performance.

The University would support funds being redistributed if PBF allocations were added to a university's MGBA. Stretch targets could be accommodated on the condition that the funds are added to MGBA. On the other hand, if the funds are kept separate, then a redistribution of funds compounds the problems outlined against Q1 and Consideration 2. Of course, in practice no university would turn down additional funds, but the University does not support an ever growing "at risk" pool of funds.


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

Although a six-year completion time is too short, a 10-year completion time would result in a university's 2020 PBF being based on students first admitted in 2008, which the University believes is too long a lag. Adopting a progress rate instead, where passing leads to completion, could result in the PBF being based on measurements from within a single year.

7. How should the PBF scheme be regulated?

Education in Australia is a highly regulated sector. Government clearly articulates the expectations for higher education providers through legislative mechanisms such as the Higher Education Support Act and the Tertiary Education Quality and Standards Agency Act. Additional policies, including the Australian Qualifications Framework, support national regulatory and quality assurance arrangements for higher education. These legislative and policy frameworks already work together to accommodate both a diversity of purposes in Australian higher education and quality educational outcomes. The University believes that whatever additional measures are put in place, such as performance-based funding, should be implemented without a significant increase to compliance costs.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Mike Brooks', is positioned above the typed name.

PROFESSOR MICHAEL BROOKS
Acting Vice-Chancellor and President

cc: Director, Learning and Quality Support