

15 February 2019

Mr David Learmonth
Deputy Secretary
Higher Education, Research and International
Department of Education and Training
GPO Box 9880
CANBERRA ACT 2601

Via email: david.learmonth@education.gov.au

Dear Mr Learmonth

I am writing on behalf of the Group of Eight (Go8) in response to the *Consultation Paper on the reallocation of Commonwealth supported places for enabling, sub-bachelor and postgraduate courses* (the Consultation Paper) issued by the Department of Education and Training in late 2018.

As you will anticipate, the Go8 is very keenly engaged in the issues highlighted in the Consultation Paper; particularly with respect to the allocation of Commonwealth supported places (CSPs) for postgraduate coursework places. As a consequence, this submission is largely focused on issues relevant to postgraduate CSPs. Of course, Go8 members universities may make their own, more detailed submissions also.

Broadly, the Go8 welcomes the Government's commitment to simplify the allocation mechanisms for CSPs and will advocate strongly for allocations to be more transparent than they currently are or have been. The Go8 also welcomes the efforts of the Department in seeking to develop mechanisms for a simplified allocation process.

In summary, the Go8 recommends:

- The Government provide Commonwealth support for postgraduate coursework on a **triennial allocation cycle**, and that Government support across all undergraduate and postgraduate programs are **within the purview of an independent higher education policy and funding body**;
- The Government consider the **Go8's proposed Design Principles for the allocation of Commonwealth Supported Places as a broad framework within which to allocate CSPs**, noting the clear alignment with the Go8 submission on the Government's performance-based funding proposal;
- The Government **abandon the proposed approach of linking CSP allocation with either an apparent workforce need or employment outcomes for graduates**, as Governments have not demonstrated any reliable capability in this area for a considerable time;

- The Government **carefully weigh issues associated with institutional mission and context** when considering an allocation process and focus on issues that are within the direct control or influence of institutions;
- The **Government consider the consequences of the proposal to more explicitly link the allocation of postgraduate CSPs with professional accreditation requirements;**
- The **Government abandon the proposal for a student satisfaction metric** – as a proxy for teaching quality – to be used as a tool to allocate postgraduate CSPs
- The proposed 2020 start-date for the planned new framework be changed on the basis that it is unrealistic given the lead-time providers require to meet external registration and advertising requirements and to communicate clearly and accurately with students.

Investing in the Go8

The Go8 represents a strong and positive investment for the Commonwealth. As Australia's leading research-intensive universities, the Go8 are significant net contributors to the Australian economy: in 2016 the Go8 generated a total economic impact of \$66.4 billion to the Australian economy. This is against a benefit to cost ratio of 5 ½ : 1.

- Much of this impact is delivered through our world-class research:
 - **The Go8 delivers approximately \$18 billion a year in research impact for the Australian economy through our research activity, 99% of which is rated world class or above.**
- In the sphere of **teaching and learning the Go8 delivered over \$4.9 billion in 2016; approximately \$1.5 billion of this represents net benefits accrued by the Commonwealth Treasury (in 2016 alone).**

Go8 universities place in the top 100 universities worldwide for every broad subject area of the 2018 QS World University Rankings.

Each year, Go8 universities deliver Australia over 100,000 high quality graduates across the gamut of disciplines, including more than 55% of Australia's science graduates and over 40% Australia's graduates in the engineering disciplines.

The Go8 also educates more than half of Australia's medical, dentistry and veterinary medicine students. Many of these require postgraduate qualifications in order to gain professional accreditation.

Australia is entering a period symbolised by global forces of change and disruption: one characterised by a series of social, political, cultural, technological and economic upheavals. In the context of such change and disruption, greater depth and breadth of investment in education is essential.

Stripping back investment across enabling, sub-bachelor and postgraduate opportunities for Australians is counterproductive at best, and at worst may act as a handbrake on our national productivity and economic growth.

- Rather than cutting the Commonwealth's investment in CSPs, the Go8 strongly argues that the Government should be contemplating greater investment in higher education.

Timeframes and coordination for allocations

The **Go8 strongly supports the Government's proposal to allocate CSPs, especially for postgraduate coursework programs, over a longer cycle such as three years.**

More effectively enabling universities to plan and deliver critical programs over *a triennial allocation period* would **significantly enhance the efficacy of the Government's policy objectives** in this area.

Consistent with that, the Go8 commends elements of the Consultation Paper including the suggestion of a cyclical review of allocation arrangements as well as allocation criteria to include the sector and other key stakeholders. The Go8 welcomes the commitment in the Consultation Paper that *any reallocation made under the revised arrangements would be made with respect to commencing places only.*

The Go8 also recommends the Government consider the Go8's proposed Design Principles (Attachment A refers) for allocating CSPs.

Critically, the Go8 is of the view that the policy framework governing the allocation of Commonwealth support for postgraduate places – or for sub-bachelor or enabling places – cannot be divorced from that which underpins undergraduate places.

That is, a consistent and comprehensive policy that delivers clarity with respect to funding and Commonwealth support across all undergraduate and postgraduate programs is essential. Persisting with the existing frameworks only serves to exacerbate the prevailing inefficiencies and perversities in the funding architecture.

A revised funding architecture must also be overseen by an independent body that has authority and responsibility for funding and outcomes while simultaneously retaining Budget integrity.

Linking CSP allocations to workforce needs and employment outcomes of graduates

Workforce need

The proposal to link the allocation of postgraduate CSPs to institutions that perform well against currently ill-defined metrics of workforce need on the one hand and graduate employment outcomes on the other appears a quick-fix, inadequate solution that utilises inadequate tools not designed for the task.

As the Consultation Paper illustrates, the proposed method for identifying workforce need and skills shortage – the Skills Shortages List published by the Department of Jobs and Small Business – is inadequate for this task. This issue was **raised in 2018 by the Senate Select Committee on the Future of Work and Workers** in its final report: *Hope is not a strategy – our shared responsibility for the future of work and workers.*¹

The Committee considered **the lack of a coordinated national capability to provide high-level strategic advice on workforce and employment forecasting issues.** The lack of this capability diminishes any confidence that

¹https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Future_of_Work_and_Workers/FutureofWork/Report

universities and the broader community might have in the capacity of the Commonwealth to allocate CSPs on that basis. Indeed, the final report of the Senate Committee stated:

‘...The committee was struck by the absence of a coordinated approach to the broad subject of the future of work in Australia. In that regard, the committee considered evidence supporting the establishment of a new, central body within government to be charged with coordinating planning for the future of work in Australia. This notion was supported in principle by a broad range of submitters’

“An institution of this kind—similar to agencies already established in other countries, such as Singapore and Germany—would be charged with analysing where employment is heading and what skills are required. It would work with employers, unions, training providers and universities in order to match workers' skills with available and future jobs, identify future skills needs, and ensure that the education and training system is equipped to meet those needs...”²

In part on this basis, the **Committee recommended the Government establish ‘a central body, within government, to coordinate planning for the future of work. This body would have overall responsibility for coordinating analysis, forecasting and policy development, and informing the Australian public.’³** Details of the proposed body were set out in the Committee’s report.

- In the absence of such a reliable, robust and independent forecasting agency, the Go8 does not support the proposal in the Consultation Paper.

Explicitly linking the CSP allocations to external factors outside the remit of institutions – such as the emerging skill needs in various domestic labour markets – may have the unintended consequence of critically undermining unique institutional missions across the sector.

Graduate employment outcomes

Labour markets and broader economic trends exert by far a greater influence on graduate employment outcomes than the individual institutions where they studied.

As the vast majority of university graduates are also new entrants to the labour market, they are also more acutely affected by the vagaries and movements in labour markets. The limitations on universities’ abilities to influence these trends is a very real weakness in the push to link graduate outcomes to the allocation of CSPs, and by extension institutional performance, as the data underpinning this is inherently unreliable.

One critical issue is the importance of identifying the proportion of postgraduate completers who were employed prior to commencing their study and the effect this may have had on their post-study employment outcome.

²https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Future_of_Work_and_Workers/FutureofWork/Report pp.52-53

³https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Future_of_Work_and_Workers/FutureofWork/Report p.vii

There is a danger in using a measure of this nature that the Government risks inadvertently damaging the institutional mission and context of Australian higher education. Some universities enrol high proportions of postgraduate students who are in mid-career phases, while other universities have higher proportions who articulate directly from undergraduate study. It would be inequitable to treat both universities – and therefore, both student cohorts – as the same.

Any use of graduate outcomes across any level of study must be highly sophisticated and nuanced, with weightings applied at the regional, institutional and discipline level. Implementing a measure because there are *some* available data does not mean it should be; rather we should work to develop viable and robust data that is fit-for-purpose and able to be used in future across qualification levels.

- Further, the Consultation Paper includes an apparent contradiction in the proposal for the allocation of sub-bachelor places. *Linking sub-bachelor CSP allocations to graduate outcomes while simultaneously linking allocations with rates of progression to further study, provides incentives for two competing outcomes. A single, consistent policy narrative would offer more viable incentives for institutions.*

Institutional mission and context

Maintaining the importance of distinct institutional mission and context as criteria for allocating CSPs must be emphasised.

Providing support to students who choose to engage in postgraduate programs at Australia’s universities is critical to our national success; they are choosing to lift their own prospects and will also lift the prospects of the nation. Australia’s universities reflect a diversity of mission and operate in differing contexts. Both are to be respected and preserved.

Support for those students who undertake postgraduate coursework programs at Australian universities through a CSP should be cognisant of and recognise the mission and context within which institutions operate so that institutional uniqueness may be enabled as a genuine differentiator.

Support should also enable students to have a genuine choice about where to study and what discipline offers most benefit, particularly where study might be closely allied to employment opportunities.

Professional accreditation

For a postgraduate coursework student to be eligible to receive student income support payments under the *Social Security Act 1991*, the student must be enrolled in an approved course of study at an approved institution. To be an ‘approved course of study’, a postgraduate coursework must meet at least one of the three criteria:

- it is the minimum requirement;
- the fastest pathway; or
- the only pathway

for entry to a profession. Importantly, the Guidelines under which these are specified also set out what constitutes ‘a profession’.⁴

Perhaps by coincidence, these criteria also feature (broadly) in the Consultation Paper. The Go8 submits that it is **important in the name of policy consistency, that the Government ensure these criteria also feature in the process for allocating postgraduate CSPs from 2020.**

Embracing a broader definition of ‘a profession’ may also be useful in this context, as too narrow a definition may inadvertently exclude degree programs that offer substantial public and long-term individual benefits (which, in turn deliver return public benefits). Aligning the definition with that used for the purpose of providing income support to students is also **consistent with other policy priorities including lifting the rates of students from under-represented backgrounds undertaking postgraduate education.**

While aligning allocations to accreditation requirements broadly and in a consistent manner with the student support framework would be positive, the Government should be conscious of possible consequences across a range of discipline areas. For example, it can be the case that more than one professional body offers accreditation (as identified in the Consultation Paper in the case of Chartered Accountants Australia New Zealand and CPA Australia) which may lead to confusion.

Such an approach could lead to an expansion in the accreditation of postgraduate programs, which may lead to additional CSP allocations being sought as demand increases over time from those occupations (including among those already in the workforce who are re-skilling to meet accreditation requirements).

- To alleviate some of the issues that may present for Government in administering a scheme of allocations that incorporate this element, a feasible option would be to partner with universities to manage any arrangements integrating this among other criteria.

Student satisfaction – an ineffective allocation mechanism

The Government has proposed the possibility of allocating postgraduate CSPs in part based on student satisfaction scores as a proxy metric designed to indicate the quality of teaching available at the relevant institution. It would presumably follow that under this approach, the allocation mechanism would utilise student satisfaction scores at the program level, as they may vary considerably across programs within an institution.

- If these scores are to be used as a proximate measure for teaching quality, they should then be confined to the relevant degree program unless their use strongly questioned.

Of course, some postgraduate coursework programs which are essential in the context of filling workforce gaps within niche yet critical labour market areas may tend to have small enrolment numbers. Surveyed student satisfaction ratings from programs with small enrolment numbers can be unreliable and are not a useful tool

⁴ Guidelines for the approval of Masters courses for student payments; Department of Social Services; www.dss.gov.au



on which to base the allocation of Commonwealth support for postgraduate, or any higher education degree program⁵.

- Research finds that ‘institutional reputation’ is a more influential predictor of student satisfaction than ‘teaching quality’. This of course highlights the challenges inherent in measuring all three elements, let alone allocating Commonwealth support for postgraduate education on the basis of things that are not *currently* robustly measured over time.

Possible allocation framework

In an effort to avoid over-complicating the system of allocating CSPs for postgraduate coursework places, the Go8 proposes Design Principles that align with those we are proposing for performance contingent funding (see *Go8 submission to the Discussion Paper on Performance-based funding for the Commonwealth Grants Scheme*).

The Go8 proposal is included at **Attachment A**.

I would of course welcome the opportunity to discuss these issues with you directly and very much appreciate your positive engagement to date with the Go8.

Yours sincerely

A handwritten signature in blue ink, appearing to read "V. Thomson", with a long horizontal flourish extending to the right.

VICKI THOMSON
CHIEF EXECUTIVE

⁵ Alves H., Raposo M., 2007; *Conceptual model of student satisfaction in higher education*; Total Quality Management, 18, 571–588

It might be possible to facilitate the allocation Commonwealth Supported Places for postgraduate, sub-bachelor and enabling programs consistent with the design principles and overarching framework outlined below.

- These design principles also align with the Go8 proposal for performance-based funding.

1. Clarity	The objectives in allocating CSPs by institution are clear.
2. Simplicity	The process and mechanisms underpinning the allocation policy is as simple as possible, with published guidelines and outcomes reporting accessible to stakeholders, while the burden placed on providers is minimised.
3. Transparency	The process and methodology is evidence-based, robust and transparent to all stakeholders.
4. Alignment	There is broad alignment in the stated policy objectives and the underlying methodologies between CSP allocations and any performance-based funding arrangements.
5. Context	The measures used to allocate CSPs are within the direct influence of institutions and accurately reflect institutional mission and context.
6. Incentives	Measure for allocation reflect positive incentives for institutions to deliver high-quality programs leading to higher levels of participation, attainment and advanced knowledge development across the community.
7. Stability	The approach to CSP allocations ensures consistency for prospective students and allows the stability for institutions that facilitates long-term investment in critical programs.