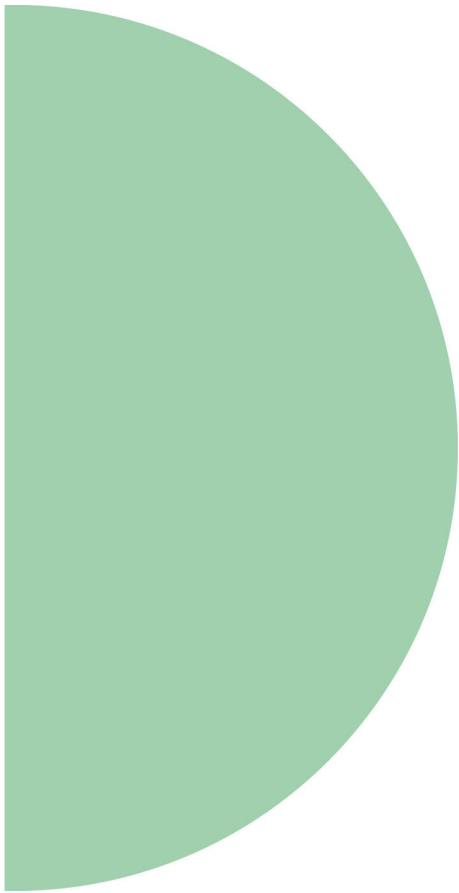


RMIT University Submission

Consultation Paper on the reallocation of Commonwealth Supported Places for enabling, sub-bachelor and postgraduate courses

February 2019



RMIT University (RMIT) welcomes the opportunity to respond to the Government's Consultation Paper on the reallocation of Commonwealth Supported Places (CSPs) for enabling, sub-bachelor (SB – includes enabling) and postgraduate (PG) courses. RMIT supports the development of a new robust mechanism to allocate places in an efficient, equitable manner that achieves both sector and government objectives.

Consistent underutilisation of CSPs is evidence that the current system is not efficiently allocating limited education funding. Further, existing allocation mechanisms do not allow institutions to effectively respond to industry and student demand or be rewarded for best practice and improved outcomes.

RMIT is committed to strong educational outcomes and the provision of innovative and industry led programs for students across the spectrum of the post-compulsory education system.

RMIT recommendation summary

At a headline level RMIT remains of the view that SB should have their designation removed and that this set of qualifications should exist within the demand-driven funding system. Where the position of government is to retain designation of SB (and PG programs), RMIT provides the following recommendations with regard to a new allocation mechanism.

RMIT:

- Supports the need to move toward a robust mechanism to allocate places in an efficient, equitable manner that achieves both sector and government objectives.
- Proposes a two-tier evaluation structure to determine future changes in allocation:
 - o minimum expectation or threshold criteria for institutions to maintain current allocations based on agreed and publicly available data metrics; and
 - o performance criteria or 'stretch targets' to incentivise and reward innovation and best practice based on more aspirational and agreed measures.
 - o Recommends greater sector engagement to develop effective performance criteria before an allocation mechanism is settled.
- Proposes that Diplomas of Language be treated separately from other SB and PG programs by the new allocation mechanism.
- Proposes a collaborative allocation mechanism that supports greater institutional responsiveness and the capacity to innovate within funding agreement and review periods.
- Supports the continued use of funding agreements and the alignment of three-year reallocation and review periods.
- Recommends that any relevant threshold or performance should be appropriate to the intent of the designated program and agreed through the funding agreement process. Where a SB program has an employment outcome as its principle intent, for example, this should be considered when applying the relevant performance criteria.
 - o Where data metrics are used to form the basis of the allocation system we renew calls for improvements to the quality and accessibility of any relevant or applicable data.
- Proposes the establishment of a working partnership with the Government to test the development and implementation of any new agreed mechanism and criteria.

The following sets out in greater detail the general RMIT recommendations for this consultation.

1 Threshold and performance allocation

RMIT proposes a two-tier evaluation structure to determine future allocations of designated CSPs. A two-tier evaluation provides greater clarity to institutions about the minimum expectation for maintaining current allocation and performance based 'stretch targets' that if reached, could be used as evidence to apply for increases in allocation. By clearly differentiating between minimum expectations and future objectives the Government will be able to incentivise and reward the sector in relation to the broad objectives of government.

RMIT recommends threshold criteria rely on publicly available data to support clarity and sector transparency about the use of designated places – particularly at the postgraduate level where there is currently a lack of coherence and transparency. Such metrics could include, utilisation of places or student outcomes; and dependent on the level of designated program – articulation to an associated bachelor degree or employment outcomes. Performance criteria would be more aspirational and in many cases require greater development to be efficiently implemented. Reflecting on the Consultation Paper's suggestions potential criteria might include, demand for a new industry 4.0 qualification, government prescribed skills shortage programs or consistent over-enrolment as it relates to strong student demand.

Performance criteria could be used in conjunction with threshold results to create an evidence base to increase an allocation or be used with poor threshold results to make a case to maintain places during a poor performance period.

Different threshold and performance criteria will need to be developed for each education level and in some cases program type to ensure institutions and programs are treated appropriately. Institutions and government would assess all applicable threshold and performance criteria by program to determine future allocations.

2 Collaborative allocation

RMIT proposes greater institutional autonomy to determine how designated CSPs are allocated and funding is received while maintaining the integrity of the current funding agreement framework.

RMIT proposes a system design which builds off contemporary practice, institution-industry partnerships and existing government agreements. Funding agreements are an effective framework for government to control grant funding amounts by institution and incorporate a structured review cycle. Although this provides government and sector clarity it prohibits effective demand management by institutions, limits qualification experimentation and innovation and has the potential to exacerbate the lagged skilled labour supply response in the Australian economy.

RMIT proposes a hybrid demand-driven system of allocating places, or collaborative allocation, with institutions able to reallocate a proportion of places across education level and funding cluster between agreement and review periods.

The ability to reallocate designated CSPs across education level and program would support institutions to be more effective in responding to student and industry demand, support the introduction of new qualifications and progress the institutional strategy of a university. In the long run this would lead to a more diverse, agile tertiary education sector that supported all student types and built upon Australia's competitive advantage as a high-skill knowledge economy.

A key advantage of collaborative allocation is that institutions are less likely to be 'locked out' of future allocations or potential growth areas. Institutions could build upon their competitive advantage and advance their strategy by shifting a proportion of CSPs to build new partnerships, support institutional specialisation and effectively manage demand.

2.1 Government oversight

The Government would maintain and strengthen existing oversight of CSPs allocation and associated funding through the development of clear metrics of success and by linking allocation

reviews with funding agreement periods. This would allow the Government to leverage institutional links with industry. Total grant funding amounts and a strengthened oversight framework would remain in place.

Performance-led allocation and contained flexibility to reallocate designated CSPs will guide the sector and reward best practice institutions. All measures of success are to be assessed against an institutions previous results with improved outcomes or innovative practice rewarded with increased allocations. This will incentivise institutional innovation and support better practice without disadvantaging smaller institutions.

2.2 Implementation

RMIT supports allocation cycles and review periods being aligned with existing frameworks to support institutional and government planning cycles. RMIT notes that institutions require clear communication and adequate time to review and implement changes made by government. Reallocation of places across the sector should occur in a gradual way to ensure institutions can effectively respond to changes in demand and plan for the associated impacts on funding.

A three-year allocation review cycle, in line with, but six months prior to funding agreement outcomes, would provide sufficient time for institutions to adequately plan for funding changes.

RMIT would welcome the opportunity to work with government to determine fit for purpose threshold and performance criteria to support an efficient operating environment for the sector. RMIT has undertaken preliminary work on potential metrics; testing and developing principles and available data to build off the Government's high-level criteria.

3 An assessment of relevant and appropriate metrics

RMIT supports the use of criteria to evaluate institutional performance against an agreed sector-wide standard to increase transparency and support better practice. RMIT notes that different education levels and programs require differentiated metrics to ensure the new allocation mechanism doesn't disadvantage programs developed with particular student outcomes. Detailed assessment of potential metrics can be found in the Appendix.

3.1 Data quality and integrity considerations

RMIT supports the use of allocation criteria and supporting data to improve student outcomes and achieve government objectives. For a new allocation mechanism to operate effectively all parties must have trust in the validity of the data being used.

The myriad of data points available to institutions and government has created a complex web of data that reports at different points in the year in a variety of timescales and with corresponding lags. There have been consistent calls for a review of the tertiary sector's data framework. RMIT notes this as an area of focus for the future.

3.2 The special case for the Diploma of Languages

The Consultation Paper's proposed allocation mechanism and criteria has the potential to disadvantage the Diploma of Languages (DoL) as this curriculum does not clearly align with the Government's headline SB objective of full articulation or employment outcomes. DoL are not necessarily a pathway to bachelor level study, nor are they designed to be a completed as a full qualification for employment. The DoL are designed to be studied concurrently with a bachelor level program to equip graduates with a basic fluency in a language of their choice to support their success in an increasingly globalised economy. The Consultation Paper's proposed mechanism would reduce the number of CSPs available for the DoL and disadvantage institutions that planned for and supported the Government's objective to improve workforce language skills.

RMIT proposes the DoL be treated separately from the general allocation mechanism and potentially be more closely linked to bachelor degree places within the demand-driven system to clearly align the program funding mechanism with its original intent. The appropriate recognition

and treatment of DoL places should not be used as a mechanism to reduce the overall number of SB designated places; particularly where the evidence suggests there is an overutilization of these places nationally.

4 Next steps

RMIT has a strong track record of applied innovation and industry led research through building partnerships with organisations to collaborate and develop innovative solutions to complex problems. RMIT invites the Government to work in partnership to achieve substantial sector led reform.

RMIT can provide detailed institutional feedback on a draft reallocation mechanism through a structured review program. This would test potential implementation issues before the framework is finalised to support success.

5 APPENDIX

Summary responses to key questions from the Consultation Paper

1. Should geographical representation be a consideration in distribution of places?	
RMIT position	– RMIT does not think geographical representation should be considered in distribution of places, with student and industry demand being a more important.
2. What is the minimum viable allocation for enabling, sub-bachelor and postgraduate places?	
RMIT position	- Where institutions have an existing allocation this should be used as the minimum viable allocation until such point that an agreed set of allocation criteria can be established and validated.
3. How often should places be re-distributed? Should this vary for enabling, sub-bachelor and postgraduate places?	
RMIT position	– Places should be re-distributed for all education levels in line with funding agreements every three years. Institutional autonomy to allocate places ensures the system is responsive to demand in the intervening periods.
4. What proportion of places should be reallocated? Should this vary for enabling, sub-bachelor and postgraduate places?	
RMIT position	<ul style="list-style-type: none"> – RMIT supports the development of a new mechanism for the allocation of CSPs but strongly advocates for a five per cent increase in the total number of places rather than a proposed ‘top slice’ reduction. – Another reduction in CSPs would exacerbate existing skills shortages and further entrench providers over-enrolment in SB courses.
5. What are stakeholders’ views on the allocation criteria suggested above? Are there other criteria which should be considered?	
RMIT position	– Please see detailed response to the allocation criteria for SB and PG programs in the Appendix.
6. How should criteria be configured to ensure that institutions’ do not become ‘locked out’ of future reallocations, especially where they have a limited track record in delivery?	
RMIT position	<ul style="list-style-type: none"> – Using collaborative allocation and clear threshold and performance criteria will reduce the risk of institutions being ‘locked out’ or structurally disadvantaged. – RMIT proposes a review of allocations for each institution be completed in conjunction with new funding agreements every three years to support government intervention where necessary.

Detailed assessment of potential metrics

The following headline principles for metric assessment are drawn from RMIT’s review of relevant and appropriate measures for the purposes of allocation. The Consultation Paper’s criteria – in italics - require greater development and testing with the sector to effectively define metrics and supporting data. RMIT has developed some preliminary analysis for this paper.

Sub-bachelor	Industry need			
	<i>Substantive work experience</i>	<i>Course addresses local or regional skills shortage</i>	<i>Industry engagement in development</i>	<i>Existing utilisation of places</i>
	This requirement may be demonstrated by completing: 32 hours at an industry specific work placement - in house placement with an industry or community partner; or an individual or group project on behalf of a partner.	Course addresses Commonwealth prescribed skills shortage. Course addresses Victorian prescribed skills shortage.	There isn't a clear system wide measure of industry engagement which would have to be established before this was used as a reliable measure.	Number of EFTSL enrolments over or under allocation measured as an average in the intervening allocation (a three-year period for example) period to account for cyclical changes in demand and reduce institutional incentives to game the system.
Postgraduate	Industry need			
	<i>Significant community benefit</i>	<i>Course addresses local or regional skills shortage</i>	<i>Qualification is a minimum or shortest pathway to professional accreditation</i>	<i>Existing utilisation of places</i>
	This metric could potentially be supported by defining and prescribing significant community benefit courses by cluster or program and agreeing this with the sector.	Same view as sub-bachelor. Course addresses Commonwealth prescribed skills shortage. Course addresses Victorian prescribed skills shortage.	For this criterion to be effective the Government must develop and prescribe a list of programs to support sector clarity.	Same view as sub-bachelor. Number of EFTSL enrolments over or under allocation measured as an average across funding agreement period to account for cyclical changes in demand and reduce incentive to game the system.

Sub-bachelor	Innovative qualifications and teaching		
	<i>Industry 4.0 competencies</i>	<i>Teacher / qualification quality as a measure of engagement</i>	<i>Student skills</i>
	Existing government objectives to promote STEM pathways could be supported however the Government would need to define and prescribe industry 4.0 competencies by cluster or program and agree these with the sector.	<p>This requirement should account for long-term, historic score of each institution and reward progress.</p> <p>The average during the agreement period should be measured against the previous average to balance the variability of the measure.</p>	<p>Generic skills (GOS) and skills development (SES) could be used as potential data points.</p> <p>There is a risk that poor response rates could negatively impact the results.</p> <p>The average during the agreement period should be measured against the previous average to balance the variability of the measure.</p>
Postgraduate	Innovative qualifications and teaching		
	<i>Industry 4.0 competencies</i>	<i>Teacher / qualification quality as a measure of engagement</i>	<i>Student skills</i>
	<p>Same view as sub-bachelor.</p> <p>Existing government objectives to promote STEM pathways would be supported by defining and prescribing industry 4.0 competences by cluster or program.</p>	<p>Same view as sub-bachelor.</p> <p>This requirement should account for long-term, historic score of each institution and reward progress.</p> <p>The average during the agreement period should be measured against the previous average to balance the variability of the measure.</p>	<p>Same view as sub-bachelor.</p> <p>Generic skills (GOS) and skills development (SES) could be used as potential data points.</p> <p>There is a risk that poor response rates could negatively impact an institution.</p>

			The average during the agreement period should be measured against the previous average to balance the variability of the measure.
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Sub-bachelor	Student outcomes			
	<i>Completions and transition to further study</i>	<i>Attrition</i>	<i>Excellent employment outcomes</i>	<i>Focused equity groups</i>
	Completion is a more robust measure than articulation as it's hard to capture students moving from one institution to another to continue their pathway. Articulation doesn't account for actual student outcomes as it measures the halfway point and is open to gaming by institutions.	Proportion of commencing students who fail to complete a full program of study. Robust measure which is difficult to game.	The breadth of programs delivered by institutions and new trends in employment requires a broad interpretation of employment outcomes. This requirement should account for: <ul style="list-style-type: none"> - Full-time employment. - Part-time employment. - Self-employment. 	As sub-bachelors are traditionally used by a variety of equity students as an effective pathway, RMIT proposes a high-level criterion for institutions to provide evidence for allocation to encourage defined equity group strategies. This would have a very marginal impact on overall enrolments but provides a clear criterion for institutions to promote social change and engage with the Commonwealth in good faith.
Postgraduate	Student outcomes			
	<i>Student satisfaction</i>	<i>Graduate employment outcomes</i>	<i>Representation of equity groups</i>	
	General measure of student satisfaction with qualification (GOS). There is a risk that poor response rates could negatively impact an institution,	The breadth of programs delivered by institutions and new trends in employment requires a broad interpretation of employment outcomes.	This requirement may be demonstrated by, but not be limited to: <ul style="list-style-type: none"> - Women in non-traditional areas. - Culturally and linguistically diverse communities. - Non-English-speaking background. - Aboriginal or Torres Strait Islanders. 	

	using a rolling two-year average may reduce this risk.	This requirement should account for: <ul style="list-style-type: none">- Full-time employment.- Part-time employment.- Self-employment.	<ul style="list-style-type: none">- Disability.- Low Socio-Economic Status.- Rural/Remote
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