



# **Submission to the consultation on the draft legislation to implement the Job Ready Graduates Package**

**August 2020**

## Overview

The University of Melbourne is pleased to respond to the draft legislation to implement the Australian Government's Job Ready Graduates (JRG) package. The JRG package contains a suite of major changes to the financing arrangements for domestic students in Australian higher education. It is important that the higher education sector and other stakeholders are able to review and comment on these changes before the relevant legislation is brought before the parliament.

We recognise that through the package, the Government is seeking to advance the broad aims of:

- expanding access to higher education without increasing overall funding;
- encouraging students to study courses that address areas of employment need; and
- better supporting regional higher education.

While some of the proposed amendments will help to advance these aims and have our support, there are other aspects of the package that we argue will have unintended consequences. With some reasonable amendments, these can be averted while still delivering the aims of the package. For the record we reject outright what amounts to a six per cent cut to teaching funding.

The following comments are limited to a specific set of measures introduced in the draft legislation:

- The redesign of funding clusters and student contribution bands
- The introduction of a funding envelope for CGS funding
- The introduction of demand driven funding for CSPs for regional and remote Indigenous persons
- The strengthening of student protection and integrity measures

In addition, we offer comment on other elements in the reform package that are not addressed in the proposed legislative amendments, but that are relevant to those amendments and therefore ought to be addressed alongside them.

A number of concerns about the package in its current form relate to the level of Ministerial discretion that they allow. Many of the Bill's provisions will require changes to Commonwealth Grant Scheme guidelines to provide the implementation detail. As noted below, the proposed amendments will give the Minister considerable autonomy over funding for higher education. Given the significant impact on university funding, and the scope for Ministerial discretion (now and in the future), the relevant guidelines should be made available prior to the Bill being considered by the Parliament to allow for public consultation.

One particularly concerning aspect of the proposed legislative changes is the loss of funding certainty. In its current form, the *Higher Education Support Act* places a floor under Commonwealth Grant Scheme funding, guaranteeing that an institution's funding for bachelor places will not fall below the amount received in the previous year. The proposed amendments remove this guarantee. This is a significant change that leaves Australia's university sector vulnerable to future changes that will not require parliamentary approval. Since the aims of the reform package can be achieved without removing this funding floor, the Bill should be amended to reinstate this minimum funding guarantee before the Bill is brought before the parliament.

We look forward to continuing to work with the Government on the detail of the reform package, and how its key objectives are best advanced.

For further information or to discuss this submission Professor Richard James, Deputy Vice-Chancellor (Academic) can be contacted on (03) 9035 4800 or [r.james@unimelb.edu.au](mailto:r.james@unimelb.edu.au).

# Recommendations

## **Redesign of funding clusters and student contribution bands**

The University of Melbourne recommends that the Australian Government:

- Consult with the sector on corresponding reforms to research funding before proceeding with the proposed legislative amendments.
- Review the changes to student contribution levels to ensure that the changes do not create perverse incentives or unintended consequences for institutions or students, such as a funding bias against national priority areas including Science.
- Review the allocation of courses to their respective funding bands to remedy unintended consequences.
- Release the CGS guidelines prior to the introduction of the Bill to Parliament to enable transparency and the necessary consultation.

## **CGS funding envelope**

The University of Melbourne recommends that the Australian Government:

- Maintain the current guarantee that an institution's Maximum Basic Grant Amount will not be reduced below the dollar amount allocated in the previous year.
- Apply growth allocations to accommodate population growth to the entire coursework funding envelope, not just to bachelor-level funding.
- Provide clarity around the inclusion of sub-bachelor courses in the CGS funding envelope.

## **Demand driven funding for regional and remote Indigenous students**

The University of Melbourne welcomes and endorses the Australian Government's intention to proceed with the proposal to introduce demand driven CSP funding for regional and remote Indigenous students.

## **Student protection and provider integrity measures**

The University of Melbourne recommends that the Australian Government review its decision to remove access to a publicly subsidised place to students who fail more than 50 per cent of their study load. Measures taken to support retention should ensure a level of flexibility that allows universities to manage case-by-case assessments of students.

## **Allocation of Growth funding**

The University of Melbourne recommends that the Australian Government, for the purposes of allocating growth funding to accommodate population growth, classify metropolitan areas based on absolute (rather than relative) population growth within the target population, while adjusting for SA4 population size.

## **Performance-based funding**

The University of Melbourne recommends that the Australian Government measure both undergraduate and postgraduate employment outcomes in its performance-based funding framework.

## **Tertiary Access Payments**

The University of Melbourne recommends that the Australian Government proceed with the proposed tertiary access payment, and that it apply to all eligible outer regional and remote school leavers relocating to study (regardless of the study destination).

# Response to measures in the draft legislation

## Cost reflective funding

The changes to course funding are in part informed by Deloitte's [Transparency in Higher Education Expenditure](#) costings report, which sought to estimate the average cost of teaching delivery for Commonwealth Supported students for the 2018 academic year. There are considerable limitations to the Deloitte's analysis, some of which were acknowledged in the report itself.

The diversity of operations across different universities significantly affects the way that costs are captured. The outcomes of the costing exercise are therefore skewed by factors that are independent of the actual cost of delivery. This is demonstrated in the wide array of margins for different institutions across the various fields of education. The variation in average costs reflects a range of contextual factors (such as differences arising from geography, scale, student mix, subject focus, and research intensity), as well as differences in strategic focus across institutions. Further, reverting to the mean for a discipline fails to accommodate variance between sub-fields within that discipline. For example, as Vin Massaro pointed out in his analysis of the Deloitte report, it cannot "be assumed that the *average* cost of teaching engineering is a good basis for funding *all* engineering (emphasis added). This would also apply to science, social work, allied health and even, to a lesser but significant extent, languages."<sup>1</sup> The effect of treating average costs as representative across all sub-fields is that some of those sub-fields will be underfunded, making it harder for universities to offer places in them.

Notwithstanding our opposition to cutting teaching funding, especially at a time when the nation will need a higher investment in education to boost the productive capacity of its people, the University offers the following feedback and recommendations for amendments to the draft legislation.

### 1. Redesign funding clusters and student contribution bands

#### CSP Funding and university research

The proposed change to funding clusters and student contribution bands is estimated to result in a reduction in base per student funding of around 6 per cent.<sup>2</sup> The effect of this reduction will be felt not just on teaching but also on university research. It has been generally accepted that a component of Commonwealth Grant Scheme (CGS) funding is appropriately used for research. Since a 'university' is defined (in the Provider Category Standards) as a research active institution, there has been an understanding that a component of teaching-derived funding can be used to support university research. This was reflected in the 2014 proposal to fund other higher education providers at 70 per cent of the rate for universities to account for the lower delivery costs entailed by their not being research active.

... non-university higher education providers will be eligible for Commonwealth funding for undergraduate courses. Student places at these providers will be funded at 70 per cent of the rate for universities on the basis that these providers are not required to sustain the same kind of research or meet the same community service obligations as universities.<sup>3</sup>

The underfunding of research further underscores the significance of a component of teaching-derived funding being used to support research. In its 2017 report on the university sector, the Productivity Commission said that any move to cost-reflective funding of teaching would need to be accompanied by reforms to research funding.

Making payments to universities for Commonwealth-supported places more cost-reflective

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<sup>1</sup> [https://campusmorningmail.com.au/news/funding-model-inadequate-on-teaching-quality-and-standards/?utm\\_campaign=website&utm\\_source=sendgrid.com&utm\\_medium=email](https://campusmorningmail.com.au/news/funding-model-inadequate-on-teaching-quality-and-standards/?utm_campaign=website&utm_source=sendgrid.com&utm_medium=email)

<sup>2</sup> Deloitte, [Transparency in Higher Education Expenditure](#) costings report.

<sup>3</sup> Explanatory Memorandum, *Higher Education and Research Reform Amendment Bill*, p.5.

would be an option to address the problem [of teaching-research cross-subsidy]. However, it would have undesirable flow-on effects to university research capacity unless offset by other funding initiatives.<sup>4</sup>

The attempt to align teaching funding with teaching costs, without also addressing the funding settings for research, effectively amounts to a cut in research funding. This follows the loss of international fee revenue due to the pandemic, which has been used to fund a significant portion of Australia's research effort in the past. Australia's research funding is under severe financial pressure. This represents a significant risk to Australia's economic recovery following the pandemic - a world-class research system is critical to the nation's future prosperity.

As stated by the Productivity Commission, changes that aim to align CSP funding with costs should not be enacted without corresponding reforms to research funding. The outcomes of the Research Sustainability Working Group, established to advise the Minister on research funding, should be known prior to Parliament carefully considering this legislation. The changes to funding teaching and learning should be contingent on also establishing commensurate additional research funding.

### **Changes to funding clusters and student contribution bands**

The proposed adjustments to student contribution levels aim to "better align Commonwealth funding to emerging labour market priorities, including nursing, health occupations, teaching and IT." (See DESE, Overview, funding cluster re-design, p.1). The changes lower student contribution amounts in each of those priority areas, with a view to encouraging greater enrolments in those courses. Conversely, students in fields deemed not to address emerging labour market needs will see their contributions increase significantly. For example, student contributions in the humanities and social sciences will be set at \$14,500 - a 113 per cent increase on the current level. Students in Law and Management and Commerce will also be raised to \$14,500 (a 28 per cent increase). In practice, these students will be close to paying full fees for their courses.

In this way, the Government's package seeks to encourage students to select certain courses over others by creating a price signal through the reduction of the cost of those courses for students. Past experience suggests that changes to student contribution levels are an ineffective means of altering student behaviour, as students can defer contributions through the income contingent loan program.

Further, many of the 'national priority areas' in which the Government wants enrolment growth will actually receive a lower rate of funding per student under the proposed changes. This includes nursing, education, allied health, engineering and science. This will make it more difficult for the university sector to offer additional places in these areas, even if lower student contribution levels stimulate an increase in demand from students (as intended). Rather than helping the sector to meet growing demand for skills in these fields, universities will receive less funding for courses in which the Government is hoping for enrolment growth.

The University of Melbourne acknowledges the legitimate expectation on the part of students, the public and the Government that learning outcomes achieved in Australia's universities are aligned with the needs of the labour market, insofar as they can be identified. However, there are substantial issues with attempts to advance that aim through the proposed changes to student contribution bands. We identify three key issues: the variability in access to public subsidy for some students is unfair; the rationale for the changes wrongly implies that there is little or no labour market need for the skills acquired in the humanities; and the proposed changes introduce perverse incentives that will likely undermine the attempt to increase enrolments in national priority areas. The University's Dean of Arts has made a submission that further illuminates these issues including the disproportionate impact of the changes on women and the failure to recognise the strong employment outcomes of HASS students in growing job sectors.

### ***Some national priority areas will be hit with significant student contribution increases***

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<sup>4</sup> Productivity Commission (2017), *Shifting the Dial – Supporting Paper 7: University Education*, p.2.

There is a need to reassess the changes to ensure that students are not discouraged from entering courses that service growing employment needs. Social work is an area in which the private benefits for graduates (in the form of income) are modest and where the public value contributed is substantial. Despite this, student contributions for social work will be set at the highest level (\$14,500) under the proposed changes. It is possible that prospective social work students are more price sensitive than the average student, and that the proposed changes reduce the number of young people interested in this field. The changes need closer scrutiny to make sure that they do not deliver this type of outcome.

***The significant increases proposed for some students are unfair***

As noted, the changes propose to increase contributions from students in the humanities (excluding English and Languages) and social sciences by 113 per cent to \$14,500. Contributions for Law, Economics and Commerce students will also be set at \$14,500. These increases will effectively help pay for the lowering of student contributions (and therefore the higher CGS subsidy levels) in other fields. There is a question of fairness of changes that fund a reduction in the cost of study for some students through a drastic increase to the cost for other students.

***The implication that humanities programs do not promote job-relevant skills is incorrect***

The implication that there is limited labour market need for the skills and knowledge acquired in humanities and social sciences is incorrect. As our Dean of Arts outlines in his submission, the Humanities and Social Sciences are key to Australia's recovery and future success. The skills in demand by Australian companies are those that graduates in the Humanities and Social Sciences are well trained in: creativity; analytical and original thinking; complex problem-solving; and emotional intelligence.<sup>5</sup> To strike a funding change that penalises HASS students despite them training in areas of growing national demand seems perverse as Australia's economy becomes more knowledge-intensive in the coming decade.

***The changes introduce incentives for universities to offer fewer places in the Government's priority areas***

Since a university's funding envelope sets an upper limit on the total Commonwealth Grant Scheme (CGS) revenue it can receive, but sets no upper limit on aggregate student contributions, the arrangements create a disincentive against fields that the Government has identified as national priority areas (e.g. nursing, science, engineering, agriculture) where student contributions make up only a small proportion of base funding. The expectation is that many universities will exhaust their CGS funding envelope, with increased demand due to both demographic shifts and the economic downturn. Often it will not be viable for universities to offer additional places in highly subsidised fields, given the small amount received in student contributions once an institution's funding envelope has been fully utilised.

***Recommendations***

*The University of Melbourne recommends that the Australian Government:*

- *Consult with the sector on corresponding reforms to research funding before proceeding with the proposed legislative amendments.*
- *Review the changes to student contribution levels to ensure that the changes do not create a funding bias against national priority areas.*
- *Review the allocation of courses to their respective funding bands to remedy unintended consequences.*
- *Release the CGS guidelines prior to the introduction of the Bill to Parliament to enable transparency and the necessary consultation.*

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<sup>5</sup> (World Economic Forum 2018; Korbel 2018).

## **2. Introduce a Funding envelope**

The amendments propose to introduce “funding envelopes” that will have the effect of combining the CGS funding for all course levels allocated to a university into a single amount, allowing the university the flexibility to determine how much of that funding is used at each level. Under the current arrangements, a university’s funding agreement specifies separate grant amounts for non-designated (bachelor) courses and designated (postgraduate and sub-bachelor) courses, limiting the re-allocation of funding across course levels. Under the new arrangements, an institution will receive a Maximum Basic Grant Amount for “higher education courses”, which will include all non-medical bachelor courses and non-medical postgraduate coursework courses.

The University of Melbourne welcomes the move to flexible CGS funding envelopes. The introduction of greater flexibility in the funding of CSPs brings a range of advantages. The most important of these is that it will drive diversity, specialisation and innovation in Australia’s university system. Institutions will have greater autonomy to develop course offerings that are driven by a view of student interests and learning outcomes rather than by differential funding settings. Funding envelopes will better accommodate the University of Melbourne’s graduate curriculum model (the Melbourne Model), as Masters-level professional entry programs will not be disadvantaged relative to Bachelor programs offered elsewhere in the same field. Similarly, other universities will be free to pursue innovations in curriculum design. Greater institutional diversity will provide students with a wider set of study options and drive improvements in teaching and learning outcomes. The Government is to be commended for adopting the funding envelopes approach to CGS funding.

### **Funding guarantee (MBGA) removed**

Under the current arrangements, Section 30-27(3)(b) of the *Higher Education Support Act* guarantees that an institution’s Maximum Basic Grant Amount (MBGA) for non-designated (bachelor-level) places will not be lower than the amount allocated in the previous academic year. The proposed legislative amendments would effectively remove this guarantee: while section 30-27(3)(b) will not itself be amended, its application is to be limited to Indigenous students enrolled in ‘demand driven higher education courses.’

The guarantee that an institution’s CGS funding for bachelor programs will not be reduced below the dollar amount allocated in the previous year is a key element in the funding framework, providing a level of certainty around future funding allocations. The absence of this guarantee would leave the university sector vulnerable to future funding cuts, at Ministerial discretion, which undermines confidence in planning year-to-year.

### **Limiting funding growth to bachelor-level funding undermines the funding envelop concept**

Annual increases to an institution’s MBGA will be provided to accommodate population growth and to drive attainment levels in regional areas. These increases are to be limited to bachelor-level funding, with the increased funding amount to be calculated on the basis of existing funding for commencing bachelor students.

Limiting growth funding in this way undermines some of the core benefits of using flexible funding envelopes to allocate CGS funding. The major advantage of this approach is its neutrality between course levels. This enables institutions to develop program offerings with a view to the educational outcomes that they deliver, rather than on the basis of funding settings that are biased towards a given course level. Limiting growth funding to bachelor courses will effectively re-introduce the funding bias towards bachelor-level study, thereby diminishing one of the key advantages of flexible funding envelopes.

Relatedly, there is an inequity in the system of providing growth funding for bachelor level programs but not for corresponding Masters-level programs that provide an access point in the same professional areas. Under the University of Melbourne’s graduate curriculum model for example, our

professional-entry courses are located at the postgraduate level. Since growth funding will be limited to bachelor programs, these arrangements will disadvantage the University relative to other institutions whose professional-entry programs are at the bachelor level.

### **Sub-bachelor courses – clarity needed in inclusion in the funding envelope**

There is a need for greater clarity around the funding arrangements for sub-bachelor courses. Under the proposed HESA amendments, sub-bachelor courses will be deemed ‘designated higher education courses’, thereby separating funding for these courses from allocations for bachelor and postgraduate courses (both defined as ‘higher education courses’). On the other hand, the overview document released alongside the draft amendments indicates that it “is intended that sub-bachelor courses would be included in the CGS funding envelope from 1 January 2021.”<sup>6</sup>

The CGS funding envelope should encompass funding for sub-bachelor courses. Importantly, this will allow institutions to expand enrolments in sub-degree programs where this responds to the interests of prospective students and local needs, thereby avoiding a situation where students are encouraged into a bachelor degree despite their learning objectives being better suited to a sub-bachelor program. In any case, the policy rationale for HESA continuing to delineate between sub-bachelor courses and bachelor and postgraduate courses should be made clear.

### **Recommendations**

*The University of Melbourne recommends that the Australian Government:*

- *Maintain the current guarantee that an institution’s Maximum Basic Grant Amount will not be reduced below the dollar amount allocated in the previous year.*
- *Apply growth allocations to accommodate population growth to the entire funding envelope, not just to bachelor-level funding. (See below for a further recommendation that population growth be assessed in absolute rather than relative terms to ensure growth is accurately measured).*
- *Provide clarity around the inclusion of sub-bachelor courses in the CGS funding envelope.*

### **3. Introduce demand driven funding for CSPs for regional and remote Indigenous persons**

The proposed HESA amendments will remove any funding cap for CSPs provided to Indigenous regional and remote students, making the supply of CSPs to these students demand driven. Under this proposal, CGS funding allocated for Indigenous regional and remote students will be provided over and above that provided for other ‘higher education courses’ and ‘designated courses’.

This initiative is strongly supported as it will provide further scope for universities to build pathways and grow places for Indigenous students. This will help to drive growth in participation of Indigenous regional and remote students, ensuring that funding constraints do not act as a barrier to access for members of the Indigenous community.

### **Recommendation:**

*The University of Melbourne recommends that the Australian Government proceed with the proposal to introduce demand driven CSP funding for regional and remote Indigenous students.*

### **4. Extend and strengthen student protection and provider integrity measures**

The draft amendments propose to enact a series of measures that ensure that students enrolled in higher education programs are “genuine” in the sense they are properly engaged with their course of study and that they are progressing through it at an appropriate rate. These measures include:

- Prohibiting unscrupulous marketing and enrolment practices.
- Imposing a limit on concurrent study for a given student of 2.0 EFTSL per academic year.
- Imposing a 50 per cent pass rule in order for students to be eligible for a CSP or for FEE-HELP.

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<sup>6</sup> p.3



The University of Melbourne supports the basic intent of the proposed changes but not the method suggested for addressing it. Universities have a responsibility both to students and to the public to ensure that those enrolled in their courses are genuinely engaged in their studies and are making the expected learning progress.

It is, however, important that the measures are properly targeted, and that there is a level of flexibility in the arrangements that will allow them to be applied with sensitivity to the student's circumstances. We have concerns that the proposed provisions within HESA will represent a blunt instrument that will not allow for this, while also overlooking TEQSA's existing remit to oversee this area.

The Higher Education Standards Panel provided an extensive report to the Government on improving retention, completion and success in higher education.<sup>7</sup> It did not recommend the punitive approach now adopted in the draft legislation. Inevitably, some students fail units for a number of reasons such as the difficulty in making the transition to university study or to factors beyond their control. There is evidence that health issues and financial hardship are among the common reasons for students to discontinue their studies.<sup>8</sup>

In many cases, these students, given the necessary support, will 'recover' to successfully complete their studies. It would be a perverse outcome if the proposed changes resulted in such students being prevented from continuing their studies due to early underperformance, especially as the pandemic has created unprecedented learning, social and financial challenges for many students.

We should also note the existing measures that address the issue of student progression. Universities are required to monitor student progression under the *Higher Education Standards Framework* and are subject to regulatory oversight from TEQSA to ensure they meet these requirements.

The performance-based funding scheme includes a measure of student retention, and therefore ties some CGS funding to performance relating to student progression. It would be open to the Minister to increase the weighting of this measure when assessing university performance. In addition, universities have institutional policies for monitoring academic progress which, among other things, require students to enter into a performance improvement plan where progress has been inadequate.

With these measures in place, the focus should be on mechanisms for collecting robust data that enables timely monitoring of outcomes, and that will help inform targeted interventions to student cohorts identified as being at-risk.

Legislation is a heavy-handed instrument to encourage retention and student success, and any legislative arrangements, if adopted, should enable universities to manage case-by-case assessments of students to ensure against unintended consequences. This could be achieved by allowing a student to be exempt from the proposed provisions where they have entered into a performance improvement plan with the host institution.

***Recommendation:***

*The University of Melbourne recommends that the Australian Government review its decision to remove access to a publicly subsidised place to students who fail more than 50 per cent of their study load. Measures taken to support retention should ensure a level of flexibility that allows universities to manage case-by-case assessments of students.*

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<sup>7</sup> [https://docs.education.gov.au/system/files/doc/other/final\\_report\\_for\\_publishing.pdf](https://docs.education.gov.au/system/files/doc/other/final_report_for_publishing.pdf)

<sup>8</sup> Norton, Andrew and Ittima Cherastidtham (2018), *Dropping Out: the benefits and costs of trying university* (Melbourne: Grattan Institute), p.57.

## Other issues relating to the Job Ready Graduates package

### Allocation of growth funding

The Australian Government has committed to allocating growth funding to accommodate population growth and to increase bachelor attainment levels in regional areas. From 2021, additional funding for commencing bachelor Commonwealth Supported Places (CSPs) will be provided at 3.5 per cent per year for regional campuses, 2.5 per cent per year for campuses in 'high-growth' metropolitan areas, and 1 per cent per year for campuses in 'low-growth' metropolitan areas.

While the University appreciates the rationale of using projected population growth as a guide to future demand, there are issues with the method used to categorise metropolitan areas. Under the proposed approach, metropolitan campuses are assigned a growth classification based on *relative growth* in the relevant metro area (i.e. percentage increase in the number of 15-29-year-olds between 2020 and 2023). Areas with above average relative growth are deemed high-growth; Statistical Area 4s (SA4s) with below average relative growth are deemed low-growth.

The use of relative or percentage growth in the number of 15-29-year-olds understates the level of growth in areas that are starting from a high base of 15-29-year-olds. This problem disadvantages those universities in areas with already very high numbers of 15-29-year-olds.

For example, for Statistical Area 4 Melbourne – Inner, 31 per cent of the total population falls in that age bracket, compared to an average of only 21 per cent for all metro SA4s. Given this high starting point, the seemingly modest 4.7 per cent increase in that area of 15-29-year-olds between 2020 and 2023 corresponds to a very large increase in the raw number of 15-29-year-olds. There is projected to be 10,380 more 15-29-year-olds in Melbourne – Inner in 2023 than in 2020 (the third highest increase of all metro SA4s).

The way to avoid this problem is to measure population growth in *absolute rather than relative terms*. This involves assessment based on the increase in the number of 15-29-year-olds between 2020 and 2023 (i.e. instead of the percentage increase). Absolute growth is a more appropriate indicator of likely demand for higher education: what matters is the additional number of people who are in the 15-29 age bracket and who are therefore likely to be seeking entry to university. Similarly, measuring by absolute growth avoids understating the level of growth in areas that start from a high base of 15-29-year-olds.

While an absolute growth measure is more reflective of population growth and of student demand, there is a need to adjust for population size, given the large variance in total population across metropolitan SA4s. Not adjusting growth for population size would disadvantage areas with small populations that therefore have modest projected increases in the number of 15-29-year-olds.

Hence, the alternative proposal is to measure absolute growth, adjusted for the total population size of the SA4. This involves measuring the increase in the number of 15-29-year-olds between 2020 and 2023 per 10,000 total population (all ages) in 2020. This approach delivers broadly similar outcomes to the Government's approach. Only four SA4s would need to be re-classified under this approach from low-growth to high-growth: Melbourne – Inner, Brisbane – West, Brisbane – South, and Perth – Inner.

### **Recommendation:**

*The University of Melbourne recommends that the Australian Government, for the purposes of allocating growth funding to accommodate population growth, classify metropolitan areas based on absolute (rather than relative) population growth within the target population, while adjusting for SA4 population size.*

## **Performance-based funding**

The University of Melbourne understands that performance-based funding allocations will now be administered through the indexation increases on CGS funding announced as part of the JRG package i.e. the receipt of indexation increases will be made contingent upon university performance relating to teaching and learning outcomes.

It is important that the measures used in the performance-based funding framework are properly reflective of a university's total performance, rather than on the outcomes of specific cohorts of students. Performance assessments should be based on the outcomes of both undergraduate and postgraduate students, rather than being based on undergraduate outcomes as occurred in the first iteration of performance-based funding this year. Limiting assessments to undergraduate students specifically disadvantages the University of Melbourne, as it excludes the positive employment outcomes of students completing a professional-entry Masters program within the Melbourne Model (Melbourne's graduate engineers, teachers and nurses, for example, are not counted in employment outcomes measures under the scheme). With the move to funding envelopes, there is greater policy coherence in measuring all graduate outcomes and not just a segment of the graduating cohort. Also, the use of both undergraduate and postgraduate outcomes is appropriate if the intention is to make CPI increases on the entirety of an institution's CGS funding envelope contingent upon performance.

### ***Recommendation:***

*The University of Melbourne recommends that the Australian Government measure both undergraduate and postgraduate employment outcomes in its performance-based funding framework.*

## **Tertiary Access Payment**

The Job Ready Graduates package includes a new payment of \$5,000 for school leavers from outer regional and remote areas who are looking to relocate to study. The University of Melbourne supports this initiative. Students from these areas face considerable barriers that have resulted in their being historically underrepresented in Australia's higher education system. The access payment will help address some of these barriers.

The University of Melbourne suggests that consideration should be given to expanding the payment so that students from inner regional areas are also eligible, since these students have also been underrepresented. Beyond this, it is crucial that the payment be available to all students from eligible areas, whether relocating to study at a metropolitan or a regional campus. This is necessary to advance the key aim of broadening the study aspiration and options for regional students who should be supported to exercise their choice in course selection and educational provider.

### ***Recommendation:***

*The University of Melbourne recommends that the Australian Government proceed with the proposed tertiary access payment, and that it apply to all eligible outer regional and remote school leavers relocating to study (regardless of the study destination).*