

IRU: comments on draft Mission-based Compact template

The draft template for the Compact between each university and the Australian Government is effective for setting out the Government's key expectations of universities and permitting universities to outline their plans.

The individual members will provide their own comments on the template and on the performance funding arrangements.

In these comments the IRU focuses on:

- some areas where the template raises issues about the purpose of the funding provided and the achievement of the Government's objectives; and
- areas where the process to support the Compacts and to determine funding are not clear.

Funding and the Government's objectives

1. DEEWR Funding of universities' base operations – more than teaching and learning

In Section D of the Context, the Structure of the Compact, Part Two is said to provide for 'matters relating to teaching and learning, which are matters administered by DEEWR'.

This description underplays the CGS's general role to support the ongoing operations of the university, including through funding of staff who have a mix of teaching and research responsibilities.

It is important that there remain recognition of the role for base funding wider than purely teaching and learning activity to sustain the university in its pursuit of its overall mission and the meeting of the suite of Government objectives. Without this there is a stronger risk that requirements from the two notional elements – teaching and learning, research – will clash, causing inefficiencies in university operations given that much expenditure is of relevance to both.

The provision for the university to set out its mission in the Compact allows the university to set out the breadth and interconnections of its operations. There should also be explicit Government recognition for this in the Compact. This question will also be important in the coming review of base funding.

2. The relevance of merit in a student centred system

In section B of the Context, Principles for Commonwealth Funded Support the template lists, as if there is no tension between the two concepts,:

- 'opportunity for all' and
- 'access to university based on merit'.

In section C, The Commonwealth's Ambitions for Higher Education and Innovation, it lists:

- 'a fairer Australia – all Australians will benefit from widespread equitable access to a diverse tertiary education sector that allows each individual to develop and reach their potential' and
- 'providing opportunities for people from all backgrounds to participate to their full potential and be supported to do so'.

The question is whether 'access based on merit' remain relevant in a student focussed system, with no funded restraint on places and an explicit Government intent that all capable students should find a place that meets their needs. It could reduce a university's freedom in selecting from among all suitable applicants where there more applicants than the university is able to enrol. The relevant test is that a university does not admit people clearly not sufficiently prepared for the course.

The merit principle may derives from the Act which says that there must be 'open, fair and transparent procedures that, in the provider's reasonable view, are based on merit for making decisions about the selection of students who are to benefit from the grant, allocation or payment'. (HESA section 19-35 (2)).

The requirement was inserted in a context of there being a need for many courses to select competitively among applicants and concerns about the role of fee paying domestic undergraduate places potentially placing willingness to pay as a factor in selection.

Universities and DEEWR remain bound by the terms of HESA. However, it is not necessary to include the 'merit' requirement as a Principle of the Compact, given it could detract from the Government's clear commitment to opportunity for access.

3. Research

The tendency to over simplify the purpose of funding streams raised above is also present in Part Three, on research, research training and innovation. That part aligns those three elements with three distinct sets of funding programs:

- research with RIBG, SRE and CRN;
- research training with RTS and various scholarship programs; and
- innovation with the JRE.

The former IGS, now the JRE, clearly supported research in the broad. The template presentation ties the JRE to innovation removing any sense of the full impact of the use of those funds.

The IRU is not challenging the Government's decision to create the JRE to encourage greater innovation and interaction with industry and other non-Government bodies. The alternation to the funding formulae to that effect will ensure that universities give due heed to the intended focus. However it is nonsensical to consider that such activity does

not also contribute to 'excellence in research performance and the strengthening of research capability' (Template 7.1.1).

Universities actual use of funds remains largely at their discretion. However, the potential is there for future accountability to wish to see the direct connection of revenue to expenditure at which point the implications of the restricted description would be apparent.

The individual universities will comment on the array of data items proposed in Part Three for the ease with which they can be provided and their relevance to assessing research outputs. The common concern is that where these go beyond Indicators which derive from standard reported data they will require significant effort to collect and may add little value to the assessment of research performance.

Clarifying the process

4. The relationship between the Compact and the Funding Agreement

The initial presentation of the Compact suggested it would supplant the HESA Funding Agreement (HESA, section 30-25). Consistent with that impression it would be more straightforward were the Compact to replace the agreement in the Act or the whole of it be taken to be the Funding Agreement.

However, the Compact is structured such that it includes the Funding Agreement:

- Section A of the Context defines which parts of the Compact equal the Funding Agreement;
- Clause 5 indicates that the Funding Agreement will remain distinctly created and then attached to the Compact;
- Clause 10 then makes clear that the terms of the specific Funding Agreement retain priority should there be any conflict with the terms of the Compact.

The arrangement leaves ambiguous the future interaction of the Funding Agreement and Compact processes since they remain formally distinct. It would be useful for DEEWR to outline the annual and triennial processes by which both the Funding Agreement and the Compact will be renewed.

5. The basis for funding from 2012

As universities move from the current target based funding system to the open, student driven system from 2012 it would be useful to understand how in practice the level of funding will be estimated, funded, and then confirmed. Associated with this is the role of target numbers in future Funding Agreements. The document indicates that this information will be provided towards the end of 2011, rather late for universities budget and other planning systems.

There is also a connection to the reward payment for performance which is to be based on the basic grant amount: how will such a figure be constructed from 2012 and will it be subject to adjustment based on the actual enrolment for a year?

To address this it would be useful to set out a plan of the cycle from estimation through to final confirmation of funding for a particular year.

6. Performance funding: the long term future of the facilitation payment

The wording of the facilitation section 4.8 limits it to the three years of the Compact. The funding deriving from the Bradley outcomes reflects the equivalent of the indexation change if applied from 2011 rather than 2012. The Compact wording leaves unclear the future for that payment following the first Compact:

- whether the funding continues, which is the logic of its initial inclusion; and
- how the amount would be calculated once funding is purely based on enrolments. to be effective the increase should apply to the rates per funding cluster.

IRU
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