

Response to the Base Funding Review Recommendations

29 February 2012

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Flinders University
Griffith University
James Cook University
La Trobe University
Murdoch University
The University of Newcastle

The purpose of base funding (Chapter 1)

Recommendation 1: The purpose of base funding

The Australian Government should endorse the principles set out by the Panel.

IRU Response

The IRU supports the Principles as a useful basis for determining future base funding.

Strengthening Australian higher education (Chapter 2)

Recommendation 2: The need for more investment

The average level of base funding per place should be increased to improve the quality of higher education teaching and to maximise the sector's potential to contribute to national productivity and economic growth.

IRU Response

Supported.

The IRU recommends that the initial benchmark for increasing total base funding should be 10% (consistent with the Bradley Report recommendation 26). Initial priorities for increases are:

- Contemporary Learning Spaces, a load based infrastructure grant;
- enhancing programs to support access to university through raising and maintain the low SES and enabling loadings and creation of an Indigenous access and course completion loading;
- a Course Renewal Innovation Program, building off the flagships proposal; and
- improvement to base funding rates for the most underfunded discipline areas.

Recommendation 3: Improving international competitiveness

The Australian Government should produce a triennial 'State of the Higher Education System' report which monitors Australian teaching quality and resourcing based on a suite of relevant and available indicators, relative to comparable international systems or institutions with which Australia should establish a benchmarking relationship.

IRU Response

Supported. It is important to ensure regular analysis of major developments and the regular provision of key data sets.

Meeting reasonable costs (Chapter 3)

Recommendation 4: Address areas of underfunding

The Australian Government should address the identified areas of underfunding in the disciplines of accounting, administration, economics, commerce, medicine, veterinary science, agriculture, dentistry, and visual and performing arts, and should consider increasing the funding level for humanities and law.

IRU Response

The IRU supports increasing the funding for the listed disciplines within an overall package of measures to achieve a substantial, sustained, increase in base funding.

Recommendation 5: Adjust relativities to better reflect costs

The Australian Government should reduce the number of base funding clusters to reflect the convergence of costs of delivery between courses and adjust the relativities accordingly.

IRU Response

The IRU supports the principle of there being fewer clusters such that each cluster is clearly distinct from the others.

Recommendation 6: Maintain per student funding levels

In modifying the clusters and relativities, no discipline should experience a reduction in per student funding in real terms.

IRU Response

Supported. The IRU agrees that it is important that no discipline area receive less funding. This has priority over raising the cluster funding for particular disciplines.

Recommendation 7: Funding for postgraduate coursework study

Where the Australian Government approves Commonwealth supported places in postgraduate courses, the level of funding should be at the same rate as funding for undergraduate courses.

IRU Response

Supported. The priority for additional funding should be undergraduate education.

The question is not about the precise cost to deliver postgraduate compared with undergraduate qualifications. It is about the level of resourcing for Government funded places and targeting of available Government funding. Where universities have used Government places for postgraduate courses or moved courses from undergraduate to postgraduate levels they have done so at the standard rate of funding.

Recommendation 8: Improving the evidence base

To inform future funding policy and after consultation with universities, the Australian Government should develop an agreed ongoing cost measurement system that collects data on:

- *functional expenditure*
- *the costs of delivery, including information on the costs of modes of teaching*
- *the internal and external costs of work-integrated learning.*

IRU Response

The IRU supports the development of effective ongoing measurement of the impact of changes in delivery and external requirements on expenditure on teaching and learning. This could provide a useful basis for future discussions about funding levels. The collection of such information needs to be done efficiently, minimising the impact on university operations.

Recommendation 9: Funding to meet costs of changed data requirements

The Australian Government should provide appropriate funding support to institutions to develop the enhanced data base recommended in this report.

IRU Response

Supported. The Government should consult with universities to ensure the funding is appropriate to the task.

Supporting quality teaching and learning (Chapter 4)

Recommendation 10: Performance Funding

Performance objectives to promote quality teaching should be funded separately from base funding using transparent indicators and assessment processes.

IRU Response

The IRU was a strong proponent of the performance assessment framework the Government was developing through to late 2011. The decision to abolish the performance elements relating to teaching and learning was taken after receipt of the Base Funding Review Report. The IRU considers restoring the teaching and learning elements would be of advantage but, in light of the Government's decision, it is a lower priority for initial action.

Recommendation 11: Funding for quality teaching

The Australian Government should continue to advance quality teaching in Australian universities through performance agreements such as the current Compacts using credible, consistent and agreed quality measures.

IRU Response

IRU members will continue to demonstrate the quality of their teaching to Government in developing and reporting against the University Compacts. The development of suitable measures is hampered by the removal of funding tied to their outcomes.

Recommendation 12: Measures of retention and completions in Performance Funding

The Australian Government should include measures relating to student retention and completions in its Performance Funding framework for universities in a manner that acknowledges the provider of each year of student attainment.

IRU Response

Supported. It is important that measures based on individual students take account of student movement across institutions to provide a more accurate assessment of student outcomes.

Recommendation 13: Funding for flagship programs

The Australian Government should encourage institutions to develop outstanding programs that would be funded up to 50 per cent more than the standard base funding rate, by both government and student contributions according to the 40:60 ratio [sic], to a limit of 5 per cent of each institution's total Commonwealth supported load.

IRU Response

The IRU supports creation of a Course Renewal Innovation Program, building off the flagships proposal's underlying focus on innovation but avoiding its negative elements. The Course Renewal Innovation Program would:

- support major projects for innovation in course delivery, including cross institution delivery;
- fund each renewal project for 3 to 5 years to underwrite the innovation, with the expectation of long terms sustainability within the university's ongoing funding. In this way a university would use the funding to work across all major areas to stimulate better approaches to learning;
- involve innovation and renewal that over time would improve learning for a wide range of students; and
- not be based on students paying higher student contributions.

Recommendation 14: Ongoing evaluation of flagships

In cooperation with the higher education sector, the Australian Government should evaluate institutions' flagship programs on a continuing basis to monitor their effectiveness in encouraging excellence and innovation as well as their impact on student participation and achievement.

IRU Response

See recommendation 13.

Recommendation 15: Funding for base research capability

In determining the ongoing allocation of the proportion of base funding provided to universities to support base research capability, the Australian Government could choose to continue to allocate this proportion on the current basis using student load; or to distribute this proportion of base funding on a basis that reflects variations between the institutions' research outputs.

IRU Response

The IRU welcomes the recognition that base funding includes support for universities base research capability. Base funding should continue to be allocated based on load recognising that all areas of university teaching should be associated with research. In particular, a load based allocation supports the development of research capability in new and expanding areas of teaching.

Recommendation 16: Adjusted funding for non-university providers

Base funding should be adjusted by an amount of up to 10 per cent for non-university provision of higher education courses in recognition that these providers are not required to undertake research.

IRU Response

Supported.

Recommendation 17: Funding for contemporary learning spaces

Base funding should be complemented by an additional amount of approximately 2 per cent of base funding per annum distributed on the basis of weighted student load to support the provision of appropriately resourced facilities and to reflect the higher standard required of contemporary teaching and learning spaces.

IRU Response

Supported. The proposal is a priority for new funding. It addresses the challenge of ensuring the expansion of higher education from demand driven funding is matched by the quality of education.

The recommendation is a significant response to a major weakness of the current funding arrangements. IRU universities made very effective use of the Government's one off infrastructure allocations (BURF in 2008 and TLCF in 2009), to upgrade and create learning spaces.

Recommendation 18: Review of health and education placements

Following consultation with state and territory governments, professional bodies, Health Workforce Australia and Council of Australian Governments, the Australian Government should undertake a detailed assessment of the costs of health and education placements within the range of arrangements across Australia, to define the roles of Australian governments and employers/industry in maintaining the relevant workforces and to identify ways to avoid cost escalation.

IRU Response

Supported.

Recommendation 19: Encourage universities to pursue philanthropy

The Australian Government should encourage universities to pursue philanthropic support by providing universities with seed funding to improve their capacity to attract donations.

IRU Response

It would be valuable to test the impact of a small seed funding program on the capacity of Australia's universities across the board to attract significant philanthropic support.

Sharing the investment (Chapter 5)

Recommendation 20: Income-contingent loan scheme arrangements should remain

The current income-contingent loan system should remain in place and its repayment threshold should be set at a level that does not deter participation.

IRU Response

Supported.

Recommendation 21: Contribution amounts to remain regulated

The Australian Government should uphold the current policy of capping student contribution amounts at maximum levels, recognising that universities have the autonomy to set lower student contribution amounts if they choose.

IRU Response

Supported. The IRU proposes that there be a single maximum student contribution amount.

Recommendation 22: Measures to address skill shortages

The Australian Government should phase out existing measures that aim to increase student demand in areas of skill shortages using student contribution reductions and should consider more targeted measures to address skill shortages. In some cases, this could be in partnership with employers and state governments to provide information and incentives for students to undertake courses in priority areas and seek employment in relevant industries on graduation.

IRU Response

Supported. The evidence shows that manipulation of the student contribution levels to encourage enrolments in particular areas has little lasting effect.

Recommendation 23: Appropriate balance of contributions

The balance of student and government contributions should be set at a fixed proportion with students contributing 40 per cent and the Government contributing 60 per cent of the funding for each Commonwealth supported place.

IRU Response

The IRU opposes this recommendation.

The IRU agrees that the current array of student contribution maxima has no valid basis. It disagrees that the student should pay in proportion to the notional cost of the course. Such an approach only imbeds that all universities should commit standard amounts of resourcing to each discipline area.

The logic of the student demand funding arrangements is to support each potential student be admitted to a course that meets his/her interests and needs on the basis that this will produce a balanced mix of graduates. University funding arrangements should not encumber effective student choice through variable student contributions determined by the resource requirements of the course.

Recommendation 24: Phased implementation of the new balance of contributions

The new 40:60 ratio applying to student and government contributions of the total base funding should be phased in as follows:

- *existing students should continue to be charged the contribution levels that currently apply until they graduate from their degree*
- *in disciplines where the student contributions are currently considerably lower than 40 per cent, the changes may need to be introduced in a sequence of smaller steps with ongoing monitoring for impacts on demand*
- *in disciplines where the student contributions are currently above 40 per cent of the base funding amount, the student contribution should be frozen at the current dollar amount until indexation of the government contribution produces the 40:60 ratio.*

IRU Response

The IRU agrees that any changes to student contributes should not apply to existing students.

Any new arrangement for setting student contribution maxima should apply in full to commencing students. While students may compare with previous arrangements, new students are not directly concerned with the level of charges previously levied.

The IRU proposal for a single student contribution maximum set no higher than the current second band involves increasing the amount for Band 1 units of study, decreasing or maintaining the rate for band 2 and lowering the rate for band 3 units. Previous experience with movement of discipline areas between bands suggests that this could be done for all commencing students without significant impact.

To freeze charges currently above any new amount and wait for indexation to bring it into line with the Government contribution is only an option for minor gaps. The change required by the Review's 40% proposal for law, accounting and other business units of study would take more than twenty years at 3% indexation to close the gap.

Ensuring access and equity (Chapter 6)

Recommendation 25: Supporting the cost of low socioeconomic status students

The Australian Government should continue to support the differential cost of students from low socioeconomic status backgrounds.

IRU Response

Supported.

Recommendation 26: Monitoring impact on participation by low socioeconomic status students

The Australian Government should monitor the potential impact of the changes in student contribution levels recommended by the Panel on the levels of participation by low socioeconomic status (SES) students, so that should the levels of participation in some courses fall below desirable levels, the Government could address this through appropriate targeted programs that offer incentives for institutions to enrol low SES students in particular courses of study.

IRU Response

The IRU agrees that the impact of any changes flowing from the Review on low SES students should be monitored. This includes the impact of the IRU proposal for a single student contribution maximum.

Recommendation 27: Funding for the Higher Education Participation and Partnerships Program

The participation component of the Higher Education Participation and Partnerships Program (HEPPP) should be uncapped and paid on a demand driven basis to universities as a low socioeconomic status (SES) loading on base funding. In order to maintain the value at full implementation of the HEPPP in 2012 of about \$1,000 per low SES student equivalent full-time student load, the funding allocation should be increased.

IRU Response

Supported.

Recommendation 28: Expanding funding for partnerships

Following the planned review of the effectiveness of the partnerships component of the Higher Education Participation and Partnerships Program, the Australian Government should consider expanding the partnerships component of the program. Funding could be provided directly to partners such as schools, vocational education and training providers and agencies working with disadvantaged communities.

IRU Response

The recommendation presumes the outcome of the review of the partnership component. Once such a review has been completed it will be possible to identify what future approaches would best enhance the objectives of ensuring equal levels of participation in higher education from people from all backgrounds.

Recommendation 29: Adjustment to Enabling Loading and review of effectiveness of courses

A review should be conducted to assess the effectiveness of pathway enabling courses in comparison to other pathways to higher education, and in the interim the Enabling Loading should be set at the 2010 per capita rate (indexed for subsequent years).

IRU Response

Supported.