



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

February 2019

Executive Summary

The University of Melbourne welcomes the opportunity to respond to the *Consultation Paper on the reallocation of Commonwealth supported places for enabling, sub-bachelor and postgraduate courses*.

Commonwealth supported places (CSPs) are a critical part of the framework for financing Australia's post-secondary education system. Continued Federal Government investment in enabling, sub bachelor and graduate education will become even more critical as the nature of work changes, requiring more highly skilled graduates. We know that today's school leavers will work for longer and experience a number of career changes throughout their lives. This means opportunities for re-training and upskilling throughout their working lives will be increasingly important. CSPs for graduate education ensures access to professional education without financial barriers at the point of entry, and will contribute to the nation's ability to adjust to changing workforce and skills needs.

This submission addresses the need for systemic reform of the Commonwealth Grant Scheme (CGS). A major shortcoming of the Government's proposals is the failure to view the allocation of Commonwealth Grant Scheme funding holistically, across the full spectrum of CSP allocation to institutions – from sub bachelor to postgraduate. This siloed approach inhibits consideration of the whole-of system impacts of decisions taken in relation to one or two classes of qualification. It also prevents a comparative analysis between institutions in receipt of CSPs: for example, decisions in relation to graduate CSPs will disproportionately affect those universities with a higher proportion of graduate students. A one-size-fits all approach is potentially unfair, and fails to consider the value of diversity of offerings within the higher education system. This submission calls for an alternative, holistic and coherent approach centred on the introduction of funding envelopes. This would grant institutions a degree of autonomy to allocate places across their course offerings, while offering the Commonwealth assurance that its investment in CSPs is well targeted. (See Section 1).

The submission also engages directly with the approach to CSP allocation outlined in the Consultation Paper. If the Government is intent on proceeding with the 'cut and pool' option to reallocate CSPs, Sections 2 to 5 of this submission discuss how this should be managed.

The proposed changes represent a serious threat to the Melbourne Model. The University has had a relatively fixed undergraduate CSP profile since the introduction of the Melbourne curriculum model, and its split of CSP is roughly 50/50 across graduate and undergraduate students. Any reduction in CSPs at Melbourne will therefore limit opportunity for University of Melbourne students who have commenced an undergraduate program of study planning to articulate into a professional Masters degree (Section 2). It is crucial that these issues are addressed before any changes are implemented. The submission also identifies the need to support future growth in postgraduate delivery (Section 3) and notes some issues with the suggested reallocation criteria for postgraduate and sub-bachelor CSPs (Sections 4 & 5).

1. Coherent and holistic reform of the CGS

The proposed changes represent a missed opportunity to enact positive reform of the Commonwealth Grant Scheme program, especially in the context of reviews of TEQSA provider standards and the AQF, and this submission outlines an alternative approach to reform. In 2011, the Department of Education and Training raised the option of introducing a system of 'funding envelopes'¹ in which institutions would be provided with a given amount of funding for Commonwealth supported places and would be permitted a degree of autonomy in distributing that funding across course levels and discipline

¹ "Consultation Paper: The allocation and funding of Commonwealth supported postgraduate places" November 2011

areas. The matter has been a live conversation in subsequent years as Government and the sector have considered the challenge of balancing the cost of demand driven funding with the principle of ensuring access to all who seek out higher education.

This approach would allow Government to manage overall budget expenditure but would also encourage sector diversity and specialisation by allowing CSP allocations to be made in accordance with distinct institutional missions. Under this approach, institutions would be permitted to offer a professional entry degree at either the undergraduate level or postgraduate level, but not both. Other Government key strategic aims, such as the introduction of performance-based funding, could also be advanced through the use of funding envelopes. Funding envelopes would also have an in-built mechanism for funding growth in line with population increases.

2. Impact on the Melbourne Model

The University's graduate curriculum model relies on a stable complement of postgraduate CSPs, providing a pathway from a generalist bachelor degree to a postgraduate Masters for professional entry (e.g. for engineering, architecture, teaching and law). The CSP allocation was negotiated with the Commonwealth previously and resulted in a trade-off that excluded Melbourne from the demand driven system. As a result, the University's bachelor level load fell by 4.5 per cent between 2008 and 2017, compared to a 37.6 per cent increase for the rest of the sector.

The proposed approach to allocating CSPs will disrupt the graduate pathway that underpins the model. The University's graduate curriculum is a source of diversity in Australia's higher education sector and generates excellent teaching and learning outcomes for the students who undertake a generalist undergraduate degree and/or a specialist Masters program. The University does not believe it is the Government's intention to undermine the integrity of the Melbourne Model, or reduce access for students to Melbourne's courses. There is a risk however that, over time, the Melbourne Model becomes unviable if the proposals are implemented unadjusted. This would be a significant loss not just to the University of Melbourne and its students, but to Australia's higher education sector as a whole given the benefits that the Melbourne Model generates.

3. Support for future growth in postgraduate delivery

Postgraduate coursework has been the fastest growing part of Australia's higher education sector over the past decade - domestic postgraduate coursework enrolments have grown more quickly in relative terms than domestic undergraduate enrolments. Demand for graduate programs will continue to be strong due to population growth, industry transition and the changing nature of the workforce. It is important that the Government commit to increasing postgraduate CSPs to support this growth in areas of need.

4. Finetuning the proposed criteria for reallocating postgraduate CSPs

Several of the criteria proposed for reallocating postgraduate CSPs are problematic. For example, the definition suggested for 'community benefit' is quite narrow and may fail to capture the diverse range of benefits generated through postgraduate programs. There are also questions around the proposed indicators for institutional performance, and the absence of retention and course completion rates from those indicators.

5. Protecting equity and access objectives in the reallocation of sub-bachelor CSPs

The criteria proposed for reallocating sub-bachelor CSPs may undermine programs that advance important equity aims, such as the University of Melbourne's Diploma in General Studies (DiGS).

However, if the Government proceeds down this path, it is important that the pool for reallocation is modest, and that year on year fluctuations are limited so as to enable planning certainty. The pool

should not exceed five per cent given the more than 3,600 places already cut from the system and the historical underusage of PG CSP. However, we would recommend that students already on a pathway for a graduate place are grandfathered and equity courses and professional entry qualifications are quarantined from the 'cut and pool' mechanism.

Whatever is determined in relation to reallocation, provision should be made to protect the integrity of the Melbourne Model and other models in the sector that are driving diversity in the system, meeting particular community and student needs and improving student outcomes.

We trust that further consultation will ensue to ensure there are no unintended consequences created by changes to the allocation of postgraduate CSPs.

For further information, or to discuss this submission, Dr Julie Wells, Vice-President Strategy and Culture can be contacted at julie.wells@unimelb.edu.au or (03) 8344 2639.

Recommendations

CGS Reform

The University of Melbourne recommends that the Government:

- considers reforming the CGS, to introduce a system of funding envelopes, supporting institutional diversity by allowing institutions greater flexibility in allocating CSPs across course levels.

The Melbourne Model

The University of Melbourne recommends that the Government:

- ensures that, if a model for the reallocation of CSP is introduced at graduate level, that transition arrangements accommodate students who have entered a University of Melbourne bachelor program anticipating a CSP in a nominated postgraduate course.

Further growth in postgraduate delivery

The University of Melbourne recommends that the Government:

- commits to appropriate growth mechanisms for postgraduate coursework CSPs, to accommodate population growth, opportunities for retraining and the changing skills needs of the labour market.
- clarifies that it does not intend any further reductions in CSPs to be allocated across the sector.

Reallocation criteria for postgraduate CSPs

The University of Melbourne recommends that the Government:

- ensures that postgraduate CSPs for graduate courses required for entry to the professions are quarantined for all universities from the reallocation process.
- ensures that criteria relating to 'community benefit' are sensitive to the range of ways in which postgraduate study delivers benefits to the broader community.
- ensures that the minimum requirement for professional registration/accreditation applies to the relevant course offered at a particular University.
- ensures that the shortest possible pathway to a professional qualification applies to the relevant course offered at a particular University.
- ensures that the problems associated with the use of criteria for institutional performance are addressed before such criteria are used in allocation decisions and that they include retention and course completion rates.
- ensures that the introduction of allocation criteria does not impede opportunities for participation from groups currently underrepresented in higher education.

Reallocation criteria for sub-bachelor CSPs

The University of Melbourne recommends that the Government:

- quarantines CSPs that are currently provided to equity-related courses from a reallocation process.

1. Coherent and holistic reform of the CGS

The Commonwealth Grant Scheme (CGS) is the primary source of public support for teaching and learning activities in Australia's higher education system, representing more than \$7bn in investment in the current fiscal year. It is appropriate that the Government review the design of the CGS, to ensure that this investment is delivering the intended outcomes. The proposed approach to allocating CSPs for enabling, sub-bachelor and postgraduate courses represents a significant change to the program. While the University of Melbourne agrees that the current design of the CGS is sub-optimal, the current proposals do not approach reform holistically or coherently.

The University outlines an alternative approach to reforming the CGS: a system of funding envelopes that was raised by the Department of Education in its 2011 Consultation Paper on the allocation of postgraduate CSPs.² Such an approach would avoid the problems associated with the proposed approach to CSP reallocation and would address a number of long-standing issues in the higher education funding framework.

Holistic sector reform needed

Many of the policy and funding issues in Australian higher education are the legacy of *ad hoc* policy development over decades, where decisions for one part of the sector are made without regard for the impact on other parts, and where changes fail to reflect a whole-of-system approach to reform. The Department is currently running two public consultations relating to CGS funding – one that addresses the allocation of enabling, sub-bachelor and postgraduate CSPs, and one that addresses the design of performance-based growth funding for bachelor-level study.

The proposed reallocation of CSPs is a further example of a siloed review, highlighted by the fact that the allocation of bachelor level places has not been considered as part of this consultation. The connection between undergraduate and postgraduate CSPs is important: holding both in view enables a comparable analysis between institutions and provides the historical context for the allocation of postgraduate places. Moreover, any assessment of CSPs for postgraduate programs should be conducted alongside that of comparable programs and substitutes offered at the undergraduate level, such as double-degrees and vertically integrated Masters degrees. Enrolments in both have grown under demand driven funding of bachelor level places. In comparison, the University of Melbourne has been capped at the undergraduate level and has negotiated a higher allocation of postgraduate places. A fair and holistic analysis of CSPs should involve the full allocation of places to ensure the allocation of postgraduate CSPs is viewed in perspective.

Sector diversity

Absent from the consultation on CSP reallocation is any consideration of the impact of diversity within Australia's higher education system. The University of Melbourne's graduate curriculum model is distinctive within Australia. Since the Melbourne Model has depended upon a trade-off, whereby the University receives a higher allocation of postgraduate CSPs in exchange for not participating in demand driven funding of bachelor places, we have major concerns about the impact of the changes. A defining feature of the Melbourne Model is the graduate pathway, where students who enter a generalist undergraduate program and achieve the requisite results have access to a CSP in a Masters-level, professional entry program (See section 2). In threatening the integrity of the Melbourne Model, the proposed changes undermine diversity in Australia's higher education system.

² "Consultation Paper: The allocation and funding of Commonwealth supported postgraduate places" November 2011

The issue of diversity in higher education concerns the sector's overall performance. A more differentiated system promotes stronger teaching and learning outcomes. It offers students greater choice, allowing them to select the course and institution most suited to their interests and aspirations. It provides a wide range of access points and progression pathways, thereby advancing equity aims. Encouraging greater institutional differentiation should be a key aim of funding reform.

The value of graduate education

The past two decades have seen significant growth in the number of domestic students undertaking postgraduate coursework programs. The primary factor driving this growth concerns the skills needs of an advanced, "knowledge based" economy like Australia's. As professional services make up an increasing share of jobs in the Australian labour force, there is a growing need for the skills acquired through Masters-level courses. It is also widely acknowledged that future workers will need to cope with lower levels of job security than was enjoyed in the past. Traditional industries face disruption through new technology, innovative business models, and greater international competition. Australian workers will need the adaptive skills to cope with these shifts, with some predicting that a series of careers (not just a series of jobs) throughout one's adult life will become the norm. A recent OECD report noted the importance of policies that "give all workers the opportunity to continuously maintain their skills, upskill and/or reskill throughout their working lives."³

Postgraduate coursework programs need to be central to the policy response to this changing environment. These programs typically provide training in specialised areas, offering an entry point to a given profession or allowing for upskilling within it. They are highly responsive to emerging skills needs, as they are developed in partnership with industry or with accrediting bodies. Importantly, postgraduate programs are one avenue through which workers can maintain the currency of their skills. Postgraduate study also represents an efficient allocation of resources, in that it allows workers to enter a new professional field without having to undertake a full bachelor program first.

CGS funding for postgraduate places is an important part of the framework underpinning the viability of Masters level programs, with many programs depending on a mix of Commonwealth supported and domestic and overseas fee-paying students. Each institution will have its own formula for each course to ensure high-quality teaching, financial viability and the best student experience. As such there is no minimum number of CSPs that can be quantified generally, rather, that assessment is made on a course-by-course basis. Any further government disinvestment from graduate education would be short sighted in terms of the very real challenges Australia will face in meeting the nation's skills needs in a global knowledge economy.

An alternative reform option – Funding envelopes

In a 2011 public consultation on the allocation of postgraduate CSPs,⁴ the Department of Education and Training raised the option of introducing a more flexible approach to CGS funding. Under this approach, institutions would be provided with 'funding envelopes' for CSPs each year, allowing them some flexibility to allocate those CSPs across different course levels, e.g. bachelor level places could be traded off for additional sub bachelor and/or postgraduate places. As the Department noted at the time, "this option could provide universities with greater flexibility to mix and match their undergraduate and postgraduate programs and recognises the requirements of different disciplines' professional pathways."⁵

³ OECD (2017), *Future of Work and Skills*, p.20. http://www.oecd.org/els/emp/wcms_556984.pdf

⁴ "Consultation Paper: The allocation and funding of Commonwealth supported postgraduate places" November 2011.

⁵ *Ibid.*, p.12.

The University of Melbourne urges the Government to again consider this approach to distributing CGS funding. Funding envelopes represent a means of addressing a range of pressing issues in the arrangements for funding of domestic places in Australia. Under a system of funding envelopes, the Commonwealth Government possesses a lever to manage growth in higher education expenditure while ensuring funding remains linked to demand. While the funding arrangements would be consistent across the sector, institutions would be afforded a degree of flexibility that would allow them to pursue distinct missions and greater specialisation. To sharpen this reform, a caveat could be included that a course could be offered at undergraduate level or postgraduate level, but not both. It would provide a way of dealing with the tension between the need for an equitable system with consistent settings across the sector and the need for greater institutional diversity.

This approach promises a range of benefits, addressing many of the problems arising from previously uncapped CSPs for bachelor level courses existing alongside finite allocations for all other course levels:

- Government would have greater control over total CGS expenditure, as the budget would accommodate managed growth of CSPs for bachelor level courses.
- The approach would support institutional diversity and specialisation by affording institutions greater flexibility in distributing places across different course levels and offerings.
- The approach would allow for the managed approach to growing sub-bachelor provision and would address the funding bias that skews enrolments towards full bachelor degrees.
- The approach would support the integrity of funding arrangements, by removing any incentive to re-identify courses at a different course level in order to take advantage of favourable funding arrangements.
- The approach would also avoid some of the anomalies in the proposed changes to the allocation of designated CSPs. For example, programs that have been carefully designed to support educational outcomes for specific cohorts would be nonetheless subject to losing CSPs through the reallocation process (See discussion of the University of Melbourne's DiGS program below).
- Other policy objectives – such as tying performance measures into funding arrangements – could be integrated into this approach.

This option should include an in-built mechanism to grow places to meet changing demand, such as population growth and emerging industry requirements. To further ensure greater choice for students, government would also be able to set incentives for universities to offer particular courses, such as growing some disciplines or levels in different markets.

Funding envelopes for the CGS funding also address the issues raised in the Consultation Paper concerning the possibility of institutions with a limited track record of delivery being 'locked out' of future reallocations. Under this proposal, an institution could commence postgraduate provision in a new education field by choosing to use some its CGS allocation in that area. Hence, the system would promote agility, allowing institutions freedom to respond to changing market conditions.

The University of Melbourne recommends that the Government:

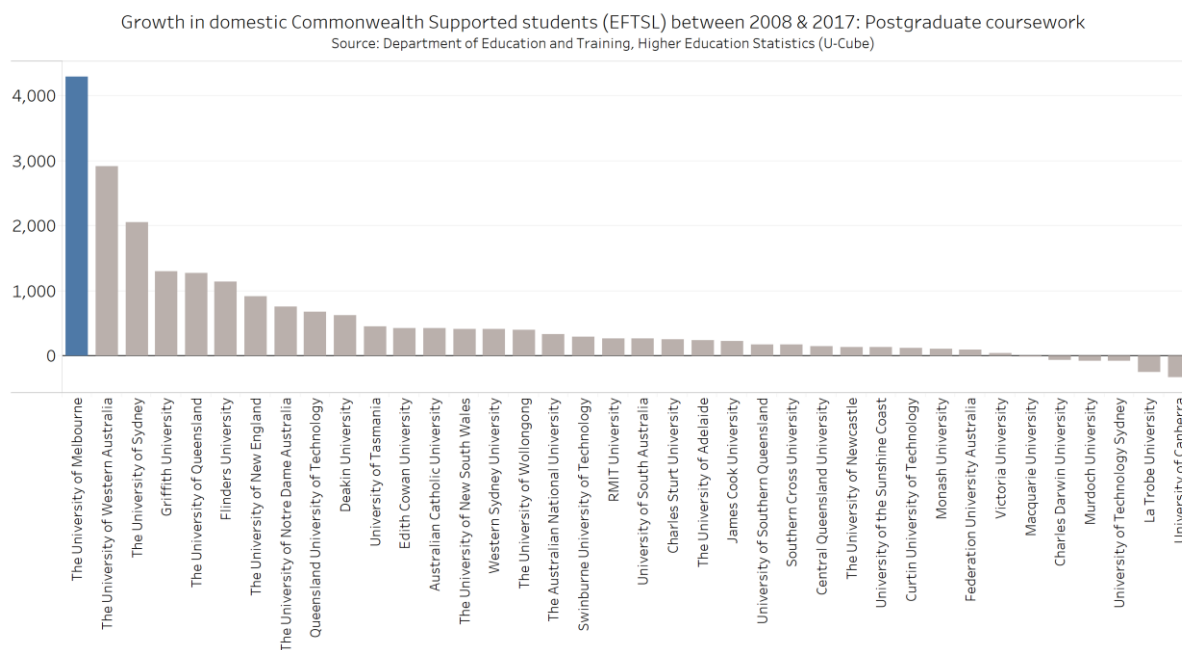
- **consider reforming the CGS, to introduce a system of funding envelopes, supporting institutional diversity by allowing institutions greater flexibility in allocating CSPs across course levels.**

2. Impact on the Melbourne Model

The University of Melbourne’s graduate curriculum model (the ‘Melbourne Model’) was introduced in 2008 with the support of the Howard Government, and the then Minister for Education, The Hon. Julie Bishop MP. It has been supported since by successive Governments. The Melbourne Model enables students to undertake a broad-based undergraduate degree paired with a postgraduate professional education pathway. The model is similar to that adopted by world-class universities in Europe and the US. It aims to increase both excellence and diversity in Australian higher education.

From a funding perspective, the Melbourne Model is comparable to the undergraduate ‘double degree’ model, and the ‘vertically integrated’ Masters degree, offered by other institutions. Relative to other universities, the University of Melbourne has been allocated a larger number of postgraduate CSPs to facilitate graduate professional education (see Chart 1). The University’s courses are structured such that professional entry education must be taken as a graduate qualification, including in engineering, architecture and teaching. The exception is the Bachelor of Commerce, which remains an entry level qualification for the accounting profession.

Chart 1: Growth in postgraduate coursework Commonwealth Supported students (EFTSL) between 2008 and 2017



To allow for this larger postgraduate allocation, the University of Melbourne was subsequently excluded from the demand driven system. This has resulted in a reduction in domestic undergraduate numbers over the past decade. The University’s Bachelor level Commonwealth Supported student load fell by 4.5 per cent between 2008 and 2017, compared to a 37.6 per cent increase for the rest of the sector (See Chart 2).

Chart 2: Cumulative growth in bachelor level Commonwealth Supported students (EFTSL) since 2008

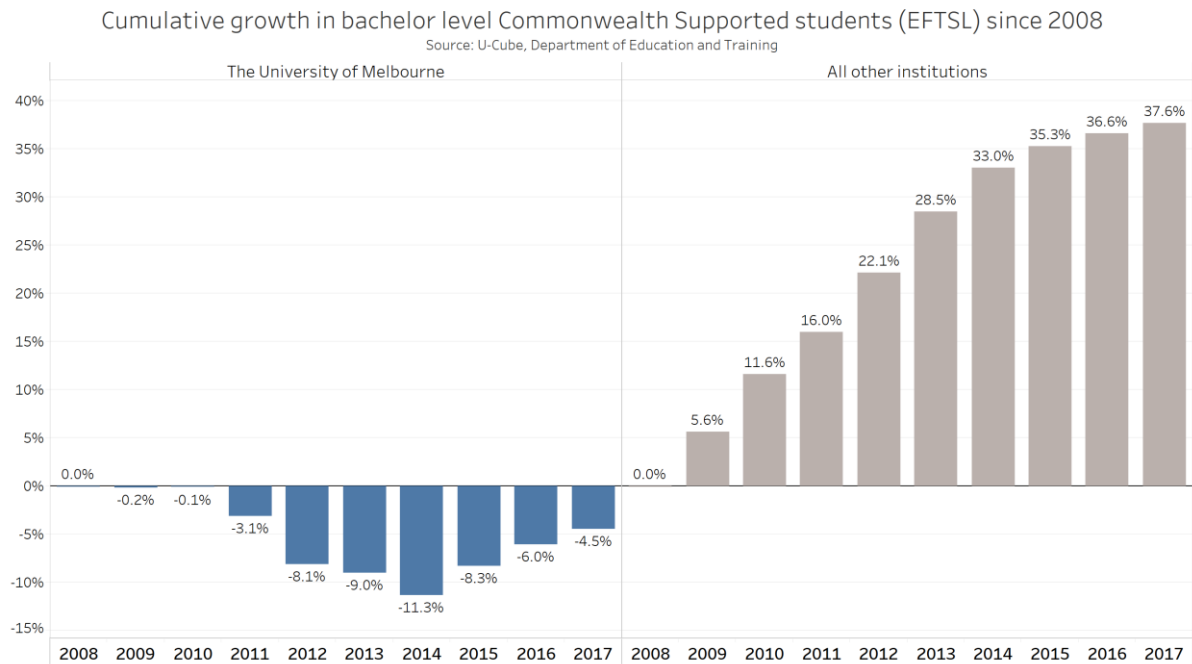
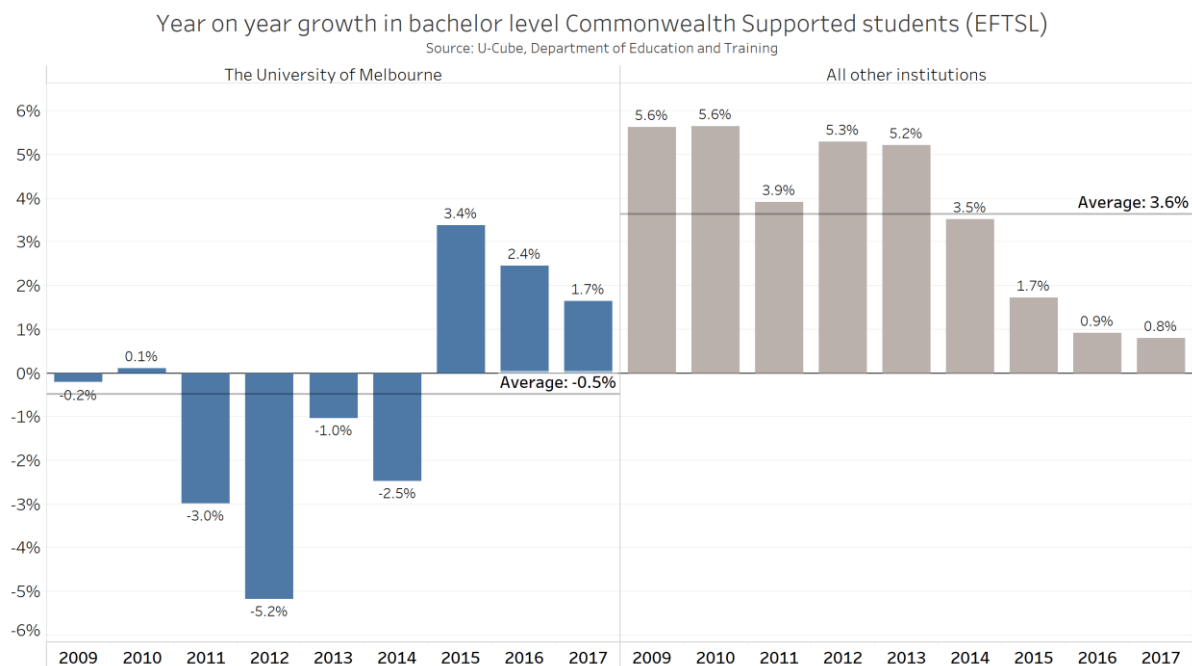


Chart 3: Year-on-year growth in bachelor level Commonwealth Supported students (EFTSL)



The benefits of the Melbourne Model are clear. It is a source of diversity in what is a largely homogenous higher education sector, thereby providing students a greater range of choice. Students who enter a generalist bachelor program within the Melbourne Model enjoy a degree of flexibility, allowing them to consider preferred career options during their undergraduate studies. The evidence suggests that the model is delivering the intended learning outcomes. The University of Melbourne’s retention rate for commencing domestic bachelor students is the highest in the sector. The outcomes for students who complete a postgraduate program are also very good. Student survey results

indicate that for postgraduate coursework, the University is above the national average on the “overall quality of educational experience”, on graduate satisfaction, and on full-time employment levels.⁶

Our students need confidence that a pathway exists from their undergraduate degree to their postgraduate professional entry degree, noting that a growing share of students who apply to an undergraduate program are seeking entry to one of the University’s graduate degree pathways that will allow them to access a CSP in a Masters program upon completion of a bachelor degree. With the introduction of explicit graduate degree packages in 2019, the University of Melbourne experienced a 16 per cent increase in demand for its undergraduate programs.

As noted above, a review of postgraduate CSPs should not be undertaken in isolation given the nexus between undergraduate and postgraduate education and also to ensure it accurately captures, and compares, the various operating models in the sector. As proposed, the reallocation process will have a disproportionate impact on the University, undermining the commitment from Government to support the Melbourne Model. The “indicative contribution” of postgraduate commencing places suggested in the paper highlights the potential effect on the University of Melbourne and its students. The contribution of 131.3 places from Melbourne in the first year is more than the total combined contribution of 19 other universities in receipt of postgraduate CSPs.⁷

Transition arrangements

The proposed arrangements for transitioning into the new model of allocation does not accommodate the University of Melbourne’s graduate curriculum model. The Consultation Paper proposes an incremental approach to reform of CSP allocation over time, whereby 5 per cent of an institution’s existing allocation of *commencing* places is to be withheld and reallocated as per the new allocation mechanisms. The rationale for this approach is to accommodate enrolment planning at the institutional level, such that the pipeline of students who have already commenced a program of study are not adversely affected by the changes.

The commitment to ensuring that the existing students are not negatively impacted by policy and funding changes is welcome. Unfortunately, the proposed approach fails to achieve this for University of Melbourne students. Given the University of Melbourne’s undergraduate-postgraduate pathway model, many of our currently enrolled bachelor students have entered a program on the basis of a guarantee that they would have access to a CSP in their nominated postgraduate course, subject to achieving the requisite level of academic performance. The proposed changes threaten to disrupt the graduate pathway for those who have already entered at the bachelor level.

In short, the University of Melbourne’s pipeline of existing students includes not just students who are already enrolled in a multi-year Masters Program, but students who have commenced a generalist bachelor degree with a view to articulating into a Masters-level course upon completion. University of Melbourne students cannot complete their professional entry education at an undergraduate level. Under the proposed transition arrangements, a student could complete a three-year undergraduate science degree, for example, only to find there is no available postgraduate CSP for them to complete the engineering professional qualification component. As noted, this represents a major inequity: students at other institutions can complete engineering at the undergraduate level or complete a 5-year double degree funded by a guaranteed undergraduate CSP. Any transition arrangements need to accommodate these students, so those who have commenced a program of study under the previous arrangements are able to complete that program.

⁶ “Quality indicators for learning and teaching” (QILT) <https://www.qilt.edu.au/>

⁷ Table 4, p.10.

A related issue concerns the need to ensure that CSPs that are allocated for professional entry postgraduate courses are quarantined from the reallocation process. This is important to ensure that the changes do not inhibit the sector's capacity to respond to emerging skills needs, and to ensure that funding settings do not discriminate against students who undertake a professional entry program at a Masters-level.

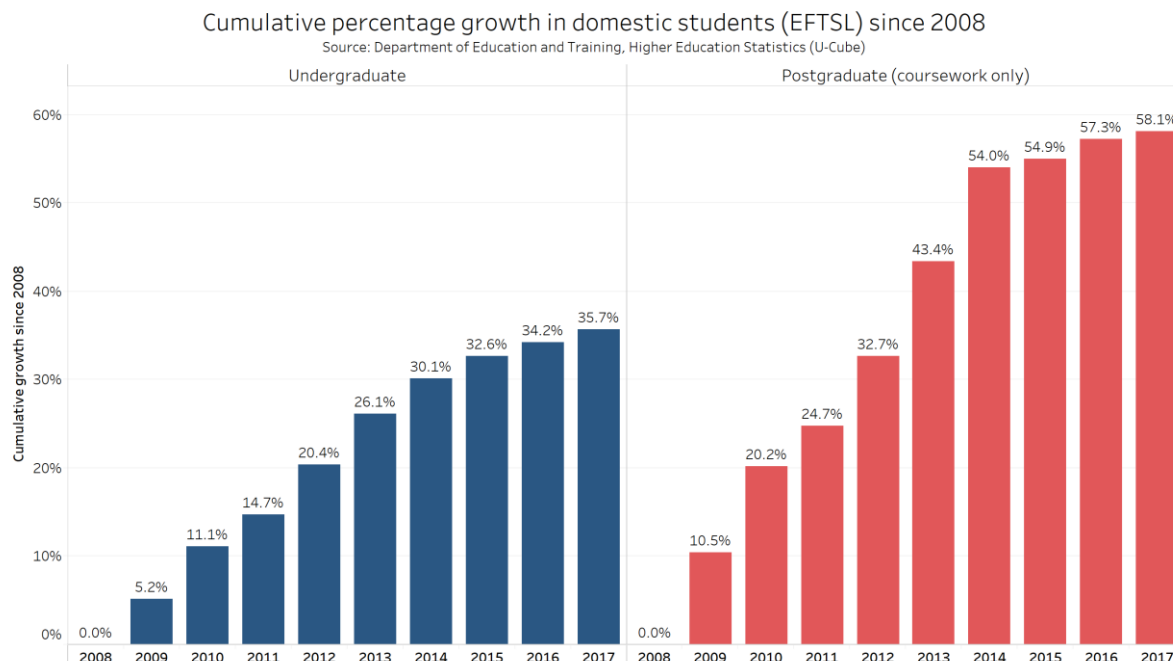
The University of Melbourne recommends that the Government:

- **ensures that, if a model for the reallocation of CSP is introduced at graduate level, that transition arrangements accommodate students who have entered a University of Melbourne bachelor program anticipating a CSP in a nominated postgraduate course.**

3. Support for future growth in postgraduate level delivery

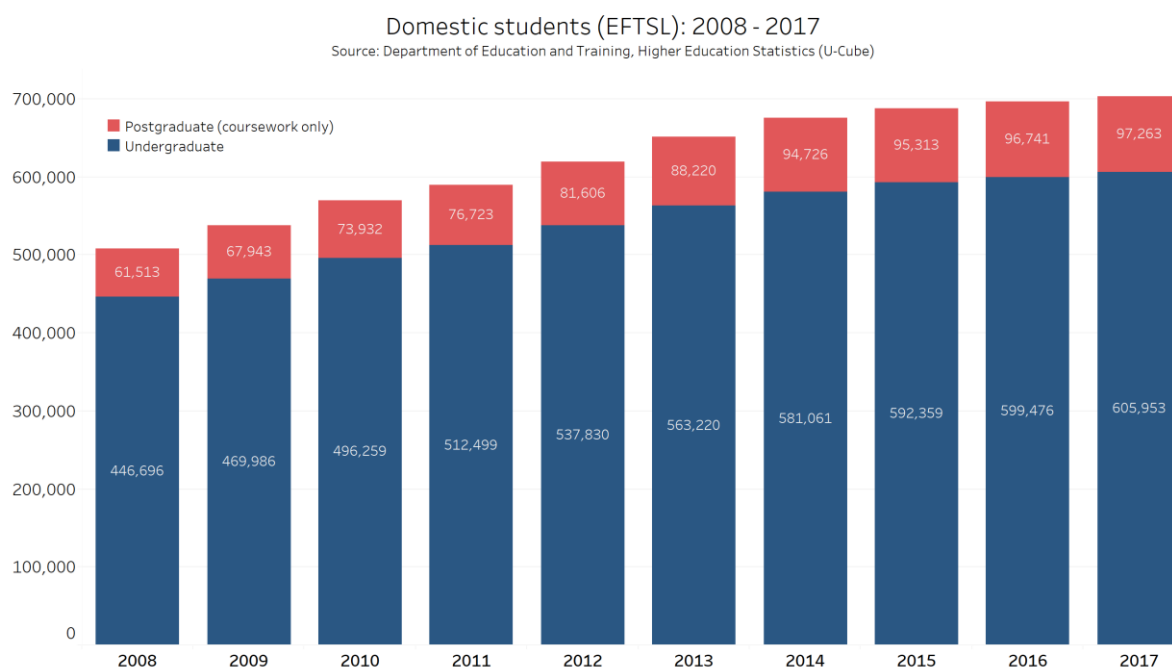
There has been considerable growth in domestic demand for graduate study in Australia. Even under a system of uncapped bachelor level CSPs, growth in domestic postgraduate coursework load has, in relative terms, outstripped growth in domestic undergraduate load, growing by 58.1 per cent between 2008 and 2017 compared to 35.7 per cent for domestic undergraduate students (See Chart 4).

Chart 4: Cumulative percentage growth in domestic students (EFTSL) since 2008



However postgraduate places have remained relatively stable as a share of all places, rising from around 13 per cent in 2008 to around 16 per cent in 2014 and remaining at that level as the demand driven system met previously unmet undergraduate need.

Chart 5: Domestic students (EFTSL) 2008 - 2017



As discussed above, the reason for this growth concerns the skills needs of an advanced economy like Australia's. The transition towards a knowledge-based economy in which professional services make up an increasing share of the labour force corresponds to growing demand for the high-level skills that postgraduate coursework programs deliver. For this reason, we should expect this growth trend to continue.

Postgraduate CSPs are a key part of the financing framework for coursework programs. These programs typically have smaller numbers of enrolments than bachelor programs, and rely upon a mix of Commonwealth Supported students, domestic fee-paying and overseas fee-paying students to remain viable. Where enrolments are artificially constrained by inadequate financial support, the ongoing viability of some programs will inevitably come under threat. The potential loss of graduate programs will come at the expense of the skills make up of Australia's labour market.

It is in the context that the reduction of allocated postgraduate CSPs, announced in MYEFO 2017/18, is worrying. In 2018, the Government reduced the number of allocated postgraduate CSPs by 3,647, bringing the total number down to 36,916.⁸ This reduction in public support for postgraduate study comes at a cost: it constrains the higher education sector's capacity to support Australia's economic and social prosperity through skills provision.

Further, parts of the Consultation Paper suggest that the Government is open to further reductions in postgraduate CSP allocations. The working assumption has been that the Government does *not* intend any further reductions, i.e. that the aim of the current consultation is to consider changes to the way that the existing stock of CSPs are allocated, rather than to further reduce the number that are allocated sector-wide. There is, however, need for clarity on this point. The Paper gives rise to questions about a gradual disinvestment from postgraduate education, stating that it will consider "whether there is a genuine requirement for the increasing number of postgraduate level professional entry courses."⁹ It also poses the question, "What is the minimum viable allocation for enabling, sub-bachelor and postgraduate places?", implying that the total allocation may be lowered further.¹⁰

The University of Melbourne seeks assurances that there will be no additional reduction in the number of allocated CSPs. Having already made a cut to the number of allocated places, the focus should be on considering the best options for allocating a finite level of funding across institutions and education fields, and appropriate growth mechanisms to accommodate population growth and the skills needs of the labour market.

The University of Melbourne recommends that the Government:

- **commits to appropriate growth mechanisms for postgraduate coursework CSPs, to accommodate population growth, opportunities for retraining and the changing skills needs of the labour market.**
- **clarifies that it does not intend any further reductions in CSPs to be allocated across the sector.**

⁸ This figure is based on a survey of published funding agreements.

<https://docs.education.gov.au/collections/higher-education-providers-2018-2020-commonwealth-grant-scheme-funding-agreements>

⁹ p.7

¹⁰ p.15

4. Finetuning the proposed criteria for reallocating postgraduate CSPs

The University of Melbourne appreciates the need to ensure that institutions are accountable for the funding they receive, and that the Government and the public are entitled to be confident that the intended study outcomes are achieved. For this reason, it is critical that the allocation criteria are carefully considered so that they genuinely promote these outcomes.

Proposed criteria for determining which courses are subsidised

The course delivers a significant community benefit

The suggested use of ‘significant community benefit’ responds to the need to subsidise postgraduate courses that support key skills needs but where graduate earnings are relatively low, such as courses that provide entry into teaching and selected health professions and courses in social work.

While the broad rationale is sound, some caution is needed in applying this to the allocation of CSPs across different study areas. There are a diverse range of ways in which postgraduate programs deliver benefits to the community: an approach that focuses exclusively on skills shortages and average earnings fails to reflect this diversity. Law graduates, for example, work in a range of public service careers outside of legal practice – as policy advisers in government, in social responsibility roles in the private sector, or in social enterprises – as well in Legal Aid Centres. The non-paid work done by law graduates is also considerable. The Australian Pro Bono Centre have reported that in 2017, Australia’s legal profession contributed 420,195 hours of pro bono legal services, the full-time equivalent of 233.4 lawyers for one year.¹¹

Similar claims can be made on behalf of other study areas. It is important that a nuanced approach is taken, such that CSP allocation is sensitive to the range of ways in which postgraduate study delivers benefits to the broader community.

The qualification is a minimum requirement for professional registration/accreditation by a recognised professional body

The University’s professional entry postgraduate qualifications are recognised as the minimum requirement for professional registration, *as offered by the University*. The professional body may recognise professional entry qualifications offered at an undergraduate level at other institutions. This raises the question as to whether the Government would cease to allocate postgraduate CSPs to the University of Melbourne because it recognises undergraduate provision elsewhere. As discussed previously, an undergraduate double degree is the comparable offering to Melbourne’s undergraduate-postgraduate degree combinations. It would be concerning if the proposal unintentionally undermined the integrity of the Melbourne Model.

The qualification is the shortest possible pathway to a professional qualification

The use of a ‘shortest pathway’ criterion needs to be carefully considered. The application of such a criterion to postgraduate study highlights the inequity noted above concerning the differential treatment of double degrees. A liberal-professional double degree combination is clearly not the shortest pathway to the relevant profession. Nonetheless, double degrees are not subject to a CSP cut

¹¹ Australian Pro Bono Centre (2017), *10th Annual Performance Report of the National Pro Bono Aspirational Target*, p.3. <https://www.probonocentre.org.au/wp-content/uploads/2017/09/Aspirational-Target-2017-V11-FINAL.pdf>

and reallocation process and, under the demand driven system, have been permitted uncapped growth.

As noted above, professional education is offered at the postgraduate level at the University of Melbourne, an arrangement that is comparable from a funding perspective to the undergraduate double degree model. Whereas the double degree is not subject to a 'shortest pathway' test (as an undergraduate CSP), Melbourne's postgraduate degrees, that provide the professional entry component on top of the initial undergraduate three-year foundation degree, would be subject to the test.

Using Engineering as an example, a student cannot enter the profession of Engineer in the relevant field by completing an undergraduate degree at the University of Melbourne. Students who complete engineering subjects as part of their undergraduate degree at the University of Melbourne are not eligible for entry-level employment as an engineer until the completion of a Master of Engineering. The Master of Engineering course is the only course at the University of Melbourne that meets the minimum legal and professional qualifications required for entry-level employment as an engineer. Under the reallocation proposals, PG CSP currently allocated for Engineering could be cut.

With respect to other fields in which there is no professional accreditation body with explicit guidelines, the practical reality of entering the skilled workforce after completing studies within these disciplines requires the training received in our masters by coursework programs. Neither an undergraduate program nor a graduate level diploma is adequate for entry into these fields.

Courses such as the Master of Food Packaging and Innovation and the Master of Business Analytics were designed in consultation with industry to allow our students to develop the skills employers in these fields want from their entry-level employees. Universities are responding to the needs of employers and entry level expectations are changing as universities develop new educational offerings. Students should not be disadvantaged by selecting courses which train them to be competitive in entry-level positions in an educational model which has been extremely successful for our graduates.

Another example is study in the Sciences. In some instances, the Masters degree is required to access a postgraduate research career pathway and professional employment, which in other universities might be accessed via an undergraduate Honours degree. Melbourne offers a suite of graduate courses under the Masters of Science umbrella. These courses provide the most appropriate and quickest route at Melbourne to a career as a professional or research scientist and are important to contributing towards the development of a highly skilled national STEMM workforce. They are comparable in terms of career pathways with undergraduate Honours degrees offered at other universities. This pathway also opens up options for PhD study. Indeed, most research scientist jobs in Australia's publicly funded research organisations, such as DST Group, CSIRO and ANSTO, require a PhD as an employment pre-requisite.

The University of Melbourne also encourages a nuanced approach, so that courses that make an important contribution to Australia's skills ecosystem are not marginalised due to failing to meet the 'professional entry' criteria. For example, a Masters of Science pathway into a PhD meets Australia's pressing need for highly qualified science graduates. It would be unfortunate if the proposed changes worked to constrain the provision of skills in this area.

These examples demonstrate that the University of Melbourne's postgraduate CSPs are providing the quickest route to a profession and employment and yet would be captured in a 5 per cent cut for a reallocation pool. This places the University of Melbourne at a disadvantage to other institutions who have offered comparable education at the undergraduate level.

The Department previously recognised the challenges in using ‘professional entry’ as a criterion for allocation in its 2011 Consultation Paper on the Allocation of Postgraduate CSPs. There is no universally accepted definition of a ‘profession’. In some cases, for example, it is not clear whether a given occupation is a profession or specialisation within a profession. The allocation process needs to be flexible enough to deal with this type of ambiguity.

Identified skills shortage

Postgraduate programs play a critical role in helping to meet the skills needs of the economy. It is appropriate that this be reflected in the allocation of CSPs. Still, the use of identified skills shortages has the potential to deliver adverse outcomes if the design is not carefully considered. Given the lag time between identified skills shortages and the corresponding course completions, the use of vacancy data is of questionable value in predicting future skills needs. Moreover, tying CSPs too closely to particular vacancies risks encouraging an overly narrow approach to course design, limiting the adaptability of graduates when exiting programs. Such an approach is out-of-step with the faster changing needs of jobs of the future and the more adaptive and adaptable graduates required by employers.

Criteria relating to institutional performance

The Consultation Paper identifies three areas of institutional performance that are intended to reflect teaching quality: student satisfaction, graduate employment, and representation of equity groups. There are significant methodological issues associated with the proposal to allocate CSPs on the basis of an assessment of a narrow set of performance indicators. While it is appropriate that institutions that are allocated CSPs be accountable for the public support they receive, these issues need to be carefully considered before any performance-based allocations are introduced.

A key question is at what level an institution’s student satisfaction and graduate employment outcomes will be assessed i.e. whether assessment will apply to individual courses, or to an institution’s entire postgraduate cohort. Both options are problematic. Assessment of individual courses or faculties will often be unreliable due to the limited sample size at the postgraduate level. Assessing an institution based on aggregate postgraduate outcomes will lead to a distorted picture of institutional performance, as a result of assessment being skewed by varying course profiles of different institutions.

The measures *not* suggested in the Consultation Paper are also noteworthy. It is surprising that neither retention rates, nor course completions are identified. Both of these are arguably more direct indicators of study outcomes than student satisfaction. They are both also proposed for use in the Discussion paper on performance-based funding of bachelor-level places. There appears no reason why these measures would be appropriate for measuring performance at a bachelor level but not at a postgraduate level.

Representation of equity groups

The blunt, across-the-board cut to postgraduate CSPs for a reallocation pool can have adverse consequences for equity groups.

One of the strengths of the Melbourne Model is that it enables mature age students, and those seeking to acquire a professional entry qualification, to enrol without having to start over with a three- to four-year undergraduate degree. It also enables people with a successful career behind them to retrain as a teacher (via a two-years Masters) and take those skills into the classroom.

The reallocation of postgraduate places, or worse, the end of postgraduate places for specific areas of study, such as teaching, would remove a pathway for equity groups and for mature-aged students.

This latter group will grow in the years ahead as industries are disrupted and workers seek to upgrade their skills or re-train into a new industry.

Geographical distribution

The Paper seeks views on whether geographical representation should be a consideration in the distribution of places. If appropriate criteria can be developed, and the necessary exemptions developed that would quarantine professional entry CSP, then geographical location is not a necessary criterion as all institutions in any location would be able to bid for more places. It is a further example of where a funding envelope would provide the necessary scope and flexibility to allocate CSP places across an institution's course offerings.

The University of Melbourne recommends that the Government:

- **ensures that postgraduate CSPs for graduate courses required for entry to the professions are quarantined for all universities from the reallocation process.**
- **ensures that criteria relating to 'community benefit' are sensitive to the range of ways in which postgraduate study delivers benefits to the broader community.**
- **ensures that the minimum requirement for professional registration/accreditation applies to the relevant course offered at a particular University.**
- **ensures that the shortest possible pathway to a professional qualification applies to the relevant course offered at a particular University.**
- **ensures that the problems associated with the use of criteria for institutional performance are addressed before such criteria are used in allocation decisions and that they include retention and course completion rates.**
- **ensures that the introduction of allocation criteria does not impede opportunities for participation from groups currently underrepresented in higher education.**

5. Protecting equity objectives in the reallocation of sub-bachelor CSPs

The University of Melbourne has concerns that the approach to reallocating sub-bachelor CSPs may lead to perverse outcomes, specifically relating to equity aims that are built into some sub-bachelor programs. For example, the University's Diploma in General Studies (DiGS) is a sub-bachelor qualification that supports access to university for disadvantaged students. Students are enrolled on a full-time basis at the University's Dookie campus in the Goulburn Valley, and are provided with a taste of tertiary study in agriculture, commerce, design or science. The DiGS program allows students to explore a range of subjects and experience university-level study.

Importantly, it provides a guaranteed pathway to one of the University's five bachelor programs (Agriculture, Science, Design, Commerce or Arts) for students who achieve the required average score in their DiGS subjects. The regional location enables students to remain close to home at the early stage of their post-secondary studies, addressing one of the major barriers to participation – the cost of relocation. The DiGS program has proved highly successful: over the past four years, an average of 68 per cent of DiGS students have progressed to one of our bachelor programs.

The University has concerns about the impact that the proposed changes to sub-bachelor CSP allocation might have on the DiGS program. Firstly, given the value that the program offers, it is not clear why some of the CSPs that are presently used for DiGS students would be withheld and placed in the 'at risk' category. Even acknowledging that only a small share of CSPs (around 5 per cent) are to be withheld, the merit in going through the administrative process of subjecting those places to reallocation is questionable, in view of the outcomes the program is achieving.

There is also a question as to whether the suggested reallocation criteria for sub-bachelor places (p.13) adequately captures the value delivered by the DiGS program. For example, while equity-related aims are at the core of the program, the reallocation criteria for sub-bachelor courses do not encompass equity-related measures (unlike the proposed criteria for both enabling and postgraduate courses). It is important that the process for allocating sub-bachelor CSPs is nuanced enough to support unique programs that provide opportunities to particular equity cohorts and that benefit their communities.

The University of Melbourne recommends that the Government:

- **quarantines CSPs that are currently provided to equity-related courses from a reallocation process.**