



National priorities and industry linkage fund (NPILF)

Response to Consultation Paper

October 2020

Executive Summary

The University of Melbourne welcomes the opportunity to respond to the Department of Education Skills and Employment's Consultation Paper on the National priorities and industry linkage fund (NPILF). The University supports the policy aims of one of the key items in the Government's Job-Ready Graduates Package - an expansion of work-integrated learning, improvement in the provision of STEM skills, and deeper engagement between universities and industry. It is important that the program is appropriately designed so that it advances its key aims. We thank the Government for adopting a consultative approach to the implementation of the program, and the NPILF working group for their work producing the Consultation Paper.

There exists already a long history of work-based training at the University of Melbourne. For example, clinical placements in medicine, dentistry, nursing and allied health are a key part of the education that students receive in these fields. The University has built strong relationships with health providers that enable joint appointments in research in addition to the provision of training. These partnerships deliver substantial benefits to students, to healthcare providers and ultimately to patients. Providers benefit from the early access to new talent, often employing students on a permanent basis following their graduation. Moreover, the presence of research infrastructure supports professional development and clinician retention as it widens professional pathways available to healthcare workers. Clinical placements are, of course, just one part of the existing work-based training framework. Forms of work-integrated learning have an important role in many professional programs including teacher education, engineering, and law. Notwithstanding the already mature work-based training framework in place at the University of Melbourne and other universities, we recognise the aim of expanding further the options available to students.

The proposed NPILF framework has a number of positive elements. The commitment to ensuring that the framework is sensitive to institutional differences is welcome. Allowing institutions to select the measures against which they are to be assessed will help achieve this.

We note, however, that the framework is unnecessarily complex and will add an administrative impost, which will not add to the desired performance improvements. Two key changes would make the proposed framework considerably more efficient:

- Consolidating the existing Performance-based funding program and NPILF into the one program. Since the two programs are similar in design and in their policy rationale, combining the two would reduce the administrative effort expended by universities and the Department of Education, Skills and Employment.
- Reducing the number of performance indicators (for example from the proposed 12 to three). A smaller number of indicators will drive performance improvements and innovation at a lower administrative cost.

The other areas where the University believes that the NPILF framework could be strengthened include:

- An assessment timeframe of three years (rather than one) would better allow for implementation of initiatives and capacity building; and
- Better aligning the scope of the program and the proposed options for distributing NPILF funds. The Consultation Paper indicates that universities are to be assessed not just on undergraduate and postgraduate coursework outcomes, but also on the outcomes of research students and possibly on research engagement activity. Despite this, distribution is to be based on an institution's share of Commonwealth Supported Students. If the NPILF is to have the wide scope suggested, then this should be reflected in the distribution of funds by tying distribution to total domestic student numbers, rather than to CSPs.

The University of Melbourne looks forward to continuing to work with the Government on the implementation NPILF.

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.

Recommendations

General Comments

The University of Melbourne recommends that the Australian Government:

- *adopt a broader definition of ‘job-ready graduate’ that recognises the job-relevant skills of many graduates.*
- *address the administrative and cultural barriers that discourage employees from engaging in WiL partnerships with universities.*
- *Consolidate Performance-based funding and NPILF into one program, given the similar policy aims and design of the two programs.*

Principles

The University of Melbourne recommends that the Australian Government:

- *commit to the five principles identified in the Consultation Paper, while also including an ‘Efficiency’ principle which states that the program should be designed to minimise the costs associated with administering the Fund and duplication with other similar programs.*

Tiered indicators

The University of Melbourne recommends that the Australian Government:

- *use a smaller set of indicators than that proposed in the Consultation Paper, to improve the targeting, outcomes and efficiency of the program.*
- *avoid using performance measures that are already used to allocate funding in other programs.*
- *Ensure that the NPILF framework allows for equity measures that are specifically related to disadvantaged cohorts of students.*

Allocation methodology

The University of Melbourne recommends that the Australian Government:

- *allow universities the opportunity to recover initially withheld funding through demonstrated improvements in performance.*
- *commit through the Other Grants Guidelines to re-allocating any funds not recovered by universities across the sector.*
- *commit to a longer assessment cycle of three years (rather than one year) to allow adequate time for implementation and capacity building.*

Distribution options

The University of Melbourne recommends that the Australian Government:

- *consider using total domestic EFTSL (rather than CSP EFTSL) to determine funding distribution, so that distribution is aligned with the scope of the program.*
- *Ensure that the distribution mechanism includes a funding floor to provide institutions with certainty around funding allocations.*

General comments

Definition of 'Job-ready graduate'

The opening section of the Consultation Paper outlines a definition of 'job-ready graduate', identifying a) enhanced STEM skills, b) professional skills that support the application of course knowledge, and c) study that is "supported and contextualised by strong industry partnerships" as either necessary conditions of job-readiness or at least as key factors that promote a graduate's job-readiness.

The University of Melbourne appreciates that a central aim of the NPILF program is to promote the development of STEM skills and the take-up of work-integrated learning in our universities. Even so, it is important to avoid an overly narrow understanding of job-readiness that excludes many of the graduates who are entering the labour market. The Paper suggests that the term 'STEM skills' is a shorthand way of referring to "problem solving, inquiry, digital literacy and creative and critical thinking learned in the STEM+ disciplines, as well as the subject specific skills such as maths and science skills, design thinking and numeracy." Many of the skills listed here (e.g. problem-solving, creative and critical thinking) are skills we expect students to develop in *any* program of university study, rather than being limited to STEM. Similarly, the emphasis on work-integrated learning and industry partnerships could be interpreted as implying that students of generalist programs where these partnerships are more limited are not job-ready when they graduate. While work-based training is highly valuable, many graduates will enter the labour-market with job-relevant skills despite their program not having included a substantial work-based component.

Given that the explicit definition of job-readiness excludes many study areas it would be preferable to avoid including such a specific definition in the commentary around NPILF (or adopt a broader definition that adequately captures job-ready graduates across all disciplines), particularly since a definition is not needed to articulate the aims of the program nor to design the framework of the fund.

Employer incentives

The framework set out in the Consultation Paper is focused on university behaviour relating to work-integrated learning and industry engagement. While this is appropriate given that universities will be the recipients of the program's funding, the policy and framework should also address the incentives for employers to participate in WIL activities. Since there are cultural and administrative barriers that currently limit employer enthusiasm for WIL, these should be addressed alongside efforts to incentivise universities to develop offerings in this area. The expectation for NPILF funding should be that funding is an incentive to create more numerous and high-quality WIL opportunities for students through partnerships between universities and industry.

Performance-based funding

The framework set out in the Consultation Paper is in many ways similar to the existing Performance-based funding program for Commonwealth Grant Scheme allocations. In both programs, institutions are to be assessed annually against a set of performance measures and will have the opportunity to recover funding withheld due to not meeting performance measures by submitting an improvement plan.

Given these similarities, it would make sense to consolidate Performance-based funding and NPILF into one program. Having two separate programs with a similar structure and broadly similar policy aims amounts to a duplication of administrative effort on the part of both institutions and Government. It would be more efficient, and would strengthen the policy focus on certain outcomes, to have one program that included the metrics already determined for performance-based funding along with a selection of the suggested NPILF metrics.

Recommendations

The University of Melbourne recommends that the Australian Government:

- *adopt a broader definition of 'job-ready graduate' that recognises the job-relevant skills of many graduates.*
- *address the administrative and cultural barriers that discourage employees from engaging in WiL partnerships with universities.*
- *Consolidate Performance-based funding and NPILF into one program given the similar policy aims and design of the two programs.*

Response to consultation questions

Principles

1. Do the principles provide clear guidance on what is expected of an indicator?

The Consultation Paper identifies five principles that are to inform the development of the NPILF framework:

- Improves uni-industry engagement to enhance student employability
- Promotes collaboration
- Flexibility across the diversity of universities
- Transparency; and
- Activities can be evaluated.

The University of Melbourne supports each of these. However, we argue for the inclusion of a further principle: 'Efficiency'. The program should be designed to minimise the time and cost associated with administering the Fund. While of course some level of administrative effort is unavoidable, this should be limited to what is necessary to advance the key policy aims of NPILF. Anything beyond this is essentially drawing resources away from core university activities, thereby undermining rather supporting university performance.

Recommendation

The University of Melbourne recommends that the Australian Government:

- *commit to the five principles identified in the Consultation Paper, while also including an 'Efficiency' principle which states that the program should be designed to minimise the costs associated with administering the Fund and duplication with other similar programs.*

Tiered indicators

2. How many indicators (i.e. 10, 12, or 15) might universities need to meet, to achieve the outcomes of NPILF, while also accounting for university missions?

3. Do the indicators provide enough flexibility to meet the varied needs of business?

4. Do you agree with the metrics listed? Which are the most valuable? Would you add other metrics?

5. To be able to measure industry linkages, is there an appetite to create a new system of data collection?

Under the framework outlined in the Consultation Paper, universities will be assessed against 12 indicators. The assessment rubric will include three types of indicator: cross-sector metrics, demonstrators and innovators. For each of these three types, universities will be asked to identify an indicator that addresses each of the three NPILF priorities (WiL, STEM+ and Industry partnerships), making a total of nine indicators. Institutions will then be free to select an additional three indicators across one or more of the three priorities to arrive at a total of 12 indicators. These are then to be agreed upon in consultation with the Department of Education, Skills and Employment.

Too many indicators

The proposed framework is far more complicated than it needs to be: 12 indicators is too many. A high number of indicators will add to the complexity of the program and therefore to the administrative costs associated with it, without adding additional benefits to the program or improving desired outcomes. The University of Melbourne recommends a much smaller set of indicators be used: perhaps a total three indicators i.e. one for each of the NPILF priorities. If NPILF and Performance-based funding were to be consolidated as recommended above, the three NPILF metrics would be in addition to the existing four measures used in Performance-based funding. The use of a smaller set of indicators would make reporting and assessment simpler and would allow for a more thoroughgoing assessment against the selected measures.

Some of the suggested metrics are already used in funding allocations

Some of the items on the draft list of metrics (p.16) are already used in funding allocations in existing programs. For example, Category 2-4 research income is already used in the formula for distributing research block grants; and employment outcomes is one of the measures used in the Performance-based funding framework. Since sector funding is already tied to performance in these areas, including these metrics in NPILF will add to reporting and administrative costs, and create duplication, without driving positive behaviour. A clear benefit of using fewer indicators is that it will help avoid this duplication, along with combining PBF with NPILF.

Equity and Access

In addition to addressing the problems discussed above, the University of Melbourne urges that the framework should allow for measures that are specifically related to equity and access. Patterns of disadvantage can sometimes persist beyond entry into the university system. For example, low SES and first-in-family students will often have a limited understanding of the employment pathways available to them and may be impeded from taking up internship opportunities by travel costs or the inability to forgo earnings. The framework should encourage initiatives that are designed to improve upon WiL and STEM outcomes for traditionally disadvantaged groups.

Recommendations

The University of Melbourne recommends that the Australian Government:

- *use a smaller set of indicators than that proposed in the Consultation Paper, to improve the targeting, outcomes and efficiency of the program.*
- *avoid using performance measures that are already used to allocate funding in other programs.*
- *Ensure that the NPILF framework allows for measures that are specifically related to disadvantaged cohorts of students.*

Allocation methodology

6. Is the proposed mechanism for allocation appropriate as a mechanism to incentivise new behaviours in the sector? Could re-allocation be introduced earlier/not at all?

The University of Melbourne supports the general approach to allocation outlined in the Consultation Paper. The allocation mechanism should be designed to incentivise new behaviour and performance improvements across the sector. The suggested approach of allowing universities initially assessed as having underperformed the opportunity to recover the funding through demonstrated improvements will help advance this aim. Any funds that are not recovered by universities through performance improvements should be re-allocated across the sector. A commitment to this reallocation should be set out in the 'Other Grants Guidelines'.

While we support the general approach to allocation, the timeframe for an assessment cycle is too short. Given that a cycle includes submitting a performance plan, reporting against agreed metrics and pursuing improvements against measures where performance has fallen short, a one-year cycle will allow very little time for implementation and capacity building. A better approach would be for three-year rolling plans, with short updates in Q1 on the previous year's performance. This would have the benefit of aligning the program funding with Commonwealth Grant Scheme Funding Agreements.

Recommendations

The University of Melbourne recommends that the Australian Government:

- *allow universities the opportunity to recover initially withheld funding through demonstrated improvements in performance.*
- *commit through the Other Grants Guidelines to re-allocating funds not recovered by universities across the sector.*
- *commit to a longer assessment cycle of three years (rather than one year) to allow adequate time for implementation and capacity building.*

Distribution options

7. Which distribution method (i.e. banded; per EFTSL-rate; base; loadings) makes most sense? Or can you propose another method?

There is a mismatch between the distribution options and the assessment framework proposed in the Consultation Paper. While NPILF funding is to be distributed based on CSP EFTSL, the program's scope extends beyond Commonwealth Supported Students in that it includes outcomes for higher degree by research students as well as research income. The distribution of program funding should be broadly aligned with the scope of its assessment. Consideration should therefore be given to using total domestic EFTSL i.e. CSP, domestic fee-paying and domestic HDR students.

Of the options presented in the Consultation Paper, the per EFTSL-rate with a funding floor is the preferred alternative. The certainty provided through a funding floor is an important feature, since the relevant institutional initiatives will typically involve the commitment of resources over a number of years.

Recommendations

The University of Melbourne recommends that the Australian Government:

- *consider using total domestic EFTSL (rather than CSP EFTSL) to determine funding distribution, so that distribution is aligned with the scope of the program.*

- *Ensure that the distribution mechanism includes a funding floor, to provide institutions with certainty around funding allocations.*

Existing practice

15. *Does your business or university have good examples of WIL, or partnerships, which can be used as exemplars?*

Melbourne School of Engineering

Melbourne School of Engineering (MSE) offers [internships](#) for Master of Engineering and IT students including self-sourced internships allowing students to organise an internship independently; international opportunities; and University-sourced internships through industry connections. Undertaking an internship is a chance for students to integrate the theoretical knowledge they have acquired in their studies with professional industry experience. Specifically, internships allow students to:

- Access support from dedicated workplace and academic supervisors
- Develop professional networks through an invaluable industry experience
- Test career interests and ideas
- Develop a competitive edge for the graduate job market

Melbourne Law School: Law Clinics

The Melbourne Law School (MLS) has established a [Clinics program](#) that provides experiential learning opportunities to its students, offering more than 200 student places per year. The MLS Clinics program aims to cater for the breadth of legal practice skills – including research, client-facing skills, community legal education, policy analysis, law reform and advocacy – that our students will use after completing their studies. All clinics combine hands-on legal work and a carefully designed academic component, allowing students to integrate and deepen the coursework component of their law studies. The clinics have a focus on developing students’ professionalism and ethical understanding as essential components of work-readiness and an enabler of life-long learning.

Examples of MLS Clinics include:

- [Disability Human Rights Clinic](#): In the Disability Human Rights Clinic, students analyse and report on human rights violations experienced by people with disabilities and develop policy solutions as part of a research or advocacy project for a community partner organisation.
- [Indigenous Legal Advocacy Clinic](#): Starting in 2021, the Indigenous Legal Advocacy Clinic will engage with current law and policy issues impacting Aboriginal and Torres Strait Islander communities. Students will work in small groups in partnership with an Aboriginal legal service or related body on an issue of law or justice identified by the partner organisation.
- [Public Interest Law Clinic](#): Students in the Public Interest Law Clinic spend one day per week on placement in a community legal organisation supporting lawyers and directly assisting in the delivery of legal services to clients. Complementary seminars encourage students to reflect on their practical experience in the context of ensuring meaningful access to justice, while allowing them to develop practical legal skills.
- [MLS Tax Clinic](#): The MLS Tax Clinic provides pro bono tax assistance to vulnerable and low-income taxpayers. The Clinic assists individuals and small not-for-profit organisations with a wide range of issues, including dealing with outstanding debts and penalties and interest, advising on

issues of tax residency for international students, corresponding with the ATO, and other matters. The MLS Tax Clinic is part of the [National Tax Clinics program](#) funded by the ATO. This model has been highly successful to date in fostering a collaborative approach between the ten current University tax clinics across Australia, which has allowed them to provide much needed services to clients, harness pro bono support from the tax profession and engage in research, advocacy and community education.

- [Law Apps](#): In Law Apps, students explore the use of legal technology and design and build a working application to provide targeted legal information to users. Students have the opportunity of working on problems submitted by external organisations and making student pitches to work on problems that may be assisted by a tech solution. The Law Apps clinic is deliberately designed to prepare students for the post law school environment: students work in groups with a close adherence to client needs to design and build legal information solutions. Law Apps has successfully engaged with the practicing legal profession and legal technology providers to support student learning and has developed strong relationships with the national and international legal technology community.
- [Sustainability Business Clinic](#): Sustainability Business Clinic provides a practical, interdisciplinary clinical experience in which students are supervised in the provision of advice to new and innovating enterprises. Clients are identified as warranting assistance because they will contribute to community or environmental wellbeing but do not have the current capacity to pay for specialised legal assistance.