

Australian Catholic University

Submission on the reallocation of Commonwealth Supported Places for enabling, sub-bachelor and postgraduate courses

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INTRODUCTION

Australian Catholic University (ACU) acknowledges the opportunity to respond to the Australian Government *Consultation Paper on the Reallocation of Commonwealth Supported Places for Enabling, Sub-bachelor and Postgraduate Courses* (Consultation Paper).

ACU notes the delay in the commencement of this consultation process, following the announcement of the relevant reforms in December 2017 as part of the *Mid-Year Economic and Fiscal Outlook 2017-18*. It is therefore prudent that implementation of a new framework has been postponed, from 2019 to 2020, to allow time for feedback from the higher education sector and with a view to ensuring the new framework is 'robust and clear', as the consultation paper envisages. Ongoing and considered consultation with the sector will be necessary to achieve this objective.

ACU affirms the need to: 1) ensure greater consistency and a clear rationale behind the distribution of enabling, sub-bachelor and postgraduate Commonwealth Supported Places (CSPs); and 2) support transparency in the allocation process for these CSPs. Current allocations are largely the result of historical decisions which may no longer be applicable nor best serving student demand and the skills needs of the Australian economy.

ACU advances the following broad public policy principles with respect to the allocation and distribution of enabling, sub-bachelor and postgraduate CSPs:

- There is a strong case to support a diverse range of pathways for students to access higher education and to ensure greater logic, consistency, and equity in the distribution of these CSPs.
- The allocation of places should be made more consistent and rectify anomalies that are often based on anachronistic reasoning. These anomalies distort student choice and hinder effective competition between institutions.
- Broadly, priority should be given to:
 - courses that offer a high community benefit, such as teaching and nursing, noting that graduates in these professions can face significant financial barriers to further study due to generally lower salaries than graduates of courses such as law, commerce or medicine;
 - places for skills-deepening qualifications, particularly in areas such as nursing or STEM; and
 - areas of current or projected workforce shortage, such as specialist nursing qualifications, psychology, and specialist education courses.

While ACU understands that the parameters of the Government's current consultation centres on reallocating existing enabling, sub-bachelor and postgraduate CSPs within a centrally allocated, 'capped' funding system, this has inherent shortcomings. ACU advocates introducing greater flexibility and responsiveness into the system through demand driven funding. Specifically, a demand driven funding system at the enabling and sub-bachelor level, and for approved courses at the postgraduate level, would ensure a more competitive, efficient and nimble higher education sector. It would also be more responsive to meeting national skills needs into the future, alongside supporting equity in educational opportunity across the country and its population.

RECOMMENDATIONS

Process and Implementation

ACU makes the following recommendations with respect to the implementation of a new framework and allocation process:

- The allocation of enabling, sub-bachelor and postgraduate CSPs should occur on a three-year basis, aligning with university funding agreements with the Commonwealth, to provide greater funding certainty for universities and students, and to assist university planning. Recent major ad hoc changes to university funding have had a deleterious impact on the capacity of universities to engage responsibly in medium to long-term planning and investment.

- With respect to reviewing and administering a new scheme:
 - There should be genuine and considered consultation with the university sector on an ongoing basis in relation to periodic changes to CSP allocations.
 - Universities should be afforded reasonable notice of course eligibility criteria for CSP funding in order to be able to plan their offerings.
 - The costs associated with the administration of a new scheme, including periodic reviews, should be kept to a minimum for both students and providers.
- When reviewing and determining which courses to extend CSPs to:
 - The primary focus should be on *demand* and *need* (encompassing equity considerations) for particular courses and pathways, though geographic representation should also be taken into consideration.
 - Reasonable allowance needs to be made in the allocation process to accommodate the variations that can occur in course enrolments from year to year.
 - Government should consider the implications of other policies - whether federal, state or local - and any wider considerations that may have bearing on the delivery or take-up of particular courses. For example, free TAFE places in Victoria in identified 'priority courses' is already having a severe market distorting effect on sub-bachelor enrolments.

Enabling Courses

With respect to the reallocation of CSPs for enabling courses, ACU recommends that:

- All institutions should be provided with CSPs for enabling courses, which serve an important role in tertiary preparation and the transition to further tertiary study. They can also deliver additional value to students (beyond enrolling in a university degree), by improving knowledge and general competencies and/or assisting them to secure employment.
- In the CSP allocation and distribution process:
 - Particular consideration should be given to institutions that provide a high proportion of professional bachelor level qualifications in areas of workforce need.
 - Consideration should be given not only to student progression to further study at tertiary level, but also to the value gained from the enabling program itself i.e. not just whether they enrol in a university degree.
 - A holistic approach should be adopted when it comes to assessing demand for CSPs. Considerations should include, but not be limited to, equity issues. A full assessment of *demand* and *need* will serve to reveal the 'hotspots' for enabling courses. Dedicated funding can be used in a targeted manner to address issues of access for equity groups if there are shortfalls.
- Government should support initiatives to encourage universities to embark upon innovative ways to deliver enabling courses. Institutions should not be dissuaded from trying new approaches by the risk of losing funding.

Sub-bachelor Courses

The process for reviewing the allocation and distribution of CSPs for sub-bachelor courses should particularly recognise that:

- Sub-bachelor courses offer both: 1) a valuable pathway for students to undertake further tertiary study; and 2) standalone qualifications that equip individuals to fill areas of workforce shortage (such as in the Health and Education sectors) and address skills gaps.
- If the Government proceeds on the basis that the allocation of CSPs for sub-bachelor courses should include a focus on courses that "fully articulate into a bachelor degree"¹, the redistribution of sub-bachelor CSPs to universities should be informed by institutions' relative share of bachelor level CSPs.

¹ Consultation Paper, p. 8.

- Allowance should be made to increase sub-bachelor CSPs for nested diploma programs in fields of study where there is demonstrated industry need.

Postgraduate Courses

The allocation of postgraduate CSPs should be transparent, consistent, and practical, with a focus on:

- Courses that offer a high community benefit and low personal return, such as teaching and nursing; to areas of workforce shortage; and to skills deepening qualifications.
- Furthermore, where a course is eligible for a postgraduate CSP, all similar courses across the country should be equally eligible. This will ensure that the allocation framework is consistent and fair to all students and providers.

As with the allocation of designated courses more broadly, market *demand* and *need* should drive the allocation of CSPs for postgraduate courses. In this respect, two key considerations should particularly be better incorporated in the review and allocation process at the postgraduate level:

- Recognition of accredited postgraduate programs geared to meet specific industry needs.
- Better responsiveness to changing course and industry needs (while remaining conscious of the potential for ‘credential creep’).

PROCESS AND IMPLEMENTATION

ACU supports, in principle, the Government’s proposal to ensure that the criteria for allocating enabling, sub-bachelor and postgraduate courses are reviewed on a three-yearly basis, in line with individual university funding agreements with the Commonwealth. The major shortcoming in the existing system of allocation is its lack of flexibility and responsiveness to demand, and the reliance on (outdated) historical data. A regular, periodic review of allocations would assist in avoiding a return to the status quo, where there is no clearly identifiable rationale for allocations.

Furthermore, aligning the assessment and allocation process with the three-year funding agreements would assist university planning and provide greater funding certainty and stability for the sector. It would also provide more certainty for students and enable universities to clearly advise students on which courses and pathways will have CSP allocations over the three year period (rather than this changing unpredictably from year to year). Any changes to CSP allocations should allow sufficient notice for universities to adjust their enrolment planning accordingly.

With respect to the reallocation process and implementation of a new framework, it is important that there is genuine and considered consultation with the university sector, and on an ongoing basis, with respect to future reviews of CSP allocations. Alongside periodic reviews of allocations, universities need to be allowed reasonable notice of course eligibility criteria to be able to plan their offerings.

Costs associated with administering a new scheme, including any periodic reviews of allocation criteria, should be kept to a minimum for both students and providers. The objective should be to maximise the funding available to be dedicated to teaching and learning, and to minimise any requirements that would result in universities having to divert funding to administration (while remaining conscious of avoiding the creation of red tape burden).

The Consultation Paper raises the question of whether geographical representation should be a consideration in the distribution of places. While ACU considers that geographical representation should be taken into consideration in the distribution of CSPs, the driving focus should be on *demand* and/or *need* for particular courses and pathways. Support for regional universities should not occur at the expense of metropolitan-based universities.

The new framework should also afford universities some flexibility to use CSP allocations to respond to demand in the market and to move funding to areas of need (e.g. within universities and/or disciplines). In this context, ACU acknowledges that the Government wishes to maintain a central allocation system and a budgetary ‘lid’ on the costs of funding designated CSPs. However, the emphasis in the Consultation Paper on underutilised CSPs and suggested reallocation where it is perceived that universities do not “need” them is a concern. It is important to recognise that under a capped funding system, market “need” is not well established in this manner, as actual utilisation of CSPs in a given year is not a clear proxy for market demand, skills shortage or industry relevance.

The consideration of individual institutions’ existing utilisation of places in the assessment process (as canvassed in the Consultation Paper) should allow some accommodation and/or flexibility in allocations to reflect the ebbs and flows in enrolments which can occur in some years (for instance due to changes in institutional enrolment plans, short-term fluctuation in market demand etc.). Thus, some accommodation needs to be made in the new allocation scheme for year-to-year variations in course enrolments that can typically occur; this would also avoid a situation whereby institutions: 1) may feel compelled to ‘fill’ allocated places in a given year, for fear of having them withdrawn

the next year; and 2) are unduly penalised for not taking on higher levels of risk and/or making prudent decisions around enrolments in a given year.

ACU also submits that the Government should take into consideration, during the reallocation process, other policies (whether federal, state or local) and/or wider considerations that may have particular bearing on the delivery or take-up of particular courses. For instance, the Victorian Government's decision to offer free TAFE places in priority courses such as Nursing from 1 January 2019 may create a competing imperative and/or incentive with respect to the take-up of certain sub-bachelor courses where there is real or perceived course duplication (e.g. Diploma of Nursing).²

Finally, while ACU recognises that a policy shift from a capped funding system to demand driven funding is outside the scope of the Consultation Paper, it is nevertheless important to note that further reform to enabling, sub-bachelor and postgraduate CSP funding will be necessary if the Government truly wishes to further its commitment to delivering a "world-class higher education system" that is both effective and sustainable and "removes barriers for under-represented groups".³

Introduction of demand driven funding, particularly at the enabling and sub-bachelor level, is likely to improve educational access and outcomes for a range of students, including those from low socioeconomic backgrounds, Indigenous students, students from regional and remote areas, and students with a first language other than English. It also increases student choice and student mobility, better enabling students to study the courses at institutions that are the best fit for them – and to enter tertiary education at the course level that best meets their educational needs. There is great benefit in having a diverse range of accessible pathways for students to undertake higher education.

Importantly, it would also correct market distortions where students who may be less prepared for university choose a bachelor level course due to (relatively) better prospects of a Commonwealth subsidy being available. Indeed, opening sub-bachelor CSPs to demand may result in a saving to the Commonwealth due to some students opting for one-year diplomas rather than three-year degrees.

ENABLING COURSES

ACU considers that all institutions should be provided with CSPs for enabling courses. This could be aligned with institutions' course offerings and/or be in the form of CSPs for Tertiary Preparation courses. Enabling courses serve an important role in equipping individuals with essential skills to support their success and transition to further tertiary study. Australian Government projections indicate that 'over 90 per cent of the 948,000 new jobs expected to be created by 2022 will require post-school qualifications'.⁴ They can also deliver additional value to students i.e. beyond enrolling in a university degree and/or continuation to vocational education and training (VET); for instance, by improving the knowledge and competencies of the student and/or equipping them with skills that may assist them to secure employment. While ACU affirms the role of enabling courses as a preparatory tool for students from low socio-economic and/or other disadvantaged backgrounds, wider demand for these courses amongst the rest of the population should not be overlooked.

Observations in the Consultation Paper that, in 2016, higher education providers delivered enabling courses at a rate well above their enabling CSP allocations indicates that there is strong demand for enabling courses, which could be addressed and better supported by the Commonwealth.

With respect to distributing CSPs for enabling courses, particular consideration should be given to institutions that provide a high proportion of professional bachelor level qualifications in areas of workforce need. For example, impending teacher shortages would suggest more enabling places should be given to institutions most likely to be able to address such shortages. Changes in entry requirements for teacher education courses imposed by state governments has also increased the need for enabling places, to support students from diverse backgrounds to develop and demonstrate their preparedness to enter teacher education courses.

ACU provides the following feedback regarding the proposed criteria for reallocating enabling places:

- *Student progression to further study at tertiary level:* While it is reasonable that this would be a funding criterion, consideration should also be given to the wider question of what a student does with the education gleaned in an enabling program and not just to whether they enrol in a university degree. It should be recognised that the value of an enabling program can be more than admission to a university degree; enabling programs offer a number of benefits including employment and/or continuation to VET. Furthermore, some

² See TAFE Victoria, 'Free TAFE for lots of jobs', Accessible via <https://www.vic.gov.au/freetafe/free-tafe.html>

³ Consultation Paper, p. 6.

⁴ Commonwealth Department of Jobs and Small Business, *2017 Skill Level Projections* as cited in Noonan, P., 'Time to think about the future – participation rates in Australian tertiary education', *The Mitchell Institute* (26 April 2018). Accessible via http://www.mitchellinstitute.org.au/opinion/time-to-think-about-the-future-participation-rates-in-australian-tertiary-education/#_ftnref4

students ‘dip in and out’ of tertiary education over their lifetime, and while completion of an enabling course may not immediately lead them to undertake tertiary study it may equip them to do so at later point in their career, for instance, after spending a period of time in employment and/or when they wish to upskill.

- *Existing utilisation of places:* As outlined previously, it should not be assumed that a university’s past or current utilisation of its allocated CSPs paints a clear picture of demand for particular courses, particular where there is underutilisation. Reasonable allowance needs to be made in the distribution process for enabling CSPs to accommodate the variations that can, and typically do occur in application/enrolment numbers from year to year alongside individual institution’s decisions around offering particular courses in a given year (which are influenced by a range of factors including enrolment planning, risk assessment, financing etc.).
- *Profile of commencing students:* ACU broadly agrees with the Government’s suggested approach to consider the characteristics of an institution’s commencing student cohort (such as the prevalence of any equity groups requiring support to participate in higher education), however, caution needs to be taken to ensure that a balanced, holistic approach is adopted with respect to allocating and distributing CSPs without being driven solely by equity data. Assessment of *demand* will serve to reveal the hotspots for enabling courses. That is, while access for equity groups is important, student demand across the board should not be overlooked; and there is an opportunity to also use separate and/or supplementary targeted funding to alleviate problems associated with access for equity groups.
- *Innovative teaching models:* ACU would support the Government taking initiative to encourage universities to embark upon innovative ways to deliver enabling courses. This should be through funding sweeteners and/or in the form of positive reward i.e. supplementary incentive funding, rather than through penalties which would be counter-productive.

SUB-BACHELOR COURSES

Sub-bachelor courses provide an important pathway for students to undertake further tertiary study, while also serving as standalone qualifications that serve to meet skills gaps in the workforce. With respect to the allocation of CSPs for sub-bachelor courses, ACU considers that:

- Allocations should be responsive to the market and areas where there is demonstrated *demand for courses*. However, it should be recognised that, when assessing demand for particular courses, not every course will lead to a student working strictly in the associated discipline area. Indeed some students (and ultimately the workforce) benefit from their education in an allied field; for example, human resource management courses may not lead to a graduate working in a Human Resource department of a business, but may equip them with the necessary knowledge and skills to work effectively in management or a managerial role.
- Given the Government’s proposal that sub-bachelor courses attracting CSPs should include a focus on courses that “fully articulate into a bachelor degree”, the redistribution of sub-bachelor CSPs to universities should perhaps be *informed by institutions’ relative share of bachelor level CSPs*.⁵ This would:
 - provide equitable access to tertiary education and associated pathways across regions, fields, institutions and so forth;
 - better support students through their tertiary education undertakings, which may also help to ensure that students enter tertiary education at the course level best suited to them (this would also allay apparent concerns that some students may unsuitably be entering bachelor level degrees due to the relatively better prospects of gaining entry to a CSP at bachelor level);
 - enable universities to better guide students through their tertiary journey and to provide clear advice on courses with CSP pathways;
 - streamline the distribution of CSPs and address mismatches and/or significant variations between individual institution’s sub-bachelor and bachelor CSP allocations; and
 - rationalise allocations in line with the market, as industry, skills and other requirements would still be demonstrated in institutional reporting and internal distributions to fields of study particularly at the bachelor level.
- Allowance should be made to *increase sub-bachelor CSPs for nested diploma programs in fields of study where there is demonstrated industry need*.

For instance, in the field of Education, there is increased recognition of the importance of early childhood education, and the need for more qualified early childhood teachers to meet regulatory requirements. This, coupled with workforce shortage in early childhood centres, supports the need for CSPs for nested programs in which students can concurrently enrol in a Diploma which qualifies them to work in the sector while

⁵ Consultation Paper, p. 8.

subsequently completing a Bachelor level program. Current limits on sub-bachelor CSPs coupled with the current capped funding environment at the bachelor level, limits innovations such as the above that support workforce shortages and future sector needs.

- There should be *reasonable allowance in institutional CSP allocations to accommodate year-to-year variations in course enrolments that typically occur, and which are influenced by a range of factors that are not limited to demand*, particularly when operating under a capped funding system. A proposal that would see unutilised CSPs in a course automatically forfeited in the next period would likely unduly and (unconstructively) put pressure on universities to fill every designated CSP allocation for fear of losing places the following year. This would form poor policy, could have adverse financial implications for universities and/or particular disciplines, and is also unfair on universities given the typical ebbs and flows of enrolments and demand which occur from year to year.

POSTGRADUATE COURSES

As with the allocation of enabling and sub-bachelor CSPs, the current allocation of postgraduate CSPs is the result of a number of historical decisions which may no longer be applicable. For example, although the previous Government undertook a review of the allocation and funding of postgraduate CSPs in 2011, allocations were essentially frozen in time while the demand driven funding system for bachelor-level places was in operation. Rigidity in the allocation has meant that universities have largely been unable to change their student profile or meet shifting professional requirements and student demand. The allocation of places should be made more consistent to rectify current anomalies in the system which distort student choice and prevent effective competition between institutions. For example, Exercise Science students may be eligible for a Commonwealth subsidy at one institution, while being required to pay full fees at another due to the allocation of postgraduate places. It is likewise not uncommon for half the students in a postgraduate Psychology class to be subsidised at one institution, whilst the entire class at another institution is subsidised simply because of that institution's larger share of postgraduate CSPs.

ACU affirms that public subsidisation of postgraduate courses requires careful consideration. While demand should inform the allocation of postgraduate CSPs, the Government should also remain conscious of, and avoid the risk of, 'credential creep', when determining postgraduate CSP eligibility. ACU recognises that it is important to produce graduates who are able to meet industry requirements and to ensure workers have adequate skills where specific areas of specialisation are required. However, there is the risk that some professional bodies may see a review and reallocation of CSPs as an opportunity to shift professional development costs from its members to the Commonwealth. In view of the capped number of postgraduate CSPs proposed to be available, the Government should take care in selecting eligible postgraduate courses in order to maintain the integrity of the new system.

Rationale and principles for allocating postgraduate CSPs

As with the allocation of designated CSPs more broadly, the allocation of postgraduate CSPs must be transparent, consistent, and practical, with a focus on: courses that offer a high community benefit and low personal return, such as teaching and nursing; areas of workforce shortage; and skills deepening qualifications. Furthermore, it should be ensured that where a course is eligible for a postgraduate CSP, all similar courses across the country must be equally eligible. This will ensure that the allocation framework is consistent and fair to all students and providers.

Providing some flexibility in the allocation system to allow moderate increases of postgraduate CSP allocations at universities for courses in priority areas where there is student demand would also be beneficial - particularly for courses where prospective-students would not typically opt to pay full fees (or be in a financial position to do so); for example in postgraduate courses such as Social Work where there is high social and industry need for trained graduates/professionals but lower financial return for those who pursue these courses and careers.

Broadly, market demand should inform the allocation of postgraduate CSPs. In this respect, two key considerations should particularly be better incorporated in the review and allocation process at the postgraduate level:

- *Recognition of accredited postgraduate programs geared to meet specific industry needs:* Currently there is limited recognition of accredited postgraduate programs that meet specific industry needs. To illustrate, in the field of Education, ACU provides a number of postgraduate courses that provide an accredited professional qualification necessary for employment, for example the: Graduate Certificate in Education (Career Development) for employment as a Careers Advisor in schools; and the Master of Education (Inclusive Education) supports employment as a Special Education Teacher in Schools. These qualifications do not currently receive CSP funding but represent an area of employer need. This is evident in the provision of scholarships from education systems for teachers to undertake these qualifications. There needs to be recognition of such programs in the allocation of postgraduate CSPs, particularly to ensure sufficient and equitable access across the population including amongst disadvantaged groups.

- *Better responsiveness to changing course and industry needs:* While ACU would recommend the Government remain conscious of the potential for credential creep with respect to postgraduate courses (as discussed above), there is an evident need for the current allocation system to better reflect, and be more responsive to changing course and industry needs.

This is a particular issue with respect to postgraduate teacher education qualifications. In the field of teaching, increasing preferences from education systems for Masters level teaching qualifications is currently hampered by limited CSPs at this level. This means that universities have limited potential to support dual degrees programs for secondary teachers e.g. Bachelor of Arts/Master of Teaching. Consideration needs to be given to increase the allocation of postgraduate CSPs for such programs. Notably, teacher shortages are also expected to increase demand, from education systems, for universities to increase intakes into Master of Teaching programs as they provide qualified teachers in two years, or potentially one year through employment-based pathways. Universities currently have limited ability to meet these employer needs or to engage in innovative employment-based pathways due to the limited number of CSPs that are available.

Finally, ACU notes that the Consultation Paper proposes considering ‘student satisfaction’ in the criteria for reallocating postgraduate places. ACU considers that a better measure would be to consider how well prepared students are for the workforce and whether they are addressing the national skills priorities.