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Job Ready Graduates Taskforce
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Go8 Submission to the Consultation on the National Priorities and Industry Linkage Fund (NPILF)

Introduction and Executive Summary

The Group of Eight (Go8) welcomes the opportunity to make a short submission to the consultation on the National Priorities and Industry Linkage Fund (NPILF). Please note that this submission represents the high-level views of the Go8, and our members may make their own, more detailed submissions.

The Go8 which collectively educates 54 per cent of Australia's science graduates, 42% of engineering graduates, 61% of medical graduates and earns two-thirds of industry research income to universities, has a strong commitment to industry engagement aligned to national priorities and will seek to enhance this commitment through the NPILF.

The proposed distribution method for the NPILF by banding institutions according to Commonwealth Supported Places (CSPs) is of serious concern. This banding has no coherent explanation but does deliver a high level of differential funding per CSP which undermines the policy goals of the NPILF.

Overall, there is also an unhelpful tension in the proposed design of the NPILF between the creativity and experimentation needed to develop new methods of industry engagement and the overly bureaucratic processes set up to administer the program.

The Go8 addresses these and other matters through three key recommendations and a series of other points for further consideration and development as the NPILF is implemented.

Recommendations

Recommendation 1: Beyond the trial period 2021-23 the distribution formula should be changed to be on the basis of CSP load – possibly with the inclusion of a safety net to ensure a minimum institutional allocation across the sector.

The current banding approach for the distribution of the NPILF - in place for 2021-23 – has no articulated rationale, beyond referring to supporting small and regional institutions in general terms. It does, however, deliver highly differential funding per CSP across the sector, with the highest institutional funding rate (\$636 per CSP) 2.2 times the lowest institutional funding rate (\$292 per CSP)¹.

There is already a regional growth factor of 3.5% built into CGS funding through the Job-ready Graduates package which will grow NPILF allocations for regional universities. The application of a distribution based on

¹ https://www.dese.gov.au/system/files/doc/other/technical_note_job_ready_graduate_package.pdf

CSP load with a simple safety net mechanism² set at say \$3.25m - the minimum band level – will support both regional and small institutions in a more transparent and equitable manner than the current banding approach.

Recommendation 2: The administration of the NPILF be streamlined to a single negotiation with the Department of Education, Skills and Employment (DESE) as part of the Mission Based Compact.

The process for managing NPILF suggested in the consultation paper involves a yearly institutional plan for NPILF negotiated over five months (November to March) with DESE and which is then added as an attachment to the Mission Based Compact before an assessment at the end of the year. The Go8 believes that this represents too lengthy and too involved a process for a program – while important – that distributes a relatively small proportion of an institution’s funding. Instead, the Go8 suggests that negotiations are streamlined so that NPILF arrangements are fully integrated into the compact process.

Recommendation 3: There should not be performance formula applied in the NPILF distribution amount until there is clarity on the final shape of the suite of indicators to be employed in evaluating the NPILF and the overlap of NPILF with the Performance Based Funding process.

Part of the stated aim of the NPILF is *allowing the space for universities to take risks to engage new sectors and deliver new learning models* (page 12 of the consultation paper). This intention seems in conflict with the highly formulaic approach to the proportion of funding given to an institution presented on page 20. In this model funding is potentially held back from an institution based on performance against indicators. This incentivises institutions to select safely defined and achievable indicators rather than innovative programs and metrics.

As a new and to some degree experimental program there needs to be more work done on the indicator framework for NPILF. In particular, whether it will deliver an appropriate assessment of outcomes in practice, the administrative burden involved for institutions, whether an annual evaluation is appropriate and how the NPILF framework will overlap with the existing Performance Based Funding approach which also includes indicators related to employment outcomes of graduates. All of these elements should be clarified before a punitive element to the funding allocation model is introduced (noting that the full implementation of the NPILF distribution method is not scheduled until 2024).

Issues for further consideration

Definition of STEM+ skills. While the Go8 believes that STEM+ (STEM plus Allied Health, Architecture and Building) skills are critical it is also important to acknowledge the benefits of Humanities, Arts and Social Science (HASS) training. The foundational skills referred to as STEM skills in the consultation paper – such as critical thinking, creativity communication and system problem solving (page 5) – are delivered not just by STEM courses but also by HASS courses. It is the delivery of these skills, applied in the workforce that should be the real outcome from the NPILF program.

Having acknowledged these issues, the Go8 believes that it is also important not to have the development of NPILF stalled on precise definitions of skills and disciplines. More important is to ensure that there is a focus on the overarching value of a high-quality university education in the workforce.

² Note that here the Go8 is envisaging a safety net mechanism as applied to the Research Support Program block grant although with a fixed rather than institutional specific safety net amount.

Demand side input into NPILF design and operation. The consultation paper is largely focused on the university or supply side of graduates in the workforce. There is a need for greater consultation with industry on the design of the NPILF in terms of skills targeted and the design of the indicator and evaluation framework to ensure that program is fit-for-purpose in delivering and assessing outcomes, not just supply side inputs.

A focus on research. Much industry engagement with universities – particularly with Go8 members – takes place through research partnerships. There is very little explicit focus in the consultation paper on research and the importance of building effective partnerships through this mechanism, nor on the need of a workforce that can operate in this context. These factors will be crucial to driving innovation and economic activity in Australia and should be explicitly included in NPILF.

Indicators. As noted above, there is much development needed in the NPILF indicator approach. There will be a need for great flexibility in the design of indicators to ensure that they are appropriate and not administratively burdensome to evidence. Some indicators may need to be long term to measure success of initiatives and acknowledge the possible time lag between introducing initiatives and graduates appearing in the workforce. The consultation paper spends little time discussing what indicators might be needed to evidence the impact of NPILF in an industry context which will be a key element of success.

Definition of industry: The broad definition of industry provided in the consultation paper (page 9) is welcome. Further clarity, on whether the focus of the program is to be at the peak body level, the industry level or the enterprise/employer level and the scale of engagement would also be useful for institutions.

The Go8 looks forward to an ongoing engagement in the development of the NPILF which we hope will be a key contributor to Australia's future economic prosperity and societal well-being. If you have questions regarding the Go8 submission please do not hesitate to contact me at chief.executive@go8.edu.au or 02 5123 6701.

Yours sincerely



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