

SCIENCE & TECHNOLOGY AUSTRALIA

POLICY SUBMISSION

26 JULY 2024

NEW MANAGED GROWTH FUNDING

Science & Technology Australia thanks the Department of Education for the opportunity to respond to the consultation paper on implementation of the new managed growth funding system for universities.

Science & Technology Australia is the peak body for the nation's science and technology sectors, representing around 134 member organisations and more than 225,000 scientists and technologists. We connect science and technology with governments, business and the community to advance science's role in solving some of humanity's greatest challenges.

Key points

- The paper lacks detail and policy articulation on the implementation of a managed growth funding system. The paper does not make clear how the size of the 'system-wide pool' of Commonwealth-Supported Places (CSPs) will be set, the policy intent underlying the new system and how it will work. The paper does not include clear information on criteria and processes by which Managed Growth Targets (MGTs) will be set.
- Commitment to growth and to the Government's ambitious targets for expanded higher education participation imply – and indeed, require – that the managed growth system be underwritten by real increases in funding over time. However, this is not explicit in the paper or Government policy. The new system's success will depend on adequate resourcing, both in the aggregate and at the per place level. For the latter, the future review of cluster funding will play a crucial role.
- Current cluster funding rates – set up under the Job Ready Graduates (JRG) program – incorporate very big cuts to per place resourcing for several STEM disciplines. STA calls on the Government to address this in the future review of cluster funding rates to secure the future of STEM studies in Australia and supply of STEM skills to the labour market.
- The intention to expand access to the CSP pool to non-university higher education providers must be done carefully to ensure the quality and reputation of Australia's higher education sector – and not dilute the constrained funding available. Any CSP allocation to non-university providers must be accompanied by an increase to total CSP funding.
- Science & Technology Australia welcomes 'managed demand-driven funding for equity students' to increase participation, but the paper lacks detail on how this will operate. The Government should also consider other important and effective policy levers to increase participation, such as school-based education supports, adequate student income support, reasonable pricing of student contributions and fair arrangements for repayment of student loans.

Science & Technology Recommendations

1. The Government should publicly commit to real growth in places and CGS funding (in the aggregate and on a per-place basis).

2. As a matter of urgency, the Government should develop and publish information on indicative projections of future CSPs linked to the Government's attainment targets, to underpin sector planning and public confidence.
3. As a matter of urgency, the Government should develop and publish information on:
 - a. the criteria and processes the Australian Tertiary Education Commission will use to set MGTs
 - b. how factors (such as 'student demand') will be measured for the purposes of setting MGTs
4. Allow universities to move places between funding clusters within the allocated band of CGS funding.
5. As a matter of urgency, the Government should develop and publish information on:
 - a. how demand-driven CSP funding for equity group students will work within a system that is capped overall
 - b. what the term 'catchment area' means and is defined in a higher education context
 - c. how the system of guaranteed places for equity students will operate, and how it will be administered within existing university admissions systems (e.g. through Tertiary Admissions Centres).
6. Improve data standards to ensure reliable and consistent identification of equity students and make these standards available well before the system commences on 1 January 2026.
7. Commit to expanding numbers of places available – both in the sector-wide pool and within individual universities' MGTs – where this is needed to accommodate excess demand from equity students and set up rules and processes to make this happen.
8. Consider the role of student income support in recruitment and retention of students, especially students from equity groups.
9. Commit the forthcoming review of cluster funding to principles of fair and reasonable student contributions together with a fair and reasonable public/private split.
10. Consider carefully is any transition arrangements are needed and if so, for how long.
11. Guarantee that funding for any transition arrangements will never be delivered at the cost of CSPs available, either overall in the system-wide pool or to a given university.

A system-wide pool of places

The new managed growth funding system will set a national cap on CSPs available across the sector. This is a significant change from the current system, which is based on caps expressed in terms of dollars rather than places. It is also a profound change from the former demand-driven system.

The new system's name makes clear an intention to increase the number of university places over time to meet the Government's ambitious participation and attainment targets as recommended by the Australian Universities Accord (the Accord). These targets imply certain growth trends in participation and in the number of places that will be needed. However, it is not clear how the set number of places will flow back from attainment targets, nor how Government will make decisions about the overall size of the pool. Indicative, in-principle information on the logic, criteria and processes that will guide the future growth of the pool should be provided.

A policy commitment to growth implies that aggregate amounts appropriated annually in the Federal Budget to fund the system-wide pool will also grow accordingly – growth in the number of university places will depend on continuous real increases in aggregate CGS funding.

The future review of cluster funding rates – recommended by the Accord and foreshadowed in the consultation paper – will play an important role in securing adequate funding for university places, at both aggregate and per-place/discipline levels. To be effective, the new funding system must be based on adequate resourcing for the delivery of the various disciplines – and set a fair and reasonable split between Government and student contributions.



In particular, the future review of cluster funding will have to deal with very large cuts to resourcing for STEM disciplines made as part of the Job Ready Graduates (JRG) changes passed in 2020. These crucial disciplines for Australia's future suffered some of the biggest cuts to total resourcing under JRG: both Science and Engineering were cut by 16% per place, Maths by 17%, Agricultural Science by 10% and Medical Science by a whopping 32%.

These cuts to STEM funding likely have a detrimental effect on universities' capacity to offer STEM courses, and thus on STEM participation and skills supply. Science & Technology Australia calls on the Government to use the opportunity presented by a cluster funding review to ensure adequate provision for STEM courses to boost STEM participation and skills supply.

The review of cluster funding must also look at the public/private split – i.e. the balance between the Government's CSP contribution and the student fee contribution. Student contributions must be set at a fair and reasonable level that does not deter participation and is consistent with the operation of Australia's world-leading student loan system.

Managed growth targets for universities

As with the system-wide pool, clarity is needed on both the criteria and processes ATEC will use to set MGTs for individual universities.

The consultation paper states that the 'growth rates' set up under JRG will be abolished and that 'the new system will more responsively allocate growth to align with student demand'. In principle, this is sound policy, and a marked improvement on the existing system of fixed growth rates based on regionality which – as the paper notes – 'have been shown to not reflect student demand'.

However, it would be useful to have more information on how relevant factors – such as 'student demand' and 'institutional and sector sustainability' – will be measured and operationalised.

The consultation paper states that a university will be able to move load between levels of education within its MGT, subject to monitoring by ATEC. However, it is unclear whether MGTs will allocate CSPs by funding cluster (as was the practice before the phased implementation of the demand-driven system from 2009), or whether universities will be able to move load within or between clusters. Presumably, ATEC will – by allocating a specific number of places – also allocate an amount of CGS funding to a university. This amount will presumably be tied to the funding clusters the MGT places sit within, but it is unclear how much flexibility – if any – universities will have to vary the discipline mix of the places they ultimately offer.

Managed demand-driven funding for equity students

Expanding access and improving equity in higher education was a guiding principle of the Accord right from the start. STA shares the Accord Panel's – and the Government's – view that bold action is needed to improve access and equity. Accordingly, we fully support the policy intent to guarantee a university place to every qualified applicant from designated equity groups. It will be necessary to ensure that needs-based funding effectively supports students to succeed – whether this be through additional academic support and/or other supports as appropriate.

Nevertheless, STA believes that the proposed system of 'managed demand-driven funding' for students from equity groups needs more policy work – both on the conceptual basis of a 'guaranteed place' for equity students and the administrative details that will be needed to make it work.

There are several issues the consultation paper fails to clarify:

- 'Catchment area' is a novel term in higher education and does not have an agreed or obvious meaning. This term needs to be defined.
- The administrative process by which a student would be offered a place at a university they had not applied to is unclear.



- It is not clear who would administer the applications and offers process for students from equity groups – particularly where universities from different states/territories were involved. Presumably the intention is not for the Commonwealth to take such a direct role in admissions at autonomous universities.
- It is not clear how equity students would be reliably and consistently identified during the applications and offers process. It appears very likely that universities, Tertiary Admissions Centres and the Department of Education would need to collect more detailed and systematic information on applicants.
- More certainty is required on how ATEC might increase a university's MGT – and indeed, how it would 'redirect unused supply from elsewhere in the system' should there be strong demand from equity students.

While the intent to increase the number of CSPs for students from equity groups is commendable, efforts to expand access and participation should not neglect other effective policy levers to encourage students to enrol and to support them through their studies. Adequate, appropriately targeted income support is the most effective policy measure to support students struggling to meet the cost of living while studying.

Ensuring that student contributions are set at a fair and reasonable level, and that arrangements for student loan repayments are fair is also necessary to support broad participation in higher education – especially by students from traditionally under-represented population groups.

Transition arrangements

Big changes in university funding often include transition arrangements to support universities that are disadvantaged in the short term. The section of the consultation paper on 'transition and institutional stability' canvasses several different options, but does not give a clear policy rationale for transition arrangements and thus does not offer criteria for judging between the options put forward. Clarifying the policy rationale(s) for transition arrangements – including establishing whether they would be necessary at all – would be conducive to a more informed discussion and would be more likely to lead to sensible outcomes.

It is odd that the paper considers an option for a permanent transition arrangement, which is a contradiction in terms.

Funding to support transition arrangements or funding floors should never be at the cost of CSPs for qualified and willing students.

Please do not hesitate to be in contact if we can provide any further advice or information.

Professor Sharath Sriram
President

Ryan Winn
Chief Executive Officer

SCIENCE & TECHNOLOGY AUSTRALIA / PO Box 259 CANBERRA ACT 2601 / 02 6257 2891 /
info@sta.org.au / www.scienceandtechnologyaustralia.org.au / ABN 71 626 822 845

©2024 Science & Technology Australia

This work is copyright. Apart from any use as permitted under the Copyright Act 1968, no part may be reproduced by any process without prior written permission from Science & Technology Australia. Requests and enquiries concerning reproduction and rights should be made using any of the contact details above.

