

# Griffith University

## Submission

### Review of funding clusters and pipeline for new places

Griffith University is pleased to have this opportunity to submit its position on the Australian Government's higher education funding cluster mechanism.

#### **General principles**

Griffith supports what it understands to be the general principles informing the Commonwealth's funding clusters, that:

- 1 Australian Government funding of higher education teaching should reflect differences in costs;
- 2 allocations should be transparent; and
- 3 there should be reasonable accountability for Australian Government funding.

Griffith suggests 3 further principles taken from the draft funding principles of the Scottish Funding Council's (2006:10-11) *Review of college and HEI teaching funding methodologies* –

#### **Equitable**

*Fit for purpose, recognising necessary diversity in the system*

- 23 The starting point for a funding methodology is that it is based on averages. However, there is significant diversity in modes of delivery and types of institution in both the [further education] college and HEI [higher education] sectors. We need to achieve a balance between recognising that diversity in our funding methodology and ensuring that the underlying calculations are as equitable, straightforward and transparent as possible.

*Difference in treatment justified with reference to differential costs*

- 24 Wherever we depart from the principle of averaging, we have to be able to justify funding differentials within our methodology. This will involve an examination of the relative costs involved in different aspects of a diverse system.

#### **Predictable**

*Stable enough to facilitate institutions' strategic forward planning*

- 25 As well as being predictable our methodology must also be stable. We should guard against major changes from year to year which make forward planning difficult and could potentially put at risk some elements of provision or individual institutions.

## **Transparent**

*Based on evidence or clear rationale and sound measurement*

- 26 Not only must a funding methodology be evidence-based, we must be able to measure data for the evidence base in a consistent and accurate way across the sector. We must be able to justify that evidence used in the methodology is fit for purpose.

The 3 further principles that Griffith takes from the Scottish Funding Council and proposes for the Australian Government's higher education funding clusters are that:

- 4 funding should be based on average costs, recognising that there is significant diversity in modes of delivery and type of institution;
- 5 differences in funding between clusters should be based on evidence of differences in average relative teaching costs; and
- 6 evidence of differences in average teaching costs should be based on data that are accurate and fairly reflect the whole sector.

It might be noted, incidentally, that Scottish Funding Council (2006:6) is reviewing teaching funding methods over 4 years:

2006 – agree a set of funding principles;

2007 – develop options and proposals for change;

2008 – consult on proposals; and

2009 – introduce changes.

The Higher Education Council for England is also reviewing its teaching funding method over several years. This suggests that the timetable for the Australian Government's review of funding clusters may be too ambitious.

## **Difficulties with the current mechanism**

The comparatively large number of clusters and very small tolerance of departures from the funding target places pressure on the accuracy of the coding of subjects to disciplines, ignores the difficulty of predicting funded load for flexible programs, and restricts institutions' ability to respond quickly and effectively to changes in student demand.

### *Accuracy of coding subjects to disciplines*

Implementing detailed funded load targets depend on subjects being coded to disciplines accurately. This coding is currently done by institutions and as far as this university is aware the Department does not systematically audit initial codings or changes to subject codings. Griffith is not aware of any discrepancies in codings but it is at least possible that there are inconsistency in institutions' codings. There would be less pressure on the accuracy of codings if the number of clusters were reduced or the tolerance for departures from the funding target were increased.

### *Predicting funded load for flexible programs*

It is difficult to predict funding cluster load for programs in which students have flexibility to choose subjects from different clusters. For example, law students typically include up to a quarter of non law subjects in their law program and business students can include up to a quarter of non business load in their business program. There is of course much greater flexibility in general arts and science programs. While there are patterns in students' subject choices in each program and these can be built into student load models, complete accuracy cannot be achieved without restricting students' flexibility in subject choice.

Even programs with few electives cause difficulties for projecting funded load with the required accuracy. Nursing, for example, comprises studies in science (funding cluster 8), behavioural science (cluster 5) as well as nursing (cluster 12). Part time students, students with advanced standing and students repeating subjects take subjects outside the standard sequence and thus their funded load cannot be predicted with complete accuracy.

### *Responding to changes in demand*

Institutions seek to optimise 3 goals in setting their student selection strategy. The first goal is to fill student load and some institutions need to shift load between programs to meet this first goal. The second goal is to maintain stability of cut off scores from year to year. Big fluctuations in a program's cut off score undermines confidence in the selection system and so institutions sometimes shift load to maintain a stable cut off. The third goal is to have cut offs for all the institution's programs within a broad band. A program with a cut off score substantially below the cut offs for most other programs offered by the institution indicates a mismatch of supply and demand of places and reduces confidence in the consistency of the quality of the institution's programs. So institutions shift load between programs to maintain their demand and cut offs in reasonable balance.

For some institutions the first goal of meeting student load predominates for most programs. For other institutions maintaining stability and consistency of cut offs is more important. The majority of institutions which offer a combination of programs with high, moderate and lower demand shift load between programs to optimise all 3 goals. These shifts are made not only from year to year but also from week to week in different offer rounds and from day to day in multiple simulations or modellings of each offer round. It is therefore impossible for institutions to seek the Commonwealth's approval in advance if they are to respond to changes in student demand promptly and effectively.

### **3 types of factors for teaching funding formulae**

The Higher Education Funding Council for England's (2006a:10) formula for funding institutions for teaching is based on subject-related factors, institution-related factors and student-related factors. The Scottish Funding Council has a similar method, which attracted broad support in its recent consultations for its review of its teaching funding method. Applying the English approach to Australian circumstances and terminology would have the Commonwealth grant scheme allocations based on 3 factors:

- 1 discipline group;
- 2 campus location; and
- 3 students with special needs.

Discipline groups will be considered later in this submission. The Australian Government already funds student load by campus location with its regional loading, which is \$29.9 million in 2007. The Australian Government also supports institutions that enrol students with special needs through the Indigenous support program (\$31.7 m in 2007), the higher education equity support program for students from low SES backgrounds with a weighting to low SES students from rural and isolated backgrounds (\$11.3 m in 2007) and through the higher education disability support program (\$6.7 million in 2007). While the Australian Government's institutional funding for students with special needs is determined by institutions' performance, it still could be incorporated readily within a 3-part teaching funding formula based on the English approach.

If this approach were adopted an institution's Commonwealth grant scheme amount would be based on the institution's student load:

- 1 in each discipline group;
- 2 at each campus that attracts the rural loading; and
- 3 in each designated equity group according to the institution's performance in designated equity students' progress and retention.

This would consolidate the Commonwealth's various funding programs making them easier to understand.

### **Broad-brush approach for flexibility**

Much of the inflexibility imposed on institutions by the *Higher Education Support Act 2003's* funding clusters is due to an attempt to match the allocation of resources closely to apparent costs. However, the mechanism attempts a precision that is belied by other factors which affect institutions' costs but which are not taken into account in the funding formula, such as:

- average class size, which may be related to teaching method or to the proportion of subjects with small enrolments;
- proportion of subjects with small enrolments, which may be related to the size of the discipline, the size of the campus or the number of electives offered;
- resource intensity of the teaching mode, which may be related to the use of on-line learning, audio-video recording of classes and provision of printed study guides and readers;
- average contact hours, which may be related to teaching method or to students' ability;
- proportion of junior sessional academic staff employed.

One approach would be to attempt to build these and other relevant factors into the funding formula. However, this would introduce considerable complexity and an intolerable inflexibility into the Commonwealth's funding arrangements. The better approach is to accept that any funding method is necessarily approximate and give institutions the flexibility to make the arrangements that best suit their particular circumstances and pedagogical choices. This may be described as introducing some cross-subsidy, but moderate cross-subsidies are preferable to the greater inflexibility that necessarily accompany attempts to make funding arrangements more precise.

This is the approach adopted by the Higher Education Funding Council for England, which funds institutions within 5% of what it calls the ‘standard resource’ or what in Australia’s *Higher Education Support Act 2003* is called the corrected basic amount. The funding council’s rationale for adopting a funding tolerance band of 5% is persuasive and thus is worth setting out in full –

28 This 5 per cent margin (the tolerance band) exists, not because we think it reasonable for institutions’ funding to vary by  $\pm 5$  per cent, but to give institutions flexibility and to minimise the accountability burden. This flexibility is both in the nature of the provision they offer to students within broad subject areas (for example, in terms of course content, staffing structures and methods of delivery), and in allowing them to make some changes to the mix and volume of student numbers without financial implications. It is for this reason that the principle of the funding method has been to have similar resources for similar activities, not the same resources for the same activities. This broad-brush approach to funding helps to keep the accountability burden lower than might otherwise be the case. Without it, we would have to measure activity much more finely, as potentially any change in student numbers, however minor, could have a direct effect on grant.

(Higher Education Funding Council for England, 2006a:9)

The Australian Government should follow the English Government in increasing the tolerance for institutions’ funding target from 1% to 5%, the same tolerance it has adopted for the student load target.

### **Interaction of funding clusters and Hecs bands – national priority areas**

The funding clusters for the purposes of the Commonwealth grant scheme obviously have to be considered with the maximum student contribution amounts since they were developed together and together provide the funding for teaching for Commonwealth supported places. The interaction of the funding clusters and Hecs bands and the capping of Hecs bands for national priority areas has produced a perverse outcome. While the Hecs bands are popularly understood as applying to programs, they of course apply to subjects. So the cap on Hecs for national priorities of education and nursing applies to education and nursing subjects, but not to all of education and nursing programs.

Many of the subjects in teacher education programs are in developmental and cognitive psychology, and so are correctly coded as behavioural science in Hecs band 1, for which the maximum student contribution amount is \$998 or 25% higher than the maximum student contribution amount for national priority areas. Likewise many of the subjects in nursing programs are in science which is in band 2, for which the maximum student contribution amount is \$3,120 or 78% higher than the maximum student contribution amount for national priority areas. So education and nursing students pay maximum student contribution amounts rather higher than the maximum student contribution amounts for the national priority areas.

While education and nursing students study several subjects outside the national priority areas, most if not all of the subjects taught by schools of education and nursing are in the national priority areas. Schools of education and nursing thus receive their share of only the lower maximum student contribution amounts of national priority areas. The perverse outcome of the cap on Hecs for national priority areas is that while it doesn't ensure that education and nursing students pay the lowest Hecs for all of their programs, it ensures that schools of education and nursing receive the lowest share of Hecs funding for their programs. This perverse outcome could be corrected by the Australian Government increasing the Commonwealth contribution amount for national priority areas by \$999.50, being a 25% increase on the maximum student contribution amount for national priority areas. That would cost the Australian Government approximately \$16.8 million for nursing and \$39.5 million for education, a total of \$56.3 million. The same outcome could be achieved for institutions without cost to the Australian Government by increasing the maximum student contribution amount for the national priority areas by 25%.

## 5 funding clusters

Another approach adopted by the Higher Education Funding Council for England which gives institutions greater flexibility to change student load and resources in response to changing student demand and need is to have only 4 funding clusters, or what it calls price groups.

TABLE 1: COST WEIGHTS FOR SUBJECT-RELATED FACTORS IN THE HIGHER EDUCATION FUNDING COUNCIL FOR ENGLAND'S CALCULATION OF FUNDS FOR TEACHING

Price group	Description	Cost weight
A	The clinical stages of medicine and dentistry courses and veterinary science	4
B	Laboratory-based subjects (science, pre-clinical stages of medicine and dentistry, engineering and technology)	1.7
C	Subjects with a studio, laboratory or fieldwork element	1.3
D	All other subjects	1

Source: Higher Education Funding Council for England (2006a:11)

As Innovative Research Universities Australia (2007:3) says in its submission, the approach of the Higher Education Funding Council for England is more sophisticated than the Australian approach in assigning 'prices' according to the resource requirements needed for types of teaching rather than by discipline group. The Higher Education Funding Council for England is reviewing its price group weightings in its review of its teaching funding method, but its says 'we are likely to continue with our current policy of grouping subjects into a small number of broad price groups, to minimise the accountability burden for institutions' (HEFCE 2007:11).

Australia couldn't adopt the Higher Education Funding Council for England's groups and relativities without changing its funding arrangements substantially. But Australia could achieve the same desirable outcome of increasing flexibility with only modest adjustments to total funding relativities by aggregating the current 12 funding clusters into 5.

TABLE 2: AGGREGATION OF THE AUSTRALIAN GOVERNMENT'S 12 FUNDING CLUSTERS INTO 5 FUNDING CLUSTERS

	<b>Cluster</b>	<b>CGS</b>	<b>Max Heccs</b>	<b>Total</b>	<b>Relativity</b>	<b>New cluster</b>
3	Humanities	\$4,556	\$4,996	\$9,552	1.0	A
2	Accounting, admin, economics, commerce	\$2,703	\$7,118	\$9,821	1.0	A
1	Law	\$1,642	\$8,333	\$9,975	1.0	A
11	Education	\$7,950	\$3,998	\$11,948	1.2	B
5	Behavioural science, social studies	\$7,233	\$4,996	\$12,229	1.2	B
4	Mathematics, statistics	\$5,381	\$7,118	\$12,499	1.3	B
7	Foreign languages, visual and performing arts	\$9,908	\$4,996	\$14,904	1.5	C
12	Nursing	\$10,953	\$3,998	\$14,951	1.5	C
6	Computing, built environment, health	\$8,057	\$7,118	\$15,175	1.5	C
8	Engineering, science, surveying	\$13,411	\$7,118	\$20,529	2.1	D
10	Agriculture	\$17,870	\$7,118	\$24,988	2.5	E
9	Dentistry, medicine, veterinary science	\$16,810	\$8,333	\$25,143	2.6	E

Source: Griffith University, based on the figures in Dest (2006:8)

However, to collapse the current 12 funding clusters into 5 while retaining financial neutrality for both the Government and institutions would require Heccs rates for nursing, humanities and education to increase by 27%-33%. The calculations are shown in table 3. The current Commonwealth grant scheme amount for humanities is \$4,556 per equivalent full time student load. This would have to be cut by \$1,589 to reach the mean CGS amount for the new funding cluster A and thus preserve financial neutrality for the Australian Government. However, to preserve financial neutrality for institutions the maximum Heccs for humanities would have to be increased by the same amount, an increase of 32%. Changes of a similar order would also be needed for education and nursing because Heccs is a relatively low proportion of the combined Heccs and Commonwealth grant scheme funding for these disciplines.

TABLE 3: CHANGES TO COMMONWEALTH GRANT SCHEME AND MAXIMUM HECS AMOUNTS NEEDED TO ACHIEVE 5 FUNDING CLUSTERS WHILE RETAINING FINANCIAL NEUTRALITY FOR THE GOVERNMENT AND INSTITUTIONS

New cluster	Current CGS	Mean CGS	change from current CGS	Max Hecs	Change to compensate for CGS change	% change to Hecs
A Humanities	\$4,556	\$2,967	-\$1,589	\$4,996	\$1,589	32%
A Accounting, administration, economics, commerce	\$2,703	\$2,967	\$264	\$7,118	-\$264	-4%
A Law	\$1,642	\$2,967	\$1,325	\$8,333	-\$1,325	-16%
B Education	\$7,950	\$6,855	-\$1,095	\$3,998	\$1,095	27%
B Behavioural science, social studies	\$7,233	\$6,855	-\$378	\$4,996	\$378	8%
B Mathematics, statistics	\$5,381	\$6,855	\$1,474	\$7,118	-\$1,474	-21%
C Foreign languages, visual and performing arts	\$9,908	\$9,639	-\$269	\$4,996	\$269	5%
C Nursing	\$10,953	\$9,639	-\$1,314	\$3,998	\$1,314	33%
C Computing, built environment, health	\$8,057	\$9,639	\$1,582	\$7,118	-\$1,582	-22%
D Engineering, science, surveying	\$13,411	\$13,411	\$0	\$7,118	\$0	0%
E Agriculture	\$17,870	\$17,340	-\$530	\$7,118	\$530	7%
E Dentistry, medicine, veterinary science	\$16,810	\$17,340	\$530	\$8,333	-\$530	-6%

While these increases in Hecs rates for nursing, humanities and education seem substantial they would be modest compared to the increases introduced by the Government in 1997, which were 34% for band 1 disciplines including nursing, humanities and education, 92% for band 2 disciplines and 124% for band 3 disciplines. Furthermore, there is no convincing evidence that different Hecs rates affects demand for programs: the introduction of differential Hecs in 1997 did not shift student demand from law and medicine in Hecs band 3 to education, humanities and nursing in Hecs band 1 (Chapman, 2006:79) and some institutions' setting Hecs for some science disciplines at \$0 from 2005 did not increase demand for those disciplines (Foskett, Roberts, & Maringe, 2006:34).

The new scheme would not only reduce the funding clusters from 12 to 5 but would also equalise the proportions of combined funds provided by the Commonwealth grant scheme and Hecs in each of the new funding clusters. For example, currently Hecs is 52% of combined Hecs and Commonwealth grants scheme funds in humanities, 72% in accounting, administration, economics and commerce and Hecs is 84% of combined funding in law. The new scheme would make Hecs 70% of combined funds in new cluster A, 44% of combined funds in new cluster B, 36% of combined funds in new cluster C, 35% of combined funds in new cluster D and 31% of combined funds in new cluster E.

TABLE 4: HECS AND COMMONWEALTH GRANT SCHEME SHARES OF COMBINED FUNDING, CURRENTLY AND WITH 5 FUNDING CLUSTERS

New cluster	Current		New	
	CGS	HeCS	CGS	HeCS
A Humanities	48%	52%	30%	70%
A Accounting, admin, economics, commerce	28%	72%	30%	70%
A Law	16%	84%	30%	70%
B Education	67%	33%	56%	44%
B Behavioural science, social studies	59%	41%	56%	44%
B Mathematics, statistics	43%	57%	56%	44%
C Foreign languages, visual and performing arts	66%	34%	64%	36%
C Nursing	73%	27%	64%	36%
C Computing, built environment, health	53%	47%	64%	36%
D Engineering, science, surveying	65%	35%	65%	35%
E Agriculture	72%	28%	69%	31%
E Dentistry, medicine, veterinary science	67%	33%	69%	31%

### Study of the current allocation of funds for teaching each discipline within the sector

As was noted when the relative funding model was developed (Commonwealth of Australia, 1990:9), there is considerable circularity in the notion of teaching costs. Some disciplines have been historically funded at higher rates to be taught more intensively or expensively which is then used as evidence of higher teaching costs and justification for higher funding rates in the future. Yet, as has been observed previously, there is considerable variation in the way institutions teach the ‘same’ discipline and therefore in their teaching costs. Teaching arrangements and therefore costs are highly contingent, and these differ in different times, in different countries and in different institutions. One institution’s cross-subsidy is another’s proportionate funding.

It is not clear that the study to identify disciplines’ broad cost relativities being commissioned by the Commonwealth will make this distinction between historical resource allocations and real costs. It seems that the commissioned study will not be of cost relativities but of historical resource allocations. In the late 1990s the Department of Education, Training and Youth Affairs as it then was commissioned a study to develop a costing method for Australian higher education. The final extensive report (DETYA 2000) was not taken further because of disagreement between the Department and the sector over whether the method would be based on historical allocations or real costs, however the latter may be ascertained.

A sample of 6 universities may be too small to cover adequately all disciplines and all relevant factors which affect a discipline’s cost, which include study mode, proportion of junior sessional academic staff employed, rural/metropolitan location of campus, size of discipline and size of university. For example, veterinary science is offered by only 7 universities and surveying is offered by only 8 universities, and it appears that there is no overlap in the universities that offer veterinary science and surveying. It seems likely that the initial study will need to be extended to cover all relevant factors for all disciplines. It might be noted that the Higher Education Funding Council for England (2006b) has invited all higher education institutions to contribute data to inform its teaching funding method, and that the council will consider 2 years’ data in case 1 year’s data are anomalous.

## Clinical experience

Higher education institutions experience 2 major difficulties in arranging practical or clinical experience for their students: finding enough placements of appropriate quality and breadth of experience, and paying the fast-escalating costs of practical/clinical placements. These difficulties arise most acutely and equally for education and nursing so they will be considered together in this submission. Ironically the areas in which universities have most difficulty in obtaining placements are those in which State Governments have very considerable demands for qualified graduates: the State Governments' demands for qualified education and nursing graduates do not seem aligned with their provision of practical placements at a reasonable cost.

It also seems that much of higher education institutions' increased payments for practical placements is transferred to increased pay to teachers and nurse supervisors, that is, that institutions' increased payments for practical placements sourced from the Australian Government are effectively supporting pay increases for State Government employees. The university believes that the Queensland Teachers' Union has submitted a log of claims to double payments for the supervision of student teachers. Whatever may be the merits of teachers' and nurses claims for increased pay it is opaque and inefficient for these to be funded by the Australian Government indirectly through universities' payments for practical placements.

As welcome as they have been, the Australian Government's increased payments for clinical placements in nursing are still substantially less than the university's direct payments to hospitals and external clinical supervisors. In addition the university has substantial internal costs for practical placements in insurance for damage that its students may cause or suffer while on practical placement, timetabling placements and discharging the university's responsibilities for monitoring its students on practical placements. Table 5 shows the Commonwealth's payments for practical placements per equivalent full time student load for 2007, the direct charges by hospitals, teachers and other external supervisors per efts1 for practical placements in 2006 and Griffith University's internal costs of practical placements per efts1 in 2006. It will be noted that the Commonwealth's payments in 2007 are substantially less than the university's total costs in 2006 for practical placements in education, medicine and nursing and significantly less than the university's direct external payments in education and nursing.

TABLE 5: COMMONWEALTH PAYMENTS (2007) AND DIRECT EXTERNAL CHARGES AND INTERNAL COSTS OF PRACTICAL PLACEMENTS (2006), GRIFFITH UNIVERSITY, \$/EFTSL

<b>Item</b>	<b>Education</b>	<b>Medicine</b>	<b>Nursing</b>
Inherent Commonwealth funding (2007)	717	1,045	1,111
Direct payments for external supervisors (2006)	857	1,163	1,562
Net after direct charges	(140)	(52)	(517)
Internal costs of placements (2006)	365	1,503	403
Total costs of placements (2006)	1,222	2,665	1,965
Net after total costs	(505)	(1,554)	(920)

Source: internal data, Griffith University

Higher education institutions have therefore been caught in a funding squeeze between State Government departments and ultimately their employees' demands for increased pay, and lesser Australian Government payments for practical placements. The university therefore supports recommendation 5.3 of the Productivity Commission's (2005:110) report on *Australia's health workforce* that –

As a matter of priority, CoAG should establish a high level independent taskforce to:

- collect and assemble comprehensive and nationally consolidated data and information on: the demand for clinical training across all health professions; where it is being provided; how much it costs to provide; and how it is being funded; and
- in the light of this information, recommend specific changes to facilitate more transparent, coordinated and contestable clinical training arrangements, including through:
  - a more appropriate allocation of clinical training costs according to the benefits accruing to the various parties;
  - greater reliance on explicit payments to those providing infrastructure support or training services, within the context of a system that will continue to rely on, and benefit from, considerable pro bono provision; and
  - removal of regulatory or other barriers that impede the development of contestable delivery or otherwise impede the efficiency and effectiveness of clinical training outcomes.

### **Change from funding commencing to total load**

Pipeline funding is relevant only for the allocation of new places, and for those only for a transition period of normally 4 years. The Australian Government has not announced an intention to fund new places, and since the Australian Vice-Chancellors' Committee is not seeking more places, pipeline funding arrangements will probably not be used in the immediate future. As the Department says in its discussion paper, using more accurate figures to fund pipeline would introduce very considerable additional complexity. Griffith believes that this additional complexity is not warranted for a marginal transitional issue that is unlikely to arise soon.

However, the Australian Government could fund places more accurately with no extra complexity by changing from allocating commencing load to total load. Thus, using the figures from the example in the Department's discussion paper, instead of allocating 60 commencing places pipelined over 4 years, the Australian Government would allocate 164 places which would be phased in over 4 years. An institution which sought new places for a program of 5 years' normal full time study which had an intake of 60 places would seek an allocation of 183 places. And the Australian Government might allocate 139 places to a program that had an intake of 60 places and a normal duration of 3 years normal full time study. Similarly, the Commonwealth could adjust the total load it allocates to a program to take account of an unusual retention rate. Allocating total rather than commencing load would be consistent with ministers' announcements, which have naturally emphasised the total new load the Government funds.

TABLE 5: PIPELINE FUNDING OVER 5 YEARS

	2005	2006	2007	2008	2009
Commencing places	60	60	60	60	60
2 <sup>nd</sup> year pipeline		45	45	45	45
3 <sup>rd</sup> year pipeline			34	34	34
4 <sup>th</sup> year pipeline				25	25
5 <sup>th</sup> year pipeline					19
Total funded places	60	105	139	164	183

Source: extrapolated from Dest (2006:9)

Further accuracy could be achieved by introducing 2 exceptions to this general principle. An institution may seek new places for a graduate diploma of education which is normally 1 year's equivalent full time study. The institution might plan a continuing load of 40 efts1 for the program. Following the standard practice proposed here, the Australian Government would allocate 40 efts1 to the program and would phase this load in over 4 years, giving a commencing and total load in the first year of 15 efts1. The total load of 15 efts1 would be too small for the program's viability in the first year so the first exception would be for the Commonwealth to permit institutions to phase in total new load over a shorter period than the standard 4 years for programs with a standard duration of 2 years or less. In this example the institution would apply to have its total load of 40 efts1 phased in over 1 year because its graduate diploma of education is of only 1 year's normal full time study.

The second exception to the general rule proposed here would be for enabling programs. Enabling programs are normally of 1 year's equivalent full time study and so the considerations that apply to the graduate diploma of education in the example given above also apply to enabling programs. The Australian Government should therefore phase in total load for enabling programs over 1 year.

30 January 2007

## References

Chapman, Bruce (2006) *Government managing risk: income contingent loans for social and economic progress*, Routledge, Oxford.

Commonwealth of Australia (1990) *Assessment of the relative funding position of Australia's higher education institutions*, Commonwealth of Australia: Canberra.

Department of Education, Science and Training (Dest) (2006) *Review of the impact of the Higher Education Support Act 2003: funding cluster mechanism (including funding of clinical disciplines) pipeline arrangements for funding of new Commonwealth supported places: discussion paper*,

[http://www.dest.gov.au/sectors/higher\\_education/policy\\_issues\\_reviews/reviews/HESA\\_review/default.htm](http://www.dest.gov.au/sectors/higher_education/policy_issues_reviews/reviews/HESA_review/default.htm)

Department of Education, Training and Youth Affairs (DETYA) (2000) *A study to develop a costing methodology for the Australian higher education sector*, [http://www.dest.gov.au/sectors/higher\\_education/publications\\_resources/profiles/archives/study\\_to\\_develop\\_a\\_costing\\_methodology.htm](http://www.dest.gov.au/sectors/higher_education/publications_resources/profiles/archives/study_to_develop_a_costing_methodology.htm)

Foskett, Nick, Roberts, David & Maringe, Felix (2006) *Changing fee regimes and their impact on student attitudes to higher education: report of a Higher Education Academy funded research project 2005-2006*, <http://www.heacademy.ac.uk/4407.htm>

Higher Education Funding Council for England (2006a) *Funding higher education in England. How HEFCE allocates its funds*, [http://www.hefce.ac.uk/pubs/hefce/2006/06\\_17/](http://www.hefce.ac.uk/pubs/hefce/2006/06_17/)

Higher Education Funding Council for England (2006b) TRAC for teaching: request to contribute data to inform HEFCE's teaching funding method, *circular letter number 22/2006*, [http://www.hefce.ac.uk/pubs/circlets/2006/cl22\\_06/](http://www.hefce.ac.uk/pubs/circlets/2006/cl22_06/)

Higher Education Funding Council for England (HEFCE) (2007) *Review of the teaching funding method. Second consultation on changes to the method*, [http://www.hefce.ac.uk/pubs/hefce/2007/07\\_02/07\\_02.pdf](http://www.hefce.ac.uk/pubs/hefce/2007/07_02/07_02.pdf)

Innovative Research Universities Australia (2007) *Response to discussion paper funding cluster mechanism and the pipeline arrangements for funding of new Commonwealth supported places*, Griffith University, Nathan.

Productivity Commission (2005) *Australia's health workforce*, research report, Canberra, <http://www.pc.gov.au/study/healthworkforce/finalreport/healthworkforce.pdf>

Scottish Funding Council (2006) *Review of college and HEI teaching funding methodologies*, Edinburgh: Scottish Funding Council, <http://www.sfc.ac.uk/library/sfc/consultation/2006>