Dear Mr Coutts,

Thank you for your letter of 11 December 2009 seeking feedback on the DEEWR ‘An Indicator Framework for Higher Education Performance Funding’ discussion paper. The Vice-Chancellor has asked me to respond on his behalf given the nature of the issues addressed in the paper.

The University of Sydney strongly supports the direction the Australian Government has articulated for the higher education sector in its responses to the Bradley review of higher education and the Cutler review of the national innovation system. We understand the Government’s need to measure sector-wide outcomes against key policy objectives, and its desire to move quickly to implement performance measures designed to improve overall outcomes in the specific areas of student participation, attainment, engagement, and teaching quality.

We note that the discussion paper acknowledges that many of the proposed indicators have weaknesses in the extent to which they can be relied upon to accurately assess or compare institutional performance against the chosen measures. Nevertheless, the proposed framework represents an initial step towards the development of a more sophisticated and comprehensive suite of indicators than is currently available.

We hope that in time these measures will allow meaningful comparisons to be drawn between the performances of institutions across a broad range of activities. The proposals to develop better measures of the socio-economic status of higher education students, the quality of the student experience, student completions and discipline specific indicators of learning outcomes...
are therefore supported. We note, however, that a key principle underpinning the choice of indicators is to first ensure that existing data are fully utilised.

We also support the proposal to expand the indicators, over time, to include performance in relation to international and postgraduate students, along with the inclusion of professional training in higher education as an input indicator relevant to teacher quality. International evidence from the school sector demonstrates very strongly the positive correlation between continuing professional education on the one hand and learning outcomes on the other. Developing a measure that encourages participation in professional development should flow through to improvements in teaching quality over the longer term.

One area that we are keen to discuss with the Government during the course of 2010 is how additional indicators relevant to its key objectives for the sector might be built into the performance funding framework as the compact process evolves. We are attracted to the approach proposed in relation to the student participation and inclusion measure (p.8), whereby each institution will be able to select up to one additional under-represented student group against which its participation performance will be assessed. In our view, the compacts would be enhanced if this type of flexibility was allowed for the other measures - preferably with each institution able to negotiate institution specific indicators and performance targets with the Government.

For example, in relation to the proposed student experience measure, each institution could be asked to nominate one or more specific student cohorts or subgroups (low SES, indigenous, regional, international, postgraduate coursework, research etc), for which it would also like to have its performance assessed. Each institution could then include in its compact, the specific strategies it would pursue over the course of the agreement to improve the experience of students in the chosen cohort, and agree indicators and targets with the Government against which success would be measured. Such an approach would sit well with the Government’s broader objective for the compacts - to assist each university to pursue its distinctive mission and strategic priorities in alignment with the broader policy objectives the Government has set for the sector. It would also shift the performance funding framework from what currently appears to be largely a ‘principal-agent’ model, to a ‘partnership’ approach, more in line with the vision the Government has articulated for the compacts in various other policy documents and statements.
There is one proposal in the discussion paper about which we have particular reservations. On page 19, it is suggested that there would be value in Australia moving immediately to implement the Graduate Skills Assessment test as an indicator of the ‘value added’ to students through their higher education experience. While the paper includes summary information about the GSA, little analysis is included about the validity of such tests in a higher education context. There is a substantial body of credible international measurement research that cautions against the pursuit of value-added assessment through generic skills testing. In our view standardised tests of generic intellectual skills do not provide valid evidence of institutional differences in the quality of education provided to students. We therefore urge the Government not to rush to implement the GSA without further consultation with the sector and thorough consideration of the issues. Ideally, consideration of the merits of the GSA test should take place through a separate process overseen by TEQSA as the sector’s new independent regulator and quality assurance agency.

The University of Sydney remains very keen to work with the Government to play its part in the achievement of the various goals that have been set for the sector, and to assist in the development of a sophisticated framework for profiling the performance of Australia’s universities.

Yours sincerely

Derrick Armstrong