CONSULTATION PAPER

THE ALLOCATION AND FUNDING

OF

COMMONWEALTH SUPPORTED

POSTGRADUATE PLACES

November 2011
THE ALLOCATION AND FUNDING OF POSTGRADUATE COMMONWEALTH SUPPORTED PLACES

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CONSULTATION PROCESS

The Government is seeking submissions in response to this consultation paper. Submissions will help inform the Government’s longer term approach to supporting postgraduate study. The proposals in the paper do not represent any agreed policy.

As well as responding to the specific proposals and issues raised in the paper, you are welcome to propose alternative approaches. The Government is keen to fully understand the impact of the various possible approaches and is particularly interested in the effects on course delivery, students and employers and industry. Where possible, we are seeking both quantitative and qualitative information.

Making a submission

Submissions on this paper are requested by: cob 16 December 2011

Submissions can be sent to:

The Funding Policy Unit
Higher Education Group
Department of Education, Employment and Workplace Relations
Loc: C50MA9
GPO Box 9880
CANBERRA ACT 2601

Or e-mailed to: cgs@deewr.gov.au

While you may lodge your submission electronically or by post, DEEWR prefers electronic lodgement. For accessibility reasons, please email responses in a Word or RTF format. You are welcome to submit an additional PDF version.

Confidentiality

We will not treat your submission as confidential unless you specifically request that we treat the whole or part of it (such as any financial information) as confidential.

Respondents who would like part of their submission to remain in-confidence should indicate so and provide this information in a separate attachment. A request under the Freedom of Information Act 1982 (Commonwealth) for a submission marked ‘confidential’ to be made available will be determined in accordance with that Act.
A. INTRODUCTION

(i) Purpose of the paper

The purpose of this paper is to stimulate views and invite submissions on future arrangements for the allocation and funding of non-research Commonwealth supported postgraduate student places.

The Government is introducing demand driven funding for undergraduate students places. Significant changes to the Commonwealth Grant Scheme (CGS) have been required, including to the previous arrangements under which universities have been able to obtain Commonwealth supported student places for postgraduate study by coursework.

Funding for postgraduate coursework places has been limited and the Government has not made any decision to allow demand driven funding of postgraduate student places.

This paper is not seeking to canvass issues being explored in the Higher Education Base Funding Review. The Review is examining the level of Commonwealth and student contributions towards course costs and whether course costs differ for undergraduate and postgraduate courses. The funding issue examined in this paper relates to whether postgraduate places are Commonwealth supported or fee paying.

Commonwealth supported places are directly subsidised by the Commonwealth on average by around 60 per cent, with students contributing the remaining 40 per cent of the funding (though there can be large differences between disciplines). The Government does not directly subsidise fee paying places, but does assist students to pay course fees through the FEE-HELP program. There are indirect subsidies associated with the cost of providing income contingent loans through FEE-HELP. It is notable that FEE-HELP at the postgraduate level is not subject to the 25 per cent loan fee that is charged on using FEE-HELP for undergraduate courses.

In recent years, there has been growth in the number of postgraduate coursework places. Both fee paying places and Commonwealth supported postgraduate places have been increasing. The growth in Commonwealth supported postgraduate places has occurred because universities have been able to transfer undergraduate places to postgraduate courses where those courses meet particular criteria. Universities have also been able to receive funding for Commonwealth supported student places, including postgraduate places, in excess of the places allocated to a university (referred to as funding for over enrolment). Both of these arrangements are changing with the introduction of demand driven funding for undergraduate places.

These changes over the longer term potentially reduce universities’ ability to offer additional Commonwealth supported postgraduate places. The Government therefore is seeking advice on this matter from the higher education sector. Submissions are invited from universities, other higher education providers and from the broad range of stakeholders that may be affected by universities’ provision of postgraduate study opportunities.

In 2012, the Government will be funding more Commonwealth supported postgraduate student places than in 2011. Any increase in Commonwealth supported places beyond 2012 will require additional Government funding and this will be challenging in the current fiscal environment.
Future government decisions on the allocation and funding of postgraduate Commonwealth supported places need to take into account:

- Government education and training priorities;
- the additional cost to Government and the related impacts on the fiscal position and economy;
- equity in the treatment of universities; and
- efficiency and effectiveness in administering higher education.

This paper presents a number of options for future arrangements for allocating and funding postgraduate student places. It also discusses criteria that may be used in allocating or funding postgraduate places under some of these options and some of the difficulties the criteria raise for universities seeking places and for Departmental administration.

The options in this paper are not agreed Government policy positions and their presentation in this paper should not be taken as a commitment to further increase expenditure on higher education. The Government is seeking views on these proposals and welcomes alternative suggestions.

(ii) Trends in postgraduate student places and funding

Over the past two decades, the number of students and the number of student places at the postgraduate level have generally been increasing (see Table 1). There have been significant changes in the pattern of growth and in how such places are funded. These changes have resulted from both developments in the higher level skills required in the labour market and the qualifications required for entry to a profession, as well as the Australian Government’s funding policies.

Table 1 below shows the total number of domestic postgraduate coursework student places between 1996 and 2010 (including Commonwealth supported and fee paying places). The total number of places has increased by 65 per cent over the period, from around 45,000 places in 1996 to 74,000 places in 2010.

<table>
<thead>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>44,752</td>
<td>45,611</td>
<td>43,596</td>
<td>41,925</td>
<td>40,098</td>
<td>42,791</td>
<td>48,515</td>
<td>52,456</td>
<td>53,443</td>
<td>53,519</td>
<td>55,362</td>
<td>57,795</td>
<td>61,522</td>
<td>67,972</td>
<td>73,956</td>
</tr>
</tbody>
</table>

The expenditure restraint applied to the higher education sector in the second half of the 1990s resulted in a short term reduction in the number of students undertaking postgraduate study. The total number of places declined by around 10 per cent, from 45,000 places in 1996 to 40,000 in 2000. From 2000 to 2010, it increased by around 84 per cent to 74,000 places. Some minor part of these changes is explained by the entry of additional higher education providers into the funding framework.
The impact of the restriction in the number of Commonwealth subsidised places on universities, students and the professions was eased by opening up further fee paying opportunities for students and the introduction of income contingent loans for postgraduate fee paying students. The Postgraduate Education Loans Scheme was introduced in 2002 to help students pay their tuition fees. In 2005, this scheme was replaced by FEE-HELP, which assists a broader range of non-Commonwealth supported students to pay their tuition fees.

Figure 1 below shows the significant changes which have occurred in the shares of postgraduate places which are Commonwealth supported and fee paying.

Figure 1: Proportion of types of postgraduate coursework places, 1996-2010

![Graph showing proportion of Commonwealth supported and fee-paying postgraduate coursework places from 1996 to 2010.]

There was a significant decline in the proportion of places which receive a direct subsidy from the Commonwealth between 1996 and 2005. From comprising around 70 per cent of postgraduate places in 1996, Commonwealth supported places dropped to around 20 per cent of postgraduate places by 2005. Despite recent growth in the share of postgraduate places which are Commonwealth supported, almost 60% of places remain fee-paying.

The increase in the share of postgraduate places which are Commonwealth supported since 2005 is a result of Government decisions to:

- allocate additional Commonwealth supported places, some of which have been allocated for postgraduate courses (this includes 138 new early childhood education places and 210 new nursing places allocated to commence between 2009 and 2011);
- allow universities to ‘trade off’ undergraduate places for postgraduate places. Universities were required to seek Government approval to do this and the arrangement ensured that there was no additional cost to Government; and
- make the arrangements for the funding of ‘over enrolment’ more generous. (Over enrolment is the provision of Commonwealth supported student places additional to the number of such places allocated by Government).

Table 2 below shows the estimated number of Commonwealth supported undergraduate and postgraduate student places from 2005 to 2014.
There have been significant increases in Commonwealth supported postgraduate places since 2005. In particular, the estimated number of Commonwealth supported postgraduate places in 2011 is double the number of places that existed in 2007. The number of Commonwealth supported postgraduate places is also expected to increase further in 2012 and 2013. In 2012, Commonwealth supported postgraduate places are estimated to represent 7 per cent of all Commonwealth supported places.

Table 2: Number of undergraduate and non-research postgraduate coursework Commonwealth supported places, 2005–2014

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<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate places</td>
<td>399,849</td>
<td>403,058</td>
<td>412,236</td>
<td>419,017</td>
<td>443,797</td>
<td>469,206</td>
<td>488,000</td>
<td>507,000</td>
<td>513,000</td>
<td>517,000</td>
</tr>
<tr>
<td>Postgraduate places</td>
<td>12,043</td>
<td>14,287</td>
<td>16,503</td>
<td>20,530</td>
<td>25,290</td>
<td>30,104</td>
<td>33,000</td>
<td>35,000</td>
<td>36,000</td>
<td>36,000</td>
</tr>
<tr>
<td>Total places</td>
<td>411,893</td>
<td>417,345</td>
<td>428,739</td>
<td>439,547</td>
<td>469,086</td>
<td>499,310</td>
<td>521,000</td>
<td>542,000</td>
<td>549,000</td>
<td>553,000</td>
</tr>
</tbody>
</table>

Source: 2005 – 2010 are actual data from DEEWR’s Higher Education Statistics Collection as at September 2011; 2011- 2014 are estimates from DEEWR’s Portfolio Budget Statements 2011-12 p92.

Note: Data includes all public and private providers with Commonwealth supported places.

Over the past decade and a half, postgraduate qualifications have increasingly been required for entry to the professions. Even where not strictly required for registration purposes, many people and organisations now recognise postgraduate qualification as an appropriate level for entry to the professions. There is continuing debate about appropriate requirements for professional entry. It is an area of constant change within higher education:

- There is growth of new professions / specialisations at the postgraduate level, such as in sonography / radiology, teaching and areas of engineering and information technology;
- Universities have been restructuring courses to meet professional registration / accreditation requirements instituted by professional bodies. Some professional organisations now only allow professional entry with a postgraduate qualification. For example, the five year bachelor of architecture is now a three year undergraduate and a two year master degree as required by the Australian Institute of Architects;
- Postgraduate courses are being developed to provide an efficient pathway to professional entry for students with a generalist degree. For example, a Science graduate can gain entry to engineering by undertaking a two year masters, rather than having to do a four year Bachelor of Engineering; an Arts graduate can currently complete a one-year Graduate Diploma or two year Master of Education, rather than a Bachelor of Education to qualify to work as a teacher.¹

These developments, particularly the increasing reliance on postgraduate qualification for professional entry, are expected to continue. There will be growth in the number of students studying at the postgraduate level for reasons of professional development, as well as for professional entry.

¹ The June 2011 Ministerial Council on Education (MCEEDYA) agreed to the Australian Institute of Teaching and School Leadership recommendation to introduce a 2 year Master course as the accepted standard postgraduate teaching qualification.
(iii) University allocations of Commonwealth supported postgraduate places

The current distribution of postgraduate places is a result of four mechanisms through which universities have been able to obtain postgraduate places. These are:

- the ‘historical’ allocations based on pre-2005 HECS liable postgraduate load;
- the allocation of new commencing postgraduate places since 2005;
- the arrangements allowing cost neutral ‘trading off’ of undergraduate for postgraduate load for certain types of postgraduate courses; and
- the general over enrolment arrangements for the Commonwealth Grant Scheme.

Reforms to Australian higher education in 2005 resulted in the Commonwealth Grant Scheme (CGS) replacing Operating Grants. As was the case prior to 2005, the CGS has been focussed on subsidising undergraduate student places. Only a relatively small number of places were allocated for non-research postgraduate courses.

At the time of introduction of the CGS, providers were allocated Commonwealth supported places to enable them to retain their previous HECS liable postgraduate load. This was part of the arrangements that ensured providers were not worse off under the CGS than before its introduction. There is consequently an historical component in current institutional allocations of postgraduate student places.

From time to time, the Australian Government has provided for allocations of new Commonwealth supported places. This has included allocations of over 1,600 new places at the postgraduate level since 2005, which have been allocated to providers across a limited range of disciplines.

Since 2008, providers have been able to apply for approval to move Commonwealth supported load from undergraduate to postgraduate level. While the discipline mix of the places, and hence funding rates, could change, the overall cost generally could not increase. Applications for additional postgraduate student places might involve adjustments to the overall number of places. The places were also required to be for a course:

- that is, or is moving towards, being an accepted entry-level qualification for a profession; or
- where professional entry qualifications are only offered at the postgraduate level; or
- that is part of a restructure of existing course requirements (for example, the movement to a 3 year undergraduate and 2 year masters combination).

Temporary shifts of student places from the undergraduate to the postgraduate level have also been allowed to meet specific skills shortages.

Universities have not been required to offer Commonwealth supported places, or to seek Commonwealth supported places, in postgraduate courses that meet the above criteria. They have been able to choose to do so or to offer some or all places in such courses on a fee-paying basis.

Universities have been able to receive funding for Commonwealth supported places above their allocated (or target) student load through the over-enrolment arrangements for the CGS.
These arrangements allowed for the funding of both undergraduate and postgraduate places that exceeded a university’s allocation of student places, provided that the additional funding for these places did not exceed five per cent of the university’s basic grant amount. For the transitional years (2010 and 2011) leading to the implementation of demand driven funding for undergraduate places, the cap on funding for over enrolment was increased to 10 per cent.

Universities were advised that over-enrolments at the postgraduate level were subject to approval using the same criteria as transfers of CSPs from undergraduate to postgraduate level. In practice, this has been difficult as the Department is unable to determine which ‘place’ may have been allocated on the basis of target load, historical load, or is an ‘over enrolled’ place within a discipline cluster.

The Government has announced interim arrangements for the allocation of CSPs at the postgraduate level for 2012. A summary of the arrangements is contained at Attachment A. In short, the Government is continuing to allocate postgraduate places. It will provide funding for postgraduate places up to the amount required for a university’s allocated load plus an amount to fund the level of a university’s 2011 over enrolment at the postgraduate level, as estimated in April 2011.

Longer term arrangements will be settled following consultation on this paper and the outcomes of the Higher Education Base Funding Review.

Table 3 below shows for each university, its 2011 estimated postgraduate places and these places as a percentage of its estimated 2011 undergraduate load.
Table 3: 2011 postgraduate student load (equivalent full time student places)

<table>
<thead>
<tr>
<th>Table A universities</th>
<th>2011 allocation of C’wealth supported postgraduate places</th>
<th>2011 estimated over/under enrolment at the postgraduate level*</th>
<th>2011 estimated C’wealth supported postgraduate places</th>
<th>Previous column as percentage of university’s 2011 estimated undergrad. places*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charles Sturt University</td>
<td>609</td>
<td>455</td>
<td>1,064</td>
<td>8.2%</td>
</tr>
<tr>
<td>Macquarie University</td>
<td>496</td>
<td>95</td>
<td>591</td>
<td>4.2%</td>
</tr>
<tr>
<td>Southern Cross University</td>
<td>203</td>
<td>0</td>
<td>203</td>
<td>3.2%</td>
</tr>
<tr>
<td>The University of New England</td>
<td>1,281</td>
<td>64</td>
<td>1,345</td>
<td>19.2%</td>
</tr>
<tr>
<td>The University of New South Wales</td>
<td>996</td>
<td>363</td>
<td>1,359</td>
<td>6.7%</td>
</tr>
<tr>
<td>The University of Newcastle</td>
<td>281</td>
<td>9</td>
<td>290</td>
<td>1.7%</td>
</tr>
<tr>
<td>The University of Sydney</td>
<td>1,493</td>
<td>-69</td>
<td>1,424</td>
<td>6.1%</td>
</tr>
<tr>
<td>University of Technology, Sydney</td>
<td>480</td>
<td>-38</td>
<td>442</td>
<td>3.0%</td>
</tr>
<tr>
<td>University of Western Sydney</td>
<td>1,600</td>
<td>170</td>
<td>1,770</td>
<td>7.5%</td>
</tr>
<tr>
<td>University of Wollongong</td>
<td>623</td>
<td>193</td>
<td>816</td>
<td>6.9%</td>
</tr>
<tr>
<td>Deakin University</td>
<td>720</td>
<td>207</td>
<td>926</td>
<td>5.2%</td>
</tr>
<tr>
<td>La Trobe University</td>
<td>1,061</td>
<td>-11</td>
<td>1,050</td>
<td>6.4%</td>
</tr>
<tr>
<td>Monash University</td>
<td>1,755</td>
<td>335</td>
<td>2,090</td>
<td>8.7%</td>
</tr>
<tr>
<td>Royal Melbourne Institute of Technology</td>
<td>693</td>
<td>272</td>
<td>965</td>
<td>6.3%</td>
</tr>
<tr>
<td>Swinburne University of Technology</td>
<td>77</td>
<td>9</td>
<td>86</td>
<td>1.0%</td>
</tr>
<tr>
<td>University of Ballarat</td>
<td>224</td>
<td>94</td>
<td>318</td>
<td>8.2%</td>
</tr>
<tr>
<td>The University of Melbourne</td>
<td>4,068</td>
<td>-444</td>
<td>3,624</td>
<td>21.6%</td>
</tr>
<tr>
<td>Victoria University</td>
<td>532</td>
<td>86</td>
<td>618</td>
<td>5.3%</td>
</tr>
<tr>
<td>Central Queensland University</td>
<td>193</td>
<td>36</td>
<td>229</td>
<td>3.7%</td>
</tr>
<tr>
<td>Griffith University</td>
<td>1,183</td>
<td>-24</td>
<td>1,159</td>
<td>5.8%</td>
</tr>
<tr>
<td>James Cook University</td>
<td>468</td>
<td>0</td>
<td>468</td>
<td>5.4%</td>
</tr>
<tr>
<td>Queensland University of Technology</td>
<td>1,052</td>
<td>-111</td>
<td>941</td>
<td>4.2%</td>
</tr>
<tr>
<td>The University of Queensland</td>
<td>1,228</td>
<td>-560</td>
<td>668</td>
<td>3.0%</td>
</tr>
<tr>
<td>University of Southern Queensland</td>
<td>480</td>
<td>283</td>
<td>763</td>
<td>8.9%</td>
</tr>
<tr>
<td>University of the Sunshine Coast</td>
<td>204</td>
<td>-16</td>
<td>188</td>
<td>3.7%</td>
</tr>
<tr>
<td>Curtin University of Technology</td>
<td>229</td>
<td>311</td>
<td>540</td>
<td>3.5%</td>
</tr>
<tr>
<td>Edith Cowan University</td>
<td>419</td>
<td>354</td>
<td>773</td>
<td>6.2%</td>
</tr>
<tr>
<td>Murdoch University</td>
<td>271</td>
<td>13</td>
<td>284</td>
<td>3.7%</td>
</tr>
<tr>
<td>The University of Western Australia</td>
<td>662</td>
<td>-26</td>
<td>636</td>
<td>4.9%</td>
</tr>
<tr>
<td>The Flinders University of South Australia</td>
<td>857</td>
<td>36</td>
<td>893</td>
<td>9.9%</td>
</tr>
<tr>
<td>The University of Adelaide</td>
<td>764</td>
<td>-79</td>
<td>685</td>
<td>5.9%</td>
</tr>
<tr>
<td>University of South Australia</td>
<td>1,545</td>
<td>75</td>
<td>1,620</td>
<td>10.8%</td>
</tr>
<tr>
<td>University of Tasmania</td>
<td>1,120</td>
<td>210</td>
<td>1,330</td>
<td>12.4%</td>
</tr>
<tr>
<td>Charles Darwin University</td>
<td>355</td>
<td>153</td>
<td>508</td>
<td>15.4%</td>
</tr>
<tr>
<td>The Australian National University</td>
<td>142</td>
<td>39</td>
<td>181</td>
<td>2.6%</td>
</tr>
<tr>
<td>University of Canberra</td>
<td>489</td>
<td>129</td>
<td>618</td>
<td>2.6%</td>
</tr>
<tr>
<td>Australian Catholic University</td>
<td>646</td>
<td>300</td>
<td>946</td>
<td>2.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>29,498</strong></td>
<td><strong>2,913</strong></td>
<td><strong>32,411</strong></td>
<td><strong>6.7%</strong></td>
</tr>
</tbody>
</table>

* Note: Based on April 2011 estimates provided by universities.
B. FUTURE OPTIONS

While the interim arrangements outlined in Attachment A will apply in 2012 for Commonwealth supported places, the Government is seeking to develop and establish longer term arrangements for the provision of Commonwealth supported postgraduate places.

The Government has provided a substantial boost in funding for the higher education sector, in particular through demand driven funding of undergraduate student places and improved indexation. Expenditure on higher education, through both funding for teaching and learning and for research, is projected to increase to $13 billion in 2012. This is an increase of $5 billion since 2007.

The estimated number of Commonwealth supported postgraduate places in 2011 is more than double the number of places that existed in 2007 and the number is expected to increase further in 2012 and 2013.

The options presented below in this paper are intended to stimulate discussion and feedback on particular aspects of the provision of Commonwealth funding for postgraduate places.

(i) The broad framework for funding domestic postgraduate places

The framework under which universities make available non-research postgraduate courses for domestic students is less regulated than for undergraduate places. The majority of places are fee-paying. Whether or not Commonwealth supported places are offered in a postgraduate course is mainly at the discretion of a provider. It has been for a provider to determine:

- the overall size of its postgraduate cohort, subject to the usual realities concerning student demand and the financial viability of course offerings;
- how it allocates its historical Commonwealth supported postgraduate student places;
- whether it applies for additional Commonwealth supported places, either by applying to transfer places from its undergraduate student load or by applying for new Commonwealth supported places. Generally any allocations of new Commonwealth supported places have been restricted to particular purposes, such as for nursing and teaching; and
- the mix of Commonwealth supported and fee-paying places in a postgraduate course.

Respondents to this consultation paper may wish to comment on the appropriateness of this broad framework for funding domestic postgraduate places. There are potential major costs to Government associated with any change to this framework. The order of magnitude of these costs can be illustrated by looking at the cost of converting all current domestic fee paying postgraduate places at public universities to Commonwealth supported places. This is estimated at over $1 billion over four years. This cost would increase if there was any growth in the provision of postgraduate places.
This framework has produced some significant differences in the availability of Commonwealth supported postgraduate places across the sector. These differences have sometimes created complaints:

- for students, who do not understand why places in similar courses are Commonwealth supported at one provider, but not at another; and

- for providers, when one provider has used its historical Commonwealth supported load to offer places in a type of course for which another provider is unable to obtain an allocation of Commonwealth supported places.

The first of these complaints could only be eliminated by additional regulation. It would require at least some restrictions on the availability of fee paying opportunities at the postgraduate level. These restrictions could apply only to particular courses or course types. The Government would need to fund all Commonwealth supported places in these particular courses or course types. This could be achieved either by demand driven funding for those courses or with controls on the number of places in those courses. There would need to be a process to determine which courses the Government would fund.

The second of the above complaints could be eliminated by demand driven funding of Commonwealth supported student places. If demand driven funding was extended only to particular courses or course types, it would require the removal of Commonwealth support for student places in any course or course type not in receipt of demand driven funding (i.e. the Government would need to effectively require courses that were not demand driven to be exclusively fee paying). Again, there would need to be a mechanism to determine which courses the Government would fund, and by elimination, which courses the Government would not fund.

Many universities offer postgraduate study opportunities in areas of professional development, for example courses leading to a Master in School Leadership and Master of Business Administration. Students studying these courses may already have practiced in their profession. They may be employed or have excellent employment prospects. The course may enhance their potential income within their chosen field of employment. The undertaking of the course will often be purely at the student’s discretion.

Some universities offer these ‘professional development’ courses primarily on a fee paying basis. They may provide an important source of revenue for the university. For this reason, universities providing such courses may not wish to offer Commonwealth support to students undertaking these courses and may object to regulation which prevents them from undertaking such activities.

The Government has provided assistance to students undertaking fee paying postgraduate study through FEE-HELP at a higher level of subsidisation than to fee-paying students at the undergraduate level. Postgraduate students do not have a loan fee when using FEE-HELP whereas undergraduate students have a 25 per cent loan fee. From 2008, access to student income support was extended to a broader range of postgraduate qualifications.
Universities may argue that certain types of ‘professional development’ courses can only viably be offered on a Commonwealth supported basis. This may apply in professional areas which are not highly remunerated or where the chances of being highly remunerated are not great. Examples that are sometimes raised of where it may be difficult to have viable fee paying courses include:

- teachers and nurses undertaking professional development courses; and
- highly specialised postgraduate courses for classical musicians.

For the purpose of discussing the options below, this paper assumes that the current broad framework will continue to apply. It assumes that universities will continue to be able to offer fee paying places in any type of course at the postgraduate level. This is not to pre-empt any outcome of this consultation paper. It is to assist in clarifying the options which are being discussed.

(ii) Options for allocating a limited number Commonwealth supported postgraduate places

Having a limited number Commonwealth supported postgraduate student places is not a problem of itself. There is considerable scope for people to disagree on how many places the Government should support and how they should be allocated among universities. At some level, the Government would be funding a sufficient and an appropriate number of postgraduate places.

Table 3 demonstrated that there are major differences in the number of postgraduate student places allocated to universities. These differences remain even when the considerable differences in the size of Australia’s universities are taken into account. When the number of postgraduate places at a university is expressed as a percentage of its number of undergraduate places, universities postgraduate student load can be anywhere between 1 per cent and 22 per cent of the size of its undergraduate student load.

Respondents to this consultation paper may wish to comment on these differences between universities. There are significant impediments to rapid change in this situation. It is likely that there would be major concerns about any proposal to redistribute allocated postgraduate places in accordance with a preferred measure of fairness. Practically, this is likely to mean that in an environment of limited places, the issue for Government is about priorities for the allocation of any new places it may wish to fund.

Three broad approaches (Options 1, 2 and 3) are outlined below. These options are not mutually exclusive and the Government could implement them in any combination. In considering these options and variants on those options, respondents might like to consider how Government priorities for Commonwealth supported places should be balanced with flexibility for universities to meet their strategic goals.

**Option 1** is for the Government to allocate additional places for specific courses or types of courses. This has effectively been the approach adopted for both undergraduate and postgraduate places prior to the introduction of demand driven funding for undergraduate student places.

Under Option 1, the Government would set priorities for the allocation of new places and may also set criteria to assist in their distribution among universities. It could run competitive processes or it could choose to give priority to universities that historically have few postgraduate places.
**Option 2** is for the Government to allocate additional places to ensure that all universities have some minimum guaranteed level of Commonwealth supported postgraduate places. This minimum could be expressed as a minimum number or as a percentage of its undergraduate load. Under Option 2, the Government could either:

- allow universities complete discretion over how their guaranteed minimum level of postgraduate places was allocated among courses; or
- set conditions on the use of any newly allocated minimum level of places, such as that they must be used for initial teacher training, nursing specialisations or more generally for courses requiring (or leading to) initial professional entry or reducing skill shortages.

Under Option 2, the Government would continue to allocate postgraduate places above the minimum level for specific courses or types of courses.

**Option 3** is to allow universities to negotiate their allocation of postgraduate places within an overarching funding envelope for the university. This option is similar to that which existed from 2008 to 2011. It would enable undergraduate places at a particular university to be traded off for additional postgraduate places.

This option could provide universities with greater flexibility to mix and match their undergraduate and postgraduate programs, and recognises the requirements of different disciplines' professional pathways. However, there is a tension between this option, the arrangements for demand driven funding of undergraduate places and the Government’s attainment target.

In practice, this option is premised on a university agreeing to limit its number of undergraduate places under the demand driven funding arrangements. The limit on undergraduate places would be offset by additional postgraduate places. The advantage of the arrangement is that it could enable universities to obtain additional postgraduate places in the short term. It might not prevent the university from having an increased funding envelope for undergraduate places in future years, if additional funding became available. This type of arrangement could provide universities with an opportunity to balance their course offerings across undergraduate and postgraduate levels.

The Government’s attainment target is that by 2025, 40 per cent of 25 to 34 year olds will hold a qualification at bachelor level or above. One of the main reasons for demand driven funding of undergraduate student places is to enable this objective to be achieved. If particular universities were permitted to reduce places in bachelor degrees to obtain additional postgraduate places, the Government would need to continue to be satisfied that there were sufficient undergraduate places across the system to meet the 40 per cent attainment target.

The Government is mindful of the practicalities associated with the provision of postgraduate courses, including the lead times for development, organising for courses to obtain accreditation from professional bodies and attracting sufficient numbers of students into those courses to make them financially viable. Factors such as these should be taken into account in considering the best options for allocating and funding postgraduate places.

(iii) **Option to remove limits on Commonwealth supported postgraduate places**

There is currently a limited number of Commonwealth supported postgraduate places. The Government is not implementing demand driven funding for postgraduate student places in 2012.
Option 4 is for the Government to guarantee to fund all Commonwealth supported postgraduate student places. Under this demand driven funding approach, it would be up to universities to decide how many and which eligible students were Commonwealth supported. However, students would not be guaranteed Commonwealth support. They may receive an offer of Commonwealth support in a course with one university, but only a fee-paying offer of admission to the same type of course at their preferred university.

Option 4 is presented for completeness. The cost of this option is likely to be prohibitive in the short term.

Option 4 may also:

- result in an excessive supply of people seeking to enter particular professions and at the same time may place excessive pressure of non-university parts of the training system (such as hospitals, clinics and schools involved in providing clinical places and practicum opportunities);

- raise issues about whether the resulting expenditure is the most effective, given competing Government priorities.
C. DIFFICULTIES IN ASSESSING CRITERIA FOR PLACES

Universities have been able to apply to transfer undergraduate student places to a postgraduate course provided they could demonstrate that the course met specified criteria. Demand driven funding of undergraduate student places effectively precludes such transfers from being cost neutral.

New interim arrangements for postgraduate places in 2012 have modified the previous criteria. Under these arrangements requests by a university to vary its allocation of postgraduate CSPs will only be approved if sufficient funds are available and the course:

(i) is, or is moving towards, being an accepted entry level for a profession; or
(ii) meets an identified need in an area of skill shortage; or
(iii) is of national significance (i.e. it fosters high level skills relevant to Australia's research and innovation needs, national interests or cultural development).

Generally, the Department has placed the onus on a university to demonstrate that the relevant criteria are met. The scope of material that a university may reference to do this is not limited. It may include:

- material on the requirements for professional entry of a professional registration or accreditation body; or
- evidence of an identified skill shortage, such as from the Department's Skills Shortages, Australia publication or authoritative information related to a University's regional labour market.

Experience in applying criteria of this nature indicates that in many cases, decisions are easily made. In others, the decision can have the character of an informed judgement.

Universities and the Government need to have a common and agreed understanding of the meaning and scope of these criteria if they are to continue to play a role in future arrangements. This may be critical to the feasibility of some options in Part B of this paper that may rely on such criteria. Universities need to be able to demonstrate that a criterion is met and their claims need to be verifiable.

Universities may wish to comment on the suitability of these criteria for use in allocating and funding Commonwealth supported postgraduate places.

(i) an accepted entry level for a profession

The Department has experienced a range of difficulties in assessing whether this criterion is met in particular cases.
The first difficulty is that there is no generally accepted definition of a profession. The Australian Council of Professions adopted the following definition at its Annual General Meeting on 26 May, 1997:

A profession is a disciplined group of individuals who adhere to ethical standards and hold themselves out as, and are accepted by the public as possessing special knowledge and skills in a widely recognised body of learning derived from research, education and training at a high level, and who are prepared to apply this knowledge and exercise these skills in the interest of others.

It is inherent in the definition of a profession that a code of ethics governs the activities of each profession. Such codes require behaviour and practice beyond the personal moral obligations of an individual. They define and demand high standards of behaviour in respect to the services provided to the public and in dealing with professional colleagues. Further, these codes are enforced by the profession and are acknowledged and accepted by the community.

It is unlikely that such a definition could be used to specify with any rigor:

- the postgraduate courses or course types for which a student would be entitled to Commonwealth support; or
- eligibility of the course or course type to be allocated additional Commonwealth supported places.

There are clear examples of professions that few people would dispute. In health, professions would generally include doctors, dentists, physiotherapists, podiatrists and pharmacists. Other professions readily identified include architects, engineers, veterinarians, surveyors and lawyers. Courses that provide an accepted entry level into these professions can be identified. Entry to some professions, particularly those in medical and health related fields, is regulated by law.

There are other cases where it is not clear whether something is a profession or, assuming that it is a profession, whether a course provides an accepted entry level to it.

It can be difficult to tell whether an occupation is a profession or a specialisation within a profession. Decisions on this question have the potential to make a major difference to the number of courses in which students may be Commonwealth supported.

The Australian Health Practitioner Regulation Agency (AHPRA) currently registers 10 health professions. These include nurses and midwives. Courses allowing a person to become a nurse practitioner would appear to be a specialisation within nursing and if this is the case may not attract Commonwealth support. This would include courses such as the following:

- Postgraduate Certificate Advanced Nursing Practice (Rural and Remote)
- Master of Nursing (Mental Health – Nurse Practitioner) (mental health)

It should be noted that there have been Commonwealth supported places provided for such postgraduate nursing courses, primarily on the basis of State/Territory skills shortages.
Case study: Is sonography a professional specialisation or an initial qualification?

A person may work as a radiographer having completed a bachelor degree, but needs to complete further postgraduate study to work as a sonographer.

The Graduate Diploma of Medical Ultrasound does not appear on the Australian Institute of Radiography’s (AIR) list of accredited courses. The AIR’s website indicates that a postgraduate degree is required to practice ultrasound/sonography in Australia. There is a link to the Australasian Sonographer Accreditation Registry (ASAR) website, which lists a university Graduate Diploma in Medical Ultrasound as an accredited course.

It is unclear whether sonography should be considered a separate profession or a specialisation within the profession of medical radiation practitioner. The broad definition of a profession provided above does not appear to preclude sonography from being a profession. The AHPRA website implies that the profession is medical radiation practitioner and that sonography is a specialisation within it.

There can be difficulty in distinguishing initial entry qualifications from courses that provide professional development.

Another example is teacher conversion qualifications. It is becoming quite common for conversion courses to be offered at the Masters level. These courses enable a person to teach in a different education sector (early childhood, primary, secondary) than that of their original training. These courses have elements of further professional development. Given that the person is already a teacher, it does not seem that the course provides ‘initial entry to the teaching profession’. Strong arguments are mounted to support the availability of Commonwealth supported places in such courses. These arguments may rely on the identified skill shortage criterion discussed below but that criterion often could not be applied to courses leading to primary teaching which in some areas is in over supply.

A postgraduate course may be the fastest pathway to professional entry for students with undergraduate qualifications in another discipline. In recent years, universities have tended to favour postgraduate courses over shortened undergraduate pathways for students who already have an undergraduate degree. Under the Australian Qualification Framework, postgraduate degrees are required to have greater expectations of students than undergraduate degrees. Universities argue that study at the higher level enhances a person’s employment prospects both within the profession and more generally in the labour market. This implies that there are elements of broader professional development associated with such courses.

Universities are increasingly developing courses that lead to the award of a double degree, have degrees nested within them that provide alternatively a pathway or early exit point and suites of qualifications. It may not be clear whether the Graduate Certificate, Graduate Diploma or Master qualification is the ‘accepted entry level’. The preferred approach could be to provide Commonwealth supported places for the course providing the lowest level of accepted qualification that would allow the graduate to enter the relevant profession. The higher than required level of qualification may be considered to be primarily for professional development.
Entry to a profession may not require postgraduate level study. Entry to a particular profession may occur more often following undergraduate study. While this does not prevent a course from being an accepted entry level to a profession, it does demonstrate that the criterion is normative. As such, it does not provide an unambiguous basis for a student entitlement to Commonwealth support (i.e. demand driven funding).

There are ‘professions’ where there are no clear initial entry qualifications. For example, a course may allow someone to be employed in a particular field but there may be no law or professional registration body which requires that an accredited course be undertaken as a condition of working in that field.

**Case study: Is a Master of Public Health an accepted entry level qualification to epidemiology?**

A person working in public health may be employed in a wide range of occupations – epidemiologist, behavioural scientist, policy advisor or an educator.

A professional body, the Public Health Association of Australia (PHAA), exists but does not accredit courses. From the information on the PHAA’s website, it is not clear what qualifications are required to work in the field of public health or what an entry-level qualification might be. The PHAA’s website states that “membership is open to any person who is supportive of the objectives of the Association”.

Various universities’ course information for their Master of Public Health states that:

- it will produce graduates who are able to work in a wide variety of public health settings; and
- students applying for entry must have a degree in a health sciences discipline, and must have completed at least 2 years of relevant professional practice.

The Australasian Epidemiological Association website indicates:

*There are many and varied pathways to becoming an epidemiologist. They usually involve a degree in a related field such as medicine, health science, science with majors in mathematics/statistics, psychology, or sociology or a range of biomedical sciences, followed by a postgraduate degree in epidemiology, biostatistics or public health.*

The nature of accreditation and registration is blurred by notions of professional membership and professional identity. Very few people would argue that membership of the Australian Institute of Management is a requirement to be a manager or that a Master of Business Administration is an accepted entry level qualification for the management profession. Yet similar arguments are made by universities for a wide range of postgraduate level courses in applications to obtain Commonwealth supported places.
Case study: What role does an accrediting body play?

The Australian Association of Social Work (AASW) is a professional body that accredits courses in the discipline of social work. Completion of an accredited course allows a person to become a member of the Association.

It is not a requirement to be a member of the AASW to be employed as a social worker nor is it a requirement to have a postgraduate qualification in social work. Some major employers indicate a preference for applicants to be eligible for membership of the AASW.

(ii) an identified need in an area of skill shortage

The Department and universities have a number of resources to which they are able to refer when assessing whether a course meets an identified need in an area of skill shortage. The two main resources used by the Department include:

- Skill Shortage Lists for Australia and each state and territory based on the latest available DEEWR research. They are updated on a six monthly basis; and
- the Skilled Occupation List (SOL) produced by Skills Australia. The list is developed for migration purposes and identifies occupations which are of high value and will assist in meeting the medium and long term needs of the Australian economy.

There are other sources of information which may assist, such as the Specialised Occupations List (SPOL) produced by Skills Australia; specific advice from Skills Australia, Health Workforce Australia or other relevant Government agencies; Environmental Scans produced by Industry Skills Councils; industry reports and review findings that have been accepted by government; and supporting documentation from industry partners.

Some care needs to be taken in interpreting the various data sources. Skill shortages exist when employers are unable to fill or have considerable difficulty filling vacancies for an occupation at current levels of remuneration and conditions of employment and where the vacancy is in a reasonably accessible location.

Skill shortages can coexist with relatively high levels of unemployment. Sometimes skill shortages are restricted to experienced workers or workers with specialist skills. Shortages can result from factors other than the availability of courses and the number of graduates. They may relate to factors such as retention in the profession, changes in technology, increasing demand for new skills within an occupation and locational factors.

Skill shortages may exist at the same time as newly qualified potential workers are experiencing difficulty gaining employment. Regional shortages may exist when there is no shortage of workers at the national level.
Variations to universities’ Commonwealth supported postgraduate places based on the skill shortage criterion have previously been approved on a temporary basis. They have been subject to periodic (e.g. annual) review to assess the continuation of the identified skill shortage or need. The intention was that where a review identifies that a course no longer addresses a skill shortage or need, the CSPs were to be reallocated to another course that meets a criterion for variation or considered surplus to requirements. In practice, places allocated to a university for postgraduate study are rarely (if ever) withdrawn.

The main issues for the Department in administering this criterion are:

- how rigidly should it rely on the two main sources of information on skill shortages identified above;
- in what circumstances should it be prepared to rely on other sources of information; and
- what level of supporting documentation and/or evidence is appropriate to demonstrate a regional shortage or significant unmet local industry need;
- the extent to which other considerations should be taken into account, such as the availability of clinical training and practicum places; and
- how a course designed to prepare people for a ‘niche’ occupation that may have no prospect of appearing in a skill shortage list should be treated, possible examples are Indigenous Resource Management or Rural Geriatric Care.

Some of the themes that are relevant in considering responses to these issues are:

- labour market needs can change rapidly;
- the long lead times associated with developing and delivering higher education courses and the substantial level of university resources and commitment required to do so;
- the Government generally encourages universities to consult and collaborate with local industry and employers to ensure that there is a match between the skills and competencies to be gained through a course and the skills that are in demand in the local region.

(iii) is of national significance

There have been requests to transfer undergraduate Commonwealth supported places to postgraduate courses that appear to have merit, but do not meet the professional entry or skill shortage criteria.

Universities have argued that certain types of courses are only viable if offered on a Commonwealth supported basis. These may be in areas which the Government has at various times identified as priorities and which it believes should be retained for reasons of national interest.
The Government has sought to retain and foster the study of various languages such as Indonesian or Arabic. It has promoted the study of mathematics and science. At the postgraduate level, courses in these areas may not result in entry to any particular profession or meet any particular skill shortage. However, there may be broader strategic purposes in supporting these courses through an allocation of Commonwealth supporting places. For example, the Government’s *Research Skills for an Innovative Future* indicates scope to map priority research skills needs within disciplines and industry sectors. Such a process could identify areas ‘of national significance’ that would benefit from support for non-research postgraduate courses.

Courses that prepare people for careers in highly specialised areas of cultural and artistic pursuit similarly are not likely to satisfy the two criteria discussed previously. Universities may be left with a choice between offering such courses on a fee paying basis, ensuring the course is substantially research so that students are supported under the Research Training Scheme or not offering the course.

Universities sometimes seek broader scope to provide Commonwealth supported places in areas of specialisation. Reasons for doing this may relate to potential course participants being excluded if only fee paying places are available. They have sought places to support courses with a particular equity focus, such as courses designed to serve Indigenous needs or remote and rural needs. Postgraduate courses may be designed to support broad equity objectives, simultaneously improving Indigenous participation in postgraduate higher education and promoting indigenous economic development and self-sufficiency.

A criterion of ‘national significance’ is capable of very wide interpretation. It needs to be clearly defined to support transparent and consistent allocation of Commonwealth supported postgraduate places. It has already generated comment from universities concerning the difficulty in clearly defining what courses might be nationally significant. There has been support for an ‘even playing field’ and a publicly available list to identify what might meet the criteria.

Prior to undertaking the extensive work associated with course design and development, universities should have reasonable information on which to base assessments of a course’s potential viability. Information on whether Commonwealth supported places may be available is significant in considering the potential level of student demand and hence the potential revenue to support a course.

Universities may wish to provide views on the appropriateness and/or viability of such a criterion. It is possible that objectives in this area might better be achieved if individual universities had a discretionary allocation of places which were available to be used consistent with university priorities. This could enable universities to identify areas of postgraduate specialisation in which such Commonwealth supported places would be available. Consultation with Government about these priorities might be appropriate.
D. CONCLUDING REMARKS

This paper is intended to elicit views from a range of stakeholders on the current broad framework for the allocation and management of Commonwealth supported postgraduate places. The options below and the variants presented in this paper are intended to stimulate discussion and feedback on particular aspects of the provision of Commonwealth funding for postgraduate places including the four options identified in Part B of the paper:

Option 1 Allocating additional postgraduate places for specific courses or types of courses;
Option 2 Allocating additional places to ensure universities have a guaranteed level of postgraduate places;
Option 3 Allowing universities to negotiate their allocation of postgraduate places within an overarching funding envelope for the university; or
Option 4 Demand driven funding of all Commonwealth supported postgraduate student places.

Feedback is also sought on the potential criteria that might be used in allocating places or identifying priorities for the funding of courses. These criteria relate to accepted entry levels for professions, identified skill shortages and areas of national significance. An important consideration is how Government priorities for Commonwealth supported places should be balanced with flexibility for universities to meet their strategic goals.

Stakeholders are invited to provide written submissions on each of these matters. They are welcome to canvass any other matter relevant to the allocation and management of Commonwealth supported postgraduate places. If stakeholders would like to reference other materials previously provided to the Department, for example, submissions to the Base Funding Review, please feel free to bring these to our attention.

Responses should be emailed to cgs@deewr.gov.au by 16 December 2011.

Thank you in advance for the time and effort taken to respond to the issues outlined in this paper.
ATTACHMENT A: INTERIM ARRANGEMENTS FOR 2012

The current system for allocating Commonwealth supported places for non-research postgraduate courses is being revised for 2012 as a result of the introduction of the demand driven funding system. Undergraduate places will be uncapped and universities will no longer receive a specific allocation of undergraduate Commonwealth supported places. Transfers of Commonwealth supported places between the undergraduate and postgraduate levels will no longer be possible.

Under the new arrangements in the Higher Education Support Amendment (Demand Driven Funding System and Other Measures) Act 2011, non-research postgraduate courses and courses in medicine will be classified as ‘designated courses of study’. Funding for designated courses of study is limited. The Government will continue to allocate Commonwealth supported places for postgraduate courses of study through CGS funding agreements. These funding agreements will specify a ‘maximum basic grant amount’ for designated courses of study.

In 2012, the Government intends that a university’s maximum basic grant amount for designated courses of study will be based on the funding required for its allocated postgraduate and medical places, plus an amount sufficient to cover the level of 2011 over-enrolment at the postgraduate level, as estimated at April 2011. There is no over-enrolment allowed for medical places.

There will be some scope for varying planned 2012 allocations of Commonwealth supported postgraduate places across disciplines. Significant variations will continue to be subject to approval. These requests will only be approved if they are within the overall maximum basic grant amount for designated courses of study specified in the university’s funding agreement. Variations could involve transferring Commonwealth supported places between funding clusters, or increasing or decreasing target Commonwealth supported places for particular funding clusters.

For 2012, requests to vary the allocation of postgraduate Commonwealth supported places may be approved if sufficient funds are available and the course:

(i) is, or is moving towards, being an accepted entry-level for a profession; or

(ii) meets an identified need in an area of skills shortage; or

(iii) is of national significance (i.e. it fosters high level skills relevant to Australia’s research and innovation needs, national interests or cultural development, for example, a specialist postgraduate mathematics course).

The notable changes to the previous criteria are the removal of the restructuring criteria and the introduction of a criterion for ‘courses of national significance’.