



Managed Growth Funding

Response to implementation consultation paper

Charles Sturt University supports the Australian Universities Accord goal to increase higher education participation and attainment in Australia, especially in student cohorts that have for too long missed out on the opportunities that come with university education.

Charles Sturt University supports the broad principle of managed growth to achieve this goal, including better management of the allocation of places across the system. The current funding model has caused unbalanced patterns of enrolment that are not good for overall system sustainability or achieving national goals, a situation exacerbated by a per-place funding model that does not reflect the actual cost of delivery of teaching, learning, and support services for all typologies of providers.

However, Charles Sturt is concerned that many details of how the system will operate are unclear at this stage, and that implementation may be difficult in the context of the admissions cycle of universities. We are also concerned that student choice and agency may not be adequately supported, and that those students least able to take up offerings in another location may be required to do so.

We recommend that there be deeper consultation and co-design with the university sector to develop the proposals in the MGF and Needs-based Funding consultation papers before they be adopted as the basis for a new funding model. As it is very unlikely the legislation underpinning these proposals will pass before the election, we urge the Department to pause implementation pending further consultation.

An immediate priority must be the development of a new and more equitable basis for determining funding per Commonwealth Supported Place that meets the actual cost of provision in different disciplines plus on-costs such as infrastructure, student support, technical and professional staff, and other services.

Charles Sturt University offers the following feedback on the MGF:

1. There is still a great deal of uncertainty about the pricing structure underpinning the model.

The Accord Panel recommended urgent action to remedy the problems created by Job-ready Graduates (JRG) but to date the Government and the Department have shown little inclination to respond to this strong message. The updated 'Allocation of units of study to funding clusters' confirms that for 2025 at least the Government will continue to use the funding clusters and Commonwealth/student contribution rates introduced under JRG. These arrangements leave many disciplines under-funded and create unfair, disproportionately large debts for many students, especially in courses that attract a high proportion of equity students.

In the short term the MGF could be underpinned by a better per-CSP funding base – for example pre-JRG clusters and Commonwealth and student contributions with adjustments for high-priority courses – pending the development of a new model by ATEC.

Separate to the issue of JRG, it is unclear how a system that allocates funding based on EFTSL will operate in a context where different disciplines are funded on a widely different basis.

2. Annual negotiation of caps will impose a significant administrative burden on universities (and on the Department and/or ATEC). Annual caps are also inconsistent with the length of undergraduate degrees, and with the kind of student-centred funding system recommended by the Accord.
3. The MGF prioritises intervention over stability. Students (and universities) need to know that they have a place for the duration of their course. Changing the distribution of places and renegotiating caps every year means they can no longer be sure that they do. It also discourages innovation in courses and delivery, as this typically takes several years, especially when external accreditation is involved.

An example is Charles Sturt's innovative and highly successful Collaborative Teacher's Aide Pathway program, and the related Grow Your Own Teacher program. Both enable people working as teacher's aides or in similar roles to qualify as teachers in as little as two years. The development of these programs involved close consultation with regional schools over several years, an exercise we were able to undertake with the confidence that we would be able to allocate places to the programs once they were up and running. An annual cap that could vary significantly from year to year would discourage this kind of innovation and forward planning.

Responsiveness – for example in relation to evolving government or workforce priorities – could be built in to the MGF via a competitive pool of places (and associated funding for on-costs) similar to the process used for the additional places awarded in 2022-23. A pool of competitive places could also form part of the growth mechanism for MGF and support innovation in courses and delivery.



4. The idea of a 'catchment area' does not work well in a higher education context. Like other universities, Charles Sturt draws students from around the country, not just regional NSW, for both on-campus and online study.

If, however, the 'catchment area' idea is intended to help improve access to higher education for some equity students, it will need careful thought about how it is applied in regional areas. This could involve the flexibility to allocate additional places to an at-cap institution to cater for eligible equity students who may not be able to travel to or otherwise access a different university.

5. Any targets need to include a 'tolerance band' as proposed by the Accord Panel.

Student load management is difficult and variables such as offer-to-enrolment rates, load yield and attrition can all be estimated but not controlled. The 'tolerance band' proposed in the Accord will be more practical than an inflexible cap. The latter could lead universities to make fewer offers than they expect to fill, in order to stay under the cap, which would lead to an overall decrease in the numbers of offers in the market. In time this would put the government's participation and attainment targets further out of reach. Alternatively, universities may need to cancel offers late in the admissions process if acceptances run higher than expected and lead to the provider being over its allocated cap.

Student choice should always be a priority factor, so targets should be set at an institutional level and universities should have the freedom to allocate or move places primarily in response to demand.

6. The categories and definitions of equity students need further work to support a system whereby equity students will be able to access more demand-driven places.

The needs-based funding (NBF) consultation paper identifies three categories of equity students: low SES, First Nations, and disabled. Many of these students will choose a university based on minimising the cost for travel, accommodation and so on, staying close to their family and support networks, obtaining or continuing in employment and so on. These issues are even more important for equity students in regional areas, for whom travel to another campus/institution may not be an option.

Equity-based places need to take into account whether a proposed alternative course or institution is one the student can practically accept, given the potential for additional costs and support difficulties for students who are required to move away from their preferred location.

7. The MGF system seems to be based on an assumption that the majority of students come to university straight from high school and apply through Tertiary Admissions Centres. The reality is that there are many pathways into higher education, including



direct entry programs, articulation from TAFE, and mature age entry on the basis of prior study or professional or life experience. In 2024, for example, 28.3 per cent of commencing students at Charles Sturt were accepted on the basis of VET or TAFE study, 81 per cent completed school two or more years ago, and almost 95 per cent applied directly to the University for admission, rather than via a Tertiary Admissions Centre. It is unclear at this stage how these students will be captured and managed in the proposed TAC-centric MGF system.

8. The transition arrangements do not take into account the generally longer completion times for online and many equity students.

A four year transition would better align with the average (full-time) length of degrees, provide time to identify (other) flaws or unintended consequences, and address them, and show whether a longer-term 'safety net' arrangement might be needed.

9. A one-size-fits-all approach to setting a funding 'floor' doesn't account for factors like:

- universities' differing missions and profiles,
- their financial circumstances,
- evolving demographics and workforce needs,
- local, regional or systemic demand, or
- economic cycles (regional universities that draw from a demographic of lower socioeconomic status are more likely to see reduced demand in a year of challenging economic circumstances).

It could also adversely affect universities' capacity to manage the size of the workforce, in relation to which there will be much less flexibility due to the 'Closing the Loopholes' legislation.

10. There is no provision for investment in university infrastructure, despite the need for new and expanded facilities to accommodate the forecast growth in student numbers.
11. Research and research training are core activities for universities, yet the paper offers no information on how they will be supported in future.

In response to the Managed Growth Fund proposals, Charles Sturt University **recommends:**

1. Caps set with a tolerance band of at least 5 per cent to allow for a degree of unpredictability in the admissions process, negotiated at four-year intervals, and with provision for growth based on factors such as the university's mission and course profile, patterns in demand, student demographics (especially in relation to needs-based funding), and workforce needs.



2. An interim CSP funding model to address the problems created by JRG and support future growth.
3. A growth mechanism that includes a competitively allocated pool of additional places, available to universities that meet agreed performance targets (e.g. for equity student participation and attainment) or for priority fields.
4. A four year transition period (2025-28), with:
 - structural adjustment funding over the four years initially to ensure that all universities have the capacity to negotiate and manage caps and other elements of the new funding model, and to develop systems, procedures and resources for the future
 - a gradual change in Commonwealth reporting obligations for CGS/HECS estimates, and
 - ongoing review of the impact of the new funding arrangements.
5. Further discussion on equity categories, how they are defined, and student eligibility, along with a mechanism to ensure that more equity students are able to access the course and university they choose.
6. A commitment to at least maintain current funding levels and programs for research and research training over the short term pending further consultation on future arrangements.
7. A new funding stream for university infrastructure to support increased participation.

