

Creating opportunity

Swinburne's Submission to the Review of the Demand Driven System



December 2013

It is not yet adequately understood that a university education is not, and certainly should not be, the perquisite of a privileged few. We must become a more and more educated democracy if we are to raise our spiritual, intellectual, and material living standards... The new charter for the universities, as I believe it to be, should serve to open many doors and to give opportunity and advantage to many students.

**The Right Honourable Sir Robert Menzies,
28 November 1957**

A period of relative policy stability in which changes already made can be digested and adjusted to (such as the move to demand-driven funding) is probably what our universities most need now. This is especially so at a time when they face a host of challenges that have nothing to do with government, such as adapting to the rise of online learning. Sometimes, governments' best contribution is to foster awareness and to fine-tune the existing system rather than to constantly try to re-engineer it.

**The Honourable Tony Abbott MP,
28 February 2013**



Spurring innovation

Underpinned by stable financing arrangements, the Australian higher education system has enjoyed a long period of growth under successive governments.

The most recent systemic reforms to the Australian higher education system introduced following the Bradley Review in 2009 have made it possible for thousands more students to attend university.¹ These reforms, centred around the former Government's decision to introduce demand-driven funding for undergraduate places, have enjoyed strong bipartisan support.

As a consequence of these reforms, the Commonwealth Government no longer decides how many Commonwealth-supported places each university can offer and in which broad discipline groupings they must be offered. Instead, the number of places is determined by decisions each university makes in response to actual student demand.

While Australian universities have been capably navigating markets in full-fee postgraduate study and full-fee study by international students for some time, they are now subject to market pressures with respect to domestic undergraduate study.

The creation of a competitive market among Australian universities has spurred some universities to innovate to develop genuinely new models of delivery to meet student demand. To be successful in this new market, universities are able to differentiate their offerings and compete for students on the basis of the outcomes they are able to deliver for students.

Students enrol with the provider of their choice, without unnecessary layers of bureaucratic intervention governing variable patterns of student load. Universities continue to assure the quality of the education they deliver, subject to oversight by a new national higher education regulator, the Tertiary Education Quality and Standards Agency, which itself is in an establishment phase.

While the system is in its early days, evidence to date suggests that the demand driven system is working to achieve its objectives to improve access to university-level study for a wider range of capable Australian students.

Swinburne strongly supports the continuation of the demand-driven system for domestic undergraduate study.

¹ Review of Australian Higher Education – Future directions for Tertiary Education, Final Report, 17 December 2008, <http://www.innovation.gov.au/highereducation/ResourcesAndPublications/ReviewOfAustralianHigherEducation/Pages/ReviewOfAustralianHigherEducationReport.aspx>



Who we are

Swinburne's emphasis is on teaching and research in science, technology, business, design and innovation – teaching and research that makes a difference in the lives of individuals and contributes to national economic and social objectives.

Swinburne has three Melbourne campuses at Hawthorn, Wantirna and Croydon. Swinburne offers a range of qualifications and courses delivered online through Swinburne Online and Open Universities Australia. Swinburne also has a campus in Sarawak, Malaysia, which connects us to one of the most rapidly growing regions of the world.

In recent years, Swinburne has become one of the world's leading universities, ranking as one of the top 400 in the world as assessed by the Academic Ranking of World Universities, and one of the top 100 in the world in physics. For an institution that achieved university status in 1992, these are significant achievements.

We advance our research through partnerships with industry, our communities and other universities in Australia and internationally, to achieve results that are relevant to industry and society.

Our close ties with industry provide students with opportunities for workplace experiences during their studies. Industry representatives inform, shape and challenge the curriculum.

Our researchers have a reputation for high-impact research with strengths in advanced manufacturing technology, astrophysics, biotechnology, cognitive sciences, computing, design, micro and nano-engineering, optics and applied laser technology, and social sustainability and wellbeing.

We rate highly for students in the Good Universities Guide, with high ratings for graduate satisfaction, teaching quality, staff qualifications and generic employability skills. We place a strong emphasis on building career-ready graduates.

At Swinburne, quality is never confused with elitism. We work to provide educational opportunities to capable students wherever we find them. Our students arrive at university through traditional entry pathways, enabling scholarships, vocational doorways, foundation and diploma pathways and international partnerships. Regardless of the entrance pathway, once accepted into Swinburne we help our students to succeed – providing high quality teaching, strong student support scaffolding and innovative approaches to learning.



Operation of the demand driven system

The decision by the Commonwealth in 2009 to move to a demand-driven system of funding undergraduate places produced an immediate positive response from Australia's universities. While funding did not become fully demand-driven until 2012, universities were able to immediately respond to the positive signals created by the Commonwealth and commenced offering additional places in 2010 and 2011 in anticipation of full implementation.

Contrary to some claims, the number of Commonwealth supported places has grown in a reasonably steady fashion since 2009. System-wide growth from around 469,000 in 2009 to an estimated 577,000 in 2013² represents compound annual growth of 5.3% – a figure which is higher than the long-term average growth in Commonwealth supported places but which does not represent growth which is unconstrained or unsustainable. Most recent forward estimates released by the Commonwealth show growth in demand tapering in the years ahead after this initial period of growth accompanying the introduction of the new funding arrangements.

The expansion of places in Australian universities since 2009 has had many positive effects, including a redirection of load towards skill-shortage disciplines. Under the old system, some fields of education were under-supplied and some over-supplied. The demand-driven system has created a better balance between supply and demand. This is not to say that such a system is perfect; every market has imperfections and is susceptible to periods of oversupply and undersupply.

However, decades of experience with the allocation by Government of higher education places has shown that the Commonwealth is not particularly good at centrally planning and allocating higher education places. The Commonwealth's task is made more complicated by the long lead times that higher education requires – a bachelor's degree generally takes three years to complete. These lead times are far too long for the Government to be effective should it wish to address emerging skill shortages through a central allocation of places.

The demand-driven system is characterised by a high degree of allocative efficiency – achieving an efficient distribution of higher education resources taking into account the distributed preferences of students and potential students. Rather than attempt to undertake a flawed exercise in central planning, it makes more sense for the government to allow this market to be self-determining – for tens of thousands of individuals contemplating undergraduate study to make their own choices based on their assessment of the value of a particular qualification and the information available to them about future job prospects and areas of undersupply or oversupply.



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² Australian Government, Terms of Reference, Review of the Demand Driven System, 12 November 2013, <http://education.gov.au/review-demand-driven-funding-system#terms-of-reference-for-the-review>



Early evidence on the effectiveness of the demand-driven system underlines this point. The number of students studying science, technology and health has grown much more than the growth in business, law and arts. Enrolments in the natural and physical sciences were twenty per cent higher in 2012 than in 2009, growing from 63,000 students to nearly 76,000. The previous capped system discouraged growth in these disciplines because universities had to win additional funded places in high cost disciplines to permit expansion.³

Another of the essential characteristics of the demand-driven system is that it strongly supports university autonomy – by allowing universities to assess student demand for the courses that they offer and to increase supply to meet demand. Since 2009, not all universities have responded equally to the opportunity to offer more undergraduate places in response to unmet student demand.

Figure 1 shows Commonwealth-supported student load at each Australian university in both 2008 and 2012, rank-ordered for the size of each university's Commonwealth-supported undergraduate student load in that year.⁴

It is clear from the table is that each Australian university has responded on its own terms to the opportunities created by the demand-driven system, with some institutions holding undergraduate intake relatively steady and others with greater capacity to grow, or greater willingness to innovate, adding significantly to their undergraduate student body.

In the period from 2008 to 2012, Curtin University, Macquarie University, the Australian Catholic University and Swinburne University of Technology each experienced significant growth at undergraduate level in response to student demand for the particular programs and study options they offered.

While Swinburne can only speak directly to its own experience under the demand-driven system, it can be noted that this sort of change was difficult to achieve under the former system of allocating undergraduate load by university and by funding cluster. The old system had the effect of entrenching historically-determined relativities between universities and making it difficult for any particular institution to initiate a step change of the kind which is evident in Figure 1.

For Swinburne, the previous system of capped undergraduate places meant that Swinburne was only able to offer as many undergraduate places as our allocation permitted, notwithstanding strong student demand for our programs, such as in engineering science. Swinburne's programs have always generated strong student interest, but under a capped system Swinburne was constrained from offering additional places to meet unmet demand.

This growth in Commonwealth supported student places at Swinburne since 2008 shows that, given the opportunity, students are increasingly choosing to study with Swinburne.

In 2008, Swinburne offered 6,689 Commonwealth-supported undergraduate places. By 2012, this had increased to 9,994 places (see Figure 1). The growth in student numbers has been achieved across all disciplines, including in areas of skill shortage such as Engineering, Information Technology and in Natural and Physical Sciences.

The demand-driven system also supports Swinburne's future plans to grow its course offerings in health sciences. As Australia's population ages, there will be an increasing need for qualifications in health and allied health-related disciplines to address the range of additional health needs that our population will require. In the years ahead, Swinburne intends to build on its research capability in a range of health-related disciplines to offer a wider range of undergraduate course offerings in the health sciences.

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³ Innovative Research Universities submission to the Commonwealth Commission of Audit, 26 November 2013.

⁴ Australian Government, Higher Education Statistics Data Cube (uCube), accessed 11 December 2013.



Figure 1: CSP load for Bachelor degree courses: 2008 vs 2012

2008		2012		Change in Rank
The University of Sydney	21,459	Monash University	24,477	2
Queensland University of Technology	20,909	The University of Sydney	23,477	-1
Monash University	20,870	Queensland University of Technology	23,365	-1
The University of Queensland	19,153	The University of Queensland	23,184	0
University of Western Sydney	18,530	University of Western Sydney	23,098	0
Griffith University	17,623	Griffith University	20,350	0
The University of New South Wales	17,360	Deakin University	20,123	2
The University of Melbourne	17,286	The University of New South Wales	20,006	-1
Deakin University	15,430	La Trobe University	17,112	1
La Trobe University	14,433	Curtin University of Technology	16,498	5
RMIT University	13,950	RMIT University	16,495	0
The University of Newcastle	13,503	Macquarie University	16,321	5
University of Technology, Sydney	13,495	The University of Newcastle	16,004	-1
University of South Australia	13,412	The University of Melbourne	15,886	-6
Curtin University of Technology	13,235	University of Technology, Sydney	14,797	-2
The University of Western Australia	10,654	University of South Australia	13,977	-2
Macquarie University	10,464	The University of Western Australia	13,480	-1
Charles Sturt University	10,440	Australian Catholic University	13,221	8
The University of Adelaide	9,755	Charles Sturt University	13,197	-1
Victoria University	9,541	The University of Adelaide	11,910	-1
Edith Cowan University	9,321	University of Wollongong	11,830	1
University of Wollongong	9,272	Edith Cowan University	11,656	-1
University of Tasmania	8,592	Victoria University	11,488	-3
Flinders University	7,889	Swinburne University of Technology	9,994	4
James Cook University	7,116	Flinders University	9,511	-1
Australian Catholic University	7,083	University of Tasmania	9,489	-3
Murdoch University	6,806	James Cook University	8,622	-2
Swinburne University of Technology	6,689	Murdoch University	7,741	-1
The Australian National University	6,366	The University of New England	7,322	2
University of Southern Queensland	6,168	University of Southern Queensland	7,303	0
The University of New England	6,075	University of Canberra	6,944	2
Southern Cross University	5,302	The Australian National University	6,743	-3
University of Canberra	4,775	Southern Cross University	6,042	-1
Central Queensland University	4,728	Central Queensland University	5,770	0
University of Ballarat	3,283	University of the Sunshine Coast	5,032	1
University of the Sunshine Coast	3,176	University of Notre Dame Australia	4,162	2
Charles Darwin University	2,439	University of Ballarat	3,999	-2
University of Notre Dame Australia	2,016	Charles Darwin University	3,076	-1



Swinburne Online

Following the decision in 2008 to align higher education funding with student demand, Swinburne moved quickly to better position ourselves as a provider for the future through an innovative online delivery model for higher education.

Swinburne Online was established in 2011 as a joint venture between Swinburne and Seek Limited, Australia's leading online employment and training market, to offer degree programs that are delivered entirely online. It is unlikely that this innovative model of higher education provision could have been created under the system which existed prior to 2009.

Swinburne Online offers degree programs that bring Swinburne's academic curriculum together with best practice in online learning. Academic design is focused on delivering a high quality education experience and meeting the learning needs of students. Subject matter experts work with learning designers, technology designers and information specialists to take advantage of new technologies and innovative pedagogies for online learning.

Enrolment in Swinburne Online is being driven by a non-traditional student population of typically older, non-school leavers – and from lower socio-economic backgrounds and regional areas. This cohort of students seems to be attracted to the flexibility of online education and the opportunity to have a second chance at education. Twenty-four per cent of Swinburne Online students are from regional, rural and remote areas – showing that this model has expanded the reach of education to people who previously would have had difficulty in accessing campus-based learning.

Students have access to teaching staff (eLearning Advisors) with strong backgrounds in their respective disciplines. eLearning advisers are recruited on the basis of their qualifications and industry experience. There is a rigorous selection process and successful applicants are trained specifically for online moderation.

Students are also supported by Student Liaison Officers (SLOs) who answer technical questions, respond to general academic queries and provide non-academic support. SLOs are rostered to be available when students are online – Monday to Friday 9:00am-9:00pm, weekends and public holidays 10:00am-6:00pm. Course materials are available online and students have access to all texts as e-books at no additional cost.

Our online learning model provides students with access to high quality education in a manner that enables them to manage work, family and study. Our online learning model depends on the best academic staff, leading edge technology, high tutor-student ratios, and strong ongoing support.

Through advances in digital technology, Swinburne Online can reach students who would not otherwise find their way to tertiary education. Swinburne Online offers high touch learning, where there is regular contact with every student, allowing us to educate a wider range of students with different learning needs who may previously have been excluded from further education.

Further detail on the Swinburne Online model is available in Swinburne Online's own submission to the Review of the Demand-Driven System.

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Quality in the demand-driven system

A common question is whether the expansion of places at undergraduate level since 2009 has been accompanied by a reduction in the quality of educational outcomes that have been achieved. Too often, this debate is a confused one – focusing not on the attributes of graduates that universities are producing but on the educational achievements of students at time of entry. The key measure of the success of the demand-driven system must be what people gain through their educational experience and their level of knowledge and skill that they possess at graduation.

The new competitive environment has led universities to focus more closely on how students are faring. It has never been easier for students who are dissatisfied with the quality of the education that they are receiving at any given university to take their custom elsewhere. Recognising this, many universities across Australia have implemented new initiatives to provide greater support for students.

Swinburne offers extensive support to help students succeed, including study support and academic skills programs, mentoring and student welfare services. One of the ways that Swinburne has moved to further increase student support is through a new proactive approach to looking after students to ensure that those in need can access the many services that are available.

In 2012, Swinburne created *Swinburne Connect*, a telephone-based student engagement service which aims to support and engage our students. Any new or current students who are categorised as at risk because of demographic or other triggers are selected for inclusion. Trained staff members telephone participants and students in need of assistance and encouragement are offered support – academic support, counselling, medical service referrals or opportunities for students to participate in campus life. There is follow up communication with all students who are referred to a service as well as discussion of any further issues. To date, results have been encouraging, with increases in success rates observed for those students who participate in the *Swinburne Connect* service.

As self-accrediting institutions, universities take seriously their obligations to assure the quality of the qualifications which they award.

A key feature of the Bradley reforms was the creation of an independent national quality regulator for higher education, the Tertiary Education Quality and Standards Agency (TEQSA), which has an important role in quality assurance and oversight.

While TEQSA has been exposed to some criticism in its establishment phase, Swinburne strongly supports its role and considers that TEQSA's regulatory approach will improve over time. However, it remains early days for the national regulator and it is appropriate that a period of time be allowed for universities and other providers to work with TEQSA as its regulatory approach settles. To date, only a handful of universities have been required to undergo a re-registration process through TEQSA, with 32 universities scheduled to undergo re-registration in the period from March 2015 to October 2018.⁵

⁵ Tertiary Education Quality and Standards Agency (Consequential Amendments and Transitional Provisions) Act 2011, Schedule 3, Part 2



Designated places at sub-bachelor and postgraduate level

Currently, sub-bachelor and postgraduate places are allocated by the Commonwealth. Figure 2 shows the current allocation of sub-bachelor and postgraduate places for Australian universities.⁶

There is a strong case for the Commonwealth to operate a fully demand-driven system for what is essentially the basic, universally-recognised higher education qualification, namely, the bachelor's degree. Swinburne strongly supports the continuation of the demand-driven system to ensure that capable Australians have the opportunity to access a Commonwealth-supported place at bachelor's degree level.

The appropriate treatment of Commonwealth-supported places at the sub-bachelor and postgraduate levels is discussed below.

Sub-bachelor qualifications

Sub-bachelor qualifications provide an important pathway to university for students with lower tertiary entrance scores or students who are returning to education after a long absence. Sub-bachelor study can be a particularly useful step for those students returning to education who may lack confidence in their academic abilities or want to test the practicality of fitting study commitments into their lives.

For Swinburne, the opportunity to offer sub-bachelor places assists in improving the academic skills and preparedness of the student intake progressing to a Bachelor level qualification.

Swinburne is currently able to offer a designated number of Commonwealth-funded sub-bachelor places. These places are provided through Swinburne College, which offers pathway programs specially designed to prepare students for university studies. For domestic students, Swinburne College offers a suite of UniLink Diplomas, which provide a direct pathway into the second year of a bachelor degree upon successful completion.

Swinburne College provides a supportive on-campus environment for students who may be at greater risk of failure were they to be enrolled directly into a bachelor degree. The College provides a bridge between school and university, with smaller class sizes (a maximum of 22 students) and a higher level of individual academic support. Students have full access to the university's services and facilities.



⁶ Figures provided by Secretariat of the Review of the Demand-Driven System, 28 November 2013.



Figure 2: Designated places for Australian public universities (2013)

Institution	Designated sub-bachelor	Designated postgraduate	Designated total places
The University of Melbourne	291	4,885	5,176
University of Tasmania	1,683	1,120	2,803
University of Western Sydney	999	1,600	2,599
University of Southern Queensland	1,733	754	2,487
RMIT University	1,705	693	2,398
University of South Australia	700	1,563	2,263
Monash University	371	1,818	2,189
The University of Sydney	104	2,053	2,157
The University of Newcastle	1,615	285	1,900
The University of New England	414	1,347	1,761
The University of Queensland	447	1,228	1,675
Edith Cowan University	646	778	1,424
The University of New South Wales	247	1,097	1,344
Curtin University of Technology	838	494	1,332
Charles Sturt University	313	995	1,308
The University of Western Australia	164	1,137	1,301
La Trobe University	195	1,061	1,256
CQ University	1,033	193	1,226
Flinders University	340	873	1,213
Griffith University	11	1,183	1,194
Charles Darwin University	784	369	1,153
Australian Catholic University	172	963	1,135
The University of Adelaide	182	864	1,046
Queensland University of Technology	0	1,034	1,034
Southern Cross University	819	212	1,031
Victoria University	456	532	987
Swinburne University of Technology	877	77	954
Deakin University	201	720	921
University of Wollongong	63	805	868
James Cook University	319	468	787
University of the Sunshine Coast	562	204	766
University of Canberra	252	489	741
Macquarie University	74	496	570
University of Technology, Sydney	82	442	524
Murdoch University	217	271	488
University of Ballarat	69	299	368
The Australian National University	71	142	213
Grand Total	19,048	33,542	52,590

Note: Does not include designated medical places



Swinburne College students have more regular contact hours—20 hours per week in classroom with one teacher per subject. Students also have access to an Independent Learning Centre that is staffed by faculty who are able to provide support and assistance with student research and assignment structures, plus e-learning and on-line support via Blackboard, which contains a number of study skill resources. Teaching staff identify at-risk students in the third week of their program and these students can be offered additional academic and pastoral support.

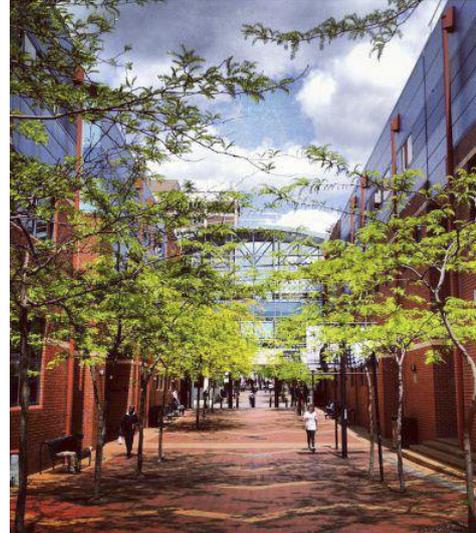
The more widespread availability of sub-bachelor Commonwealth supported places would strongly support the Commonwealth's objectives to improve access to higher education while maintaining quality. For these reasons, Swinburne would support demand-driven funding for sub-bachelor higher education places.

Postgraduate qualifications

Most postgraduate study is funded by individuals who wish to add to their qualifications to improve their performance in their current role or to improve their prospects in the job market. Some postgraduate study is employer-supported. Only a small proportion of postgraduate study is supported through the Commonwealth Grants Scheme.

There is no strong case for taxpayers to pick up additional responsibility through the implementation of a demand-driven system to fund the majority of postgraduate study that is currently privately funded. There is, however, a case for the continued provision by the Commonwealth of CSP-funded postgraduate places in key national priority area and areas of skill shortage where postgraduate qualifications are necessary—for example in health sciences, information technology, engineering and teaching.

Swinburne recommends that the Commonwealth continue to fund a designated number of postgraduate qualifications, subject to there being a competitive allocation process based on clearly articulated principles.





The allocation of Commonwealth supported postgraduate places across the university sector is largely historically determined and lacks a strong evidence base with continuing relevance. Over time, each university's allocation of sub-bachelor and postgraduate CSPs has grown up through a series of *ad hoc* decisions, with no overall consideration of the effect on the whole.

This is clearly evident in the 2013 allocations of designated places at sub-bachelor and postgraduate level (excluding designated medical places) in Figure 2. There are significant discrepancies between institutions of like size and like mission, with no obvious organising principles to account for the anomalies.

Swinburne recommends that:

- historically-determined allocations be dispensed with; and
- the Commonwealth conducts a competitive funding round for the fresh allocation of postgraduate places with full implementation commencing in 2016.

The allocation of Commonwealth Supported Places at sub-bachelor and postgraduate levels across the university sector is largely historically-determined and lacks a strong evidence base.

Over time, each university's allocation of sub-bachelor and postgraduate CSPs has grown up through a series of *ad hoc* decisions, with no overall consideration of the effect on the whole.

How it would work: A full competitive funding round for postgraduate Commonwealth supported places

The Commonwealth would specify how many postgraduate places it is prepared to fund over the forward estimates.

The Commonwealth would outline clear, new, future-focused criteria for success in securing an allocation of postgraduate places.

A full competitive round would be held in the third quarter of 2014 for postgraduate places.

Following the conclusion of the competitive process, the Government would determine new allocations which would commence from calendar year 2016.

Calendar year 2015 would be a transitional year, with the Commonwealth honouring existing allocations.



Conclusion

During the course of this review, the UK's Chancellor of the Exchequer announced the abolition of caps in the British higher education system. He said that access to higher education is a basic tenet of economic success in the global race and that the central allocation of university places was a 'cap on aspiration'.

With Australia's demand driven system now under review, Britain's decision in the face of considerable budget adversity is significant. Higher education is the cornerstone of Australia's economic, social and cultural success and it lies at the heart of Australia's research and innovation system. For Australia to remain internationally competitive, we need to continue to make higher education more accessible for those Australians who can benefit from it.

While the Australian demand-driven system is still in its infancy, the early evidence is that it is broadly achieving its goals. Universities are responding to student demand with new and innovative approaches to higher education. The system is creating life-changing opportunities for students to make the most of their potential and choose the best educational services which meet their needs and aspirations.

Swinburne is proud of the opportunities we now offer those who are seeking a university education and the contribution we are making both to the lives of our students and to national economic objectives.

Swinburne strongly supports the demand-driven system for undergraduate study.

