9 August 2024

The Hon Jason Clare MP
Minister for Education
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Minister

Federation University's Support for the Managed Growth Funding System

I am writing to express Federation University Australia's (**Federation**) support for the proposed Managed Growth Funding System (**MGFS**).

The proposed MGFS is a pivotal step towards a fair and effective post-secondary education system that aligns universities to meeting local community needs and advancing securing national priorities.

Federation has long been committed to fostering local talent needed to drive economic and social development within the Central Highlands, Greater Southeast Metropolitan, Gippsland, and Wimmera Southern Mallee regions. With the support of the MGFS, these initiatives can boost the locally driven education opportunities that our secondary school and mature-age learners need across these four regions.

Federation's submission attached below highlights implementation considerations to enhance the benefits of the proposed MGFS. This includes:

1. **Securing A Local Focus and Alignment to Skills Needs**: By preventing over-enrolment practices, the MGFS will ensure that regional universities can align their programs with local industry needs, fostering a skilled workforce that supports regional economies.

2. **Ending Over-Enrolment Practices and Distortions:** Over-enrolment distorts cost-of-living and creates skills mismatches. The MGFS will mitigate these effects, allowing regional universities to offer programs that are directly beneficial to their local communities.

3. **Sustaining Regional Universities' Expertise in Serving Local Communities**: Regional institutions are vital to their communities, providing education, employment, and supporting local industries. The MGFS will ensure these universities can continue to thrive, contributing to local and national development.

4. **Supporting Secondary Students and Learners from Equity Backgrounds with Accessible Local Post-Secondary Education**: There is a greater prevalence of equity students in regional areas, and the MGFS will play a crucial role in enhancing their access to education. This support will help address the unique challenges faced by these students and promote social and economic equity.

I am acutely aware of the importance of maintaining social licence and relevance of the post-secondary system by delivering tangible outcomes for the community. This is fundamental to Federation's work in communities where post-secondary education is less accessible despite the impact it can make to the lives for our secondary students and mature-aged learners.

This is why Federation is committed to leveraging our expertise and infrastructure to maximise these benefits of the MGFS. Federation's Co-operative Education Model, focus on equity, and employment outcomes are the MGFS. This approach integrates practical work experience to create more job-ready graduates needed to drive local development.

Professor Duncan Bentley
Vice-Chancellor and President

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I note this proposal should be read in the context of our other submissions, including those on International Education Sector Reforms, establishment of the Australian Tertiary Education Commission, and Needs-Based Funding. The coordination of international student levels with the MGFS is crucial to ensuring the sustainability and financial health of regional universities. Together, these submissions form Federation's view of how it can support the Commonwealth Government's higher education reforms so that they are realised in regional and outer metropolitan Victoria.

Federation welcomes ongoing consultation and the opportunity to partner further on implementation design and engagement for the regions. Our campuses across Ballarat, Berwick, Gippsland, and Wimmera, and the outcomes they deliver, demonstrate how our proposed approach to the MGFS will lift post-secondary aspiration and attainment for these communities.

Thank you again for our Thursday 8 August 2024 meeting to discuss Federation's approach to supporting post-secondary attainment and pathways across regional Victoria. I look forward to working closely with you and your department to ensure the successful implementation of the MGFS.

Thank you for your leadership and commitment, and the collaborative approach of your department, to advance Australia's higher education system.

Yours sincerely,

Professor Duncan Bentley
Vice-Chancellor and President

CC: *Minister for Skills and Training*

Federation University Australia

Submission in relation to the Managed Growth Funding Model Implementation Paper

Overview

1. Federation University Australia (**Federation**) supports the establishment of a Managed Growth Funding System (**MGFS**) to create a fair, effective, and thriving post-secondary education system across regional Australia aligned to the needs of local communities and the sectors needed to advance vital national priorities.

2. Federation's submission offers several key considerations to support the effective implementation in response to the fourteen consultation questions outlined in the Managed Growth Funding Model Implementation Paper. Federation's responses aim to support the following objectives:

Sustains regional universities to deliver critical skills, employment and cost-of-living outcomes for rural, regional and outer-metropolitan communities	
Objective	**Outcome**
Utilise regional universities' expertise, infrastructure, and track record to fully utilise the allocation of Commonwealth Supported Places (**CSPs**) under Managed Growth Targets (**MGTs**).	Ensures local regional and outer metropolitan communities fully benefit from the MGFS, in particular to maintain a high-quality and cost-effective local workforce for local industry.
Maximise local post-secondary education accessibility for Federation's prospective learners in the Central Highlands, Greater South-East Metropolitan, Gippsland and Wimmera Southern Mallee regions	
Objective	**Outcome**
Ensure CSP places at local universities for local regional and other equity-based students are available who meet relevant entry requirements, or are able to offer a CSP supported Preparatory Program, as an alternative.	Maximises the accessibility of post-secondary education for students, in particular from cohorts who would have not sought post-secondary attainment, or its benefits, under the higher education models due to actual or perceived accessibility or relevance issues.
Address the negative effects of over-enrolment distorting cost-of-living levels and skills pipelines in the regions	
Objective	**Outcome**
Prevent the misalignment of programs with local and regional community and economic needs. This includes mitigating the negative impacts on the viability of regional universities, the perceived educational benefit from attending local universities, the use of proper education infrastructure and service utilisation, workforce skills alignment, costs of living, and cost of production and service delivery chains.	Maintain a balanced higher education system that meets local workforce needs, supports regional economic development to boost productivity, sovereign capability and optimise factors of production across service delivery and supply chains, and deliver the consequential social and economic dividends to regional communities.
Ensure the MGFS can empower locally driven outcomes in partnership with schools, industry and other community groups	
Objective	**Outcome**
Incentivise collaboration with local schools, communities, and skills planning authorities to ensure the delivery of local skills outcomes aligned with national priorities, and to deliver locally relevant, nationally significant outcomes.	Ensure the higher education sector takes a coordinated and inclusive approach by delivering local skills outcomes that support industries that align with broader with national priorities.
Promote long-term planning and stability for a nationally coordinated post-secondary sector	
Objective	**Outcome**
Ensure an ATEC uses an evidence-based approach to allocate and grow CSPs under each university's MGTs that are aligned to the national priorities, and coordinate university-level settings	Provides universities with the certainty to invest, attract students and develop effective education programs to meet national priorities effectively.

with international enrolments to maximise optimal funding and revenue settings for universities to grow and thrive.	

Ensure the principles of student choice and academic freedom remain components of a higher education system

Objective	Outcome
Within an MGFS that allocates places to align to policy priorities, continue to maintain student choice and academic freedom at the heart of the higher education system.	Maintaining the innovation, risk taking and knowledge development fostered in higher education settings across programs that are more strongly aligned to national priorities.

Federation is committed to employing its domestic CSPs to deliver post-secondary attainment and skills outcomes for regional communities across the Central Highlands, Greater South East Metropolitan, Gippsland and Wimmera Southern Mallee regions.

3. Regional universities, such as Federation, play a crucial role in their communities by providing accessible education that fosters essential skills and contributes significantly to local economic activity. As a result, their higher education and TAFE campuses serve as the backbone of their regions, driving innovation, supporting local industries, and addressing skills shortages.

4. The Universities Accord Final Report (the **Accord**) recognised the challenges regional universities face in delivering services to prospective learners, particularly those with greater equity needs. The report also highlighted the financial, operational, and delivery challenges associated with offering higher education services in regions where economies of scale are difficult to achieve and multiple campuses must be maintained.

Federation is also acutely aware that the relevance, social license, and value of the post-secondary system, is under stress. Its capacity to deliver transformative change, are tied to delivering tangible outcomes for the community.

5. Addressing these challenges has always been integral to successfully operating in rural, regional, and outer metropolitan communities, where post-secondary education access and aspirations are lower, with downward pressure added by intergenerational concerns about higher-level institutional education, a pressing need for short-term workforce outcomes, and a desire to secure more immediate financial certainty.

6. Federation's submission not only provides analysis and solutions but also offers insight into how the MGFS might interact with its work to deliver impactful outcomes for the communities it serves. Two examples illustrate this:

- **Federation's Co-operative Education Model:** This model integrates practical work experience across all higher education and vocational education and training programs, equipping students with industry-relevant skills, enhancing employability, and directly responding to local workforce needs. It creates stronger ties between the university and local businesses, producing more job-ready graduates and a pipeline of talent for local industries to access immediately.

  Once fully established, nearly all 20,000 students across regional Victoria will participate in placements aligned with national priorities. This large-scale delivery of Industry Workplace-Based Learning will drive significant outcomes in regional Victoria and aligns closely with key Accord recommendations.

  The full transition to this program will contribute approximately 9.1 million work hours, or 5,400 FTE, to the regional economy (based on an averaging of average 60-day placement across the student body), with an ongoing contribution of 300 FTE each year (based on current higher education undergraduate enrolment levels). This approach not only supports individual student success by investing in real skills acquisition and connections with local employers. It also stimulates regional economic growth and resilience.

- **Federation's Focus on Equity and Employment Outcomes:** Federation ranks first in student equity and "first-in-a-generation" post-secondary education attainment and has sector leading graduate employment outcomes, ranking number two in Victoria for undergraduate full-time employment and number two in Australia for full-time postgraduate employment.

Ending the over-enrolment practices of universities that distort the higher education landscape is a crucial step in supporting this work.

7. Federation strongly supports an approach to the MGFS that ends the practice of over-enrolment. This practice leads to an oversupply of graduates in fields that do not align with local workforce needs, and exacerbating skills shortages in regional areas, which are natural homes for critical industries vital to Australia's diverse, sovereign capabilities. By focusing on local enrolment and aligning educational programs with the specific needs of local communities, the MGFS can ensure that graduates are equipped with the skills necessary for local industries, fostering regional economic development and sustainability.

Connection to other Federation Submissions

8. This submission should be read in coordination with Federation's other submissions on the establishment of the Australian Tertiary Education Commission (**ATEC**), international education enrolment levels, and needs-based funding. These submissions collectively address the strategic alignment necessary to ensure a sustainable, equitable, and effective higher education system that meets both local and national priorities.

Response to the detailed consultation questions:

1. What are the key implementation issues that need to be considered as the sector transitions from the current system based on total funding cap (i.e., MBGA) to the new system based on a cap on EFTSL (i.e., MGT)?

9. Federation recommends addressing the key implementation issues should ensure the MGFS supports:

- the development of diverse, sustainable, and strategically oriented regional universities, enabling them to contribute to national priorities.

- universities to meet their Mission Based Compacts by addressing the needs of their local communities.

It is critical the MGFS is defined by clear, current and timely national priorities that include a role for regional institutions, learners, industry and communities.

10. For context, Federation's submission on the ATEC Implementation Paper calls for the Minister for Education, advised by ATEC, to develop priorities for the post-secondary education system. ATEC should provide strategic policy development, coordination, and advice for implementing these priorities through the allocation of CSPs from the System Pool, setting MGTs, and agreeing on Mission Based Compacts or other types of funding agreements with each provider. Clear ATEC directions and guidelines for post-secondary regulators and institutions are crucial to ensure alignment with government priorities.

Key Consideration One: Establish an independent ATEC to advise Executive Government on how the higher education system, including the allocation of CSPs under the MGFS, can deliver national priorities

This could adopt be achieved by adopting the solutions, in principle or in whole, detailed in Federation's submission to the Australian Tertiary Education Commission.

It is also vital that MGFS settings restore the sustainability of regional universities in recognition that they provide locally trained skilled workforces that are the foundation of the successful and sustained economic development that is necessary to arrest the equity gap with metropolitan areas.

11. Regional universities face significant financial challenges compared to their metropolitan counterparts. These challenges are exacerbated by various factors that hinder their ability to invest in services, grow research programmes, and improve infrastructure. To ensure the sustainability and effectiveness of regional universities, it is crucial to address these issues in a structured and comprehensive manner, in particular given:

- **The recent flat or slow growth in domestic enrolment:** Regional universities continue to struggle with domestic student under-enrolment due to historically lower aspirations for post-secondary education, uncertainty about future knowledge-based jobs, a strong job market for non-degree roles, and metropolitan universities attracting regional learners. These issues hinder their ability to invest in services, grow research programs, and revitalise infrastructure that the Accord recognised is already more costly to deliver compared to its delivery by metropolitan universities.

- **The recent significant declines in international student enrolment:** Flat or declining international enrolments due to student visa policies exacerbate the financial challenges for regional universities. For example, Federation University has seen a greater than 50% drop in international enrolments since COVID-19, most recently leading to the loss of 163 important professional and back-office roles. These declining trajectories already threaten front-end services offering accessible education to regional students and the overall sustainability of regional universities already facing higher operational costs and smaller economies of scale identified by the Accord.

- **Legislative and higher education policy reform creating further uncertainty or pressure:** The proposed Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024 adds further challenges. Reducing international enrolments and revenue without proper coordination and planning could lead to more job losses, campus closures, and fewer opportunities for regional Australians. The timing misalignment between enrolment disruptions and new funding models could take years for recovery, undermining the Accord's priorities. As Federation's proposals on international student reforms set out, the ongoing sustainability of regional universities as a key consideration in setting international student enrolment levels would provide a level of assurance that no further funding gaps will emerge.

- **The critical role of regional university sustainability in local communities:** Regional universities serve local students, many from equity or needs-based backgrounds, to supply workforces for key industries. Ensuring access to local post-secondary education increases the likelihood of students graduating into employment locally, supporting regional economies and communities. This avoids the negative impacts of relying on workers trained in metropolitan areas migrating back into the regions, such as increased cost of living, strain on infrastructure, and transactional migration.

Key Consideration Two: Coordinate the MGFS with urgent and long-term international student reform

Coordinate the MGFS implementation with the urgent and long-term actions to stabilise and increase regional university international enrolments as proposed in Federation's earlier submissions regarding:

- The response to the Consultation Draft of the International Education and Skills Strategic Framework.

- The submission to the Senate Standing Committee on Education and Employment's Inquiry into the Education Services for Overseas Students (Quality and Integrity) Bill 2024.

Key Consideration Three: Ensure the MGFS maximises the use of existing regional university higher education infrastructure and regional service delivery capabilities to serve local communities

Ensure the MGFS protects the sustainability of regional universities by:

- Preventing universities who are over-enrolled, or whose principal locations of operation have equity cohorts below attainment trajectories, from using MGT CSP allocated places to establish new programs in a Local Student Catchment where an under-enrolled university is operating.

- Prioritising CSP places under the Needs Based Demand Managed Model for universities and programs in under-enrolled Local Student Catchments.

Key Consideration Four: Create strong legislative arrangements to ensure there is clear and transparent guidance on how the ATEC and Minister for Education manage the allocation of funding under the MGFS

Insight One: What would a sustainable domestic post-secondary program look like for a multi-campus regional university, like Federation, under the MGFS given the circumstances it has faced?

For a multi-campus regional university, like similar to Federation, achieving significant increases in domestic student enrolments is crucial for sustainability given the circumstances outlined above – for example this could require growth along the following trajectory:

- **2025**: 17% growth in commencing student load
- **2026**: 17% growth in commencing student load
- **Post-2026**: 7%-10% growth to maintain sustainability

This assumes the current funding cap model increases from CPI and population growth to 7%. It also reflects the following for a university like Federation:

- The university is operating under capacity with significant room for growth without immediate infrastructural strain.
- Improving retention rates are occurring but need to be maintained to build a stable platform for growth to financial sustainability.

Delivering an effective strategic communication and engagement campaign promoting the merits of higher education is critical to realising the full benefits of the MGFS, in particular in regional settings

12. This ensures that all stakeholders understand the policy changes, their implications, and the opportunities available, promoting equal opportunities for higher education and ensuring all institutions provide similar high-quality outcomes into the workforce.

Key Consideration Five: Implement a coordinated sector and community-based communication and engagement campaign on the benefits of the MGFS

The objectives of this campaign could be, for example:

- **Inform and Educate:** Clearly explain the MGFS policy to all stakeholders, highlighting its benefits for regional learners and communities.
- **Highlight Opportunities:** Showcase the opportunities provided by the MGFS, such as increased access to education and alignment with local industry needs.
- **Promote Equal Opportunities:** Ensure all students, regardless of their location, have access to high-quality education and the potential for successful workforce integration.
- **Build Trust and Transparency:** Maintain transparency about the policy changes and their impact, building trust among students, parents, educators, and local communities.
- **Engage and Collaborate:** Foster engagement through informational sessions, community forums, and partnerships with local industries and organisations to ensure alignment with regional development goals.

Insight Two: How can a communication campaign ensure the MGFS achieves its objectives to boost post-secondary attainment aspirations in the regions?

A *"Post-Secondary Education For Every Australian"* **style-campaign in partnership with regional and metropolitan post-secondary sectors could boost the community's understanding of how the MGFS creates more opportunities for learners to secure roles in relevant and growing industries:** Without a comprehensive campaign, there is a significant risk of stakeholders misunderstanding the policy changes, leading to confusion, missed opportunities, and resistance to the new system. This strategic communication campaign could occur in partnership with the ATEC and universities working in local communities to promote higher post-secondary attainment through the additional placements available at each institution.

For School Leavers:

- **Inform and Educate:** Clearly explain the MGFS policy, highlighting its benefits for regional learners and communities by offering either a "Priority Local CSP" in an area of preferred study or a "Fee-Free Preparatory Course", where space is available if a learner seeks post-secondary education (see response to further questions, below). Use social media, school visits, and informational sessions to reach students directly in Ballarat, Berwick, Gippsland, and Wimmera.
- **Highlight Opportunities: Showcase pathways from secondary education to tertiary education and local employment, emphasising the diverse programmes available at Federation regional campuses.**
- **Promote Success Stories:** Share success stories of students from these regions who have benefited from local university programmes and industry partnerships, demonstrating real-world outcomes.

For People Seeking New Skills:

- **Accessible Education:** Emphasise the accessibility of higher education for all, including those looking to upskill or change careers in Ballarat, Berwick, Gippsland, and Wimmera. Provide information on flexible learning options, online courses, and part-time programmes through local government and other career services.
- **Career Advancement:** Highlight how MGFS can support career advancement by aligning CSP supported educational programmes at Federation with regional industry needs coupled with offering, internships, and job-ready skills training.
- **Support Services:** Promote the support services available at Federation, such as career counselling, mentoring, and financial aid, to help individuals succeed in their educational pursuits.

For Industry:

- **Partnership Opportunities:** Encourage industries in Ballarat, Berwick, Gippsland, and Wimmera to collaborate with Federation to develop tailored programmes that meet local workforce needs supported by MGFS CSP places. Highlight successful partnerships and their impact on regional development.
- **Workforce Development:** Explain how MGFS can help industries by providing a steady pipeline of skilled graduates who are ready to meet the demands of local businesses.
- **Community Engagement:** Foster community engagement by showcasing how industry can play a vital role in supporting regional universities and contributing to the overall economic and social well-being of the region.

Establishing effective administrative and operational arrangements to support

13. Effective implementation of the MGFS necessitates robust administrative and operational integration with the ATEC and universities. The ATEC and sector regulators must have comprehensive visibility over direct-entry and school leaver enrolments to ensure the system operates smoothly and transparently. This visibility requires robust data connectivity, stringent privacy measures, and well-defined legislative frameworks. Key considerations include:

- **Data Connectivity:** Establishing robust connections between different data sources to ensure that information on enrolments, student performance, and institutional capacity is readily available and easily accessible.

- **Privacy and Compliance:** Supporting universities to develop systems to ensure all data handling complies with privacy laws and regulations to protect student information. This includes implementing strict access controls and regular audits to maintain data integrity and security.

- **Legislative Frameworks:** Developing clear legislative frameworks that support data integration and management. These frameworks should define the responsibilities of each stakeholder, outline data-sharing protocols, and establish mechanisms for resolving data-related issues.

- **Operational Efficiency:** Streamlining administrative processes to reduce redundancy and improve efficiency. This includes creating unified reporting systems that minimise the administrative burden on institutions and enhance the accuracy of data collection.

2. How can the system be designed so that it is responsive while also providing more funding certainty to providers?

14. Federation supports a system that balances responsiveness with funding certainty by addressing long-term planning, flexibility, and institutional autonomy.

Promoting long-term planning underpinned with longer-term agreements or mission-based compacts

15. Stability and certainty in funding will help Federation recover from significant challenges, such as financial pressures from the COVID-19 pandemic, reductions in international student enrolments, and high operational costs of regional university infrastructure. These factors are crucial for Federation to continue delivering high-quality education, support regional development, and meet the diverse needs of its students.

16. As highlighted in Federation's submission on the ATEC Implementation Paper, ATEC's governance and stewardship roles are also fundamental for long-term planning and stability.

Key Consideration Six: Implement MGFS long-term mission-based compacts or agreements with each university with periodic annual reviews to support adjustments, as required.

This could include:

- Offering institutions multi-year projections of their MGTs based over a five-year time span.
- Replace annual negotiations with five years negotiated MGT funding agreements subject to annual review.
- introducing a negotiated tolerance within which CSP enrolments can occur for each university instead of hard MGT caps.
- Enable ATEC to direct reallocations of CSP placements to manage shifts in demand patterns or developments within the sector in consultation with universities.

These long-term arrangements must include mechanisms to permit flexibility to respond to operational circumstances at a university and system-wide level, and innovate to drive higher attainment outcomes.

17. For effective long-term planning and stability, the MGFS must also adapt to changing conditions while ensuring institutional stability. Real-time data and dynamic adjustments at a university-level with the MGTs and by the ATEC at a system-wide level are essential. For example, regional experience shows that successful sector expansion can build up pressure for ancillary services such childcare and mental health care workers. Under the MGFS, Federation might commit CSP places to expand engineering but needs flexibility to reallocate unused places to address these needs.

18. Flexible system wide adjustment mechanisms, overseen by ATEC, will allow the sector to ensure the MGFS is meeting community and government priorities. This must be supported by timely and reliable data to ensure strategic decisions can align national goals set by ATEC, and balance long-term goal achievement with the system's adaptability. Without a flexible, the system risks becoming rigid and unresponsive, leading to wasted resources, unmet community needs, and missed opportunities for regional development.

A high-level of institutional autonomy should be protected under the MGFS through the provision of clear longer-term and stable funding agreements and transparent flexibility mechanisms.

19. Federation believes universities should retain autonomy under the MGFS to define their goals and missions. This autonomy is crucial for maintaining high-quality education and research, ensuring programs align with academic freedom, and allowing universities to respond effectively to community and economic needs.

20. Complementing this could be ATEC's governance structure. For example, Federation's submission on the ATEC Implementation Paper calls for a statutorily independent ATEC with Chief and Deputy Commissioners, which can provide objective and independent policy advice on how each university can secure the Commonwealth Government's policy priorities over the long-term.

3. What are the key operating rules and procedures required for negotiating and setting the MGTs with providers? For example: What are the key performance indicators that should be considered when adjusting a provider's MGT? What indicators of potential student demand (for example, economic conditions) should be considered when adjusting a provider's MGT?

21. Federation notes that regional circumstances often diverge significantly from national averages, particularly in areas such as skills shortages and student cohort profiles. Therefore, in establishing key operating rules for MGTs, it is essential to recognise and address the distinct differences between regional and metropolitan contexts. T

22. Objective criteria and transparent methodologies should underpin ATEC's advice on MGT development and adjustments. Federation has set out broad considerations below. A structured and data-driven approach is vital for negotiating and adjusting MGTs between the Commonwealth Government, ATEC, and universities. This should be guided by a comprehensive framework of KPIs and performance metrics, administered by ATEC, to inform

allocations determined by the relevant Minister. These metrics track progress towards the Accords targets to lift attainment and ensure education aligns with market needs, enhances student experiences, and maintains institutional sustainability. Key performance metrics include:

- **Graduate Employment Rates and Salaries**: Tracking employment outcomes and salaries to gauge alignment with market needs, including assessing outcomes for students who complete without a qualification, part-qualification or early exit qualification.

- **Meeting National Skills Needs**: Evaluating course offerings and employment outcomes to address skills shortages.

- **Equity and Access Metrics**: Monitoring enrolment and success rates of students from underrepresented backgrounds.

- **Student Satisfaction and Retention Rates**: Measuring satisfaction and retention to assess education quality and support services.

- **Institutional Financial Health**: Assessing financial stability and sustainability.

23. ATEC should also analyse economic conditions and potential student demand when setting institution MGTs. Considerations include:

- **Educational Attainment Rates**: Prioritise regions with low educational attainment rates, recognising the need for additional support and resources. This should include gaps between current attainment and the trajectory required to meet national attainment goals.

- **Regional Industry Development Goals and Skills Supply Gaps**: Identify and address regional industry development goals and skills supply gaps. This ensures higher education institutions meet specific workforce needs, supporting local economic growth. Labour market data should be analysed to identify emerging industries and skill shortages.

- **Economic Conditions**: Consider broader economic indicators such as unemployment rates, economic growth forecasts, and regional economic conditions.

- **Contextualised Demand for Regional Attainment Rates**: Recognise that some regions have a larger proportion of the population with low post-secondary aspirations. This can be addressed by providing more equity places or overall MGT caps in consultation with universities to drive investment in programs that boost attainment, particularly in partnership with local schools. Understanding the local context and specific barriers to higher education is crucial for tailoring interventions that will be most effective.

24. Given the unique challenges faced by regional areas, particularly those served by Federation, the following indicators should also define the setting the MGT of regional universities:

- **Breaking Demand Saturation Deadlock**: Prioritise universities expanding preparatory or enabling cohorts in regions with unmet demand.

- **Sub-Scale Providers**: Supporting sub-scale providers to enhance their capacity and stability.

Adopting a structured and data-driven approach to designing and maintain a university's MGT

25. The ATEC should permit a structured and data-driven approach to setting, reviewing, and adjusting MGTs under the MGFS. This model should allow for adjustments over time based on current student demand and economic conditions, governed by a principle-based approach to ensure MGTs can respond to changing circumstances.

26. An active system to monitor university-level allocations through systematic and periodic reviews will ensure MGTs and CSP use remain aligned with the university's mission compact and other agreed priorities, without imposing additional administrative burdens on institutions. Annual strategic reviews across the entire system will support the ATEC in determining whether CSP places should be reallocated or if adjustments are needed.

27. This could be complemented by a new formal system of performance ranking system for universities. This system, similar to the approach used in the school system, would provide valuable information to students in a Local Catchment Area, helping them understand the benefits of studying locally and promoting accountability among institutions.

> **Key Consideration Seven: Ensure the MGFS has analytical frameworks that place addressing attainment, disadvantage and national priorities through local post-secondary delivery at the heart of the MGFS**

This could be achieved by:

- **prioritising educational attainment rates to deliver the objectives of the Accord:** Adopt educational attainment rates as a principal consideration when adjusting MGTs. Establish a discount where low attainment rates are present in the Local Student Catchment, thus accounting for low-demand trends in the data.
- **ensuring outcomes are focused on local industry development goals**: This alignment helps higher education institutions meet the specific workforce needs of their regions, supporting local economic growth.

4.	Are there any implementation issues associated with defining eligibility of equity students subject to managed demand-driven funding?

28. Federation supports:

- the continuation and improvement of demand-driven funding for equity students to ensure access to higher education for underrepresented groups.

- treating all students seeking post-secondary education in regional and rural settings as equity students to maximise attainment in these regions. These students often face unique challenges, such as limited access to educational resources, geographic isolation, and fewer opportunities compared to their metropolitan counterparts.

- referring to these places as "Local Priority CSPs" rather than "equity students" or "equity places" to avoid creating a stigma or division in the post-secondary education system.

29. Universities must establish robust support structures to assist equity students throughout their academic journey, ensuring they receive the necessary academic, financial, and personal support to succeed. This approach aligns with Federation's submission on Needs-Based Funding.

30. There are several challenges in defining eligibility for equity students:

- **Nationally Consistent Criteria**: Federation advocates for a nationally consistent definition and criteria for identifying equity students, including categories such as Indigenous students, low-SES, regional or remote backgrounds, first-in-family and students with disabilities. The classification process should be dynamic to account for changes in a student's circumstances, such as developing a disability, relocating, or changes in their relative SES background.

- **Robust Data Collection and Privacy Measures**: Effective identification of equity students requires robust data collection methods. Institutions must access accurate and up-to-date data, potentially collaborating with agencies like Centrelink or the Australian Taxation Office for financial verification. This process must safeguard student privacy and ensure data security. Clear guidelines should be established on the verification responsibilities of universities, TACs, and the Government, addressing fraud and misrepresentation concerns through stringent yet fair verification processes.

- **Increasing Awareness and Simplifying Access**: Federation supports a national communication campaign to increase awareness among prospective equity students about their eligibility and available support. This campaign should highlight the importance of post-secondary education. Additionally, the application and admission processes should be streamlined to reduce barriers for equity students, focusing on maximising local accessibility, simplifying forms, providing clear instructions, and offering support throughout the application process.

Key Consideration Eight: Ensure equity students are treated as Local Priority CSP students to recognise their role in boosting attainment and contributing to their local communities

It is critical that "equity student" CSP places are defined by the attainment profile and barriers of Local Catchment Areas and that the MGFS works to boost "equity student" attainment by having simple, clear and broad definitions for local students to access pathways into post-secondary education.

![Federation University logo]

Insight Three: How can a nationally consistent approach to supporting equity students boost post-secondary attainment and economic development across regional Australia?

Federation expertise is in supporting post-secondary students from equity backgrounds to achieve their aspirations

Federation i play a unique role in Victoria supporting a large number of students from equity groups due to its mission-based compact focus on supporting rural, regional, and outer-metropolitan communities, with 21.7% of students from low SES or disadvantaged backgrounds, 36.5% first in family, and 50.3% from regional or remote locations.

Many Federation students belong to more than one equity group and are juggling further study alongside caring and paid work responsibilities. They are making significant sacrifices for the opportunity to transform their life, and that of their families. Simply making it to university is a significant achievement, making the transition to study, and working to overcome the many barriers they face to success is a core priority.

Federation's post-secondary education program is designed to maximise the opportunities for "equity students" by aligning education to industry needs.

For example, Federation has begun to establish the Co-Operative Education Model across all of its offerings. Further information can be found at this website: Federation Co-Op

This program is specifically designed to deliver benefits to the regions Federation operations in, including:

- **Accessibility:**
  A large selection of earn-and-learn courses makes post-secondary education more accessible, especially in a regional setting, because it offers learners a clear line of sight to a viable career and incentivises learning through remuneration offsets.

- **Job-Ready Graduates:**
  Co-Operative Education Model graduates will be more job-ready and can make a greater impact in their workplaces.

- **Place-Based Talent Pipeline:**
  In the regions, a Co-Operative Education Model connects industry with local students to form prospective talent pipelines, ensuring there is access to local knowledge and a clear economic contribution back to the local community.

- **Easing Cost of Living:**
  This model puts downward pressure on the cost of labour, and as a result, the cost of living, by reducing the need to attract metropolitan skilled workers to regional areas. Students who study in the regions are more likely to stay and work there, which supports more sustainable and organic regional development.

- **Immediately Addressing Skill Shortages:**
  Given its significant scale, this model can deliver immediate benefits to industries confronted with skill gaps. By 2027, with the entire second-year undergraduate cohort in Co-Operative Education Model-based higher education programs, there will be nearly ~1,100 students undertaking placements in the regions where Federation operates, equivalent to ~300 FTE in the local economy.

Establishing an MGFS as set out above would significantly expand the benefits of this program for the Central Highlands, Greater South East Metropolitan, Gippsland and Wimmera Southern Mallee regions.

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5. How should the managed demand-driven funding system be implemented to ensure equity students are not disincentivised to study if they do not receive an offer from the university or course of their choice?

31. Federation acknowledges the concerns about the rights and needs of equity students who cannot be guaranteed a place at their chosen university, particularly those in regional settings. While Federation supports the principle of guaranteeing fully-funded CSP for equity students, it is crucial to consider the practical realities faced by these students. This includes students with disabilities, limited financial means, caregiving responsibilities, or existing employment obligations. Many equity students, whether regional or metropolitan, have no practical alternative to the university they choose initially.

    The MGFS must recognise these key differences between regional and metropolitan cohorts.

32. This reflects geographic, infrastructure intergenerational, social and economic disparities between regional and metropolitan universities and the communities they work in. Regional students are more likely to be:

    - mature-age and part-time student, studying online and already working, and often with dependents, caregiving duties, mortgages, and employment responsibilities.

- more likely to come from equity backgrounds defined by low socio-economic, Indigenous, and regional or remote backgrounds, and entering university via non-ATAR pathways with needs financial and academic support.

- limited alternatives to take up post-secondary education due to less university option and prohibitive relocation costs due to distance and personal circumstances.

33. Metropolitan students are generally more flexible and have multiple options to study within their area, which means they can switch more easily to other programs if their first choice is full, and either have the means or physical ability to access a wider range of work and support services more easily and effectively.

> **Key Consideration Nine: Ensure equity demand components of the MGT are carefully mapped so there is a sufficient supply of equity CSP places at local universities to serve prospective students from equity cohorts.**

34. While Federation would in-principle support no caps on equity students under the MGT to meet the MGFS's purported equity policy objectives, Federation recognises that requiring equity CSP places to align to national priorities, limits to the scaling up of university program availability, and the need to maintain academic standards through entry requirements would make such an approach a sub-optimal allocation of resources that could have impacts across other government funding priorities. It would also have a deleterious effect on the value of higher education, potentially risk over enrolment and misalignment with the desire to align higher education outcomes to national priorities.

35. Federation notes that in defining the equity demand based CSP component it is also critical for the sector to recognise that supporting higher equity attainment must be aligned to real and sustainable demands for employment in industries that are growing. A strategic communications campaign with the sector and prospective "equity students" will assist in understanding that these CSP supported higher education opportunities are truly Local Student Priority Places aimed at aligning growing communities, supporting local industry and individual aspirations.

36. In order to achieve this outcome, it is critical that an independent ATEC undertake careful consultation and planning and provide data-driven advice to effectively allocate general and CSP equity places across the system.

> **Key Consideration Ten: Federation proposes a Local Priority CSP System and a Local Priority Area of Study System to implement the equity demand managed component of the MGFS in order to incentivise studying at a local university**

In combination with Solution Nine, this system could establish a parallel set of preferences to ensure every student has the opportunity to study locally and offer a system of choice within the national priority parameters of the MGFS. This removes a significant disincentive by ensuring every student – whether seeking a General or Equity CSP place – must consider a local institution. TACs could reference preferences for a Local Priority CSP place as part of the existing list of preferences or an alternative list.

For school leavers:

1. **Local Priority CSP Offers:** Require all school leaver students to list preferences for a Local Priority CSP at a university in their Local Student Catchment. This ensures that any student who meets the equity criteria and entry requirements for a program will always receive an offer for the Local Priority CSP place at their local university. A student cannot be offered an equity CSP funded place in a university outside of their Local Student Catchment.

2. **Local Priority Skills List:** The student can also nominate a Local Priority Skills if they are not satisfied with the local program offerings. This would involve a list of eligible CSP programs aligned to particular skills need. This would enable the student to be offered a place outside of their Local Student Catchment at the nearest available university offering a program if they have CSPs available and they meet the entry requirements.

3. **Fee-Free Preparatory Course:** Ensure every student who meets equity criteria has a default offer of a Fee-Free Preparatory course at their local university. This guarantees a pathway into a post-secondary programme if they do not meet the entry requirements or nominate a Local Priority Area of Study.

For mature-age students:

1. **Local Priority CSP Identification:** Ensure all mature-age applicants can easily identify that choosing a programme at a local university in their Local Student Catchment will be considered a Local Priority CSP if space is available. This enables direct entry applicants to benefit from a CSP place if they meet the entry requirements. Similar to the above, a mature-age applicant applying outside their Local Student Catchment cannot be eligible for an equity CSP funded place at a university outside of their Local Student Catchment.

2. **Local Priority Skills List:** This list clarifies that a mature-age applicant can still be considered for a Local Priority CSP at a nearby university for priority areas of study if CSP places are available and they meet the entry requirements.

Mature-age students should also be able to apply for a Fee-Free Preparatory Program if they meet the equity criteria..

Federation does not support offering prospective students an equity CSP in any programme of study from any location. This is based on the limited system pool; if any university has significant excess equity CSPs to make offers in this way, they should be redistributed to other universities to expand capacity to address local needs through general CSP or equity CSP offerings.

Other Considerations:

- **Support Services:** Targeted support services, including counselling and academic advisement, are crucial for helping equity students navigate admissions and adjust to their educational environment.

- **Flexible Entry Pathways:** Flexible entry pathways, such as bridging programs and foundational courses, provide additional opportunities for equity students to qualify for their desired programs. Federation's P-TECH program is a prime example, offering practical and industry-relevant education that integrates secondary and post-secondary learning, enhancing both academic and career prospects.

- **Communication and Engagement:** Effective communication and engagement are essential to support local CSP uptake. A strategic communication campaign and a published ranking system will promote these opportunities and minimise disincentives. Engaging with local communities, schools, and stakeholders ensures potential students are aware of their options and the benefits of local higher education pathways. Federation's submission highlights the importance of these efforts in fostering a culture of higher education within local communities and informing students about their opportunities.

6. How will the admissions process, including the applications, offers, and acceptance, need to work for equity students through the state-based tertiary admission centres (TACs)?

Federation supports the establishment of a single national tertiary admissions centre (TAC) or clearing house to streamline the admissions process for equity students, ensuring consistency and efficiency across all regions.

37. However, this system should also retain the capability to work effectively within state-based TACs, addressing the growing variability of student enrolment pathways. Noting Federation's response to the questions above, the development of a TAC may need to address:

- **Management of Direct Applications**: Establish clear protocols for managing direct applications, ensuring transparency and visibility for all stakeholders.

- **Modification of TAC Preferencing System to administer Local Priority and Local Priority Field of Study CSPs**: Assess and modify the TAC preferencing system to accommodate the needs of equity students who may not be able to enrol according to their initial preferences through adopting a mandatory requirement to nominate a university in the Local Student Catchment for a Local Priority CSP, or a nearby university for a Local Priority Field of Study CSP.

- **Management of Timing and Preferences**: Develop strategies to manage the timing of student preferences for universities offering alternative calendar modes of study, ensuring flexibility and accessibility for all equity students.

- **Information Sharing and Coordination**: Establish processes for universities to inform TACs of the number of remaining places in capped-place programs in real time, ensuring equity students are managed and prioritised effectively.

Applying for Local Priority CSPs and Local Priority Field of Study CSPs should be a simple as possible for regional students and those requiring equity systems.

38. In addition to what is proposed at Key Consideration Ten, key elements of the admissions process for equity students should include:

- **Automatic recognition of equity status based on available data, such as whether a student resides in a regional or rural area or is from a First Nations Background**; This will make school leavers and direct entry applicants as seamless as possible without creating any direct need to identify equity considerations

(and create a potential disincentive to study locally if they do not meet other entry criteria, in the case of a school leaver).

- **Integrating other equity claims into the system for considering special consideration for school leavers or direct entry applicants**: This will avoid data duplication and ensure the system for declared equity status is familiar to school-leaver applicants as well as managed processes for direct-entry applicants.?

- **Integrated systems within the TAC to ensure equity student applicants are clearly captured and monitored**: Develop and implement integrated systems within TACs to streamline the identification and processing of applications from equity students. This includes a national database to ensure all equity students are captured consistently.

- **Priority processing of equity study claims**: Implement priority processing for equity students to ensure their applications are reviewed promptly and offers are made swiftly. This includes setting clear guidelines for the processing times and ensuring compliance across all TACs.

- **Clear communication with equity students on their application status and offers**: Ensure clear and consistent communication with equity students about their application status, available options, and next steps. This should include standardised communication protocols across all TACs.

- **Support throughout the application process**: Provide dedicated support throughout the application, offer, and acceptance stages to assist equity students in making informed decisions. This support should be tailored to the specific needs of equity students, ensuring they receive the necessary guidance and resources.

Key Consideration Eleven: Establish a National TAC to support CSP allocations under the MGFS

Federation proposes a properly funded single national TAC or clearing house should be established, supported by integrated systems within state-based TACs, to ensure a streamlined, consistent, and supportive admissions process for equity students. This should include central data systems for automatic upload of continuing and exiting students so the MGS can be managed for each institution in real time during the admissions period.

7. Are there any unintended consequences associated with the managed demand-driven funding for equity students?

39. Potential unintended consequences may include:

- **Regional Displacement:** Equity students may be displaced from their preferred regional institutions, leading to decreased local enrolments and potential regional inequities. Measures should be implemented to prioritise the placement of equity students within their preferred regional institutions, such as setting aside a certain number of places specifically for regional equity students**.

- **Raid and urgent scale up of Needs-Based Investment:** Without planning**,** institutions with a high demand from local equity students might need urgent targeted and needs-based investment to scale up these institutions, providing the necessary resources to expand capacity, enhance the quality of education, and improve support services**.

- **Complexity and Confusion:** The managed demand-driven funding system may add complexity to the admissions process, causing confusion among equity students and administrators. Streamlining the system to reduce complexity and providing clear guidelines and support systems for both students and administrators can help mitigate this issue.

8. What considerations need to be included when defining and determining local catchment areas, including for universities with multiple campuses; for geographic locations with limited numbers of universities; or for students wishing to study online?

40. Defining and determining local catchment areas require careful consideration to ensure an effective distribution of CSP that meet attainment targets and skills that secure national priorities. This will require a clear definition of Local Student Catchments that can be easily understood by students and the education sector, foster partnerships across the community to boost attainment, and clearly capture the education, skills, economic and broader needs of the community.

41. To achieve these outcomes, Federation recommends mapping each university campuses' catchment to the contours of existing school zones and having outcomes closely aligned to the Department of Employment and Workplace Relations Local Jobs and Skills Taskforces. This can be combined with other clear boundaries used to assess data such as post-codes or local government boundaries.

42. In the event multiple universities are in the same Local Student Catchment, the ATEC should carefully consider whole of university sustainability as a priority, campus sustainability as second priority, local post-secondary and skills needs, and finally a collaborative or equalised approaches to meeting the skills and attainment needs of the Local Student Catchment before allocating MGT's in a way that favours one institution or another in terms of capacity or promoting specialisation. If there are whole of university sustainability issues amongst several in the region, CSPs should be prioritised to that university.

43. Designing Local Student Catchments addresses a number of key considerations:

- **Supporting geographic accessible post-secondary education:** A Local Student Catchments can effectively define an equity student's eligibility for Local Priority CSP places or Priority Skills Area CSP aligned to delivering local skills and economic development needs.

- **Guiding Needs-Based Funding to drive post-secondary attainment and skills outcomes:** Local Student Catchments should also support the case for providing stable funding and investment under the Needs Based Model aligned to the needs of the local community.

Online study should align with Local Student Catchments to ensure administrative simplicity and alignment with regional needs.

44. Under Federation's proposed arrangements, this would mean a student can access quality education online that is aligned to the needs of their community. This approach not only supports individual students but also fosters regional development by addressing local skill shortages and ensuring educational opportunities are tailored to the specific needs of the region.

45. Under this arrangement, a student who meets the entry requirement can take an online course at a university outside their Local Student Catchment if they meet the entry requirements and there is CSP places available. Otherwise, students should have access to equity places under the proposed Priority Local CSP or Priority Skills CSP set out above.

Key Consideration Thirteen: Placing Local Student Catchments at the heart of the MGFS to drive local attainment and skills outcomes by clearly promoting schools and skills alignment

Define Local Student Catchment using the existing school zones set by the state or territory as the contours for each area with a strong consideration of the Local Jobs and Skills Taskforce(s) for the relevant region to allocate CSPs to meet local industry and economic goals and guarantee local CSP places to equity students.

Insight Four: How would a well-designed definition of Local Student Catchment benefit regional, rural and outer metropolitan communities under the MGFS?

An MGFS with clear definitions of a Local Student Catchments and MGT's aligned to the learner, skills and broader policy needs of the region can effectively line post-secondary education outcomes to Australia's national priorities.

Federation's Ballarat Campus Serving the Central Highlands Region	Federation's Berwick Campus Serving the Greater South East Metropolitan Region	Federation's Churchill Campus Serving the Gippsland Region	Federation's Horsham Campus Serving the Wimmera Southern Mallee Region
What are the needs of the region?			

Ballarat requires skilled professionals in manufacturing, healthcare, education, tourism, and emerging technology sectors. The city is seeing growth in these areas and needs to support economic development through training and education. There is a need for enhanced educational opportunities, healthcare services, and community support programs to address issues such as unemployment and social inclusion.	The southeastern Melbourne suburbs, including Berwick, need skilled professionals in healthcare, education, advanced manufacturing, IT and business services. The region's economy is driven by health care, education, retail, and professional services. Enhanced access to higher education, healthcare services, and community support is essential to support the local population's growth and development.	Gippsland requires investment in infrastructure, health services, and education to support economic growth and address unemployment. The region's economy is based on agriculture, forestry, fishing, and energy production, with a significant focus on energy transition, including mine rehabilitation. Improved access to education, healthcare, and social services is needed to support the population's well-being, especially in remote areas.	The Wimmera region needs skilled professionals in agriculture, education, and health to support the local economy. The economy is primarily based on agriculture, including grain and livestock production and increasing focus on renewable energy and value-add manufacturing. Access to education, healthcare, and social services is crucial to support the well-being of the rural population.

What needs could be addressed with stronger targeting through defined Local Student Catchment?

Utilise the existing school zones for Ballarat schools to target the following needs: • Ensuring all students have access to high-quality educational resources. • Addressing disparities in educational attainment among students from different socio-economic backgrounds. • Providing adequate career guidance and support to align students' skills with local industry needs. Example schools: • Ballarat High School • Mount Clear College • Phoenix P-12 Community College	Define the catchment area using the Berwick school zones to target the following needs: • Ensure the high demand for school placements due to population growth translates into post-secondary attainment across all socio-economic levels. • Ensuring students from diverse cultural and linguistic backgrounds receive tailored educational support. • Providing pathways that link secondary education to local employment opportunities. Example schools: • Berwick Secondary College • Kambrya College • Fountain Gate Secondary College	Define the school zones for Gippsland towns like Morwell, Traralgon, and Warragul to target the following needs: • The geographic isolation that limits students' access to diverse educational resources. • The need for mental health and well-being support for students in remote areas. • The need for strong alignment between secondary education curricula and local growth industries, in particular in the renewables sector. Example schools: • Traralgon College • Lowanna College • Warragul Regional College	Define the catchment using school zones for Horsham and nearby towns to target the following needs: • Overcoming the limited availability of advanced courses and extracurricular activities. • Ensuring students have access to modern facilities and technology. • Addressing the gap in career guidance and support for transitioning to post-secondary education or local employment. Example schools: • Horsham College • Murtoa College • Stawell Secondary College

How could an MGFS focused on allocating CPS places support the work of Regional Local Jobs and Skills Taskforces?

Ballarat Local Jobs and Skills Taskforce and members could receive additional support to deliver plans to address skill shortages in health, manufacturing, and education sectors, supporting local employment, and fostering partnerships between industry and education providers.	South Eastern Melbourne and Peninsula Local Jobs and Skills Taskforce could receive additional support with plans to upskill the workforce in healthcare, education, and business services, while also addressing youth unemployment and supporting community engagement.	Gippsland Local Jobs and Skills Taskforce members could receive additional support to address unemployment, enhancing skills in agriculture and energy sectors, and improving regional infrastructure and education access.	Wimmera Mallee Local Jobs and Skills Taskforce Priorities could be supported by driving development in agriculture, renewable energy, and supporting local businesses to boost regional employment.

How can Federation support these regions?

Federation's Ballarat campus offers programmes in arts, business, education, engineering, health, and science. The campus is known for its strong community engagement, research initiatives, and partnerships with local industries. Federation supports secondary schools by offering joint programmes, career guidance, and resources that enhance students' readiness for higher education and employment. For example, Federation partners with local schools to provide mentorship programmes and specialised workshops that align with industry needs.	Federation's Berwick campus offers programmes in business, education, nursing, and social work, focusing on accessible education and fostering partnerships with local industries and communities. Federation works with secondary schools to develop inclusive educational programmes that cater to the diverse needs of students, offering pathways to tertiary education and local employment through collaborative initiatives and support services.	Federation's Gippsland campus provides programmes in nursing, business, arts, and education, emphasising community engagement and research that addresses regional issues, such as sustainable development and health. Federation collaborates with secondary schools to offer distance learning programmes, mental health support initiatives, and industry-aligned curricula to bridge the gap between secondary education and regional workforce needs.	Federation's Wimmera campus focuses on education and training in areas such as education, health, and agriculture. The campus engages in research that addresses regional challenges and supports the local community's needs. Federation supports secondary schools by providing access to advanced courses, modern facilities, and technology through partnerships, and offering comprehensive career guidance programmes to help students transition smoothly to higher education or local employment.

9. How long should transitional arrangements be put in place? Should longer-term or ongoing arrangements be considered? Why?

46. Federation University supports a carefully structured approach to transitional arrangements to ensure institutions can effectively adapt to the new funding model involving:

- **Longer-term transitional arrangements of up to four years:** This duration provides adequate time for institutions, particularly smaller and regional universities, to adjust their operations and enrolment strategies to align with the new funding model. This approach acknowledges the unique challenges faced by smaller and regional universities, which have fewer levers to react to sudden or unexpected reductions in enrolments. Extended transitional timeframes provide greater operational and funding surety, contributing to the stability of these institutions.

- **Ongoing Safety Nets supported by a funding floor:** This measure would act as a safety net for institutions that experience prolonged enrolment challenges, ensuring stability and continuous support. Such a mechanism is essential to mitigate the financial impact on institutions with less capacity to absorb transitional variabilities.

10. Should there be a limit on how many consecutive years a university can access the funding floor?

47. Federation notes that declining enrolments are not always aligned to provider performance or reputation – i.e., many regions of Australia experience economic and industrial cycles, as well as periods of low employment, which can suppress university participation rates.

48. To achieve the policy objectives of the MGFS and the Commonwealth Government's priorities, an ongoing funding floor would help institutions manage these external factors beyond their control, while ensuring they can continue to operate effectively, fulfil their educational and social responsibilities and make adjustments to continue to drive post-secondary attainment.

   Rather than a scaled reduction model tolerance ranges and an adjustable funding floor should be established that is managed on the advice of the ATEC on the basis of public interest considerations.

49. Federation supports the inclusion of a tolerance range within the base of the university's MGT to trigger a funding floor. This tolerance range should be modelled at a minimum against expected student enrolments over the length of the mission-based compact. Additionally, it should include a trigger that reflects a trailing ratio of revenue across all streams to costs, and the adequacy of reserves to meet costs for 12 months. Adjustments should also be based on whether a university needs investment to meet attainment goals during economic downturns if its enrolment is affected.

   The adjustable funding floor should be an established feature of the system with a clear base to avoid moral hazard and manage resource certainty across the system.

50. After a set period, for example five years, the funding floor should begin to adjust down to align to real enrolment levels at a set sector wide rate determined by the ATEC appropriate for the situation unless a university's sustainability is at risk and it is operating the only campus in the Student Catchment Area, or the ATEC advises that scaling down is against the public interest (e.g., it would disrupt the flow of critical workers to a strategic industry). It would be expected in any of these cases a management plan would be put in place to preserve the university in this position to determine the orderly management of public infrastructure and service delivery in the immediate and long-term.

Key Consideration Fourteen: Establishing a flexible and adjustable funding floor within the Managed Growth Funding system with built-in reduction levels governed by the ATEC and the public interest.

11. At what level should the funding floor be set? For example, should it be set at 2.5% reduction from the previous year's CGS payment or 10% reduction?

51. Yes – a funding floor shot be set. However, see the response above, in relation to how it should be adjusted.

12. For universities that access the funding floor, should these universities be required to develop an 'action plan' detailing their initiatives to improve their enrolments to meet their future year MGTs?

52. Yes – see response to the above. In addition to this, Federation notes that:

    a. the ATEC should publish all Management Plans as appropriate and no later than 12 months after a university has enrolments have lifted above the proposed funding floor thresholds.

    b. a system of regular reporting is in place with the ATEC to determine whether it should disclose a university has hit the threshold for the funding floor.

53. This reflects that the disclosure of funding floor arrangement and triggers may not be appropriate in all circumstances.

13. If providers are not able to receive any funding (i.e., both government and student contributions) for enrolments above their MGT, what transition arrangements are needed to support those universities that are currently enrolled at levels above their funding cap?

54. Federation supports student choice and minimising the disruption of services to students. Rather than an immediate drop in funding, universities that have historically been over enrolled should have enrolments scaled down over time to ensure the system pools sustainably.

55. In addition to this, with the implementation of the MGFS, universities that are over-enrolled should have the over-enrolled proportion of their CSP places designed for equity students as Priority Local CSP Places over the forward period with appropriate adjustments to entry requirements to secure their uptake, noting Federation does not support equity places being provided to students who are outside Local Catchment Areas unless they are in a Priority Field of Study.

Federation Key Consideration Fifteen: Scale down over-enrolled universities gradually to MGT levels with ongoing plans to allocate further enrolments to Local Priority CSP places, including adjustment to entry requirements, to support local attainment from equity cohorts.

14. Are there any other important implementation issues that should be considered as part of the transitional arrangement to the new funding system?

56. Yes – Federation recommends that the MGTs are aligned to levels prior to the distorting effects of the COVID-19 pandemic or, at least, before the policy settings were announced to avoid any distorting impacts of over-enrolment practices that have been adopted in response to policy or operating circumstances.

Federation Key Consideration Sixteen: Set MGTs to align with historical enrolment rates to avoid the caps being circumvented by over-enrolment practices.