



HIGHER EDUCATION PERFORMANCE FUNDING

From 2012, the Government will introduce at-risk performance funding for universities.

Following a transition period, the amount of funding available for this initiative will be \$135 million in 2012. This amount is equivalent to about 2.5 per cent of the funding currently provided for teaching and learning, and is broadly consistent with the recommendations of the Bradley Review.

Universities will enter into an agreement to meet institutional performance targets for teaching and learning quality, which could include measures of student engagement, and participation by under-represented groups. They will receive performance funding if they meet their targets.

Targets will be negotiated with universities. The Australian Government proposes to introduce mission-based compacts with each university. During compact negotiations, universities will negotiate individual performance targets against system-wide indicators of performance which will be developed in close consultation with the sector.

This funding structure mirrors the new funding system the Australian Government has implemented through COAG with states and territories. The Australian Government will work in partnership with universities and define clear targets for improvement and reform which will trigger reward payments.

How and when will the government deliver performance funding?

Performance funding will create a strong incentive for universities to improve the quality of teaching and learning and to lift participation and outcomes for students from under-represented groups.

The performance funding initiative recognises that every university has a role to play in improving the quality of teaching in higher education and supporting the Government's attainment and participation ambitions.

In 2010, the Government will work closely with universities and the community of key stakeholders to develop a robust set of performance indicators. The indicators will be based around measures of the quality of teaching and learning as well as participation and success for under-represented groups.

In 2010, universities will be required to negotiate and agree on specific performance targets that are challenging but appropriate for their circumstances and that will contribute to system-wide aspirations for teaching quality and performance. Universities that agree to targets will receive a facilitation payment in 2011.

In 2012 universities that have met their targets and agreed new targets for the subsequent funding period will receive performance funding.

Next steps

The Government will work in consultation with the higher education sector to agree on a robust set of system-wide performance indicators.