



Australian Government

Department of Education, Employment and Workplace Relations

# **PERFORMANCE FUNDING**

# **ADMINISTRATIVE GUIDELINES**

Issued by:

Higher Education Group  
December 2011

---

## **Table of contents**

---

<b>Table of contents</b>	<b>2</b>
<b>Introduction</b>	<b>1</b>
<b>1. About the Facilitation Funding and Reward Funding arrangements</b>	<b>1</b>
<b>2. Compacts</b>	<b>1</b>
<b>3. Facilitation Funding</b>	<b>2</b>
3.1. Conditions of Facilitation Funding	2
3.2. University's share of Facilitation Funding	3
<b>4. Reward Funding</b>	<b>4</b>
4.1. Conditions of Reward Funding	4
4.2. Performance categories and indicators	6
4.3. Performance targets	7
4.4. Performance indicator weights	8
4.5. Performance assessment	8
4.6. University's share of Reward Funding	9
<b>5. Legal Information</b>	<b>10</b>
5.1. Confidentiality and information sharing	10
5.2. Privacy	10
5.3. Freedom of Information	11
5.4. Provision of information	11
<b>Appendix 1: Index of Terms</b>	<b>12</b>

---

## **Introduction**

---

The Performance Funding Guidelines are set out in two parts:

1. The Administrative Guidelines describe policy in relation to Performance Funding, which comprises a Facilitation Funding component (under Part 2-2 of HESA) and a Reward Funding component (under Part 2-3 of HESA).
2. The Technical Guidelines describe the process for the calculation of baseline quantitative performance indicators, assessment of performance against targets and calculation of the allocation of Facilitation and Reward Funding.

---

## **1. About the Facilitation Funding and Reward Funding arrangements**

---

The Australian Government will introduce Performance Funding for universities. Performance Funding is based on three performance categories (i) participation and social inclusion, (ii) student experience, and (iii) quality of learning outcomes. Indicators for some of these categories will be developed during the first Compact period.

Performance Funding has two components, Facilitation Funding and Reward Funding. These will be paid under Parts 2-2 and 2-3 of HESA respectively. Reward Funding is therefore not part of the 'performance funding grant amount' for the purposes of subsection 33-1(1A) of HESA.

Facilitation Funding, payable each year of the Compact from 2011, will be tied to up-front agreement on strategies for achieving the university's teaching and learning mission and agreement to targets relating to specific Australian Government goals.

In 2012 and 2013 Reward Funding will be paid on achievement of quantitative performance targets against two indicators for participation and social inclusion.

---

## **2. Compacts**

---

Compacts will play a key role in ensuring an increased focus on quality and accountability and to provide incentives for universities to improve outcomes for students. Compacts will be underpinned by information and data to support the programs and priorities of the Department of Education, Employment and Workplace Relations and the Department of Innovation, Industry, Science and Research.

Compacts are intended to:

- provide a holistic, strategic framework for the relationship between the university and the Commonwealth;
- show how each university's distinctive mission contributes to achievement of the Australian Government's goals for higher education;
- provide a legal mechanism for agreeing performance targets and delivering Performance Funding (where relevant); and
- facilitate transparency by providing information on public funding commitments and reciprocal university commitments.

The first Compact agreements will be signed in 2011 and will be three-year agreements covering 2011-2013 inclusive. The Australian Government will agree annual performance targets covering the Compact period with universities during the 2011 Compacts process - these targets will be published in each university's 2011-2013 Compact.

Compacts will be publicly released on the Department of Education, Employment and Workplace Relations website.

---

### **3. Facilitation Funding**

---

The Facilitation Funding component of the Performance Funding Grant Amount will be provided under paragraph 33-1(1)(c) of the Higher Education Support Act 2003 (the Act). Facilitation Funding of \$94.2 million will be available to the sector from 2011 to all eligible Table A universities with Commonwealth Supported Students who enter into a funding agreement with the Commonwealth under section 30-25 of the Act. The Facilitation Funding amount will be indexed annually in accordance with the method set out in part 5-6 of the Act.

#### **3.1. Conditions of Facilitation Funding**

3.1.1. In order to receive Facilitation Funding from 2011, universities must meet the following conditions:

Condition 1: The University will inform the Australian Government of strategies and goals for achieving the university's teaching and learning mission described under clauses 3.1, 3.2 and 3.4 of their 2011-2013 Compact.

Condition 2: The University will agree quantitative performance targets in accordance with clause 6.1(b) of Attachment D to the 2011-2013 Compact, for:

- (a) The proportion of domestic undergraduates who are from a low SES background (low SES target);

- (b) The proportion of domestic undergraduates who are from an other underrepresented group (other underrepresented group target);

Condition 3: The University will agree to participate in the development of and establish a performance baseline for the following indicators in accordance with clause 6.1(b) of Attachment D to the 2011-2013 Compact:

- (c) Domestic undergraduate satisfaction with teaching [using the Course Experience Questionnaire (CEQ)];
- (d) Domestic undergraduate experience [using a newly developed University Experience Survey (UES)];
- (e) Domestic undergraduate satisfaction with generic skills [using the CEQ]; and  
Domestic undergraduate value added generic skills [using a newly developed Australian version of the Collegiate Learning Assessment (CLA)].

3.1.2. The Department will advise the Minister which universities have met the eligibility criteria and conditions for receiving Facilitation Funding and calculate the amount of Facilitation Funding to be provided to each university.

3.1.3. Eligibility criteria for the Facilitation Funding component of Performance Funding Grant Amount is set out in section 30-1 of the Higher Education Support Act 2003 and are also outlined in Chapter 12 to the Commonwealth Grants Scheme Guidelines.

## **3.2. University's share of Facilitation Funding**

The Facilitation Funding a university may receive in 2011 will be calculated based on the sum of a university's proportional share of the Commonwealth Grant Scheme Basic Grant Amount (section 33-5 of the Act) and the Grants to Support National Institutes Specified in the Other Grants Guidelines (item 4 of subsection 41-10 of the Act). More detail about the calculation can be found in Chapter 12 of the Commonwealth Grant Scheme Guidelines and the accompanying Technical Guidelines.

---

## 4. Reward Funding

---

The Reward Funding component of Performance Funding Grant Amount will be provided under Part 2-3 of the *Higher Education Support Act 2003* via an amendment to be made to the Other Grants Guidelines. Reward Funding of \$27.6 million in 2012 will be available to all eligible Table A universities with Commonwealth Supported Students who comply with Conditions of Grant which will be determined by the Minister or his Delegate in accordance with Part 2-3 of HESA. The Reward Funding amount will be indexed annually in accordance with the method set out in part 5-6 of the Act.

### 4.1. Conditions of Reward Funding

4.1.1. Conditions of Grant for a provider to be eligible to receive Reward Funding will be determined in accordance with the requirements of HESA. The following is intended as a guide.

4.1.2. In order to receive Reward Funding in 2012, universities must:

- (a) agree to the performance targets relating to specific Commonwealth goals contained in clause 4.14 of the university's 2011-2013 Compact agreement; and
- (b) supply performance data to the Commonwealth for all indicators as per the requirements set out in the Performance Funding Technical Guidelines; and
- (c) Perform the following:
  - in respect of the low SES indicator, achieve the relevant excellence or improvement target for the low SES indicator;
  - in respect of the other underrepresented group indicator, achieve the improvement target for the other underrepresented group indicator

In the second half of 2012, the Department will advise the Minister of those universities that have met the eligibility criteria and conditions for receiving Reward Funding and calculate the amount of Reward Funding to be provided to each university.

4.1.3. In order to receive Reward Funding in 2013, universities must:

- (a) agree to the performance targets relating to specific Commonwealth goals contained in clause 4.14 of the university's 2011-2013 Compact agreement; and
- (b) supply performance data to the Commonwealth for all indicators as per the requirements set out in the Performance Funding Technical Guidelines; and
- (c) Perform the following:
  - in respect of the low SES indicator, achieve the relevant excellence or improvement target for the low SES indicator;

- in respect of the other underrepresented group indicator, achieve the improvement target for the other underrepresented group indicator.

In the second half of 2013, the Department will advise the Minister of those universities that have met the eligibility criteria and conditions for receiving Reward Funding and calculate the amount of Reward Funding to be provided to each university.

## 4.2. Performance categories and indicators

### 4.2.1 Performance categories and indicators

During the 2011-13 Compact period, the performance framework incorporates three performance categories and six performance indicators. These indicators will be derived from the data sources shown in Table 1:

**Table 1: Performance categories and indicators and data sources**

Performance categories and indicators	Data source
<b><i>Performance category 1: Participation and social inclusion</i></b>	
Performance indicator 1A: Proportion of domestic undergraduates who are from a low SES background	Departmental estimates (interim low SES indicator using Higher Education Student Data Collection and Centrelink payments data) <sup>1</sup>
Performance indicator 1B: Proportion of domestic undergraduates who are from an other underrepresented group <sup>2</sup>	Higher Education Student Collection <sup>1</sup>
<b><i>Performance category 2: Student experience</i></b>	
Performance indicator 2A: Domestic undergraduate satisfaction with teaching	CEQ <sup>3</sup>
Performance indicator 2B: Domestic undergraduate experience	UES <sup>3</sup>
<b><i>Performance category 3: Quality of learning outcomes</i></b>	
Performance indicator 3A: Domestic undergraduate satisfaction with generic skills	CEQ <sup>3</sup>
Performance indicator 3B: Domestic undergraduate value added generic skills	CLA <sup>3</sup>

<sup>1</sup> The targets attached to these indicators are the only quantitative targets to be agreed in the performance funding framework for the 2011-13 Compact.

<sup>2</sup> The other underrepresented group can be selected from domestic students who are: from regional/remote areas, Indigenous, students with a disability or students from a non-English speaking background. The university may nominate an alternative underrepresented group, provided data are available from the Higher Education Student Data Collection.

<sup>3</sup> Refer to section 4.2.2 – these performance indicators will be developed during the 2011-13 Compact period.

### 4.2.2 Indicators to be further developed

In 2011 and 2012, the Australian Government will give consideration to enhancing the low SES indicator. Parental education, parental occupation and school background indicators may be included in an enhanced low SES indicator subject to

the robustness and validity of data. The Australian Government undertakes to consult the higher education sector regarding the development and use of an enhanced low SES indicator.

The Government will work with Graduate Careers Australia (GCA) and universities to review the CEQ. Establishing a reliable baseline with which to set CEQ targets will require additional data as a result of a break in the data series.

New indicators will be used to measure student experience and quality of learning outcomes. They are a new University Experience Survey and an Australian version of the Collegiate Learning Assessment. The Australian Government will work with the sector to develop these indicators to ensure they are valid and reliable indicators. In 2011-2013, universities will be paid Facilitation Funding for agreeing performance targets to participate in the development of and establishing baseline performance for these indicators in accordance with the conditions of grant.

Universities will be provided with more detail on the development and implementation of the indicators to be further developed throughout 2011 and 2012.

### **4.3. Performance targets**

Agreed performance targets for the 2011-13 Compact period will be reflected in the Compact agreement. The indicators against which universities will set performance targets are outlined in section 4.2.1 above.

Performance targets will be agreed at the university level and will be outlined in section 4.14 of the University's 2011-13 Compact agreement. Universities will manage their own internal performance across disciplines to achieve university-wide targets.

Quantitative performance targets will be agreed for the two indicators in Performance Category 1. This will either be an improvement target or an excellence target for indicator 1A, and will be an improvement target for indicator 1B. More detail on determining a performance baseline and the improvement calculations and excellence criteria for these indicators is available in the accompanying Technical Guidelines.

For the four indicators in Performance Categories 2 and 3, universities will receive Facilitation Funding in 2011-2013 to agree performance targets to participate in the development of and establish baseline performance for these indicators.

#### **4.3.1 Establishing a baseline performance level**

A university's baseline performance for the quantitative indicators under Performance Category 1 will be determined in accordance with section 3 of the Performance Funding Technical Guidelines.

#### 4.3.2 Excellence targets

An excellence level will be established for the proportion of domestic undergraduates who are from a low SES background indicator. Universities will be rewarded for achieving performance at or above the excellence level. More detail on the calculation of the low SES excellence target is available in section 4 of the Performance Funding Technical Guidelines.

#### 4.3.3 Improvement targets

Improvement targets will show the level of performance to be achieved above the baseline performance level i.e. the percentage point improvement required. The improvement model will use crude rates to assess change in performance. Universities will be rewarded for performance at or above their improvement target. More detail on the calculation of the improvement targets is available in section 3 of the Performance Funding Technical Guidelines.

#### 4.3.4 Participation in the development of and establishing baseline performance for the new indicators

Universities will receive Facilitation Funding in 2011-2013 for agreeing performance targets to participate in the development of and establish a performance baseline for the CEQ, UES and CLA.

### **4.4. Performance indicator weights**

Reward Funding for each indicator will be allocated using performance indicator weights outlined in section 4.4.1 below.

#### 4.4.1 Performance Category 1 Weight:

In each of 2012 and 2013, the total funding weight for Performance Category 1 will be 100% of the total Reward Funding available to the University. Equal funding amounts will be allocated to each of the two indicators in the category.

### **4.5. Performance assessment**

#### 4.5.1 Verification of data

Prior to both target agreement and assessment of performance, the Department will provide each participating university with a data package including their crude and average rates. Sections 1 and 2 of the Technical Guidelines outline the data that will be used. Each participating university will have an opportunity to correct any factual errors.

Once the university's performance has been assessed and finalised against the performance targets, the university may be eligible for Reward Funding.

#### 4.5.2 Assessing excellence

Universities whose proportion of low SES undergraduate students is at or above their low SES excellence target will receive Reward Funding. More detail about the excellence calculations is available in section 4 of the Technical Guidelines.

#### 4.5.3 Assessing improvement

Universities whose proportion of domestic undergraduates who are from a low SES background and whose proportion of domestic undergraduates who are from an other underrepresented group is at or above their respective improvement targets will receive Reward Funding. More detail on the improvement calculations is available in section 3 of the accompanying Technical Guidelines.

### **4.6. University's share of Reward Funding**

The Reward Funding a university may receive will be calculated based on the university's proportional share of Commonwealth Grant Scheme Basic Grant Amount. More detail about the calculation can be found in the accompanying Technical Guidelines.

---

## 5. Legal Information

---

### 5.1. Confidentiality and information sharing

The University acknowledges and agrees that any information it provides to DEEWR for the purposes of Performance Funding may be accessible under the *Freedom of Information Act 1982* and may also be:

- (a) published by the Commonwealth in any manner in accordance with any legislative requirement;
- (b) used by a Department for any purpose of the Commonwealth, including dealings with other Commonwealth agencies;
- (c) used in reporting to or answering questions from a Minister of State of the Commonwealth or a House or Committee of the Parliament of the Commonwealth; or
- (d) disclosed where the Commonwealth is required or permitted by law to do so.

The Commonwealth and the University agree to carry out their roles in accordance with any obligations they have under the *Privacy Act 1988* or any State or Territory law relating to the protection of personal information.

The Commonwealth recognises that the University's Confidential Information has commercial value to the University and may disadvantage the University if it is disclosed. Accordingly, the Commonwealth will not publish or otherwise disclose the University's confidential information unless required by law to do so, or unless the University consents in writing prior to such disclosure.

### 5.2. Privacy

In administering Performance Funding, the Department is bound by the provisions of the *Privacy Act 1988* ('the Privacy Act'). Section 14 of the Privacy Act contains the Information Privacy Principles (IPPs) which prescribe the rules for handling personal information.

Persons, bodies and organisations participating in Performance Funding must comply with the IPPs and the Privacy Act when handling personal information collected for the purposes of Performance Funding.

Complaints about breaches of privacy and requests for advice about privacy should be referred to the Privacy Contact Officer, Litigation and External Review Legal Branch in the Legal and Investigations Group. Privacy complaints can also be made directly to the Federal Privacy Commissioner; however, the Commissioner prefers that the Department be given an opportunity to deal with the complaint in the first instance.

### **5.3. Freedom of Information**

All documents created or held by the Department with regard to Performance Funding are subject to the *Freedom of Information Act 1982* (FOI Act). Unless a document falls under an exemption provision (such as personal information), the document may be made available to the general public if a request is made for the disclosure of the document under the FOI Act.

All FOI requests should be referred to the FOI Coordinator Litigation and External Review Legal Branch, Legal and Investigations Group, in the Department's national office at: GPO Box 9880, Canberra City, ACT, 2601. An authorised FOI decision-maker will consider each request for access in light of the requirements of the FOI Act.

### **5.4. Provision of information**

Wherever a participating university is required to furnish information to the Department in relation to this program, it should be noted that giving false or misleading information is a serious offence under the *Criminal Code Act 1995*.

---

## **Appendix 1: Index of Terms**

---

Crude rates	The rate calculated for the relevant performance indicators and universities using raw data
Baseline performance	The most current performance data available at the time of setting performance targets
Indicator	A performance measure against which university performance targets will be set and performance assessed against, to determine eligibility for Reward Funding