

Go8 Position Paper

Response to the DEEWR discussion paper: *An Indicator Framework for Higher Education Performance Funding, December 2009*

This response outlines the broader policy implications of the performance funding initiative, the Group of Eight's (Go8) approach to the Government's objectives, explores general policy issues which need further consideration, identifies specific concerns with the proposed measures, and suggests a way forward in partnership.

Introduction: the need for well-conceived policy

The Higher Education Performance Funding to be introduced in 2011 is a key development in the policy and financing framework for Australian Higher Education.

The performance funding framework, along with mission-based compacts, the new equity initiatives, the relaxing of caps on Commonwealth supported places and the establishment of the Tertiary Education Quality and Standards Agency (TEQSA) will radically change the drivers of higher education in Australia into the future. It is important these measures are implemented within a well considered policy framework and a strong understanding of the overall impacts.

The Government's consultations on performance funding and low-SES participation provide opportunities for important inputs to be made. The Go8 seek to make the most of these opportunities and to work constructively with the Government in achieving important outcomes for the country.

However, in doing so we need to face up to several risks:

- Focussing on implementation details with insufficient regard to policy framework design;
- Treating specific funding elements separately rather than in an integrated way;
- Undertaking activities and producing reports against indicators, but which when taken together, do nothing to raise inputs per student, student-staff ratios, and student success;
- Being complicit in incremental processes that fail to deal with the fundamental problems, create unwarranted intrusions and stifle dynamism.

The Go8 is conscious of the Government's policy intent in relation to universities, where it indicates that it will *'Focus on the quality of educational outcomes, rather than interfering in the internal management of universities with excessive controls on inputs and processes'*¹. We also understand and accept that the Government is providing additional funding (through enhanced indexation and the equity and performance programs) on the condition that those funds will give rise to additionalities in the outcomes achieved by universities. Hence, we would like to work with the Government to develop a performance indicator framework which assesses the outcomes produced by universities and their contribution to a prosperous, socially inclusive Australia.

¹Australian Labor, National Platform and Constitution 2009, Chapter 5: An Education Revolution for Australia's future, pp 10

Policy framework goals

Australia needs internationally competitive capabilities to sustain innovation across economic sectors and enable social and environmental challenges to be tackled cost-effectively. Particular attention has to be given to advanced human capital formation and the building of ways and means for enabling Australian researchers to access high-capacity infrastructure and knowledge networks.

Concurrently, it is necessary to reduce wastage through the exclusion of some Australians from opportunities for full participation. This is important notably for enabling people to have rewarding lives, building cohesive communities and increasing productivity.

With regard to human capital formation, Australia needs to develop a coherent and sustainable policy and financing framework for 'post-mass' tertiary education – where more than half the population of school leavers are participating in post-school education and training,² and many others in older age cohorts are undertaking further learning. The Australian Government, in cooperation with the States & Territories, is looking to expand participation further towards 'near-universal' tertiary education.³

This imperative raises several challenges, especially given that (a) a larger number of participants with varying backgrounds and motivations will require more diversified ways and means of undertaking higher education, (b) much of the current framework is an incrementally modified legacy system from the 'pre-mass' era, (c) much of the physical infrastructure and teaching staff of the present higher education system is ageing and in need of replacement, and (d) fiscal capacity constraints can be expected to persist over the next several years

Importantly, it is necessary to understand in a comprehensive way what is required to achieve the higher education participation and attainment goals set by the Australian Government. The main financial challenges are:

- Securing adequate funding for increased participation without diminishing quality;
- Providing sufficient teaching personnel with adequate capabilities;
- Providing the necessary infrastructure for teaching and learning.

The first of these challenges involves:

- Building up the funding base to a level that is sufficient to support internationally-competitive quality of higher education, through a mix of increased Government funding per student and additional private finance; and

² In 2008, the proportion of young people (15-19 years) participating in post-school education or training was 56.7% nationally, with the proportion ranging from 35.3% in the Northern Territory to 69.8% in Victoria. Additionally, 30.5% of the 18-24 year old population participated in education or training above Certificate III on a full-time or part-time basis in 2008. [COAG, National Education Agreement 2009, Tables 41 and 42, derived from ABS *Survey of Education and Work*, 2008].

³ The Australian Government has adopted two sets of targets; one relates to skills formation and the other to higher education access and attainment of degree qualifications. With regard to goals for raising participation and attainment in Vocational Education and Training, COAG has agreed to achieve a national Year 12 or equivalent attainment rate of 90% by 2015, and provide an education or training entitlement to young people aged 15-24. COAG also agreed to halve the proportion of 20-64 year olds who do not have at least a Certificate III and to double the numbers of Diplomas and Advanced Diplomas completions between 2009 and 2020. In respect of higher education, the Australian Government has committed to raise to 40% the proportion of the population aged 25-34 years with at least a Bachelor's degree, and to increase the higher education participation of students from low socio-economic backgrounds to 20% of total enrolments.

- Achieving efficiencies in the provision of higher education through structural diversification of the national system, and increases in the productivity of teaching and learning within higher education institutions.

That is, it will become increasingly necessary to provide sustainable sources of income growth while containing operating costs in order to meet future demand with acceptable quality. It needs to be recognised that the Government's growth agenda, without adequate funding, puts downward pressure on quality, and if efforts to shore up quality add further burdens on universities they could be self-defeating, irrespective of their cosmetic effect.

Go8 Intent

The Go8 supports the Government's objective to ensure that Australia has a quality-assured higher education system which is accessible to all who can benefit. Go8 universities are committed to work purposefully to achieve the five key goals outlined in the discussion paper:

1. Increase participation of people from low SES backgrounds in undergraduate higher education;
2. Improve the overall teaching, learning and support provided to students;
3. Increase the number of students who graduate with a bachelor degree, particularly low SES students;
4. Improve students' cognitive learning outcomes;
5. Improve universities' teaching and learning performance.

Pursuit of these objectives should not blur or flatten the important differences among universities in the ways and means they select to achieve their goals consistent with their varying missions. Nor should a focus on undergraduate education reduce efforts to improve performance in research and postgraduate education.

The main challenge is to balance the structure of incentives to achieve national goals with the creative harnessing of diverse institutional capabilities. This involves clarifying the respective responsibilities of the Government and universities.

Respective roles of Government and universities

The basic responsibilities of the Government in this context are to get the frame factors right: (i) adequately fund enlarged participation, to provide the additional capacity required and to maintain quality; (ii) safeguard the reputation of Australian qualifications by insisting that all accredited providers must demonstrate that they are operating above a minimum acceptable quality standard in relation to the qualifications they award, and taking firm action where there is evidence to the contrary; (iii) encourage the formation of a responsive set of diverse institutions; and (iv) promote efficiency improvements through incentives to reduce student attrition.

Universities are responsible to the Government for the achievement of the undertakings to which they commit as a contract of funding. Universities also have wider responsibilities to other communities that support them in various ways.

There has been a long established understanding internationally that universities, not governments, are responsible for setting academic standards in teaching and research. Peer review and hard-earned reputation are powerful drivers towards excellence. It is also widely accepted that universities function

best where they are free to innovate and respond to changes in knowledge development and student demand. The Australian Government's policy move to a student demand driven model is predicated on this very premise.

Essentially, an approach to performance-related funding can be developed which encourages the sector to meet the increasingly diverse needs of the student body accessing higher education, and allows individual universities to contribute variously to their fullest extent to achieve the Government's objectives. A flexible and customised performance funding framework is better suited to those purposes than a narrow and common set of prescriptions.

Policy considerations underpinning the performance funding framework

A threshold issue for the performance funding framework is the balance between sector-wide, as distinct from institution-specific indicators.

The use of sector-wide measures

Sector-wide indicators are appropriate where there is a national quantitative target to be achieved, such as goals 1 and 3 in the above set of 5 objectives. Participation and attainment are readily quantifiable sector-wide, despite some of the commonly identified issues around the measurement of socio-economic status. In these areas institution-level performance targets could be negotiated against a common measure, so that progress towards the national goals can be monitored. Specific improvement targets for individual institutions would have regard to their circumstances, capacities and missions.

Where institutions are already performing well against these measures, and incremental increases in performance would not make a significant impact on outcomes or be cost effective to achieve, maintenance targets should be set and performance funding paid accordingly.

The use of institution-specific measures

Institution-specific measures should be used principally for the other three goals which relate to qualitative dimensions of performance improvement. There may be some common indicators, such as measures of student satisfaction, where reasonably robust instruments (e.g. the Course Experience Questionnaire) have been developed, and where valid inter-institutional comparisons can be made. As discussed below, there are serious risks associated with the common use of instruments that have not been designed or validated for the proposed use.

However, above and beyond the minimum national standard for a given qualification, there are qualitative differences that reflect diverse orientations to learning and teaching, not only across fields of study but also across universities. The purpose of a performance funding approach should not be to homogenise higher education or stifle dynamism, but rather, to reward the continuous improvement efforts of each university, consistent with its chosen educational orientation.

The encouragement of diversity

A richer overall result is likely to be achieved for the nation when each university is encouraged to play fully to its strengths. The Go8 strongly supports transparency and accountability, but this does not imply that identical measurements should be applied using a standard template across the sector.

Rather, a more nuanced approach is needed, which will take more effort to put in place, but will lead to much better outcomes over the long run.

In this regard, while there is diversity in curriculum and pedagogy reflecting the cultural values of different universities operating autonomously, there are very few drivers of differentiation in the sector. If anything, the current financing settings propel universities to pursue similar objectives and undertake similar activities.

The performance funding framework offers the opportunity, particularly in the context of customised compacts with individual universities, to develop incentives for universities to move away from sameness. They offer an opportunity to set incentives which will deliver on national priorities. It would be a sad outcome if this opportunity was to be lost and the performance funding model induced a greater tendency to uniformity.

The role of TEQSA

Through the efforts of the Tertiary Education Quality and Standards Agency (TEQSA) to safeguard the threshold standards of qualifications, including action against underperforming providers, a more diverse tertiary system of reputable quality should flourish. TEQSA's role in verifying institutional performance reports could well accommodate differences among universities in their choice of particular performance measures.

TEQSA's primary role is to assure that minimum qualification standards are being met. It should not try to assess performance above those standards across the range of academic fields. Such an approach is untenable in the dynamic world of knowledge development, and inconsistent with the need to offer more responsive higher education to meet the varying needs and circumstances of a larger and more diverse student body.

The Go8 supports the Australian Learning and Teaching Council's (ALTC) initiative of convening academic disciplinary groups to clarify the basic objectives of undergraduate qualifications and to engage in a contemporary dialogue about academic offerings in Australia. That process is based on the understanding that academic standards are set by the academic community. However, it would be neither feasible nor appropriate for TEQSA to use the outcomes of this process in an attempt to measure the relative performance of universities. Any such move would represent an unprecedented intrusion by government into the traditional academic autonomy of universities that is respected in most other countries.

For example, in the United Kingdom *"Higher education institutions are individually responsible for setting the academic standards of their own degrees. The Quality Assurance Agency (QAA) is not a regulatory body and has no statutory powers. It aims to ensure institutions have effective processes in place to secure their self-defined academic standards, but does not directly judge the standards themselves."*⁴

⁴ Higher Education Policy Institute and The British Library, *Postgraduate Education in the United Kingdom*, Ginevra House, January 2010

The growth premise

Under the proposed indicator framework there is an expectation that all universities will adopt a growth strategy at the undergraduate level. This expectation sits at odds with the preferred strategic direction of many Go8 universities. The focus of all Go8 universities is on strength in research and translating research into quality teaching and learning. A few Go8 universities propose to grow their undergraduate enrolments. The stated objective of other Go8 universities is to shift the balance of their student body towards postgraduate education. This is in line with the strategic objectives of the Australian Government for an expanded higher education system (which will require a larger number of academic staff) and a research and innovation system known for its excellence.

The growth imperative on all universities, pointed to on page 8 of the discussion paper, and the inflexible nature of the currently proposed performance indicator framework is inconsistent with a student demand driven system.

Specific concerns with proposed measures

Under the proposed indicator framework there is little recognition of the cost involved in meeting the targets outlined or giving effect to the reporting requirements and implementation of the new measurements being proposed. For example, the costs of increasing the proportion of teaching staff with a Graduate Certificate are high (approximately \$6,000-\$10,000 per qualification). The development and application of additional surveys adds to administrative costs.

Ongoing incremental targets for progress and retention can create an environment where quality might be eroded. Assessing these outcomes on an annual basis may also lead to a lack of innovation, as trying out a new approach may be considered “too risky” and a threat to the funding base. Consideration should be given to a three to five year evaluation timeframe for the performance assessment, with mid-term progress reporting required.

It should also be noted, that where success rates are already high (for example, the current undergraduate success rate across all Go8 universities is over 90 percent) the cost of achieving incremental improvements is likely to outweigh the benefits. The focus should be on areas where real improvement gains can be made.

A number of the measures proposed are limited in their scope, do not allow for differentiation in mission and in some cases are untested as effective tools for measuring incremental changes overtime. There are concerns too that compliance with common measures may drive competitive rather than collaborative behaviours between universities, where a shared approach to improving opportunities for students would be more appropriate. Achieving a lift in access and success of low SES students is a significant challenge for universities and the national goal is more likely to be achieved through collaborative strategies than through institutional competition.

The lack of focus in this framework on postgraduate level studies in relation to participation, success and quality of the education experience severely limits the ability of the framework to drive a higher education system which meets the needs of a more productive Australia.

Student Participation and Inclusion

There are significant methodological issues with measuring the socio-economic status (SES) of higher education students⁵. While the following suggestions will not overcome them completely, the Go8 supports moving to an interim measure of SES which includes Centrelink data on income support. We also support the move to population census collection district (CD) level as soon as these data are verified, and encourage the Department to continue its analysis and work in this area, as well as addressing the matter more broadly. Measures of improvement need to be assessed using a reliable baseline figure.

We understand that the Government's focus is on participation of low SES undergraduate students. However, given the new low SES loading will be in place in 2010, the performance funding framework should also be looking to extend the outcomes by offering incentives to achieve better success rates and/or progression to postgraduate studies. How different institutions address the issue of low SES participation will vary according to their mission and performance funding can be used to encourage innovative approaches by looking at different measures. These measures could be used to focus universities' efforts on expanding the pool of potential students from low SES backgrounds, rather than competing for students from the current pool.

Limiting the measure of low SES participation to undergraduate students neglects the broader social inclusion issues being faced by the sector. Additionally, for those universities seeking to shift focus to postgraduate education and not wanting to expand in overall size, this measure will necessitate that they actively discriminate against students who achieve high grades in their final school years. The Australian community may wonder about the consistency of messages to students about achieving at school and the potential loss of opportunities for those who have achieved.

While all Go8 universities are looking at broader ways of identifying academic potential, the whole school system is predicated on student success in their final years. It is incumbent on all levels of government to ensure the schooling systems in Australia are giving students, regardless of their circumstances, the maximum opportunity to achieve to their ability. The current tertiary entry scores for different SES groupings would indicate that this is not happening at present. This may, in part, be due to the aspirations which are set out for various types of students, including some from low SES backgrounds. Quality of teaching in low SES area schools may also be a contributing factor.

The Government should be striving to improve the representation of all groups at the postgraduate level, to deliver better professional, economic and social outcomes of marginalised groups. Moving under-represented groups through all levels of education and into the professional and academic workforce will lead to improved inclusiveness and service delivery to the broader population. A preoccupation with enlarging the proportion of the population with Bachelor Degree qualifications, without concurrent attention to postgraduate education access and success, could exacerbate inequalities of entry to professional employment, given the increasing tendency for students seek to differentiate their employment chances by undertaking further studies and employers' use of level of qualification for screening purposes.

⁵ These will be spelt out in the Go8 submission to the DEEWR discussion paper on *Measuring the socio-economic status of higher education students*.

Hence, we urge that university-specific growth targets be set mutually with reference to institutional mission, accommodating a variety of groups and having regard to retention and success factors.

Student Experience

The university experiences of students vary markedly. The extent of variation is not necessarily cause for concern. What is important to various groups of students will differ significantly based on their learning objectives and method of learning. For example, what is important to a part-time, mature age student is likely to differ from a full-time school leaver or an international student. Patterns of campus attendance vary also by mode of study. Any measure which is used to identify an effective student experience needs to account for differences in student mix and learning mode.

We support a strong focus on retention and success. As a proxy for a positive experience, the retention rate of first year students could be used, and its adoption would have the benefit of focussing effort to reduce unacceptably high rates of attrition in the early stages of higher education participation. However retention rate comparisons across universities at the aggregate level would not provide effective information on which to drive performance improvements. It would be much more useful to disaggregate first year retention to the course level and field of education (FOE).

Being able to identify where a student has changed course, and/or moved to a different institution, or is having a break in their study, would also provide useful information for understanding the extent and nature of attrition and improving the efficiency of educational outcomes.

As noted above, there is little to be gained by setting incremental targets for improvement for retention where a university is already performing well. In these instances a maintenance target should be set. If disaggregated data is available at the course and FOE level, more nuanced targets could be negotiated in the context of compacts discussions.

The Go8 universities believe student satisfaction information is vitally important to improving the education services they deliver. Many of our universities already capture extensive information from students, particularly regarding their first year experiences. While we accept the Course Experience Questionnaire has limitations, due to its timing and response rates, any plans to introduce new national surveys need to be looked at within the broader impost of surveys on students.

If a new survey instrument is to be designed, and we note that the current instruments are tired, we suggest that student representatives should be involved in its construction. Diverse student voices need to be heard in any serious and credible effort to assure the student community that they are experiencing higher education of quality and value.

Student Attainment

The Government's target of increasing degree attainment necessarily requires a focus on completion rates.

Effective completion data using the Commonwealth Higher Education Student Support Numbers (CHESSN) should be applied to the analyses of data for the purposes of performance funding as soon as possible. We understand that it takes several years of data collection to effectively measure the retention, success and completion of students using such a unique identifier.

For the interim, the Go8 supports the use of retention and progression rates as indicators for the attainment goal. However, these should be disaggregated by course level, FOE and domestic and international students. Targets should be set in line with the universities stated objectives and not restricted to undergraduate students.

Quality of Learning Outcomes

Universities attest to the quality of learning outcomes by the award of a degree qualification. What the community needs to know is: (a) how good is the degree? and (b) how well does a university know how good it is?

The Australian Qualifications Framework (AQF) describes what is expected of each level of higher education award. Work is underway with a view to clarifying the expectations of different AQF awards. TEQSA should set the threshold standards for each level of award with reference to the new AQF descriptors.

Individual universities (along with other higher education providers) are responsible for designing learning experiences and assessing student learning in order to be satisfied that they can award a degree (or other award) to a student. How they do that is up to them, and diversity and innovation in the ways of means of teaching and learning should not be discouraged by an inappropriate focus on process indicators on the part of central bodies.

What matters is how a university knows whether a student merits a degree. A meta-regulation model should be adopted for the purpose of assuring the community about the standards of Australian degrees. The object of attention should be the evaluative criteria and methods that a university uses to satisfy itself about learning quality.

What we have in mind is a version of the Ontario model of multi-year compacts, whereby a university brings forward:

“a description of the strategies that will support the quality of your undergraduate and graduate learning environment as appropriate to your institution’s unique focus. In particular, the Ministry is seeking information on strategies and programs designed to improve student/faculty engagement and learning quality. Examples include but are not limited to: academic and student advising, student centred learning models, first year seminars, enhanced computers and technology, learning commons, and library expansions and enhancements.”⁶

The important feature of the Ontario model is its ‘bottom-up’ rather than ‘top-down’ approach. It requires universities to demonstrate how they are making qualitative improvement to learning without prescribing how they should do so.

TEQSA could then audit the university’s actions against its plans, and where necessary, make its own assessment of the quality of learning that is demonstrated in the assessable student outputs. In this way the quality of Australian qualifications can be assured. Universities could be paid according to the progress they are making in their efforts to improve learning outcomes.

A professional approach to teaching ought to be expected in higher education no less than in primary and secondary education. Academic staff should generally have professional development programmes

⁶ Ontario Ministry of Training, Colleges and Universities, *Multi-Year Agreements for Universities for 2006-07 to 2008-09*

and structured feedback available for them to become aware, effective and reflective teachers. A large number of university teachers have a Graduate Certificate in Higher Education or equivalent, and formal preparation for the teaching role is to be encouraged. Nevertheless, we suggest a broader indicator would be more appropriate, such as the number of academic staff participating in teaching development courses or activities.

In the absence of longitudinal data on student outcomes, it is time to revise the Graduate Destinations Survey, to reflect the characteristics and profile of the contemporary student body. A large proportion of students are employed while studying, and what matters for them is how their degree has helped them to gain promotion or change job or otherwise advance their career (and remuneration). Graduate outcomes, including destination, salaries and employment rates (adjusted for broader economic conditions) are the benchmark data used to assess higher education systems internationally. They should also provide the basis for which to monitor the performance of the Australian system, particularly with regard to graduate supply and demand balances.

One particular indicator not canvassed in the paper, but that must be included if the whole exercise is to have any credibility, is the annual change in student-staff ratios. As the Deputy Prime Minister⁷ has noted:

“Relative to the UK, Australian graduates from the class of 2006 rated their university experience lower on every measure bar one – which related to satisfaction with the feedback they received.

Relative to the US and Canada, Australian graduates from the class of 2007 rated their university experience lower on every measure – with no exceptions.

Discrepancies in ratings between Australian graduates and their UK and north American counterparts appear to be greatest in those areas most impacted by large student – staff ratios, such as

- *Student and staff interaction*
- *Enriching educational experiences*
- *Whether staff are good at explaining things*
- *Whether teaching staff make subject material interesting for students.”*

In the absence of improvement in student-staff ratios, qualitative improvements in student experience cannot be expected. This indicator would have to be used as a reference tool rather than one on which performance funding can be allocated. While student-staff ratios reflect the way in which universities allocate resources, their access to resources itself reflects external factors such as public funding per student and regulatory constraints on tuition pricing flexibility.

Assessing value add

The use of standardised testing across the system to assess value added is problematic as it does not take into account the important differences in the capabilities of different student cohorts. Indeed, the very concept of paying for increased ‘value-add’ over time ignores the fact that the ‘value-add’ is relative to the particular circumstances of each cohort. It is impossible to know whether a university is increasing its value-add over time across diverse cohorts, as one cannot standardise for the multitude of relevant variables.

⁷ The Hon Julia Gillard MP, Deputy Prime Minister, *Transition, Retention and Progression Forum Opening Address*, Monash University – Caulfield Campus, 9 December 2009, Melbourne

The Graduate Skills Assessment (GSA) has not been validated as a test for 'value-add', and research on standardised testing and non-traditional/under-represented students suggests that any potential gain in determining value-add would be far outweighed by unintended detrimental consequences for students in those categories.

Hence, we urge that the GSA not be used for performance funding purposes.

Allocation of funding

It is unclear how performance funding will be allocated under the framework or how penalties will be applied if universities do not meet certain stated targets. The discussion paper does not cover how targets will be set, performance monitored and under/over performance managed. For example:

- Will allocations be related to student numbers or EFTSL across all the indicators? Or will the funding be distributed on some other basis and will it vary depending on the performance indicator?
- Will each indicator be funded separately? If so, will different weightings apply and is this likely to change over time?
- If a university fails to meet an agreed target, will some or all of the performance funding be withheld? Could there be a pre-notified sum at risk for each university?
- Will the framework be flexible enough to take into account fluctuations in student demand (or other factors) related to unexpected economic, social or political developments?

Until these questions are addressed it is impossible to understand what impact the framework will have on incentives and outcomes.

For Go8 universities, where achievement levels are already high, the costs are likely to outweigh any incremental improvement that can be made, and these processes would distract from efforts that could be expended more purposefully to make real improvements in the quality of their educational offerings.

Timeframes for targets and assessment

Finally, the targets should be set over a timeframe of at least three years, preferably five, to avoid game playing and to allow time to implement and test which initiatives are most effective. This will also encourage real innovation, rather than tinkering at the edges. Funding can be made on an annual basis, with necessary adjustments made at the end of the assessment period.

This additional time will be required to identify measurement methodologies and develop procedures which will yield consistent, high quality data. It should be acknowledged there will be costs for both the universities and the Government in the production and analysis of those data.

A way forward

For the performance funding framework to contribute to the Government's ambitions for increased participation and improved quality, the complexity and diversity needed to meet these ambitions must be reflected in the indicator framework and measures chosen.

The Government should use the compacts process to work with each university to identify specific areas where a greater and broader contribution to the Government's specified objectives can be made. A distinctive, strategic, customised approach will be far more successful than a limited, common formulaic process.

Compacts provide an alternative to the 'principal-agent' model of accountability. Such mutually accountable relations "*require developing shared understanding, respect and trust*"⁸ which is more suitable to third sector organisations, such as universities, with broad constituencies and objectives.

Through the use of compacts with publishable institution-specific measures of performance and targets, the Government will be able to shape the outcomes achieved by universities in line with its national goals, without reducing institutional flexibility.

This model provides greater flexibility and responsiveness, and will allow the organic structural change needed in an expanded system catering to a broader student base. The performance funding will then be directed to the development of specialisation in approaches to teaching and learning based on a university's own stated objectives, input from key stakeholders and specific community or regional factors. Such a path of development is necessary in an expanded system that addresses the needs of a greater diversity of student effectively and efficiently.

⁸ Brown, L. D. (2007), "*Civil Society, Legitimacy and Accountability: Issues and Challenges*", Working Paper No. 32, The Hauser Center for Nonprofit Organisations, John F. Kennedy School of Government, Harvard University