

**EVALUATION OF THE KNOWLEDGE AND
INNOVATION REFORMS:
Reviewing Australia's Block Research
Funding Schemes**

Submission on behalf of



by

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SUMMARY

1. The overall objectives of the IGS, RTS, and RIBG are suitable and should be retained.
2. Specifically, the IGS and RIBG should continue as grants to institutions, thereby providing the flexibility for institutions to pursue strategic initiatives. Increasing competitive funding at the expense of block funding runs the risk of stifling innovation.
3. The Separations component of the RTS is demonstrably flawed and should be dropped. Annual allocations should be based on a formula that gives high preferential weighting to completions.
4. There should be no differential weighting in the IGS for National Competitive Grants. Any such differential would actively discourage Universities from seeking funding from other sources.
5. Because the RTS allocation mechanism incorporating as it does a demonstrably flawed "Separations" component, the Regional Protection Fund must be maintained for a further three years.
6. The 5% cap must be removed and alternative mechanisms found to prevent rapid downswings in specific institutions.

DETAILED SUBMISSION

The following is Southern Cross University's submission to the Review of Australia's Block Research Funding.

The submission focuses on those specific issues that relate to a regional University.

1. The effectiveness and efficiency of the Research Block Funding Schemes.

Southern Cross University strongly endorses the broad principles of the IGS, RTS, and RIBG.

More particularly, the RTS has forced institutions to be far more accountable for their performance in the Research Training area.

Prior to the introduction of the RTS, institutions were funded entirely on enrolments, and there was no incentive to providing a quality Research Training experience. The introduction of the RTS has provided strong encouragement for Universities to focus on completion rates for HDR students.

Recommendation:

1. The overall objectives of the IGS, RTS, and RIBG are suitable and should be retained.

2. Block Funding versus Competitive Funding

There is an argument that a higher proportion of the available funding should be made competitive. Southern Cross University argues very strongly against such a view.

The current formulae for disbursement of IGS and RIBG are heavily weighted towards competitive research funding anyway. Therefore, changing the balance will not change the allocations.

But removal of the Block funding in favour of competitive funding runs the very real risk of stifling innovation.

Universities use their IGS and RIBG to pursue strategic initiatives. Many of the newer and regional Universities have pursued innovative approaches to research, many pursuing the Gibbons Type II model. Overall, these approaches have been highly successful.

If the bulk of the funding were competitive, the peer-review system is likely to encourage a "one-size-fits-all" outcome, to the detriment of the Australian Innovation System.

Recommendation:

2. Specifically, the IGS and RIBG should continue as grants to institutions, thereby providing the flexibility for institutions to pursue strategic initiatives.

3. The RTS formula

The RTS formula contains two components – a Separations Component and an Allocation Component.

The Separations Component is demonstrably flawed!

In a widely circulated document, Professor Max King of Monash University has shown that for two Universities with exactly the same publication rate, exactly the same research income, and exactly the same completion rate, the University with the highest proportion of Part-time HDR students does much better out of the RTS scheme than a University with a high proportion of Full-time HDR students.

Moreover, a “Separation”, particularly of a High-cost HDR student, “loses” in the vicinity of \$80,000 from a University into the Separations pool. Yet, these data are completely unaudited! (Yet we spend an enormous effort ensuring accuracy and accountability for a publication, worth about \$3,000 in IGS and RTS). Thus the opportunities for institutions to manipulate the scheme are large.

By contrast the allocation mechanism is fully transparent and auditable. Therefore, the RTS scheme should rely 100% on the allocation mechanism.

The current formula for the allocation of RTS places is 50% on completions, 40% on research income, and 10% on publications. We are aware that there are some arguments that the relative weighting of completions should be reduced, and replaced by an element incorporating past RTS funding. Southern Cross University argues strongly against reducing the weighting on completions. Completions are logically the best proxy by far for University’s performance in HDR training. There is an argument that Universities with a high research income are better able to support a rich Research Training environment. If this is true, then it will be reflected in their Completion Rates! Therefore there is no logic to reducing the high weighting for completions.

Recommendation:

3. The Separations component of the RTS is demonstrably flawed and should be dropped. Annual allocations should be based on a formula that gives high preferential weighting to HDR completions

4. The IGS formula

The IGS formula is currently heavily weighted towards research income. Such a weighting is appropriate.

However, the issue arises as to whether research income from different sources should be differentially weighted. In particular, should NCG’s be given a higher weighting.

Southern Cross University is strongly of the view that there should be no differential weighting for NCG’s. The Government is keen to see Universities collaborating much more with industry and other outside organisation. A differential weighting for NCG’s would be a strong disincentive for such collaborations. Moreover, a differential weighting would send completely the wrong signal to researchers themselves of the Government’s intentions.

Recommendation:

4. There should be no differential weighting in the IGS for National Competitive Grants. Any such differential would actively discourage Universities from seeking funding from other sources.

5. The Regional Protection Fund

As indicated above, the “Separations” component of the current RTS formula is demonstrably flawed. Therefore many institutions may have inadvertently lost RTS funding.

Moreover, clawing back lost RTS funding can take many years, because lost RTS funding in any year leads to fewer completions in 3 or 4 years. Thus the impact of this anomaly in the RTS funding will be felt for many years.

Finally, RTS funding feeds into RTS places, which in turn count as part of the IGS formula. Therefore institutions that have inadvertently lost RTS funding will, in the following year, lose IGS funding.

Regional Universities will be particularly susceptible to such impacts. Thus in light of the demonstrably flawed nature of the current RTS scheme, the RPF should be retained for a further three years, to protect those Universities that have lost funding as a consequence of flaws in the past allocation system.

Recommendation:

5. Because the RTS allocation mechanism incorporating as it does a demonstrably flawed “Separations” component, the Regional Protection Fund must be maintained for a further three years.

6. The 5% Cap

Currently there is a 5% cap on gains in IGS and RTS funding to any institution. The excess above the 5% is distributed to those with the largest losses. The intent of the 5% cap was to ensure no major swings in funding during the transition period to the new funding arrangement.

However, the 5% cap is a strong disincentive for new Universities who are rapidly improving their performance in both Research and Research Training.

Moreover, because RTS funding automatically feeds back into the IGS funding, the 5% cap on RTS in turn further disadvantages Universities with a high completion rate in their IGS in subsequent years.

Given that the intention of the 5% cap was to give Universities time to adjust to the new scheme, the cap should go.

Recommendation:

6. The 5% cap must be removed and alternative mechanisms found to prevent rapid downswings in specific institutions.