



## SUBMISSION TO THE DEPARTMENT OF EDUCATION, SCIENCE AND TRAINING EVALUATION OF THE KNOWLEDGE AND INNOVATION REFORMS

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<b>Date:</b>	10 September 2003
<b>Authorized by:</b>	Professor Penny Boumelha; Acting Vice-Chancellor

### **A. SUMMARY OF RECOMMENDATIONS**

1. The University of Adelaide appreciates the opportunity to comment on the *Knowledge and Innovation Reforms* Issues Paper. As a general position, the University of Adelaide supports the principle of performance based funding for research and research training. However, there are a number of issues to be considered, the most significant being to identify the best mechanism to fund the research infrastructure that is critical to the competitive grant performance of universities. In summary, this submission supports the following recommendations:

2. In relation to the **Research Training Scheme** it is recommended that:

- i. The RTS should continue to support the overall goal of aligning research student load with research performance;
- ii. A simplified RTS formula, by removing or simplifying the RTS index, be adopted to allow for longer term forward planning of HDR load, subject to an assessment of the impact of this change on the most research intensive universities;
- iii. That consideration be given to more straightforward funding models such as (a) having the entire RTS allocation contestable based on research performance and retaining a cap to protect funding for continuing students or (b) allocating 75% of the annual RTS based on continuing load and having the remaining 25% contestable on the basis of research performance;
- iv. There be one WEFTSU funding rate for all students;
- v. Calculations be based on annual figures and that advice on allocations in current year price be made earlier to allow time to adjust load targets.

3. In relation to the **Institutional Grants Scheme** it is recommended that the double weighting of National Competitive Grants be reinstated until such time as NCGs fully fund the costs of research or the RIBG returns at least 45 cents in the dollar;

4. That the ARC should be appropriately resourced to institute best practice in program management.

5. If the **Research Infrastructure Block Grant** is retained as the key mechanism for delivery of infrastructure funding for competitive grants, then the level of RIBG funding should be effectively doubled, ensuring a return of at least 45 cents on the dollar.
6. That an agreed mechanism be established to ensure on going **strategic co-ordination** across Commonwealth agencies. In particular, DEST and the AVCC need to establish a new framework for managing the Australian Competitive Grants Register.
7. That a **Research Assessment Exercise** not be introduced in Australia.

## **B. DISCUSSION OF THE ISSUES**

### **B.1 The Research Training Scheme**

The University of Adelaide generally supports the RTS scheme and the basic principle that the best research education occurs in the best research environment. Over time under the RTS we would expect to see a strong correlation at the institutional level between research income earned per FTE and HDR load per FTE. The University of Adelaide is in the position of having a research-intensive environment with capacity to support more research students. In the last few years the University has had the highest per capita research income in Australia at around \$95k per FTE (Level B and above) and with the lowest institutional ratio of the GO8 in terms of research EFTSU/\$1m at 15 EFTSU per \$1m (2001), we have considerable capacity to grow our research student load in a high quality research training environment.

In recent years our HDR load has been declining and our research performance improving. The RTS has provided the mechanism for the University to turn this trend around and bring our load back into line with our research performance. In 2003 the University has increased its total research load by about 12% and its commencing load by approximately 36%. In this way, the RTS will support an alignment of research student load with research performance in the longer term, a principle that the University strongly supports.

However, in meeting the challenge for growth, the University has experienced profound difficulties in forward load planning under the RTS due to the lack predictability of allocations. The more significant issues are outlined below:

- *The RTS index*  
The University of Adelaide is sympathetic to the view that the Separations Pool should be removed from the RTS formula or otherwise simplified. While the University strongly supports the need to make the calculations more straightforward, thereby allowing for greater predictability of allocations for load planning purposes, we would be concerned if the impact was to significantly reduce the funding available to research intensive universities to support research training. The AVCC proposal to build in an historical element to the RTS formula may reduce the volatility of allocations but it would also serve to slow down the rate at which load and research performance can be aligned.

The University would favour simpler, more transparent, performance based allocation mechanisms using the latest available data, such as (a) having the entire RTS allocation contestable, using the existing RTS Index as the proxy for research performance, and retaining a cap to protect funding for continuing students or (b) allocating 75% of the annual RTS based on continuing load and having the remaining 25% contestable on the basis of research performance. This would need to be subject to more detailed modelling to assess the impact on

the longer-term alignment of research load with research performance, to ensure the outcomes are consistent with this fundamental principle.

- *Capping*  
Even though the 5% cap has to date limited growth of the University's research training potential, we appreciate that capping prevents major year-to-year fluctuations in funding and protects funding for continuing students.
- *Final notification of RTS allocations*  
It would be helpful if the determination of final RTS allocation could be made earlier in current-year prices rather than the present practice of a three stage allocation from (i) the Profiles based "provisional" allocation to (ii) the "final" allocation in past-year prices to (iii) the "final" in present year prices. The University has had to attempt to adjust its load targets each time the allocation changes and this has been quite difficult for faculties to manage with the final allocation being released after the primary recruiting period, and given the consequential budget implications.
- *Shift to sector wide funding rate per WEFTSU and semester-based calculations*  
The current system of a sector-wide funding rate for continuing students and an institution-based rate for allocations from the separation pool is unnecessarily cumbersome. The University of Adelaide supports the shift to one funding rate per WEFTSU, as this would simplify the calculation relating to separations, and converting the institution's RTS cash allocation to EFTSU. In addition, the use of semester-based calculations causes considerable flux, especially in combination with the use of two-yearly rolling averages in setting the performance index. A change to annual bases would simplify the calculations and aid institutional planning.
- *Return of funds*  
The capacity to carry forward underspent funds in 2002 effectively reduces the potential size of the separations pool available for reallocation and the impact of this is not yet clear for 2004 allocations. If a separations pool is retained, the precise relationship in the future between enrolment levels, reimbursement of funds to the Commonwealth and the consequential impact on the size of the separations pool and the institutional RTS allocations needs to be made clear. This uncertainty complicates our ability to project our future allocations and associated load targets. The timing of the recovery of unspent funds also needs to be made explicit well ahead of time in order for the University to manage its budget appropriately.
- *Load Reporting Issues*  
Accurately reporting students who have exhausted their entitlement is an issue with the present semester-based reporting. If a student exhausts their entitlement midway through a semester, or changes status in some way, they should presumably be reported with different HECS codes and the relevant associated EFTSU. Currently, however, definitions in the HECS file are such that it is a semester-based record of student and HECS code, making it impossible to report the load of these students accurately. Similarly, international students who gain Australian citizenship partway through the program need to be identified in order to be included as commencing students. An extra flag on the HECS file would make this easier.
- *International student completions*  
The University of Adelaide has no strong objection to the continued inclusion of these completions in the RTS index. Whilst RTS funding clearly is intended to support domestic HDR students, the inclusion of international students in this way does attest to the quality of the research training environment. However, if other institutions were aggressively recruiting international students specifically to improve their relative national share of completions, we

would be concerned. While Adelaide's RTS allocation remains capped, we could not benefit by matching such a strategy.

**Recommendations:**

It is proposed that:

- i) The RTS should continue to support the overall goal of aligning research student load with research performance;
- ii) A simplified RTS formula be adopted, by removing or perhaps simplifying the separations index, subject to an assessment of the impact of this change on the most research intensive universities;
- iii) That consideration be given to more straightforward funding models such as (a) having the entire RTS allocation contestable on the basis of research performance and retaining a cap to protect funding for continuing students or (b) allocating 75% of the annual RTS based on continuing load and having the remaining 25% contestable on the basis of research performance;
- iv) There be one WEFTSU funding rate for all students;
- v) Calculations be based on annual figures and that current year price adjustments be made before the end of the year preceding the funding year.

## **B.2 The Institutional Grants Scheme**

The University of Adelaide supports the principles behind the IGS allocation mechanism. However, we continue to have serious concerns that the present level of research block grant funds are insufficient to enable institutions to support the general fabric of research in all disciplines, as well as nurture emerging research areas, invest in cross-disciplinary initiatives and innovative partnerships, or to attract and develop the 'next generation' of research talent. The IGS should enable universities to both maintain discipline breadth in their research, as well as invest in research strengths in line with national research priorities and seed fund potential emerging strengths. The current level of IGS funding limits the University's capacity to support fundamental and strategic research at an internationally competitive level.

As an historically high performer in national competitive grants, the loss of double-weighting for National Competitive Grants in the IGS has been particularly disadvantageous for the University of Adelaide. Even combined with slightly increased RIBG funding, there is now a growing gap between the true costs of research and the funding provided. Adequate IGS funding is critical to our capacity to contribute to the fundamental knowledge generation that is the basis of modern knowledge-based economies and to providing a high calibre research training environment. The University of Adelaide recommends that the double weighting of NCGs be reinstated, unless and until the NCG system is reformed to meet the full costs of research or RIBG funding is doubled to return 45 cents on the dollar.

**Recommendations:**

That the double weighting of National Competitive Grants be reinstated (until such time as NCGs fully fund the costs of research or RIBG returns at least 45 cents on the dollar).

## **B.3 The Research Infrastructure Block Grant**

The University of Adelaide supports the principle of the allocation of block grant funding on a competitive basis. However, research in Australian universities is presently under-funded. If knowledge generation and innovation are to flourish, such activity must be funded at full cost. International evidence and national studies have clearly indicated the necessity to either fully funding the cost of competitively funded research or at least doubling RIBG funding.

The University supports the general principle of fully funding the costs of research through National Competitive Grants. However, we are sceptical that it will be possible to implement this change across all Category 1 funding agencies. We therefore recommend that RIBG funding be adjusted to meet the real costs incurred by universities undertaking competitive funded research. Various analyses have suggested that 45c in the dollar is the appropriate rate.

The Government has made a commitment as part of the *Backing Australia's Ability* reforms to increase support for research infrastructure through various programs, including RIBG, during the six years leading up to 2006. The University of Adelaide applauds this move but also believes it is critically important that there be a return at least 45 cents on the NCG dollar if RIBG is retained as one of the key mechanisms for delivering infrastructure support.

**Recommendation:**

That if National Competitive Grants continue to be funded at the marginal rate, the level of RIBG funding be effectively doubled as soon as possible, ensuring a return on NCG grant income of at least 45 cents per NCG dollar earned.

**B.4 Strategic coordination across Commonwealth agencies**

One objective of *Knowledge and Innovation* was to improve the connection between universities and the National Innovation System. Increased funding to support Centres of Excellence, for example (supported by ARC, GRDC, etc) involving researchers from universities and other research organisations, is a positive driver. However, the lack of an agreed mechanism to ensure on-going strategic coordination across Commonwealth agencies (e.g. DEST/ARC/GRDC) has caused conflict, confusion and significant expense to partners wishing to collaborate because of poor communication and inconsistent policies/guidelines between Commonwealth agencies.

For example, the apparent lack of consultation between ARC/GRDC and DEST prior to releasing guidelines for the Australian Centre for Plant Functional Genomics meant that universities had to develop proposals and foreshadow substantial cash and in-kind investment into a program without knowing whether it would qualify for RIBG funding, and therefore what capacity they would have to invest. More commercial governance models suggested for some collaborative Centres of Excellence were in conflict with University research income reporting principles enunciated by DEST in HERDC guidelines. Subsequent legal inquiries and debate with the agencies delayed Centre research activities and resulted in significant cost to the universities involved – dollars sorely needed for research. If universities are to participate and invest in this “innovation system” as they wish to do, cooperation and consistency between Commonwealth agencies is essential.

In particular, the operation of the Australian Competitive Grants Register is in serious need of attention. For example, the retrospective nature of ACGR approval has resulted in institutions having to assume financial risk for infrastructure costs should a scheme fail to join (or remain) on the Register.

**Recommendations:**

- i) That an agreed mechanism be established to ensure on-going strategic coordination across Commonwealth agencies;
- ii) That DEST and the AVCC establish a new and more responsive framework for managing the Australian Competitive Grants Register

## **B.5 A Research Assessment Exercise**

The University of Adelaide does not favour implementing a Research Assessment Exercise as in the UK and New Zealand, believing the RAE:

- is extremely bureaucratic and costly in terms of the researcher's time as well as in management costs;
- encourages competition between institutions at the expense of collaboration and fosters poor behaviour (e.g. poaching of high performing staff and research students);
- is self perpetuating in that it is very difficult for a department to recover from a lower rating;
- mitigates against innovation and activities of newer researchers in all but the top ranked institutions; and
- leads to "rating creep".

### **Recommendation:**

That a Research Assessment Exercise (as in the UK) not be introduced in Australia.

## **C. ADDITIONAL REMARKS**

### **C.1 The Australian Research Council**

The K&I initiatives included the provision of additional funding to the ARC to enable increased investment into Centres of Excellence, the Linkage program and other initiatives which the University of Adelaide strongly supports. The Reforms also provided for the appointment of new Program Managers who were *inter alia* to be Disciplinary Leaders who would understand and foster collaboration between research groups and talent across the country, and both promote and explain the ARC's programs. Unfortunately, these senior research academics have also been expected to double as Program Administrators, replacing senior administrative staff who had previously ensured clarity, efficiency and consistency between programs. This has not only resulted in a poorer, more inconsistent service and a diminished relationship between the ARC and university research managers (who have traditionally worked in partnership with the ARC) but diminished the effectiveness of these outstanding research leaders.

While most Program Managers have worked extremely hard to effectively fill their researcher leadership and administrative roles, the concept is flawed, has had a damaging effect on the program and needs careful re-examination.

### **RECOMMENDATION:**

It is proposed that the ARC should be appropriately resourced to institute 'best practice' in program management.

## **D. CONCLUSION**

The University of Adelaide would like to acknowledge that a relatively short period of time has passed since "phase one" of *Backing Australia's Ability* was introduced. Recognising that it is somewhat premature to implement major changes, the University believes the above recommendations will assist in fine-tuning the existing system and achieve the outcomes envisaged by the Commonwealth.

Deputy Vice-Chancellor, Research