

Submission by the University of Western Sydney to the Department of Education, Science and Training Evaluation of the Knowledge and Innovation Reforms

Reviewing Australia's Block Research Funding Schemes

1. Introduction

The University of Western Sydney (UWS), like all higher education institutions in Australia, has had to respond to major structural and funding changes during the last decade. UWS is a "New Generation University" established in 1989 and still in the process of building and consolidating its strengths. From the late 1990s, it embarked on a major internal restructure, acknowledged as one of the most far-reaching in the sector. The restructure was not fully operational until 2002. During this challenging period UWS continued to demonstrate its capacity to respond appropriately and innovatively to government policy initiatives and a wide range of regional, national and international issues. It has become adept at reacting positively to change.

Raising its profile in research and research training is a key goal for UWS. The *Issues Paper*¹ asks whether the *Knowledge and Innovation* reforms allow the possibility of an individual institution's markedly improving its funding position in a reasonable time by good research management. **UWS sees itself as capable of achieving significant growth in research and research training under conditions of performance-based research funding, with the important proviso that this funding environment is stable and treats equitably the kinds of research and sources of research funding to which it is oriented as a leading new generation university serving a large urban region.** This brief paper outlines the UWS response to the Commonwealth's Review of the DEST research performance funding mechanisms that were implemented as part of the *Knowledge and Innovation* reforms. The paper follows the structure of the review questions and seeks to respond to each of these.

On balance, UWS believes that the three principal Block Research Funding Schemes that arose from the *Knowledge and Innovation* reforms – the Research Training Scheme (RTS), Institutional Grants Scheme (IGS) and Research Infrastructure Block Grants (RIBG) – have given valuable impetus to strategic direction in university planning and management of research. They have supported greater selectivity and concentration of research in areas of particular institutional strength, and fostered systemic emphasis on research training in both its cultural and resource aspects.

¹ DEST (2003), Evaluation of *Knowledge and Innovation* Reforms, Issues Paper, p. 5.

The serious criticism UWS would make of these reforms, particularly the RTS, is that the legitimate policy intent reflected in them was not supported by the additional funding required to enable their objectives to be pursued effectively. This lack of additional resourcing, together with the harsh way in which the reforms were implemented, have had serious long-term consequences for UWS and the way in which it maintains and increases its research capacity and outcomes. The way these issues have arisen in UWS' experience of the three block funding schemes and their implementation is discussed below.

2. Response to the Terms of Reference

2.1. Funding for research training – the effectiveness and efficiency of RTS

In announcing the introduction of the RTS in the Research White Paper, *Knowledge and Innovation: A Policy Statement on Research and Research Training*, the Commonwealth Government argued that the RTS would address “persistent concerns identified by students, institutions and employers about the poor quality of some students' research training environments, mismatches between the research priorities of institutions and the interest of students and high attrition and slow completion rates of students”.² The RTS aims to recognise and reward those institutions that provide high-quality research training environments and support excellent and diverse research activities.

For UWS the early decisions around the implementation of the RTS (taken in 2000) were difficult and ultimately negative. Given the Commonwealth's desire to restrict the number of funded operating grants places to 21,500 EFTSU, developing institutions were faced with difficult choices. UWS had to decide how many of its Higher Degree by Research (HDR) places to retire in order not to incur significant financial penalties. The Commonwealth's calculations of projected losses were tested and shown to reflect million dollar losses of operating grant load if UWS had retained all its HDR operating grant load as new RTS places. In the event, UWS was forced to declare almost half of its then HDR operating grant load to be 'gap' load, and by the end of 2004 UWS will have an operating grant load (now RTS) of less than half of what it had in 2000. That the introduction of the RTS brought no net increase in funding for research training compounded this issue. This said, the introduction of the RTS has not had a negative dollar impact on UWS to date, i.e. for the years 2002 and 2003. The long-term impact, when capping is lifted and all gap places are removed from the system, is still hard to determine. UWS remains cautious on this matter.

The introduction of the RTS has seen improved focus on how universities recruit for, manage and resource their unique research training role. At UWS there have been systematic improvements in the resourcing of academic units for their research training activities, effectiveness of research supervision, attention to infrastructure needs, and support for the research costs associated with individual student projects.

² DETYA (2001), *Higher Education Report for the 2001 to 2003 Triennium*, March 2001, p. 149.

The University has given particular attention to quality assurance in research supervision, review of student progress, and the development of generic skills. The RTS has also highlighted the potential rewards that arise from effective completions, though the dollar values of these have been less than early discussions foreshadowed.³

The RTS is a difficult scheme for university management to drive. The mix of high-cost / low-cost places can change significantly from semester to semester and year to year, making it difficult to get certainty on total HDR load. Given this variability, it would be useful if the per cent maximum carry forward could be eased slightly to 7.5 per cent, giving greater flexibility in managing the swings and roundabouts of high-cost / low-cost mix that a university can encounter in any one semester.

The complexity of the RTS is a legitimate concern, but not one that should override other considerations. It is true that the cost parameters and complex separations pool arrangements make outcomes difficult to predict, and we are aware of arguments that the system has given rise to perverse incentives penalising universities focused on strong throughput.⁴ Present arrangements including the separations pool mechanism nevertheless reflect considerations of equity and stability that are important for universities like UWS and arguably for the university system as a whole. For all their complexity, these arrangements ensure continuity of funding for all students over the period of candidature, moderate swings from semester to semester and year to year, and allow all RTS places to be contestable over time. The RTS performance measures apply only to separations, and not to all student load. Under these arrangements UWS has been able to maintain and increase the provisional RTS allocation it was given in 2001. If the performance formula were applied to the entire \$515 million available under the RTS in 2003, UWS would suffer a significant reduction – approximately \$2.3 million – in the dollar value of its RTS allocation. University management can ultimately handle complexity, and generally should welcome equitable outcomes. **UWS would wish to see these considerations of equity and stability respected and preserved in any changes made in pursuit of greater simplicity and transparency in funding.** In particular, any move towards allocating all RTS funding on the basis of research performance would see massive funding swings and further concentration of research training at a small number of universities. For the health and diversity of the sector this would not be a sustainable outcome.

³ In 2003, only 15 per cent of RTS funding was actually allocated using the performance measures, ensuring a small dollar return on completions, income and publications.

⁴ King, Maxwell L & Dobson, Ian R. (2003), *The Flawed Nature of the Australia's Research Training Scheme*, Monash University, Melbourne.

2.2 Performance-based funding to institutions for research and research infrastructure – the effectiveness and efficiency of the IGS and the RIBG

2.2.1 IGS

The *Knowledge and Innovation* policy statement sought to provide a range of incentives “to reward institutional diversity, strong strategic focus, enhanced collaboration with other participants in the research and innovation systems, and research training environments that are responsive to the needs of students and employers.”⁵ The IGS was introduced in 2002, replacing the former Research Quantum (RQ) and ARC Small Grants Scheme.

IGS is the most discretionary of the Block Funding mechanisms, and allows universities like UWS to support a wide range of development and consolidation activity in a strategic way. UWS has used it as a driver of selectivity and concentration of research, with 100 per cent of IGS generated by UWS research centres returned to the larger host units to which they belong. IGS funds have allowed these units to support emerging areas of research strength and to support collaborative and partnership development, particularly with regional partners.

One of the significant incentives within the *Knowledge and Innovation* package was the equal weighting of all research income, in a move “to encourage institutions to be more outwardly focused in their research—in regional, national and international terms”.⁶

For a university like UWS that consistently receives 50 per cent or more of its external research income from sources other than Australian Competitive Research Grants, this innovation has been highly significant and greatly welcomed. UWS has a strong focus on partnerships and collaboration, particularly through regional partnerships. In 2001, UWS was in the top 5 universities (at no. 3) in terms of the generation of research income from local government sources, and is in the top 10 (at no.9) in terms of the generation of research income from state government sources. UWS was pursuing a diversified portfolio of research income and a range of collaborative research activity well before the promulgation of the *Knowledge and Innovation* paper and the introduction of the IGS. It remains committed to the key proposition of the *Knowledge and Innovation* reforms, universities that were more outwardly focused in their research would become more “effective and active participants in the national innovation system”.⁷ **UWS strongly supports the retention of equal weighting of all research income in the IGS formula.**

⁵ *Knowledge and Innovation*, 1999, p. iii

⁶ *Knowledge and Innovation*, p.16.

⁷ *Knowledge and Innovation*, p.16

UWS also supports the retention of the publications element in the formula for IGS income. The University has established an on-line reporting system for the collection of this data, and linked this with its identification of staff qualified for registration as research active staff. In our view such recognition of important hallmarks of academic achievement and the principle of peer review is an important affirmation of the central purposes of academic institutions. For the same reason, we are critical of the failure to recognise legitimate forms of academic output in some fields, primarily the creative arts and patents, in the component of DEST's formula that defines forms of research output.

The introductory phase of the IGS - 2002 to 2004 - has not, as yet, fully rewarded institutions like UWS for pursuing vigorously its partnership strategies and diversified research income portfolios. The capping of IGS increases to no more than five per cent growth during the period 2002-2004 has meant that UWS income from IGS has been pegged back significantly. This capping was designed as a safety net to protect universities relying on narrow ranges of research funding sources. **UWS believes these transitional arrangements have served their purpose, and that the capping on IGS should be removed as of 2005.**

2.2.2 RIBG

The RIBG aims to support high quality research by providing targeted infrastructure funding. Performance is based on an institution's share of National Competitive Grant (NCG) income.

The *Knowledge and Innovation* paper declined to support the notion that research infrastructure should be funded through individual research projects awarded to institutions - through agencies such as the ARC and the NHMRC, etc. Instead, the Commonwealth decided to retain the RIBG, which rewards institutions on the basis of their share of Australian Competitive Research Grants. This mechanism allows universities "the flexibility and capacity to manage their infrastructure requirements at the institutional level across all disciplines".⁸

UWS has seen its RIBG allocation rise significantly over the period 2001-2003, through increased performance in competitive grant income and the commitment of extra funds to the overall pool by the Commonwealth. The University has used these funds to reward performance, returning 100 per cent of the RIBG generated to the areas of strength that generated it. This generally enables our University supported research centres to continue to compete effectively in the national arena. **UWS believes the retention of RIBG and the injection of some new ARC funding for the payment of a portion of Chief Investigator salaries is a well-balanced arrangement.**

⁸ *Knowledge and Innovation*, p. 17.

UWS no less than other universities seeks to foster excellence in research, and supports competition based on peer review as an important principle in research funding. **UWS nevertheless opposes the provision of all research funding via a largely fully funded contestable model such as those administered by the ARC and NHMRC. Similarly, it does not favour the integration of IGS with RIBG with the combined funding allocated under the formula currently used to distribute RIBG funding.** The University does not believe that this should be the only principle guiding research funding. UWS also sees significant value in funding principles that affirm the importance of research development that is relevant to the needs of industry, business, community and government, and that foster collaboration with bodies in these sectors in the conduct of research and the commercialisation of its fruits. As a comparatively new university building its research profile, UWS requires funding mechanisms that support capacities for strategic direction and long-term planning.

2.3 Encouragement of strategic planning and verification of research and research training quality at institutional level – the effectiveness and efficiency of Research and Research Training Management Reports (RRTMRs) and the external quality verification framework

The introduction of RRTMRs has allowed universities an opportunity to systematically reflect upon goals, strategies and performances measures in relation to research development and consolidation. UWS has used this report to develop and communicate the strategic directions of research development to audiences within the University as well as to the government and the sector. The collection of national performance data through Section B of the RRTMR format has also been a useful development, providing cross-sectoral data relevant to some key research management issues. These reports have also allowed universities to benchmark themselves against national averages, sectoral groupings and other universities. The public availability of these reports contributes to sectoral transparency and accountability.

2.4 Regional Support Package – effectiveness of the \$6 million set aside to ensure that no regional institution suffers deterioration in research funding, from its starting position, in the first three years of the new arrangements

The *Knowledge and Information* reforms did not recognise UWS' responsibilities, legislatively mandated, to its region of Greater Western Sydney. Similarly, UWS has not qualified for assistance under the *Backing Australia's Future* Regional Loading initiative. UWS shares some of the important features identified in support of that initiative. It has six campuses spanning an area of 2,000 square kilometres, three of which are on the outer fringes of Sydney. It has low levels of demand from international and fee paying postgraduate students, and high levels of institutional investment in regional engagement and the development of community and industry

partnerships in the region. Equally, UWS research shares some of the key features with those universities that have been recognised, including strong shares of publications in earth sciences, biological sciences, chemical sciences, engineering and technology, and agriculture and environmental sciences. Similarly, UWS has research relations with industries such as agriculture, regional health care, state and local government services and sustainable tourism. Many of our research strengths lie in national priority areas. The location of the University away from Sydney's metropolitan centre, together with the distribution of its research activity over multiple campuses, increase the costs of UWS research and reduce its capacity to share infrastructure.

The University is seeking recognition of the regional nature of key parts of its activities under the terms of the *Backing Australia's Future* reforms. **It will seek to have its research activities similarly included in any extension of the regional support package under *Knowledge and Innovation* beyond 2004.**

2.5 Contestability of funding for the Institute of Advanced Studies (IAS) of the Australian National University (ANU) – effectiveness of the provision to the ANU of IAS access to the new competitive and formula driven research and research training schemes, in exchange for making a portion of the IAS block grant contestable.

In order to enable the Institute of Advanced Studies (IAS) of the Australian National University (ANU) to gain access to the Block Research Funding Schemes, as well as the competitive schemes of the ARC, the *Knowledge and Innovation* paper announced that the ANU would contribute approximately 20 per cent of the IAS block grant for research, according to an agreed formula, to the ARC's National Competitive Grants Program and to the Institutional Grants Scheme. In order to enable the higher education research system as a whole to adjust to the entry of the IAS, these arrangements were phased in over a four-year period.

This meant for the first time one of Australia's prestige research institutions had access to performance-based funding schemes such as the IGS, RIBG and the new RTS, whereas previously it had only had access to the Australian Postgraduate Awards and the ARC Research Infrastructure Equipment and Facilities Program. For a price, IAS researchers could also compete for ARC Discovery and Linkage programs.

One the whole, the ability of IAS researchers to apply for major national competitive funding has ensured that a range of innovative research and research collaboration is now systematically supported by such programs as the ARC Discovery and Linkage schemes. As the *Chance to Change* report effectively argued, "it is always better to widen the scope of competition than to operate a series of non-competing groups"⁹.

UWS noted in its submission to *The Review of Closer Collaboration Between Universities and Major Publicly Funded Research Agencies* (MPFRA), that **the**

⁹ Batterham, R. (2000), *The Chance to Change*, AusInfo, Canberra, p.75.

integration of MPFRA into the national innovation system needs to hinge on negotiations regarding a staged entry (transitional period with review), as well as an 'entry price' for access to such funding from annual Commonwealth appropriations. The funding pool needs to be increased. The IAS integration has set the groundwork for such expansion. As the AVCC argues, if access is extended, the IAS model must be used, and this "would satisfy the Government's objectives of ensuring that a greater share of research is funded on the basis of assessable quality."¹⁰

3 Conclusion

This evaluation comes at a pivotal moment for UWS' research future. In the first year of *Knowledge and Innovation* funding and following its restructure, UWS put into place its first three-year plan for research development, *The UWS Research Landscape*¹¹. This period has seen the University leverage the benefits of RTS, IGS and RIBG funding with significant investment of further funds and staff energies. The outcome has been substantial growth in diverse areas of research activity. Now, three years later, UWS is preparing to review the research centres supported from this funding, and the areas of research strength and concentration led by them. The University looks forward to a new period of sustained research development on the firmer basis now established, and in the context of performance-based funding for research and research training. It asks only that the basis of such funding be based on equity among universities with different histories, resources and research orientations, and that the funding system provide a stable, sustainable platform for institutions to set and pursue strategic plans for research development. We think this a fair basis for the funding of all institutions.

¹⁰ AVCC Submission - Draft - 5 September 2003, p5.

¹¹ UWS (2001), *The UWS Research Landscape: Vice-Chancellor's Institutional Review Committee Report*, Sydney.