This paper proposes changes to the 2011 Australian Competitive Grants Register (ACGR) as a result of the information collected and analysed through the review of the ACGR. These changes include improvements to the selection criteria; amendments to the process for listing and the ACGR administrative process.

1. Introduction

In January 2010, the Department of Innovation, Industry, Science and Research (DIISR) announced that it would undertake a review of the 2010 Australian Competitive Grants Register (ACGR).

The main aim for the review was to consider ways to streamline and improve the current administrative processes of the ACGR for the sector, the Department and scheme managers. The proposed changes are designed to improve the ACGR selection and listing process for all stakeholders while at the same time ensuring that any suggested changes to the administrative arrangements are consistent with the policy intent of Research Block Grants.

An advisory committee, comprising membership from DIISR and representatives of the higher education sector was established to provide input and guidance to the review. A list of ACGR committee members is provided at Attachment A.

The Higher Education Research Data Advisory Committee (HERDAC) was involved in establishing the Advisory Committee and developed and approved the final Terms of Reference for the review.

2. Terms of Reference

The Review of the ACGR:

1. Analysed the current ACGR and its alignment with the policy intent of Research Block Grants
2. Examined current selection and assessment criteria and related procedures
3. Identified opportunities to improve the administration of the current register ensuring that any suggested changes to the administrative arrangements are consistent with the policy intent of Research Block Grants.

3. Role of the Australian Competitive Grants Register

The ACGR lists schemes that provide competitive research grants to universities. Funding must be provided on a nationally competitive basis to all universities and clearly be for research only.

Income that HEPs receive from the listed schemes is reported under Category 1 research income of their Higher Education Research Data Collection (HERDC) returns. Category 1 research income is the sole data input for the allocation of Research Infrastructure Block Grants (RIBG) and is also used (with other inputs) to drive the allocation of other block grant schemes for research and research training. The income universities receive from schemes listed on the ACGR drives the allocation of over $200 million of Research Infrastructure Block Grants (RIBG) each year.
The purpose of RIBG funds is to enhance the development and maintenance of research infrastructure in universities. RIBG assists universities to meet the costs incurred when carrying out research projects supported by nationally competitive research funding schemes. RIBG provides a top-up for competitive research grants, as the grants generally do not cover the full cost of conducting the research projects. Indirect research costs supported through RIBG funding include the non-capital aspects of facilities such as libraries, laboratories, computing centres, the salaries of support and technical staff, and some travel.

The ACGR is also particularly influential in the allocation mechanism for the Sustainable Research Excellence (SRE) initiative. The dual objectives of the SRE program are to help address an identified shortfall in the funding available to meet the indirect costs associated with ACG research; and support universities to build and maintain research excellence through the implementation of best practice financial management, performance and reporting frameworks.

The first of these objectives reflects a need for additional support to universities to meet the project related infrastructure costs associated with ACG research and enhance the development and support of university research infrastructure more broadly.

The second objective, which distinguishes SRE from the RIBG and other research block grant programs, recognises that achieving research excellence on a sustainable basis is dependent on universities’ capacity to strategically manage their resources to meet costs associated with research activities. It also recognises a need for mechanisms and incentives to support universities to stretch their research performance over time.

4. **Current Criteria**

The current process of listing schemes on the ACGR requires that all existing schemes as well as new schemes must re-apply for listing annually. This ensures that the schemes remain compliant by addressing all ACGR criteria and therefore eligible to continue to be listed on the updated register. Scheme managers must re-apply to DIISR each year; there is currently no automatic mechanism for re-listing on the ACGR.

Schemes listed on the ACGR must meet the following criteria:

1. Funds must be provided on a nationally competitive basis and clearly be for research only.
2. The funding scheme must be nationally advertised and available to universities throughout Australia.
3. The funding scheme must have a well-defined mechanism for competition and selection by a well-qualified panel.
4. Funds must be provided through direct transfer from the funding agency to the higher education institution.
5. Grants in kind such as the use of facilities, equipment etc. or subsidised travel or accommodation are not eligible.
6. Funding schemes used exclusively to fund student scholarships are not eligible.
7. Schemes that provide funding wholly or mainly for infrastructure purposes are not eligible.
8. The funding body must agree to provide funding data to the Department of Innovation, Industry, Science and Research and the data must be up to date.
9. For non-Commonwealth research funding schemes, the total annual budget in 2010 must be at least $200,000.

5. **Current Administrative Process of listing on the ACGR**

Applications for both new and existing schemes are invited in October/November every year for listing on the ACGR. HEPs and current scheme managers are advised via e-mail that the ACGR is open for listing for a month. New scheme managers that have expressed an interest are also advised of the ACGR opening and the timeframe for submissions.

The verification of scheme managers’ contact details takes place prior to the mail out. In the case of no response from scheme managers, correspondence is followed up to make sure that scheme managers have been notified regarding the requirements to re-list their schemes.

Submissions for new schemes are required to address all selection criteria and are individually considered by DIISR staff. If an application is unsuccessful, the application cannot be resubmitted until the following year.

Existing schemes are required to annually lodge an application based on self assessment against the set criteria for inclusion. Applications from existing scheme managers are randomly checked for compliance. In the case of non-compliance, the scheme(s) will not be re-listed.

All applicants are advised via e-mail whether they have been successful or not. All HEPs receive a copy of the updated ACGR list. This year, the 2010 ACGR listing was made available on 25 March 2010. A flowchart illustrating in detail the current process for annual listing is provided at Attachment B.

6. **Consideration of Current Criteria and Administrative Process**

The committee examined the current selection process and considered the assessment criteria. Relevant procedures were also examined with a view to improve the administration of the ACGR.

Within the context of maintaining the policy intent of the ACGR, ensuring that the ACGR remains relevant in driving the fair and equitable of RBG funding a number of potential improvements have been identified by the committee. As well as changes to the administrative process and selection criteria, the committee considered a reduction in the number schemes on the ACGR would be a useful outcome of the review.

The following proposed changes would enhance the functionality of the ACGR and reduce the administrative burden on the Department, scheme managers and HEPs, whilst having minimal impact on the current distribution of RBG funding.
6.1 Selection Criteria

6.1.1 Criteria 1 and 2

- Funds must be provided on a nationally competitive basis and clearly be for research only.
- The funding scheme must be nationally advertised and available to universities throughout Australia.

The Committee recommended that in relation to criteria 1 and 2 scheme managers will be required to provide more detailed evidence that their schemes are competitive and advertised nationally.

6.1.2 Criteria 3

- The funding scheme must have a well-defined mechanism for competition and selection by a well-qualified panel.

The Committee recommended that in relation to criteria 3 scheme managers will be required to provide evidence of the selection mechanism and process that the scheme utilises. This would include evidence that the selection panel names and chair is well-qualified.

6.1.3 Criteria 9

- For non-Commonwealth research funding schemes, the total annual budget in 2010 must be at least $200,000.

The Committee recommended in relation to criteria 9 to increase the current minimum budget for schemes from the $200,000 threshold for non-Commonwealth research funded schemes to a higher amount would be of value.

Three options were modelled against a baseline of 2010 figures in order to ascertain the impact these changes would have on the total RBG funding for universities, and the specific impact it would have on RIBG, SRE, and Joint Research Engagement (JRE) funding given the distribution of these grants would be specifically affected by changes to the ACGR.

The amount of funding for Australian Postgraduate Awards (APAs), International Postgraduate Scholarship (IPRS), the Research Training Scheme (RTS) and the Commercialisation Training Scheme (CTS) for each university would not change as these grants use total research income across all categories for their calculations.

For the purposes of modelling each option, funding excluded from the ACGR (Category 1) has been reclassified under Category 2 and 3. As a result, the total research income reported by each university for RBG purposes would remain unchanged; only the category against which the income would be reported has changed.

The options considered by the committee would restrict listing on the ACGR to:
1. Commonwealth schemes only;
2. All Commonwealth schemes; and non-Commonwealth schemes with a budget of $2 million or more; or
3. All ARC, NHMRC & Rural R&D schemes; and other schemes with a budget of $2 million or more per annum.

**Attachment C** indicates the total impact that each of the options considered by the committee would have on the total RBG funding for all universities. The department will provide specific modelling of the impact on each of the RIBG, SRE and JRE allocations to individual universities separately to this paper.

Analysis of these options suggests that option 3 would have the least overall impact on the distribution of RBG funding to universities (only two would lose greater than 2% in total RBG funding) whilst facilitating a significant administrative improvement. This option would have reduced the number of schemes listed in 2008 from 140 to 90 (a 36% reduction) whilst retaining the greatest proportion (96.6%) of total Category 1 funding that was available to the sector.

Given these findings, the committee recommends modifying Criteria 9 to specify that to qualify for listing on the ACGR, outside of the ARC, NHMRC & Rural R&D Schemes, all other schemes must have an annual a budget of $2 million or more per annum.

By increasing the threshold from $200,000 to $2,000,000 per annum, some schemes would no longer be eligible for listing on the ACGR. In order to meet this criteria, where possible scheme managers may wish to consolidate their existing and comparable schemes in order to remain listed.

6.2 **Changes to the requirement to reapply annually for listing on the ACGR**

6.2.1 **Multiple year listing**
The Committee recommends that schemes should be allowed to register for the duration of their funding on the ACGR up to a maximum of 5 years. This would minimise the risk of eligible schemes not re-listing.

6.2.2 **Listing of lapsed schemes whilst money is still being dispersed**
The listing of lapsed schemes whilst they are still dispersing funding would ensure that universities could continue to claim competitive research income after the scheme has lapsed or terminated.

6.3 **Release of the ACGR**

6.3.1 **Draft ACGR circulated prior to finalisation**
The Committee recommends that a draft ACGR list will be circulated to universities prior to finalisation so that universities can ensure that any schemes that may have been omitted apply for listing on the ACGR before it is finalised.

6.3.2 **Prospective listing of ACGR**
The ACGR is currently a retrospective list that is made available in the following year.
The Committee recommends that the ACGR is released within the first two months of the calendar year for schemes that will disperse funding in that calendar year. This would provide universities with the opportunity to appropriately identify and manage Category 1 income for reporting purposes when it is received rather than the current situation of retrospective identification.

In order to transition into a prospective listing arrangement the 2011 ACGR would need to provide a retrospective listing for schemes that dispersed funding in 2010 as well as for funding that will be dispersed in 2011.

From 2012 onwards the ACGR would list only schemes that would disperse funding in that calendar year.

6.4 Feedback
The Department welcomes feedback on the options identified by COB 12 July via e-mail to RBGrants@innovation.gov.au

Any changes, once approved by the Minister will be implemented for the 2011 ACGR.
ACGR Committee members

Mr Justin Withers, Department of Innovation, Industry, Science and Research (Chair)

Prof Andrew Cheetham, ProVice Chancellor, Research, University of Western Sydney

Mr Warwick Dawson, Director, Research Office, University of Sydney

Dr Mark Hochman, Director, Research & Innovation Services, University of South Australia

Prof Jim Reynoldson, Deputy Vice Chancellor, Research, Murdoch University
### Current process for annual listing on ACGR

#### Process for current ACGR listed schemes to relist annually:
- Scheme Managers and universities receive notification when the ACGR is open for Applications for Listing. (This is usually around October or November and is open for 1 month)
- Scheme Managers need to complete an Application for re-listing available from the Department’s website.
- Out of the schemes submitted for re-listing, a random selection is examined to confirm their compliance. Two departmental officers conduct the assessment of the applications for re-listing.
- Schemes which applied for re-listing but were not selected for review are re-listed.
- Random assessed schemes that have been examined and are compliant are re-listed. Those that are found to be non-compliant are de-registered.
- Once ACGR assessments have been finalised (sign-off from General Manager) the updated ACGR is made available on Department’s website. (This usually occurs in the first quarter of the year)
- At the same time, the ACGR is made public Scheme Managers receive notification of either their re-listed or de-registered schemes.
- Universities also receive notification about the finalised ACGR.

#### Process for new schemes to be listed annually:
- Scheme Managers who have expressed an interest to be listed and universities receive notification when the ACGR is open for Applications for Listing. (This is usually around October or November and if 1st)
- Scheme Managers need to complete an Application for Listing AND provide supporting documentation to verify
- Two departmental officers assess the new applications with all relevant documentation to be able to verify that the applications are compliant.
- If supporting evidence is not sufficient to assess the application, assessors use other sources and/or request further information from scheme managers.
- Eligible schemes will be listed on the updated ACGR.
- Once ACGR applications have been finalised (sign-off from General Manager) the updated ACGR is made available on Department’s website. (This usually occurs in the first quarter of the year)
- At the same time, the ACGR is made public Scheme Managers receive notification of their successful application to have their scheme listed or their
- Universities also receive notification about the finalised ACGR.
Option 1 - Commonwealth Schemes Only

This model looks at the impact if only schemes with Commonwealth funding were listed. The exclusion of non-Commonwealth schemes would remove $49.9 million from category 1 funding. The number of schemes would be reduced from 140 to 93.

Percentage Change in 2010 Total Research Block Grants (RBG)

Analysis of chart 1 shows that no universities lose greater than 2% in total funding and one university would gain 2% in total funding (the University of Notre Dame, 2.3%).

Chart 1
Option 2 – All Commonwealth Schemes; and non-Commonwealth Schemes over $2 Million per annum

This model looks at the impact if all Commonwealth schemes and non-Commonwealth schemes with a budget of $2 million or more per annum were listed. The exclusion of schemes less than $2 million would remove $19.2 million from category 1 funding. The number of schemes would be reduced from 140 to 104.

**Percentage Change in 2010 Total Research Block Grants (RBG)**

The analysis of chart 2 suggests that no universities lose or gain greater than 2% in total funding.

**Chart 2**
**Option 3 - ARC, NHMRC & Rural R&D Schemes; and Other Schemes over $2 Million per annum**

This model looks at the impact if all ARC, NHMRC and Rural R&D schemes; and other schemes with a budget of $2 million or more per annum were listed. The exclusion of schemes less than $2 million would remove $29.8 million from category 1 funding. The number of schemes would be reduced from 140 to 90.

**Percentage Change in 2010 Total Research Block Grants (RBG)**

The analysis of chart 5 suggests that two universities would lose greater than 2% in total funding (the University of Notre Dame, 4.3%; and Bond University, 2.8%). No university would gain greater than 2% in total RBG funding.

**Chart 3**