Dear Anne

Review of HERDC Category 3 Research Income and the Joint Research Engagement Scheme

Thank you for the opportunity to make a submission to the DIISR review of the Higher Education Research Data Collection (HERDC) industry and other research income (Category 3), and the Joint Research Engagement (JRE) scheme. The University of Sydney is keen to cooperate with the review by providing data, other information and advice to inform the department’s analysis and modelling of options for reform. While we have contributed to the preparation of the Go8 and Universities Australia submissions, and in particular endorse the Go8’s responses to the specific consultation questions, we wish to stress the following points.

First, we are very pleased that DIISR is having a close look at HERDC Category 3 alongside the objectives of JRE, including consulting with the sector about options for changing the formula by which JRE funding is to be distributed in the future. This considered and consultative approach can only result in a stronger research block funding system.

Second, we strongly support the Government’s objective to enhance the level of research collaboration between Australian universities, industry and other end-users of research. Nevertheless, we are concerned that the decision to remove Category 1 HERDC from the former Institutional Grant Scheme (IGS) has resulted in some policy anomalies and tensions, which we believe require consideration by the review panel. For example, as the most flexible of all the research block grants, IGS funding has traditionally been used to cover some of the direct research costs that providers are explicitly prohibited from meeting from Australian Competitive Grant (ACG) project funding. Key among these excluded costs are the salaries of chief investigators awarded ARC or NHMRC project grant funding. Another major prohibited direct cost of ACG research is the gap between what the funding council will pay for a research fellowship and the full costs of employing the successful researcher.
Removing Category 1 income from the JRE allocation formula has severed the link between performance in ACG research schemes and a key source of discretionary research block funding that has been relied upon to cover the direct, as opposed to indirect, costs of undertaking public good ACG research. Over time, this is likely to mean that in order to sustain their performance in ACG schemes, institutions will need to rely more heavily on income from teaching and learning activities to cover the direct costs arising from success in ACG schemes. Given that the changes to the JRE were made alongside the introduction of the Sustainable Research Excellence (SRE), with its focus on the quality and sustainability of Australian university research, we are concerned that the long term risks to quality and sustainability of this reform may not have been thought through fully when the decision was taken as part of the 2009-10 Budget response to the Cutler Review of the National Innovation System. Moreover, there are components of Category 1 HERDC research income (eg ARC Linkage and Rural Industry and Research Corporation (RIRDC) schemes) that are clear indicators of an institution’s level of engagement with business and industry. Given the Government’s stated policy objectives for the JRE (encouraging industry engagement and supporting the general research fabric) and its broader objectives of ensuring quality and sustainability, it does not seem logical to exclude Category 1 income, and especially the industry-focused sub-categories of Category 1, from the JRE allocation formula.

Third, we note that the Review of Category 3 Income and the JRE is occurring alongside consideration of reforms to the allocation formulae for the Research Training Scheme (RTS) and the Sustainable Research Excellence (SRE) initiative. While these reviews are happening separately, we feel that it is critical that the end result is a research block funding framework that has the various components working coherently together to support research and research training environments that are competitive with the best in the world. To this end, we believe that consideration needs to be given to replacing weighted publications as a funding driver in all research block grants that currently rely on this indicator, with the same ‘ERA index’ that is arrived at for the purposes of determining SRE allocations. This includes the JRE, the RTS, Australian Postgraduate Award (APAs), Commercialisation Training Scheme (CTS) and the International Postgraduate Research Scholarship Scheme (IPRS).

In the build up to developing ERA, it was widely acknowledged that publication data alone was not a robust indicator of the quality or benefit of research and that the use of this indicator to drive funding may actually have led to an increase of publications in lower quality journals. Replacing weighted publications as a driver for all research block grants with ERA performance, moderated by an appropriate volume indicator, would in our view provide universities with the right incentives to improve the quality of their research (regardless of the funding sources) as well as their productivity. Such a reform would also serve to bring the funding drivers of the JRE into closer alignment with the Government’s policy objectives of encouraging excellence in research and research training, as well as enhancing levels of industry and end-user engagement.

We look forward to engaging with the department about these and other issues as the review proceeds.

Yours sincerely,

[Signature removed for electronic distribution]

Professor Jill Trewhella  
Deputy Vice Chancellor (Research)