

Review of Industry and Other Income and its relationship to the Joint Research Engagement scheme: IRU response

The IRU provides a short response to the discussion paper on the arrangements for collection of research income data for Category 3, Industry and Other Income and the related mechanism for the distribution of funds from the Joint Research Engagement (JRE) program. IRU members will provide more detailed comments in their individual submissions.

The IRU fully supports the Government's desire for universities to extend and deepen their relationships with industry and other users of research, including a vast range of individual Government agencies. IRU universities are committed to improving their engagement with industry and other research users, activity which builds on the IRU's emphasis on conducting high quality cross-disciplinary research recognised for its impact and relevance to the critical challenges and opportunities facing regional, national and international communities. In 2009 the IRU members generated category 3 revenue of \$79.6 million, 12% of the whole sector, and category 2 data of \$113.0 million, 15% of the sector.

The Government's major initiative to recognise and encourage such research was to create the Joint Research Engagement program from the previous Institutional Grant Scheme and alter the basis on which the program was distributed to consider research income other than that gained through Australian competitive grants. This increased the amount of block grant funding driven by category three income.

The Government did not, however, increase the pool of JRE funds to be distributed. It has in contrast increased block funded support for national competitive grants through the creation of the Sustainable Research Excellence program which build upon earlier increases to the Research Infrastructure block Grant program.

The impact is clear. Since 2000 the balance of research funding has moved strongly to the support of national competitive grant outcomes, as shown in the Table.

Program	Funding 2000-01		Funding 2004-05		Funding 2009-10		Funding 2014-15	
	\$ millions	Relativity	\$ millions	Relativity	\$ millions	Relativity	\$ millions	Relativity
IGS (now JRE)	257.2	3.2	290.6	1.6	317.8	1.5	371.9	0.6
RTS	504.5	6.2	552.2	3.0	603.9	2.8	706.6	1.2
RIBG-SRE	81.5	1.0	183.0	1.0	214.6	1.0	598.4	1.0
ARC	247.8	3.0	480.9	2.6	650.5	3.0	888.1	1.5
NHMRC	183.3	2.2	369.4	2.0	724.0	3.4	846.0	1.4

Source: 2009-10 Science and Innovation Budget Tables, Tables 3 and 4 and 2011 Budget papers

In 2014-15 the JRE will be 60% of the RIBG-SRE combination, when once it was more than three times the size. The increase to RIBG and the creation of SRE are major achievements that parallel the increase in national competitive grants. Universities have also worked to increase research income from other sources but in effect the Government has leveraged this from the same, annually indexed funding base. The impact of the exclusion of category one from the JRE formula is in comparison minor.

To strengthen the incentive for universities to build further on their support for the research needs of industry, Government and community organisations increasing the amount of the funding provided is much more significant that refining Category three research income data or the formula for the allocation of the JRE.

Hence IRU's approach to the issues raised in the discussion paper is that overall there is little value in refining those arrangements while the JRE funds remaining unchanged other than for annual indexation.

The one particular issue on which the IRU will comment is the placement of international income received from funding rounds comparable to those listed on the Australian national competitive grants register. This is one area where discussions across the sector indicate some interest in a change.

The discussion paper covers well the arguments against moving this income from Category Three to Category One. The effort to establish the legitimate basis for Australian grant programs to be considered part of Category One would be repeated in much more complex circumstances for each potential international program. Limiting the change to well known international programs would only suggest that other, less known, programs are less worth pursuing. The current sub categories require universities to divide international income between competitive and non competitive but there is no close scrutiny since there are no consequences from any mis-allocation.

The funding implication is that the Government's commitment to provide funding equal to 50% of national competitive grants is weakened moderately while the JRE funds will be subject to a slightly different distribution reflecting a university's relative strength in obtaining international competitive grants compared to other category three income. It would, however, mean that any additional category three income would have a slightly greater impact on retaining or extending a university's share of the JRE pool. It is difficult to see that this would be a significant enhancement to universities' willingness to pursue such funds.

On balance the case against moving international competitive grants is the stronger.

The IRU contact for this submission is Conor King, Executive Director, conor.king@iru.edu.au or 0434-601-691.

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