

Sharper Incentives: proposed changes and rules for Research Block Grants – IRU submission

The essence of the 2015 Watt *Review of Research Policy and Funding Arrangements* proposals for research block grants is that universities should be responsible for the use of funds against two prime purposes of supporting the universities' research output and supporting research students.

Accountability is tied to the university's responsibility to use the funds to ensure good outcomes at the risk of losing future funding should outputs reduce:

- without research income, there will be no future research support program (RSP) funding;
- without research student completions, research training program (RTP) funding will rapidly decrease.

Sharper Incentives for engagement: New research block grant arrangements for universities, the consultation paper on the revised research block grants arrangements, poses many options that would diminish the simplification the Watt report proposes, particularly for the new Research Training Program. Many of the options raised hold back from giving universities the responsibility to use the resources provided in the way they consider best to generate future research outcomes, with further funding dependent on success.

The IRU approach to the consultation questions on the new programs' requirements is to oppose rules that only express conservative good practice and to support those integral to achieving key policy aims for the two programs. The areas where we agree that full university flexibility for the Research Training Program should be moderated by other considerations are:

- to maintain the focus on research degree completions by limiting the period of support a student can receive;
- to ensure that student stipends ensure both a minimum reasonable level of support and also avoid the appearance of unnecessarily generous levels of support for some individuals.

On program reporting, the IRU approach is that it should be structured around the collection of relevant research outputs through an agreed regular national data collection with minimal collection of expenditure uses.

The draft guidelines provided as part of the consultation require amendment not just to remove unnecessary requirements as detailed in the following sections but to address the confusion in the Research Training Program guidelines introduced through combining how universities enroll students in large blocks with the fortnightly payment of stipends to those students who receive one (a minority).

The proposed funding allocation mechanism

The consultation paper outlines some useful changes to the funding allocation mechanism which the IRU supports:

- the proposed doubling of the HDR completion weighting for an Indigenous completion. The base weights chosen are those from the current research training scheme not those used for the Australian Postgraduate Awards scheme;
- the transition arrangements for each program.

Research Support Program

1. Allowable expenditure

The consultation paper table on p10 shows a simplified set of arrangements for potential controls of the use of RSP funds. It proposes that universities track the indirect and direct costs of research ascribed to RSP funds. Capital costs not directly about research and support for HDR Students would be excluded.

This is similar to, but less open, than the current Joint Research Excellence (JRE) requirements which the paper states as having no exclusions.

The JRE approach should apply across the whole RSP. The purpose of the funds is to underpin the research effort of the university, based on its judgment about the best use of resources. In doing so, it is not sensible to expect a clear division between how RSP and other research revenue is used.

- Retaining an annual statement that funds were expended on relevant research activities covers the Government's need to show its auditors a link from allocation to use. Government retains the power to conduct an audit of university accounts should it believe there is a potential case of serious misuse of funds.
- Exclusion of things like general capital costs of buildings ignores that the building does need to exist for research to take place in it. Other than the Commonwealth Grant Scheme, there is no other source of Commonwealth funding that would cover the research aspect of general capital costs.
- If a university were to direct RSP funding away from research productive uses, the result should be a reduction in research income and hence future RSP grants. Universities are better able to judge what is a productive use of funding than a central Government definition.

There should be a general requirement to use the funds to support the university's research outcomes with an annual statement to demonstrate the broad uses chosen.

Delete Draft Guidelines 1.10.5 (2).

2. Measuring performance

The paper argues that the Department needs some explicit information about the outputs from the RSP, while recognising that it is hard to separate research outputs from the RSP against other revenue streams.

The suggested measures of research staff, output or project numbers could likely be generated out of standard data provided through HERDC and ERA. In effect, the paper is encouraging universities to list their complete research output as having some RSP connection. It would be foolish to place any meaning on any more detailed allocation of outputs to RSP funds since they are intended to underpin research across the universities including for research infrastructure used for various research outcomes.

Performance measurement for the RSP should be drawn from the national reporting of research outputs, reflecting whole of university output.

Research Training Program (RTP)

The Research Training Program involves support for the education of individuals. This introduces factors other than program simplicity which in some areas require bounds on how program funds are used.

One aspect not considered in the paper is that research students with a stipend are generally paid through university salary systems, which are designed to handle arrangements for leave and related matters. The new Guidelines cannot assume that receipt of stipends is completely aligned with enrolment: a person can be enrolled but take leave from the research and payment of stipend for short periods.

3. A single funding pool

The Watt review's major transformation of current arrangements is to bring together all research training schemes into a single program. This includes fully integrating support for Australian and international students.

The option to split the RTP into two by limiting allocations to international students to a maximum of 10% of the whole program is unnecessary.

The risk of a major shift to support more international students at the expense of Australian students is small. The growth in international research student numbers of the past decade is a testament to the value of an Australian research degree. The research contributes to Australia's research outputs with some of the students remaining in Australia as productive residents and sometimes citizens.

The public politics of a large swing to international students should not be ignored but the real question is whether universities would ignore worthy Australian students in favour of international.

Without evidence that Australian students are being denied research places, no protected access is required.

The Department of Education and Training should monitor:

- *the number of Australian research students; and*
- *the balance of Australian and international research students, using reported data about student nationality and broad types of support (tuition, scholarship),*

to discuss with universities the reasons behind any major change over time.

Amend draft guidelines 1.15.30.

4. Eligibility criteria

The table on p16 sets out the current and proposed eligibility criteria. In all but one aspect it simplifies back to the essence.

The table retains complication for students who have access to other supports. It proposes:

1. there be no RTP stipend if another scholarship or salary equals more than of 75% of the proposed stipend;
2. no RTS stipend is paid if the student holds another scholarship which involves Australian Government support for tuition costs.

The question of whether it is good use of funds to support a student who already has access to considerable support is an important one. The logic of allowing universities to determine the best use of funds, knowing that money allocated to one student is funds not available for another

student, has to be set against the risk that some few cases could be used to undermine the flexibility of the program.

The interaction of the 75% rule and the potential for variable stipends (see Question 5) causes problems. The maximum amount of external support would increase the more the university is prepared to allocate from the RTP. Any use of this rule should be tied to a common base figure such as a minimum stipend (Question 5).

The IRU supports the proposed eligibility criteria set out in the Table.

5. Benefits

Question 5 asks whether the Government should set a minimum and maximum RTP stipend for research students.

The proposition that a stipend should not be less than the current APA makes sense but there could be cases where a student's base requirement is a smaller amount to top up other income, for example to offset a reduction in salary while undertaking a research degree.

IRU members consider it would be irresponsible to allocate large stipends to some students. However the need for a rule is constrained by the reality that large allocations to some students will limit the total number of stipends a university can award. A maximum is also liable to work around by universities using non RTP funds to top up a stipend. Complicated reporting that notionally distinguishes RTP from other revenue is not desirable.

Hence IRU does not support an imposed upper cap but believes universities creating high cost stipends need to be willing to justify those decisions. As with other areas, transparency should include the number and amount of stipends.

Amend draft guidelines 1.15.20 and 1.15.25.

6. Length of support

One significant achievement of the past twenty years has been to create a strong focus on research student completions to the benefit of

- the research system, through quicker access to research outcomes, and
- the student, by preventing an individual committing too many years to the one research project.

Completions remain central to the RTP.

A hard rule is required to retain completions as central to an effective RTP, avoiding the risk that many universities permit students to extend time of support outwards reducing total completions but with limited impact to universities if all do so.

IRU supports the proposed arrangements to extend the period for research support and stipend to a maximum of four years (PhD) and 2 years (Masters) with provision for a further six months in exceptional circumstances.

7. Application selection and offer processes

The consultation paper proposes that universities make clear the basis on which research training support is allocated, including explicit requirements for all stipends to be based on a competitive process and for international student tuition support also to be competitive. The latter is consistent

with the Higher Education Provider Standards, section 6, requirements for the levying of fees on international students.

The approach defines the broad framework for universities but leaves the detail of the process to each university.

The requirement for transparency about the selection process from admission to acceptance is reasonable.

8. RTP scholarship policy

This consultation process requires that a university set out in its rules the suite of arrangements for research students. These must be consistent with any remaining Government rules.

The concern is that the paper proposes that the Department monitor policies for deviance from current practice. Against Government aims for greater diversity and a level of competition it seems strange to object to explicitly stated rules and criteria just because they are different from standard practice.

The requirement for each university to have a formal RTP scholarship policy is reasonable. The Higher Education Standards set out requirements in this area which provide a suitable regulatory mechanism.

The Department of Education and Training should not be put in the position of shadowing a TEQSA responsibility.

9. Continuing students

The consultation paper proposes that any student enrolled before 2017 should continue with at least the support and stipend they currently have and would continue to receive otherwise. Universities may extend extra benefits where they wish.

IRU supports the arrangements for continuing students.

10. Measuring performance

The paper proposes increasing the extent of data about research students. These largely make sense to permit national assessment of the impact of the changes and the university and student responses.

However, the nature of any data collected requires a proper discussion in the context of all university research reporting. The process should integrate the question of research student data with the current reworking of the HERDC with the ERA collections.

The major risk is for the data collection to look for overly detailed information about the use of RTP to support students. Any data that pushes beyond the split of research student stipends and research support (which equals total RTP less stipends) will lead towards adjusting of data to fit reporting categories.

A major practical issue is that research student scholarships or stipends are handled through university Human Resources systems as most suited to dealing with regular payments, leave arrangements and related matters. Information from these sources cannot become a new data imposition.

Proposals to revamp data collection on research students' needs to be integrated with the current work to create a single research data collection that meets the suite of Government needs through a single viable data collection.

Measuring engagement

This IRU broadly supports the thrust of this section, changing the grouping of revenue within Categories 2-4, to place the focus at engagement with research end users rather than being a repository of all non-National Competitive Grant research income.

Guidelines to implement the programs

The consultation paper includes draft guidelines to implement the RSP and RTP. Potential areas for amendment have been flagged under each point above.

There is a more fundamental problem with the RTP guidelines. These are drafted under Part 2-4 of the *Higher Education Support Act* (Commonwealth Scholarships) rather than under Part 2-3 other Grants, using item 8 in the Table at 41-10, which currently supports the Research Training Scheme.

The difference is important. It is not sensible to treat the internal university support for a student as a 'scholarship' that in an individual way will track to each student. Where there are multiple students, some of the support will be individual and direct, with other elements broadly based for the benefit of multiple students. It is better to approach the use of the RTP as one lump for the university support and the rest as individual stipends.

As drafted, the Guidelines create problems through confusing how universities enroll students in large blocks with the fortnightly payment of stipends to those students who receive one (a minority).

Universities manage an HDR enrolment through semesters or research periods. Candidates are full or part time or "temporarily discontinued" for the entire duration of these "blocks". Universities do not manage HDR candidatures on a weekly basis.

University rules are written around these "blocks" including important ones such as fee amounts and refund policies, census dates for duration of studies, academic withdrawal/failure-to-complete decisions, rules for changing enrolment/course status and probation.

Universities manage stipends on a fortnightly pay-by-pay basis because they are payroll like matters.

Universities need to be able to enrol an HDR student for a "block" without having to change that enrolment for the duration of that block. At the same time, the University needs to be able to change the stipend on a fortnightly basis.

Because the RTP draft is drawn from the Australian Postgraduate Award rules, there is now a spill-over between the two frames. One example is 1.15.25(3) that states that "Each year, a HEP must pay each student their full-time or part-time RTP Stipend rate in proportion to the student's full-time RTP Scholarship".

The two approaches need to be disentangled, most suitably through payment of an Other Grant to support the training of research students.

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