



aamri

Association of Australian
Medical Research Institutes

SUBMISSION TO

**SHARPER INCENTIVES FOR ENGAGEMENT:
NEW RESEARCH BLOCK GRANT
ARRANGEMENTS FOR UNIVERSITIES**

July 2016

Contact:

Professor Doug Hilton
President
Association of Australian
Medical Research Institutes
ABN 12 144 783 728

PO Box 2097
Royal Melbourne Hospital VIC 3050
president@aamri.org.au
www.aamri.org.au

ABOUT AAMRI

The Association of Australian Medical Research Institutes (AAMRI) is the peak body representing medical research institutes (MRIs) across Australia. Our 47 member institutes are leaders in health and medical research, working on an extensive range of human health issues, from preventative health and chronic disease, to mental health, Indigenous health and improved health services. Collectively Australia's MRIs have over 10,000 staff and students and an annual turnover of more than \$1 billion. Their research ranges from fundamental biomedical discovery through to clinical research and the translation of research findings from bench to bedside. Together they cover an extensive range of human health issues, from preventative health and chronic disease, to mental health, Indigenous health and improved health services.

MRIs supervise and train over 1,500 Higher Degree Research (HDR) students each year.

Through their close links with health service providers, MRIs provide a unique research training environment intimately linked to clinical practice. They also help build links between the health system and the research sector by affording medical students and health practitioners easily accessible, world-class research facilities and training.

INTRODUCTION

The Association of Australian Medical Research Institutes (AAMRI) welcomes the opportunity to comment on the proposed new research block grant arrangements for universities. The consultation paper puts forward new arrangements addressing many of the main recommendations within the Review of Research Policy and Funding Arrangements (the Watt review) and the ACOLA Review of Research Training. Implementing the Watt review findings by developing new arrangements for the Research Block Grants provides an opportunity to enhance the way funding support is delivered for both research and research training.

MRIs receive around a third of National Health and Medical Research Council (NHMRC) funding, employ over 8,500 staff, and provide training to over 1,500 Higher Degree Research (HDR) students. As such, any potential changes to the research block grant arrangements will impact MRIs as well as universities. AAMRI welcomes many of the proposals put forward in the consultation paper to provide universities with greater flexibility to determine how best to support research, along with the proposals to enhance research training support. To assist in the further development of the new arrangements the following comments are provided under the relevant consultation issue numbers as set out in the consultation paper.

RESPONSE TO CONSULTATION ISSUES

RESEARCH SUPPORT PROGRAM

Issue 1 – Allowable expenditure

AAMRI is supportive of the proposal in the consultation paper to allow universities greater freedom in how they expend research block grant funding. Different universities can have very different missions, and as such universities, rather than government, are best placed to determine how funding should be directed towards different activities.

Administering MRI grants through a university

The consultation paper does not suggest any changes to the current practice whereby some MRIs choose to collaborate with universities and have them administer their NHMRC research grants. This practice increases collaboration between universities and medical research institutes, and allows universities to provide partial funding for the indirect costs of research incurred by MRIs. However, AAMRI suggests care is taken in the development of the final arrangements and regulations for the research block grants to ensure this practice can continue.

Any change to this practice should only occur in the context of developing a broader solution to the current funding arrangements which are in place to cover the indirect costs of research incurred by MRIs and hospitals (see next section). In this regard, AAMRI supports the proposed changes to provide greater flexibility to universities to determine the areas of expenditure that would best support their research activities. Such allowable expenditure should include allowing universities to provide funding to MRIs to assist them in meeting the indirect costs of those research grants being administered by a university on behalf of an MRI.

Meeting the full cost of undertaking research

For every dollar of direct Australian Competitive Grants Program (ACGP) research funding received (such as NHMRC and ARC funding) additional costs are incurred by the institution undertaking the research. Often referred to as 'indirect costs' these costs are estimated at 60 to 99 cents for every dollar received in ACGP funding^{1 2}. The research block grants (including the proposed Research Support Program) only covers part of this cost, with this shortfall being made up by universities re-directing funding from teaching and other non-research activities. This issue is particularly problematic for MRIs as they receive a lower rate of support than universities for the indirect costs of research, and are unable to draw on teaching income to make up this shortfall.

In developing new arrangements for the research block grants an opportunity has been missed to respond to the call in the Watt review to resolve the current complex and inequitable indirect cost support arrangements for non-university research organisations.

¹ LEK Consulting (2010) *Costing Medical Research to Reform Health outcomes*, prepared for the Association of Australian Medical Research Institutes.

² The Allen Consulting Group (2009) *The indirect costs associated with university research funded through Australian Competitive Grants*. Report to the Department of Innovation, Industry, Science and Research, <https://docs.education.gov.au/node/34645>

"Given the inconsistencies, the Department of Education and Training and the Department of Health should work to resolve the current complex and seemingly inequitable indirect cost support arrangements to determine how to achieve a level playing field for researchers that is independent of their host institution."³

Calculating the indirect costs of research

The proposal in the consultation paper for universities to report on the expenditure incurred on indirect costs of research is welcome. Gathering such data will help show the full cost of research being undertaken and will provide greater clarity on research costs and funding sources. This will be essential if the Government is to respond to the call in the Watt review to develop equitable and sustainable funding arrangements. Wherever possible such data gathering exercises should make use of existing datasets to reduce the administrative burden incurred.

Issue 2 – measuring performance

It is appropriate and necessary for the research community to demonstrate value for money by demonstrating the positive outcomes of research, but it should be acknowledged that every dollar spent administering and collecting performance data is a dollar that could be spent on research. Any future exercise to measure the performance of research supported by research block grants should, wherever possible, make use of existing datasets and collections.

RESEARCH TRAINING PROGRAM

Issue 3 – A single funding pool

The consultation paper suggests universities should be given greater flexibility in how they allocate funding from the Research Training Program. This would allow universities to determine the level of support offered to domestic and international students.

At present about 96% of research training funding from the research block grants is directed towards domestic students. The ACOLA review of research training found that in some disciplines it was proving difficult to recruit high quality domestic students. The consultation paper suggests that universities should be able to respond to this by offering additional funding opportunities through the Research Support Program to international students.

There is a community expectation that appropriate opportunities be available for domestic students, and the consultation paper expresses concern that removing nationality requirements could lead to a shift in the balance of support offered to domestic and international students. Under such a change the international students would be set to increase their share of funding from a relatively low base.

It would be prudent if the proposal to carefully monitor the impact of this change over the coming years were adopted, and where appropriate responded to with program changes. Furthermore, it would also be appropriate to target any additional research training opportunities for international students towards hard to recruit disciplines where high quality domestic applications are lacking.

Issue 5 – Benefits

The proposal in the consultation paper to allow greater flexibility for universities to provide more tailored support packages is welcome. In providing greater flexibility minimum support levels should be

³ Watt, I. (2015, 14-15) *Review of Research Policy and Funding Arrangements*. Available at: <https://www.education.gov.au/review-research-policy-and-funding-arrangements-0>

maintained at the current APA level to ensure that all research students in receipt of a stipend are adequately supported.

The consultation paper suggests that by allowing greater flexibility for student support packages there is a risk that competition between universities would lead to most students receiving the maximum level of support, and this would diminish the number of opportunities available. The risk of this unintended consequence appear to be relatively low given the strong incentive within the Research Training Program formula for HDR completions. Universities will be unlikely to reduce the number of funded places offered if it were to result in diminished enrolments and completions.

There are two approaches put forward in the consultation paper to limit the number of higher value scholarships. One is to limit these to 20% of the Research Training Program, and the other is to limit higher value support to HDR students in fields with demonstrable industry engagement, such as a formal program of industry placements. Should this second proposal be implemented then, in line with the ACOLA review of research training, a broad definition of industry should be employed. This would include MRIs being seen as offering such industry partnership and placements to HDR students.

Issue 6- Length of support

The proposal to align the length of student support for HDR tuition and stipends is welcome. The difficulties caused by the current system of providing tuition support for 4 years, and stipend support for 3-3.5 years have been well outlined in previous reviews⁴ ⁵. The proposal to align the length of both programs at 3 years and to provide for up to two six-month extensions is an appropriate way to align the support programs for students.

⁴ McGagh, J., Marsh, H., Western, M., Thomas, P., Hastings, A. & Mihailova, M. (2016) *Review of Australia's Research Training System*. Report for the Australian Council of Learned Academies, <http://www.acola.org.au>

⁵ House of Representatives Standing Committee on Industry, Science and Innovation (2008) *Inquiry into research training and research workforce issues in Australian universities*.

AAMRI MEMBERS

