
CONSIDERATION OF THE EVIDENCE

1.13 The Committee received 21 submissions to its inquiry. At its public hearing on 14 November 2000 it heard from representatives of four peak organisations and from officers of the Higher Education Division of the Department of Education, Training and Youth Affairs (DETYA). The evidence focussed on perceived weaknesses in the bill, as identified in some of the issues described below. There was broad support for the policy of re-establishing the ARC on a firm legislative foundation for the purposes of advising the government and for recommending and administering research grants.

Ministerial powers and accountability

1.14 A number of submissions referred to what their authors considered to be the excessively wide discretion given to the minister in relation to the allocation of funding. The Australian Vice-Chancellors' Committee (AVCC), which supported the broad thrust of the legislation, was critical of provisions which appeared to allow a minister to disregard ARC advice in relation to a funding proposal or a variations in funding for an approved proposal. The AVCC considered that the ministers approval or otherwise should be based only on recommendations or advice from the ARC.²

1.15 The Council of Postgraduate Associations (CAPA) made the same point, and claimed that this exercise of ministerial discretion could reflect upon the professionalism, independence and integrity of the ARC, creating a 'short-term focus' on its activity and compromising the peer-review process.³

1.16 In response to these claims officers of the Department of Education, Training and Youth Affairs explained that the bill under review would provide a legislative basis for peer review; that recommendations for funding would be dependent on this process, and that the minister would be specifically precluded from directing the ARC to provide a particular recommendation. On the issue of the sources of ministerial advice, the Department's view was that:

...there are a number of reasons why it is not appropriate for a minister to rely on only one source of advice. The minister may seek other sources of advice—it is quite appropriate for any government and for any minister to take a wide range of soundings on what funding ought to be provided from government. However, in determining that he does not wish to take a particular piece of advice from the ARC, he may not direct the ARC to provide a particular recommendation and he may only fund a grant that has gone through the peer review process. So the legislation is quite specific that the funding that will be made available to researchers must have been through this particular process. The ARC must provide advice to the minister, and the minister may take that advice into account in making his decisions.⁴

2 Submission No.1, Australian Vice-Chancellors' Committee, p.3

3 Submission No.3, Council of Australian Postgraduates Associations, p.17

4 Ms Jennifer Gordon, *Hansard*, Canberra, 14 November 2000, p.29

1.17 The Committee takes the view that a minister may need to take account of factors about which the ARC may lack the capacity to take into account when making recommendations. While the Committee recognises that a minister may find a high degree of protection in a provision which puts decisions in the hands of statutory officials, it considers the fettering of ministerial decisions to be undesirable on principle. The exercise of ministerial discretion is subject to the normal scrutiny of Parliament.

1.18 Another issue arising from evidence received by the Committee was that the new bill does not provide for the ARC to initiate its own inquiries. In the Committee's view, the practical limitations of the absence of any independent power of investigation is negligible. The ARC may always request the minister's concurrence to an inquiry into a particular matter, and the Committee considers it most unlikely that such a request could be ignored, coming as it does from ministerial appointees. The Committee notes advice from the AVCC that the ARC has rarely exercised its current power to hold independent inquiries.⁵ The Committee does not regard this matter as being of any cause for concern.

Non-completion of courses

1.19 In his closing statement on the debate in the House of Representatives, the Minister stated that one of the concerns of the Government has been that many postgraduate students have not been offered the degree of supervision and the quality training environment which would assist their studies. The result has been the very high level of non-completions by postgraduate research students in Australia. Less than 60 per cent of postgraduate research students complete their courses within seven years. There are many institutions where the completion rates are below 40 per cent; and some institutions where completion rates are not much more than 10 per cent. It is evident to the Committee that this amounts to a serious waste of resources; an erosion of the knowledge and skills base in the community; and an unfortunate legacy of underachievement experienced by many of these students. The Committee believes that the policy put forward in the White Paper and embodied in the legislation will provide a very powerful incentive for universities to assist their students to complete and to provide those students with excellent research training environments.⁶

1.20 Critics of the legislation argue that the fundamental problem in the proposed funding model is an over-reliance on completions as the funding driver in the Research Training Scheme. The argument put by the Council of Australian Postgraduate Associations is that when as much as 82 per cent of research funding is determined by completion, this will affect the scope and style of the research to be done. Ambitious, and therefore protracted, research is likely to be discouraged under such a scheme.⁷

1.21 The Committee regards such comments as speculative at best. According to advice given to the Committee, preliminary research carried out by DETYA confirms a view among universities that wastage of effort is clearly evident in postgraduate studies. There is lack of attention to the needs of students and inadequate alignment of research strengths with enrolments. DETYA officers have reported to the Committee opinions expressed in universities that a faster time for completion is consistent with requirements, in a knowledge-

5 Submission No.1, Australian Vice-Chancellors' Committee, p.4

6 Hon David Kemp MP, *Hansard* (Representatives), 2 November 2000, p.21984

7 Mr Bradley Smith, *Hansard*, Canberra, 14 November 2000, p.2

based economy, for the findings of research students to be relevant to their needs and to make an impact on society.⁸ The Committee notes the discretion provided for in the bill for the minister to extend the period of research funding eligibility.

1.22 The Committee notes that one aspect of the White Paper, *Knowledge and Innovation*, which has attracted a lot of comment in the debate in the House, and in evidence to the Committee, has been the creation of the two performance-based block funding schemes, the Institutional Grants Scheme and the Research Training Scheme. The Committee notes the Government's commitment to ensuring that the research training environment provided within Australia's universities is of the highest standard. The accreditation of research training management plans places a long-overdue quality control filter on funding applications. Objections to such a scheme are at odds with complaints about excessive ministerial control over funding processes. The Government's concern, and one that is shared by the Committee, is that these bills will ensure the most effective allocation of resource funds, securing a strong higher education research sector in Australia. The new legislation establishes a key element for successful innovation in the research and development endeavours of Australian universities.

Opening of ARC grants to private corporations

1.23 The Committee notes that funds for the Research Training Scheme and the Institutional Block Grants Scheme are allocated on the basis of performance-based formulae which reward institutions' relative success in attracting research students, winning research income and generating publications. This policy change has aroused adverse comment in some submissions, chiefly on the basis that research funds may need to be spread more thinly across more institutions, and because it is inappropriate for the ARC to provide research funding to some institutions currently ineligible for funding.

1.24 The National Tertiary Education Industry Union (NTEU) claims that if this proposal is permitted to proceed it will undermine the notion of the 'public university', and will accelerate arguments for the adoption of market models in the funding of Australian higher education.⁹ The NTEU stated, in part:

...it is important to keep in mind that the function of publicly funded research is to generate outcomes that can be captured by a wide range of users and that will benefit the society as a whole. ... I do not think it is in the national interest for private institutions to use public funds to generate research and research education when the benefits will flow principally to them rather than being disseminated with the wider community.¹⁰

1.25 The Committee believes that such views as these indicate a misconception about the intent of the legislation and its likely consequences. The Government has indicated that institutions not currently funded under the precursors to these Schemes are unlikely to attract substantial funding under the new arrangements, although there is an explicit intention to ensure that private universities such as the University of Notre Dame Australia and Bond

8 Mr Michael Gallagher, *Hansard*, Canberra 14 November 2000, p.29

9 Submission No.19, National Tertiary Education Industry Union, p.110

10 Dr Julie Wells, *Hansard*, Canberra, 14 November 2000, p.20

University should be able to compete on the basis of their performance.¹¹ It was explained to the Committee that:

The way the arrangements will work is that the formulae reflect the institutions' performance in the funding programs. An institution that has no performance would have great difficulty establishing its claims and therefore securing funding under these particular programs. There are a couple of institutions that currently have very small amounts of funding available to them, a very small number of APAs—only one or two—and who have only very recently been admitted to ARC programs for applications in small grants. Those institutions would take quite some time before they could build up sufficient performance claims to actually start figuring in the performance formulae.¹²

1.26 The Minister, Hon David Kemp MP, addressed concerns raised by Opposition speakers during the second reading debate in the House of Representatives on the issue of private research organisations. As the Minister explained:

Some members opposite have suggested in the debate that institutions such as Telstra and BHP would receive this funding ahead of rural and regional universities. I can assure the House that this will not be the case. As far as I am aware, BHP is not university. It has not submitted, and likely has no intention of submitting, a research and research training management plan to the government, and it has not been listed as an accredited institution on the Australian qualifications framework registers, both requirements which must be met by an institution if it is to be eligible for funding under these schemes. ...In relation to the funding programs administered by the Australian Research Council, it may interest members opposite that institutions other than universities already receive Commonwealth funding for research. In particular, museums successfully compete for Australian Research Council funding, as do not-for-profit research agencies.¹³

1.27 The Committee notes that the Australian Vice Chancellors' Committee raised the issue of ministerial powers in relation to the accreditation of research institutions. This would normally be a state matter, but Schedule 1 of the ARC (Consequential and Transitional Provisions) Bill 2000 amends the *Higher Education Funding Act 1988* to provide for a Commonwealth minister to develop criteria for approving institutions for funding purposes. (Subsection 23 (1D) and (1E)). The AVCC considered this provision to be open-ended.

1.28 As the AVCC itself conceded, however, the funding criteria are set down in an instrument that is subject to disallowance by Parliament. The Committee notes that such institutions would be subject to the same stringent processes of peer review as university research units. It appears that the intentions of the bill in this regard are consistent with the policy contained in the White Paper. Finally, the Committee heard evidence that the Minister, as chair of MCEETYA, recently signed up to a set of protocols intended to achieve national consistency for the accreditation of higher education institutions and courses.¹⁴ The Committee therefore sees very little possibility of a minister inappropriately exercising discretion under subsection 23 (1D) and (1E).

11 Submission No.21, Department of Education, Training and Youth Affairs, p.116

12 Ms Jennifer Gordon, *Hansard*, Canberra, 14 November 2000, p.30

13 Hon David Kemp MP, *Hansard* (Representatives), 2 November 2000, p.21984

14 Mr Michael Gallagher, *Hansard*, Canberra, 14 November 2000. P.31

Conclusion

1.29 These bills achieve two desirable policy objectives in relation to research funding. First, they provide a secure legislative foundation for the Australian Research Council. Second, they establish long-overdue provisions ensuring that the research efforts of Australian universities and their postgraduate students are pursued in a way that brings maximum benefit to universities, researchers and the nation.

1.30 The requirement that the ARC engage in long-term research planning, and that universities tighten their procedures in applications for funding grants, puts universities on notice that post graduate students require a higher level of support than has always been offered in the past. The Committee expects that the measures contained in these bills will result in a greatly increased proportion of postgraduate students completing their courses. The Committee believes that the passage of these bills will result in a renewed energy and sense of purpose in Australian university-based research endeavours.

1.31 The Committee commends this bill to the Senate.

Senator John Tierney
Chair

