



**SENATE EMPLOYMENT, WORKPLACE RELATIONS,  
SMALL BUSINESS AND EDUCATION  
LEGISLATION COMMITTEE**

**Consideration of the Provisions of the  
Australian Research Council Bill 2000 and  
Australian Research Council  
(Consequential and Transitional Provisions) Bill 2000**

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## PROVISIONS OF THE LEGISLATION

1.1 The Australian Research Council Bill 2000 and the Australian Research Council (Consequential and Transitional Provisions) Bill 2000 were introduced in the House of Representatives by the Minister for Education, Training and Youth Affairs on 7 September.

1.2 The bills were referred to the Committee by the Senate on 11 October 2000 on the recommendation of the Selection of Bills Committee. The Legislation Committee at its meeting on 31 October agreed to the proposed tabling date of 28 November and directed that submissions be called, and agreeing, finally, to a public hearing date of 14 November 2000.

### Background to the bills

1.3 The Australian Research Council was originally established under the *Employment, Education and Training Act 1988*, as a subsidiary council of the National Board of Employment, Education and Training (NBEET). An amendment to the Act, passed earlier in 2000, abolished NBEET, but the Government's policy of retaining the Australian Research Council under its own legislation is to be implemented with this legislation.

1.4 Government policy in regard to the role and functions of the Australian Research Council (ARC) was indicated in the White Paper entitled *Knowledge and Innovation: A policy statement on research and research training*, released in December 1999. The White Paper proposed an enhanced role in the provision of strategic advice to the Government regarding university research; increased responsibility for the administration of research funding; increased capacity to identify emerging areas of research excellence; and capacity to link university research with business innovation.

1.5 In introducing the bills into the House of Representatives, the Minister, the Hon David Kemp MP, noted that the White Paper proposed a dual approach to funding research and research training in the higher education sector. Financial support in the form of performance based block funding would ensure the provision of a high quality environment for research and research training. Support would also be provided to outstanding individual researchers and research teams through competitive grants administered by the Australian Research Council.<sup>1</sup>

### Main provisions of the ARC Bills

1.6 The bill provides for the establishment of the ARC as an independent agency within the Education, Training and Youth Affairs portfolio, with the role of providing strategic policy advice to the government on research in the university sector. The ARC will also be charged with increasing awareness and understanding among the community of the outcomes and benefits of Australian research.

1.7 This bill establishes a new funding regime for a national competitive grants program, giving the ARC full responsibility for its administration. Through its system of peer review, the ARC will have an enhanced capacity to identify and respond to emerging areas of research excellence, as well as supporting Australia's traditional research strengths.

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1 Hon David Kemp MP, *Hansard* (Representatives), 7 September 2000, p.18362

1.8 For the purposes of building links between higher education research and its users, the board of the ARC will consist of eight appointed members, reflecting the breadth of academic, industry and community interests in research and its outcomes, and five ex-officio members. These ex-officio members will include the secretaries of the Departments of Education, Training and Youth Affairs and Industry Science and Resources; the Chief Scientist; the Chair of the National Health and Medical Research Council; and the newly created position of Chief Executive Officer of the ARC. The Chair of the board is to be appointed by the Governor-General and all other board members, including the Chief Executive Officer, are to be appointed by the minister.

1.9 The ARC will, each year, produce a strategic plan for ministerial approval, outlining the objectives to be achieved over the next three years. The plan will include performance indicators, which will enable the performance of the ARC in meeting its goals to be assessed.

1.10 The ARC is required to make recommendations to the minister in relation to funding approvals, and the minister may rely solely on ARC recommendations, but is not required to follow ARC recommendations in all cases.

### **Australian Research Council (Consequential and Transitional Provisions) Bill 2000**

1.11 This bill was considered cognately by the Committee. It implements a number of initiatives announced in the White Paper. There are important provisions in this bill which became issues for Committee consideration, as described in the next chapter. In particular, the bill provides that access to block funded schemes will be limited to those institutions that are listed in the Australian Qualifications Framework. 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 income.

1.12 The bill also repeals the *Employment, Education and Training Act 1988*.



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## 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.<sup>2</sup>

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.<sup>3</sup>

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.<sup>4</sup>

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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.<sup>5</sup> 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.<sup>6</sup>

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.<sup>7</sup>

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-

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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.<sup>8</sup> 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.<sup>9</sup> 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.<sup>10</sup>

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

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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.<sup>11</sup> 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.<sup>12</sup>

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.<sup>13</sup>

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.<sup>14</sup> The Committee therefore sees very little possibility of a minister inappropriately exercising discretion under subsection 23 (1D) and (1E).

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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**



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## OPPOSITION SENATORS' REPORT

1.1 The Australian Research Council Bill 2000, and its companion bill, together represent a flawed attempt at establishing a proper legislative basis for the Australian Research Council. They represent also a wasted opportunity for the Government to show a strong commitment to research funding for universities, and they foreshadow an accelerated program for increased dependence of universities on their own commercial operations and on commercially sponsored research from outside the universities.

### **Power without policy**

1.2 Opposition senators have a number of reservations about these bills, notwithstanding the fact that the Minister, the Hon David Kemp MP, has taken some note of Opposition objections to the 1999 White Paper which forms the policy basis to this legislation. These reservations are dealt with below. It needs to be stated at the beginning, however, that the first and major concern of the Opposition is that, in the midst of all the Government's rhetoric on the dawn of a new age of research, there is not one additional real dollar for national research attached to this bill.

1.3 The Opposition's broad concerns about this legislation, extensively canvassed in the second reading debates in the House of Representatives, highlight particular contradictions in Government policy in regard to this legislation. In later paragraphs to this report problems and dangers are identified in relation to ministerial discretions that are exercised without proper parliamentary scrutiny. Yet, there is little indication that the Government is interested in showing leadership in arresting the decline in overall national research and development expenditure. Ministerial power is to be arbitrarily exercised within a policy vacuum. The point was made in evidence to the Committee given by the president of the Council of Australian Postgraduate Associations:

Research is fundamental to the whole innovation push that we are trying to develop in this country. The problem with the minister being able to control that totally—which is what he is able to do currently—is that you are setting up strong probabilities that short-term objectives, perhaps politicised objectives, will dominate agendas. Establishing new areas in research requires long-term investment, so you need a more strategic and longer term view. I can point to many examples around the world where governments have embarked on 10-, 20- or 30-year plans to develop particular research directions—for instance, the research triangle in North Carolina. That is another point. Understanding research is highly complex: it is beyond the scope of any one person—minister or otherwise—to understand all the relevant issues. That is why you need a professional, well-resourced organisation that can look broadly, and that is why you need an independent, broadly based Australian Research Council that can take all those things on board.<sup>15</sup>

1.4 Opposition senators argue, in support of this statement, that ministerial control is not the same thing as Government (or ministerial) leadership on broader issues of policy and funding, which is currently so lacking.

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15 Mr Bradley Smith, *Hansard*, Canberra, 14 November 2000, p.5

1.5 An element in the policy behind these bills suggests a refined version of a ‘growth through efficiencies’ policy which has been characteristic of funding of the vocational education and training sector. In these bills the emphasis on efficiencies is indicated by the advocacy of competitive funding processes and concerns about completion rates. Opposition senators observe that the Government is unable to acknowledge that the policy solutions it proposes are directed at a problem resulting from several years of inadequate government funding. Unless the decline in real funding levels for research is arrested and reversed, Australia will inevitably fall further behind in terms of international competitiveness.

### **Ministerial powers and accountability**

1.6 Under the proposed legislation, the minister assumes powers and discretions which are, in the opinion of a number of interest groups, excessive. These relate to matters of funding eligibility and to matters of ARC administration, matters of concern to Opposition senators considering these bills.

1.7 In the first of these issues, clause 52 of the ARC Bill allows a minister to ignore advice from the ARC in approving or rejecting a funding proposal. The Government argues that the minister must have a discretion to take note of other sources of advice, although without giving any reasons. Opposition senators agree with critics of the legislation who argue that issues of propriety arise here. As a submission from the Council of Australian Postgraduate Associations argues, ministerial veto potentially opens up research to allegations of ‘cronyism’ and may undermine peer review, verification and quality.<sup>16</sup>

1.8 There can be little argument that ministers should take a ‘hands off’ approach to direct funding decisions, even when the processes of peer review make ministerial intervention a risky practice. It is a minister’s role to give general policy direction and allow independent decisions to be made in accordance with these directions. At the very least the Opposition supports the recommendation made in the submission from the National Tertiary Education Industry Union that:

in the interest of maintaining the independence of decisions made in relation to research funding, any decision made by the Minister in relation to funding of research proposals should be on the advice of the ARC. At the very least, the Minister should be required to table in Parliament the particulars of any funding decision taken contra to recommendations made by the Council.<sup>17</sup>

1.9 The second issue of ministerial power was raised in a considerable amount of evidence presented to the Committee which was critical of the provisions giving to the minister powers more properly exercised by those whom the minister appoints to the Board of the ARC. A minister should be able to back his or her judgement in appointing the Board by remaining at arm’s length from ARC administrative processes. To this extent the drafting of the ARC Bill departs from traditional practice.

1.10 If the ARC is a truly independent body, charged with giving advice to a minister on research trends and in anticipating the unforeseen, it should have the power to initiate its own inquiries. The National Health and Medical Research Council has such an independent

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16 Submission No.2, Council of Australian Postgraduate Associations, p.17

17 Submission No.19, National Tertiary Education Industry Union, p.109



power, one reason for this being, no doubt, the obvious one that medical research is esoteric, and any ministerial interference in such matters would appear ludicrous. Beyond that, however, the ARC should be charged with the responsibility to maintain an oversight of trends and directions in national research policy, independent of immediate party political concerns and priorities. Therefore it is appropriate - even essential - that the Council have the power to initiate inquiries.

1.11 Strong evidence was given to the Committee from representatives of the Federation of Australian Scientific and Technological Studies (FASTS) about the consequences of misinformed decisions made by ministers in the face of professional scientific advice. Professor Sue Serjeantson referred to the British Government's BSE inquiry, in which it was found that public confidence in the Chief Medical Officer and in scientific advisory committees was put at risk by ministers' misuse of advice for political purposes. It was recommended that scientific advice should be seen to be objective and independent of government.<sup>18</sup>

1.12 Transparent processes are regarded very seriously by the academic community, not only because of the need to account for the expenditure of public dollars, but because academic research reputations are at stake. This perspective was explained to the Committee in the evidence presented by the Federation of Australian Scientific and Technological Studies. For FASTS, the current plan for the ARC as set out in the legislation is a pale shadow of what the organisation should be. Professor John White explained that the original concept was a 'rather grand' vision. Professor White questioned the need for such ministerial control.<sup>19</sup>

1.13 Opposition senators consider it desirable, therefore, that the ARC Bill to be amended to allow a minister to make broad policy directives, and for a minister to routinely approve recommendations of the ARC Board which are made in accordance with a minister's directions. In addition, the bill should allow for the Council to initiate inquiries.

### **Parliamentary scrutiny of funding decisions**

1.14 This legislation, which gives increased discretionary power to a minister, compounds this deficiency by providing for reduced parliamentary scrutiny of ministerial decisions. The majority of submissions put to the Committee comment on the lack of transparency and accountability in funding processes. Under the current act, and under the National Health and Medical Research Council Act, the minister is required to table advice within 15 parliamentary sitting days. There is no good reason why this requirement should not be maintained under the proposed legislation. Opposition senators do not consider the listing of decisions in an annual report to be an adequate substitute for the tabling of decisions within a set time limit.

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18 Professor Sue Serjeantson, *Hansard*, op.cit, p.11

19 Professor John White, *Hansard*, op.cit, p.16

### Course completion and quality of research

1.15 The Government has seized upon postgraduate course completion rates as a major justification for the funding measures provided for in this bill. Early drafts of the 1999 White Paper proposed a maximum period of three and a half years to complete a Ph.D degree. It appears uninformed of the Government not to see the nexus between failure to complete courses and need for students to return to jobs in order to survive. Universities are found to be at fault for failing to nurture the academic progress of postgraduate students. This problem also, to the extent that it exists, is a consequence of the underfunding of universities.

1.16 The Government's particular mindset on this issue is closely related to the managerialist doctrine of university administration that is now prevalent: which is in turn the result of a crisis in funding. It is now considered desirable that research must be closely related to commercial values, even though the value of much university research lies in the generation of original ideas, or 'pure' research. Postgraduate students are the cheap intellectual labour upon which the research industry edifice is built. Such issues go to the core of quality research. The Committee noted in the submission from CAPA a concern expressed that eligibility criteria for research may be so prescriptive under the new bill that it is likely to entrench a tendency toward isomorphism between institutions. That is, that research would tend to become trapped in narrow paths and original ideas may not be developed or exploited. This would mean too much reliance on too narrow a range of input and output measures for funding purposes.<sup>20</sup>

1.17 Both the AVCC and CAPA drew the Committee's attention to the tenuous basis for the Government's reliance on non-completion rates as a reason for providing funding time limits on courses. It was claimed that the statistical basis of the figures used by the Government, showing high rates of non-completion was flawed. The AVCC told the Committee that it had sought in vain to have DETYA release the internal memorandum, and was now considering whether the AVCC should undertake its own survey of postgraduate students. Without access to DETYA's data it was not possible to assess its validity. The AVCC told the Committee that completions data did not tell a complete story. In particular it often failed to take into account people who were pausing in their studies.<sup>21</sup>

1.18 CAPA claimed that data about completions and attrition which had formed the basis of the White Paper was 'deeply flawed'. CAPA gave evidence that:

The claim is that 60 per cent have completed after seven years. Forty per cent of postgraduate research students are, in fact, part time. In the current funding arrangements there is five-year funding for doctorates, which could be 10 years for part time. Given that 40 per cent are part time, you would not have expected many to have completed within seven years. Because that data does not compress to effective full time it is highly misleading.

At other times the minister has claimed the attrition rate is too high. The data for the attrition rate is highly flawed. For instance, a higher degree research student submits their thesis and then ceases to be a student, and there can be a three-, six- or 12-month period for the examination process. Any student who is in that period is counted as an attrition in the data. To say that they are an attrition in any

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20 Submission No.2, CAPA, p.21

21 Mr Stuart Hamilton, *Hansard*, op.cit, p.23

meaningful sense of the word—say, drop out—is patent nonsense. That is the quality of data that has underpinned all the government’s arguments about completion rates, attritions and so forth.<sup>22</sup>

### **Funding eligibility: Research Training Scheme and Institutional Grants Scheme**

1.19 The Australian Research Council (Consequential and Transitional Provisions) Bill 2000 amends the Higher Education Funding Act 1988 to provide funding for two competitive funding schemes, the Research Training Scheme (RTS) and the Institutional Grants Scheme (IGS). Institutions registered with the Australian Qualifications Framework may apply for funds from the two new Schemes. The Opposition is concerned that a provision contained in clause 23 (1D) and (1E) will give a minister power to determine that non-university research bodies, including commercial research companies, will be eligible for funding under these schemes. The Labor senators note, however, that it is already possible for institutions and organisations other than universities to apply for research grants under the ARC Large Grants Scheme.

1.20 Of great concern to Labor senators is the potential eligibility of organisations other than properly-established universities to offer research training under the Research Training Scheme. This would effectively allow organisations not listed on the AQF register, and not duly accredited by the appropriate authorities, to teach postgraduate research students - and, presumably, to award degrees. While there are arguably separate legal impediments to the awarding of degrees by bodies not expressly accorded the power to do so by means of legislation, the concern here is that the bill allows the minister to circumvent existing higher education accreditation processes and structures. This could happen, theoretically, at the whim of a minister. It undermines the integrity of existing structures and processes, and also flies in the face of the intentions underlying the new Australian Universities Quality Agency. The awarding of doctorates and other higher degrees should remain the province of universities: it goes right to the heart of their role as centres for learning, research and scholarship.

1.21 While the Opposition notes Government assurances that non-university research bodies are unlikely to be eligible for grants under either of these schemes, this assurance has limited value, and then only in the short term. It is inevitable that private research organisations will attempt to meet guidelines which are currently being drawn up to allow scarce research funds to be disbursed more widely. While these guidelines will be disallowable instruments, this provides insufficient protection for the rights of public institutions to research and research training funding.

1.22 As Opposition senators noted earlier in this report, the expected contribution of universities to research lies largely in ‘pure’ research, without which there can be no commercial application of research. There is a link between basic research, as well as applied research, and economic growth. In both areas Australia’s research efforts are declining, relative to other comparable nations. As far as basic research is concerned, this neglect is all the more outrageous considering that funding needs for a broad spectrum of basic research are relatively modest. In evidence to the Committee, Professor Christopher Fell provided a concise example of the need for pure research driven by the requirements of knowledge rather than the market place:

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22 Mr Bradley Smith, *Hansard*, op.cit. p.6

I think also that if areas of research are overly directed—if one can conceive of that situation occurring—our coverage will drop off. I can give you no better example than this: the NHMRC allowed virology to continue when people thought it was an old science and Australia's very effective response to AIDS was a clear response to the fact that we had a few good virologists. You simply cannot push research in a certain direction; you really have to keep a lot of flowers blooming. They are not very costly flowers in terms of the nation's total investment.<sup>23</sup>

1.23 The Opposition also notes a view expressed in the submission from the University of Melbourne Postgraduate Association stating that proposals permitting private research bodies to compete with universities is fundamentally counterproductive because it undermines existing cooperative arrangements which support industrial research. The submission notes that the CSIRO has had successful links with industry over most of the past century. This kind of collaborative effort is threatened by allowing universities and business to compete for the shrinking pool of ARC funds.<sup>24</sup> Opposition members of the Committee concur with the view that this provision owes much more to ideological posturing than it does to any reasoned analysis of Australia's overall research needs.

1.24 Labor senators believe that eligibility for access to RTS and IGS funds should be limited in the bill to those institutions listed in Schedule A of the *Higher Education Funding Act 1988*. They note the view expressed by the NTEU in this matter:

The need to ensure parliamentary scrutiny here is particularly important, given that the new national protocol dealing with accreditation agreed to by the states and the Commonwealth has still to be given legislative force. NTEU believes that, if greater contestability is required, new institutions in receipt of moneys should be subject to parliamentary scrutiny and accountability in the same way as other institutions, through the Higher Education Funding Act and its associated schedules, as well as being included on both AQF registers. Parliamentary scrutiny is an important public safeguard in areas where substantial public funds are being expended.<sup>25</sup>

## **Conclusion**

1.25 Labor senators have grave reservations about these bills. Some of these concerns go to the general direction of the Government's White Paper reforms, although we are pleased to see that some of the more extreme proposals originally put forward by the Government have been wound back in the legislation. It is crucial that the Government recognise, moreover, the need to provide higher levels of public funding for both basic and applied research, and to recognise also that measures to encourage industry involvement in, and support for, research must be improved.

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23 Professor Christopher Fell, *Hansard*, op.cit., p.14

24 Submission No.7, University of Melbourne Postgraduate Association, p.45

25 Dr Carolyn Allport, *Hansard*, op.cit., p.17

**Recommendations**

1.26 It is recommended that the bills be amended to:

- require the minister to table in the Parliament the details of any funding decision taken that goes against the advice of the ARC;
- allow the ARC to initiate its own inquiries, under the broad policy direction set by the minister; and
- provide that institutions eligible for funding under the Institutional Grants Scheme and the Research Training Scheme be subject to Parliamentary approval.

**Senator Kim Carr**  
**Deputy Chair**

**Senator Trish Crossin**



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## AUSTRALIAN DEMOCRATS MINORITY REPORT

1.1 In its December 1999 White Paper, *Knowledge and Innovation: A policy statement on research and research training* ('the White Paper'), the Federal Government proposed a series of reforms designed to encourage the development of a 'strong and vibrant research base'.

1.2 At the centre of these reforms is the restructuring of the Australian Research Council (ARC), to make it 'an independent and responsive ARC that is able to play a more strategic role in providing advice on the allocation of funding'. The changed role and functions of the ARC are set out in 2.2 of the White Paper as:

- an enhanced role in the provision of strategic advice to Government regarding research in the university sector;
- increased responsibility for the administration of research funding programmes for which funds will be appropriated under the new Act;
- a reformed governance and organisation structure reflecting the need to link university research with the innovation system;
- an enhanced capacity to identify and respond to emerging areas of research excellence; and
- an accountability framework emphasising transparency and performance.

1.3 The Australian Democrats do not believe that the Bills, as currently drafted, serve these aims, and will move to amend them accordingly.

### **Independence of the ARC compromised by the bill**

1.4 The Government has touted these reforms as enhancing the independence of the ARC. In effect, the autonomy of the ARC has been undermined by a number of proposed reforms.

### **Power to initiate own inquiries**

1.5 Under the proposed legislation, the ARC is to carry out ministerial requests for advice. However, the capacity for the ARC to carry out its own inquiries, as provided in the *Employment, Education and Training Act 1988*, into research-related matters has been removed.

1.6 These provisions may be contrasted with the legislation governing the operation of the National Health and Medical Research Council (NH & MRC), which provides that the NH & MRC may initiate its own inquiries.

1.7 In a climate of increased emphasis on the need for research, development and innovation, the role of the ARC in identifying research priorities and innovative capacity is more important than ever. Any diminution of this role will be strenuously resisted by the Australian Democrats.

1.8 The abolition of the National Board of Education, Employment and Training has already reduced the Commonwealth's capacity to undertake inquiries into education and training priorities. It is doubtful whether the Minister will be an adequate replacement for the ARC in undertaking similar inquiries in the research sector.

1.9 The Democrats endorse the comments of the Council of Australian Postgraduate Associations (CAPA) on this point:

A professional, independent and well-managed ARC with the capacity to initiate inquiries, is considerably better placed to identify emerging research issues than a Minister.<sup>26</sup>

1.10 Certainly, the fourth role identified in the White Paper for the ARC, regarding the capacity of the ARC to identify and respond to emerging areas of research would appear to require the power to initiate its own inquiries.

***Recommendation 1***

***That the Bill be amended to give the ARC the power to initiate its own inquiries.***

**Ministerial Accountability**

1.11 The proposed legislation sets out a procedure for reporting of Ministerial directions to, and requests for advice from the ARC which the Democrats believe are inadequate to ensure accountability or transparency.

1.12 As presently drafted, the bill merely requires that the ARC annual report note any Ministerial direction or request. This departs from the current requirement that the Minister table all particulars of directions and requests for advice in a timely fashion.

***Recommendation 2***

***That particulars of directions and requests for advice be tabled to both Houses of Parliament within 15 sitting days – echoing the provisions applicable to the NH & MRC.***

**Long-term, strategic planning role of ARC**

1.13 The wide ranging powers of direction granted the Minister under this bill have the capacity to further undermine the independence of the ARC, and its ability to undertake the long-term planning and research in the area of research funding priorities.

1.14 The Australian Democrats endorse the concerns of the Council of Australian Postgraduate Associations on this point, that 'excessive ministerial direction will inevitably create a short-term focus'.<sup>27</sup>

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26 CAPA submission, p. 5.

27 CAPA Submission p. 6.



**Recommendation 3**

***To ensure that the ARC is able to undertake its functions free from short-term pressures, the Democrats will move amendments to mirror provisions of the NH & MRC ACT to limit the scope of ministerial directions.***

**Strategic Plans**

1.15 It is the view of the Democrats that the requirement that the ARC prepare annual strategic plans for ministerial approval may further subject the decision-making and strategic planning role to short-term pressures, as well as taking up resources better directed towards other strategic activities.

**Recommendation 4**

***The Democrats will move to extend the period for strategic plans to a three-year basis.***

**Caps between programs**

1.16 The Australian Democrats believe that the goal of establishing a more independent ARC, and enhancing the strategic decision-making capacity of the ARC requires that its powers be increased, and that the power to set caps between research programs is a power more appropriately the preserve of the ARC, than wholly that of the Minister.

**Recommendation 5**

***That the bill be amended to give the ARC, rather than the Minister, the power to set caps between research programs.***

**Minister required to consult with ARC on funding decisions**

1.17 The Democrats note the intent of Section 52(4) of the bill, that the Minister be satisfied with advice he or she receives on funding matters from the ARC.

1.18 However, the Democrats endorse concerns presented in evidence to the Committee that the qualification in the clause that the Minister is not required to rely on advice presented by the ARC goes further than required.

1.19 Evidence was presented to the Committee by the Federation of Australian Scientific and Technological Societies (FASTS) as to the desirability of having an independent body responsible for allocating research funding to ensure freedom from intervention on issues appropriately referred to an Institutional Ethics Committee. As FASTS note in their submission:

FASTS considers the matter of increased Ministerial powers a very serious issue. For the community to retain confidence in Australian research, then the ARC, together with Institutional Ethics Committees, must have, and be seen to have, an independence free from political influence.

**Recommendation 6**

*That the bill be amended to ensure that the Minister must consult with the ARC, and make directions pertaining to specific grants only after such consultation, and with the recommendation or agreement of the ARC.*

**Student representation**

1.20 The Australian Democrats have long been strong supporters of increased student representation in the management of issues and affairs which affect them. As noted by CAPA in its submission, research students perform approximately 60 percent of the research in universities, and produce approximately 35 percent of publications.<sup>28</sup>

**Recommendation 7**

*That a student representative be included on the ARC Board, either as an additional board member or non-voting associate member.*

**Appointment of CEO**

1.21 The Democrats accept the concerns raised by the Australian Vice-Chancellors' Committee (AVCC) regarding good governance and the procedure for appointing the Chief Executive Officer of the Board.

**Recommendation 8**

*That clause 34, and consequential provisions, be amended to provide that the Board, not the Minister, be responsible for appointing the Chief Executive Officer.*

**Australian Research Council (Transitional and Consequential Provisions) Bill 2000**

1.22 This bill amends sections 17 and 23 of the Higher Education Funding Amendment Act 1988 to provide funding for the ARC and implement proposals contained in the 1999 White Paper to establish two competitive funding schemes: the Research Training Scheme (RTS) and the Institutional Grants Scheme (IGS).

**Timeline for implementation of White Paper proposals**

1.23 In presenting its White Paper on postgraduate research, the Government indicated that the proposals it contains would not be implemented until 2002. The Australian Democrats do not believe that this timeline needs to be brought forward, and will move to delete aspects of the legislation not dealing with the funding of the ARC.

**Quantum of funding**

1.24 Many of the submissions to the Committee argued that current levels of research and research training funding are inadequate to meet the needs of the sector, and that making these funds open to competition from private providers would place further pressure on institutions already struggling to meet Australian's ongoing and future research needs.

1.25 The bill provides for the transfer of \$700 million of funds from operating grants under Section 17 of the Higher Education Funding Act to a separate pool of funding under Section

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28 CAPA Submission, p. 4

23 of that Act, opening up eligibility to that funding to institutions and organisations not listed in the Schedule to the Act.

1.26 Without a substantial increase in the quantum of funding to compensate for past cuts and the decline in research funding relative to GDP (7 percent since 1995-6), the possible diversion of funds away from public institutions to private organisations will exacerbate these pressures.

1.27 A number of concerns with this model have been presented to the Committee, and the Democrats agree with the National Tertiary Education Union that, as these changes are not related to the establishment of the ARC, and its ongoing funding, they do not need to be dealt with until these concerns are heard and considered.

### **Effect on existing cooperative research schemes**

1.28 The Democrats note the concerns presented by the University of Melbourne Postgraduate Association regarding the degree to which opening public funding to competition may also undermine existing cooperative research schemes. The Democrats believe that these, and other concerns raised in other submissions and in evidence to the Committee, require further consideration, and that the timeline for any introduction of contestability to funding allocation should not be shortened, to allow these concerns to be considered.

### **Innovation Summit Implementation Group and Report of the Chief Scientist**

1.29 The Democrats also place on record their concerns that the implementation of these changes may pre-empt the final response to the report of the Innovation Summit Implementation Group and the Report of the Australian Science Capability Review, by the Chief Scientist, Dr Batterham.

1.30 The Democrats believe the proposed changes to research funding contained in this bill need to be re-considered in light of the recommendations of these reports.

### **Australian Qualifications Framework and Accreditation**

1.31 The Democrats note the concerns presented in a number of submissions regarding the power of the Minister to accredit institutions to access public funding through the Research Training Scheme and Institutional Grant Scheme.

1.32 The Democrats believe that the implementation of these proposals has the capacity to undermine State and national accreditation processes, including the listing of institutions eligible for public funding in Schedule A of the Higher Education Funding Act and on the Australian Qualifications Framework (AQF).

1.33 The Democrats are particularly worried that provisions may provide a means by which institutions may avoid accreditation processes by directly lobbying the Minister.

1.34 The White Paper states that a new independent Australian University Quality Agency will be established to ‘audit the quality of higher education institutions. Under this framework, the new Agency... will verify the claims made by institutions in their Research and Research Training Management Plans’.

1.35 The current bill exceeds the proposals contained in the White Paper, particularly with regard to accountability and transparency. The Australian Democrats do not see how the proposals in the bill in any way enhance accountability or transparency in the accreditation process, and will rather undermine existing and proposed processes of accreditation.

1.36 As the Committee of Deans of Australian Medical Schools stated in their submission:

At a time when Australia needs to increase its international competitiveness in our innovation systems through research and research training, it would seem contradictory to undermine established accreditation and quality processes.

1.37 This echoes the Government's commitments in the White Paper:

In a world in which geographic barriers to the provision of education and research are breaking down, the reputation and quality of universities, both individually, and collectively at the national level, becomes critical.

1.38 The Democrats endorse concerns presented to the committee that in assigning accreditation power to the Minister, we risk the perception of a quality higher education and research sector assessed by a transparent and accountable process.

***Recommendation 9***

***That provisions under Section 23 (1D(b)) be deleted.***

***The Democrats reserve the right to move further amendments on these points.***

**Conclusion**

1.39 The Australian Democrats do not believe the bills provide for an independent ARC, capable of achieving the goals assigned it in the White Paper. With investment in Australia's research capacity a rightly growing priority, it is important that the foundations of a transparent, accountable system of research funding allocation and future research planning are sound. The Democrats will move amendments to these bills to achieve that end.

**Senator Natasha Stott Despoja**

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## APPENDIX 1

### LIST OF SUBMISSIONS

<b>SUBMISSION NUMBER</b>	<b>RECEIVED FROM</b>
1	Australian Vice-Chancellors' Committee
2	Central Queensland University
3	Council of Australian Postgraduate Associations (CAPA)
4	Committee of Deans of Australian Medical Schools (CDAMS)
5	University of Adelaide Postgraduate Students' Association Inc.
6	Mr John Gava
7	University of Melbourne Postgraduate Association Inc.
8	University of Queensland Union, Postgraduate Area
9	Wollongong University Postgraduate Association (WUPA)
10	Australian Psychological Society Ltd.
11	National Committee for Psychology of the Australian Academy of Science
12	Sydney University Postgraduate, Representative Association (SUPRA)
13	Swinburne University Postgraduate Association (SUPA)
14	Mr Gerhard Weissmann
15	Postgraduate Board of UNSW
16	Griffith University Postgraduate Students Association
17	Federation of Australian Scientific and Technological Societies (FASTS)
18	National Health and Medical Research Council (NHMRC)
19	National Tertiary Education Union
20	Australian Academy of Science
21	Department of Education, Training and Youth Affairs



## **APPENDIX 2**

### **WITNESSES WHO APPEARED BEFORE THE COMMITTEE AT THE PUBLIC HEARING**

#### **TUESDAY, 14 NOVEMBER 2000 - CANBERRA**

The following witnesses gave evidence at the public hearings:

##### **Council of Australian Postgraduate Associations**

Mr Bradley Smith, President

##### **Federation of Australian Scientific and Technological Studies**

Professor Sue Serjeantson, President

Professor Chris Fell, Vice-President

Professor John White, Council Member

##### **National Tertiary Education Union**

Dr Carolyn Allport, National President

Dr Julie Wells, Policy and Research Coordinator

##### **Australian Vice-Chancellors Committee**

Mr Stuart Hamilton, Executive Director

Ms Ros Engledow, Director, Research Policy

##### **Department of Education, Training and Youth Affairs**

Mr Michael Gallagher, First Assistant Secretary, Higher Education Division

Ms Jennifer Gordon, Assistant Secretary, Developments Group, Higher Education Division

Ms Catherine Wildermuth, Director, Research Innovation Unit