



*Australian Business Deans Council Response to the Proposed New
Research Block Grant Arrangements*

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ABOUT ABDC

The Australian Business Deans Council (ABDC) is the authoritative voice of all university business faculties, schools and colleges in Australia. Our member business schools graduate one-in-three university students in Australia (corresponding to over 100,000 graduates annually).¹ Australian business schools graduate three-in-five international university students in Australia,² contributing significantly to the largest export service industry in Australia.³

The Australian business school community is vitally interested in ways to strengthen links between business and universities and the commercialisation of research.

ABDC's POSITION

Thank you for the opportunity to comment on the proposed new Research Block Grant Arrangements and the related Department of Education and Training Consultation Paper.

The ABDC welcomes the proposal to:

- Simplify the Block Grant scheme to focus clearly on funding systemic research costs through the proposed Research Support Program (RSP)
- Fund research students through the proposed Research Training Program (RTP)
- Clearly identify determinants for allocating funds.

The ABDC however has reservations about some of the proposed:

- Measures to determine funding
- Reporting requirements.

Recognising Past Research Outcomes

In the Research Support Program (RSP), ABDC highly recommends recognising past research outcomes when determining future incremental research funding.

Publications are an imperfect way of measuring outputs. However, they are the basis of the extensive and costly *Excellence in Research for Australia* (ERA) framework, which has become entrenched in the Australian university system over the past six years through its recurring three-year cycles.

Under the proposed RSP, Block Grant funding is effectively a function of prior earned research funding via Category 1 competitive grants, and other research funding categories, which are presumed to be an indication of the level of industry engagement. This means that a critical input to future research (i.e., Block Grants) will rely on past inputs, with no explicit role for outputs.

The ABDC thinks it is unreasonable for the proposed RSP to focus exclusively on prior research inputs and ignore past outcomes when considering future research funding.

Ensuring Reporting Requirements Are Viable

ABDC is also concerned by some of the proposed reporting requirements that appear to have an impossible aim of identifying how incremental funding 'changes things'.

Block Grants comprise only one part of the institutional funding mix that underlies research production, so it seems impractical to identify applications and outcomes with the proposed reporting requirements.

¹ Calculated from Department of Education and Training, 'Management & Commerce Completion Count', [Higher Education Statistics \(uCube\)](#) plus Economics data provided on request, 2014.

² Department of Education and Training, 2014.

³ Department of Foreign Affairs and Trade (DFAT), '[Australia's top 25 exports, goods and services, 2013-14](#)'.¹ In 2013-14 education-related travel services were Australia's fourth largest export at \$15.7 billion and included secondary, VET, ELICOS and pathways.

ERA comprehensively reviews university research quality so ERA should be at least one form of the evidence used to demonstrate the longer-term outcomes of research investment decisions, which include incremental RSP funding.

ABDC RESPONSE TO CONSULTATION PAPER QUESTIONS

The following outline ABDC's brief responses to each consultation question.

1. Limits of RSP funding expenditure

ABDC has no issue with the limits. However, we question the viability of separating the RSP component from the many different forms of allowable expenditure, as suggested on page nine of the Consultation Paper. It seems impractical to expect universities to separately identify and report, from other external and internal allocations, the RSP-funded part of an investment.

2. Information provided by Higher Education Providers (HEPs) to demonstrate value for money

ABDC appreciates the PGPA Act statutory requirement to demonstrate value for money, but we doubt the feasibility of meaningfully identifying which component of a researcher or research staff group was funded by RSP funds. In many cases, the increment is simply a part of a mix that determines whether or not an activity occurs. In other cases, it may be a clearly identifiable increment. The wide difference in possibilities makes a standard form of allocation reporting meaningless.

ABDC also doubts that there can be meaningful identification of incremental outputs when RSP dollars are so often only incremental to the entire investment needed to achieve outputs. It may be reasonable to identify RSP-supported activities but it is likely to be more appropriate to focus on how incremental funds have achieved (relative) research excellence.

ABDC cautions against trying to precisely estimate the benefits of incremental funds. We also note that such allocations can be very easily manipulated, which reduces confidence in the reliability of such reporting.

3. Should a cap be imposed on international enrolments to be supported by RTP funds? Universities, focused on excellence, should determine the mix of local versus overseas research students. The world's best business schools are a magnet for doctoral students from all over the globe. ABDC encourages the development of research training that attracts the best possible applicants from around the globe, not just Australia.

4. Reporting of RTP expenditure

The overriding policy goal of creating excellent research candidates is likely to see a growth in the value of RTP-funded scholarships with a possible drop in scholarship numbers, assuming there are no substitute university funding sources. This means that a measure of success is likely to be determined solely by the academic quality of RTP scholarship students.

5. RTP eligibility requirements

We endorse the changed eligibility requirements as being simpler and more transparent. As noted in point four above, competition for the best students is likely to encourage higher stipends. Therefore, it may not be reasonable to expect flexibility in this scheme to result in more HDR students, even with some increase in total funding relative to the past. In fact, the opposite may occur due to a 'race to the top' of the allowable RTP stipend.

6. Definition of RTP benefits

ABDC accepts the need for a *reasonable* maximum stipend along with the proposed boundaries around other dimensions of RTP support.

7. Flexibility to set maximum stipend rate

We need to recognise that competition for the best students is likely to cause an increased price – namely a move towards the maximum RTP stipend. This is an unavoidable consequence of a market actively seeking excellent research students.

ABDC cautions against any attempt to arbitrarily set the percentage of RTP recipients who can receive the maximum stipend, as competition between universities is likely to cause an overall increase in the pool of high-quality, domestic and international applicants.

8. Proposed length of RTP support

The ABDC has consistently called for doctoral student funding to be extended to at least four years. We therefore endorse any change that formalises the concept of a four-year PhD funding program. We also encourage any move that further frees the sector from three-year research training programs as these do not provide sufficient world-class research training in business and economics disciplines. However, the likely increase in completion times, stemming from the improved ability to fund four-year candidatures, is likely to cause a one-off drop in completion rates. The funding formula needs to reflect this temporary consequence.

9. The proposed approach to selecting RTP recipients

Universities and faculties should be responsible for the competitive selection processes. Any attempt to impose a process for universities to determine successful candidates is likely to reduce valuable diversity in funding strategies and create additional internal processes, rather than increasing HDR student quality.

10. Scholarship policies

ABDC endorses the move towards letting institutions determine the key parameters of scholarship policy. The best outcomes for the sector will come from competition and a diversity of approaches.

11. Transition arrangements

ABDC endorses recognition of moves to ensure current students are not disadvantaged. We welcome the possibility of increased benefits for RTP students.

12. Reporting requirements

ABDC supports the benchmarking of student outcomes data as an important input to demonstrate RTP funding success. However, we caution that the level of support is simply an input: effective measures of performance (output) must include publications and placement data.

Submitted by:

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ABDC MEMBERS

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- University of Canberra, Faculty of Business, Government and Law

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- Charles Sturt University, Faculty of Business
- Macquarie University, Macquarie Graduate School of Management
- Macquarie University, Faculty of Business and Economics
- The University of New South Wales, UNSW Business School
- The University of Newcastle, Faculty of Business and Law
- The University of Notre Dame, School of Business, Sydney
- The University of Sydney, Business School
- University of New England, School of Business
- University of Technology Sydney, UTS Business School
- University of Western Sydney, School of Business
- University of Wollongong, Faculty of Business

Northern Territory

- Charles Darwin University, Faculty of Law, Education, Business and Arts

Queensland

- Bond University, Faculty of Business
- Central Queensland University, School of Business and Law
- Griffith University, Griffith Business School
- James Cook University, College of Business, Law and Governance
- Queensland University of Technology, QUT Business School
- Southern Cross University, Business School
- The University of Queensland, Faculty of Business, Economics and Law
- University of Southern Queensland, Faculty of Business, Education, Law and Arts
- University of the Sunshine Coast, Business School, Faculty of Arts and Business

South Australia

- Flinders University, Flinders Business School
- The University of Adelaide, Faculty for the Professions
- University of South Australia, UniSA Business School

Tasmania

- University of Tasmania, Faculty of Business

Victoria

- Australian Catholic University, Faculty of Law and Business
- Deakin University, Faculty of Business and Law
- Federation University Australia, Federation Business School
- La Trobe University, La Trobe Business School
- The University of Melbourne, Faculty of Business and Economics
- Monash University, Faculty of Business and Economics
- RMIT University, College of Business
- Swinburne University of Technology, Faculty of Business and Enterprise
- Victoria University, College of Business

Western Australia

- Curtin University, Curtin Business School
- Edith Cowan University, Faculty of Business and Law
- Murdoch University, School of Management & Governance
- The University of Western Australia, Business School

AUSTRALIAN BUSINESS SCHOOLS - THE FACTS

Australian business schools graduate one in three Australian university students.⁴

Australian business schools graduate three out of five international university students in Australia.⁵

Australian business school students contribute an estimated \$5.3 billion in export earnings to the Australian economy per annum⁶ – equal to Australia's eleventh largest export.⁷

One-in-five of Australian business schools are ranked in the top two percent of universities worldwide for economics and business.⁸

Two-thirds of Australia's top 50 CEOs have a business school qualification.⁹

Australian business school MBA graduates earn the second highest average salary world-wide at US\$115,600.¹⁰

⁴ Department of Education and Training, 2014 - 32 per cent of all university completions in 2014 were from a management, commerce or economics discipline.

⁵ Department of Education and Training, 2014 - 57 per cent of all university completions by overseas students in 2014 were from a management, commerce or economics discipline. This figure equals enrolment figures for management and commerce in offshore Australian campuses - Australian Education International – '*Research Snapshot: Transnational education in the higher education sector*', Oct 2014.

⁶ Calculated from Department of Education and Training, '*Management and Commerce International Student Load Count (EFTSL)*', *Higher Education Statistics Data Cube (uCube)* plus Economics EFTSL data provided on request 2013 and '*Australia's International Education Industry - Analysis of Strategic Trends*', February 2013, by Boston Consulting Group (BCG), p. 14, Each international higher education student contributes an average USD44,000 to the Australian economy (fees plus living costs). Exchange rate accessed from xe.com on 29 August 2013.

⁷ Department of Foreign Affairs and Trade (DFAT), '*Australia's Trade in Goods & Services, Australia's top 25 exports, goods and services, 2013-14*'. In 2013-14 education-related travel services were Australia's fourth largest export at \$15.7 billion and included secondary, VET, ELICOS and pathways.

⁸ *Academic Ranking of World Universities (ARWU), 2014*. One-in-five Australian business schools are listed in the top 200 (or two percent) of universities worldwide in economics and business. In the *US News Best Global Universities Ranking 2014*, Australian business schools represent seven out of the top 100 universities for economics and business. Quaquarelli Symonds in their 2015 top 50 '*QS World University Rankings*', Australian business schools account for six in Accounting and Finance, five in Economics and Econometrics and six in business & management studies.

⁹ Suncorp Bank, '*Power Index*', August 2012. Survey of the CEOs of the 50 largest ASX-listed companies. 64 per cent have a business qualification; 40 per cent have an undergraduate business degree and 25 per cent hold an MBA

¹⁰ QS Intelligence Unit, *QS TopMBA.com Jobs & Salary Trends Report 2014/15*, p.44.