

Bills Digest
No. 54 2000–01

Australian Research Council (Consequential and
Transitional Provisions) Bill 2000

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I N F O R M A T I O N A N D R E S E A R C H S E R V I C E S

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Australian Research Council (Consequential and
Transitional Provisions) Bill 2000

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Australian Research Council (Consequential and Transitional Provisions) Bill 2000

Date Introduced: 7 September 2000

House: House of Representatives

Portfolio: Education, Training and Youth Affairs

Commencement: On the commencement of the *Australian Research Council Act 2000*.

Purpose

The purpose of this Bill is to repeal the *Employment, Education and Training Act 1988* and to amend the *Higher Education Funding Act 1988* (HEFA) to provide for:

- the introduction of the new system of research grants contained in the Australian Research Council Bill 2000, and
- the incorporation of the Australian Qualifications Framework into the criteria for research funding eligibility.

Background

This Bill has been introduced with the Australian Research Council Bill 2000, which will provide a new statutory basis for the Australian Research Council (ARC) and modify the higher education research funding system in line with the White Paper published in December 1999.¹ Readers should consult Bills Digest No 53, 2000–01 for the Australian Research Council Bill 2000 (the principal legislation) for more background on research funding issues.

Summary of Funding Changes

Under the current system \$3437.3 million is available for operating grants through section 17 of the HEFA and \$488.1 million for special research and other grants² (section 23C of

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the HEFA) in 2001: a total of \$3925.8 million. This total will remain the same under the new system, but the funds will be distributed as follows:

- \$2720 million in operating grants (section 17 of the HEFA) – a reduction of \$717.7 million
- \$961.5 million in special research and other grants (section 23C of the HEFA) – an increase of \$473.4 million, and
- \$244.3 million for research programs funded through the ARC.

These funding levels can be compared with the current funding for targeted research programs given in the table below.

Funding for Targeted Research Programs, 1999-2000

| Targeted Research Programs | 1999-2000 (\$ m) |
|--|---------------------|
| Large Grants Scheme | 102.8 |
| Small Grants Scheme | 28.3 |
| Strategic Partnerships with Industry (SPIRT) | 57.2 |
| Research Infrastructure Block Grants | 80.1 |
| Research Infrastructure and Facilities Scheme (RIEF) | 20.2 |
| Special Research Centres and Key Centres | 20.5 |
| Australian Postgraduate Awards | 79.2 |
| Research Fellowships Scheme | 27.4 |
| International Researcher Exchange Program | 2.6 |
| International Postgraduate Research Scholarships | 16.2 |
| Other Grants | 2.4 |
| TOTAL | 436.8 |

Source: *New Knowledge, New Opportunities A Discussion Paper on Higher Education Research and Research Training* (June 1999).

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In addition to the above programs, a component of higher education institutions' operating grants (called the Research Quantum) is competitively allocated on the basis of a Composite Index of research performance each year. The Research Quantum was equivalent to some \$223 million in 2000.

It is apparent that the major impact of the changes is the shift of around \$718 million from operating grants to targeted research grants. Considering that \$223 million of operating grants are already subject to competitive allocation through the Research Quantum, the real effect is a transfer of \$495 million from the operating grants to the new competitive research programs introduced by the December 1999 White Paper, *Knowledge and Innovation: A policy statement on research and research training*. These are described below.

The section 23C HEFA grants will support two new programs: the Institutional Grants Scheme (IGS) and the Research Training Scheme (RTS).

The IGS will absorb the funding currently allocated through the Research Quantum and the Small Grants Scheme. Funding under the IGS will be allocated on the basis of a formula that takes account of each institution's success in attracting research students, in attracting research income from a diversity of sources, and in the quality and output of its research publications. These elements will be weighted as follows: 60 per cent for research income, 30 per cent for research students and 10 per cent for publications.

Funding for the RTS will be allocated to institutions in the form of 21500 HECS exempt scholarships. The formula for allocating funding for these scholarships will comprise the same elements as that for the IGS, although the weights will be set at 50 per cent for completions, 40 per cent for research income and 10 per cent for publications. Expenditure on the Australian Postgraduate Awards Scheme in 2000 was around \$80 million.

Funding Levels

It should be noted that the figures given in **items 2, 3, 5 and 6 (Schedule 1)** of the Bill, as the current legislated amounts under subsections 17(m), 17(n), 23C(2)(i) and 23C(2)(j) of the HEFA are those contained in the Government's proposed amendments to the Higher Education Funding Amendment Bill (No.1) 2000, currently before Parliament, and not those currently in the HEFA.

The 'Gap' Students Controversy

Recently there have been reports that Australian universities could lose as many as 3500 of the current 25000 Commonwealth funded postgraduate research places as a result of the introduction of the RTS.³ These are the so-called 'gap' students identified in the White Paper:

The total number of research scholarships to be supported under the new policy framework attracted considerable comment during the consultation period. This issue has arisen because of a 'gap' between the number of Commonwealth-funded research places (approximately 25 000) and the number of HECS-exempt research

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scholarships (21 500). Institutions have grown their research places above the number of scholarships they have been able to win. They have been able to attract additional postgraduate students by diverting funds from undergraduate places and offering research places on a HECS-liable basis, with the HECS costs absorbed by either the institution or the student.

Under the new framework, all Commonwealth-funded research places will be HECS-exempt. At the outset, the Government will maintain the current level of funding for total student places for each institution and, within that level, negotiate the number of research places with each institution. Institutions will be expected to meet that part of the cost of offering any 'gap' research places on a HECS-exempt basis to all students they retain so that all students enrolled in 2000 and previous years can complete their courses on a HECS-exempt basis. All Commonwealth funded commencing students from 2001 will be offered HECS-exempt scholarships.⁴

In May 2000 the Department of Education, Training and Youth Affairs (DETYA) circulated a document, *Proposed Implementation of the Research Training Scheme* to universities which set out how they might handle their 'gap' places. The Council of Australian Postgraduates (CAPA) has also produced a briefing paper on this issue.⁵

According to the CAPA Briefing Paper, universities will have the following choices regarding their 'gap' places:

- Converting their 'gap' places to non-research load (undergraduate or postgraduate coursework) after the students currently in place have completed their studies and retaining the funding for the places, and
- Retaining these places as higher degree research places that will then be transferred to the funding pool for re-allocation after students complete.

CAPA argues that this is not a realistic choice, as most institutions will opt to convert the places to non-research load and retain the funding. This would result in the number of higher degree research places being reduced (with a corresponding increase in the number of non-research places).

The Minister has responded to the CAPA Briefing Paper with a press release 'CAPA Missing the Point' which argues:

The 'gap' between the number of Commonwealth-funded research places (approximately 25,000) and the number of HECS-exempt research scholarships (21,500) has arisen largely because institutions have diverted funds from undergraduate places to offer research places on a HECS-liable basis. Unfortunately high proportions of these students never complete.

"CAPA well knows that often the provision of these additional research places is at the expense of undergraduate student places, denying our young people access to a university education," said Dr Kemp.

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"The Government's position is clear. It wants to ensure that universities have incentives to properly manage their research places, while ensuring access for our undergraduate students.⁶

The Australian Qualifications Framework

This Bill will introduce the Australian Qualifications Framework⁷ (AQF) into the higher education research funding system. Currently, higher education institutions (as defined in section 4 of the HEFA) or any other body approved by the Minister can receive research funding under section 23 of the HEFA. **Item 4 (of Schedule 1)** of the Bill inserts additional funding eligibility criteria for programs after 1 January 2001, namely:

- the institution or body has a research and research training management plan approved by the Minister; and has been registered under the Australian Qualifications Framework, or
- the institution or body has submitted a statement to the Minister and the Minister has determined that it meets the requirements for approval. Such a determination is a disallowable instrument.

The AQF is a system of national qualifications owned and endorsed by Australian education ministers represented on the Ministerial Council on Education, Employment, Training and Youth Affairs ('MCEETYA'). At the request of MCEETYA the AQF Advisory Board has established two public registers of authorities empowered by governments to accredit qualifications and to issue qualifications, namely:

- *The Register of Authorities empowered by Government to Accredit Post-Compulsory Education and Training*, which is a Register of self-accrediting institutions and government accreditation agencies, and
- *The Register of Bodies with Authority to Issue Qualifications*. This Register includes the non self-accrediting institutions which have been approved by government to issue specific AQF qualifications with respect to courses which have been accredited by government agencies.

The National Tertiary Education Union ('NTEU') and the CAPA have complained that the new criteria will allow private institutions to receive research funding.⁸ However, such institutions can already receive grants under the existing terms of section 23(1A). Although the new section 23 eligibility criteria do not mandate AQF registration, in that they retain the Minister's power to approve a recipient, they do introduce parliamentary disallowance as an additional safeguard. The NTEU and CAPA may be unhappy with the re-distribution of funds between the different categories, believing that this will disadvantage tertiary institutions which currently have exclusive access to funds given under the operating grants provision (section 17), however the provisions governing access to special research assistance will actually be made more rigorous.

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Main Provisions

Schedule 1

Item 1 repeals the *Employment, Education and Training Act 1988*, which will have been effectively superseded by the proposed *Australian Research Council Act 2000*.

Items 2-7 amend HEFA. **Items 2, 3, 5 and 6** readjust funding allocations for the years 2001 and 2002. As the background explained, the overall sum remains constant but funding is moved from the category operating grants (section 17) to the special research grants category (section 23C), as well as to those programs that will be funded under the provisions of the Australia Research Council Bill 2000.

Item 4 introduces a requirement that recipients of special research funding have an approved research and research training management plan and be accredited as a higher education body (or institution). Higher education bodies are defined by reference to the Australian Qualifications Framework. While it is for the Minister to make declarations as to whether a body has satisfied the requirements regarding plans or whether it should fall within the AQF, the framework under which these decisions are to be taken must be tabled and are disallowable instruments.

Schedule 2

Schedule 2 creates transitional provisions designed to deal with the change in statutory basis for the ARC's activities from the *Employment, Education and Training Act 1988* (the old EET Act) to the *Australian Research Council Act 2000* (the new ARC Act). Thus matters referred to the ARC for consideration under the old EET Act can be considered as if under the new ARC Act (**item 2**), ministerial directions and guidelines continue to apply (**item 3**) and funding approvals continue (**item 4**). Furthermore recommendations made to the Minister are to be dealt with as if the old legislative scheme still applied (**item 5**) and funding guidelines are to be treated as if they were funding rules under the new legislative scheme (**item 6**).

Proposed section 50 of the principal legislation would require the Minister to determine the division and caps of funding before the start of the year, a task unlikely to be complete before 2001, however **item 7 of Schedule 2** would simply require the Minister to make that determination as soon as practicable after the start of the year. Similarly the reporting requirements are adjusted to accommodate the transitional period (**item 8**).

Finally the distinctions between the different forms of institutions that existed under the old EET Act are preserved for as long as they may be needed in cases where Commonwealth legislation has relied on the distinctions made in what will become a repealed Act (**item 9**).

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Endnotes

- 1 All the hyperlinks in the Digest were current as at the date publication
See <http://www.deet.gov.au/highered/whitepaper/default.asp>.
- 2 Section 23C grants also support projects of national priority, innovation and quality programs, equality of opportunity and co-operative multimedia centres. It would appear that around \$25 million was devoted to these programs in 2000.
- 3 For example, see 'Postgrad places may be lost', *The Australian*, 19 July 2000.
- 4 See <http://www.deet.gov.au/highered/whitepaper/3.htm>.
- 5 See http://www.capa.edu.au/gap_places/GAPPlaces-BriefingPaper.html.
- 6 'CAPA Missing the Point,'
http://www.detya.gov.au/ministers/kemp/july00/k0112_180700.htm.
- 7 See <http://www.aqf.edu.au/>
- 8 *Media Release*, 'Government to take \$500m from public university funding in favour of competition with private providers', NTEU, 3 October 2000; 'Union, VC's lobby against ARC changes', *The Australian*, 4 October 2000.

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