

ATN Pre-Budget Submission 2009-10

Skill Build – Nation Build

Economic recovery through partnership

INTRODUCTION

Australian higher education brings significant economic, social and cultural benefits to the Australian community. The Rudd Government has committed to an education revolution as an investment in Australia's future. There are many parts to this investment, and attention to higher education should be at the core.

With a commitment to providing high quality professional and vocational education, research oriented towards the needs of industry and the community, and a genuine focus on international education, the ATN will be a major partner in delivering an education revolution.

Whilst recognising the current limitations facing the Government as a result of the global financial crisis, we are encouraged by the Deputy Prime Ministers acknowledgement that *“even in these very difficult days we believe it is important to continue to work on long term reform....Investments in education and investments in research are about the future of this country and its future prosperity.”* (ABC AM program, 17 December 2008)

We also acknowledge the substantial financial commitment to the sector from the Rudd Government in its first year of office, including the recently announced \$1.6 billion injection for university infrastructure funding.

However it is more critical than ever, in this current economic climate, to ensure our universities are equipped with the capacity to provide the people and ideas that inform and stimulate our economy, society and culture.

Together with Universities Australia, we support a package of responsible budget measures which reflect the current economic times and the Government's commitment to a university

system which is capable of meeting the needs of the Australian community and economy. (Gillard 2008-09 Budget Paper: *The Education Revolution* 13 May 2008 p 29).

Such a package should include the following:

- An additional \$330 million in 2009-10 for teaching and learning including a 10 percent expansion of the base Commonwealth Grant Scheme amount as recommended by the Bradley Review.
- Additional funding for access and participation of underrepresented groups of students to a level equivalent to 4 percent of the total grants of teaching as recommended by the Bradley Review. This funding should be over and above the 10 percent recommended increase for teaching and learning.
- An additional \$390 million in 2009-10 in Research Infrastructure Block Grants to bring the RIBG level in line with actual indirect costs which is estimated to be 50 cents in the dollar for each dollar provided through competitive grants.
- An additional \$100 million to arrest the declining success rates for ARC Grants.
- An additional \$150 million for Research Training to expand the number and quality of research degrees through the RTS.
- Additional funding to support an increase in the postgraduate stipend from \$19,616 to a minimum of \$25,000 per year as recommended by the Bradley and Cutler Reviews.
- Funding to support a Strategic Initiative Scheme to allow for strategic investment to align the research and research training capacity of universities with the national innovation priorities.

Teaching and learning

Providing higher education that competes at an international level is not an option but core to Australia's needs and expectations about high-level skills and innovation. Yet Australia still lags behind many countries in terms of funding per student.

High quality outcomes in critical areas for skills development and innovation rely heavily on two factors:

1. Universities must have the capacity to attract and retain people who have the skills and knowledge needed to educate the future professional workforce and to address new areas of skills development.
2. There must be incentives to encourage students to build skills in areas which will be needed in the future and those fields vital to innovation.

With increasing returns to skilled individuals from the wider economy and heightened international competition for good staff this is a key challenge for Australian universities in coming years. The challenge is for university rewards to keep pace with what is needed for a highly skilled workforce. Government investment must underpin the quality that supports innovation and attraction of students and staff. **The ATN supports the recommendation of the Bradley Review that an initial increase of 10 per cent be made to halt the erosion of the Commonwealth contribution to higher education.**

Access and Participation

ATN universities enrol 20% of the nation's students, 19% of low SES students, 14% of disabled students and 17% of indigenous students. Our retention rates across the ATN of disadvantaged students are above the national average. With more than 180,000 students studying at an ATN University across the nation, the ATN seeks fiscal outcomes that put the interests and needs of our students first and lead to reforms that will act as an incentive for the deterred or discouraged students who believe they simply cannot afford to undertake tertiary studies. **The ATN has long advocated the setting of national targets for participation of low socio-economic status students and supports the Bradley Review recommendation that the targets be supported by additional funding of 4 percent of all funds for teaching. This funding should be over and above the 10 percent recommended increase for teaching and learning.**

Research and Innovation

The current level of research infrastructure funding provided to support Australia's research and innovation system is low compared to international benchmarks, i.e. around 20 cents per competitive dollar earned, compared with between 45 cents and 55 cents in the UK and the US

respectively. **Increasing funding by \$390 million in 2009-10 to bring the RIBG level in line with actual indirect costs (which is estimated to be 50 cents in the dollar for each dollar provided through competitive grants) would indicate a strong commitment from Government to a longer term fiscal strategy of fully funding the cost of research.**

Of course, this increase cannot be at the expense of further deterioration in success rates for competitive grants that already underfund direct project costs and **the ATN would recommend additional funding of \$100 million to arrest the declining success rates of Australian Research Council grants.**

A key issue for the future of Australia's innovation agenda is that of building our research workforce to meet the challenges of the future. It is critical that research workforce planning be taken into account when considering our future innovation capacity. While striving for innovation and investing significant funds into the innovation system is a worthy goal, there begins to be diminishing returns if the research workforce does not exist to drive that innovation. Training of Higher Degree Research students, both for the ageing academic and research workforce and for employment in the wider national innovation system, is of critical importance to Australia's competitiveness. There is a need to adequately resource universities to increase their research training capacity and to improve the quality of their research training outcomes. **The ATN recommends an additional \$150 million to ensure research training numbers and quality can grow.** In addition, providing better support for today's postgraduate students is an essential element if they are to contribute to all sectors of the economy and be part of the economic recovery process. **The ATN supports the recommendation of both the Bradley Review and the House of Representatives Standing Committee Inquiry into Research Training that the value of the postgraduate stipend be increased from \$19,616 to a minimum of \$25,000 per year.**

Strategic Initiative Scheme

The Innovation Review has recommended the formation of a National Innovation Council tasked with the identification of national innovation priorities. These priorities will identify gaps in research capacity of Australian universities. Currently, each of the three block grant

funding schemes are allocated on past performance, and because of the underfunding of research and research training, there are few options available to universities to build capacity proactively in new areas identified as gaps or opportunities. **There is a need for a fund that allows for strategic investment to align the research and research training capacity of universities with the national innovation priorities.**

Criteria for allocation of such funds could include the following indicators:

- Areas identified by the national innovation priorities
- Mission and specialisation of universities
- Quality of research in the relevant area
- Contextual setting of universities

Such a Strategic Initiative Scheme (SIC) could address the following aims:

- establish collaborative research networks or hubs and spokes between universities (and publicly funded research organisations)
- be the basis for major national and international collaborations in areas of national need
- be linked to major research infrastructure investment, e.g., NCRIS
- act as a facilitation mechanism for other public sector investment in Australia's universities (and possibly private sector investment)

Conclusion

The university sector, as both the training ground for our future workforce and a source of innovation in its own right, has a significant part to play in securing our national economic future. A policy focus supported by sound and long term fiscal investment is vital for both our innovation efforts and to meet Australia's skills and productivity needs. The Bradley and Cutler Reviews provide the foundation from which long term decisions about our future as a nation can be made. These reviews chart a course for the future of higher education in this country for the next decade and beyond. The 2009-10 Federal Budget will be an opportunity to build

on the reform process begun by the Rudd Government in 2008. The ATN group of universities is committed to working proactively in partnership with industry, government and the community to deliver sustainable solutions and, importantly, results for the long term.