# Turnbull Government response
# Review of Research Policy and Funding Arrangements

| Watt Review Recommendations | Turnbull Government response |
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| **Chapter 2 — Research Block Grants** | |
| The review recommends that, commencing in the 2017 calendar year, the Australian Government should introduce the following arrangements to simplify the Research Block Grants and to provide greater encouragement of engagement and innovation in research and research training:<br><br>1. Simplify arrangements for research support and increase incentives for business and other research end-user engagement by combining the three schemes which provide research support, using drivers which equally reward excellence and end-user engagement:<br>a. 50 per cent based on Category 1 research income to support the indirect costs of Australian competitive grants<br>b. 50 per cent based on Categories 2, 3 and 4 research income to support business and other research end-user engagement. | Agreed, announced as part of the package of measures under the National Innovation and Science Agenda (NISA)<br><br>Department held initial discussions with university reference group on new model and transitional arrangements<br><br>Next steps<br>• Discussion paper to be released to the sector for consultations and feedback with final guidelines to be released mid 2016 |
| *Research Training*<br>2. Simplify arrangements for research training funding by combining the three schemes which support this function, using the following drivers:<br>a. 50 per cent student completions<br>b. 50 per cent Categories 1 to 4 research income, with equal weighting to be given to Category 1 income and Category 2-4 income. | |
| *Transition to new arrangements*<br>3. To allow an orderly transition to the new arrangements:<br>a. Introduce a safety net for Research Support funding, for the first four years of operation, so that no university receives less than 95 per cent of its funding for the prior year, indexed<br>b. progressively increasing the influence of the new Research Training funding formula by applying it to 25 per cent of the pool in each of years 2017 to 2020, with the balance being based on the previous year's allocations. | |
| *Additional funding to further incentivise engagement*<br>4. Additional funding of $50 million per annum, ongoing, should be provided, commencing 2018, to further increase incentives to universities for business and end-user engagement.<br>Should fiscal circumstances permit, a modest down payment should be made in 2017. | Agreed, new funding commencing 2017 under the NISA |
| *Review of RBG engagement data*<br>5. In consultation with Universities Australia (UA), the Department of Education and Training and the Australian Research Council (ARC) should examine research income counted in Categories 2, 3 and 4 and, by mid-2016, determine which data provide the most appropriate measures of end-user contributions. | Agreed, Department held initial discussions with university reference group<br><br>Next steps<br>• Discussion paper to be released to the sector for consultations and feedback |
| **Chapter 3 — Competitive grant programmes** | |
| 6. The review recommends that:<br>a. the ARC Linkage Projects scheme moves from one round per year to a continuous application and peer assessment process from 1 July 2016, with strong applications to be progressed immediately for ministerial approval, and the remaining applications to be considered in one of three selection meetings per year<br>b. grant outcomes should be announced within a maximum of six months from the submission of applications<br>c. the ARC revises its guidance for selection advisory committees for the Linkage Projects scheme to ensure that high quality proposals that involve business partner organisations are given greater priority<br>d. the Education and Training portfolio, in consultation with the Department of Finance, assess whether additional resources are required by the ARC to undertake continuous Linkage Projects rounds, and provide advice to government accordingly. | Agreed, announced as part of the package of measures under the NISA |
| 7. The review recommends that businesses with up to 20 employees be exempt from the requirement for partner organisations to provide cash contributions under the ARC Linkage Projects scheme. | Agreed, ARC to implement the change for the next round |

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| 8. The review recommends the establishment of expert panels to assess the elements of ARC grant proposals that relate specifically to commercialisation potential and collaboration with businesses and other end-users. | Agreed, ARC to implement the change for the next round |
| 9. The review recommends that:<br>a. universities take a more active role in scrutinising applications for competitive research grant funding to filter out those potential applications which are less competitive<br>b. greater prominence should be given to the ARC's and NHMRC's measures of success by institutions when considering the submission of grant applications<br>c. universities should also revise any policies that may encourage the submission of applications without due regard to quality. | Supported, an increased focus on universities improving their success rates in competitive research grants to be promoted through engagement with UA and universities |
| **Chapter 4 — Business focused research collaboration programmes** | |
| 10. Australian Government funding of around $25 million over four years from 2016-17 be provided to expand Research Connections. | Agreed, additional investment of $18 million over the forward estimates committed as part of the package of measures under the NISA |
| 11. Australian Government funding of $12.5 million per annum be provided to create a small programme to support universities to increase numbers of industry placements for PhD students. The programme should commence in 2017 and the Department of Education and Training should develop the details of the new programme arrangements in consultation with the university and business sectors. | Under consideration, options to be considered as part of response to the ACOLA-led review of Australia's Research Training System released on 14 April 2016 |
| 12. The Department of Industry, Innovation and Science should implement, as a priority action in 2016, an online access point which will assist businesses to connect with business relevant research and researchers. | Ongoing, part of the actions under the 'Boosting the Commercial Returns from Research' agenda |
| 13. Universities revise their appointment and promotion policies where necessary to ensure that the value of business experience is recognised and that individuals who have spent time in business are not disadvantaged in the selection process. | Supported, to be promoted through engagement with UA and universities |
| **Chapter 5 — Improved management of intellectual property (IP)** | |
| 14. The PC inquiry into Australia's IP arrangements should be asked to consider the feasibility of a 'use it or lose it' arrangement, including whatever wider policy changes would be necessary to support this approach. | Agreed. Letter of 1 February 2016 from Minister to Treasurer asked the current Productivity Commission (PC) inquiry on Australia's IP arrangements address the issue.<br><br>Draft PC report released on 29 April 2016. It does not support adoption of 'use it or lose it' provision for patents owned by universities and proposes existing measures such as Easy Access IP and Source IP, which are still in their infancy, should be given time to work before additional policy responses are considered. |

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| 15. The ARC should require all future Linkage Project applications, and progress reports, to identify actual and potential IP to be generated through the project and the intended IP management arrangements. | Agreed, work is underway to implement these arrangements |
| 16. The ARC and NHMRC amend funding agreements and funding policies as relevant to:<br>a.  require institutions to list the IP generated by public funding on Source IP from 2017<br>b.  require institutions to offer, and utilise if requested, the IP Toolkit model contract and term sheet where collaborative research arrangements with business are involved | Agreed, ARC will implement from 2017 |
| 17. The Department of Education and Training, in consultation with other relevant policy departments, the publicly funded research organisations and universities, should provide advice to Government by June 2016 on the merits of the broader application of Easy Access IP or similar arrangements across the publicly funded research sector and, if relevant, proposed implementation arrangements. | Agreed, Department will consult with relevant departments, universities and publicly funded research agencies |
| 18. The 2018 Excellence in Research Australia should take into account the relative share of research output made available through publication, open source repositories and exploited through IP arrangements in the assessment process. | Agreed, ARC will implement |
| **Chapter 6 — Assessment of impact and engagement** | |
| 19. The Australian Government commit to the assessment of the economic, social and other benefits of university research through an impact and engagement assessment framework, which will have an impact on future research funding. | Agreed, announced as part of the package of measures under the NISA. |
| 20. The framework include both quantitative and qualitative measures, moderated by expert review, with:<br>a.  the metrics proposed by ATSE as the starting point for the development of quantitative measures, and other potential measures also considered<br>b.  the lessons of the 2014 UK REF, the 2012 EIA and the 2010 UK REF pilot drawn on to measure the extent and cost of the approach to qualitative measurement and minimise the burden imposed on universities and others by the assessment methodology<br>c.  an expert working group, convened by the Department of Education and Training and comprising representatives from the research sector, government and end-users (including business) established to provide advice by the end of June 2016 on the specific approach to be used, the measures to be adopted and the implementation path to be followed. | Department and the ARC have convened a working group to develop framework.<br><br>The ARC and the department have released a consultation paper. Submissions are due by 24 June 2016.<br><br>Next steps<br>• September 2016: Consultation outcomes reported to the Minister |
| 21. The impact and engagement assessment model should be piloted in 2017, with the lessons from the pilot to be finalised by the end of 2017. | • End 2016: Design of pilot assessment<br>• 2017: Pilot assessment takes place |
| 22. The new framework should:<br>a.  be implemented as a companion to ERA in 2018, so that quality and impact and engagement can be assessed at the same time on a three year cycle<br>b.  be implemented so that any additional burden on universities is minimised by using existing sources of data and evidence and reducing data and information required for ERA and/or other reporting. | • late 2017: Adjustments made for learnings and framework finalised |
| 23. Following the 2017 pilot, the Australian Government should consider whether a specific level of funding should be influenced by the impact and engagement assessment, with 10 to 20 per cent of RBG research support from 2019 being a possible starting point. | • 2018: First full assessment exercise<br>- Assessment of funding implications to be considered for future block grant allocations |
| 24. The ARC be provided with sufficient ongoing funding (around $10 million over the three year assessment cycle) to manage the development and implementation of the assessment. | |

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| **Chapter 7 — Assessing Australia's research system** | |
| 25. The Minister for Education and Training, in consultation with the Minister for Industry, Innovation and Science, the Minister for Health and other relevant ministers, should take the lead on assessing and reporting on the performance of the publicly funded research system through:<br>a. an annual public assessment of the perfo**rmance of the Australian research system**<br>b. **advice to the Cabinet annually on current and emerging policy implications to inform policy consideration at both the whole of government and portfolio by portfolio levels public release of the results of the assessment after the Cabinet's consideration.**<br><br>26. Early work currently underway by the Departments of Education and Training and Innovation, Industry and Science to develop system-level performance measures should be accelerated and developed in consultation with the business and the university sectors.<br><br>27. The first assessment of the performance of the publicly funded research system should be produced by the end of 2016 using existing data collections. | Agreed, Department has commenced developing a plan for the annual assessment. First assessment to be published late 2016. |
| **Chapter 8 — Global university ranking systems: an Australian developed system?** | |
| 28. Australia should seek to influence the initiatives of existing and possibly new global ranking systems moving to incorporate innovation and industry engagement measures. | Agreed, Department to identify opportunities to engage international rankings organisations through 2016-17. |