Australian Academy
of Health and
Medical Sciences

Australian Universities Accord
AAHMS summary brief, March 2024

This briefing provides a summary overview of the Universities Accord Final Report, published on 25 February 2024. It focuses on issues most relevant to the Australian Academy of Health and Medical Sciences – i.e. those that were addressed in our submissions and engagement with the Accord Panel, in particular in relation to research and innovation. This briefing is intended to provide our Fellows and Associate Members with insights into the Report's conclusions and recommendations, it does not provide a detailed analysis of the Report.

About the Report

The Australian Universities Accord Final Report contains the findings of the Review of Australia's Higher Education System commissioned in 2022. The Report covers:

- Australia's skills needs.
- Expanding opportunities to all Australians.
- Delivering for students.
- Generating and utilising quality university research, stewardship and governance.
- Strengthening the higher education system's ability to serve the national interest.
- Serving the regions through tertiary education.
- A new funding model for higher education.

It contains 47 recommendations for how the Australian Government can strengthen the delivery of higher education and university research – and a broader tertiary education system – that meet Australia's evolving national needs.

For research in particular, the Report identifies Australia's higher education research sector as crucial to national prosperity, noting that research undertaken in the sector is high-quality, with universities responsible for a substantial proportion of Australian R&D. It recommends a range of measures to secure the future of Australian research, many of which reflect the need to not only *support* quality basic and translational research, but also to ensure we can *use* the resulting research capacity and capability for societal benefit.

Overview

The 408-page Report is accompanied by a 34-page summary document which gives an overview of the significant changes that are needed in Australian higher education to cultivate the skills, knowledge and ambition required to meet the nation's evolving needs. An overview of this summary is outlined in **Box 1** below.

Box 1: Overview of the Universities Accord Final Report	
Ambitious targets	In order for Australia to meet its current skills needs, it must increase participation in, and successful completion of, tertiary education (TE) by working towards a tertiary attainment target of at least 80% by 2050.
Skills through equity	Australia will be unable to meet its skills needs without increasing attainment of historically under-represented cohorts in TE. By 2050, the most under-represented groups in higher education (HE) should increase to achieve parity across the Australian population.
Real equity funding	Funding should be made more equitable through a needs-based funding model that improves regional HE provision and delivers quality HE places that ensure greater access, participation and success for historically under-represented cohorts.
New qualifications and better pathways	The qualifications that people want and need could be delivered through: • Ensuring students can navigate seamlessly between Vocational Education and Training (VET) and HE. • Modular, stackable and transferable qualifications that address emerging skill needs. • More quality, fee-free preparatory courses. • Outreach programs to raise aspiration levels among under-represented groups. • Long-term, system-wide planning for institutions to evolve.
Putting students at the centre	Students could be better supported through measures including: • Improving mechanisms to ensure students are financially supported. • Replacing the Job-ready Graduates package with a student contribution scheme based on lifetime earnings. • Modernising the HE Loan Program. • Improving income support. • Paying students for mandatory placement work. • High quality teaching. • A national student charter covering welfare, safety and wellbeing, and an ombudsman to address complaints.
A stronger research system	The research system could be strengthened through measures such as: • A multi-agency government strategy containing targets to increase national R&D spending as a proportion of GDP. • Increased funding for ARC to invest in fundamental research. • A strategic research fund to reward universities that apply their research expertise and capability to big national challenges. • A pathway to fully funding university research. • Australian Governments increasing their use of university research and calling on universities to address national challenges. • Increased opportunities and better financial support for early career researchers.
New leadership and stewardship	An Australian Education Commission should be assembled to lead TE transformation, and a First Nations Council should be formed to advise Ministers and the Commission as well as a First Nations-led review of TE. Australia should work towards a sustainable and skills-focused model of international education.
A better funding model	HE funding could be improved by developing a needs-based funding model delivering managed growth, and a Higher Education Future Fund for HE infrastructure and other key sector needs.

Research in the Report

Chapter 5 of the Report, *'Producing and using new knowledge'*, examines research in the HE sector and explores ways to secure its foundations and improve its translation. It suggests that although Australian universities generate high quality research, this is not being effectively deployed to address key national challenges. It recommends mechanisms and actions that the Australian Government could use to strengthen research impact, integrity and excellence. Chapter 8, *'A new funding model to underpin growth and quality'*, includes a section on research funding that recommends a new funding model to support universities' capacity to undertake research and research training. The research-related findings and recommendations from chapters 5 and 8 are summarised below and in **Boxes 2 and 3**, and in **Boxes 4 and 5**, respectively.

Headlines from an AAHMS perspective

Embedding research and innovation in the health system

The Report identifies a gap between the excellence of Australian university research and its translation into policy and practice, and makes recommendations aimed at closing this gap (this point is made generally, rather than being about health specifically). For example, Recommendation 25 proposes potential mechanisms for enabling effective government and industry use of Australian research capacity and capability, including processes for governments to draw on the research and a Researcher Investor Forum to bring together government, university and industry stakeholders (Recommendation 25.b.).

A skilled and enabled workforce

The Report proposes mechanisms for government and industry to collaborate in order to upskill employees through industry-relevant PhD study (Recommendation 25.d.). In addition, Recommendation 42 includes proposals for making research training, particularly doctoral study, more financially sustainable and attractive to prospective researchers, including measures targeted at historically under-represented groups such as First Nations people.

Targeted funding for research and innovation

The Report identifies the fact that Australian competitive grants do not cover the full costs of the projects they fund as problematic, and describes the formation of the MRFF – without a concurrent uplift in this funding – as having exacerbated this issue and weakened research support funding structures. Recommendation 42 outlines several measures that could be used to improve the university funding model, including: establishing a Solving Australian Challenges Strategic Fund, increasing ARC funding, and working towards funding the full cost of research.

Notably, the Report suggests that Australian R&D competitiveness should be maximised through a strategic examination of national research funding and a multi-agency government strategy (Recommendation 24). In line with the recommendation of AAHMS and other Academies, the Report advises that this should involve working towards a long-term investment of at least 3% of GDP in R&D.

Key research findings and recommendations

The report identifies the following key mechanisms to strengthen and improve Australia's research sector:

- Continuing to deliver high-quality foundational research.
- Enabling and promoting a better national understanding (and appreciation) of research in the HE sector – including mechanisms to evaluate research quality and impact through a national framework.
- Making sure the full impact of research is seen, appreciated, and used by Australian governments, industry and society more broadly.
- Building a platform to secure the future of research in the HE sector and to grow research quality, capacity and capability.
- Empowering universities to deliver on Australia's strategic research agenda.

Chapter 5: Producing and using new knowledge

Chapter 5 of the Report, which is 34 pages long, examines research in the HE sector and explores ways to secure its foundations and improve its translation. The findings and recommendations outlined in detail in Chapter 5 are summarised below in **Box 2** and **Box 3**, respectively.

Box 2: Key findings described in Chapter 5 of the Report	
Universities are strong research performers (5.2.1)	84% of Australian university research is rated at or above world standard, and universities are well-positioned to catalyse transition to a digital, knowledge economy. However, Australia's governments and industries are not making best use of university research capability and capacity. In addition, universities cannot on their own achieve the level of research Australia requires to meet the challenges of the future.
R&D expenditure is inadequate (5.2.2)	Australian universities invest significantly in research; however, overall national R&D expenditure is low compared to other advanced economies and our innovation levels are poor. In order to secure a high-quality research bedrock, Australia must grow its R&D system. This requires a significant increase in R&D spending as a proportion of Australian GDP.
Innovation outputs are low (5.2.3)	Australia ranks 16th for innovation inputs in the 2023 Global Innovation Index, but only 30th for innovation outputs. Strong university research performance is not accompanied by adequate industry and government R&D investment levels.
Industry and governments underutilise university research (5.4.1)	Maximising the impact of Australia's current research capacity requires governments to use university capability, capacity and consulting, and the direct outputs of research. This requires cultural change and more enabling practices.
University–end-user engagement should be improved (5.4.2)	The Australian Government should develop mechanisms that enable and uplift engagement endeavors, such as a long-term strategic research fund.
Basic research investment enables a high impact research system (5.5.1)	Australia's research system is based on its investment in basic research, 84.8% of which is undertaken by universities. However, national spending on basic research as a percentage of GERD has been static for 13 years. ARC plays a key role in the research system through financing basic research at universities, but its funding has not grown significantly for many years.

Valuable First Nations knowledge and research requires support (5.5.3)	First Nations people make crucial and impactful contributions as researchers, leaders, creators and custodians of knowledge, educators and learners. Research initiatives that are culturally safe, collaborative and First Nations-led are producing positive outcomes for local communities and the nation. The development and revitalisation of the National Science and Research Priorities represents an opportunity to acknowledge and support the crucial contributions of First Nations people.
Research infrastructure is foundational to the Australian research sector (5.5.4)	Research infrastructure facilities are essential to innovative fundamental research, cutting-edge applied research, uptake of new technologies, and tackling global challenges. These facilities require that National Collaborative Research Infrastructure Strategy (NCRIS) funding is maintained.
Reforming research training models and funding would improve Australia's research pipeline (5.5.5-6)	A national research workforce strategy would provide the opportunity to deliver a more inclusive system and the improved job security need to drive more Australian research breakthroughs.
Universities shoulder the burden of full funding (5.6-5.6.1)	• Australian Competitive Grants not covering the full costs of the projects they fund means that the more successful universities are at winning grants from government schemes, the more they must co-invest from their own funds. • The establishment of the MRFF has weakened the underlying research support structures because this support funding is spread more thinly. • Full costs of research are not always covered in commissioned contract research, because some universities – often pressured by the inclusion of industry funding in block grant calculations – undertake research at rates below its full cost. • The resilience of the university research system depends on developing a transparent pathway towards increased indirect cost support for national competitive research grants. • Establishing a Solving Australian Challenges Strategic Fund would present an opportunity to reshape research block grants.
Research data collection and evaluation requires improvement (5.7.1-5.7.2)	• The Excellence in Research for Australia (ERA) initiative has lifted the quality of Australian research but is burdensome for universities and could be replaced with a more streamlined approach to assessing research quality. • Technological developments and open data present an opportunity to increase transparency and reduce the burden of research evaluation. • The capacity of Australian universities and researchers to describe in detail the impact of their research could be improved. • A national research evaluation and impact framework is the appropriate mechanism to structure research evaluation in the university research system, but will need to take account of a range of issues. • Automating data collection for research assessment would reduce the administrative burden on universities, but could risk disadvantaging fields of research with non-traditional, non-citation outputs.
Research integrity arrangements could be strengthened and improved (5.7.3)	The NHMRC and ARC have committed to improving Australian Research Integrity Committee operations. Providing funding to the ARC to further strengthen and improve research integrity arrangements would ensure that Australian research remains highly credible.

Box 3: Summary of Chapter 5 recommendations

24. Maximise Australia's R&D competitiveness through a strategic examination of national research funding and a multi-agency government strategy that:

- Sets targets for Australia's national spending on R&D that include increases that work towards a long-term target of investment in research to reach 3% of GDP, allowing Australia to fully utilise the potential of its research sector and compete more effectively in the global knowledge economy.
- Considers the suitability and sustainability of national research funding and governance architecture.

25. Develop mechanisms enabling effective use of research capacity and capability, e.g.:

- Processes for governments to draw on the research and consulting capacity and capability of Australian universities and publicly funded research agencies in addressing key national challenges.
- A Research Investor Forum to explore mechanisms that keep universities, industry and government informed of significant research problems and capabilities.
- A Solving Australian Challenges Strategic Fund rewarding universities who use and develop their research and innovation capacity to address major national challenges.
- Employees being upskilled to PhD level through investment by their firms, and firms collaborating with peak bodies and governments to establish targets for the number of PhD candidates employed in industry undertaking a relevant PhD.

26. Strengthen the fundamentals of Australia's research system to improve research quality through:

- Enhancing ARC's capacity to facilitate fundamental research through increased investment, with the Board of ARC advising on the allocation of this funding.
- Setting a minimum percentage of national competitive grants that should run for at least 5 years.
- Increasing investment in the Research Training Program, raising minimum stipends and making part-time scholarships tax free.
- Investing in the First Nations researcher pipeline through PhD scholarships and postdoc fellowships.
- Prepare PhD students for careers beyond academia by providing broader training.
- Tasking the Australian Tertiary Education Commission with developing a National Research Workforce Development Strategy that integrates advice from ARC and industry peak bodies.
- Sustainably funding the NCRIS.

27. Elevate First Nations knowledge, knowledge systems and Closing the Gap through measures such as:

- First Nations leadership of the National Science and Research Priorities.
- Implementing a framework supporting First Nations-led research, leadership and self-determination.

28. Develop a pathway to fully funding the economic cost of university research by:

- Universities charging, and governments/industry paying, full market rates for research and consulting.
- The Australian Government providing transparency and material support for national competitive schemes and providing explicit indirect cost support through the Research Support Program.

29. Commission the ARC to work with the Australian Tertiary Education Commission, TEQSA and universities to develop a research quality and impact evaluation system through the creation of a National Research Evaluation and Impact Framework that is data driven, uses intelligent technologies and that:

- Is less burdensome for universities to measure and report research quality and impact without affecting robustness.
- Delivers a clear evaluation to Government and the community of the quality and impact of Australian university research.
- Strengthens the capacity of Australian university research and deepen community and industry buy-in.
- Improves the external scrutiny of research integrity by providing additional funding to the ARC to strengthen its independent research integrity processes.

** Note: the text above is a summary – refer to the final Report for the full text of these recommendations.*

Chapter 8: A new funding model to underpin growth and quality

Chapter 8 of the Report describes a new funding model for universities, Commonwealth supported teaching places and research. Chapter 8 also outlines the purpose and shape of a potential Higher Education Future Fund, and suggests transitional arrangements for achieving the proposed new funding model. The full findings and recommendation of the five-page research section of this 31-page chapter are summarised in **Box 4** and **Box 5** below, respectively.

Box 4: Key research-related findings described in Chapter 8 of the Report	
Theme	**Key findings**
Universities' research income comes from a variety of sources (8.3.1)	The largest source of university research income is General University Funds, followed by (in order): other schemes such as block grants; Australian competitive grants; business; state and local government; overseas funds; and donations, bequests and foundations.
A new 'Solving Australian Challenges Strategic Fund' could reform the university funding system (8.3.2.1)	A new strategic fund rewarding universities whose research is utilised by a range of end-users would signify a fundamental shift in the Government's intent and approach to university sector funding. Reforming the university funding system through measures such as this could help to improve institutional resilience and confidence, and encourage government and industry use of university research.
Increased investment in basic research would strengthen university research (8.3.2.2)	Additional investment in ARC programs supporting fundamental basic research would increase the number of competitive grants awarded as part of the research funding mix. This would better support the basic and strategic research required to grow the R&D system, and drive innovation and growth.
A path towards full cost funding will build resilience and transparency into the university research system (8.3.2.3)	Ensuring that universities receive the full costs of research for national competitive research grants, contract research and consultancies will free up their capability to invest elsewhere.
Australia needs a pipeline of researchers in universities and industry (8.3.2.3)	The number of domestic students completing PhDs has remained static over recent decades. This decline must be reversed if Australian research is to be economically competitive and support the national transition to a knowledge economy. Support settings for prospective students should be improved and barriers to research training removed for under-represented cohorts.

Box 5: Summary of Chapter 8 research-related recommendations

42. Support and strengthen universities' capacity to conduct research and research training by changing the university research funding model through:

- Establishing a Solving Australian Challenges Strategic Fund to drive effective use of universities' research and research capability.
- Increasing funding to the Australian Research Council.
- Creating a pathway towards funding more of the full economic cost of research.
- Substantially increasing Research Training Program investment and raising the minimum stipend rate.

** Note: the text above is a summary – refer to the final Report for the full text of these recommendations.*