

RESEARCH & INNOVATION POLICY DIALOGUE WORKSHOP SERIES

COSTS & COMPACTS SYMPOSIUM

Monday 14 July 2008, 8.30am–6pm and Tuesday 15 July, 8.30am–5pm

Hotel Realm, 18 National Circuit, Barton, Canberra

TOPIC BRIEF

Universities contribute to national innovation through their teaching, research and outreach services. The effectiveness of their contributions depends on the resources the universities obtain, and how well they manage those resources to build strongly performing capabilities.

To increase the capacity of universities to contribute to innovation it is necessary to address shortcomings in the business model for funding the teaching of local students and the business model for funding research. In both cases, costs exceed revenues. Additionally, universities make losses overall from their community service activities. Under these conditions, universities continue to function through surpluses generated from international student fee income, donations from third parties, the rundown of capital assets, and reductions in service quality.

The problem is most acute for research-intensive universities. The Group of Eight (Go8) universities win some 70 per cent of nationally competitive research funding. Competitive research grants are funded on average for only 70 per cent of the direct project costs. Universities receive block funding towards indirect costs through the Research Infrastructure Block Grants Scheme. This scheme provides all universities, irrespective of their different costs structures, with only some 21.6 cents per dollar of competitive grants.

Australian universities cannot sustain quality in teaching, research or community service if the full actual costs of activities are not met. For universities to participate at the frontiers of world knowledge it is necessary that the actual costs of research are known and funded. Similarly, universities need to be properly funded to undertake effective knowledge exchange with industry and the general community.

Recognising the full costs of university activities – the direct costs and the indirect costs of administrative and capital overheads – enables better internal resource allocation, transparency of cross-subsidies, improved asset management and sustainable performance quality. The net result is better value for money for the community.

Several countries have arrangements in place for recognising and funding research overhead costs. Some also have dedicated funding streams to encourage university-industry and university-community collaborations. In developing an appropriate model for Australia we should draw upon the experience of others, notably England, New Zealand and the United States.

Workshop attendance
by invitation only

See overleaf for Key Questions

COSTS & COMPACTS SYMPOSIUM

KEY QUESTIONS

1. How are true costs best known?
2. What are the pros and cons of different ways of identifying costs for the university sector?
3. What are the expectations of government in return for funding the true costs of university activities?
4. How can universities gain increased flexibility and reduced administrative and reporting burdens?

Latest details regarding speakers, venues, agenda, and resource materials are available on the symposium website <http://repp.anu.edu.au/ripp/costscompacts>

To contribute to the debate around policy review on this topic and the other five research and innovation policy dialogue topics in the workshop series, contact the Research and Innovation Policy Project.

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