

GRIFFITH UNIVERSITY

SUBMISSION TO

HIGHER EDUCATION ENDOWMENT FUND

CONSULTATION PAPER (OCTOBER 2007)

Introduction – producing a “step change” in higher education in Australia

Griffith University welcomes the opportunity to respond to the Higher Education Endowment Fund (HEEF) consultation paper. The University strongly supports the comments made by the Advisory Board Chair in the foreword to the consultation paper that “investments made through the Fund should be capable of producing a real ‘step change’ in higher education” in Australia. These sentiments are consistent with the aspirations of every university that wishes to maintain or achieve world-class status either as an institution or in selected pockets of excellence.

Australia is already highly respected overseas for the quality of its university sector. Australian universities are unparalleled worldwide in both attracting a high proportion of good quality international students while maintaining internationally strong research performance. All member universities of the three major sub-groups (Innovative Research Universities Australia, Australian Technology Network and the Group of Eight) are represented in either or both of the major world university rankings – the Times HES-QS World University Rankings and the Shanghai Jiao Tong University Academic Rankings of World Universities. Few nations can claim that half of its entire university sector is represented among the world’s leading universities based on independent world rankings.

The significance of this observation is that Australia already has a genuinely world-class university sector. One challenge for the HEEF is to assist the sector to further enhance its strong international research and teaching profile which is under threat as other nations embark on major higher education capacity building projects, such as Project 985 in China or the German ‘Initiative for Excellence’. HEEF provides a once-in-a-generation opportunity to strengthen Australia’s international standing by producing the “step change” so well enunciated by the Chair of the HEEF Advisory Board. In supporting this ambition, Griffith University proposes several well-balanced operational guidelines that we consider will provide individual institutions with the best chance to pursue distinctive and large-scale outcomes while enhancing the overall quality of our world-class university sector.

HEEF should be distinctive for its institutional focus and large scale funding

The HEEF needs to be distinctive from other government programs such as the Research Infrastructure Block Grant (RIBG), NHMRC Independent Research Institute Infrastructure Support Scheme (IRIIS), Capital Development Pool (CDP), and Linkage, Infrastructure, Equipment and Facilities scheme (LIEF). Starting with the block infrastructure funding such as RIBG and IRIIS, these are provided to meet the infrastructure costs associated with ARC and NHMRC research and are effectively ‘tied’ allocations. The CDP grants allow for slightly larger projects, normally in a range from \$1 million to \$3.5 million, while the LIEF grants range from a minimum of \$100,000 to more than \$1 million per calendar year. At the other end of the scale, the National Collaborative Research Infrastructure Strategy (NCRIS) will provide \$500 million over five years from 2006 with a focus around investing in national research infrastructure too large or complex for any single institution.

HEEF can therefore fill a niche as a mechanism for institutions to make ambitious bids that will allow them to enhance their international standing in a way that is unique to their own mission and goals. The focus of HEEF should be mainly on individual institutional benefit. 'International standing' is relative to each institution's distinctive mission and the size of HEEF grants might vary widely according to current standing and aspirations in addition to the intrinsic merit of the proposal.

In our view, HEEF should provide large scale grants which each range in dollar value from one per cent to ten percent of the total annual distribution from the Fund. Grants of less than one per cent might be awarded occasionally however the one to ten percent range is appropriate given the legislative restrictions on the Fund to support capital expenditure and research facilities. This range would fill the current gap between the maximum of \$3.5 allowed under the capital development program and the 'NCRIS scale' grants.

Guaranteeing Australia's leadership as a provider of international education

The sector should remain mindful that the Fund can award grants to support excellence in teaching. HEEF has the potential to ensure that teaching facilities in Australian universities are regarded among the finest in the world – benefiting both domestic and international students.

Projects that might be supported through the Fund include:

- computer aided design equipment to support excellence in learning-teaching in architecture or graphic design;
- surgical simulators and virtual anatomy to support the most advanced teaching of medicine;
- cameras and computer graphics equipment to support teaching of advanced animation and film.

Such support would also strengthen Australia's position as a leading provider of international education. According to recent figures, in 2005 the international education industry "generated \$11.3 billion in fees and other spending by international students, with more than \$4 billion in fees, two-thirds in higher education". (Marginson, 2007¹)

Australia holds approximately six per cent of the world market, a figure that suggests it might be prudent to quarantine a portion of the HEEF to support projects that preserve Australia's international reputation for excellence in higher education.

HEEF core operational guidelines

Griffith University believes that several core guidelines should underpin the annual HEEF distribution:

1. It is proposed that **universities should be limited to three proposals per calendar year**. Two proposals might be reserved for enhancing strength in an existing area of excellence, while the third might be to pursue an area designated for future excellence. This will encourage a mix of mainly 'realistic' proposals complemented by a number of more aspirational submissions. One proposal should have a teaching focus.

¹ Marginson, S. (2007). *The global positioning of Australian higher education: Where to from here?*, The University of Melbourne, Faculty of Education Dean's Lecture Series, 16 October 2007.

2. **Any institution submitting three proposals should have at least one which is based on dollar for dollar matching funding from any source other than the Commonwealth.** It might be that this provision is extended over time to require leverage for two out of three submissions.
3. **No single institution should receive more than ten per cent of the total annual distribution** from the Fund regardless of the number of proposals supported.
4. **A single grant could account for more than ten per cent of the total annual distribution from the Fund** provided it is in collaboration with another Australian institution.
5. **A successful project may be submitted in subsequent years for top-up funding** to extend the initial project and this would be subject to the same constraints as other projects.
6. **In addition to the major once a year round there might be some flexibility to accept one-off submissions at any time of the year** if there is a need to align HEEF funding with other programs. No more than ten per cent of the annual distribution should be set aside for out of round bids.
7. If the HEEF is to assist institutions to diversify and specialise and build their international standing then **the most suitable yardstick to adopt in assessing proposals is 'fitness for purpose' and the impact of the proposal on that institution.** Although universities might share common goals such as development of world-class areas of research or teaching excellence, such outcomes are achieved in very different ways.

These core guidelines will ensure that a minimum of ten institutions, and usually more, will benefit from the annual HEEF round. Under these guidelines, the Advisory Board will receive no more than 117 proposals per round with a possible success rate of 10-85 per cent. They will ensure that there is a strong incentive from the outset for institutions to seek matching funding if they are to submit three proposals. Approximately two-thirds of submissions will be based on enhancing existing areas of excellence while there is adequate incentive for universities to develop future potential. Collaboration will be rewarded in that this would be the only mechanism by which a single grant can exceed the ten per cent maximum. These principles will ensure a 'self limiting' element to the Fund and the strategies by which institutions will approach the HEEF rounds.

Response to consultation questions

The Griffith University response to the consultation questions is contained in the [attachment](#) to this submission.

Professor Ian O'Connor
Vice Chancellor and President
Griffith University

6 December 2007

Griffith University
Response to HEEF consultation questions

Part 1: HEEF Grants

Consultation questions	Griffith University response
Strategic Focus	
1. What factors can be used to guide an assessment of strategic merit?	<p>It is proposed that the strategic merit of grants be assessed according to four factors:</p> <ul style="list-style-type: none"> • Alignment to HEEF objectives including long-term relevance to national priorities; • Alignment to endorsed strategic direction of institution; • Extent to which funds allow institution to develop distinctive and world class strengths; • Extent to which improved international standing can be demonstrated as an outcome of the project.
2. How can the strategic merit of a project be established relative to other projects?	<p>Griffith University recommends that each project to be assessed primarily on its own merit according to the unique benefits delivered to that institution.</p> <p>Secondary indicators might include:</p> <ul style="list-style-type: none"> • Return on investment; • Assessment of risk; • Community benefit (regional, national and international) • Enhancement of research and teaching; • Strength of project leadership.
Capital expenditure and research facilities	
3. What types of projects should be funded given the broad requirement that the HEEF support capital expenditure and research facilities?	<p>It is recommended that the HEEF should not provide funding for refurbishment of historical buildings or deferred maintenance of a general nature. It might however fund refurbishment of research and teaching facilities where it can be demonstrated that the result is a facility of genuine international standing.</p> <p>The Fund should support the construction of leading edge teaching and research facilities aimed at allowing Australian universities to better compete in the global context.</p>

<p>4. Would it be useful and/or appropriate to undertake a priority identification process, in the vein of the NCRIS Strategic Roadmap? If so what use would this serve?</p>	<p>It would probably not prove beneficial to emulate the NCRIS process which served a very different purpose, although an expedited priority identification process might be useful because it would provide a clear indication of what projects are likely to be considered. An over planned process might however stymie innovation in areas not yet prioritised.</p>
<p>Relationship to existing programmes</p>	
<p>5. What issues if any do you see for your institution in managing applications for infrastructure under existing grants programs and HEEF grants?</p>	<p>Timing will be important and it could be that 'provisional' approval for projects be granted subject to the institution securing matching funding within a set time frame.</p> <p>It is likely that some applications for funding from HEEF will be aligned with processes such as ARC Federation Fellowships and therefore flexibility to allow 'out of round' applications might be sensible. It would be important for cross referencing of HEEF proposals and schemes such as LIEF and NCRIS to ensure they have the whole picture. Lead times will also be important especially for the first round as institutions will need to time to find partners.</p>
<p>6. What design suggestions can you provide that might maximise the outcomes for institutions across existing grants programs and HEEF grants?</p>	<p>The preferred timing for an application round might be mid-year to avoid overlap with other major research grant rounds. Standard application and reporting processes would also be beneficial.</p>
<p>Selection process – priority analysis and open selection</p>	
<p>7. Would an open selection or priority analysis approach, or a mixture of both, deliver the best outcomes in identifying and supporting strategic investments from HEEF grants?</p>	<p>Open selection approach is favoured over priority analysis approach given stakeholders within the sector are unlikely to have the same priorities at a given time. If an objective of the Fund is to produce specialisation and diversification then the priority analysis approach will instead lead to uniformity.</p>
<p>8. What selection process should be used by the Advisory Board to select proposals to recommend to the minister?</p>	<p>Should be similar to the current ARC LIEF or could be based on a modified Qld Smart State Innovation Building Fund.</p>
<p>Selection process – Two stage selection process</p>	
<p>9. Would you prefer a two stage process as suggested?</p>	<p>Yes</p>
<p>10. What advantages and disadvantages do you consider would arise from such an approach?</p>	<p>A two-stage selection process will almost certainly result in more ambitious project proposals and therefore a better allocation of resources. If Stage 1 is</p>

	<p>an EOI proposal where applications will be culled, this is more efficient for institutions as full scale proposals are very resource intensive.</p> <p>There are no apparent disadvantages.</p>
<p>Selection process – Transparency</p>	
<p>11. What are the issues that need to be addressed to ensure transparency in the allocation of HEEF grants, while protecting commercial in confidence information and maximising value?</p>	<p>Griffith supports the proposal that a brief summary of all expressions of interest be placed on the HEEF website for one month before being considered (subject to the concerns raised under Q.12).</p> <p>The University supports the proposal that feedback not be shared publicly and made known only to the applicants. A grant round report should be produced to inform the sector of the outcomes in order to improve submission in the next round.</p>
<p>12. Would the process proposed, release of brief summaries of all expressions of interest, enhance transparency?</p>	<p>Yes, however while this proposal would allow others to know what has been submitted it could raise competition and or conflict amongst institutions if an unnecessary level of information is revealed. The obvious solution would be for the brief summary for publication to be provided by each institution.</p>
<p>13. If not how would you propose a consistent and appropriate transparency process be achieved?</p>	
<p>Selection process – Funding limits</p>	
<p>14. Is a funding minimum appropriate?</p>	<p>Griffith supports the adoption of a normal range of funding between one and ten per cent of total annual distributions. The Griffith guidelines do not preclude the allocation of smaller grants however this should not be the norm. A minimum funding level might be appropriate given paperwork and outlays on behalf of HEEF and institutions. If there were to be minimum funding then this might be different for teaching and research projects.</p>
<p>15. Should there be an upper limit to the program funding range?</p>	<p>If the objective is to create world-class higher education institutions then theoretically no funding maximum should be considered too large, however a priority of the fund should be to support the Australian system of higher education not any single institution – therefore needs should be balanced.</p> <p>The Griffith guidelines outlined earlier in the cover letter to this submission propose a sensible upper limit.</p>
<p>16. Are funding value envelopes needed to ensure that significant strategic outcomes are achieved?</p>	<p>Yes – refer Griffith guidelines outlined earlier in the cover letter to this submission.</p>

Duration of funding	
17. Is a maximum period appropriate for the expenditure of allocations from HEEF Grants?	Yes.
18. Should there be a requirement for projects to be completed within a certain time of a funding agreement with the government being signed?	Yes, five years is an appropriate period (taken from the signing of the funding contract) but with room for negotiation with notice to address unforeseen circumstances
Co-funding and co-investment	
19. What implications do you see emerging for HEEF grants and design of program guidelines where institutions may use Public-Private Partnerships?	<p>Separation of the public and private components of the project will need to be rigorously monitored to ensure that public investment is not contributing directly to private income. The proposal would need to provide evidence of the benefits of the partnership to the university and in achieving the goals of the research endeavour.</p> <p>Private partners will want to ensure that their commercial operations and income streams are not disadvantaged by the partnership.</p> <p>Evidence of a joint submission – that all partners are involved and appreciate the terms and conditions.</p> <p>Acknowledgement of other funding sources in the proposed project</p>

Part 2: Philanthropic Support for the Higher Education Sector

Q.20 How might HEEF encourage philanthropic support for universities from individuals and the corporate sector?

1. Be a champion of philanthropy and adopt a leadership role in raising awareness of the importance of giving to the sector.
 - a. Articulate a clear benefit statement through appropriate mediums
 - i. Benefits: robust intelligence to commercial activities; up-skilling the workforce to be internationally competitive; healthy communities through health and medical research; environmental sustainability through environmental science and management research
 - ii. Appropriate mediums: print; electronic; distinct channels through professional advisors such as lawyers (estate planning) accountants (tax and philanthropy credits – see below) and financial planners (now you are wealthy how would you like to give back?)
2. Communicate outcomes of philanthropic gifts to higher education through the adopted channels of communication. Celebrate the wins! This can be done with each institution and its stakeholders as joint communication(s).
3. HEEF to clearly articulate the investment strategy, the financial sustainability of the fund and forecasted outcomes and benefits of this investment. Donors and potential donors need to know what their gifts will do. All reports to be on the HEEF web site, links to university sites and generally made available to institutions and their stakeholders.
4. HEEF to identify emerging trends to business and the community with regard to encouraging philanthropic support to develop those trends in the Australian and/or international context. This is more challenging in Australia compared to every other OECD country because of the absence of probate duty which encourages philanthropy.
5. Create the notion of philanthropic credits (similar to carbon credits). In this world of corporate social responsibility and triple bottom line reporting develop a process whereby businesses who give to higher education institutions can offset the gift against other internal expenses in addition to tax deductibility. This has the potential to engage a far greater sector of the business community as it would provide additional incentive. May be conditional on outcome of Q22 below.
6. The notion of giving is very broad and in order to maximise the opportunities HEEF and higher education institutions need to be able to readily accept a variety of gifts in a variety of ways. Each segment has an associated strategy for giving/getting and that will drive part of the communication/promotion element. The segments or variety of giving includes:
 - i. Direct dollar (large or small) donation;
 - ii. Incremental giving through workplace giving and salary sacrifice;
 - iii. Gifts in kind (grand pianos and other equipment, art, property, shares)
 - iv. Bequests
7. While there is scope for corporate gift making it is largely a sponsorship or partnership arrangement where mutual benefits are negotiated beforehand. Philanthropic gifts by and large come from alumni – past staff and students – who are keen to support the institutions that helped them realise their goals. It is important for institutions to stay in touch with alumni to engage their interest in developments and opportunities for engagement (giving).
8. Would HEEF consider providing funding for the development of database management of philanthropic endeavours? It is important for institutions and HEEF to know who gave, what did they give, how did they give and when they need to be communicated with and included in events (e.g. don't keep the deceased on the mailing list but might keep the executor of the estate)

Q.21 What issues might need to be addressed in enabling HEEF to accept gifts designated for particular purposes?

1. Firstly, giving to any institution including HEEF requires a very clear and signposted pathway encourage engagement and donations. It also needs to be simple and easy. It needs to be able to say *thank you* in a way that is acceptable and sometimes rewarding to the donor (donor sector management).
2. When talking of particular purposes would this also include particular institutions, particular campus or school or particular researcher? Donors can be very specific. What is HEEF's view? Griffith would be keen for donors to nominate their donations directly to Griffith for dedicated research projects and to the university itself. (See response to Q22)
3. Concern from Griffith with regard to particular purposes (ie a research project purpose only) would be that the granting and use of the funds was equitably distributed amongst institutions that are researching those particular purposes. So distribution of funds and the associated decision making would need to be fair, equitable, accountable, transparent and based on merit.
4. A 'reporting to donors' mechanism would need to be in place. The report of how the funds were used and the outcomes is not only gracious but can also attract further funding from same or related sources. The report can come from HEEF but also from the recipient institutions as joint communications.
5. Development of a privacy policy regarding donors to be identified to recipient institutions.
6. HEEF to openly report the research and learning outcomes linked to philanthropic gifts.

Q.22 Are universities interested in having their endowments managed through the HEEF by the Future Fund Board? What issues might need to be addressed if this were to be done?

1. For universities that don't have a strong or long history of endowments this may be an appropriate opportunity to demonstrate that the institution has a reputable investment policy through HEEF and the Future Fund.
2. The issues would centre on trust and a trust deed. Consider the Queensland Community Fund.
3. The university would need to know where and how the endowment was invested (there could be instructions in the bequest). This may be of interest to the benefactor as well. Terms and conditions of investments may need to be negotiated on an endowment by endowment basis.
4. It is an 'and' proposition. The university would have the right to accept and manage gifts made directly to the university.