



The Hon Stuart Robert MP
Minister for Employment, Workforce, Skills, Small and Family Business
Acting Minister for Education and Youth

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Dear Professor *Sue* Thomas

Thank you for your continuing leadership of the Australian Research Council (ARC). I acknowledge the central role the ARC plays in supporting the Australian research sector to produce high-quality and impactful research. I also acknowledge the independence and expertise of the ARC and recognise the valuable contribution it makes to the sector.

As you will be aware, the Australian Government has outlined a number of policy directions that rely on the research undertaken by universities, with the support of the ARC. I am writing to outline my expectations of you, as Chief Executive Officer (CEO) of the ARC, across a number of key areas relevant to those directions.

The Government values the important role played by university research in the creation of new knowledge, new social and economic opportunities for our citizens, and a platform for our engagement in the intellectual and practical challenges facing the world. Successive Australian governments have made a sustained and significant investment in high-quality research within our university sector, which has contributed to the international success and recognition of our research sector.

To increase research and end-user engagement, harness the benefits of publicly funded research and drive economic growth and recovery over coming years, we must take action now to strengthen the translation pipeline for Australian research. This includes encouraging greater collaboration with industry to stimulate more research and development (R&D) activity across our economy. The ARC and its programs are central to these goals.

Accordingly, this Letter of Expectation identifies four key areas which I ask you to prioritise for immediate implementation, so that reforms can be in place before the end of 2022. These areas are:

- supporting national priorities
- strengthening the National Interest Test (NIT)
- fast-tracking implementation of recommendations from the review of the Excellence of the Research for Australia (ERA) and the Engagement and Impact (EI) assessments

- enhanced organisational governance.

These reforms will support the Government's policy ambition to drive impact from our public investment in university research and to develop a stronger system of national R&D.

Supporting national priorities

International experience demonstrates that a focus on national priorities and a vision for the future potential of our nation are critical building blocks in harnessing the benefits of publicly funded research. To this end, I ask the ARC to ensure its research funding schemes align clearly and tangibly to those areas of Government priority for economic development. In the balance of research allocations recommended by the ARC, I ask that future recommendations put to me under s.52 of the *Australian Research Council Act 2001* (ARC Act) are to support approval under the Linkage Program of a minimum of 40 per cent by value of all grant funding decisions for the period of the determination.

The National Manufacturing Priorities (NMP), in particular, reflect a considered process of assessing the potential for future economic development in Australia to drive the initiatives and targets that should be supported across all relevant Government priorities. The NMP should take primary focus in the prioritisation of research investments, with no less than 70 per cent of the recommended Linkage Program grants to be aligned with those priorities in future rounds. I note that other Government policies may also support prioritisation of the remaining Linkage Program allocations in specific cases, such as the Low Emissions Technology Statement, the National Agricultural Innovation Priorities and the Defence Science and Technology Strategy 2030.

By clearly specifying priorities from the outset of the grant consideration process, researchers and their sponsoring universities can ensure that the best research capabilities and the highest quality applications can be focused on the key areas of national need. It is my belief this approach will strengthen the quality of Australia's research endeavour.

The Government remains committed to the development of new knowledge through investigator led research funding opportunities, the so-called 'blue-sky' research in which Australia's universities excel. As such, I am not seeking an alignment of Discovery grants program with specific national priorities.

However, I ask that you develop clear guidance for researchers so that they use simple and easy-to-understand language to identify in their applications the potential gains and practical outcomes from their proposed research and its likely contribution to the national interest. This information should support the capacity to report on the proportion of applications for grants and successful projects relevant to the NMPs and other national priorities.

Strengthening the NIT

I ask that the assessment process and recommendations for funding made to me demonstrate a clear public interest from the significant public investment in university research. This statement of public value will make the research more accessible to potential end-users and build support for continuing that investment.

In consultation with the research and end-user community, as well as the Department of Education, Skills and Employment, I ask the ARC to prioritise the extension and enhancement of the NIT to increase its transparency in the ARC grants process. As part of this work, I ask the ARC to bring forward a proposal to enhance and expand the role of the

industry and other end-user experts in assessing the NIT of high-quality projects, prior to recommendation to me as the responsible Minister.

Given the importance of inter-disciplinary research in addressing the science, technology, humanities, and societal issues that underpin the national priorities described above, I ask that you also consider the need for reviewers in the College of Experts from a broader range of backgrounds and ensure reviewers are supported by appropriate training to assess these types of grant applications.

To support these outcomes, I ask that you review the operation of the College of Experts and brief me on options for expanding the pool of people who participate in the College to include experts from backgrounds beyond universities, in particular those from industry and other end-user groups. This may require redesigning the grants assessment process to manage the demand on such people in a manner consistent with the roles against which they provide their expertise, such as through the assessment of impact or research questions that cut across discipline areas.

Fast-tracking implementation of ERA review

I have noted the outcomes of the review of the ERA and the EI assessments (the Review), and the proposed refinements to these arrangements set out in the Review recommendations. I ask that the ARC expedites implementation of further work stemming from that Review, including fast-tracking development of more efficient and robust assessments of the quality and impact of Australian research.

My expectation is that this should include clear measures to identify industry engagement and the translation of research to impact. I note that the Review identified many measures related to industry and end-user engagement as having a declining relevance to the assessment of quality in ERA. Accordingly, I ask the ARC and the Department to jointly develop robust quantitative metrics that are more explicitly focused on the impact of research for the next EI assessment in 2024. The end result will be a set of metrics that recognises outcomes like patents, IP and commercial agreements and will have less emphasis on case studies to measure research impact.

To be effective, the performance information generated by the ERA and EI assessments must drive the quest for excellence. In advance of the next ERA, I ask the ARC to convene the expert working group proposed by the Review to develop a revised ERA rating scale. The new scale should embed an approach that sets the 'world standard' benchmark against those nations and universities that are at the forefront of research. The new scale should provide a comparator that will set a rising standard over time. While acknowledging the complexity of the assessment process, I expect that the results will be underpinned by a benchmarking structure that is clear in its ambition and provides granular and meaningful reporting of the level of achievement across different universities.

Enhanced organisational governance

To support my reform ambition, I ask that you provide advice on the re-establishment of a designated committee under the ARC Act to support you in your role as CEO. The creation of such a committee is in line with the governance arrangements of similar bodies such as the National Health and Medical Research Council. The committee should build on the expertise of the existing Advisory Committee by bringing additional external and end-user perspectives to the governance of the Council and its programs in order to reflect the Government's current priorities. I envisage a proactive agenda for the committee supporting you to align the

ARC strategic agenda with Government priorities, improve governance and drive innovation in the development of high-quality research funding programs and research impact assessment.

In recognition of the independence of ARC, the CEO will continue to provide recommendations and advice directly to me. To assist the CEO to undertake this role, I propose the committee, operating with an independent Chair, should support and provide recommendations to the CEO on the strategic agenda of the organisation. The committee should have a broad membership with substantial industry, research end-user and governance representation, with Terms of Reference (ToRs) that support ongoing reform of ARC operations and a focus on driving impact from publicly funded research in Australia's universities. I ask that you provide me with advice before the end of the year on the committee's establishment, including membership and ToRs, for my approval.

In order to provide a clear and strong message to stakeholders with an interest in university research I ask that the committee, as one of its first actions, work with the ARC to develop a three-year ARC Strategy. This Strategy will set out the ARC's alignment with the Government's priorities and set out a forward-looking agenda. The agenda will demonstrate the ways in which the ARC will develop and drive Australia's research agenda, in line with the best practice of comparable and high performing international research agencies, over the next three to five years.

More broadly, I look forward to a regular and ongoing dialogue with you to keep me and my office informed of important issues relating to the work, health and culture of the organisation, including through regular meetings and prior notice of significant announcements and events. The ARC and the Department should work closely together to scope and develop activities that respond to this Statement of Expectation.

I look forward to continuing to work with you to support the excellent research produced within the university sector.

I trust this information is of assistance.

Yours sincerely

ORIGINAL SIGNED BY

Stuart Robert

6 DEC 2021