



Australian Government

Department of Education, Employment and Workplace Relations

Department of Innovation, Industry, Science and Research

Interim Agreement for Mission-Based Compacts

Between:

- RMIT University
- The Australian Government

For the period:

1 January 2010 - 31 December 2010

Drafting note: Within this template text in black is to be left as-is, while text in blue is to be amended by the University as required. Drafting note text is to be removed from the final version.

SECTION ONE

Preamble

Compacts

In 2010, the Australian Government and RMIT University will agree a mission-based compact commencing in 2011. Compacts will be agreements between universities and the Australian Government detailing public funding commitments and reciprocal institutional commitments. They will support universities to pursue their distinctive missions and to contribute to the Australian Government's aspirations for the higher education sector as whole.

This 2009 Interim Agreement is a transitional arrangement, pending finalisation of the first compact in 2010.

Compacts and Interim Agreements will be based on mutual respect, trust and shared goals to improve students' educational experiences and outcomes and to build research capacity and international competitiveness. As noted by the Prime Minister, compacts herald a new era for the operation and funding of Australian higher education. They will play a key role in implementing the Australian Government's reforms and in ensuring improved outcomes from increased Australian Government investment in higher education. Compacts will be underpinned by information and data provided through the Interim Agreement discussions and by other means in order to support the programs and priorities of the Department of Education, Employment and Workplace Relations and the Department of Innovation, Industry, Science and Research.

The Department of Education, Employment and Workplace Relations and the Department of Innovation, Industry, Science and Research will also look to discuss underpinning activities which might inform mission-based compacts, including those supported through the Education Investment Fund and other programs. This will enable a comprehensive analysis of the University's activities in order to drive a reformed university system that promotes excellence, sustainability, transparency, performance, collaboration, international engagement and innovation.

Compacts will facilitate:

- a focus on excellence within the mission of each university irrespective of its distinctive strategic direction;
- transparency in decision making with respect to compact agreements and provision of public funding being open to external scrutiny, and based on a fair application of consistent rules;
- accountability for publicly funded outcomes, with universities and the Australian Government sharing responsibility to report publicly on performance against clear and measurable goals; and
- a strengthened funding and accountability framework for publicly funded activity, supported by appropriate and reasonable reporting requirements.

The Australian Government's ambitions for higher education and innovation

The Australian Government's vision for the higher education sector is set out in *Transforming Australia's Higher Education System*. Higher education is central to achieving the key objectives for the nation's future, including:

- **A stronger Australia** – boosting Australia's share of high skilled jobs and productivity growth will require a highly skilled workforce that can rapidly adapt to meet future challenges; and
- **A fairer Australia** – all Australians will benefit from widespread equitable access to a diverse tertiary education sector that allows each individual to develop and reach their potential. Society as a whole will benefit from the widespread application of cutting-edge research.

In supporting these objectives, the Australian Government's ambitions for higher education include:

- producing graduates with the knowledge, skills and understandings for full participation in society and the economy;
- providing opportunities for people from all backgrounds to participate to their full potential and be supported to do so;
- providing students with a stimulating and rewarding higher education experience;
- playing a pivotal role in the national research and innovation system through generation and dissemination of new knowledge and through the education, training and development of world class researchers across a wide range of intellectual disciplines;
- being amongst the leading OECD countries in terms of participation and performance.

The higher education system also plays a crucial role in supporting innovation. The Australian Government's policy statement, *Powering Ideas - An Innovation Agenda for the 21st Century* outlines its aspirations for innovation over the next decade which include:

- progressively increasing the number of research groups performing at world-class levels, as measured by international performance benchmarks;
- progressively addressing the gap in funding for indirect costs related to Australian competitive grants;
- promoting collaboration by encouraging universities to organise themselves into hubs and spokes and to pursue opportunities to undertake industry-driven research more vigorously;
- helping smaller and regional universities develop their research capacity by teaming up with other institutions; and
- significantly increasing the number of students completing higher degrees by research over the next decade.

Principles

The principles under which Australian Government funding for higher education is provided are:

- opportunity for all, especially for those students from groups under-represented in higher education;
- access to university based on merit;
- world-class teaching and learning that advances the international standing of Australian education;

- world class research and research training that advances knowledge, critical thinking and Australia's international standing;
- responsiveness to the economic and social needs of the community, region, state, nation and the international community;
- a sustainable higher-education sector; and
- academic freedom and institutional autonomy.

Australian Government support for higher education

The Australian Government announced a 10-year reform agenda for higher education and research in *Transforming Australia's Higher Education System*. An outline of the new initiatives announced as part of that package is included at Attachment A.

University mission

As outlined in the University's current Strategic Plan *RMIT 2010: Designing the Future*, RMIT is a global university of technology with its heart in the city of Melbourne. We create and disseminate knowledge to meet the needs of industry and community and foster in students the skills and passion to contribute to and engage with the world.

RMIT's vision is to be:

- Global in outlook and action, offering our students and staff a global passport to learning and work.
- Urban in orientation and creativity, reflecting and shaping the city of the 21st Century.
- The first choice provider of work relevant learning in Australia, preparing students for professions and vocations of the future.
- One of Australia's top research universities, internationally known for our applied focus and for excellence in research and research education in our chosen fields.

What the University is doing at present

Since adopting its current Strategic Plan in 2005 RMIT has delivered a broad suite of initiatives focussed on the following priorities. This has resulted in improvements in research outputs, student satisfaction, graduate outcomes and financial performance. Addressing these priorities remains at the core of university activity and achievement of RMIT's Vision and Mission. Work under each priority is planned and confirmed via RMIT's annual business planning process and in work plans of Colleges, Offices and individual staff.

- Priority 1: Build a global university grounded in Melbourne and connected to communities, enterprises and industry across the world, providing our students with a global passport to learning and work.
- Priority 2: Position RMIT as the first choice provider of work- and industry-relevant learning.
- Priority 3: Develop focused areas of excellence in research and scholarship that reflect our global engagement with industries and communities. We will assure RMIT's inclusion in the top 15 research performers among Australian universities.
- Priority 4: Ensure flexible, useful pathways and learning opportunities for students.
- Priority 5: Create an experience for students which is stimulating and satisfying and which celebrates diversity.
- Priority 6: Attract, develop, reward and retain staff who will embrace the future with energy and creativity and who are focused on the needs of our students and our partners.
- Priority 7: Develop facilities and systems to support and sustain excellence in education and research.

Priority 8: Develop a sustainable platform for achieving our goals.

RMIT is also working closely with the Department of Education, Employment and Workplace Relations and the Department of Innovation, Industry, Science and Research to refine and implement government policies outlined in both Transforming Australia's Higher Education System and Powering ideas – An innovation agenda for the 21st Century.

The University has four Research Institutes, Design, Global Cities, Health Innovations and Platform Technologies that represent cross-disciplinary research excellence and are complemented by strong industry engagement through nine Co-operative Research Centres.

The University has identified six fields of education, which represent areas of excellence and scale. The University has chosen to focus in these fields rather than offer programs across all fields of study. As a university of technology, RMIT has chosen to concentrate its education in providing programs that lead to professional outcomes, rather than providing general programs of study.

Particular commitments to government education and research goals are:

- Participation in ERA
- Engagement in the current transparent costing for the full cost of research exercise
- Preparation for a national contestable higher education market. In 2010, this includes some growth in undergraduate places and continuing analysis of program quality, viability and relevance.
- Ongoing activity to support the government's participation and attainment targets. RMIT will review its equity targets across higher education and vocational education and training sectors in 2010.
- Contribution to the national effort to inform, define and implement new quality and governance arrangements for the sector

What the University aspires to be

Aspirations to 2010 are detailed in the Vision and Mission of the University's current Strategic Plan. A detailed process of assessment to determine aspirations to 2015 is in hand and will deliver a new Strategic Plan in November 2010.

The University's plans for supporting its aspirations

RMIT commits annually to activities that support its Vision and Mission to:

- Grow Margin and Financial Sustainability
 - Managing student load strategically and assuring costs savings have delivered a sustained financial margin that supports RMIT aspirations. RMIT has exceeded its target of a 6% operating margin for the past three years and has planned for a similar outcome over the next triennium.
- Improve learning and teaching outcomes

- RMIT has experienced steady improvements in student satisfaction with teaching as measured by the Course Experience Questionnaire and internal teaching evaluation instruments. It has consolidated its discipline focus around 'high impact' clusters that are delivering improved outcomes in relation to quality, viability and relevance. These are: urban environment and infrastructure; art and design; finance, accounting and logistics; engineering; media and communications; community, health and medical services.
- Improve the student experience
 - Creating a distinctive and high quality program-level experience for all students is a key focus for RMIT. This is supported by the Academic Plan and the Capital Development Plan. Students have access to work-integrated learning experiences and global learning opportunities tailored to their specific discipline needs.
- Improve research performance
 - RMIT is close to achieving its aspiration of ranking in Australia's top 15 research universities, based on performance as measured by DIISR indicators. Preliminary ERA results show that RMIT research in some fields is ranked among the best in Australia and in the world. The University has focussed strategic investment through four research institutes: Design, Global Cities, Platform Technologies and Health Innovations. The institutes reflect areas of established strength and emerging strategic relevance; and encompass research undertaken in all three academic colleges.
- Strengthen industry engagement and careers
 - Five priority industry sectors are the focus for advancing strategic partnerships in education and research across RMIT: aerospace and aviation; automotive; built environment, construction and infrastructure; health and community services; media and communications. These industry priorities have strong alignment with RMIT's high impact programs and research institutes.
- Strengthen the global university
 - RMIT continues to strengthen linkages between RMIT Melbourne, RMIT Vietnam and offshore partners to provide a distinctive RMIT experience. In recent years, this has included growing the number of international mobility opportunities available to students and staff, developing work integrated learning opportunities in Vietnam and promoting the international recognition of RMIT programs.
- Align staff capability and capacity with strategic objectives
 - Attracting and retaining high performing staff through targeted initiatives is a key focus for RMIT. Staff strategy also supports performance, with a substantial increase over the past few years in the number of staff with

PhDs and qualifications in higher education teaching. In 2010 a human resources strategy will be developed to support the new Strategic Plan.

- Improve infrastructure
 - RMIT is undertaking a \$500 million capital works program for improved learning and teaching and research facilities in Melbourne and Vietnam. This represents the largest expenditure on capital works in RMIT's 122-year history.

Achievement against these priorities has been measured by a suite of indicators agreed in the context of the 2006-2010 Strategic Plan. A new set of indicators is in development as part of the development of the new Strategic Plan.

SECTION TWO

Teaching and Learning

The Commonwealth Grant Scheme funding agreement of December 2009 will remain in effect throughout the period of this Interim Agreement. Where eligible, other funding for 2010 will be delivered through a range of new and existing Australian Government teaching and learning programs.

The University and the Department of Education, Employment and Workplace Relations agree to work co-operatively to enable the Department to:

- finalise the framework for mission-based compacts during 2010; and
- develop a framework for performance funding, including appropriate teaching and learning performance indicators, which will be used to set targets for performance funding in the 2011 compact.

No funding is contingent on the teaching and learning component of this Interim Agreement.

SECTION THREE

Research and Research Training

Funding under the Higher Education Support Act 2003

In 2010, the Department of Innovation, Industry, Science and Research (Department of Innovation) will provide the University with funding from a suite of research block grant programs including the Research Training Scheme (RTS), Australian Postgraduate Awards (APA), International Postgraduate Research Scholarships (IPRS), Research Infrastructure Block Grants (RIBG) and Joint Research Engagement (JRE). These grants form the basis of this agreement. The Department of Innovation will also look to discuss how research collaboration, participation, engagement and excellence, supported by a broader range of the portfolio's programs, might inform mission-based compacts – see Attachment B.

The University and the Department of Innovation agree to work co-operatively to enable the Department to:

- finalise the framework for mission-based compacts during 2010; and
- develop performance indicators and targets to be used within the 2011 compact.

As part of this agreement, the Department may identify priority areas of research which align with the University's strengths and mission.

Sustainable Research Excellence in Australia (SRE)

The Department of Innovation has established the Sustainable Research Excellence in Universities (SRE) program, which supports excellence and contributes to a more sustainable University research sector, by ensuring that adequate funding is available to allow competitive grants for research to be effectively utilised.

The program will have three funding components:

- a Base component whereby 20 per cent of the funding provided will be allocated on the basis of the existing Research Infrastructure Block Grants (RIBG) formula, i.e. on the basis of the relative success of the institutions in attracting competitive research funds as calculated from schemes in the Australia Competitive Grants Register;
- A Threshold One funding component whereby up to 13 per cent of available SRE funding in any one year will be available to those universities participating in Transparent Costing and the Excellence in Research for Australia (ERA) initiative; and
- A Threshold Two component whereby 67 per cent of available SRE funding in any one year will be available for those universities participating in Transparent Costing and ERA and who meet specified performance targets.

The University acknowledges that its participation in SRE will be governed by this agreement and by processes administered by the Department of Innovation as part of this agreement. The University acknowledges that participation in both Transparent Costing and ERA is a prerequisite for receipt of funding under the Threshold 1 and Threshold 2 elements of SRE.

The University commits in this Agreement to working cooperatively with the Department of Innovation to finalise its Transparent Costing and ERA participation status based on the SRE framework set out in the SRE Guidance Paper, Transparent Costing Specification, SRE Conditions of Grant and any other related documents or processes published by DIISR.

or

Collaborative Research Networks program

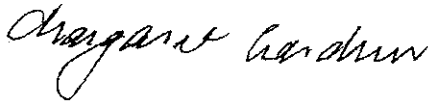
The Collaborative Research Networks (CRN) program will assist smaller and regional universities to adapt to a research system driven more strongly by performance outcomes. From 1 July 2010 regional and smaller universities will be invited to make submissions which support areas of national importance. Funding will be made available to successful universities from 1 January 2011. CRN funding and the research activity it will support are therefore outside the scope of this Interim Agreement, but will be addressed in the compacts to be negotiated with universities in 2010.

The University agrees to work with the Department of Innovation on developing the framework for the CRN program.

Interim Agreement

This interim agreement covers the period from 1 January 2010 to 31 December 2010. It may be amended, if agreed in writing by all the parties

Signed on behalf of RMIT University




Signature

**Professor Margaret Gardner AO
Vice-Chancellor and President**

Name and position

Signed on behalf of the Department of Education, Employment and Workplace Relations



Signature

**Fiona Buffinton
Group Manager,
Higher Education Group**

Name and position

Signed on behalf of the Department of Innovation, Industry, Science and Research



Signature

**Anne Baly
Head of Division
Research Division**

Name and position

Summary of budget initiatives

Initiative	Description	Funding 2009-10 to 2012-13 \$m
Funding to support the low SES participation targets <ul style="list-style-type: none"> ▪ Partnerships ▪ Student loading 	<p>In 2010 funding to support the low SES participation targets will be about 2 per cent of teaching and learning grants, and will increase to about 3 per cent in 2011. By 2012, equity funding will be broadly in line with the recommendation of the Bradley Review to increase it to 4 per cent of teaching and learning grants.</p> <ul style="list-style-type: none"> ▪ Partnerships activities ▪ Student loading <p>The funding will support the government's ambition to increase higher education enrolments of students from a low socio economic background to 20 per cent by 2020. This includes \$394 million new funds, plus existing Equity Support Program funding.</p>	108 325
Demand driven entitlement system for domestic higher education students	Public funding will be provided for each undergraduate student eligible for a university place. Universities will continue to set their own entry standards, including entry requirements such as pre-requisite subjects, and make strategic decisions about course provision and their ultimate size.	491
Higher Education Loan Program (HELP) repayment reduction for education and nursing	Repayments for the Higher Education Loan Program (HELP) for eligible education and nursing graduates will be reduced if they work in a teaching or nursing profession. This proposal is aimed at addressing the skills shortages in both professions.	83
Increase in the maximum annual student contribution amount for education and nursing	The maximum annual student contribution amount for education and nursing will be increased, providing a direct increase in revenue to institutions offering these vital courses.	33
Indexation	Revised indexation for higher education funding will be introduced from 2012, with transitional arrangements for teaching and learning in 2011. The increase in indexation will provide funding security and certainty for institutions to support improved student-to-staff ratios and greater student engagement.	578
Sustainable Research Excellence in Universities	Increase in funding for the indirect costs of research, currently funded through the Research Infrastructure Block Grants (RIBGs). This will ensure resources are allocated rationally and used efficiently.	512
Joint Research Engagement	Replaces the Institutional Grants Scheme to encourage and support engagement with the end users of research.	-
Collaborative Research Networks	Networks to encourage institutions, particularly those in regional Australia, to form partnerships with universities with already established research strengths,	52

	relevant to their mission and profile.	
Excellence in Research for Australia (ERA)	Funding will be provided for establishment of a framework for Excellence in Research for Australia (ERA).	36
Education Investment Fund	Australia's tertiary education and research sectors will benefit from a capital injection from the Education Investment Fund (EIF).	2,985
National body for regulation and quality assurance	The national agency will be established from 2010 to underpin a robust quality assurance framework for Australian higher education, and to drive improved standards of teaching and learning for students.	57
Performance funding	From 2012, new performance funding will reward institutions that meet agreed targets in key areas such as improving the quality of teaching and learning and the outcomes for students from low socio economic backgrounds.	206
New arrangements for student income support	Provides comprehensive changes to the student income support system to remove the financial barriers to the participation of students from low socio economic backgrounds and Indigenous students. This supports the Government's ambition to increase higher education enrolments of students from a low socio economic background to 20 per cent by 2020.	-
Postgraduate Research Student Support	Raises the stipend in the Australian Postgraduate Award to \$22,500 from 2010.	52
Removal of the OS-HELP loan fee	The loan fee on OS-HELP Loans will be removed in 2010. This will encourage Australian students to study overseas during their higher education courses, enhancing their student experience and learning outcomes.	17
Structural Adjustment Fund	Funding will be provided to support significant structural change across the sector, which could include the creation of new models of higher education institutions and collaborations between higher education and vocational education and training providers. Total funding of \$400m includes \$64 million from the existing Diversity and Structural Adjustment Fund, and \$200 million for the capital components of structural adjustment to be funded from the EIF.	402
Savings measures		
Learning and Teaching Performance Fund	This program will be discontinued. Performance funding will provide incentives for institutions to improve learning and teaching quality.	-324
Workplace Productivity Program	This program will be discontinued.	-78

PACKAGE ELEMENTS	2010	2011	2012	2013	2014 and beyond
	Transition period		New student centred funding system		
Student entitlement funding	Transition to student centred funding model		Student centred funding model		
Increased indexation		Conditional funding (equivalent to improved indexation on T&L grants)	Increased indexation of teaching and learning and research HESA grants		
Performance funding			New performance funding of 2.5% of current teaching and learning grants		
Quality and regulatory framework	Tertiary Education Quality and Standards Agency				
Funding to support low SES participation	2% of T&L funding in 2010	3% of T&L funding in 2011	4% T&L funding from 2012 onwards		
Student income support	Improved targeting of income support New student scholarships Australian Postgraduate Awards stipend increase				
	Independence age reduced to 24 years	Independence age reduced to 23 years	Independence age reduced to 22 years		
		Personal Income Threshold increased to \$400 per fortnight			
		Income support for all Masters by Coursework programs			
Structural adjustment funding	Structural Adjustment Funding				
Higher Education Loan Program	Higher Education Loan Program reforms: Reduction in HELP repayments for nursing and teaching; increase to student contribution for nursing and teaching; removal of OS-HELP loan fee				
Education Investment Fund	Rounds 1, 2 & 3 and Sustainability Round				
	Sustainable Research Excellence (incremental increase to 2013)				
Research Initiatives	Joint Research Engagement				
		Collaborative Research Networks			

Enhanced Research Funding System

<p>Collaboration</p> <p><i>Collaborative Research Networks program</i></p> <p><i>Co-operative Research Centres</i></p> <p><i>Infrastructure collaboration</i></p>	<p>Participation</p> <p><i>Increased Aust. Postgraduate Awards</i></p> <p><i>Super science fellowships and other Aust. Research Council fellowships</i></p> <p><i>Research Training Scheme</i></p>
<p>Engagement</p> <p><i>Joint Research Engagement</i></p> <p><i>Co-operative Research Centres</i></p> <p><i>ARC Linkage program</i></p>	<p>Excellence</p> <p><i>Sustainable Research Excellence</i></p> <p><i>Excellence in Research for Australia</i></p> <p><i>Improved indexation of Block Grants</i></p>

Compacts with universities will provide a framework for the Government's reform agenda

Dual system of core funding:
Existing formula-based Research Block Grants and Competitive Research Grants (ARC, NHMRC etc)

<p><i>Infrastructure funding programs</i></p>	<p><i>National Collaborative Research Infrastructure Strategy</i></p>	<p><i>Education Investment Fund - SuperScience Package</i></p>
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Reformed university research system that:

- **Drives Excellence**
- **Builds Sustainability**
- **Provides transparency**
- **Improves performance**
- **Promotes collaboration & responsiveness**
- **Engages internationally**
- **Promotes innovation**