Thank you for inviting me to speak.

This AFR conference is an annual calendar highlight for Universities and it is good to stand here feeling optimistic.

It leads me to use one of my favorite quotes, from Nelson Mandela, who said that “education is the most powerful weapon which you can use to change the world”.

I would like to believe that Australia now has a Federal Government that feels the same way.

I’ll be frank; when I was first invited to speak some time ago now, my frame of mind was rather different.

The view from the political trenches of Canberra looked bleak.

Immovable objects, walls and head-banging come to mind as valid descriptions of our daily travails!

I have been with the higher education sector for more than 13 years, and in mid-2015 the political, policy and, most critically, the financial outlook for Australia’s universities, had never felt quite so fraught.

So the Group of Eight has very much welcomed the recent “recalibration” of the Federal Government, and importantly, that recalibration as it relates specifically to our sector.

It is invigorating to be enveloped in public statements from a new Prime Minister and his Ministry on the value of research and innovation, and with a stated political priority being ‘increased collaboration between universities and industry’.

It is particularly positive to learn that the new team’s first major policy announcement will be on innovation; and before Christmas. It’s been some time since we have seen Minister Pyne so enthused and positive!

More of it we say!

It feels as if overnight our raison d’etre is finally in sharp political focus, and in a positive rather than an acrimonious way.

There is a different dynamic at play now. We as a sector must harness it.

It is critical that we do.
This matters significantly for the Go8 as Australia’s group of leading research intensive universities; and also as the group of universities with the highest industry collaboration.

It is worth stating upfront that currently Go8 research income from industry is twice that of all other universities combined.

This is because industry wants to engage with the best. The best minds, producing the most excellent research in world class research environments – the Go8

Working with the Go8 - industry also reaps the rewards of excellent fundamental research leading to better industry outcomes.

Striking this balance across the spectrum of research activity is a Go8 hallmark with our research income split 50/50 between fundamental research and research engaging with industry, government and the community.

That balance is important as we see the two research areas as symbiotic for the national benefit.

To put that in context, the Go8’s competitive research income is 73% of the sector total at $1.2 billion.

Our industry income is 67% of the national sector total at $616 million.

It is therefore obvious that we have much invested in the Government’s policy direction and priorities.

I am not sure how many of you would recall that the Go8 asked very publicly in March this year – really for some sanity to enter the battleground of Australia’s never-ending higher education funding debate.

Our plea, as we described it then, was for Government to hit the reset button.

For us to stop, and to calmly, and pragmatically, consider what we were trying to achieve.

We needed to remember why we were trying to achieve it,

And to work through how best to reach the right solution, for us and for our students and, so vitally, for the Australian community.

Because, if there is one thing the past 18 months has shown, it is that our politicians, like the sector, do agree our sector has a problem; it’s agreeing on the funding solution that has so far proved impossible.

Now finally we have hit that reset button.

And to accompany that decision we have a new political direction that embraces, applauds, and values research and innovation.
The Go8 has, of course, not walked away from its long-held view that fee flexibility must remain as part of the new phase of consultation announced by new Education Minister Simon Birmingham.

And here I digress to say I note positively that Vice Chancellors from other University groups have recently made statements agreeing with that position.

But it is important to reinforce - as we did back in March - that the Go8 has always been, and remains, flexible in how we implement flexibility!

What we ask is that the eventual solution works and that it is sustainable for the long-term.

No bandaids.

We therefore look forward to constructive dialogue during this new outcomes-focused and consultative political process.

It is a process that appears to start from that Nelson Mandela belief.

But, as a sector, we ignore at our peril that there are two sides to what we are dealing with.

While the political side has taken a positive turn, our community positioning remains, let’s be blunt, lacking.

The Australian community has been blindsided and confused by the polarised higher education funding debate.

Probably to most Australians it appears as if the issue began on Budget night 2014 when the Government announced a solution for the sector when most Australians did not know there was a problem.

Australians are generally unsure and un-informed about what our sector needs, or why it needs it.

and about what our sector contributes to their lives

and about what a damaged and deficient university sector could mean to their future.

Basically they are un-informed about all that they could miss out on.

What they see are Universities asking for more money.

That is the optics – and that is NOT a worthy message.

We have not spelt out - as well as we could - why we are essential to every Australian or even how much we deliver into the economy – the international education sector alone brought in $17.6 billion last year and is estimated to be expanding by $1billion per year.

In 2014, research from UNSW alone – a Go8 university - contributed $15billion to the Australian economy and we know that the entire sector contributed around $160billion in knowledge and technology to the economy.
Maybe we felt we should stay above the fray and concentrate on delivering?

Admirable yes, but it hasn’t worked.

Our conservative lobbying, or reticence to be seen publicly to get down and dirty in the pit of politics has worked against us over many years.

At the Go8, and actively within each of our member Universities, we are now trying very hard to redress that.

It is time to stop looking like a greedy child; always with our hand out.

We must have the community on-side, and it can’t be, until it truly understands our value.

We can’t blame the community for not knowing.

It is our job to express the value proposition in clear, simple and positive language.

And we also have to reassure the community that in those fiscally constrained times their scarce tax dollars are being utilised well by the sector, with quality outcomes... and I will come back to that point later.

But continuing with the theme that is of such concern to the Go8 – that the Australian community really doesn’t know our value;

I have found it a lightbulb moment for far too many people when I say “you don’t have to attend a University to benefit from a University education every single day”.

I don’t have to spell out for this audience that what Universities do for the community is totally embedded in people’s daily lives... as a snapshot take:

- the architects and engineers who made this very building possible, to the nurses, midwives, doctors and dentists, vets, pharmacists; school teachers, lawyers and accountants; the people who designed our cars and roads and bridges, the IT specialists who are responsible for every device I can see as I look around this room.

So our core message to the community must be that Universities are not ivory towers.

We do not stand apart from the community.

We are embedded in the lives of everyone

And we are the future.

What we deliver for society is essential; it is not the luxury option.

There is no choice in the matter.
Consider for a moment life without the research we deliver, or, with substandard professional training.

Think for a moment how someone would feel if they had any question about the skill level of the paramedic who may be called upon to save their lives?

*That’s* a lightbulb moment.

Consider reduced funding for research into, for example, diabetes or obesity which on its own - as we all know from a recent PWC report will cost our economy $88 billion over the next decade with one in three Australians classed as obese by 2025. Fighting this is the admirable focus of the University of Sydney’s Charles Perkins Centre – a centre which brings together 900 researchers from disciplines as varied as philosophy to agriculture to medical research.

That’s another lightbulb moment.

Who would want to miss out on some of the amazing research –

such as Melbourne University’s research into dementia which is the second highest killer in Australia after heart disease and which currently some 330,000 Australians suffer from; or UNSW’s work to build the world’s first quantum computer; ANU’s technologies to mine for resources more efficiently, or Adelaide’s efforts to move beyond fossil fuels with green energy made from algae, seawater and sunlight.

Or La Trobe universities breakthrough trials using dance to alleviate Parkinson’s symptoms.....QUT’s research into new forms of public communication and new business models for creative industries....or Macquarie University’s research which is improving disease protection for entire populations of oyster - a 200 million dollar industry in Australia.

From preventing depression among young Australians, to saving people’s eyesight in the developing world, Australia’s universities make an indispensable contribution.

Think of the many many hundreds of thousands of people whose lives and lifestyles would be affected if this research could not continue.

That is unconscionable.

Think of our community missing out on research of the quality of:

- **Gardasil** the vaccine for cervical cancer that teenagers around the world now have administered routinely
- **Spinifex** – for chronic pain relief that has made a world of difference to so many people around the world
- **Resmed**’s world famous work on sleep apnea
- The **GI Index** we now use as routine when choosing what we eat and when
- **EmryoGen** – which improves the chances of conception and pregnancy using IVF
• **Elastagen** – which so vitally returns elasticity to regenerated skin after severe burns
• **SNAP** surveillance technology so vital at airports to assist with terrorism
• **Recaldent** which can reverse early tooth decay without dental intervention

That is why the Go8 has been working so hard to maintain its quality standards and research capacity by fighting for long-term sustainable funding.

That is what we must define for the community

Because this is as much about the community as it is about us.

In fact it’s *more* about the community than it is about us.

Let’s deal with what is actually happening:

As you will see on the screen behind me, the facts that set out what the Go8 delivers, not just for Australia but for the world, are highly impressive.

We are exceptionally proud of that, and we strongly guard that reputation.

However we simply don’t have access to the long-term sustainable funding that we require to produce the quality students and the quality research we currently do.

And here I am going to make a completely bipartisan statement.

To date my member Universities have been dealing with *two* major parties which have BOTH seen fit to cut higher education funding...

Since 2012 almost $1 billion has been removed by both major parties from research funding programs.

A further $262 million over three years was removed from the Sustainable Research Excellence fund in this year’s Hockey Federal Budget.

The major parties have been peas in a pod when it comes to funding Universities..... they have just gone about it in different ways.

The messaging of the Turnbull Government is different; we must make sure the outcomes are also.

It is the Go8 Universities which are the most damaged by the current funding situation.

On the face of it, I am sure to the community; that sounds like a ludicrous statement for me to make.

After all - we are the oldest, therefore the most established.

We are Australia’s elite group of Universities and most of us have rather wonderful historical campuses.
We are the group of Universities which prides itself on commitment to excellence.

As we always say, we welcome quality students and we deliver quality graduates who are the leaders of tomorrow.

And in fact 79% of the CEOs in Australia’s top companies who were educated in Australia do come from a Go8 University.

Our international alumni are leaders in industry and politics around the world.

That’s all impressive.

But it camouflages a harsh reality.

For example, some undergraduate courses are so underfunded by Government that the University of Sydney loses $20,000 for each of its 950 or so medical students each year.

Another fact that is not understood outside of the sector is that Australian Universities must carry out research to be classed as Universities.

It is not widely understood, even by media, that there is a legislative requirement to carry out research in at least three broad areas, so not conducting research is not an option for institutions that wish to remain Universities.

It is Go8 Universities who deliver 62% of Australia’s research that is above world class standard.

We receive almost 60% of the National Health and Medical Research Council funding.

We account for two-thirds of all research funding to Australian Universities.

But as most of this audience is well aware, the more research we do, the more part funded research grants we win, the more money we have to find from somewhere else to pay for it.

In 2013, the last year for which data is available, we received $2.4 billion in research funding.

However, each year the Go8 spends some $6 billion on research of which more than $2 billion is spent on our globally significant medical and health research.

The above figures mean that we have to heavily cross-subsidise research.

That money - unfortunately because there is no choice - partly comes from the student fees from courses that aren’t underfunded by Government such as teaching and business.

That can’t continue. Robbing Peter to pay Paul is no answer to anyone’s budget, and it always comes to a sticky end - as I am sure we all know from personal experience at one point in our lives.
The reality is that if the funding issue cannot be resolved, lecture sizes will increase, course choices will be reduced, and yes, ultimately, regardless of how much we fight for it not to happen, research could be affected as we could be forced to do less.

It also means quality researchers head overseas never to return, while the student offering is depleted. Everyone loses.

And, in the end, all of this affects the community.

As I keep saying it may not be emotive enough for the television news services but the future effect on the community and the economy cannot be downplayed.

It would be an insidious creep of problems into people's lives over a decade or so.

Sadly it seems we do live in an age where there has to be a very visible crisis to bring about change.

As we have noticed recently in South Australia - it took the looming closure of a car plant and the fact Government seats could be lost if the State was not given preferential entre to new defence contracts - to have the previous PM and assorted Ministers rush to Adelaide to promise a solution.

Meanwhile our Universities are a major Australian employer - the Group of Eight directly supporting some 50,000 jobs.

I don’t think we are asking for much.

As outlined in Universities Australia’s ‘Keep it Clever’ Policy document – in Australia, public funding for universities represents just 0.74% of GDP – well below the OECD average of 1.13%.

Australia’s investment has declined. In 1995, public funding for universities was 1.2% of Australia’s GDP: the sixth highest share in the OECD.

Today, we invest on 0.7%, which puts us 24th.... out of the 25 countries for which data has been available since 1995.

Given how little this country has invested in its Universities and their research compared to other first world nations, I believe all we are asking for is a fair go.

To the community - each and every one of us - in the sector must explain the WHY!

I mentioned earlier the added responsibility of using scarce taxpayer funds wisely.

The Go8, despite some, shall we say febrile castigation from a few in the sector, will not walk away from what we believe is a sensible and logical stance that the taxpayer funding of university research should be directed to supporting excellence – the best research in Australia, wherever it’s done.
Scarce public money should not be wasted and we must be accountable.

To develop the Australian researchers of the future, our nation needs to build up a high quality, world class research environment. Our PhD students deserve to be trained surrounded by excellence.

There must be quality to ensure quality outcomes.

The funding should go where that quality is and at the moment the only quality indicator we have available to us to allocate research training funding is through ERA.

And I yet again stress the point that this means any research area in any university that has an ERA rating of three or above.

Yes we accept there are criticisms about using ERA.

If it is the case ERA is defined as deficient to ensure the best use of taxpayer funds then we must work with Government to introduce another quality measurement structure to ensure targeted funding.

There is no point shooting the messenger. The current funding methodology does not work.

Take it back to the salient points:

- taxpayers deserve the best return
- the nation deserves the highest quality
- and our PhD students deserve to have their careers advanced where there is excellence or we are failing our researchers of tomorrow

The Go8 is hopeful that the current Watt review into research funding and training will address this subject, including whether ERA is the acceptable method moving forward.

I will finish as I started – there is reason for political optimism, finally.

But we have work to do. Only we can make the community optimistic about what we do and can do.

Thankyou.

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