2014-15 Federal Budget Media Commentary

Below are key passages from the 2014-15 Budget media commentary. The main sources are *The Australian* and *The Conversation*, however, other publications are featured at the end of the document.

A lot of the information is repeated across all the documents. In the interest of brevity, once an item has been introduced, it is not raised in later documents unless there's something new of interest included. Because an issue or proposed reform has not been addressed in the summary does not mean that it is not included in the document. Please see the complete document (which is hyperlinked at the beginning of each summary) for this.

The Australian

Uni fees to surge as graduate pay slides
Julie Hare

Last night, the government gave universities the green flag to set their own tuition fees. At the same time the number of undergraduate students will balloon from 470,000 to 620,000 as government subsidies are extended to TAFEs and private colleges, as well as to sub-degree programs such as diplomas. The government estimates the expansion will cost $820.4 million over three years from the beginning of 2016.

Budget papers show employment rates for new graduates are expected to fall six percentage points from 76.4 per cent last year to 69.9 per cent in 2017. At the same time, graduate starting salaries will drop from 77.8 per cent of average male weekly earnings to 74.3 per cent. The government's justification for the most radical overhaul of the higher education system in decades is "to promote economic productivity and social wellbeing".

To fund the extra places, from next year students will be asked to shoulder a greater proportion of the cost through the Higher Education Loan Program, pay interest on their debt and start repaying their debt at a lower income threshold — from the current $51,309 to $50,638 in 2016.

Elite sandstone and metropolitan universities will be expected to hike fees dramatically for high-demand courses such as medicine and law, which potentially could see graduates leaving with $200,000-plus debts.

To ensure elite universities do not become the preserve of the rich, the government has said that $1 in every additional $5 in revenue will have to be set aside to fund scholarship schemes for financially disadvantaged and regional students.

The new fee and HELP loan provisions will not affect students who have commenced or deferred a course until 2020. The Tertiary Education Quality Assurance Agency, which commentators say will be essential to preserving quality and ensuring shonky colleges are kept out, will see its regulation and quality assurance budget halved.

Universities… will still be hit by a $900m efficiency dividend introduced in last year's budget by the Rudd government... The Abbott government has also cut a slew of research programs, imposed an efficiency dividend on the Australian Research Council and merged the Education Investment Fund with its newly announced Asset Recycling Fund.

But the National Collaborative Research Infrastructure Strategy was revived, with a $150m commitment over 2015-16.

Fees rise, but to what degree?
Julie Hare

The government did not release details last night as to how the cost shifting will work, but is expected to announce today that the 11 discipline funding clusters will be reduced to five. It will also release its proposed new funding arrangements. Budget papers said there would be on average a 20 per cent shifting of cost from government to students. However, it is not just undergraduate students who will be asked to bear more of the cost of that platform. From 2016 funding for the research training scheme will be reduced and research masters and PhD students will be asked to make a contribution of between $1700 and $3900 for their courses, which will be repayable under a deferred HELP loan.

The Coalition committed to keep the Higher Education Participation Program fully funded.

While the research sector will be relieved with the $150m one-year extension of the National Collaborative Research Infrastructure Strategy for 2015-16, and $140m for 100 four-year future fellows each year from 2015, the Australian Research Council will be hit with a $25m efficiency dividend each year from 2015-17.

University research will ultimately be one of the big beneficiaries of a new medical research fund, which is projected to grow to $20 billion and dispense $1bn a year for medical research. However, the universities will be subjected to new indexation arrangements, based on CPI, which will result in a reduction in government dollars.

The budget also contained another $100m in new funding over five years for the government's New Colombo program.

The Education Investment Fund, which has delivered a slew of world-class research and teaching facilities since 2009, will also be lost to higher education when it is rolled into the new Asset Recycling Fund.

Commentators were also surprised by the government committing to deregulate fees from July 2016 without consulting the sector. "The Commission of Audit had suggested a 12-month debate, and now we won't be having any debate at all," University of Canberra vice-chancellor Stephen Parker said. "In the future government will wrestle with trying to get the cost of higher education down because (it) is going to rise inexorably for students."

Australian National University vice-chancellor Ian Young welcomed the deregulation move, which largely matches ANU's proposals. He said universities would likely have to raise student fees by an average 30 per cent to make up for the 20 per cent reduction in funding. "It does address the challenges that the sector faces from the rapid growth in the demand-driven system in terms of setting it on a more sustainable basis," he said. "Fee deregulation will allow universities to play to their strengths and diversify, and the scholarships and retaining of the HECS system address the concerns about equity."

National Tertiary Education Union president Jeannie Rea said extending subsidies to private providers meant "parcelling out taxpayer money to for-profit providers".

National Union of Students president Deanna Taylor said the changes were a "body blow" to fairness.

Funding chops for courses cut deep
Andrew Trounson

Modelling suggests universities will increase fees by at least 30 per cent to make up the course cuts before other price rises are taken into effect under fee deregulation.

The government contribution to media courses will be slashed by 50 per cent, while funding in sciences, visual and performing arts and social student will be cut by about 30 per cent. Nursing will suffer an 8.5 per cent cut, with medicine cut by 15 per cent. Law and business are to be cut by 7.5 per cent but that will have little impact on price since students already provide most of the funding in those courses. Funding for teaching courses is expected to be cut by 9 per cent. Funding for maths courses will rise by 25 per cent, and funding for humanities will rise by 11 per cent from a low base.

Grattan Institute higher education expert Andrew Norton said the cuts to media courses follow a big expansion of such courses because they attracted a higher funding rate... most universities would not be able charge such high prices and the number of courses would likely shrink.

Professor Chapman expects the elite sandstone universities will relatively quickly raise prices to international student levels.

Wollongong University vice-chancellor Paul Wellings said he expects universities would initially raise fees simply to cover lost government funding.

HECS architect Bruce Chapman warns that poorer students will be hardest hit
Andrew Trounson and Julie Hare

Economist Bruce Chapman, who designed the Higher Education Contribution Scheme loans system, yesterday said the Abbott government's plan to charge interest on student loans was unfair and would unduly impact on poorer students.

Professor Chapman said the government should follow Britain and charge interest only once graduates were earning an income over the repayment threshold. Debt should also be written off, perhaps after 25 years.

Modelling suggests universities will increase fees by at least 30 per cent to make up for deep cuts to funding for courses.

Paul Koshy, a research fellow at the National Centre for Student Equity in Higher Education, said a $20,000 HECS debt with 4.5 per cent interest would balloon to $31,059, and at 6 per cent it would reach $35,817. If the starting debt was $40,000, it would grow to more than $75,000.

Similar modelling by the Greens shows that poorer students would be hardest hit. It shows that a graduate with a $34,400 debt and a starting salary of $75,000 would take 20 years to pay off their debt along with $20,000 in interest, while a student with a starting salary of $50,000 would never pay off their debt because interest was higher than their repayments.

"The budget papers show that almost one-quarter of new HECS debt won't be repaid … It will be lower income earners who will be saddled with increased debt for the rest of their working lives," Greens education spokeswoman Lee Rhiannon said.

Labor education spokesman Kim Carr said the HECS changes and higher fees were "horrific" for students. "They are transferring the costs to students and that will be a big disincentive for students from poor backgrounds," he said.

'It's the end of the world as we know it': Marginson
Julie Hare

Simon Marginson from the Institute of Education at the University of London said the long-term effects of the reforms would be "devastating" for some universities "Squeezed by status competition from above and price competition from below, the mass lower-to-middle status public institution becomes an obsolete model," he said.

"It's a highly regressive transfer in fiscal terms," he said.

He predicted the high-fee sandstone universities would "evolve in the direction of the US private sector" eventually taking on the characteristics of "Stanford-type institutions and not University of California Berkeley".

"The independent school-educated crowd will dominate the high demands Go8s — as now — while poor families will find themselves not at (outer metropolitan) universities but the cheap for-profit colleges that spend a high proportion of their revenue on marketing. Or they will not bother at all," he said.

"This system will put a ceiling on the growth of social participation, in contrast to higher education in the rest of the world. That's what happens when value becomes confined to institutions that only part of the population can readily enter and use. It is why participation has stopped growing on the US while it is on the up everywhere else.
"So far we have a clever package for creating a more stratified system that suits the independent school crowd, lowers the long term public cost and reproduces the social hierarchy. Commercial market competition for the masses at the bottom and subsidised elite reproduction on top."

Chapman warns on radical changes
Andrew Trounson

The mild-mannered Professor Chapman isn't prone to hyperbole, so when he describes the government's changes to HECS as a "very radical policy" he isn't exaggerating.

Under deregulation he expects fees charged by the prestigious Group of Eight universities to more than double relatively quickly. He points out that fee deregulation in New Zealand led to fees tripling, eventually forcing the government there to put a cap on fees.

Under the Abbott government's changes the only effective cap on fees will be a rule that universities can't charge domestic students more than what they charge international students.

As far as Professor Chapman is concerned, charging students interest on their HECS loans before they are even earning enough to start repaying the debt is simply unfair. He said that if the government was set on going through with the changes, a fairer approach would be to follow the UK where the government doesn't charge interest until student earnings are over the repayment threshold.

…he said the government should also consider following the UK in writing off outstanding debt after 25 years. "That would be a fairer way of doing it," he said.

Online could undermine high fees
Bernard Lane

Although there had been "a lot of alarming talk" about the budget changes ushering in massive, US-like tuition fees, Dr Barber said fee deregulation and the new stimulus for private higher education should boost competition and innovation.

"So, paradoxically, the deregulation of fees will ultimately work in favour of online education providers and against the big end of town like the Go8."

And Dr Barber said this meant that tuition fees would go in both directions — up and down. However, it would depend on the government making sure that regulation did not obstruct the entry of new online competitors.

Dr Barber said: "My prediction is that we will have fewer rather than more university campuses in Australia as some institutions become unviable and mergers and acquisitions occur, probably on an international scale. There will always be a market for the on-campus experience, of course, but that market is in decline".

DASSH
DEANS OF ARTS, SOCIAL SCIENCES AND HUMANITIES

The Conversation

‘The days of borrow and spend must come to an end’
Michelle Grattan

In a major change to higher education, universities will be allowed to set their own tuition fees from 2016, although for current students existing arrangements remain until the end of 2020.

Hockey said that Australia should have at least one university in the top 20 in the world and more in the top 100. The higher education sector at present was being “held back and could not compete with the best in the world”.

While people with HELP debts will have to start paying them back earlier, one of the budget’s few new spending initiatives allows full fee paying students to take out government loans with no establishment fee.

Federal budget 2014: political experts react

Science and research funding

Rod Lamberts, Deputy Director, Australian National Centre for Public Awareness of Science at Australian National University
PhD students will be required to “make a modest contribution towards the cost of their degree” because of a drop in government funding for the Research Training Scheme (RTS). Students will be offered access to HELP, which is cold comfort given there is no such obligation for PhD candidates to do this now. The budget documents suggest that “universities may choose to offer scholarships to cover these costs”. Sounds like a great incentive to have universities increase fees to cover this.

The Australian Research Council (ARC) seems to fair reasonably, though I am deeply suspicious of the proposed one-off efficiency dividend. The organisation is already stretched to capacity and relies enormously on the goodwill of the research community to evaluate grants (which is an indirect way that universities pay for the ARC). The dividend is likely to make the management and administration of the hundreds of millions of dollars of research funding overseen annually by the ARC even more difficult.

Federal budget 2014: education experts react

Changes to higher education

Bruce Chapman, Director, Policy Impact, Crawford School of Economics and Government at ANU
There is now real capacity for institutions to very significantly increase fees, particularly the Group of Eight universities. This means that we can expect to see domestic fees increase both significantly and rapidly from 2016. How fast and by how much we just can’t know. However it would be unlikely for universities to increase them above international student fee levels, which are currently about two and a half to three times higher than domestic fees.

It is however a safe bet that all institutions will increase their charges because not to do so would cost them money. The changes are good for private providers who will have access to HECS-HELP without too many constraints.

Critically, the government has maintained the essence of HECS and that is a very good thing. This will hopefully mean that access for all students and particularly disadvantaged students should not be too much affected.

Tim Pitman, Senior Research Fellow, National Centre for Student Equity in Higher Education at Curtin University

As anticipated, the student contribution will rise but more than predicted. The Commission of Audit recommended an average rise of 14% but the government has opted for at least 20%. The exact amount will depend on how much additional universities charge because again as previewed, from 2016 universities will be able to set their own fees in a deregulated market. So the 20% rise is based on the assumption universities don't raise their fees. Technically the rise could be lower than 20% if fees drop due to competition but this is extremely unlikely.

For every $5 universities receive from additional fee revenue, $1 will be used by the government to create new Commonwealth Scholarships to "expand opportunities for students from low socio-economic backgrounds, indigenous students and students from regional Australia". The crucial word here is "new" – if they are truly additional to the financial support currently available to disadvantaged students and not just replacing existing schemes, and if they are appropriately designed, they could make a real difference to increasing access for these student groups.

Research is a winner with the continuation of the Future Fellowships Scheme beyond 2015, which the previous Labor government did not commit to. However, the number of fellowships on offer will be approximately half previously awarded.

Brian Schmidt, Distinguished Professor at ANU

A critical question will be whether in the future the government decides to cap the maximum amount a student can borrow under HECS, which they appear to be saying they won't. If this is the case then future debt may become unsustainable and that would break the HECS scheme. That would be a tragedy.

I'm very glad to see the Future Fellowship scheme return, however I do not understand the logic of restricting them to Australian researchers. This is a piece of policy that helps ensure a brain drain rather a brain gain.

Ed Byrne, Vice-Chancellor of Monash University

For students, the crucial thing is that the income contingent loan pool will be retained. The payment of student loans when the income hits a reasonable threshold, is to me, the single crucial equity factor.

I think there are people from low socio economic backgrounds that could be dissuaded from entering university through higher debts. It is therefore crucial that the measures they have said (scholarships) assist students in those situations.

Graeme Turner, Emeritus Professor, University of Queensland

One imagines that a deregulated market for university fees cannot be good for students from lower socio-economic backgrounds but, as Bruce Chapman says, no-one really knows what the social effects of this will be.

It is not clear how this initiative will affect enrolments across the sector, nor how it will affect particular areas of study - law, the humanities, social sciences and so on. However, if we want the sector to provide the skills, knowledge and training the nation requires, there is no reason to believe that the market is the appropriate mechanism to ensure that this happens. Education, like health, is one of those areas where the principles of the market do not necessarily work in the national interest. In these areas, we do not all enjoy the same levels of access and opportunity: we don't choose our parents' socio-economic status and we don't choose to be sick.

Federal budget 2014: arts and culture experts react

Joanna Mendelssohn, Associate Professor, College of Fine Arts, University of New South Wales

The changes to the funding of tertiary education will have two effects on the arts and the humanities.

The first of these will be to accelerate the tendency of wealthy local students to undertake their first degrees in international universities. As the difference between local fees and international fees shrinks there is every incentive for the children of the rich to travel for a broad-based humanities education. This was reasonably common before the expansion of tertiary education after World War II, so it will be a case of back to the future.

The most devastating impact on the rise of tertiary fees is that those children of the working class who make it to university will be under pressure from both family and society to only undertake utilitarian degrees, and not waste time and money on growing their intellect or pure research.

Fee deregulation: what does it mean for Australian higher education?

Emmaline Bexley

The message for universities from this budget is, "Fend for yourself."

The actual amount that will be lost to the university sector will in fact be far higher, as funding for government supported places will be extended to non-university higher education providers (TAFE and private colleges).

This will be good news for prestigious institutions, which will get a solid return on their name and the social status it denotes, but it is unclear how deregulation will play out across the sector as a whole.

Quality control will be essential if we are to avoid the worst elements of the US system (yet funding for the quality regulator, TEQSA, has been reduced).

What does this mean for Australian higher education?

These changes throw the logic underlying HECS, and the policy settings of the last quarter century, out of the window. HECS was introduced on the assumption that the benefit of a higher education accrues about 30% to the individual (primarily in the ability to earn a higher wage) and about 70% to society (in sharing the benefits of the graduate's knowledge, and the higher taxes they pay, for example).

This equation was muddied somewhat with the introduction of different levels of HECS for different courses, but the overall logic remained. The reforms announced tonight will lower the amount the Commonwealth contributes, but set free the total amount charged.

How much are students willing to pay?

We also do not know how a radically uneven distribution of fee levels will affect participation. Research undertaken by Bruce Chapman and his colleagues at the Crawford School has consistently shown that fluctuations in HECS fees do not deter students, regardless of their socioeconomic status. Of course, debt at these levels is untested.

Further, the flip-side of Chapman's research is that it implies a non-rational market in higher education, that will likely be exacerbated when fees are unequal between institutions… a student may be unlikely to choose a more affordable course, all other things being equal in terms of quality, if they perceive added prestige in a more expensive course and payment is deferred anyway.

The history of changes to HECS levels shows us that students will pay as much as they can borrow, and that institutions will charge as much as students will pay. A potential outcome of today's new world could be an upward spiral, where price could become a de facto signal for quality, but no genuine connection between cost and true quality. The scope for massive debt to government from these loans is difficult to guess at. How un-repaid loans will affect the budget, and the general instability this will cause, are also difficult issues.

Creating a quasi-market in higher education in Australia

Margaret Gardner

Student subsidies invest in more than just students

Offering government subsidies to a larger number of higher education providers is likely to increase the number of subsidised students. This increases pressure on government to reduce the subsidy per place.

…the current government subsidy for undergraduate degrees in universities is supporting a range of public activities beyond educating undergraduate students. The government is investing in the social good of community and the research and innovation of this major engine of the nation's research.

Government funding and deregulation of fees

In the logic of a "quasi-market" for undergraduate places with different government subsidies among providers, student contributions shouldn't have to be the same among providers either. If the government can purchase only those services it requires, why should a student be required to pay the same contribution for a higher education institution that is offering a full campus experience as for one that is not?

More expensive, more elite: higher education in five years

Gavin Moodie

…the future of Australian higher education in five years' time will be shaped most by three big changes: extending the demand driven system to all providers of all higher education qualifications; removing caps on fees; and introducing fees for research higher degrees.

Institutional restructures

Extending the demand driven system to private providers will greatly expand private providers in both numbers and size. Some private colleges and universities will become medium-sized institutions, which will increasingly have to be taken into account in policy analysis and institutional strategies. They will attract even more students from the lower-status universities.

At the same time, online learning is also increasing competition, while changing the relationship between teaching and learning. All universities, including those with no recent background in distance education, are offering many of their subjects and programs by blending on-campus and online learning. This greatly increases the convenience for traditional campus-based students, but it also makes programs more accessible to people whose study is constrained by time or place.

Blended learning is making programs offered by nearby metropolitan universities more accessible, diverting students from outer regional campuses and institutions.

Lower-status universities are thus being squeezed from above by higher-status universities and will be squeezed from below by private providers. Some of their futures are threatened. Governments are unlikely to allow any university to fail. But there will be more substantial mergers and other restructures of university campuses and institutions, which one hopes will be eased with restructuring grants.

Fee blowout

I expect most universities will initially increase their fees for most programs by about 50% to compensate for cuts in the Commonwealth contributions announced in the budget and to relieve pent-up cost pressures.

At this point fees will be so high that the proportion of new HELP debt not expected to be repaid will far exceed the 23% the budget projects for 2017-18. At some point the government will decide that it should no longer absorb this unpaid debt, which would effectively be a subsidy for yet more fee increases. The government is likely to contemplate financial caps, but rather than recapping fees it may be more likely to reintroduce lifetime borrowing limits, which it is proposing to remove from Fee-Help.

Research

The government proposes to cut funding for the research training scheme but will allow universities to charge up to $3,900 per equivalent full-time student for high-cost programs and up to $1,700 for lower-cost programs. Since HELP loans will also cover these fees, they are unlikely to affect demand much. But many of the arguments for removing the caps on undergraduate fees will be made for research higher degree fees and these will also be uncapped in time.

System shape

The higher-status institutions will be dominated by students from high and upper-middle socioeconomic status backgrounds and have few students from a low socioeconomic background.

The result will not be the two-tiered system of institutions that students are protesting against, and still less the different categories of institutions that some still seek, but a more explicit, ordered and steeper hierarchy of institutions by fees and hence funding, research, status and elitism.

How much student debt will you be facing post-budget?

Geoff Sharrock

How will universities respond?

Most universities will raise fees to at least offset their loss of income from government subsidies. Many will go further to boost the total level of income they'd receive, above 2014 levels. Either way, Higher Education Loan Program (HELP) debts will balloon.

For Go8s especially, fee deregulation is almost a licence to print HELP debt. Given their high cost base and market leader power they'll want to raise fees considerably, to finance their ambitions in teaching and research. This would also narrow the big gap (of 200% to 400% in many cases) between what their domestic and international students pay.

Other universities with less market power have less scope to raise fees; some may have to live with lower income per student… As more online degrees emerge (and subsidy rates may go yet lower for these) they will face more price competition from each other.

Price competition will also come from non-university providers with new access to subsidies for their students, though at lower rates than for universities.

Implications

…we can expect fees to rise more steeply in degrees with high private benefits and strong international demand, such as law and commerce. In high cost fields with lower private benefits and lower international demand such as nursing, this seems less likely.

Overall these scenarios suggest that in some universities deregulated fees may double or even triple in some fields, not suddenly but over time. In others, fee rises may be modest, particularly in fields where credible online and non-university providers compete on price for students and subsidies.

[Higher education: the age of Pyne the destroyer begins]

Simon Marginson

In the short-term universities will sharply increase student contributions, to make up the gap in the funding of places resulting from cuts in the government subsidy rate, and to provide much needed extra resources. Also more private providers will emerge, cherry picking cheap profitable areas like business finance and health sciences. Because of the higher level of interest charged to tuition loans repaid through the tax system, plus the higher tuition rates, students will be hit hard. There will be much protest.

In the long term, over a decade or more, a different system of higher education will evolve. The research mission will become concentrated on fewer providers, the word 'university' will break loose from the present requirement for research and become associated with many smaller teaching-only institutions offering no frills degrees, and some of the existing institutions will be struggling to survive.

Not one market but two

The first market will be populated by an elite sector of highly selective universities, enriched by high student fees, inhabited as now largely by the middle class, and dominated by students from independent schools. Institutions in this sector will lift their global performance… their strength will take the form of the great American private universities, the Stanfords and Yales, rather than University of California Berkeley, or the University of Toronto. Unfortunately they will lack the stellar research funding of their American counterparts. Research has been cut back in this package, a sign of the anti-modernist populism that infects the conservative parties in Australia. So expect world top 30-50 university performance rather than top 10-25 performance.

The second market will be a mass sector populated by a miscellany of for-profit private colleges, which will now be supported by tuition loans on the same basis as the public sector (though with lesser transparency and narrower responsibilities and no obligation to provide research depth underneath the teaching), online providers, and large impoverished public universities struggling with their cost base.

In between will be a shrinking number of universities playing in both the elite market and the mass market, constantly paring back costs and changing offerings, floating vocational credentials, and feeling the strain.

Flaws in the reasoning

The flaws in the minister's reasoning are that competition in a price-based system will drive prices down (true only in the bargain basement commercial market), and lift quality and focus on the customer (ditto). As everybody knows, and most commentators have been saying, prices in the top two thirds of the sector will go rocketing up.

In the high tuition countries the elite group of universities is remarkably stable. The idea that high fees create contestable markets is a fantasy. Competition in higher education does not work like that. This is a positional market, not a shopping mall.

Regressive effects

For many poorer families, higher education will become a poisoned chalice. With interest fixed at the bond rate the level of debt could become frightening. While the graduate is out of the workforce looking after children, or earning an income below the repayment threshold, the debt burden will mount rapidly. This brings the commercial colleges into the picture. Their course will be shorter and cheaper. But their credentials will lack 'zing' in the labour markets.

The current system is biased in favour of women and low income earners, many of whom do not repay their tuition loans, and encourages the spread of participation. The new system will be socially regressive rather than progressive and will limit the growth of participation in bona-fide tertiary education.

Americanisation, without American wealth

At the level of Australian society, longer term, the overall outcome will be a higher education system that will become more firmly reproductive of an unequal social order. Participation in tertiary education will stop short of the near-universal inclusion of the society which has been achieved already in Canada and parts of East Asia such as Taiwan and South Korea.

Hockey's budget ignores the cultural economy, to its shame

Justin O'Connor

Young people in the cultural economy

Young people, the creative heart of the culture of tomorrow, are already saddled with increased educational debt. Those unwilling to take this on will be forced into low-paid jobs or threatened with a removal or any kind of income support.

As students and management glare at each other through return-on-investment eyes, the space for creative engagement with the contemporary world will further diminish.

Creative thinking will continue to migrate to those private or charitable institutions that can afford to be out of the stifling Gradgrindism that is contemporary academia.

…the cultural economy will become the preserve of the wealthy middle class – those people with the time, the money and the social connections to make a living in this sector.

The cultural economy's vital signs

The ABC and SBS point to how a cultural economy is conceived and managed. It is a complex ecosystem with a range of different values and players involved, from the gratuitous to the rampantly commercial, from the individual artist to the corporate giants.

Rather than nurture the sophisticated infrastructure of public and third-sector agencies, which are essential to the governance of this sector, the government can see only state (bad) and private sector (good).

Cheered on by the theologians of the Institute of Public Affairs this budget is a disaster for a country facing increased competition from a China climbing rapidly up the value chain, including its burgeoning cultural industries.

As the resource boom fades this is the worst possible way to respond.

Other media outlets

Limelight Magazine

Australian arts sector gets a hammering
Ben Neilson

…the nation's arts industry will be among the biggest sufferers.

Australia Council for the Arts, the nation's arts funding and advisory body… will receive a one-off cut, as well as reductions of approximately $6 million over the next three years.

Screen Australia will receive $25.1 million worth of cuts over four years.

The funding cuts are likely to have a devastating impact to the development and engagement of Australia's arts and cultural sectors. A spokesperson for the Australia Council for the Arts said: "The council is currently considering the most appropriate ways to apply this adjustment, with a focus on minimising the impact across the sector. Core operational funding to the major performing arts companies, the visual arts and crafts strategy, key small to medium arts organisations and regional touring will not be affected."

The Australian film and digital media sector will also suffer, with $3 million in cuts to the Australian Film, Television and Radio School, and a $25 million cut to Screen Australia. The Australian Interactive Games Fund has been abolished completely.
The Adelaide Festival Centre will receive a $1.8 million cut, terminating the Asia Pacific Centre for arts and cultural leadership. This innovative program sponsored arts administration exchanges between South Australia and Asia.

"Over recent years, the Adelaide Festival Centre has steadily built a reputation for its successful focus on Australian-Asian cultural engagement," Douglas Gautier, CEO and Artistic Director at the Adelaide Festival Centre told *Limelight*.

Cuts of $37 million will be made to other national institutions, main stage theatres, galleries and libraries, regional and community arts organisations. In a surprise move, the Government will be providing $1 million to fund a boarding hall at the Australian Ballet School in Melbourne.

The budget has revoked almost all of the $200 million that Labor's Creative Australia policy contributed to the arts sector. A media release issued by the office of Mark Dreyfus, Shadow Minister for the Arts, stated: "Our arts, our culture, define us as Australians. They make us who we are. This Government appears to believe that if a cultural activity is not able to support itself financially then it has no right to exist, that it should not expect government support."