

2015-16 Australian Federal Budget Overview and Media Commentary

This document is split into two sections: the first has the key points from the 2015-16 Budget and corresponding papers that concern higher education as well as the arts and related media commentary on the Budget; and the second has the key points from the Labor Party's response to the Budget as well as their draft National Policy Platform that concern higher education and the arts as well as related media commentary on these documents.

A lot of the information is repeated across all the documents. In the interest of brevity, once an item has been introduced, I have attempted not to raise it again 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.

2015-16 Federal Budget (link to full Budget papers)

Higher Education (link to the Education Portfolio papers)

- Though voted down twice in the Senate, the loss of support from VCs and general public opposition, the higher education package from last year is still on the table.
- The proposed 20% cuts to teaching funding (saving \$1.9m) are still factored into the budget estimates, though the Government has set enrolment targets to increase from 560,000 this year to 670,000 by 2018, with 19.3% made up of students from disadvantaged backgrounds.
- The National Collaborative Research Infrastructure Strategy (NCRIS) has secured funding for the next two years, with \$300m from the Sustainable Research Excellence program (SRE) redirected over four years.
- The Collaborative Research Network (CRN) will cease from 30 June 2016, though none of the currently funded projects will be affected by the closure.
- \$17m will be cut from the Cooperative Research Centres program (CRC) between 2015 and 2018.
- ARC funding for Linkage and Discovery grants is to remain relatively stable. Future Fellowships have been halved for this year again from 100 to 50.
- Funding for TEQSA continues to be significantly reduced with approximately \$4.15m (27%) reduction for 2015-16 from 2014-15 funding.
- The Office of Learning and Teaching is to be shut down and replaced with a new \$28m centre, embedded within the university sector, to promote teaching and learning. There is no indication in the budget papers whether the new centre will continue to distribute research grants and fellowships.
- HECS/HELP debt is to be recovered from Australian students who move

overseas for more than six months and earn over the threshold, starting from July 2017.

- \$2m saved by dropping funding of *The Conversation*.
- \$16.9m over three years to teacher education to lift the quality of these courses in universities.
- Funding for the Primary Connections and Science by Doing school program has been maintained as well as \$12m announced in October 2014 for STEM education initiatives under the Government's Industry, Innovation and Competitiveness agenda.
- \$1.8m over two years to the Australian Curriculum, Assessment and Reporting Authority to develop languages curricula for Auslan, Classical Languages, Hindi, and Turkish.

[Arts](#) (link to the Attorney General's Portfolio papers)

- Redirecting \$110.0m over four years from the Australia Council to the Ministry for the Arts in the Attorney-General's Department. This funding will establish a National Programme for Excellence in the Arts, transfer the Visions of Australia and Festivals Australia programmes and the Major Festivals Initiative to the Ministry for the Arts, and provide for the continuation of Creative Partnerships Australia's matched funding programme for a further three years.
- Efficiencies from the Australia Council of \$7.3m over four years. These savings will be met through reduced funding to the ArtStart, Capacity Building and Artists in Residence programmes.

[Budget 2015: University sector hit by ad hoc fund cuts](#) by Julie Hare, The Australian

The university sector has been hit by ad hoc funding cuts while Education Minister Christopher Pyne forges ahead with his reform agenda despite his plans, revealed in last year's budget, having been rejected twice by the Senate and all but abandoned by the nation's vice-chancellors.

The program that will take the biggest hit is the Sustainable Research Excellence program, a Rudd-government initiative to fund the indirect costs of research in universities. It will lose \$263 million over three years.

Mr Pyne came under intense criticism earlier this year when he threatened to not extend funding for the National Collaborative Research Infrastructure Scheme beyond June 30 if Senate cross-benchers did not pass his higher education reform legislation.

In a TV interview, Mr Pyne claimed he was "a fixer" and would "fix" the NCRIS funding crisis. That has now been achieved at significant cost to university endeavours, in particular the Group of Eight.

University research budgets will also take a hit due to cuts in Ian Macfarlane's science portfolio to the collaborative research centres program. The CRCs, which bring universities and business into research alliances to produce research with commercial and applied outcomes, will be cut by \$17m between 2015 and 2018. The two-year reprieve for NCRIS will allow time to consider a review of research infrastructure, due to be delivered soon.

The budget provides \$16.9m over three years to lift the quality of teacher education courses in universities.

The government will also direct \$28m to establish a new centre to promote quality teaching in universities. This will replace the Office of Teaching and Learning which is currently part of the national education department.

[Pyne's axing of Office of Learning and Teaching provokes backlash](#) by Andrew Trounson, The Australian

Funding to promote university teaching through awards and grants is to be cut by one-third under the new Budget measures with the Office of Learning and Teaching being replaced with a university-based institute.

The new institute will be established from July 2016 with future grant funding focussing on "substantial sector-wide initiatives", raising fears that smaller grants will be scrapped. The Education minister will continue to sign off on the grants from the institute.

UTS' deputy vice-chancellor (academic) Shirley Alexander has called on the sector to make its displeasure at the cuts be known as it will result in "a lot of programs [being] discontinued" just as it was most needed with the significant challenges in adapting to online environments, improving online assessment, supporting students from non-English-speaking backgrounds and embedding workplace skills and experiences into courses.

There has been very little information released about how the new institute would operate, how it would be resourced, and how it can manage the conflict of interest of a university-based institute allocating grants to the rest of the sector, including itself. It is for these reasons that there has been little response from the sector according to UA head Belinda Robinson. "The prudent thing is to know what you are talking about first before making public statements," she said.

[Public good not paramount as CRC review highlights industry focus](#) by John Ross, The Australian

While in their draft national Policy Platform Labor has vowed to reinstate the public good aspect of CRCs (see Labor section for more details), the latest [review of the scheme](#) has found that "public good is no longer a good enough reason to set up co-

operative research centres” and the aspect should be discontinued because “CRC funding inherently delivers public good by enabling industry-focused research on key issues.” Without the public good aspect, this will limit the opportunities for ASSH researchers to access CRC funding and links to industry, another hit to the sector at a time when researchers are being encouraged to work more closely with industry.

The review had 18 recommendations, all of which the government has accepted. They include aligning the centres more closely with the government’s five industry growth centres, reviewing the performance of more than 20 centres and establishing “boutique” CRCs to meet brief research needs.

Industry Minister Ian Macfarlane said the program would be split into two streams: “the traditional CRCs that we know and love” and “CRC projects” supporting short-term industry-led research. “They’ll basically run for two or three years to do a - specific task.”

Katherine Woodthorpe, a former chief executive of the peak body for venture capitalists, said she supported the industry focus but the public good rationale should be maintained. “There’s a type of public good where no industry would be interested in forming CRCs of any significance, and it’s incredibly important for the Australian public,” said Ms Woodthorpe, who is on four CRC boards. “They’re not ‘touchy-feely, make you feel good at night outcomes’, they’re genuine economic outcomes.”

Mr Macfarlane said science needed to collaborate more with industry. “There is going to be a massive transition in Australian industry over this decade, and CRCs have a role to play in that. Collaboration and commercialisation are our absolute focus.”

Opposition research spokesman Kim Carr said Mr Macfarlane was narrowing the focus of collaborative research when the economy needed diversifying.

[Budget 2015: Research cuts a ‘blow’ for unis](#) by Julie Hare, The Australian.

Universities Australia chief Belinda Robinson called cuts to the Sustainable Research Excellence funding a “real blow for universities”.

Research intensive universities will bear the brunt of cuts designed to pay for the \$300 million National Collaborative Research Infrastructure Scheme over two years after the government cut another core program covering indirect costs of research activities.

An annual \$150m funding gap in the NCRIS will be remedied by swiping \$263m from another, very similar fund: the Sustainable Research Excellence program.

The Group of Eight, which accounts for \$1.1 billion of the government's annual \$1.8bn research block grant spending, will be the most badly affected.

Go8 executive director Vicki Thomson said, "We think it's targeted punishment, we support the continuation of NCRIS, but it's where the funding will come from to support it that is a concern to us".

Both Go8 and regional universities will be affected by the ending of the collaborative research network in mid-2016. Although the program was due to finish, an uncommitted \$11m will be reclaimed by the government.

Ms Robinson warned the sector would become more dependent on alternative sources of revenue as research funding was reduced, but she welcomed the extra NCRIS money.

Despite no mentions of funding for Future Fellowships in the budget papers, the HES has heard suggestions there may be some money for a half-sized round of 50 fellowships.

One announcement not previously leaked was \$17m to "support activities to improve initial teacher education courses as recommended by the Teacher Education Ministerial Advisory Group in its 2014 report".

That group was headed by Australian Catholic University head Greg Craven.

The papers revealed ambitious student enrolment targets, rising to 670,000 by 2018, with 19.3 per cent of students to come from disadvantaged backgrounds.

[Budget 2015: The Conversation website to 'take stock' after funding cut by a quarter](#) by Matthew Knott, Canberra Times.

Academic website *The Conversation* will lose a quarter of its annual budget because of the federal government's decision to scrap its funding.

The government announced in Tuesday's budget that there would be no new funding for the website, created in 2011 to give academics a platform to promote their research to a broader audience.

After providing \$1.5 million to launch the site, Labor gave the website an extra \$2 million in the 2013 budget. The website was also given tax deductibility status.

In [a note](#) published on The Conversation's website, executive director Andrew Jaspan said, "We failed to persuade Education Minister Christopher Pyne that we need a further two years funding to secure our future," Mr Jaspan wrote in his note. "Our aim is to be fully self-sufficient by 2017 through the contributions from our global network ... We must now take stock."

The other 75 per cent of The Conversation's \$4 million annual budget comes from 33 universities, the CSIRO, commercial partners and public donations.

The website is asking for readers to contribute \$300 a year to help make up the shortfall.

Mr Pyne said last week that the website does a "great job" but these are lean budgetary times. "The Conversation was initiated by the previous Labor government," Mr Pyne said. "It had a shelf-life of three years at which time *The Conversation* is meant to be self-sustaining.

"They were given \$3.5 million – in that time they've expanded to Africa, the United States and the UK and I expect that they are in a position where they will be self-sustaining otherwise they wouldn't be able to expand overseas in the way they have."

As sector adjusts to last funding revamp, in charges Brandis by
Matthew Westwood, The Australian

George Brandis's new National Program for Excellence in the Arts was a late addition to the budget and it shows. Where is the detail? There's a statement of intent and millions of dollars attached but, as yet, no guidelines about how it will work or a clearly stated rationale for it.

Compared with the remodelling of the Australia Council's grant program that is due to bear fruit next month, the relocation of \$110 million across four years from the Australia Council to the NPEA has been launched without visible analysis, review or consultation. The amounts of money involved are trivial next to big-ticket budget items such as the \$3.5 billion childcare package, but the impact on the sector is huge.

One of the consequences is that, when the Coalition is cutting back on the public service, Brandis's Ministry for the Arts will likely increase in size. Labor divested funding programs from the ministry to the Australia Council for precisely this reason. It was more efficient for the funding agency to manage the programs and the Canberra department was cut back. The savings could be put back into grants.

Brandis wants to end what he calls the Australia Council's monopoly over commonwealth grant programs. "I recoil at the thought that one body ought to have a monopoly on arts funding," he told me on Friday. "(Labor's) tendency was to give the Australia Council a monopoly of control over virtually all commonwealth arts funding, and I don't think that's a good thing."

This is what the restructure is really about. Brandis wants to end what he perceives as a bias in arts funding that rewards mediocrity and political correctness and excludes high-achieving projects on technicalities.

So Brandis has set up the NPEA as an alternative: it will be open to a wide range of arts activity but its criteria will advantage those that are producing work with popular appeal — work that is “more welcome by larger audiences”, as Brandis puts it — and that are taking performances and exhibitions to regional areas.

From available details, it will not be a peer-review system. Grants will be assessed by staff within the arts ministry and possibly with advice from outside experts. Brandis’s role in all of this is not yet determined: he says he won’t be the assessor, but will he vet the shortlist or have the final call?

The Australia Council restructure was intended to address problems Brandis has with the old system. It is meant to open the door to artists and organisations that may have been excluded before, and the agency’s allocation was increased to support such “unfunded excellence”.

The revamp has not been without critics: the reconstituted board and flexible grant program have diminished the status of traditional disciplines such as music, theatre and literature. But until we see the first round of recipients next month, we won’t know its success. Brandis hasn’t given it a chance to prove itself.

There are very good reasons to consider alternatives to the Australia Council as the distributor of federal funds. An industry development fund may be one way of bringing to the stage new works with the audience appeal Brandis is seeking. Direct grants from the arts ministry have been available to some organisations, but this is an area that needs transparency and published guidelines to avoid accusations of favouritism.

The NPEA — with \$25m to distribute annually — may be a powerful impetus to the creative sector and give support to a wide range of artists and organisations. But such a platform should be in addition to a robust grants program at the Australia Council, not at its expense.

[Budget 2015: Changes to arts funding disastrous, says former chair of Australia Council](#) by Steve Cannane and Gemma Deavin, ABC

A former chair of the Australia Council says changes to arts funding revealed in the federal budget are "disastrous".

A total of \$105 million, around 15 per cent of the Council's budget, will be diverted to a new fund called the National Program of Excellence in Arts (NPEA) where grants are decided by the federal Arts Ministry.

Rodney Hall said he was concerned the Australia Council would lose its discretionary powers to make informed decisions in the interests of the public. "From the artist's point of view, and the public point of view, it's a disaster," he said.

Mr Hall said the point of the Australia Council was to enrich Australian society, give the public resources they would not otherwise have and allow artists to make a living in Australia.

Fears ministry could become more powerful than Council

Mr Hall said he was worried by the lack of consultation. "The point is that this apparently was a unilateral decision and the Government's just gone ahead and done it," he said. "They don't know how complex it is, how enormous amounts of corporate knowledge goes into what the Australia Council does."

Another former chair of the Council, Hilary McPhee, said the Arts Ministry was going to become more powerful than the statutory authority of the Australia Council. "Statutory authorities, as you know, have to be able to work with both sides of politics, whereas a program within the ministry has to work for the government of the day and that's not the way to run arts funding," she said.

But not everyone in the arts sector is concerned about the changes. Executive Director of Regional Arts Australia John Oster said he did not think the funding cuts were a disaster. "It's not really important who delivers the money for arts projects," he said. Rather, Mr Oster said it was important that "the Australia Council remains an important organisation in the ecosystem of the arts in Australia", and "that peer assessment of arts grants is retained as a principle when these programs go to the ministry".

Australia Council Outlines 2015-16 Budget Impact, Australian Council for the Arts

The Australia Council's new appropriation for 2015-16 is \$184.5M. As part of this appropriation the Australia Council will continue to deliver the Major Performing Arts framework, Visual Arts and Crafts Strategy, Playing Australia, Contemporary Touring Initiative and Contemporary Music Touring Program, on behalf of the Australian Government.

These government directed programs make up 66% of the Council's 2015-16 appropriations. The Council's remaining funds are \$62M, which is \$23M less than expected. These funds support the Australia Council's grants model, current Key Organisations, national and international development activities, capacity building, research and operations.

To manage the transition to the new funding framework the Council needs to take the following actions:

- the Australia Council June grant round, including government programs, will not proceed
- existing applications can be assessed within the September round, which will include multi-year project support for individual artists and arts organisations

- the six-year funding for organisations program is suspended
- the Australia Council will honour the current contracts of multi-year funded organisations until their conclusion at the end of 2016
- the ArtStart, Creative Communities Partnerships Initiative and Artists in Residence programs will not be offered in the future.

\$110M will be redirected over four years from the Australia Council's appropriation to support the establishment of the National Programme for Excellence in the Arts, run by the Ministry for the Arts. This redirected funding will also support the Creative Partnerships Australia matched funding program and the transfer of the Visions of Australia and Festivals of Australia programs and the Major Festivals Initiative to the Ministry for the Arts.

The March grant round of the Australia Council grants program is unaffected and the outcomes will be announced publicly in June.

Over the coming months the Council will review its strategic plan and revise activities within the new budget, and in the context of further detail about the Government's new National Programme.

Opposition's Response

- Continue to oppose the Higher Education and Research Reform package.
- 3% of GDP to go to research and development by the end of the next decade.
- \$45m in 20,000 STEM Award degrees starting from 2017 school year – wiping their HECS-HELP debt off.
- \$127m in a five-year STEM teacher training fund supporting 5,000 primary and secondary teachers to undertake professional development in STEM disciplines starting from 2017 school year.
- \$133m on 25,000 teaching scholarships over 5 years to new and recent STEM graduates to train as a STEM teacher - \$5,000 upon commencement of course and then \$10,000 per student paid after their first year of classroom teaching.

Labor's Draft National Policy Platform

Tying in with their Budget response, Labor have released their draft National Policy Platform, which is to be debated at the ALP National Conference at the end of June. Across a number of areas, Labor has confirmed their commitment to higher education and research as key priorities in order to move Australia forward and maintain our ability to compete in a global market.¹

They have reconfirmed their opposition to fee deregulation² and providing opportunities for all Australians to have access to higher education no matter their age, sex, and background.³ They have also committed to building partnerships between the universities, research and industry⁴ and building on Australia's international education reputation and research collaboration.⁵

While science research and STEM subjects are the main discipline focus of the Platform, there are several instances where ASSH is directly addressed:

¹ See sections 79 and 82 in Innovation and the Economy of the Future of A Strong Economy for All Australians, p.29; section 103 in Industry, Science and Research Collaboration of A Strong Economy for All Australians, p.32; Science and Research section of A Strong Economy for All Australians, pp.33-35; and A world-class education for all Australians, pp.98-112.

² See sections 80 and 83 in Higher Education of A world-class education for all Australians, p.111.

³ See sections 73 and 74 in Higher Education of A world-class education for all Australians, p.110.

⁴ See sections 102-104 in Industry, Science and Research Collaboration of A Strong Economy for All Australians, pp.32-33; section 106 and 113 in Science and Research section of A Strong Economy for All Australians, pp.33-34; section 122 in Strengthening the services sector of A Strong Economy for All Australians, p.36; and, section 76 in Higher Education of A world-class education for all Australians, p.110.

⁵ See section 111 in Science and Research of A Strong Economy for all Australians, p.34; Sections 77 and 82 in Higher Education of A world-class education for all Australians, p. 110, 111.

- restoring the public good aspect of the Cooperative Research Centres program, “re-opening the scheme to social and cultural innovation from the humanities and social sciences that delivers for a diversity of end-users”.⁶
- “Publicly-funded researchers also undertake vital work in the humanities, arts and social sciences. Their work helps us to understand the world around us, and to build a stronger and more resilient society. Labor is committed to maintaining government investment in these fields of research, where the market rarely provides incentives for the private sector to invest.”⁷

The reopening of the CRC public good aspect while provide ASSH researchers with another avenue for funding as well as providing important opportunities to establish links with industry. At present, only existing CRCs that have reached their maximum funding term available to them under the existing funding arrangement and are not eligible to apply for additional funding in accordance with Sections 4.3 and 4.4, subject to Sections 4.3.8 and 4.4.3 are eligible for funding under this mechanism.⁸ However, with \$17m of cuts to the program over the next four years in this year’s budget, how the research funds will be appropriated and whether the program will have funding increased again under Labor will be of interest.

In terms of their arts and cultural policy, they aim to have this integrated more within our broader social and economic goals.⁹ They outline their four goals, which revolve around representing the diversity of modern Australia, encouraging the use of emerging technologies and new ideas, supporting excellence in the field and the telling of Australian stories, and increasing and strengthening the capacity of the arts to contribute to Australian society and the economy.¹⁰ They also reaffirmed their commitment to the active role of public arts and culture programs in Australian society, increasing participation in Australia’s cultural life, supporting and funding bodies such as the Australia Council, as well as the film and television industry, national collecting institutions, and the development of Australian music and stories.¹¹

Submissions to the Draft National Platform are invited from individuals and organisations and must be received by 29 May 2015. Information can be found [here](#).

[Labor’s uni plan: it’s back to the future with Rudd-era targets](#) – Julie Hare, The Australian

⁶ Section 104 in Industry, Science and Research Collaboration of A Strong Economy for All Australians, p.33.

⁷ Section 108 in Science and Research of A Strong Economy for all Australians, p.33.

⁸ Section 2.5 of *CRC Program Guidelines*, Commonwealth of Australia (Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education), 2013, p.3.

⁹ See section 276 in Arts and Culture of A fair go for all, p.179.

¹⁰ See section 277 in Arts and Culture of A fair go for all, p.179.

¹¹ See section 278 in Arts and Culture of A fair go for all, pp.179-180.

A Labor government would make universities sign individual contracts spelling out how funding for students and research should be spent to align with “national priorities and needs”. It also recommitments Labor to student enrolment targets: 40% of young people and 20% of poor to hold a bachelor degree. However, they concede that the demand-driven system needs tweaking to address unspecified “quality concerns”.

On the whole universities have welcomed their commitment to the demand-driven system, but are wary of unnecessary intervention from Canberra, with ACU VC, Greg Craven saying, “No university is interested in returning to a microscopic system of central planning in the form of compacts.” UA chief executive Belinda Robinson said the peak group was “not opposed to individual compacts, per se, [but] the sector would approach with caution any attempt to return to a centralised, highly bureaucratised higher education model”.

In contrast the head of the Group of Eight described the Platform as looking to the past rather than forward and want to know how Labor plan to “fund a high quality system while continuing to expand access.”

Labor write-offs of STEM HELP debts is wasteful by Andrew Norton, The Australian

While Labor’s plan to write off the HELP debts of STEM graduates quickly turned into a debate about cost, we need to look to see whether enrolments in these fields needs encouraging in the first place.

Based on reports from Chief Scientist Ian Chubb and the Australian Industry Group, these reports sidestep the issue of outcomes for STEM graduates we already have. Far from being urgently needed by employers, new science graduates have long had below average rates of full-time employment, and compared with other graduates, a smaller proportion say their qualification is necessary or relevant for their job.

When Labor was last in power it cut science student contributions and introduced a more limited HELP debt write-off scheme. Domestic undergraduate science enrolments went up by 35 per cent between 2008 and 2013. Preliminary 2014 data suggests another big increase, despite student contributions being put back up again in 2013.

Unfortunately, the never-great employment outlook for science graduates is now very bad. They have been hard hit by the downturn in graduate employment. This year, less than half of graduates in the life sciences who were looking for full-time work had found it four months after completing their courses. This is 20 percentage points below the graduate population as a whole.

Labor’s HELP write-offs are aimed at specific under-represented groups such as women, and students from indigenous, regional and poorer backgrounds, as well as

aggregate demand. But they offer no evidence that short or medium-term economic incentives are a key factor in course choice.

Students often have several interests, making them open to persuasion from within their list of possible choices. There is a role for government to promote specific fields of education that might otherwise be neglected. But these activities should be based on analysis of likely employment prospects.

As it stands, Labor's policy is at best wasteful in delivering windfall gains to students who would take STEM degrees anyway.

At worst, it will encourage more students to study science and put their future employment at greater risk.

[Research ideas welcome, sustainable funding needed](#), Universities Australia press release.

Labor have committed to lifting research funding to three per cent of GDP by the end of the next decade but stopped short in identifying the commensurate savings measures that would be needed to fund such a commitment.

Belinda Robinson, Chief Executive of Universities Australia said: "This is a worthy aspiration and universities welcome research being back on the policy page of ideas for driving future national prosperity.

"But what the community is also looking for is a strong and demonstrable commitment to sustainable and long-term funding for both higher education and research."

In 2011-12, expenditure on research and development in Australia was 2.1 percent of GDP, below the OECD average of 2.3 percent. In today's terms, meeting Labor's target would involve an estimated additional \$14 billion expenditure including \$4 billion from the Australian Government.

Universities will be seeking water-tight assurances that this funding would not come at the expense of other higher education and research programs.