

2018 Australian Federal Budget Overview, Media Commentary and Sector Response

This document contains the following sections:

- *2018 Federal Budget*: links to Budget papers, summary of the key proposals in Higher Education and the Arts, and the Treasurer's, the Hon. Scott Morrison, Budget speech.
- *Press releases from the Departments*: Commentary on the Budget press releases from the Department of Education and Training and the Department of Communications and the Arts.
- *Media Coverage and Sector Response*: Commentary on the media coverage of the Budget separated into higher education coverage and the arts coverage.
- *Budget Replies*: Commentary on the Budget replies from Labor and the Greens.
- *Research Infrastructure Investment Plan*: Commentary on the release of the Government's response to the 2016 Research Infrastructure Roadmap on 15 May 2018.

2018 Federal Budget (link to full Budget papers)

Higher Education (link to the Education Portfolio papers)

- The majority of the higher education reforms were introduced in December's Mid-Year Economic and Fiscal Outlook (MYEFO). This included (what is in effect) the end of the demand driven system and the changes to the HECS-HELP scheme where the repayments thresholds were lowered and the introduction of a cap on borrowing. The Education Portfolio papers state that the "department is progressing implementation of the higher education measures announced in the 2017–18 Mid-Year Economic and Fiscal Outlook to help secure the long-term sustainability of the higher education system" (p.11).
- For the higher education system, there are really only two new initiatives contained in the Budget: funding for additional student places in regional areas, and another amendment to the HECS-HELP scheme.
- Unlike last year when there was little to support regional students, this year the Government has responded to the *Independent Review into Regional, Rural and Remote Education* by committing \$28 million to expand the availability of sub-bachelor and enabling places in regional areas, and \$14 million for additional Commonwealth-supported bachelor places in the eight

previously-announced regional study hubs, providing 185 additional places annually from 1 January 2019, growing to around 500 places by 2022.

- The Government also provided some income relief for regional families with a lift in the parental income threshold from \$150,000 to \$160,000, plus a further \$10,000 for each additional child, for regional students seeking independent Youth Allowance.
- The establishment of a Murray Darling Medical School Network.
- The original MYEFO proposal of a \$100,000 lifetime cap on borrowing under HELP for all courses except medicine, dentistry and veterinary science, rather than just the full-fee student FEE-HELP scheme has been amended. The Budget confirms that the cap would be \$100,000 of HELP debt at any one time, allowing people who have paid off some debt to borrow again.
- New charges on higher education providers from 1 January 2019 will maintain the affordability of the Higher Education Loan Program (HELP), including a flat-rate application fee to apply to offer FEE-HELP loans and an annual charge applied to all HECS-HELP and FEE-HELP approved higher education course providers.
- In addition to the levy on higher education providers for HELP, there will be a change to funding arrangements for the higher education regulator, TEQSA, moving to a full cost recovery model, raising \$28.3 million.
- There was some concern that research funding might be cut in the Budget, but that did not eventuate. However, there was no real additional research funding for the HASS sector. STEM and medical researchers were the winners in terms of research funding; \$275 million in research projects funded by the Medical Research Future Fund.
- \$393 million over five years for research infrastructure to implement the Research Infrastructure Investment Plan, which came out of the 2016 National Research Infrastructure Roadmap - with \$200 million to flow in 2017-18. Platforms for Humanities, Arts and Social Sciences is one of the nine priority areas identified in the Roadmap.
- There are major changes to the R&D tax incentive for business, saving \$2.4 billion over four years.
- There will also be a \$63 million cut to the Endeavour Scholarships program; a review of the Education Services for Overseas Students (ESOS) annual registration charge; and reclaiming unspent funds from Industry Growth Centres and Cooperative Research Centres - a new saving of \$20 million over two years.

[Arts](#) (link to the Communications and the Arts Portfolio papers)

- The Communications and the Arts Portfolio papers focus on a program for the next four years. Of relevance to our membership, disciplines and students is the promise of
 - contributing to the broader Government agenda of encouraging productivity, growth and innovation, including supporting the links

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- between innovation, arts and creativity and strengthening the role of our creative industries in contributing to economic prosperity
- collaborating to build the sustainability and recognition of Australia's:
 - creative industries, through supporting Australian literature, Indigenous arts centres, and screen production including animation and post, digital and visual effects
 - cultural sectors, including supporting the performing and visual arts, Indigenous arts, language and repatriation, and national arts training (pp.15-16).
 - \$83.7 million has been cut from the ABC over four years, as funding is frozen at 2018-19 levels through to 2021-22, with savings redirected to the screen sector, capital works at the National Gallery of Australia (NGA) (\$16.6m), and towards commemorations to celebrate the 250th anniversary of Captain Cook's voyage to the South Pacific and Australia (\$48.7m).
 - \$17.6 million over the next two years for SBS to produce and distribute more Australian content. This includes \$14.6 million to replace revenue anticipated in legislation that would have loosened restrictions on SBS advertising that didn't pass Parliament.
 - \$140m to attract big budget film productions to Australia.
 - There was no extra funding granted to the Australia Council.
 - Regarding the commemoration of the 250th anniversary of James Cook's first voyage to Australia and the Pacific, the package will support events and exhibitions including a digital platform and educational material on this significant anniversary in Australia's history, and the voyaging of the replica HMB Endeavour. The package will fund cultural engagement and consultation with Indigenous communities, including specialised training for Indigenous cultural heritage professionals in regional areas. The package will include a \$25.0 million contribution in 2017-18 to the New South Wales Government to support the Kamay Botany Bay National Park 250th Anniversary project, to be administered by the Department of the Environment and Energy. The commemoration program will be jointly delivered by the National Museum of Australia, the National Library of Australia, the Australian National Maritime Museum, the Australian Institute of Aboriginal and Torres Strait Islander Studies, and the Department of Communications and the Arts.

[Honourable Scott Morrison MP's Budget Speech](#)

Unsurprising, given the lack of new initiatives or change in funding to higher education in the Budget, higher education (both universities and vocational education) was not mentioned at all in the Treasurer's Speech on Budget night. In the section of his speech about "reducing cost pressures" to Australian tax payers, there was a brief mention that the Government "will ease financial pressures on families in regional areas, by relaxing the **Parental Income Test** for access to **Youth Allowance** for independent students from January 1, 2019 by an additional \$10,000 per annum and an additional \$10,000 for each additional child".

The establishment of a “new network of **five regional medical schools** within the broader Murray Darling Region” was included in the discussion around new Healthcare initiatives/spending, but none of the universities involved in that network were named.

Science/medical research got a brief mention with the announcement of the **21st century medical industry plan** (which includes more support for medical research projects, new diagnostic tools, clinical trials of new drugs, scientific collaboration, and development of new medical technologies that can be sold overseas) and the increase of funding to the Medical Research Future Fund.

As in previous years, there was no mention at all in the Speech about the arts or culture.

Media Releases from the Departments

Department of Education and Training

The lack of anything of substance for the higher education sector in this year’s Budget is further evident in the fact that the sector’s only mention in the [Minister’s media release from 8 May](#) was in regard to increasing educational opportunities in the bush. The release did not really add to anything that had already been announced, apart from the fact that the 500 additional commencing Commonwealth Supported Places from 2019 in sub-bachelor and enabling programs will be “allocated through a competitive process to universities in regional areas”. What this competitive process entails was not further explained.

The boost in science and research funding was also referenced, but nothing new was included.

Department of Communications and the Arts

The Minister for Communications and the Arts’ [media release](#) largely focused on the four new initiatives for our sector: the Location Incentive Program, James Cook 250th Anniversary, National Gallery of Australia capital works, and funding for the national broadcasters.

The Minister stressed the importance of the Location Incentive Program for job creation: more than 3,000 new jobs for Australian cast and crew and supporting the services of around 6,000 Australian businesses each year. “The Location Incentive will enable us to be competitive in attracting large budget international productions to be filmed in Australia, and to showcase the ability of our screen production industry worldwide.”

In addition to what was already outlined in the Budget Papers about the funding to commemorate the James Cook 250th Anniversary, the Minister's media release stated that the "funding will offer capacity building opportunities for Indigenous cultural heritage sector workers from regional communities, and includes \$2.0 million to the Australian Institute of Aboriginal and Torres Strait Islander Studies to scope and commence activity relating to the repatriation of culturally significant items from overseas. Further commitments will be guided by the outcomes of the scoping exercise".

The Minister also announced that a further review of ABC and SBS efficiencies will be undertaken and will report later this year to assist the ABC in meeting the savings set out in the Budget.

Media Coverage and Sector Response

Higher Education

Given that the sector largely anticipated that we would be ignored in this Budget, and at worse, research funding would be cut, the general response from the sector has been one of resignation and relief to a certain extent. There has been universal condemnation of the reiteration of the end of the demand driven system and opposition to the levy on higher education providers for HELP and TESQA.

[Universities Australia's \(UA\) response](#) largely focused on the boost in funding for research infrastructure, stressing the importance of this in "the country's ability to generate future jobs and growth." They also welcomed the Government's commitment to regional Australia with the new measures on university access. They described the funding of the new regional places as "hugely important" especially given that those who live in the country are still half as likely as those in the city to have a university degree. Not unsurprising, the [Regional Universities Network \(RUN\) welcomed the additional support for regional students in the Budget](#).

[The Australian Technology Network of Universities \(ATN\) came out in support of the increase to research infrastructure funding](#). However, they were wary of the changes in R&D incentives stating that they hope the changes "do not hinder efforts to boost collaboration between industry and universities".

The [Group of 8 \(Go8\) was cautiously optimistic in regard to the increase in research infrastructure funding](#). While they welcomed the news and were "obviously pleased at what appears to be funding certainty we didn't have", they did express concern that a significant proportion of the funding promised will not be delivered for a number of years: "We need to look at the detail to see what the ramifications are of only \$5m in 2018-19 and what this means for the operation and maintenance costs for existing infrastructure," [Vicki Thomson said to The Australian](#).

[The Innovative Research Universities \(IRU\) were disappointed with the new measures in regard to HELP and TEQSA](#) calling the new charges “mean-spirited and pointless”. They pointed out that the new charges will “certainly raise uni expenditure on students but the additional value for students will be zero.” Likewise, the ATN was disappointed with these new measures.

Given the lack of any real headline grabbing items for the sector in the Budget, there was little media coverage. The sector was included in the round ups of the Budget’s winners and losers: [ABC News](#) had independent students as winners due to the easier access of Youth Allowance to regional students, likewise regional Australia was seen as neutral in part due to the increase in places at regional universities. [The Australian](#) listed higher education providers as a loser due to the HELP levy. [The Conversation](#) had Science and R&D in the neutral column due to the changes to the research and development tax credits and the new funding for science projects including the implementation of the Research Infrastructure Investment Strategy, with the Education Portfolio a loser.

Even [The Conversation’s education round up](#) did not have much to comment on apart from reiterating the new measures introduced at MYEFO. The Grattan Institute’s Andrew Norton commented on the fact that although the Government has indicated that from 2020, they will resume funding increases based on population growth for universities that meet yet-to-be determined performance criteria, with a federal election due in the next 12 months and Labor committing to bringing back the demand driven system, the funding freeze on universities could be over well before then. He also suggested that even if the Coalition is re-elected, “it may also make substantial changes”.

The Arts

Once again there has been barely any mention of the arts in any coverage or discussion of the 2018 Budget. Some of the key industry publications ([Limelight](#), [ArtsHub](#)) voiced their disappointment in the neglect of the sector in the Budget. Esther Anatolitis, Executive Director of the National Association for the Visual Arts said, “Failing to fund the nation’s arts funding and advisory body at appropriate levels opens our entire sector to substantial risk. The Budget offers no vision for the next generation of artists, nor for the adventurous audiences, awed visitors and critical thinkers who create our future.”

The two items that have received a bit of traction are the continued cuts to the ABC and the funding to commemorate the 250th anniversary of Cook’s first voyage to Australia and the Pacific. Speaking in *Limelight*, Esther Anatolitis said, “I am concerned to see a recreation of Australian colonisation presented as a key measure under the Communications and Arts Portfolio, and I have deep concerns about the lack of guidance by Gweagal Elders of the Dharawal Nation that has been sought by the project to date. I look forward to seeing substantial revisions of this proposal as

the public consultation process takes its course.” This concern was expressed in a number of articles ([NITV](#), [The Conversation](#)).

However, National Museum of Australia director Mathew Trinca said in [The Australian](#), “This is a story about the meeting of two cultures and our job will be to bring this story to life in ways that can inform and enthrall all Australians, and especially younger Australians who may not know the story as well as some of us of older years.” He added that the nation is ready for a “story that treats both sides of this narrative honourably and equitably. One that reveals the remarkable achievements of the Cook voyage and details and honours the fact that the Aboriginal people of this coast, who saw the ship from the shore, lived in complex civilisations that have hitherto not been as strongly understood for their part of that story. Both sides of this story need to be told and they both need to be honoured, and that’s the work we will do.”

Budget Replies

While the majority of the Labor Party’s policy for higher education has focused on the VET sector, they have been campaigning against the university funding freeze since it was announced in December, stating that they would reintroduce the demand driven system when they got into government. In [Bill Shorten’s Budget Reply](#), he formally announced that they would “restore funding certainty to our universities. And we will uncap places – providing our nation with over 200,000 more university graduates”. He also announced that Labor would “cover all up-front fees of 100,000 TAFE places, in our first term, in high priority sectors” and that it is expected that at least half of those places would go to women.

Likewise there was little on education and nothing on research in Chris Bowen’s [Shadow Treasurer’s Budget reply](#) at the National Press Club on 17 May. There was one reference to the increase in HELP repayments as a further hurdle in getting on the property market when discussing housing affordability and he raised the loss of \$3.8 billion from universities as an example of the “erosion” of human capital contained in the Budget but that was the extent of the discussion.

Similar to last year there was nothing specific about higher education in the [Greens’ Budget Reply speech](#). They alluded to the Government preferencing big business and their tax cuts over education and access to education, but there were no promises or policies announced and all that is mentioned on their Budget webpage is that the Coalition Budget has “no plan to provide greater access to the kind of universal education that almost every member of cabinet enjoyed”.

Research Infrastructure Investment Plan

As discussed above, the Budget contained \$393 million over five years for research infrastructure to implement the Research Infrastructure Investment Plan, which came out of the [2016 National Research Infrastructure Roadmap](#). However, there was no breakdown of the funds in the Budget Papers. With the Platforms for HASS and Indigenous Research one of the Roadmap's nine areas of priority, there was some hope among the HASS sector that we might get some significant funding here. That was not to be the case.

On 15 May 2018, the Government released its [Research Infrastructure Investment Plan](#) and while the Platforms for HASS was allocated \$53.4 million over the next five years, the bulk of this funding will not go to HASS projects or researchers. \$43 million has gone to the CSIRO for a new building to house a national collection of animal and plant specimens to support biological knowledge and \$2.1 million to the Atlas of Living Australia and the Australian Urban Research Infrastructure Network to enable greater integration and modern accessibility of their datasets. The only HASS project is a scoping study that will be undertaken to identify the technology platform and capabilities needed to establish HASS and Indigenous research platforms. This is one of eight proposed scoping studies, with \$3.2 million allocated for these, though how the money will be split has not been announced.

This announcement was met with concern by those in the HASS sector with statements released by [DASSH](#), the [Australian Academy of the Humanities](#), and picked up in the [Campus Morning Mail](#) immediately following the announcement. In the weeks following, this issue has been raised in a couple of articles in *The Australian* ([Research plan wins sector's support](#), 16 May; [Siphoning of humanities funds to CSIRO 'bizarre'](#), 22 May; [Budget 2018: little funding for research, skills](#), 30 May).