

**10 June 2016**

## IRU STATEMENT 06/2016

### IRU Responds to Labor's Plan for Budget Repair

The Labor 'Plan for Budget Repair' maintains Labor's pledge to reverse any reductions to the base Commonwealth Grant Scheme crucial to universities' education and research delivery. This will maintain base funding at the 2012 levels indexed. This commitment is fundamental to Labor's argument that Government should be the major funder of universities.

The statement includes several items that affect universities and students. These are:

- changes to the annual indexation measure to use the Consumer Price Index (CPI) only rather than a mix of CPI and professional wage growth;
- reduction to the threshold for repayment of Higher Education Loan Program (HELP) amounts;
- accepting tightening of the Research and Development (R&D) Tax incentive; and
- reducing funding to Industry Growth Centres and abolition of the Innovation Xchange.

The change to indexation will toughen the challenge for universities to deliver at the standard required through tightening the funding available.

The change to the HELP repayment threshold is of less concern. The base threshold has been reduced and raised several times without effect on university participation. In the balance of ensuring all potential students follow their aspirations and having reasonable levels of HELP repayment these changes can be supported.

The changes to the R&D Tax Incentive sidestep the key issue about the Incentive. We need to move on from the constant battle between tightening and loosening eligibility to focus the Incentive at research that uses the research capability in universities and other research agencies. If elected to Government, Labor should look to the yet to be released report from the Chief Scientist and Head of Innovation and Science Australia which addresses how to make the Incentive work to optimum effect.

IRU supports the Industry Growth Centres as potentially valuable means to link smaller businesses to research and management support that will assist them prosper. It is too early as yet to tell how effective they will be. Reducing the small amount of funds for the Centres will make it harder to determine what impact they could have.

Overall the changes allow Labor to prioritise funding without doing major harm to university education and research.

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