

Canberra observed



David Denham AM
Associate Editor for Government
denham1@inet.net.au

Budget 2017: masterly politics, questionable economics

Abbott and Shorten neutralised

In one fell swoop Prime Minister Turnbull has sidelined the Abbott-Abetz faction of the Liberal Party and limited Bill Shorten's opportunities to present different policy options. Who would have thought that a Coalition Government would have embraced the architecture of the Gonski 'needs based' model for schools, set up a new review led by none other than David Gonski, and promised an additional \$18.6 billion in schools funding over the next decade? It reads like a policy Bill Shorten could have launched. Then there is the \$10 billion deal with doctors, pharmacists and the pharmaceutical industry to cut the price of medicine and reduce general out-of-pocket expenses covered by Medicare. Labor will no longer be able to accuse the Coalition government of trying to destroy Medicare.

The debt keeps on growing

Big government is back! \$75 billion will be spent on transport infrastructure over seven years, and \$5 billion to buy back the 87% of the Snowy Hydro Scheme, currently co-owned with New South Wales and Victoria. The Defence budget, which hardly rated a mention in the newspapers, increases from \$37.9 billion in 2015–16 to \$40.7 billion in 2017–18 and to \$48.7 billion in 2020–21. No one in the Coalition or the Labor party

wants to question why we still need 12 new submarines (\$60 billion total) or 72 Lockheed Martin F-35A strike aircraft (\$17 billion total). Furthermore, there will be the tax cuts for businesses with an annual turnover of less than \$50 million.

How will this all be paid for? The Medicare levy will be increased to pay for the National Disability Insurance Scheme, but that does not apply until 2019; the five largest banks will be milked for \$6.2 billion over four years; foreign aid will be slashed by another \$300 million, making a total decrease of \$11 billion since 2013, and the tertiary education sector will be sluggish by a 2.5% efficiency dividend (\$2.8 billion over four years). These measures are just playing at the edges.

In the meantime, on 1 July 2017 the 2% 'temporary' debt levy for those earning more than \$180 000 per annum will be abolished – even though the Government debt/GDP ratio has been climbing relentlessly from 10% in 2007 to 42% in 2017. Consequently, in 2019 those on more than \$180 000 per annum will be better off than they are now, and those on less than \$180 000 will have to pay more. The rich get richer and battlers have to battle harder. Not a good way forward.

Science and technology hardly rates a mention

The only mention of science in the budget speech was the rather cryptic statement:

For the past year we have been delivering our national economic plan for jobs and growth. The first phase of our enterprise tax plan is now law. Our export trade deals are bearing fruit, with additional access secured. And our investments in science and innovation and our defence industries are breaking ground.

Hardly an enthusiastic endorsement of the importance of science and innovation. No wonder the government has seen fit to cut university funding and increase student fees.

My cynicism tells me that there will be more votes for the Coalition in improving the school education system than there will be for encouraging more students to attend universities. John Howard is quoted as saying: 'Don't spend money on them [universities], the people there don't vote for us'. This may be correct, but it's hardly the way to improve our national skills and research capabilities and capacities. Perhaps a change in policy might produce a better outcome as well as more votes.

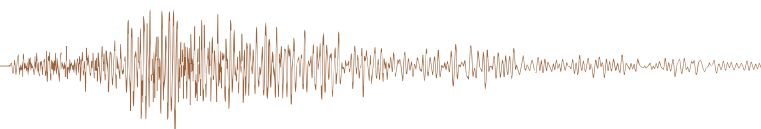
For 2017–18 the changes in the government's investment in science and innovation have been small and the table below (Table 1) indicates the operational funds provided. The Budget includes no allocations for capital expenditure on major national research infrastructure.

I won't comment on the numbers for each agency, but you can see that the funding for some of them is unlikely to

Table 1. Science Agency funding 2014–2020

Agency	Government appropriation in \$M and (average staff numbers) ^A					
Financial year	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
AIMS	39	40 (208)	42 (221)	42 (223)	44	45
ANSTO	170	181 (1257)	183 (1277)	198 (1303)	206	212
ARC	904	821 (128)	778 (128)	789 (136)	790	817
BOM	220	227 (1581)	228 (1602)	230 (1565)	222	219
Antarctic Division	171	158	179 (383)	177 (378)	165	173
Geoscience Australia	180	121 (584)	143 (590)	151 (600)	157	141
CSIRO	717	750 (5056)	787 (4995)	794 (5063)	828	835
NHMRC	949	934 (185)	927 (179)	938 (177)	939	916
ABS	396	489 (2871)	622 (2894)	431 (2486)	401	413
CRCs	150	141	150	161	163	191
Defence Science TG	483	464	447	473	475	406

^AThe numbers in the table are from the Portfolio Budget Statements (<http://budget.gov.au/2017-18/content/>).



keep pace with inflation and the Bureau of Meteorology seems to be going backwards.

Some of the main science related features in the budget are listed below¹:

- investment in new medical research and treatment facilities, with \$68 million invested in South Australia to develop the first Proton Beam facility in the Southern Hemisphere
- increased support for women to enter high-skilled STEM professions through the Australian Mathematical Sciences Institute internship programme, as promised in Mid-Year Economic and Fiscal Outlook
- the commitment of \$49.8m over 11 years to ensure year-round operation of the research facilities on Australia's sub-Antarctic Macquarie Island which lies between Tasmania and Antarctica (Antarctic Division).
- funding of \$14.3m over three years to establish a whole-of-government educational data framework that will allow better understanding of educational pathways and programme efficacy in STEM as well as other disciplines
- a small increase in funding for Geoscience Australia, with a particular focus on realising the opportunities presented by satellite and other geographical data.
- \$100m to establish the Advanced Manufacturing Fund to boost

¹Taken from: <https://www.science.org.au/news-and-events/news-and-media-releases/science-and-research-federal-budget/> and <https://scienceandtechnologyaustralia.org.au/2017-2018-budget/>.

innovation, skills and employment through a growth fund and centre, a Cooperative Research Centre.

- \$26.1m for astronomy through a strategic partnership with the European Southern Observatory (astronomical research and instrumentation) – ongoing annual indexed commitment of \$12m to 2027–2.8
- \$7m increase in Business Research and Innovation Initiative.
- Medical Research Future's Fund starting disbursements as expected with \$65.9 million in year one for preventative health, advanced health translation, clinical trials and breakthrough research investments.
- \$115 million for mental health research and services over several years.

Finally, the budget papers contained this little gem:

In 2017–18, the Environment and Energy portfolio will work with the Industry, Innovation and Science portfolio to roll out the Australian Government's new \$86.3 million Gas Supply and Affordability measure. This measure is part of the Australian Government's Energy for the Future Package which takes significant steps to ensuring all Australians including those in regional communities, can access secure, reliable and affordable power as we transition to a low emissions future. The measure will deliver important reforms across Australia's gas market to secure reliable and affordable energy for Australian consumers.

If you go to the link below you can read the Minister's media release on this issue, but it is also short on the details: <http://www.environment.gov.au/minister/frydenberg/media-releases/mr20170509.html>

A spokesperson from the Department of Environment and Energy said:

The Government will extend funding by \$30.4 million for the world leading Bioregional Assessments programme to assess any potential impacts on waterways and aquifers from unconventional gas projects. Over the next three years the expanded programme will examine new gas reserves and provide independent scientific advice to governments, landowners and the community, business and investors on future secure and reliable gas supply. The majority of the work will be undertaken by the Department of the Environment and Energy. Other measures will be led by the Department of Industry, Innovation and Science, the Australian Energy Market Operator and the ACCC. Geoscience Australia will be involved in the geological and bioregional assessments to assist the Department in prioritising basins to be assessed by the programme and provide geological information to the assessments. CSIRO will also be involved in the assessments for the provision of water modelling and related activities.

So now you know!

21 areas identified in 2017 petroleum exploration acreage release

The Government's 2017 acreage release comprises 21 areas located across eight sedimentary basins in Commonwealth waters offshore of Northern Australia, Western Australia, Tasmania, Victoria and the Ashmore and Cartier Islands (Figure 1). Twenty areas are available for work programme bidding and one area for cash bidding.

The areas comprise: 10 areas off Western Australia, two areas off the Northern Territory, three areas off Victoria, two areas off Tasmania and four areas in the

Territory of Ashmore and Cartier Islands. The areas are located in water depths ranging from 25 to 4200 m and vary in size from 161 to 2465 km². All areas are supported by pre-competitive geological and geophysical data and analysis undertaken by Geoscience Australia.

Further information on the release areas and the basins of interest, is available from www.petroleum-acreage.gov.au.

All release areas have been nominated by industry, assessed and considered by governments and selected to offer the

petroleum exploration industry a variety of investment opportunities. The acreage release provides the petroleum industry with access to pre-competitive geological and geophysical datasets and ensures the provision of quality information on third party issues that may impact on successful applicants when conducting exploration work programmes.

Table 1 gives more details of the areas that are being released. Table 2 shows four areas of the 2016 release programme that have been re-released.

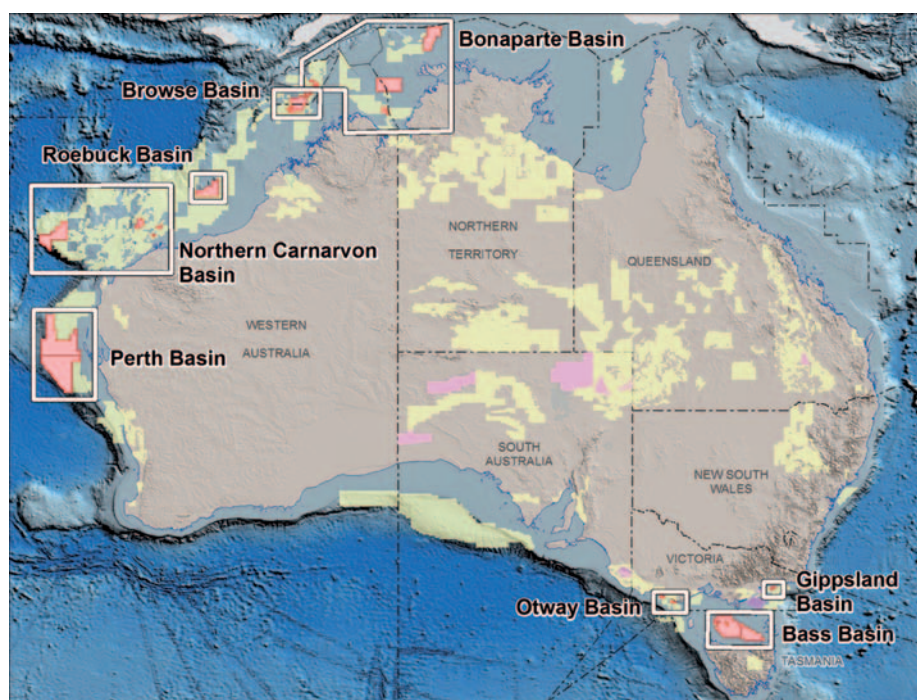


Figure 1. Locations of the 21 areas in the Government's annual 2017 acreage release programme (in pink).

Table 1. 2017 release areas and closing rounds

Rounds	Release Areas	Closing date for bids
Cash bid prequalification	W17-6	5 October 2017
Round One – work programme	AC17-2, AC17-3, NT17-1, T17-1, T17-2, V17-1, V17-2, V17-3, W17-4, W17-5, W17-8	19 October 2017
Cash bid auction	W17-6	8 February 2018
Round Two – work programme	AC17-4, AC17-5, NT17-2, W17-1, W17-2, W17-3, W17-7, W17-9, W17-10	22 March 2018

Table 2. 2016 re-release areas and closing rounds

Rounds	Release Areas	Closing date for bids
Round 2 of 2016 release	W16-5, W16-6, W16-9, W16-24	19 October 2017

New CEO for Geoscience Australia



James Johnson has been appointed the new Chief Executive Officer (CEO) of Geoscience Australia (GA). He replaces Chris Pigram, who was CEO between 2011 and 2016.

Dr Johnson has more than 30 years' experience in the geoscience sector, including 11 years as a Division Chief

at GA; leading the organisation's energy and minerals activities. He has also been Geoscience Australia's Deputy CEO for the past six years. His contributions to Geoscience Australia include overseeing the development of the current \$100 million Exploring for the Future Programme. He also shepherded the \$59 million Onshore Energy Security Program (2006–2011), which discovered a new sedimentary basin with energy hosting potential in north Queensland, produced the first national radiometric map of Australia, and resulted in an estimated additional \$300 million industry exploration expenditure during the life of the programme.

Before joining Geoscience Australia Dr Johnson led successful exploration

teams in the minerals industry, working in Western Australia, Victoria and Canada, overseeing the discovery of new resources worth more than \$800 million.

In accepting the role, Dr Johnson said 'I am excited by the opportunity to work with Geoscience Australia's knowledgeable and passionate experts to shape the future directions of the organisation to deliver benefits to the nation'. As a top priority, he will meet with Geoscience Australia's key stakeholders in the private and public sectors, to 'deepen his understanding of our stakeholders' needs when it comes to geoscience knowledge and capability'.