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19 December, 2019

The Hon Josh Frydenberg MP
Treasurer
Parliament House
CANBERRA, ACT 2601

By email: prebudgetsubs@treasury.gov.au

Dear Treasurer,

Re: Pre-Budget Submission

The Academy of the Social Sciences in Australia is pleased to have the opportunity to provide input into priorities for the 2020-21 Federal Budget.

The Academy was established in 1971 and represents almost 700 of Australia's pre-eminent social scientists who work across a wide range of social research policy issues. The following recommendations draw on the work of these experts, and the Academy stands ready to work with Government to provide further input and advice regarding these measures.

Recommendations

1. Support the transition to a low-emissions economy by investing in and incentivising renewable energy generation, storage and transmission technologies and infrastructure. Finance these investments by phasing out subsidies for fossil fuels and emissions intensive industries.
2. Establish an independent income support commission to set the rate for Newstart and other income support payments.
3. Build on recent reforms to the R&D Tax Incentive and further incentivise business collaboration with university researchers by establishing a new revenue-contingent loan scheme for start-ups and SMEs collaborating with universities.
4. Increase funding for research through the Australian Research Council by 5% p.a. for the next four years to bring support for university research in the physical and natural sciences and the humanities and social sciences on par with support for health and medical research.
5. Enhance the accessibility and use of public sector data by researchers to facilitate and enhance research that advances Australia's national interests.
6. Commission the Australian Council of Learned Academies to undertake a comprehensive review of Australia's freshwater research and policy frameworks with a view to identifying opportunities to enhance water security for environmental, agricultural and urban purposes.

The Academy would welcome the opportunity to further discuss these proposals.

Yours sincerely,

Professor Jane Hall FASSA FAHMS
President

Recommendation 1: *Support the transition to a low-emissions economy by investing in and incentivising renewable energy generation, storage and transmission technologies and infrastructure. Finance these investments by phasing out subsidies for fossil fuels and emissions intensive industries.*

The Academy recommends that the Australian Government task the Clean Energy Regulator with investigating and implementing a range of options to fund and incentivise further investment in large-scale renewable energy generation along with the required infrastructure. This investment should include:

- A focus on regional and rural communities; particularly those not connected to the National Electricity Market
- Stand-alone projects such as the Asian Renewable Energy Hub in Western Australia with the potential to generate significant export revenue and tens of thousands of jobs

The Academy further recommends that the Australian Government consider offsetting the cost of such investments by phased reductions in subsidies for fossil fuel and emissions-intensive industries.

Recommendation 2: *Establish an independent income support commission to set the rate for Newstart and other income support payments.*

The Academy recommends that the Australian Government establish an independent commission to determine rates of payment and indexation for Newstart and other income support schemes. Such a commission should be resourced to work with leading experts to determine payment levels that balance incentives to work with dignity in living standards, while also minimising the risk of social isolation, adverse health outcomes and psychological harm to recipients and their dependents.

Recommendation 3: *Build on recent reforms to the R&D Tax Incentive and further incentivise business collaboration with university researchers by establishing a new revenue-contingent loan scheme for start-ups and SMEs collaborating with universities.*

The Academy recommends that the Australian Government consider incentivising industry-university collaboration by introducing a revenue-contingent loan scheme targeted at start-ups and SMEs seeking to collaborate with university researchers on the development of new or improved products or services. Income- or revenue-contingent loans comprise an effective public sector financial instrument designed to address aspects of real or perceived market failure.¹ They are efficient and equitable, and collection through existing Australian Taxation Office processes results in very low transaction costs.

Australia's income-contingent support for tertiary students (the HECS scheme and its successors) has attracted global attention as an effective public policy measure. Adapting this model with revenue rather than income as a basis for contingent repayment would provide a further incentive for innovative small and medium Australian businesses looking to gain global advantage by collaborating with Australia's world-class university researchers.

¹ See for example Chapman, B (2006) *Income-contingent loans as public policy*. Available: https://socialsciences.org.au/wp-content/uploads/2017/03/2006_No2_Income_contingent_loans.pdf

Recommendation 4: Increase funding for research through the Australian Research Council by 5% p.a. for the next four years to bring support for university research in the physical and natural sciences and the humanities and social sciences on par with support for health and medical research.

Australia has enjoyed good support for university and research across all disciplines over many years. However, over the past decade there has been a real decline in funding for research in the physical and natural sciences as well as the humanities and social sciences through the Australian Research Council (ARC). At the same time as there has been an increase in funding for health and medical research through the National Health and Medical Research Council (NHMRC) and the Medical Research Future Fund (MRFF; see Figure 1).

While additional investment in health and medical research is important and worthwhile, it is also important that adequate and commensurate support is provided for research in other fields.

The Academy recommends that the Australian Government commit to increasing funding for research through the ARC by 5% per annum for the next four years to ensure Australia maintains its capabilities for high quality research in STEM and HASS disciplines.

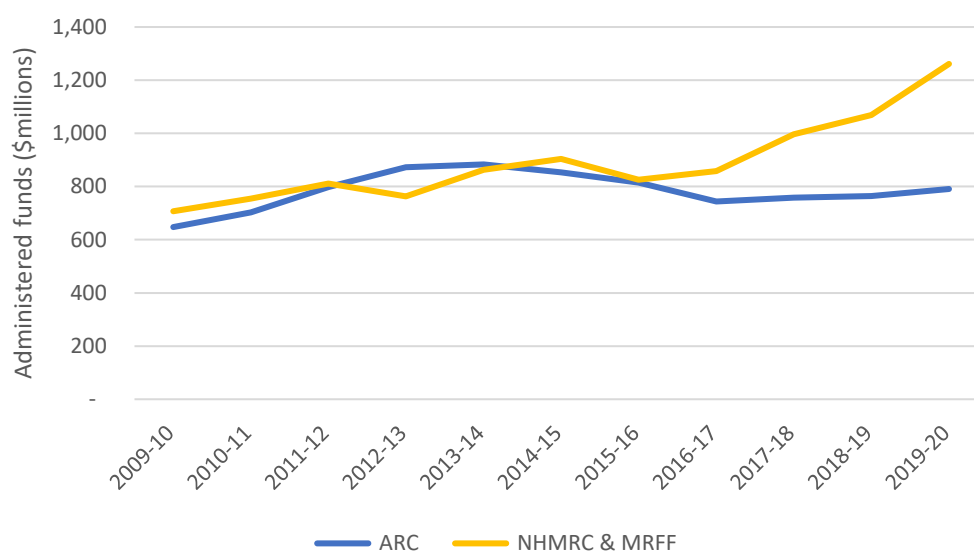


Figure 1. Administered research funding for Health and Medical Research (NHMRC and MRFF administered funds) and other research through the Australian Research Council, 2009-10 to 2019-20. **Source:** 2019-20 SRI Budget Tables:

www.industry.gov.au/data-and-publications/science-research-and-innovation-sri-budget-tables

Recommendation 5: Enhance the accessibility and use of public sector data by researchers to facilitate and enhance research that advances Australia’s national interests.

Australian Governments collect and store a vast amount of data on individuals and public services that has the potential for use by researchers to inform and drive significant gains in national productivity, health and wellbeing.

The Academy is strongly supportive of the proposals outlined in the *Data Sharing and Release: Legislative Reform Discussion Paper* and recommends that these proposals are implemented in full. F

Recommendation 6: *Commission the Australian Council of Learned Academies to undertake a comprehensive review of Australia's freshwater research and policy frameworks with a view to identifying opportunities to enhance water security for environmental, agricultural and urban purposes.*

Wide-spread and devastating drought and fish-kill episodes have emphasised the importance of efficient and effective freshwater management in Australia based on the best available scientific, cultural and social policy evidence.

The Academy recommends that the Australian Government through Australia's Chief Scientist commission the Australian Council of Learned Academies (ACOLA) to undertake a multidisciplinary horizon-scanning project to identify opportunities enhance water security for environmental, agricultural and urban purposes.