

The Australian



Universities warned about tight federal budget

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UNIVERSITY lobbying for extra money in the May budget has been dealt a reality check today with a senior bureaucrat warning that budgetary conditions are tight as the government focuses on reducing the deficit.

As the *HES* reported yesterday, Universities Australia has called for \$881 million in new and accelerated spending in the budget for higher education.

UA warns that without additional money, especially for teaching, quality may be put at risk as the sector seeks to expand in line with the government's aim to widen participation.

But Patricia Kelly, deputy secretary of the Department of Innovation, Industry, Science and Research, said any spending initiatives in the budget will need to be offset by cuts elsewhere.

"The reality is that in the current environment that \$881 million will have to come from cuts somewhere else if we are to work within the framework the government has set," Ms Kelly told the Australian Technology Network of universities **conference** in Melbourne.

She noted that the government had adopted a 2 per cent cap on annual real spending growth.

"The government has adopted a strict fiscal strategy to seek to return the budget to surplus over the next five years."

This means any new spending has to be offset by savings somewhere else, she said.

In its budget submission Universities Australia stressed that spending on higher education was good for the economy as skills drive productivity.

"The most pervasive source of productivity enhancement across all sectors, and one which keeps on giving benefit in new ways over time, is a smart and well-educated workforce," Universities Australia said.

In her speech today, Ms Kelly noted skills shortages were likely to re-emerge as major challenge as the economy recovers.

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