FEDERAL BUDGET 2011-12
Initial ACOSS Analysis

May 2011

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First published in 2011 by the
Australian Council of Social Service

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ISSN: 1326 7124
ISBN: 978 0 85871 800 5

1. Introduction

This initial ACOSS briefing on the 2011-12 Federal Budget outlines key measures announced in the Budget in areas of interest to ACOSS members, to assist members in their work. This briefing does not offer extensive comment on the merit or otherwise of these measures.

This paper outlines the measures firstly by providing a general background on Budget revenue and expenses. This is followed by an outline of key measures in each of ACOSS' major policy areas: income support; health; mental health; community services; climate change and energy; housing and homelessness; indigenous policy; taxation; and employment, education and training.

The detailed Government Budget papers can be found online at www.budget.gov.au .

a. Budget expenditure, revenue and balance

The Government has committed to restoring the Budget to surplus by 2012-13 and to keep a 2% (real) per annum cap on spending increases in place until the surplus reaches 1% of Gross Domestic Product (GDP), or around $10b.

The budget deficit for 2011-12 is estimated to be $22.6b or 1.5% of GDP, an increase from the $13bn deficit expected in last year's Budget, primarily due to a fall in company tax receipts of around $9b. This compares with an estimated $49.4b deficit in the current financial year, 2010-11. The Budget is expected to return to surplus in 2012-13, with a surplus of $3.5b or 0.2% of GDP (Table 1).

Table 1: Australian Government Budget revenue, expenses and balances

	Actual	Estimates			Projections	
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Receipts($b)(a)	**284.7**	**303.7**	**342.4**	**378.5**	**395.9**	**415.5**
Per cent of GDP	22.2	21.9	23.2	24.3	24.1	24.0
Payments($b)(b)	**336.9**	**349.7**	**362.1**	**372.1**	**389.2**	**406.5**
Per cent of GDP	26.2	25.2	24.5	23.9	23.7	23.5
Future Fund earnings	2.5	3.4	2.9	2.9	3.0	3.2
Underlying cash balance($b)(c)	**-54.8**	**-49.4**	**-22.6**	**3.5**	**3.7**	**5.8**
Per cent of GDP	-4.3	-3.6	-1.5	0.2	0.2	0.3
Revenue($b)(a)	**292.8**	**310.8**	**350.0**	**383.1**	**405.2**	**425.8**
Per cent of GDP	22.8	22.4	23.7	24.6	24.7	24.6
Expenses($b)	**339.2**	**350.8**	**365.8**	**380.5**	**399.0**	**414.1**
Per cent of GDP	26.4	25.3	24.8	24.4	24.3	23.9
Net operating balance($b)	-46.5	-40.0	-15.9	2.6	6.2	11.7
Net capital investment($b)	6.4	5.7	4.4	-1.4	3.0	3.2
Fiscal balance($b)	**-52.9**	**-45.7**	**-20.3**	**4.0**	**3.2**	**8.5**
Per cent of GDP	-4.1	-3.3	-1.4	0.3	0.2	0.5
Memorandum item:						
Headline cash balance($b)	-56.5	-54.1	-31.9	0.8	0.3	3.8

(a) Includes expected Future Fund earnings.
(b) Equivalent to cash payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases.
(c) Excludes expected Future Fund earnings.

Source: Budget Paper No 1

b. Impact of the economy and policy decisions on the Budget deficit

The table below shows the impact of changes in the economy and population ('parameter changes') and policy decisions on the budget balance. Policy decisions since November 2010 (including Budget announcements) are estimated to increase the deficit by $2.6 billion in 2011-12 but by 2013-14 they are estimated to contribute $1.3 billion to the budget surplus in that year.

Table 2: Reconciliation of 2010-11 Budget, 2010 PEFO, 2010-11 MYEFO and 2011-12 Budget underlying cash balance estimates

	Estimates			Projections
	2010-11	2011-12	2012-13	2013-14
	$m	$m	$m	$m
2010-11 Budget underlying cash balance(a)	**-40,756**	**-13,045**	**1,016**	**5,432**
Per cent of GDP	-2.9	-0.9	0.1	0.3
Changes from 2010-11 Budget to 2010 PEFO				
Effect of policy decisions(b)	-108	135	-309	-5,381
Effect of parameter and other variations	176	2,526	2,796	4,495
Total variations	**68**	**2,661**	**2,487**	**-886**
2010 PEFO underlying cash balance(a)	**-40,689**	**-10,384**	**3,503**	**4,546**
Per cent of GDP	-2.9	-0.7	0.2	0.3
Changes from 2010 PEFO to 2010-11 MYEFO				
Effect of policy decisions(b)	-62	-540	581	-122
Effect of parameter and other variations	-718	-1,363	-964	-1,167
Total variations	**-779**	**-1,903**	**-383**	**-1,289**
2010-11 MYEFO underlying cash balance(a)	**-41,468**	**-12,288**	**3,120**	**3,257**
Per cent of GDP	-3.0	-0.8	0.2	0.2
Changes from 2010-11 MYEFO to 2011-12 Budget				
Effect of policy decisions(b)(c)				
Receipts	*82*	*-406*	*2,001*	*1,906*
Payments	*1,989*	*2,153*	*51*	*561*
Total policy decisions impact on underlying cash balance	-1,908	-2,559	1,950	1,345
Effect of parameter and other variations(c)				
Receipts(d)	*-9,957*	*-5,560*	*-312*	*1,660*
Payments	*-3,964*	*2,212*	*1,260*	*2,590*
Total parameter and other variations impact on underlying cash balance	-5,993	-7,772	-1,572	-930
2011-12 Budget underlying cash balance(a)	**-49,369**	**-22,618**	**3,498**	**3,672**
Per cent of GDP	-3.6	-1.5	0.2	0.2

Source: Budget Paper No 1

(a) Excludes expected Future Fund earnings.

(b) Excludes secondary impacts on public debt interest of policy decisions and offsets from the contingency reserve for decisions taken.

(c) A positive number for receipts indicates an increase in the underlying cash balance, while a positive number for payments indicates a decrease in the underlying cash balance.

(d) Receipts will differ from the cash receipts reconciliation published in Budget Statement 5 because they exclude Future Fund earnings.

c. Estimates for key economic indicators

Economic growth is estimated at 2.25% in 2010-11, 1 percentage point below the forecast in the Mid-Year Economic and Fiscal Outlook (MYEFO) late last year. However, it is forecast to recover to a brisk 4% in 2011-12. Consequently, unemployment is forecast to fall from 5% in 2010-11 to 4.75% in 2011-12. The Consumer Price Index(CPI) is expected to decrease from about 3.25 % in 2010-11 to about 2.75% in 2011-12. These are some of the assumptions and parameters that affect Budget revenue and expenditure, as outlined in the following table.

Table 3: Domestic economy forecasts

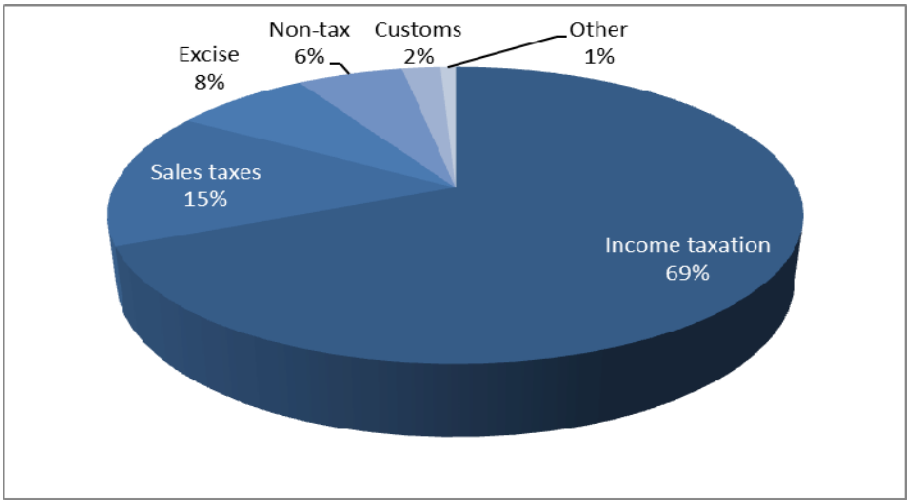
	Outcomes(b)	Forecasts		
	2009-10	2010-11	2011-12	2012-13
Panel A - Demand and output(c)				
Household consumption	2.1	3	3 1/2	3 1/2
Private investment				
Dwellings	2.1	2 1/2	1 1/2	3
Total business investment(d)	-4.9	4 1/2	16	14 1/2
Non-dwelling construction(d)	-8.2	8	18 1/2	17 1/2
Machinery and equipment(d)	-4.8	2	17 1/2	14
Private final demand(d)	0.7	3	6	6
Public final demand(d)	7.0	3 1/2	1 1/4	-1 1/4
Total final demand	2.1	3	4 3/4	4 1/2
Change in inventories(e)	0.3	0	0	0
Gross national expenditure	2.4	3 1/4	4 3/4	4 1/4
Exports of goods and services	5.2	4	6 1/2	5 1/2
Imports of goods and services	4.9	9	10 1/2	8 1/2
Net exports(e)	0.1	-1	-1	- 3/4
Real gross domestic product	**2.3**	**2 1/4**	**4**	**3 3/4**
Non-farm product	2.3	2	4	3 3/4
Farm product	1.5	13	1	-3
Nominal gross domestic product	2.3	8	6 1/4	5 3/4
Panel B - Other selected economic measures				
External accounts				
Terms of trade	-4.4	19 1/4	- 1/4	-3
Current account balance (per cent of GDP)	-4.1	-2	-4	-5 1/4
Labour market				
Employment (labour force survey basis)(f)	2.4	2 3/4	1 3/4	1 3/4
Unemployment rate (per cent)(g)	5.2	5	4 3/4	4 1/2
Participation rate (per cent)(g)	65.3	66	66	66
Prices and wages				
Consumer price index(h)	3.1	3 1/4	2 3/4	3
Gross non-farm product deflator	0.2	6	2 1/4	2
Wage price index(f)	3.0	4	4	4 1/4

Source: Budget Paper No 1
(a) Percentage change on preceding year unless otherwise indicated.
(b) Calculated using original data unless otherwise indicated.
(c) Chain volume measures except for nominal gross domestic product which is in current prices.
(d) Excluding second-hand asset sales from the public sector to the private sector.
(e) Percentage point contribution to growth in GDP.
(f) Seasonally adjusted, through-the-year growth rate to the June quarter.
(g) Seasonally adjusted rate in the June quarter.
(h) Through-the-year growth rate to the June quarter.

d. Profile of Government revenue and expenditure

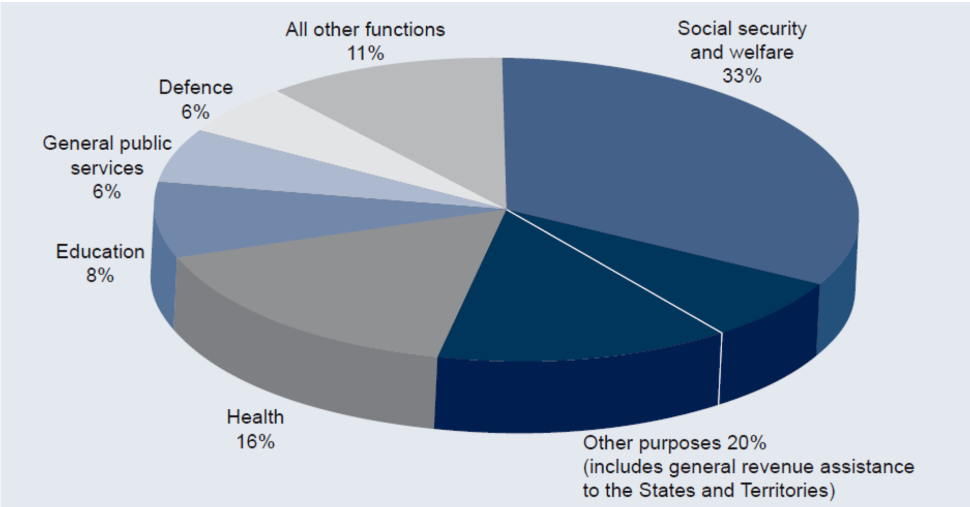
The vast majority of revenue (69% or $240.6b) comes from income taxation, which includes individual income tax, company tax, super tax, fringe benefits and resource rent taxation. The next largest category is sales taxes, which includes GST, luxury car tax and wine equalisation tax. 6% or $20.7b of revenue comes from non-taxation sources.

Graph 1: Government revenue



The Australian Government spends 57% of its budget on social measures, including 33% on social security and welfare, 16% on health, and 8% on education (Graph 1 and Table 4).

Graph 2: Government spending



Source: Budget Paper No 1

Table 4: Estimated expenses by function

	2010-11		2011-12		2012-13		2013-14		2014-15	
	$m	%	$m	%	$m	%	$m	%	$m	%
General public services	21,239	6.05	20,887	5.71	21,491	5.65	22,349	5.60	23,129	5.58
Defence	20,136	5.74	21,277	5.82	20,711	5.44	21,895	5.49	22,771	5.50
Public order and safety	3,943	1.12	3,969	1.08	3,953	1.04	3,961	0.99	4,026	0.97
Education	32,555	9.28	29,870	8.17	29,994	7.88	31,118	7.80	32,455	7.84
Health	57,240	16.32	59,858	16.36	61,584	16.18	64,711	16.22	67,734	16.36
Social security and welfare	**116,739**	**33.28**	**121,907**	**33.32**	**127,711**	**33.56**	**133,322**	**33.42**	**139,194**	**33.61**
Housing and community amenities	5,741	1.64	4,647	1.27	5,019	1.32	4,874	1.22	4,406	1.06
Recreation and culture	3,342	0.95	3,397	0.93	3,449	0.91	3,331	0.83	3,250	0.78
Fuel and energy	6,269	1.79	6,302	1.72	6,496	1.71	6,594	1.65	6,622	1.60
Agriculture, forestry and fishing	3,067	0.87	3,444	0.94	2,526	0.66	2,245	0.56	2,385	0.58
Mining, manufacturing and construction	2,039	0.58	2,014	0.55	2,006	0.53	1,965	0.49	1,974	0.48
Transport and communication	4,748	1.35	6,919	1.89	7,119	1.87	6,748	1.69	6,267	1.51
Other economic affairs	9,055	2.58	9,385	2.57	8,664	2.28	8,218	2.06	8,152	1.97
Other purposes	64,692	18.44	71,940	19.67	79,801	20.97	87,642	21.97	91,771	22.16
Total expenses	**350,803**	100.00	**365,817**	100.00	**380,523**	100.00	**398,974**	100.00	**414,137**	100.00

Source: Budget Paper No 1

It is expected that social security and welfare function expenses, while remaining at approximately 33% of total government expenditure, will grow at 5.5% in real terms from 2011-12, with an average annual real growth rate of 1.8%. The areas that will see most growth are assistance to the aged, assistance to families with children, and assistance to people with disabilities (Table 5).

Table 5: Summary of expenses — social security and welfare

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Assistance to the aged	44,302	47,482	50,606	53,412	56,988
Assistance to veterans and dependants	6,976	6,892	6,780	6,681	6,584
Assistance to people with disabilities	20,632	22,222	23,509	24,812	26,266
Assistance to families with children	30,799	32,015	33,852	34,530	35,248
Assistance to the unemployed and the sick	6,995	7,197	7,342	8,283	8,591
Other welfare programs	1,843	980	919	918	899
Aboriginal advancement nec	1,443	1,379	1,119	1,114	1,081
General administration	3,749	3,739	3,583	3,571	3,537
Total social security and welfare	**116,739**	**121,907**	**127,711**	**133,322**	**139,194**

Source: Budget Paper No 1

The following table shows that the program with the highest recurrent expenditure is 'Revenue assistance to the States and Territories'. The highest expenditure by far within the social security and welfare function is income support for seniors, at $34b. This is followed by family tax benefit, at $18m, and then disability support pension, at $14b. Health also requires high expenditure, with Medicare services costing almost $17b. Jobseeker income support ranks comparitively low on the expenditure scale, at just over $7b.

Table 6: Top 20 programs by expenses in 2011-12

		Estimates			Projections	
		2010-11	2011-12	2012-13	2013-14	2014-15
Program	**Function**	$m	$m	$m	$m	$m
Revenue assistance to the States and Territories	Other purposes	46,524	49,459	52,853	55,812	58,498
Income support for seniors	SSW	31,852	34,161	36,860	38,891	41,605
Family tax benefit	SSW	17,766	18,156	18,682	19,043	19,499
Medicare services	Health	16,463	16,981	17,693	18,892	20,301
Disability support pension	SSW	13,286	13,836	14,368	14,855	15,460
Assistance to the States for healthcare services	Health	11,988	12,820	13,683	14,598	16,155
Pharmaceuticals and pharmaceutical services	Health	9,235	9,833	10,298	11,089	11,883
Non government schools - national support	Education	7,258	7,749	8,351	9,028	9,733
Job seeker income support	SSW	6,995	7,197	7,342	8,283	8,591
Residential care	SSW	6,822	7,183	7,370	7,846	8,428
Higher education support	Education	6,285	6,851	7,158	7,395	7,645
Public sector superannuation^	Other purposes; General public services	6,367	6,301	6,405	6,502	6,602
Income support for carers	SSW	5,109	5,679	6,343	7,066	7,858
Parents' income support	SSW	5,639	5,621	5,667	5,605	5,554
Fuel tax credits scheme	Fuel and energy	4,996	5,142	5,614	5,715	5,819
Army Capabilities	Defence	4,938	4,943	5,003	5,188	5,454
Department of Human Services*	SSW; Health	4,461	4,339	4,087	4,090	4,085
National partnership payments - road transport	Transport and communication	2,530	4,065	3,922	3,121	270
Air Force Capabilities	Defence	3,824	4,036	4,081	4,161	4,300
Navy Capabilities	Defence	3,779	4,027	4,122	4,092	4,110
Sub-total		**216,117**	**228,379**	**239,902**	**251,272**	**261,850**
Other programs		134,686	137,438	140,621	147,702	152,287
Total expenses		**350,803**	**365,817**	**380,523**	**398,974**	**414,137**

Source: Budget Paper No 1

^ This is a combination of public sector superannuation nominal interest and benefits programs.

* Department of Human Services running costs also includes Medicare and Centrelink funding in 2010-11.

SSW — Social Security and Welfare

2. Key Budget Measures

The tables below provide more detailed summaries of key Budget measures.

a. 'Building Australia's future workforce'

Measures	Impact	Annual cost ($m in 2011-12)	Annual cost ($m in 2012-13)
Shift sole parents with a child 12-15 years who were on Parenting Payment Single (PPS) prior to 2006 (Welfare to Work) from PPS to Newstart Allowance (NSA)	Loss of up to $56pw in income support for at least 24-28,000 sole parents (over 4 years) with no change to activity requirements. Current PPS plus FTB for sole parent with 1 child (13-15) is $464pw, on NSA this falls to $408pw. Note also the easing of the NSA income test for parents - below.		Saving of $152m over 4 years
Income test for parents on NSA to be eased; so they lose 40 cents per dollar earned above $31pw instead of 50 cents from $31-$125pw and 60 cents above this.	Same reduction in payments for earnings as for PPS (though the maximum rate of NSA is lower as noted above)		Cost of $179m over 4 years
Very long term unemployed people (VLTU – 2 years unemployed) on NSA to undertake 11 months 'work experience' for 2 days a week (instead of 6 months) , from July 2011	Activities include training and work for the dole. JSA providers will be paid $1,000 per VLTU client to fund the activities (currently $500 for each person unemployed for 12 months)	$0.3	$67.5
Wage subsidy scheme for very long term unemployed people (VLTU) offering six months at NSA allowance rate ($6,000) to employers (pro rata for part time positions)	10,000 VLTU people per year to be assisted, including JSA and DES clients.	$12.8	$26.6
Youth Allowance income test for unemployed people to be eased with a higher free area and working credit	Free area to rise to $71pw; and Working Credit to $3,500	$8.7 (includes cut to youth payments above)	-$46.5 (includes cut to youth payments above)
Young unemployed people aged 21 years to lose access to Newstart Allowance and remain on the lower Youth Allowance, 'earn	YA for singles living away from home is $194pw, NSA is $237pw, so a drop in payments of $43pw	$8.7 (includes income	-$46.5 (includes income

or learn' requirements also extend to early school leavers of that age	'Earn or learn' requires participation in full or part time education or training or similar programs for at least 25 hours per week	test easing below)	test easing) below
Training places for single and teenage parents (pre- budget announcement)	Funding to provide up to 31,000 training places for single and teenage parents on income support	$6.7	$20.0
From July 2012, new participation requirements and supports for Parenting Payment recipients under 23 or on payments for over 2 years in 10 disadvantaged areas	Compulsory Centrelink interviews and development of compulsory participation plans. Measure also includes enhanced support services through Communities for Children program	$13.8	$10.6
New participation requirements for DSP recipients under 35 assessed as able to work for at least 7 hours a week	Will be required to attend Centrelink interviews and linked to employment support services	$ 8.4	$ 27.7
Assistance for mature age workers	Funding for Registered Training Organisations to conduct skills assessments and provide training for estimated 7500 mature aged workers	$10	$10
Wage subsidies for people with a disability	Subsidies $3000 will be paid for approximately 1,000 job seekers registered with a Disability Employment Service provider and who have been unemployed for at least 12 months. Commencing 1 July 2012. Provision of $2000 payment to employers to assist with costs of training and supervision	-	$4.0
Redirection of Productivity Places (PP) training program places	$850m over 4 years in funding for this program (part of which were earmarked for jobseekers), to be redirected to apprenticeship incentives, NEIS scheme for jobseekers to set up small businesses, and a national workforce development fund	n.a.	n.a.
Extension of Language Literacy and Numeracy (LLN) program to more jobseekers	30,000 additional places over four years	$10.2	$21.6
Response to jobseeker compliance review	From July 2012, the penalty for	$9.9	$7.8

report	not attending JSA interviews will be 1/10th of the fortnightly payment instead of 1/14th, JSA providers will be more involved in Centrelink compliance assessments, and information sharing between providers and Centrelink will be enhanced		
Early school leavers transition support	An additional $500 per client to be given to JSA to providers to assist early school leavers on income support to prepare for study, training or employment	$0.8	$36.0

b. Other social security measures

Measures	**Impact**	**Annual cost ($m in 2011-12)**	**Annual cost ($m in 2012-13)**
Increase in Family Tax Benefit Part A for 16-19 year olds	Increase in Family Tax Benefit Part A for dependant 16-19 year olds in full time secondary study to equal the rate for younger children (under 16). Note that those unable to participate in FT education and training would remain on YA (up to $4,000 pa lower)	$84.0	$199.4
Pause indexation of FTB Part A and B upper limits and thresholds for 2 years	A range of thresholds and limits (including the $150,000 family income threshold for FTB Part B) will remain fixed until 1 July 2014 instead of being indexed to CPI.	-$230.9	-$471.6
Pause indexation of FTB Part A and Part B supplements for 3 years	FTB supplements will be fixed at current levels($726 for Part A and $354 for Part B) until 1 July 2014 instead of being indexed to CPI. These apply to low and middle income families eligible for FTBA and B	-$76.8	-$179.1

c. National mental health reform

Measures	Impact	Annual cost ($m in 2011-12)	Annual cost ($m in 2012-13)
Coordinated care and flexible funding for people with severe and persistent mental illness Net cost of measure is $343.8 over 5 years; consolidates existing MYEFO measures for flexible care packages and suicide prevention to provide a total of $549.8 million over 5 years (including $192.4 million in 2015-16)	Local organisations funded to provide a multidisciplinary care plan and a single point of contact for clinical and social services. To be coordinated by Medicare Locals and to include development of assessment framework to match services to needs	-25.4	35.5
Additional personal helpers and mentors and respite services $208.3 million over 5 years (including $60.2 million in 2015-16)	Expansion and integration of Personal Helpers and Mentors and respite services. Provides intensive, one-on-one support for people with persistent and/or episodic mental illness. Of $208.3 million allocated over 5 years, $50 million will be for personal helpers and mentors helping people with mental illness on, or in the process of claiming, income support (including DSP) and who are participating in employment services	7.3	29.6
Early Psychosis Prevention and Intervention Centre (EPPIC) $222.4 million over 5 years (including $80.8 in 2015-16)	Development of additional Centres providing integrated and comprehensive psychiatric services to young people aged 15-24 with emerging psychotic disorders. Costs to be shared with states and territories, with up to 12 new centres contingent of partnership with states and territories	2.9	23.0
Expansion of youth mental health services $197.3 million over 5 years (including $65 million in 2015-16)	Establishment of 30 new *headspace* sites (for young people aged 12-25), and additional funding to existing sites. Brings total number of	13.5	22.5

	centres to 90		
Additional family mental health support services $61.0 million over 5 years (including $18.5 million in 2015-2016)	Additional 40 services, providing prevention and early intervention support for families and children to address mental health issues early in life. Focus on young carers and vulnerable children	2.3	8.9
Expansion of Access to Allied Psychological Services (ATAPS) $205.9 million over 5 years (including $61.9 million in 2015-16)	Medicare Locals to integrate primary care with other community based supports. Targeting children and their families (through part-time child liaison officers), ATSI people, and people from hard-to-reach locations with a particular focus on lower socioeconomic areas	16.1	31.1
Increasing employment participation for people with mental illness $2.4 million over five years (including $0.3 million in 2015-16)	Several initiatives to increase employment participation including: assistance to employers to employ people with mental illness; training employment services providers; expanding JobAccess telephone service to include mental health professionals; inquiry to examine incorporating people with mental illness into Supported Wage System	1.0	0.3
Establishment of National Mental Health Commission Net cost of $12.2 million over 5 years (including $2.5 million in 2015-16); $19.8 million will be redirected from funding previously allocated to frontline services preventing suicide and leadership in mental health reform; amounts to be $32 million over 5 years (including $7 million in 2015-16)	To independently monitor, assess and report on how system is performing as well as provide advice on mental health policy and programs. Will not be a statutory authority	2.1	2.6
National Partnership Agreement on Mental Health $201.3 million over 5 years (including $46 million in 2015-16)	Incentives to states and territories to address major service gaps in their mental health services, focusing on accommodation support for those at risk of homelessness and admission and discharge from	22.3	43.6

	hospitals. Funding profile contingent on negotiations with states		
Better Access Initiative – rationalisation of GP mental health services and allied health treatment sessions Saving of $580.5 million over 5 years	Savings to be generated by reducing GP rebates associated with developing Mental Health Care Plans, and via reduction in the maximum number of subsidised psychological services	-62.8	-107.0

d. Other health measures

Measures	Impact	Annual cost ($m in 2011-12)	Annual cost ($m in 2012-13)
Dental health	Introduce voluntary Dental internship year from 2013 for up to 50 dental graduates per year (maximum of 150 participants).	14.3	17.2
	Establish National Advisory Council on Dental Health	0.5	
Health and Hospitals Fund – Regional Priority Round*	Development of health infrastructure in regional areas, including hospitals, sub-acute beds, dental chairs, and primary healthcare clinics	110.0	200.0
Primary health care – Medicare Locals and after hours care	Fast-track the establishment of 15 Medicare Locals and access to after-hours GP services	16.7	33.8
Indigenous Health	*Bringing Them Home* and *Link Up Program*s for the Stolen Generations - continuation	2.5	10.3
	Establishing Quality Health Standards in Indigenous Health Services – continuation#	-3.0	-2.4
PBS**	New and/or revised listings	87.1	99.5
MBS	Pathology services funding reform	-64.0	-90.5
Aged care***	Additional high-level community aged care places (adjust balance with high level residential aged care – lower cost at home)	-26.6	-45.2
Health and Ageing Portfolio -	Administrative efficiencies	28.3	-13.5

* This measure is co-funded by Department of Health and Ageing and Department of Treasury. The 2011-12 Budget also provides $265.5m in 2015-16. In addition to the $315m included in the forward estimates, this brings the Government's initial investment to $1.3bn over five years. An additional $475m for a further Regional Priority Round will be placed in the contingency reserve, bringing the Government's total investment to $1.8bn over six years.

** This measure is co-funded by Department of Health and Ageing, Department of Veterans Affairs, and Department of Human Services.

*** This measure is co-funded by Department of Health and Ageing and Department of Veterans Affairs

Government will provide $35m over 4 years. However, this measure will deliver savings of $10.8m over 4 years as a number of organisations have been accredited.

Major New Expenditure - Health

The two headline expenditure items in the health portfolio are mental health (see separate analysis) and rural and remote health, accounting for almost $3bn in new investment.

The Government will provide $1.3 billion through the Health and Hospitals Fund for 63 regional health infrastructure projects and a further $475m for a second round of grants, to a total of $1.8bn over six years.

Other major budget initiatives include the Diagnostic Imaging Review Reform package to improve early detection of disease ($104.4m over 4 years), the continuation of the National Bowel Cancer Screening Program ($138.7m over 4 years), and additional funding for medicines and immunisations ($613m over 5 years).

Dental health also receives a small amount of funding ($53.1m over 4 years) as the first steps to future reform. Of this investment, $52.6m will fund a voluntary Dental internship year primarily within the public sector for up to 50 dental graduates per year (with a maximum of 150 internship places). A National Advisory Council on Dental Health will also be established in 2011-12 to provide advice to the Minister, including prioritizing areas for improvement.

In Indigenous health, there is funding of $39.1m for the continuation of programs to the Stolen Generation that were due to terminate in 2011 and 2012. A further $35m is being provided to Aboriginal health organisations to achieve accreditation. There is also funding for indigenous specific initiatives in the Health and Hospitals Fund and Access to Allied Psychological Services (ATAPS).

Cost Savings – Health

Medicare Benefits Schedule - pathology services funding reform ($419m over 4 years);

Community aged care places – rebalance from residential aged care ($211.7 million over 4 years);

Hearing Services program – reform for better targeted services ($122.3m over 4 years);

Portfolio administrative arrangements review – 159 grants programs will be consolidated into 18 larger, flexible Funds from 1 July 2011 ($53.5m over 4 years). Aims to simplify and streamline grant funding process, including establishing one head agreement per organisation. Organisations will have to re-apply for further funding from 1 July 2012 or when their current agreement expires. The proposed program list for consolidation is at http://www.health.gov.au/internet/budget/publishing.nsf/Content/673376782D27CBEACA257881000680FD/$File/2011-12_Health_PBS_38_Appendix1StrategicReviewConcordance.pdf

National Health and Hospital Network – Defer implementation of Coordinates Diabetes Care ($448.4m over 4 years from 2010/11) – included in MYEFO as decision taken but not announced

Means-testing for Private Health Insurance Rebate. Will seek to re-introduce the Fairer Private Health Insurance Incentives Bill 2009 after stakeholder consultation in 2011-12.

Chronic Disease Dental Scheme closure. Government will seek to close the scheme on 31 December 2011 and redirect funding to the Commonwealth Dental Health Program to fund state and territory governments for up to 1 million additional public dental services over three years and provide nationally comparable health data.

e. Community services

Measures	Impact	Annual cost ($m in 2011-12)	Annual cost ($m in 2012-13)
Not-for-profit sector regulator: establishment of the Australian Charities and Not-for-profit Commission (ACNC) by 1 July 2012	New independent national body to regulate charities (incl. determinations of NFP status, general reporting framework and information portal); structurally separate from Australian Taxation Office (ATO); ATO to provide 'corporate service support' and to continue administering tax concessions	$17.6m	$53.6m over 4 years
Removal of tax breaks for commercial activities of charities	Tax concessions will only apply to income from unrelated commercial activities that are directed towards orgs' 'altruistic purpose'; only applies to new, unrelated commercial activities from 10 May 2011	No impact on revenue to 2014-15?	
Statutory definition of 'charity'	Statutory definition for all Commonwealth law ready to take effect from 1 July 2013; consultation with states regarding standard definition across jurisdictions *$2.9m over 4 years to ACNC to provide guidance to NFP sector*	No impact on revenue	
Emergency relief and financial counselling (Financial Management Program – FaHCSIA)	Emergency relief ($83.3m; including $1m for Foodbank services), continued funding for 77 full-time Commonwealth financial counselling positions established during GFC ($28m)	$22.6m	$111.3m over 4 years
Financial counselling services for areas of NSW, VIC and QLD affected by natural disasters	Effective in areas where Natural Disaster and Recovery Arrangements are in place	$11.2m	$16.8m over 4 years

Microfinance and financial literacy programs (Financial Management Program – FaHCSIA)	Continued funding (to 2014-15) of microfinance and financial literacy programs funded under the *Nation Building and Jobs* plan of 2009-10, including Saver Plus, No Interest Loan Scheme, StepUp loans – will go primarily to Good Shepherds and Brotherhood of St Laurence *Includes $6.2m over 4 years for Indigenous financial literacy programs*	$14.6m	$60.6m over 4 years
Family Support Program (FSP)	Extension of financial support for services provided under FSP program to assist with transition to new fee arrangements (slight slowing of the rate at which funding is cut for Family Relationship Service(FRS) programs) *Savings of $43.9m over 4 years announced in 2010-11 Budget through cuts to Family Relationship services – implementation to be phased in between 2011-12 and 2013-14*	$1.5m	-$43.9m over 4 years
Family Support Program (cont.)	Changes to the indexation of the FRS and Children and Parenting components of the FSP		$2.9m over 4 years
Efficiency dividend increased	Temporary increase to 1.5% to 2012-13 and then to 1.25% to 2014-15 before reverting to 1% in 2015-16 – could lead to reduction in services and potentially have flow-on effects for the community sector	-$119.6m	-$1.1b over 4 years

f. Climate change and energy

Measures	Impact	Annual cost ($m in 2011-12)	Annual cost ($m in 2012-13)
Green Start program – cessation	The Budget confirms an earlier announcement that Green Start would not go ahead. There had been an allocation of $130 m for energy efficiency improvements in low income households over the current financial year and next	-$121.2	-$41.2
There were no other measures of particular interest of concern to ACOSS announced in the Budget. Further announcements may be made in the context of policy relating to a carbon price mechanism.			

g. Housing and homelessness

Measures	Impact	Annual cost ($m in 2011-12)	Annual cost ($m in 2012-13)
National Rental Affordability Scheme — deferral of dwelling target	This reduction in funding is a result of the dwelling targets for the NRAS scheme being spread over a longer time period. This reduces dwelling targets to 35,000 over the forward estimates with 15,000 to be funded beyond that.	- $60.9	-$70.2

h. Indigenous policy

Measures	Impact	Annual cost ($m in 2011-12)	Annual cost ($m in 2012-13)
Health and Hospitals Fund — Regional Priority Round	$113.4 million of broader $1.8 billion package (above) for 15 new or expanded Indigenous health clinics and 40 new renal dialysis chairs.		
Bringing them Home and Expanding Link Up Programs for the Stolen Generations - continuation	$39.1 million over four years to continue the Link Up and Bringing Them Home programs to assist people separated from their families as a result of past removal policies	2.5	10.3
Cape York Welfare Reform Trial - extension	$16.1 million over two years to extend the Cape York Welfare Reform trial in the communities of Aurukun, Coen, Hope Vale and Mossman Gorge until 31 December 2012.	8.4	7.8
Building Australia's Future Workforce – Indigenous Ranger Cadetships – pilot program	$4.1 million over three years to establish a pilot Indigenous Ranger Cadetship program to encourage school retention and completion for Aboriginal and Torres Strait Islander students.	1.2	1.7
Building Australia's Future Workforce — Indigenous Youth Careers Pathways Program	$50.7 million over four years to extend school based traineeships for Indigenous students in targeted schools through a new Indigenous Youth Careers Pathways Program.	- (From existing resources of Indigenous Employment Program)	- (From existing resources of Indigenous Employment Program)
Establishing Quality Health Standards in Indigenous Health Services — continuation	$35.0 million over four years to continue funding support to eligible Indigenous health organisations to assist them achieve clinical and organisational accreditation. Funding already in forward estimates and measure will deliver savings of $10.8 million over 4 years to be redirected to other areas.	-3.0	-2.4

Indigenous Education Targeted Assistance — extension	$171.3 million over two years to extend Indigenous education support programs funded under the *Indigenous Education (Targeted Assistance) Act 2000* (IETA Act) until the end of 2013. For programs to improve literacy, numeracy, school attendance and education support.	- (From existing resources of Indigenous Employment Program)	- (From existing resources of Indigenous Employment Program)
Community Development Employment Projects program — continuation of grandfathered wage arrangements	$68.8 million to continue grandfathering arrangements for CDEP wages until 30 June 2012, with CDEP wages to be progressively removed from 1 April 2012.	$6.4 (partially offset through reduced costs in income support payments etc)	
Community Development Employment Projects program — eligibility for the Approved Program of Work Supplement	CDEP to be included as an approved program of work for income support payments to enable eligible job seekers to receive supplement of $20.80 for each fortnight of activities.	4.3	7.0
Financial Literacy and Micro-Finance Projects — continuation	$60.6 million over four years to continue micro-finance, financial literacy and money management projects. Measure includes $6.2 million over four years to support financial literacy services for Indigenous people across Australia.	14.6	15.0

i. Taxation

Measures	Impact	Annual cost ($m in 2011-12)	Annual cost ($m in 2012-13)
Flood and cyclone levy	For 2011-12 only, a levy of 0.5% for income above $50,000 and 1% of income above $100,000	$1,500	$225
Reform of Fringe Benefit Tax (FBT) treatment of company cars	Changes to statutory formula for valuing a car fringe benefit so that a single rate of 20% applies regardless of annual distance travelled. Note: Does not directly effect FBT concessions for charities	$30	$140
Phase out dependent Spouse Tax Offset	The Offset will not be available in respect of spouses born after July 1971	$60	$220
Abolish Entrepreneurs Tax Offset	This is linked to a deduction of up to $5,000 for purchase of a car by a small business	-	-
Removal of children's entitlement for Low Income Tax Offset (LITO) for investment income	Children under 18 will no longer receive the LITO in respect of their investment income (which is mainly the proceeds of income splitting with their parents)	-	$240
Liberalisation of administration of superannuation contributions cap	Taxpayers who inadvertently make contributions above the $25,000/$50,000 annual cap will be excused from tax penalties	-	-
Countering 'phoenix' activities by company directors		$10	$60
Improved tax fraud detection		$64	$72
Improved data collection by ATO on Government grants	ATO to collect information of grants received by taxable organisations (where these might be subject to tax)	$21	$46
Liberalisation of tax treatment of private trusts	This is to counter the impact of a recent court judgement affecting the taxation of private trust	n.a.	n.a.

	distributions		
70% of the LITO to be available to workers on a fortnightly (rather than end of year) basis (instead of 50%)	Workers on up to about $60,000 can claim more of the LITO from their employer	-$1,370	65