

## FOREWORD

*Budget Paper No.2 — Budget Measures 1998-99* ensures that the Budget Papers provide comprehensive information on all outlays and revenue measures announced in the Budget.

*Budget Paper No.2* comprises two parts:

- Part I: Outlays Measures; and
- Part II: Revenue Measures.

A summary table of all measures introduced since the 1997-98 Budget is included in each part, with those measures introduced since the *Mid-Year Economic and Fiscal Outlook 1997-98* (MYEFO) (including in this Budget) described in detail. Detailed descriptions of measures up to the time of the MYEFO are included in that document.

*Budget Paper No.1 — Budget Strategy and Outlook 1998-99*, also provides information on overall trends in budget outlays and revenue estimates in: Statement 1 — Fiscal Strategy; Statement 2 — Economic and Fiscal Outlook; Statement 4 — Outlays; and Statement 5 — Revenue.

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## NOTES

- (a) The following definitions are used in this Budget Paper:
- underlying outlays = total outlays - net advances;
  - net advances = net equity transactions + net policy lending;
  - ‘real’ means adjusted for the effect of inflation;
  - real growth in outlays is measured by the non-farm Gross Domestic Product deflator;
  - Budget year refers to 1998-99, while the forward years refer to 1999-2000, 2000-01 and 2001-02; and
  - one billion is equal to one thousand million.
- (b) Figures in tables and generally in the text have been rounded. Discrepancies in tables between totals and sums of components are due to rounding:
- estimates under \$100,000 are rounded to the nearest thousand;
  - estimates \$100,000 and over are rounded to the nearest tenth of a million;
  - estimates midway between rounding points are rounded up; and
  - the percentage changes in statistical tables are calculated using unrounded data.
- (c) In tables, the sign in front of the number reflects the impact of the change on the aggregate concerned, eg a negative in a revenue table reflects a reduction in revenue.
- (d) For the budget balance, a negative sign indicates a deficit while no sign indicates a surplus.
- (e) The following notations are used:
- |         |   |
|---------|---|
| NEC/nec | not elsewhere classified                    |
| AEST    | Australian Eastern Standard Time            |
| -       | nil   |
| ..      | not zero, but rounded to zero               |
| na      | not applicable (unless otherwise specified) |
| nfp     | not for publication                         |
| \$m     | \$ million                                  |

- (f) References to the 'States' or 'each State' include the Territories, because from 1993-94 onwards, general purpose funding has been on the same basis for all jurisdictions. The Australian Capital Territory and the Northern Territory are referred to as 'the Territories'. The following abbreviations are used for the names of the States, where appropriate:

NSW	New South Wales
VIC/Vic	Victoria
QLD/Qld	Queensland
WA	Western Australia
SA	South Australia
TAS/Tas	Tasmania
ACT	Australian Capital Territory
NT	Northern Territory

*Budget Measures 1998-99* is one of a series of Budget Papers, the purpose of which is to provide information supplementary to that in the Budget Speech. A full list of the series is printed on the inside cover of this paper.



## Summary of outlays measures in the 1997-98 Mid Year Economic and Fiscal Outlook

	1998-99	1999-00	2000-01	2001-02
	\$m	\$m	\$m	\$m
<b>ATTORNEY GENERAL'S</b>				
Additional Legal Aid funding	2.5	0.7	0.7	0.7
Replacement of the High Court roof	0.0	0.0	0.0	0.0
Australian Protective Service - Increased rationalisation costs and establishment of an overdraft facility and business loan	0.0	0.0	0.0	0.0
Illicit Drugs Strategy - Supply reduction (a)	6.1	6.2	6.3	6.7
Commonwealth assistance to the States/Territories and Commonwealth cross portfolio projects under the national domestic violence initiative (b)	1.5	1.5	1.6	0.0
Government response to Fair Trading Inquiry Report - Funding to improve small business access to justice and awareness of fair trading issues (c)	0.1	0.0	0.0	0.0
<b>Total</b>	<b>10.2</b>	<b>8.4</b>	<b>8.5</b>	<b>7.4</b>
<b>COMMUNICATIONS AND THE ARTS</b>				
Funding for Old Parliament House and the National Portrait Gallery	3.7	3.7	3.8	4.7
Funding for the Centenary of Federation Council	11.8	15.6	15.6	3.0
Establishment of the National Office of the Information Economy	3.0	3.1	0.0	0.0
Grants to assist the purchase of broadcasting reception equipment in remote areas to facilitate online service delivery	0.0	0.0	0.0	0.0
Grants for projects to assist people with disabilities to access online services	1.7	1.7	0.0	0.0
Community awareness raising programme on the benefits of online services	1.6	0.0	0.0	0.0
Grant to contribute towards the building of a replica of the 1606 Dutch ship <i>Duyfken</i>	0.5	0.0	0.0	0.0
Continued funding of Film Australia to maintain the National Interest Programme	0.0	6.7	6.8	6.9
Separated Indigenous Families - Government response to <i>Bringing Them Home</i> (d)	0.8	0.9	0.9	1.1
<b>Total</b>	<b>23.1</b>	<b>31.6</b>	<b>27.2</b>	<b>15.7</b>
<b>EMPLOYMENT, EDUCATION, TRAINING AND YOUTH AFFAIRS</b>				
Revisions to the AUSTUDY Actual Means Test	43.4	44.5	46.0	47.4
Modification to the ABSTUDY measure announced in the 1997-98 Budget	0.5	0.0	0.0	0.0
Illicit Drugs Strategy - Education	2.6	3.0	1.9	0.0
Aligning rates and conditions for older commencing students with the Youth Allowance	0.5	0.5	0.5	0.5
Enhancing access in schools and the community to Information Technology and encouraging links between the IT industry and higher education	1.1	2.0	3.2	3.5
Drought Exceptional Circumstances - South Burnett (e)	0.5	0.3	0.0	0.0
Introduction of a Youth Allowance for students under 25 and for the unemployed under 21 (f)	137.1	140.4	143.8	147.2
<b>Total</b>	<b>185.7</b>	<b>190.6</b>	<b>195.4</b>	<b>198.7</b>

**Summary of outlays measures in the 1997-98 Mid Year Economic and Fiscal Outlook (continued)**

	1998-99	1999-00	2000-01	2001-02
	\$m	\$m	\$m	\$m
<b>ENVIRONMENT</b>				
Independent monitor for the Port Hinchinbrook project	0.0	0.0	0.0	0.0
Great Barrier Reef Marine Park Authority - Funding to offset the reduction in revenue related to a variation to the Environment Management Charge	1.2	1.2	1.2	1.3
Enhanced package of measures to reduce Australia's greenhouse gas emissions (g)	29.7	34.7	37.1	26.6
Payments to the Tasmanian State Government under the Tasmanian Regional Forests Agreement (h)	5.3	0.3	0.0	0.0
<b>Total</b>	<b>36.2</b>	<b>36.2</b>	<b>38.4</b>	<b>27.9</b>
<b>FINANCE AND ADMINISTRATION</b>				
Proceeds from sale of the National Transmission Network	nfp	nfp	nfp	nfp
Cost of sale of the National Transmission Network	0.0	0.0	0.0	0.0
Proceeds from sale of the Housing Loans Insurance Corporation *	0.0	0.0	0.0	0.0
Cost of Sale of Housing Loans Insurance Corporation	0.0	0.0	0.0	0.0
Member choice and Commonwealth superannuation arrangements (i)	12.0	40.0	290.0	320.0
Examination of Australian Defence Industries Ltd business for potential sale	0.0	0.0	0.0	0.0
Revised Commonwealth purchasing arrangements	-4.0	-4.1	-4.1	-4.2
Proceeds of sale of Australian Defence Industries Ltd *	0.0	0.0	0.0	0.0
Cost of sale of Australian Defence Industries Ltd	4.5	0.0	0.0	0.0
<b>Total</b>	<b>nfp</b>	<b>nfp</b>	<b>nfp</b>	<b>nfp</b>
<b>FOREIGN AFFAIRS AND TRADE</b>				
Extension of the Export Market Development Grants for a further two grant years	0.0	0.0	150.0	150.0
Extension of the Export Access Programme to the year 2001-02	0.9	3.5	3.5	3.6
Tradestart - New export assistance for regional and rural Australia	0.5	0.5	0.5	0.5
Olympic Torch relay - The South Pacific Islands component	0.8	2.8	0.0	0.0
<b>Total</b>	<b>2.2</b>	<b>6.9</b>	<b>154.1</b>	<b>154.1</b>
<b>HEALTH AND FAMILY SERVICES</b>				
Increased funding provided under the Commonwealth/State Disability Agreement	nfp	nfp	nfp	nfp
Australian Radiation Protection and Nuclear Safety Administration	0.0	0.0	0.0	0.0
Additional funding for the Implementation of Residential Aged Care (including the concessional resident subsidy)	1.9	7.8	8.6	9.3
Adjustments to the broadbanded health-related programmes	0.0	0.0	0.0	0.0
Coordinated Care Trials - additional expenditure for contractual agreements	0.0	0.0	0.0	0.0
Delay income test for residential aged care and exempt existing residents	55.1	38.0	29.3	23.7
Illicit Drugs Strategy - Harm minimisation	12.4	12.7	10.4	7.3
Health Communication Network - conversion of Commonwealth loan to equity *	0.0	0.0	0.0	0.0

**Summary of outlays measures in the 1997-98 Mid Year Economic and Fiscal Outlook (continued)**

	1998-99	1999-00	2000-01	2001-02
	\$m	\$m	\$m	\$m
<b>HEALTH AND FAMILY SERVICES (continued)</b>				
Residential Aged Care - Charges, Transitional Arrangements and Industry Restructuring (j)	11.3	0.9	0.8	0.8
Exemption of Certain Drugs from Therapeutic Group Premiums Policy (k)	14.6	16.4	18.2	0.0
Additional funding for health research	13.3	0.9	0.0	0.0
Changes to the Migration Programme - increased focus on skills (l)	-3.6	-6.3	-9.2	-12.4
Resolution of residence status for certain persons in Australia (m)	2.3	1.6	1.1	0.6
Drought Exceptional Circumstances - South Burnett (e)	0.3	0.0	0.0	0.0
Agriculture - Advancing Australia (Farm Welfare) (n)	3.0	0.7	0.8	0.6
Commonwealth assistance to the States/Territories and Commonwealth cross portfolio projects under the national domestic violence initiative (b)	2.8	0.8	0.0	0.0
Separated Indigenous Families - Government response to <i>Bringing Them Home</i> (d)	8.7	10.3	10.5	10.7
Reform of the Child Support Scheme - Policy and administration (o)	0.5	0.5	0.5	0.6
<b>Total</b>	<b>119.4</b>	<b>83.7</b>	<b>70.4</b>	<b>40.6</b>
<b>IMMIGRATION AND MULTICULTURAL AFFAIRS</b>				
Changes to the Migration Programme - increased focus on skills (l)	-4.5	-4.9	-4.9	-5.0
Resolution of residence status for certain persons in Australia (m)	7.5	-1.5	-0.8	-1.1
Commonwealth assistance to the States/Territories and Commonwealth cross portfolio projects under the national domestic violence initiative (b)	0.0	0.0	0.0	0.0
<b>Total</b>	<b>2.9</b>	<b>-6.3</b>	<b>-5.7</b>	<b>-6.1</b>
<b>INDUSTRY SCIENCE AND TOURISM</b>				
Shipment of spent nuclear fuel rods to USA and the UK	0.6	13.0	10.4	4.3
A replacement nuclear research reactor for Australia	5.7	11.7	33.1	70.4
Continuation of machine tools and robots bounty to 30 June 1997	1.1	0.0	0.0	0.0
Continuation of book bounty to 31 December 1997	0.7	0.0	0.0	0.0
Year 2000 date change - Management of risks to continuity of government services and private sector business - funding for national awareness strategy	4.3	1.2	0.0	0.0
Newcastle assistance package - funding for tourism activities in the Hunter Region	0.0	0.0	0.0	0.0
Geelong Wool Combing - discharge of loan *	0.0	0.0	0.0	0.0
Commonwealth administration of safety net arrangements relating to States and Territories business franchise fees	0.0	0.0	0.0	0.0
Additional funding for innovation programmes	43.2	143.3	224.5	260.2
Additional funding for investment, promotion, coordination and facilitation	3.0	3.0	11.4	11.6
Extend funding for APEC market integration activities	4.4	4.5	4.6	4.6



**Summary of outlays measures in the 1997-98 Mid Year Economic and Fiscal Outlook (continued)**

	1998-99	1999-00	2000-01	2001-02
	\$m	\$m	\$m	\$m
<b>INDUSTRY SCIENCE AND TOURISM (continued)</b>				
Funding for Software Quality Networks and Testing and Conformance Infrastructure	7.0	7.1	7.2	7.4
Commonwealth contribution towards the cost of Australia's participation at Hannover Expo 2000	7.0	1.0	0.0	0.0
Assistance to the Textiles, Clothing and Footwear industries	0.0	0.0	6.7	6.8
Illicit Drugs Strategy - Supply reduction (a)	7.9	6.5	4.4	4.5
Payments to the Tasmanian State Government under the Tasmanian Regional Forests Agreement (h)	1.0	1.0	0.0	0.0
Government response to the Fair Trading Inquiry Report - Funding to improve small business access to justice and awareness of fair trading issues (c)	0.3	0.3	0.3	0.0
<b>Total</b>	<b>86.1</b>	<b>192.6</b>	<b>302.6</b>	<b>369.9</b>
<b>PRIMARY INDUSTRIES AND ENERGY</b>				
Illegal fishing response initiatives	0.0	0.0	0.0	0.0
Exceptional Circumstances - Gippsland	0.0	0.0	0.0	0.0
Drought Exceptional Circumstances - South Burnett (e)	9.8	0.0	0.0	0.0
Agriculture - Advancing Australia (Farm Business and Community Programmes)	25.1	24.4	21.3	0.0
Agriculture - Advancing Australia (Farm Welfare) (n)	41.3	33.0	16.3	8.2
Payments to the Tasmanian State Government under the Tasmanian Regional Forests Agreement (h)	22.0	22.0	0.0	0.0
Snowy Mountains Hydro-electric Authority - Shortfall in cost recovery	0.0	0.0	0.0	0.0
Sydney-Moomba Pipeline Easement - Payments for Easement rectification	0.0	0.0	0.0	0.0
Australian Quarantine and Inspection Service - meat inspection fee relief	1.4	0.0	0.0	0.0
Australian Quarantine and Inspection Service - working capital	0.0	0.0	0.0	0.0
Structural adjustment assistance for the pig meat industry	4.0	4.0	0.0	0.0
Enhanced package of measures to reduce Australia's greenhouse gas emissions (g)	4.4	4.5	4.4	3.6
Commonwealth assistance to the States/Territories and Commonwealth cross portfolio projects under the national domestic violence initiative (b)	0.1	0.2	0.1	0.0
<b>Total</b>	<b>108.0</b>	<b>88.2</b>	<b>42.1</b>	<b>11.8</b>
<b>PRIME MINISTER AND CABINET</b>				
Electronic circulation and management of Cabinet documentation	0.0	0.0	0.0	0.0
Commonwealth assistance to the States/Territories and Commonwealth cross portfolio projects under the national domestic violence initiative (b)	3.8	3.9	4.0	0.0
Separated Indigenous Families - Government response to <i>Bringing Them Home</i> (d)	3.0	2.8	2.8	2.9
<b>Total</b>	<b>6.8</b>	<b>6.7</b>	<b>6.8</b>	<b>2.9</b>

**Summary of outlays measures in the 1997-98 Mid Year Economic and Fiscal Outlook (continued)**

	1998-99	1999-00	2000-01	2001-02
	\$m	\$m	\$m	\$m
<b>SOCIAL SECURITY</b>				
New guidelines for migrant two year waiting period for social security payments	15.2	18.3	18.8	19.2
Introduction of a Youth Allowance for students under 25 and for the unemployed under 21 (f)	-88.5	-106.9	-114.8	-117.9
Reform of the Child Support Scheme - Policy and administration (o)	16.2	9.2	9.5	9.8
Amendment to allow rent assistance to sub-tenants in public housing where relevant State Housing Authority has been notified (p)	55.5	57.0	58.5	59.9
Amendment to allow payment of Family Payment above the minimum rate when a child and or parent/s go overseas for up to 13 weeks	3.3	3.4	3.5	3.5
Limiting Child Disability Allowance arrears to six months	4.2	4.4	4.8	4.8
Residential Aged Care - Charges, Transitional Arrangements and Industry Restructuring (j)	0.7	4.5	10.1	13.4
Changes to the Migration Programme - increased focus on skills (l)	0.6	-3.6	-12.8	-22.4
Drought Exceptional Circumstances - South Burnett (e)	0.5	0.0	0.0	0.0
Agriculture - Advancing Australia (Farm Welfare) (n)	6.9	11.5	11.6	10.5
<b>Total</b>	<b>14.6</b>	<b>-2.2</b>	<b>-10.7</b>	<b>-19.1</b>
<b>TRANSPORT AND REGIONAL DEVELOPMENT</b>				
Commonwealth contribution to the Thredbo community centre	0.0	0.0	0.0	0.0
Newcastle Assistance Package	0.0	0.0	0.0	0.0
Supermarket to Asia: Export Gateways Initiative - Establishment of Sea and Air Freight Councils	1.0	0.6	0.0	0.0
Local government component of funding for the bridges survey	0.0	0.0	0.0	0.0
Effective maintenance of air services to the Indian Ocean Territories	0.0	0.0	0.0	0.0
<b>Total</b>	<b>1.0</b>	<b>0.6</b>	<b>0.0</b>	<b>0.0</b>
<b>TREASURY</b>				
Ex gratia payment to approved charitable organisations and trust funds in memory of the Princess of Wales	0.0	0.0	0.0	0.0
Payments to the States in lieu of stamp duty on airport sales *	0.0	0.0	0.0	0.0
Initial funding for tasks associated with a proposed tax reform programme	0.0	0.0	0.0	0.0
Reform of the Child Support Scheme - Policy and administration (o)	-4.3	-12.5	-14.3	-16.2
Government response to the Fair Trading Inquiry Report - Funding to improve small business access to justice and awareness of fair trading issues (c)	1.4	1.4	1.4	0.0
<b>Total</b>	<b>-2.9</b>	<b>-11.1</b>	<b>-12.9</b>	<b>-16.2</b>
<b>VETERANS' AFFAIRS</b>				
Residential Aged Care - Charges, Transitional Arrangements and Industry Restructuring (j)	0.4	1.0	1.8	2.2
Agriculture - Advancing Australia (Farm Welfare) (n)	1.2	1.7	1.7	1.5
Amendment to allow rent assistance to sub-tenants in public housing where relevant State Housing Authority has been notified (p)	0.1	0.1	0.1	0.0

**Summary of outlays measures in the 1997-98 Mid Year Economic and Fiscal Outlook (continued)**

	1998-99	1999-00	2000-01	2001-02
	\$m	\$m	\$m	\$m
<b>VETERANS' AFFAIRS (continued)</b>				
Exemption of Certain Drugs from Therapeutic Group Premiums Policy (k)	1.6	1.7	1.9	0.0
<b>Total</b>	<b>3.3</b>	<b>4.5</b>	<b>5.5</b>	<b>3.8</b>
<b>WORKPLACE RELATIONS AND SMALL BUSINESS</b>				
Government response to the Fair Trading Inquiry Report - Funding to improve small business access to justice and awareness of fair trading issues (c)	1.7	1.2	0.9	0.0
<b>Total</b>	<b>1.7</b>	<b>1.2</b>	<b>0.9</b>	<b>0.0</b>

- \* These measures affect headline outlays.
- (a) Measure affects portfolios of the Attorney General and Industry, Science and Tourism.
  - (b) Measure affects portfolios of the Attorney General, Health and Family Services, Immigration and Multicultural Affairs, Primary Industries and Energy and the Prime Minister and Cabinet.
  - (c) Measure affects portfolios of the Attorney General, Industry, Science and Tourism, Treasury and Workplace Relations and Small Business.
  - (d) Measure affects portfolios of Communications and the Arts, Health and Family Services and Prime Minister and Cabinet.
  - (e) Measure affects portfolios of Employment, Education, Training and Youth Affairs, Health and Family Services, Primary Industries and Energy and Social Security.
  - (f) Measure affects portfolios of Employment, Education, Training and Youth Affairs and Social Security.
  - (g) Measure affects portfolios of the Environment and Primary Industries and Energy.
  - (h) Measure affects portfolios of the Environment, Industry, Science and Tourism and Primary Industries and Energy.
  - (i) Additional cost reflects only changes to the timing of payments and, on an accruals basis, represents no cost to the Budget.
  - (j) Measure affects portfolios of Health and Family Services, Social Security and Veterans' Affairs.
  - (k) Measure affects portfolios of Health and Family Services and Veterans' Affairs.
  - (l) Measure affects portfolios of Health and Family Services, Immigration and Multicultural Affairs and Social Security.
  - (m) Measure affects portfolios of Health and Family Services and Immigration and Multicultural Affairs.
  - (n) Measure affects portfolios of Health and Family Services, Primary Industries and Energy, Social Security and Veterans' Affairs.
  - (o) Measure affects portfolios of Health and Family Services, Social Security and Treasury.
  - (p) Measure affects portfolios of Social Security and Veterans' Affairs.

**Summary of outlays measures introduced in the Budget and since the 1997-98  
Mid Year Economic and Fiscal Outlook**

Page		1998-99 \$m	1999-00 \$m	2000-01 \$m	2001-02 \$m
<b>ATTORNEY GENERAL'S</b>					
16	Changing the profile and skills mix of staff in the Australian Federal Police and increased Australian Federal Police Adjustment Scheme costs	7.7	0.0	0.0	0.0
16	National Illicit Drugs Strategy - supply reduction - second instalment (a)	13.0	11.7	11.9	11.6
17	Additional funding for increased assistance under s.183 of <i>Native Title Act 1993</i>	3.3	3.1	3.0	3.1
17	Community Legal Services Programme Rural and Network Enhancement	3.4	3.1	2.4	2.5
18	Upgrade of the technical support unit in Australian Security Intelligence Organization	1.5	0.1	0.0	0.0
	<b>Total</b>	<b>28.9</b>	<b>18.0</b>	<b>17.4</b>	<b>17.1</b>
<b>COMMUNICATIONS AND THE ARTS</b>					
19	Running costs for the National Museum of Australia and the Australian Institute of Aboriginal and Torres Strait Islander Studies (b)	9.7	11.1	14.2	13.0
19	Funding assistance for the costs of the ABC's conversion to digital technology	4.0	4.1	4.2	4.2
20	Funding assistance for the costs of the SBS's conversion to digital technology	3.2	2.6	3.8	4.1
20	Continued funding for the SBS Independent Production Fund	4.6	4.7	4.8	4.9
20	Additional funding for Australia's contribution to international telecommunications organisations	0.3	0.4	0.4	0.4
21	Funding for consumer representations in areas of telecommunications regulations	0.8	0.8	0.8	0.8
22	Funding for Australian Communications Authority's contract management of the National Relay Service	0.1	0.0	0.0	..
22	Funding for the Australian Communications Authority for functions related to telecommunications interceptibility	0.1	0.1	0.1	0.1
23	Funding for capital works and exhibitions for the National Science and Technology Centre	3.1	0.0	0.0	0.0
23	Funding for the Australian Communications Authority for the administration of electromagnetic compatibility standards	0.4	0.4	0.3	0.3
24	Funding for the Australian Communications Authority for monitoring a regulatory framework for electromagnetic radiation exposure	1.3	0.8	0.7	0.7
	<b>Total</b>	<b>27.7</b>	<b>25.0</b>	<b>29.3</b>	<b>28.5</b>
<b>EMPLOYMENT, EDUCATION, TRAINING AND YOUTH AFFAIRS</b>					
25	Assist schools to prepare students for work and to address the impact of the Youth Allowance on schools	21.7	17.2	5.1	0.0
25	Enhancing mutual obligations for unemployed young people including literacy and numeracy training (c)	102.5	109.2	104.9	106.4

**Summary of outlays measures introduced in the Budget and since the 1997-98  
Mid Year Economic and Fiscal Outlook (continued)**

Page		1998-99 \$m	1999-00 \$m	2000-01 \$m	2001-02 \$m
<b>EMPLOYMENT, EDUCATION, TRAINING AND YOUTH AFFAIRS (continued)</b>					
26	Align AUSTUDY payments with Youth Allowance payments	0.0	0.0	0.0	0.0
27	Continuation of the National Asian Languages and Studies in Australian Schools Strategy until the end of the 1999 calendar year	25.4	17.2	0.0	0.0
27	Continuation of the Australian International Education Foundation	0.0	0.0	0.0	0.0
28	Continuation of Job Placement, Employment and Training programme to the end of 1999-2000	1.4	11.4	1.5	0.0
28	Funding for increased staff redundancies	25.0	0.0	0.0	0.0
29	Savings in the employment services market	-36.0	-36.6	-37.2	-37.8
29	Increase in funding for the Regional Assistance Programme	13.0	13.2	13.4	13.7
76	Exceptional Circumstances - Monaro Region A (d)	0.0	0.0	0.0	0.0
77	Drought Exceptional Circumstances - Several areas (e)	0.0	0.0	0.0	0.0
48	University places for overseas trained doctors * (f)	-0.1	-0.2	-0.2	-0.1
	<b>Total</b>	<b>153.0</b>	<b>131.6</b>	<b>87.5</b>	<b>82.2</b>
<b>ENVIRONMENT</b>					
30	Continuation of the Climate Change Programme	3.9	4.0	0.0	0.0
30	Grant to AAP Mawson's Huts Foundation for the restoration effort on Mawson's Huts	0.3	0.0	0.0	0.0
31	Urgent capital works to repair flood damage at Kakadu National Park	0.9	0.0	0.0	0.0
31	Management of World Heritage Properties	5.0	5.1	5.2	5.3
78	Payments to the Tasmanian State government under the Tasmanian Regional Forest Agreement (g)	3.4	1.6	0.0	0.0
	<b>Total</b>	<b>13.5</b>	<b>10.6</b>	<b>5.2</b>	<b>5.3</b>
<b>FINANCE AND ADMINISTRATION</b>					
32	Proceeds of sale of National Rail Corporation Ltd *	nfp	nfp	nfp	nfp
32	Costs of sale of National Rail Corporation Ltd	3.5	0.0	0.0	0.0
33	Proceeds of sale of ANL Limited *	nfp	nfp	nfp	nfp
33	Costs of sale of ANL Limited *	2.9	0.0	0.0	0.0
34	Costs of sale of the Commonwealth's remaining shareholding of Telstra Corporation	70.0	265.0	245.0	0.0
34	Proceeds of sale of the Commonwealth's remaining shareholding of Telstra Corporation *	nfp	nfp	nfp	nfp
35	Additional funding to address Year 2000 compliance (h)	122.1	0.4	0.0	0.0
35	Dividend from departmental restructuring	-3.0	-25.4	-25.9	-26.3
36	Office of Asset Sales and Information Technology Outsourcing - 1998-99 running costs	5.0	0.0	0.0	0.0
36	Sale of Commonwealth-owned overseas (non-representational) staff housing *	-12.0	-12.0	0.0	0.0

**Summary of outlays measures introduced in the Budget and since the 1997-98  
Mid Year Economic and Fiscal Outlook (continued)**

Page		1998-99 \$m	1999-00 \$m	2000-01 \$m	2001-02 \$m
	<b>FINANCE AND ADMINISTRATION (continued)</b>				
37	Alignment of Z plate motor vehicle registration charges with State equivalent charges	-1.7	-1.9	-1.9	-1.9
37	Increase in staffing of the Australian Electoral Commission divisional offices	1.5	1.5	1.6	1.6
	<b>Total</b>	nfp	nfp	nfp	nfp
	<b>FOREIGN AFFAIRS AND TRADE</b>				
38	Youth Ambassadors for Development programme	4.0	4.1	0.0	0.0
38	Papua New Guinea drought assistance	0.0	0.0	0.0	0.0
39	Humanitarian response package for Indonesia	0.0	0.0	0.0	0.0
39	Export action - Response to Asian economic developments	2.4	2.5	2.5	2.5
40	Funding for Australia's membership of the Comprehensive Nuclear Test-Ban Treaty Organisation	1.6	1.6	1.6	1.6
41	Increasing the effectiveness of Australian Secret Intelligence Service operations	1.1	1.1	1.0	1.1
41	Austrade Information Technology Asset Replacement	4.1	4.1	4.1	4.2
67	Sydney 2000 Games - Olympics and Paralympics (i)	0.7	2.1	1.5	0.0
68	Automotive Market Access and Development Strategy (j)	0.4	0.3	0.3	0.1
	<b>Total</b>	14.3	15.6	10.9	9.5
	<b>HEALTH AND FAMILY SERVICES</b>				
42	Investment in preventive health	14.4	19.0	22.0	23.4
43	Support for Human Pituitary Hormone recipients	2.3	2.0	0.5	0.3
44	National Illicit Drugs Strategy - demand reduction and harm minimisation - second instalment	13.4	14.8	15.2	7.9
45	Long term commitment to health and medical research	15.3	50.5	54.0	53.8
46	New directions in general practice (m)	11.4	10.5	-10.2	-20.1
47	Australian Health Care Agreements - Increased funding for provision of designated health services to public patients	241.9	308.8	437.5	524.0
48	University places for overseas trained doctors (f)	0.0	-0.8	-0.5	-11.9
49	Diagnostic Imaging Package including improving access to Magnetic Resonance Imaging services	-2.0	-18.4	-29.1	-30.7
49	Increased access to Medicare claiming through pharmacies	4.0	2.0	2.1	2.1
50	Better use and disposal of medicines	-0.2	-0.1	-0.3	-3.1
50	Adjustment of the Reciprocal Health Care Agreement with New Zealand	-3.0	-3.4	-3.5	-3.6
51	Maximising effectiveness of the Pharmaceutical Benefits Scheme by improved data analysis and compliance activities	-3.0	-21.2	-21.7	-22.3
51	Adjustments in funding for Artificial Limbs Scheme and Medical Speciality Centres	0.0	0.0	0.0	0.0
52	Increased funding to Aboriginal and Torres Strait Islander primary health care services to reflect population growth	3.0	5.9	8.5	11.4

**Summary of outlays measures introduced in the Budget and since the 1997-98  
Mid Year Economic and Fiscal Outlook (continued)**

Page		1998-99 \$m	1999-00 \$m	2000-01 \$m	2001-02 \$m
	<b>HEALTH AND FAMILY SERVICES (continued)</b>				
52	Increased funding for Aboriginal and Torres Strait Islander health services	1.3	2.6	4.0	5.3
53	Business and community sector partnerships incorporating expansion of the volunteer management programme	4.8	5.6	4.7	4.8
53	Improving services for families through enhancement of family and community service networks	1.0	2.5	2.6	2.5
54	Continued funding for child abuse prevention and parent support	0.2	0.6	1.2	2.4
55	Continuation of funding for child care communication strategy	0.6	0.0	0.0	0.0
55	Continuation of funding for the Supported Accommodation Assistance Programme National Data Collection Agency	0.6	0.8	0.0	0.0
56	Increased funding for the Commonwealth/State Disability Agreement	6.4	15.2	24.6	33.8
56	Gold Medal Access Strategy 1998-2000: improving access to goods and services for people with disabilities	0.9	1.0	0.2	0.0
57	Staying at home - care and support for older Australians (k)	22.9	60.6	84.0	101.9
58	Allowing new aged care residents a 28 day period of grace from income testing	2.6	2.7	2.8	2.9
58	International Year of Older Persons	4.5	1.5	0.0	0.0
59	Establishment of a rural multi-purpose health and family services network	1.0	6.0	9.0	8.3
60	Contingent Capital Advance for Commonwealth Rehabilitation Service *	0.0	0.0	0.0	0.0
60	Contingent capital advance for Australian Hearing Services	0.0	0.0	0.0	0.0
61	Establishment of a peak body on homelessness through enhanced funding of the Community Sector Support Scheme	0.2	0.2	0.2	0.2
25	Enhancing mutual obligations for unemployed young people including literacy and numeracy training (a)	1.9	1.9	1.9	1.9
76	Exceptional Circumstances - Monaro Region A (d)	..	..	0.0	0.0
77	Drought Exceptional Circumstances - Several areas (e)	0.1	0.1	0.0	0.0
88	Improve and simplify assistance for foster carers (l)	0.0	2.0	2.2	2.5
67	Sydney 2000 Games - Olympics and Paralympics (i)	0.0	0.0	2.4	0.0
94	Child Disability Allowance, Carer Payment and Domiciliary Nursing Care Benefit to be paid when caree is in hospital (n)	0.0	1.3	1.4	1.4
111	The Extension of Gold Card to Veterans of World War II with qualifying service (o)	-25.7	-55.5	-52.0	-47.0
97	Extension of Commonwealth Seniors Health Card eligibility (p)	24.1	50.5	53.2	55.2
	<b>Total</b>	<b>345.1</b>	<b>469.4</b>	<b>616.6</b>	<b>707.3</b>
	<b>IMMIGRATION AND MULTICULTURAL AFFAIRS</b>				
62	Enhancement of visa processing and border monitoring	19.4	11.8	10.1	10.3
63	Redevelopment of the Villawood Detention Centre	nfp	nfp	nfp	nfp
63	Modification to selection procedures for the 1998-99 Migration Programme	1.5	1.1	0.6	0.6

**Summary of outlays measures introduced in the Budget and since the 1997-98  
Mid Year Economic and Fiscal Outlook (continued)**

Page		1998-99 \$m	1999-00 \$m	2000-01 \$m	2001-02 \$m
<b>IMMIGRATION AND MULTICULTURAL AFFAIRS (continued)</b>					
64	Strengthening of visa cancellation and refusal powers	2.5	0.8	0.7	0.7
64	Changes to offshore English language testing arrangements	-0.6	-0.7	-0.7	-0.8
65	Closure of loan funds operated by the International Organization for Migration	-1.9	-0.1	0.0	0.0
67	Sydney 2000 Games - Olympics and Paralympics (i)	0.1	0.1	0.0	0.0
	<b>Total</b>	nfp	nfp	nfp	nfp
<b>INDUSTRY SCIENCE AND TOURISM</b>					
66	Funding for an education campaign to facilitate community understanding of legislative changes governing country of origin representations	1.2	0.2	0.0	0.0
66	Reform of Australia's Anti-Dumping and Countervailing System	0.0	-0.1	-0.1	-0.1
67	Sydney 2000 Games - Olympics and Paralympics (i)	8.1	8.1	28.1	0.0
68	Consumer Information Programme	0.2	0.4	0.4	0.0
68	Automotive Market Access and Development Strategy (j)	7.4	4.6	4.7	2.8
69	Australian Institute of Marine Science facilities - Capital Refurbishment	2.0	3.0	3.6	3.0
70	Australian Satellite Laser Ranging Network	0.0	0.5	0.5	0.5
70	Space Licensing and Safety Office	1.3	0.2	0.2	0.2
71	Compensation to the Societe Internationale de Telecommunications Aeronautiques	1.8	1.8	1.7	1.8
72	Continued funding of the Building Codes Board	1.0	1.0	0.0	0.0
72	Interim funding for the Science and Technology Awareness Programme	0.0	0.8	0.0	0.0
73	Administration of Post 2000 Textile, Clothing and Footwear and Passenger Motor Vehicles Initiatives	1.8	2.1	1.7	2.1
74	Australian Mapping Initiative	1.0	1.0	0.0	0.0
74	Tourism Package - Increased funding for tourism promotion and development	12.0	12.2	12.5	12.8
35	Additional funding to address Year 2000 compliance (h)	4.3	0.1	0.0	0.0
108	Funding to develop systems for implementing tax reform (q)	1.0	0.0	0.0	0.0
16	National Illicit Drugs Strategy - supply reduction - second instalment (a)	1.0	1.1	1.2	1.3
	<b>Total</b>	44.0	37.1	54.6	24.3
<b>PRIMARY INDUSTRIES AND ENERGY</b>					
76	Ex gratia payment in respect of banana crop losses associated with eradication measures to control a Black Sigatoka outbreak	0.0	0.0	0.0	0.0
76	Exceptional Circumstances - Monaro Region A (d)	0.9	0.4	0.0	0.0
77	Drought Exceptional Circumstances - Several areas (e)	7.2	4.1	0.0	0.0
77	National Geoscience Survey Initiative	11.3	8.1	8.3	8.6



**Summary of outlays measures introduced in the Budget and since the 1997-98  
Mid Year Economic and Fiscal Outlook (continued)**

Page		1998-99 \$m	1999-00 \$m	2000-01 \$m	2001-02 \$m
<b>PRIMARY INDUSTRIES AND ENERGY (continued)</b>					
78	Offsets for Australian Geological Survey Organisation's offshore petroleum programme	0.0	-11.0	-11.0	-11.0
67	Sydney 2000 Games - Olympics and Paralympics (i)	0.1	0.2	0.0	0.0
78	Payments to the Tasmanian State government under the Tasmanian Regional Forest Agreement (g)	3.4	1.6	0.0	0.0
	<b>Total</b>	22.9	3.5	-2.7	-2.4
<b>PRIME MINISTER AND CABINET</b>					
80	Contribution to the relief fund established to assist families of the victims of the bridge tragedy at the Maccabiah Games in Israel	0.0	0.0	0.0	0.0
80	Contribution to the relief fund established to assist families of the fire fighting victims in the Southern Highlands	0.0	0.0	0.0	0.0
80	Contribution to the relief fund established to provide assistance to those affected by floods in North Queensland	0.0	0.0	0.0	0.0
81	Donation to Weary Dunlop-Boonpong Exchange Fellowship administered by Royal College of Surgeons of Thailand and Royal Australasian College of Surgeons	0.0	0.0	0.0	0.0
19	Running costs for the National Museum of Australia and the Australian Institute of Aboriginal and Torres Strait Islander Studies (b)	0.2	0.2	0.2	0.2
	<b>Total</b>	0.2	0.2	0.2	0.2
<b>SOCIAL SECURITY</b>					
82	Ex gratia payments to income tested pensioners resident in nursing homes due to the exemption of specified forms of income from 6 November 1997	0.0	0.0	0.0	0.0
82	Additional Commonwealth emergency payments to individuals and redevelopment assistance following Katherine floods (r)	0.0	0.0	0.0	0.0
83	Ex gratia payment to non-pension age partners of farmers assisted under Retirement Assistance for Farmers	0.5	0.0	0.0	0.0
84	Running costs for the introduction of a Youth Allowance for students aged under 25 and the unemployed aged under 21	22.5	14.5	15.4	14.8
84	Defer until 1 January 1999 the requirement for Youth Allowees aged under 18 to be in education or training	3.7	0.0	0.0	0.0
85	Consistent treatment of Youth Allowees for calculating income free areas	0.4	0.5	0.5	0.5
85	Alignment of Family Allowance and Youth Allowance payment cycles	0.5	0.0	0.0	0.0
86	Extend eligibility for Youth Allowance - Definition of independence	7.7	10.0	11.0	11.2
86	Extend exemptions for Youth Allowees to be in education or training	1.8	0.0	0.0	0.0
87	Extend Mobility Allowance	3.3	3.5	3.8	4.1

**Summary of outlays measures introduced in the Budget and since the 1997-98  
Mid Year Economic and Fiscal Outlook (continued)**

Page		1998-99 \$m	1999-00 \$m	2000-01 \$m	2001-02 \$m
	<b>SOCIAL SECURITY (continued)</b>				
88	Improve and simplify assistance for foster carers (l)	1.0	2.5	2.7	2.8
89	Apply the liquid assets waiting period consistently to education leavers	-0.3	-1.7	-1.7	-1.8
89	Introduce a two-tiered payment structure for Austudy Pensioner Education Supplement to better reflect students' study loads	0.0	-1.2	-6.0	-6.5
90	Apply the newly arrived residents' waiting period to Agreement countries	-0.1	-9.6	-16.1	-16.7
91	Child Support Package	0.4	-1.2	-1.3	-1.4
91	Community Development Employment Project - Remove inequities and pay a participant supplement	3.1	-1.3	-4.9	-9.2
92	Special Employment Advance	0.8	..	0.1	..
93	Crisis Payment	0.9	1.4	1.4	1.4
93	Expand the definition of suitable work to cover out-of-area jobs	-1.2	-3.9	-3.8	-3.9
94	Tighten arrangements for unemployed people moving to areas with lower employment prospects	-0.1	-0.5	-0.5	-0.5
94	Child Disability Allowance, Carer Payment and Domiciliary Nursing Care Benefit to be paid when carer is in hospital (n)	0.9	0.5	0.5	0.5
95	Reduction in Department of Social Security's running costs	-3.5	0.0	0.0	0.0
95	Apply full rate of rent assistance to people lodging in marginal accommodation	1.6	6.7	6.3	6.5
96	Extend the Housing Reform Fund	0.0	1.7	0.0	0.0
96	Non-economic loss compensation payments - Modified assessment (s)	0.9	-9.1	-19.5	-20.0
97	Extension of Commonwealth Seniors Health Card eligibility (p)	1.4	2.2	2.3	2.3
25	Enhancing mutual obligations for unemployed young people including literacy and numeracy training (c)	-4.5	-26.5	-25.6	-27.0
76	Exceptional Circumstances - Monaro Region A (d)	0.1	0.1	..	0.0
57	Staying at home - care and support for older Australians (k)	5.3	1.6	2.0	1.6
77	Drought Exceptional Circumstances - Several areas (e)	0.6	0.6	0.2	0.0
	<b>Total</b>	<b>47.8</b>	<b>-9.3</b>	<b>-33.4</b>	<b>-41.3</b>
	<b>TRANSPORT AND REGIONAL DEVELOPMENT</b>				
98	Loan to the Norfolk Island Government - Cascade Cliff Safety Project *	0.0	0.0	0.0	0.0
98	Public awareness campaign concerning second Sydney airport	0.3	0.0	0.0	0.0
98	Airservices Australia - transition to location (airport) specific pricing	11.0	2.0	0.0	0.0
99	Indian Ocean Territories support package	13.4	0.0	0.0	0.0
99	Restoration, maintenance and construction programme for National Capital assets	0.0	0.0	0.0	5.2
100	Jervis Bay Territory - Infrastructure works	2.0	2.3	0.0	0.0

**Summary of outlays measures introduced in the Budget and since the 1997-98  
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Page		1998-99 \$m	1999-00 \$m	2000-01 \$m	2001-02 \$m
<b>TRANSPORT AND REGIONAL DEVELOPMENT (continued)</b>					
100	Regional Development and Coordination Strategy	2.5	2.5	2.6	2.6
101	Funding of Airport Environment Officers and Airport Building Controllers at Phase 2 Federal Airports subject to sale	2.7	2.7	2.8	2.8
101	Road Safety Research and Public Education	2.0	2.0	2.1	2.1
102	ACT Liaison	0.5	0.5	0.5	0.5
82	Additional Commonwealth emergency payments to individuals and redevelopment assistance following Katherine floods (r)	0.0	0.0	0.0	0.0
	<b>Total</b>	34.3	12.1	7.9	13.3
<b>TREASURY</b>					
103	Extension of real per capita guarantee on Financial Assistance Grants to the States	0.0	0.0	191.0	195.7
103	Community education and information programme on the tax system	0.0	0.0	0.0	0.0
104	Australian Taxation Office - Information Technology asset replacement	27.7	0.0	0.0	0.0
104	Support for International Monetary Fund programmes through provision of loans to Korea and Indonesia *	0.0	0.0	0.0	0.0
105	Establishment of the Australian Securities and Investments Commission	15.4	11.6	11.8	12.0
106	Establishment of the Australian Prudential Regulation Authority	26.1	27.6	23.9	24.3
107	Supervision and funding arrangements for self-managed superannuation funds	2.0	2.0	2.1	2.1
107	High Wealth Individuals Taskforce	9.5	9.5	0.0	0.0
108	Funding to develop systems for implementing tax reform (q)	24.2	0.0	0.0	0.0
108	Fitout of the refurbished Treasury building	0.0	1.0	2.0	2.0
109	Corporate Law Reform - Managed Investments	3.9	2.9	0.3	0.0
	<b>Total</b>	108.9	54.6	231.0	236.2
<b>VETERANS' AFFAIRS</b>					
110	Additional funding to reflect the costs of direct purchasing of hospital services for entitled veterans in all States and Territories from 1 July 1998	150.0	150.0	150.0	150.0
110	Link War Widow(er)s' Pension to the benchmark of 25 per cent of male total average weekly earnings	22.6	35.3	46.7	59.1
96	Non-economic loss compensation payments - Modified assessment	0.5	-0.4	-0.8	-0.8
111	The Extension of Gold Card to Veterans of World War II with qualifying service (o)	95.7	200.8	189.9	173.4
112	Continuation of base funding for building related expenses at the Australian War Memorial	2.0	2.0	2.0	2.0
46	New directions in general practice (m)	0.7	1.7	1.9	2.0
	<b>Total</b>	271.4	389.4	389.6	385.8

**Summary of outlays measures introduced in the Budget and since the 1997-98  
Mid Year Economic and Fiscal Outlook (continued)**

Page		1998-99	1999-00	2000-01	2001-02
		\$m	\$m	\$m	\$m
<b>WORKPLACE RELATIONS AND SMALL BUSINESS</b>					
113	Business Entry Point	4.5	2.6	1.8	0.0
113	Office of the Employment Advocate - Advertising Campaign	1.9	0.0	0.0	0.0
114	Maritime Restructuring Facilitation Scheme	0.0	0.0	0.0	0.0
114	Payments in connection with redundancies relating to the Maritime Restructuring Facilitation Scheme	25.0	25.0	25.0	25.0
<b>Total</b>		<b>31.4</b>	<b>27.6</b>	<b>26.8</b>	<b>25.0</b>

\* These measures affect headline outlays.

- (a) Measure affects portfolios of the Attorney-General and Industry, Science and Tourism.
- (b) Measure affects portfolios of Communications and the Arts and Prime Minister and Cabinet.
- (c) Measure affects portfolios of Employment, Education, Training and Youth Affairs, Health and Family Services and Social Security.
- (d) Measure affects portfolios of Employment, Education, Training and Youth Affairs, Health and Family Services, Primary Industries and Energy and Social Security.
- (e) Measure affects portfolios of Employment, Education, Training and Youth Affairs, Health and Family Services, Primary Industries and Energy and Social Security.
- (f) Measure affects portfolios of Employment, Education, Training and Youth Affairs and Health and Family Services.
- (g) Measure affects portfolios of the Environment and Primary Industries and Energy.
- (h) Measure affects portfolios of Finance and Administration and Industry, Science and Tourism.
- (i) Measure affects portfolios of Foreign Affairs and Trade, Health and Family Services, Immigration and Multicultural Affairs, Industry, Science and Tourism and Primary Industries and Energy.
- (j) Measure affects portfolios of Foreign Affairs and Trade, Industry and Science and Tourism.
- (k) Measure affects portfolios of Health and Family Services and Social Security.
- (l) Measure affects portfolios of Health and Family Services and Social Security.
- (m) Measure affects portfolios of Health and Family Services and Veterans Affairs.
- (n) Measure affects portfolios of Health and Family Services and Social Security.
- (o) Measure affects portfolios of Health and Family Services and Veterans Affairs.
- (p) Measure affects portfolios of Health and Family Services and Social Security.
- (q) Measure affects portfolios of Industry, Science and Tourism and Treasury.
- (r) Measure affects portfolios of Social Security and Transport, Regional Development.
- (s) Measure affects portfolios of Social Security and Veterans' Affairs.

## ATTORNEY-GENERAL'S

### Changing the profile and skills mix of staff in the Australian Federal Police and increased Australian Federal Police Adjustment Scheme costs

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
7.7	0.0	0.0	0.0

#### Explanation

This measure has two elements:

- it facilitates the immediate commencement of a programme to re-profile, retain and re-train staff in the Australian Federal Police (AFP). This will further realign the organisation's skills base with its operational requirements in the changing law enforcement environment, including forensic accounting, computer and communications crime. This element of the measure will cost \$1.2 million in 1997-98 and \$3.5 million in 1998-99; and
- it provides additional funding of \$4.2 million in 1998-99 to enable the AFP to meet the forecasted increase in the emerging costs of its Australian Federal Police Adjustment Scheme in that year.

## ATTORNEY-GENERAL'S

### National Illicit Drugs Strategy - supply reduction - second instalment

#### Financial Implications (\$m)

	1998-99	1999-00	2000-01	2001-02
Attorney-General's	13.0	11.7	11.9	11.6
Industry, Science and Tourism	1.0	1.1	1.2	1.3
Total	14.0	12.8	13.2	12.8

#### Explanation

This measure provides \$52.8 million to fund supply reduction programmes administered in the Attorney-General's Department, and the Department of Industry, Science and Tourism as part of the National Illicit Drugs Strategy (NIDS). Funding is as follows over the four year period:

- \$6.1 million will be provided to establish new Australian Federal Police (AFP) posts in China and Vietnam with additional resources to be provided in Hong Kong;
- \$12.2 million for the AFP to establish strike teams in Perth, Brisbane and Melbourne;

- \$5.7 million for the AFP to develop a law enforcement cooperation programme in the Asia/Pacific region;
- \$21.5 million for the National Crime Authority (NCA) to extend its activities in the investigation of South East Asian organised crime;
- the NCA will provide \$1 million to fund the Asia-Pacific Group Secretariat;
- the Australian Institute of Criminology will participate in a three year international study to identify the use of drugs during criminal activity at a cost of \$1.7 million; and
- the Australian Customs Service will receive \$4.6 million for additional intelligence analysts.

**ATTORNEY-GENERAL'S**

**Additional funding for increased assistance under s.183 of the *Native Title Act 1993***

**Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
3.3	3.1	3.0	3.1

**Explanation**

The Government has provided \$12.5 million over four years to allow increased access to financial assistance for parties (including respondents) to native title claims. The Attorney-General issued an amended set of guidelines, effective from 1 January 1998, for the granting of financial assistance in native title cases. The new guidelines permit the grouping of respondents and remove the need for individual assessment under s.183 of the *Native Title Act 1993*.

**ATTORNEY-GENERAL'S**

**Community Legal Services Programme Rural and Network Enhancement**

**Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
3.4	3.1	2.4	2.5

**Explanation**

Under this initiative, rural communities will be provided with access to the legal services they need by means of a national rural telephone advice service, and new legal centres in high need regional centres. Other initiatives will enhance the effectiveness and efficiency of the existing community legal services network through the upgrade of capital infrastructure, the establishment of a programme support fund and development of more and better legal clinics in association with universities.

The vast majority of existing community legal services for disadvantaged members of the community have been established in and around capital cities. This measure addresses the social and economic disadvantage faced by people living in rural areas and issues of national equity.

**ATTORNEY-GENERAL'S**

**Upgrade of the Technical Support Unit in the Australian Security Intelligence Organization**

**Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
1.5	0.1	0.0	0.0

**Explanation**

The purpose of this measure is to enhance the effectiveness of the Technical Support Unit in the Australian Security Intelligence Organization (ASIO), particularly in the period leading up to the Sydney 2000 Olympic and Paralympic Games.

## COMMUNICATIONS AND THE ARTS

### Running costs for the National Museum of Australia and the Australian Institute of Aboriginal and Torres Strait Islander Studies

#### Financial Implications (\$m)

	1998-99	1999-00	2000-01	2001-02
Communications and the Arts	9.7	11.1	14.2	13.0
Prime Minister and Cabinet	0.2	0.2	0.2	0.2
Total	9.9	11.3	14.4	13.2

#### Explanation

Additional funding is provided for the establishment and ongoing operation of the National Museum of Australia and the Australian Institute of Aboriginal and Torres Strait Islander Studies in their new facilities on Acton Peninsula, ACT.

#### Further Information

Funding of \$128 million for the capital costs of the new facilities together with other one-off establishment costs of \$18.9 million will be met from the Federation Fund.

## COMMUNICATIONS AND THE ARTS

### Funding assistance for the costs of the ABC's conversion to digital technology

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
4.0	4.1	4.2	4.2

#### Explanation

Funding of \$20.8 million is being provided over five years, from 1998-99 to 2002-03, to the Australian Broadcasting Corporation (ABC) to assist with its conversion from analog to digital equipment. Digital conversion will enable the ABC to deliver improved quality services to viewing and listening audiences.



## COMMUNICATIONS AND THE ARTS

### Funding assistance for the costs of the SBS's conversion to digital technology

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
3.2	2.6	3.8	4.1

#### Explanation

Funding of \$17.7 million is being provided to the Special Broadcasting Service (SBS) over 5 years, from 1998-99 to 2002-03, to assist with its conversion from analog to digital equipment. Digital conversion will enable the SBS to deliver improved quality services to viewing and listening audiences.

## COMMUNICATIONS AND THE ARTS

### Continued funding for the SBS Independent Production Fund

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
4.6	4.7	4.8	4.9

#### Explanation

Funding is being provided over four years to continue the SBS Independent (SBSI) Production Fund. Continued funding will enhance the quality, diversity and creativity of Australian content available to SBS audiences.

SBSI was established in 1994-95 to commission programming from the independent sector, to be broadcast on the SBS. Funding was initially due to cease in 1997-98.

## COMMUNICATIONS AND THE ARTS

### Additional funding for Australia's contribution to international telecommunications organisations

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.3	0.4	0.4	0.4

#### Explanation

Additional funding is being provided to cover Australia's international commitments to the International Telecommunications Union and the Asia Pacific Telecommunity.

The costs of this measure will be recovered through carrier licence fees.

See related revenue measure titled *Industry contribution for Australia's contributions to international telecommunications organisations*.

#### **Further information**

The International Telecommunications Union (ITU) is a global body concerned with international cooperation in telecommunication services and the use of radio frequency spectra. Australia's contribution to the ITU is fixed every four years in Swiss Francs and is fully cost recoverable from the industry.

The Asia Pacific Telecommunity (APT) is a regional body which facilitates cooperation between governments and telecommunications companies on technical compatibility and efficiency of telecommunications operations. Australia's contribution is fixed at the General Assembly of the APT every three years.

### **COMMUNICATIONS AND THE ARTS**

#### **Funding for consumer representations in areas of telecommunications regulations**

##### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
0.8	0.8	0.8	0.8

##### **Explanation**

The Government will provide funding to individual consumer bodies, on application against specific criteria, to facilitate representation of consumer interests in relevant areas of telecommunications regulation and in policy review and development.

The costs of this measure will be recovered from the telecommunications industry through the adjustment of annual carrier licence fees.

See related revenue measure titled *Industry contribution for consumer representations in areas of telecommunications regulations*.

## COMMUNICATIONS AND THE ARTS

### Funding for Australian Communications Authority's contract management of the National Relay Service

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.1	..	..	..

#### Explanation

Funding is being provided to assist the Australian Communications Authority in managing the National Relay Service (NRS) contract which involves monitoring and reporting on the performance of the NRS provider, reviewing NRS cost calculations, issuing quarterly invoices to carriers, collecting monies from carriers and passing the monies on to the NRS provider each quarter.

The costs of this measure will be recovered from telecommunications carriers.

See related revenue measure titled *Industry contribution for the Australian Communications Authority's contract management of the National Relay Service*.

#### Further information

The responsibility for NRS contract management will pass from the Department of Communications and the Arts to the Australian Communications Authority from 1 July 1998, as set out in the Telecommunications Amendment Bill (No. 2) 1997 and the NRS Levy Imposition Bill 1997.

## COMMUNICATIONS AND THE ARTS

### Funding for the Australian Communications Authority for functions related to telecommunications interceptibility

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.1	0.1	0.1	0.1

#### Explanation

Under existing legislation, law enforcement and national security agencies are, under certain circumstances, able to intercept and gather information via telecommunications services. Recently amended legislation has set up a new framework to ensure that permitted interception is technically possible and that in introducing new technology, carriers and carriage service providers consider the interception implications.

Funding will enable the Australian Communications Authority (ACA) to implement the new administrative arrangements.

The costs of this measure will be recovered through annual Telecommunications Carrier Licence Fees.

See related revenue measure titled *Industry contribution for the Australian Communications Authority for functions related to telecommunications interoperability*.

## COMMUNICATIONS AND THE ARTS

### Funding for capital works and exhibitions for the National Science and Technology Centre

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
3.1	0.0	0.0	0.0

#### Explanation

Funding will be provided in 1998-99 to enable the National Science and Technology Centre to undertake building and exhibition asset maintenance necessary to meet its public safety obligations, public interest objectives and revenue targets.

## COMMUNICATIONS AND THE ARTS

### Funding for the Australian Communications Authority for the administration of electromagnetic compatibility standards

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.4	0.4	0.3	0.3

#### Explanation

The regulatory framework that sets standards limiting unintended emissions causing interference from electrical, electronic and radiocommunications devices to other devices, is being extended to cover devices not currently subject to the standards.

Consumers will benefit through less interference to items such as televisions, radios and alarm systems. The standards also protect consumers against inferior quality products.

The costs of this measure will be recovered through the Spectrum Management Component of Radiocommunications Licence Fees charged to industry.

See related revenue measure titled *Industry contribution for the Australian Communications Authority's administration of electromagnetic compatibility standards*.

## COMMUNICATIONS AND THE ARTS

### Funding for the Australian Communications Authority for monitoring a regulatory framework for electromagnetic radiation exposure

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
1.3	0.8	0.7	0.7

#### Explanation

The Australian Communications Authority (ACA) is introducing a regulatory framework for exposure to electromagnetic radiation by setting mandatory standards and establishing compliance requirements to limit human exposure to electromagnetic radiation in radiofrequencies.

Funding is being provided to the Australian Communications Authority to administer the introduction of the new framework and to monitor the effectiveness of the new arrangements.

The costs of this measure will be recovered through the Spectrum Management Component of Radiocommunications Licence Fees charged to industry.

See related revenue measure titled *Industry contribution for the Australian Communications Authority's monitoring of a regulatory framework for electromagnetic radiation exposure*.

#### Further information

Legislative amendments to the *Radiocommunications Act 1992*, introduced by the Government in July 1997, provided the ACA with the power to mandate standards for health exposure to radiofrequency electromagnetic radiations and to establish a compliance framework to ensure adherence to these standards.

## EMPLOYMENT, EDUCATION, TRAINING AND YOUTH AFFAIRS

### Assist schools to prepare students for work and to address the impact of the Youth Allowance on schools

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
21.7	17.2	5.1	0.0

#### Explanation

This package provides transitional assistance to improve the ability of schools to prepare students for work, to address the impact of the Youth Allowance on schools and to reduce the disadvantage that young people suffer in the labour market. It provides \$44 million over three years commencing 1998-99:

- \$13.5 million over 1998-99 and 1999-00 to extend the Jobs Pathway Programme that provides brokered employment and mentoring support services for students leaving school during 1998-99 and 1999-00;
- \$24 million over the three years from 1998-99 for the Full Service Schools for Students at Risk initiative that will help schools cater for the special needs of students who will return to or stay at school as a result of the implementation of the Youth Allowance;
- \$6.3 million over 1998-99 and 1999-00 for the Access Programme that provides training to assist young people secure an apprenticeship or traineeship; and
- \$0.2 million in running costs for the Department of Employment, Education, Training and Youth Affairs for evaluation purposes in 1998-99.

## EMPLOYMENT, EDUCATION, TRAINING AND YOUTH AFFAIRS

### Enhancing mutual obligations for unemployed young people including literacy and numeracy training

#### Financial Implications (\$m)

	1998-99	1999-00	2000-01	2001-02
Employment, Education, Training and Youth Affairs	102.5	109.2	104.9	106.4
Health and Family Services	1.9	1.9	1.9	1.9
Social Security	-4.5	-26.5	-25.6	-27.0
Total	99.8	84.6	81.2	81.4

#### Explanation

This measure provides for young Australians who are 18-24 years of age who have received Newstart or Youth Training Allowance for six months on or after 1 July 1998 to undertake an additional activity, as well as continuing to look for work, in return for

those payments. The total cost of this measure from 1998-99 to 2001-02 is \$347.0 million. On a portfolio basis, this comprises:

- Employment Education, Training and Youth Affairs:
  - \$376.4 million in programme expenditures by the Department of Employment, Education, Training and Youth Affairs (DEETYA); and
  - \$46.6 million in running costs and payments to Centrelink by DEETYA.
- Health and Family Services:
  - \$6.4 million to the Department of Health and Family Services (DHFS) for child care payments to work for the dole participants; and
  - \$1.2 million in DHFS running costs.
- Social Security:
  - \$31.3 million in payments to Centrelink;
  - \$3.6 million in running costs and payments to the Department of Social Security; and
  - these are both offset by programme savings of \$118.5 million.

The new arrangements build on the principle of mutual obligation which first underpinned the Work for the Dole initiative. In return for financial support from the community, it is fair to expect unemployed job seekers to improve their job prospects, their competitiveness in the labour market or to contribute to their local community.

The programme savings in Social Security arise from an increase in the number of young people taking up paid work and the application of standard activity test penalties of either a benefit rate reduction or a period of non-payment to young people who fail to meet their mutual obligation responsibilities.

## **EMPLOYMENT, EDUCATION, TRAINING AND YOUTH AFFAIRS**

### **Align AUSTUDY payments with Youth Allowance payments**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
0.0	0.0	0.0	0.0

#### **Explanation**

This measure represents a one-off cost to the budget in 1997-98 of approximately \$14 million. It ensures the smooth alignment of AUSTUDY payments with Youth Allowance payments. From 1 July 1998, AUSTUDY recipients will have their payment

arrangements changed from 11 days in arrears and three days in advance to the new Youth Allowance payment arrangements made 14 days in arrears.

To facilitate this, the final AUSTUDY pay on 30 June 1998 will cover the fortnight up to 3 July 1998 (equivalent to the AUSTUDY pay period that would have applied had the Youth Allowance not been introduced). It will therefore, avoid AUSTUDY students facing a 'short pay' which may have created budgeting difficulties for students.

## **EMPLOYMENT, EDUCATION, TRAINING AND YOUTH AFFAIRS**

### **Continuation of the National Asian Languages and Studies in Australian Schools Strategy until the end of the 1999 calendar year**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
25.4	17.2	0.0	0.0

#### **Explanation**

The objective of the National Asian Languages and Studies in Australian Schools (NALSAS) Strategy is to assist schools and school systems to achieve national targets of enhancing and expanding the provision of Asian languages and Asian studies for school students.

This measure will extend existing Commonwealth funding for the NALSAS Strategy until the end of the 1999 school year.

## **EMPLOYMENT, EDUCATION, TRAINING AND YOUTH AFFAIRS**

### **Continuation of the Australian International Education Foundation**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
0.0	0.0	0.0	0.0

#### **Explanation**

Following the 1997 Review of the Australian International Education Foundation (AIEF) and challenges facing the Australian education and training export industry, simplified cost recovery arrangements have been set in place for the AIEF. This will not affect the budget balance. It involves redirecting to the AIEF discretionary funds (of \$5.7 million in a full year) previously allocated to support vocational education and training and the higher education sectors of the industry (the sectors deriving the most benefit from the AIEF's services). The measure is supported by the Australian Vice-Chancellors' Committee and the Australian National Training Authority Chief Executive Officers.



The AIEF (to be renamed Australian Education International) will retain its scope to charge direct fees for some services.

## **EMPLOYMENT, EDUCATION, TRAINING AND YOUTH AFFAIRS**

### **Continuation of Job Placement, Employment and Training programme to the end of 1999-2000**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
1.4	11.4	1.5	0.0

#### **Explanation**

The Job Placement, Employment and Training (JPET) programme was originally funded at \$11 million per year in 1996-97 and 1997-98. This measure will extend the existing base funding for another two years with an additional \$1.4 million in 1998-99 (to top-up \$10.4 million carried over from 1997-98) and \$11.4 million in 1999-2000.

As payments under contracts are staggered, with some 90 per cent being paid for within a financial year, \$1.5 million has been provided in 2000-01 to cover the final instalment for contracts entered into for the 1999-2000 financial year.

JPET addresses particular difficulties faced by youths aged 15-21 years who have multiple barriers to education and employment, particularly homelessness. The programme provides a plan of assistance tailored to individuals at risk whose needs may not be well met by existing programmes.

The funding provided by this measure is in addition to that provided to support at risk youth under the Mutual Obligations package announced by the Prime Minister in January 1998.

## **EMPLOYMENT, EDUCATION, TRAINING AND YOUTH AFFAIRS**

### **Funding for increased staff redundancies**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
25.0	0.0	0.0	0.0

#### **Explanation**

The Department of Employment, Education, Training and Youth Affairs will receive \$25 million to help fund increased redundancy costs arising from a lower than anticipated number of staff transfers from the former Commonwealth Employment Service (CES) to Employment National Ltd.

## EMPLOYMENT, EDUCATION, TRAINING AND YOUTH AFFAIRS

### Savings in the employment services market

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
-36.0	-36.6	-37.2	-37.8

#### Explanation

This measure reflects the outcome of the competitive tender process for the employment services market (known as the Job Network) which has produced estimated savings of \$147.6 million against the previous forward estimates over the period 1998-99 to 2001-02. \$53.3 million of these savings have been transferred to the Regional Assistance Programme to provide an enhanced capacity to address labour market issues for Regional Australia.

See related Employment, Education, Training and Youth Affairs outlays measure titled *Increase in funding for the Regional Assistance Programme*.

## EMPLOYMENT, EDUCATION, TRAINING AND YOUTH AFFAIRS

### Increase in funding for the Regional Assistance Programme

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
13.0	13.2	13.4	13.7

#### Explanation

This measure provides an enhanced capacity to address labour market issues for Regional Australia by transferring funds from the Employment Services Market programme to the Regional Assistance Programme (RAP).

See related Employment, Education, Training and Youth Affairs outlays measure titled *Savings in the employment services market*.

#### Further Information

The RAP had previously been allocated \$20 million a year to implement regional employment strategies and increase job and training opportunities in regions through assistance packages targeted at local needs. Increased funding under this measure will provide additional flexibility to complement the operation of the employment services market in regional and remote areas and to cope with other emerging regional pressures.

## ENVIRONMENT

### Continuation of the Climate Change Programme

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
3.9	4.0	0.0	0.0

#### Explanation

This measure provides for the continuation of funding for the existing Climate Change Programme, to be administered by the Australian Greenhouse Office. The Climate Change Programme provides a key focus for strategic policy development at both the national and international level and for the national coordination of a wide range of greenhouse mitigation measures. These include research and analysis, monitoring of progress in greenhouse gas abatement, and response activities related to climate change, particularly in key sectors of the economy such as energy and agriculture.

## ENVIRONMENT

### Grant to AAP Mawson's Huts Foundation for the restoration effort on Mawson's Huts

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.3	0.0	0.0	0.0

#### Explanation

This measure provides funding assistance to AAP Mawson's Huts Foundation for a monitoring and maintenance programme following conservation work on the huts and other relics used by Sir Douglas Mawson and his team at Cape Denison on Commonwealth Bay, Antarctica. The funding will also assist recovery of equipment abandoned in blizzard conditions when the team was uplifted after the work was completed and will assist with continuing research into the conservation of the historic precinct at Cape Denison.

## ENVIRONMENT

### Urgent capital works to repair flood damage at Kakadu National Park

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.9	0.0	0.0	0.0

#### Explanation

The Katherine district of the Northern Territory experienced record flood levels in early 1998 causing significant damage, which included damage to access roads in the Kakadu National Park.

The funding provided by this measure will enable the urgent repair of the main access roads to, and through, the Park and other damaged Park facilities.

## ENVIRONMENT

### Management of World Heritage Properties

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
5.0	5.1	5.2	5.3

#### Explanation

The purpose of this measure is to continue payments to State agencies for the management of world heritage properties. The payments will contribute significantly to meeting Australia's obligations under the World Heritage Convention and to implementing the Government's commitment to improve the protection, conservation and presentation of Australia's world heritage properties.

## FINANCE AND ADMINISTRATION

### Proceeds of sale of National Rail Corporation Ltd

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
nfp	nfp	nfp	nfp

#### Explanation

This measure represents the estimate of proceeds from the sale of National Rail Corporation Ltd which is classified as commercial-in-confidence and is not for publication. Proceeds from this sale will have no effect on the underlying budget balance but will impact on the headline budget balance.

See also related Finance & Administration outlays measures titled:

- *Costs of sale of National Rail Corporation Ltd; and*
- *Office of Asset Sales and Information Technology Outsourcing - 1998-99 running costs.*

## FINANCE AND ADMINISTRATION

### Costs of sale of National Rail Corporation Ltd

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
3.5	0.0	0.0	0.0

#### Explanation

This measure provides for the projected costs to the Office of Asset Sales and Information Technology Outsourcing to undertake the sale of the National Rail Corporation Ltd.

See also related Finance and Administration outlays measure titled:

- *Proceeds of sale of National Rail Corporation Ltd; and*
- *Office of Asset Sales and Information Technology Outsourcing - 1998-99 running costs.*

## FINANCE AND ADMINISTRATION

### Proceeds of sale of ANL Limited

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
nfp	nfp	nfp	nfp

#### Explanation

This measure represents the estimate of proceeds from the sale of ANL Limited which is classified as commercial-in-confidence and is not for publication. Proceeds from this sale will have no effect on the underlying budget balance but will impact on the headline budget balance.

See also related Finance and Administration outlays measure titled:

- *Costs of sale of ANL Limited; and*
- *Office of Asset Sales and Information Technology Outsourcing - 1998-99 running costs.*

## FINANCE AND ADMINISTRATION

### Costs of sale of ANL Limited

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
2.9	0.0	0.0	0.0

#### Explanation

This measure provides for the projected costs to the Office of Asset Sales and Information Technology Outsourcing to undertake the sale of ANL Limited.

The Government has decided to provide a capital injection of \$50 million to ANL Limited, to enable it to pay off an existing debt prior to sale. This advance will increase the headline balance in 1998-99. ANL Limited's liquidation of this debt prior to sale will help to optimise the sale outcome.

See also related Finance and Administration outlays measures titled

- *Proceeds of sale of ANL Limited; and*
- *Office of Asset Sales and Information Technology Outsourcing - 1998-99 running costs.*

## FINANCE AND ADMINISTRATION

### Costs of sale of the Commonwealth's remaining shareholding of Telstra Corporation

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
70.0	265.0	245.0	0.0

#### Explanation

This measure provides for the projected costs to the Office of Asset Sales and Information Technology Outsourcing (OASITO) to undertake the sale of the Commonwealth's remaining shareholding of Telstra Corporation.

See also related Finance and Administration outlays measures titled:

- *Proceeds of the sale of the Commonwealth's remaining shareholding of Telstra Corporation; and*
- *Office of Asset Sales and Information Technology Outsourcing - 1998-99 running costs.*

## FINANCE AND ADMINISTRATION

### Proceeds of sale of the Commonwealth's remaining shareholding of Telstra Corporation

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
nfp	nfp	nfp	nfp

#### Explanation

This measure represents the proceeds from sale of the Commonwealth's remaining shareholding of Telstra Corporation which are classified as commercial-in-confidence and are not for publication. Proceeds from this sale will not impact on the underlying budget balance, but will impact on the headline budget balance.

See also related Finance and Administration outlays measures titled:

- *Costs of sale of the Commonwealth's remaining shareholding of Telstra Corporation; and*
- *Office of Asset Sales and Information Technology Outsourcing - 1998-99 running costs.*

## FINANCE AND ADMINISTRATION

### Additional funding to address Year 2000 compliance

#### Financial Implications (\$m)

	1998-99	1999-00	2000-01	2001-02
Finance and Administration	122.1	0.4	0.0	0.0
Industry, Science and Tourism	4.3	0.1	0.0	0.0
Total	126.3	0.5	0.0	0.0

#### Explanation

Additional funding has been provided to assist Commonwealth agencies with remediation of technical problems in achieving Year 2000 compliance, and for continued awareness raising of the problem in the wider Australian business community.

Funding from the Finance and Administration portfolio will be made available to agencies at the discretion of the Treasurer and the Minister for Finance and Administration. This funding is intended to supplement, not replace, agencies' responsibility under usual running costs arrangements.

Funding for the Industry, Science and Tourism portfolio is for a national marketing and advertising initiative directed at raising awareness of, and stimulating action on, the Year 2000 compliance problem within the business community. In particular, the campaign will be aimed at arousing interest and action within the small and medium sized business communities, where compliance work has been lagging to date. The additional funding will augment the awareness campaign commenced in 1997-98 by the Commonwealth in conjunction with State and industry bodies.

## FINANCE AND ADMINISTRATION

### Dividend from departmental restructuring

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
-3.0	-25.4	-25.9	-26.3

#### Explanation

Efficiencies generated from restructuring within the Department of Finance and Administration have realised ongoing savings to the Budget.

Full savings are not realised until 1999-2000 due to short term transitional costs associated with the restructure, particularly staff separation costs.



## FINANCE AND ADMINISTRATION

### Office of Asset Sales and Information Technology Outsourcing - 1998-99 running costs

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
5.0	0.0	0.0	0.0

#### Explanation

Funding has been provided to meet the 1998-99 core running costs of the Office of Asset Sales and Information Technology Outsourcing (OASITO) to undertake activities associated with the asset sales programme.

#### Further Information

The Office was created in October 1996 with funding approval only until June 1998. Further funding is subject to approval in the annual budget process.

## FINANCE AND ADMINISTRATION

### Sale of Commonwealth-owned overseas (non-representational) staff housing

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
-12.0	-12.0	0.0	0.0

#### Explanation

The Government proposes to sell some of the Commonwealth's overseas stand-alone staff housing where retention would be inconsistent with the Commonwealth property principles. Properties identified do not include Ambassadorial or Head of Mission residences, or Chanceries owned by the Commonwealth.

Under this measure it is expected that up to 70 properties will be offered for sale over two years. The total proceeds from the land and improvements is estimated at \$30 million. \$24 million will be realised from improvements, affecting the underlying balance, while \$6 million will be realised from land sales affecting the headline balance.

#### Further Information

According to the Government Financial Statistics classifications, proceeds from the sale of land overseas are classified as a sale of equity which will only impact on the headline budget balance. The sale of improvements is classified as a sale of an asset, and the proceeds may count towards the underlying budget balance. Where it is not possible to distinguish between land and improvements when the property is sold, the greater of the

value of the land or the improvements is used to determine the classification for budget balance purposes.

## **FINANCE AND ADMINISTRATION**

### **Alignment of Z plate motor vehicle registration charges with State equivalent charges**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
-1.7	-1.9	-1.9	-1.9

#### **Explanation**

The registration charge on motor vehicles owned and/or leased by the Commonwealth and which carry Commonwealth of Australia (CofA) registration plates (generally the red Z series plates) is to be increased to the equivalent annual registration charge applied in the States in which the vehicles are based. There will be no change to the existing arrangements for Commonwealth vehicles carrying State registration plates.

## **FINANCE AND ADMINISTRATION**

### **Increase in Staffing of the Australian Electoral Commission divisional offices**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
1.5	1.5	1.6	1.6

#### **Explanation**

The Government has decided to increase staffing in the Australian Electoral Commission's divisional offices to three permanent staff. Australian Electoral Commission divisional offices will be better resourced to deliver roll maintenance and elector education services. This measure addresses one of the recommendations of the Joint Standing Committee on Electoral Matters' investigation into the conduct of the 1996 Federal Election.

## **FOREIGN AFFAIRS AND TRADE**

### **Youth Ambassadors for Development programme**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
4.0	4.1	0.0	0.0

#### **Explanation**

This measure will provide funding over two years which, together with an additional \$1 million per annum from the existing global aid programme, will allow around 500 young skilled Australians to work in developing countries in the Asia-Pacific region on a range of development activities, in line with Australia's long-term national interests and regional responsibilities. Volunteers will be drawn from a variety of disciplines, with a focus on fields in which Australia has significant expertise. Areas may include health, public administration, environmental management and small business management.

The Youth Ambassadors for Development programme will result in a significant increase in the contribution of Australian volunteers to the region's development. It will broaden the range of volunteers involved overseas, especially younger Australians with relevant skills and qualifications, with attendant benefits for receiving countries, Australia and the volunteers themselves.

A review of the Youth Ambassadors for Development programme will be conducted after two years to assess its effectiveness.

## **FOREIGN AFFAIRS AND TRADE**

### **Papua New Guinea drought assistance**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
0.0	0.0	0.0	0.0

#### **Explanation**

The Australian Government provided assistance to Papua New Guinea (PNG), targeted at those most at risk of starvation in areas accessible only by air, in response to the worst drought in the area on record. AusAID provided assistance to PNG under its Emergency Aid Programme.

This measure provided an additional \$19.5 million in 1997-98 for continuation of the Australian response. This funded drought relief activities additional to rehabilitation activities under the Treaty for Development Cooperation between the Governments of Australia and PNG. It is assessed that over 100,000 people directly benefited from Australian drought relief assistance. The scale of the relief operation was wound down as local food supplies recovered.

This is a one off measure that does not affect the amount of funds allocated to AusAID for the 1998-99 aid programme.

## **FOREIGN AFFAIRS AND TRADE**

### **Humanitarian response package for Indonesia**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
0.0	0.0	0.0	0.0

#### **Explanation**

The Government is providing emergency food aid to Indonesia in response to the chronic food shortages being experienced in the country as a result of the extended drought.

This measure will provide additional Budget funding of \$10 million in 1997-98. In addition, a major assistance package of \$20 million will be provided in 1998-99. The \$20 million will be made available from within existing aid programme funding.

#### **Further Information**

The bulk of the funds will be directed to the expected World Food Programme emergency operation for Indonesia. Australia's contribution will most likely be in the form of wheat that will be swapped for rice stocks, which will in turn be distributed to people most chronically malnourished and vulnerable. This assistance will also include the provision of emergency medical supplies, agricultural rehabilitation and employment creation activities through non-government organisations, an extension of UNICEF's infant supplementary feeding programme, technical assistance and an extension of drought relief operations in Irian Jaya.

Australian Government funding will make up a significant component of funding for a coordinated, international response to Indonesia's drought problems and food shortages.

## **FOREIGN AFFAIRS AND TRADE**

### **Export action - Response to Asian economic developments**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
2.4	2.5	2.5	2.5

#### **Explanation**

This measure consists of export market development and promotional activities aimed at expanding Australia's market access in the Asia-Pacific region and beyond, particularly in the manufacturing and service industry sectors, to help offset the effects of the current

Asian economic instability on the Australian economy. The measure will enable portfolio agencies to undertake market development activities in regions where substantial opportunities exist, but where Australia's presence is currently minor.

This measure will also include the provision of funding to support the Early Voluntary Sectoral Liberalisation agenda in APEC. The APEC component of the proposal is intended to provide renewed emphasis to the trade liberalisation effort in APEC, particularly with regard to sectoral liberalisation, to ensure the momentum is maintained in the face of the economic downturn in Asia. Foreign Affairs and Trade will seek contributions from Australian industry on a dollar-for-dollar basis towards the costs of funding Australia's involvement in the APEC sectoral liberalisation component.

## **FOREIGN AFFAIRS AND TRADE**

### **Funding for Australia's membership of the Comprehensive Nuclear Test-Ban Treaty Organisation**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
1.6	1.6	1.6	1.6

#### **Explanation**

This measure provides ongoing funding for Australia's assessed financial contribution to the Comprehensive Nuclear Test-Ban Treaty (CTBT) Organisation, which is responsible for implementing the CTBT. Australia hopes to be in a position to ratify the treaty this year.

Interim funding was previously provided to enable Australia to make its 1996, 1997 and 1998 calendar year contributions.

#### **Further Information**

The CTBT serves important Australian security interests as a solid barrier to the proliferation of nuclear weapons. An effective nuclear non-proliferation regime is also important in providing the necessary environment for Australia to export uranium for peaceful purposes.

An Australian Comprehensive Test Ban Office will be established within the Australian Safeguards Office of the Department of Foreign Affairs and Trade. The Department will absorb operating costs associated with this authority. The 21 Australian facilities to be established under the CTBT's verification regime will add to Australia's scientific and technological resource base.

## **FOREIGN AFFAIRS AND TRADE**

### **Increasing the effectiveness of Australian Secret Intelligence Service operations**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
1.1	1.1	1.0	1.1

#### **Explanation**

The Australian Secret Intelligence Service's capacity to serve Australia's national interest continues to depend on its activities being fully protected by secrecy.

## **FOREIGN AFFAIRS AND TRADE**

### **Austrade Information Technology Asset Replacement**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
4.1	4.1	4.1	4.2

#### **Explanation**

This measure provides funding for the ongoing replacement of Austrade's globally networked information technology (IT) equipment. Austrade's existing IT equipment is nearing the end of its economic life. The level of funding provided is based on an independent consulting report commissioned by Austrade that assessed IT requirements and costs and made recommendations on the re-equipment level necessary to maintain Austrade's current IT functionality.

Maintenance of IT functionality will allow Austrade to continue to provide the current range of export-related services to existing and potential Australian exporters.

## HEALTH AND FAMILY SERVICES

### Investment in preventive health

1998-99	1999-00	2000-01	2001-02
14.4	19.0	22.0	23.4

### Explanation

This measure provides funding to a range of nationally significant public health areas whilst strengthening Australia's medium to longer term public health capacity. From 1998-99 to 2001-02, total funding of \$78.8 million will be allocated for the initiatives outlined below. All initiatives will be funded over four years with the exception of tobacco harm minimisation which will be funded from 1999-2000 to 2001-02.

**Immunisation:** \$8.8 million for the consolidation of immunisation funding; a modification to the threshold of the existing funding approval mechanism which will ensure timely access to new vaccines; and a free influenza immunisation programme for older Australians over the age of 65.

**Strategic investment:** \$14.4 million for new national strategies, which deliver on the Government's previous commitments in several public health areas and will focus on the priority areas of environmental health, injury prevention, cancer control and men's health.

**Public health information evidence base:** \$12.4 million for the implementation of a national public health information model and work plan under the National Public Health Partnership will facilitate the coordination of existing public health information across jurisdictions.

**Tobacco harm minimisation:** \$6.1 million will be available to meet the Government's commitments of September 1997, in response to the Senate Community Affairs References Committee's report on *The tobacco industry and the costs of tobacco-related illness* of December 1995. The initiatives include the development of a national response to passive smoking and a range of school-based tobacco education programmes.

**Combating infectious diseases for Aboriginal and Torres Strait Islander communities:** \$22.6 million to address pneumococcal, influenza and sexually transmitted diseases in Aboriginal and Torres Strait Islander communities. It will help prevent chronic respiratory problems and hospitalisations arising from pneumococcal and influenza diseases by making the vaccines available to all Aboriginal and Torres Strait Islander people over 50 years and 80 per cent of 18-50 year olds.

This measure will also provide for a new diagnostic technique based on Polymerase Chain Reaction (PCR) technology. This will support early detection and treatment of sexually transmitted diseases in Aboriginal and Torres Strait Islander peoples and will reduce the transmission of HIV.

**Health infrastructure and capital replacement in Aboriginal and Torres Strait Islander communities:** \$7.9 million to address the health infrastructure requirements of

Aboriginal and Torres Strait Islander communities. It will provide for the maintenance and replacement of health facilities, and construction and upgrade of accommodation for health care staff in remote communities, to improve access to primary health care services. The measure will be implemented in partnership with the States under the Aboriginal and Torres Strait Islander Framework Agreements.

**Internet redevelopment:** \$6.6 million for the redevelopment of the Department of Health and Family Services internet site will provide improved information services and communications. It will provide a comprehensive user-friendly information base on health and family services issues, policies, programmes and research.

**Further Information**

Public Health funding in this measure, together with a number of other measures in the Health and Family Services portfolio and a commitment by the Commonwealth to provide an ongoing base level of funding for public health, brings the total Commonwealth contribution for public health programmes to around \$295 million in 1998-99. This funding includes the Commonwealth’s contribution to State and Territory public health programmes which are funded through the Commonwealth-State Public Health Outcome Funding Agreements.

**HEALTH AND FAMILY SERVICES**

**Support for Human Pituitary Hormone recipients**

**Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
2.3	2.0	0.5	0.3

**Explanation**

This measure implements the majority of the recommendations of the Senate Community Affairs References Committee’s *Report on the CJD Settlement Offer* of October 1997, and provides an additional \$5.1 million over four years. From 1998-99 to 1999-2000, up to a further \$3 million will be allocated to the Human Pituitary Hormones Reserve (formerly Trust Account) to provide for one-off payments to hormone recipients who can demonstrate that, prior to 1 January 1998, they have, or have suffered a recognised psychiatric injury due to the recipient having been informed that they are at a greater risk of contracting CJD. The balance will fund other new activities including the establishment of an independent Board to authorise payments from the Human Pituitary Hormones Reserve and examination of the possible benefits of conducting a longitudinal study of hormone recipients.

**Further Information**

Between 1967 and 1985, over 2,000 people received treatment with human pituitary derived hormones, produced under the Australian Human Pituitary Hormone Programme, for infertility and short stature. These people are now at an increased risk of contracting Creutzfeldt-Jakob Disease (CJD) for which there is no diagnostic test and no known cure.



In 1994, the Commonwealth provided \$10 million to establish the Human Pituitary Hormones Trust Account (\$5 million) and to fund activities to implement the recommendations of the *Report of the Inquiry into the Use of Pituitary Derived Hormones in Australia and Creutzfeldt-Jakob Disease*. The Human Pituitary Hormones Trust Account was established to provide funds for counselling and support services for hormone recipients and their families, as well as medical and other care costs should a further recipient contract CJD.

## HEALTH AND FAMILY SERVICES

### National Illicit Drugs Strategy - demand reduction and harm minimisation - second instalment

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
13.4	14.8	15.2	7.9

#### Explanation

This measure provides \$51.3 million to fund demand reduction and harm minimisation programmes administered by the Department of Health and Family Services over the four years as follows:

- \$19.2 million for the expansion and upgrading of existing, non-government organisation (NGO) treatment services. This represents the Commonwealth-only contribution to estimated unmet need in the NGO sector. It is proposed that levels of State and Territory funding will be negotiated on a bilateral basis to ensure funds are provided to areas of greatest need in the NGO sector. The additional funding will enable non-government treatment organisations to achieve improved service outcomes, increase the number of places offered and improve staff training;
- \$15.8 million for a community-wide education and information campaign. It will be the first comprehensive national campaign to educate the community about the dangers of illicit drugs and raise awareness about primary prevention, treatment and rehabilitation;
- \$3.3 million for ongoing support for the Australian National Council on Drugs (ANCD) and its supporting advisory committee structure. Five specialist committees (tobacco, alcohol, illicit drugs, pharmaceuticals and education) will report to the ANCD and to the Ministerial Council on Drug Strategy. The ANCD will provide an ongoing opportunity for key stakeholders from non-government organisations and community groups to have a direct contribution to the development of national policies and programmes for both licit and illicit drugs;
- \$0.6 million in 2001-02 to continue the operation of the One-Stop Shop announced by the Prime Minister on 2 November 1997;
- \$3.3 million to establish an ongoing illicit drugs reporting and information data base. Such a data base will provide reliable information on the demand for, and

usage patterns of, illicit drugs (currently lacking) and the basis for evidence-based policy decision-making at all levels of government;

- \$1.8 million to identify, promote and disseminate best practice in the treatment of illicit drug dependence. This will include the development of best practice guidelines in several key areas such as the management of intoxication and withdrawal; provision of social support in methadone services to improve client outcomes and management of clients with dual dependency on opiates and prescription drugs;
- \$2.2 million to enhance activities in evaluation, quality assurance and outcome monitoring in relation to existing treatment practices. This funding is for the development of quality assurance mechanisms for methadone treatment services, testing of screening instruments for use in primary health care settings and the development of outcome monitoring systems for illicit drug treatment services; and
- \$5.1 million for running costs to administer the above initiatives.

### **Further Information**

As part of the National Drugs Strategy, a total of \$104.1 million will be provided from 1998-99 to 2001-02 as the second instalment of the National Illicit Drugs Strategy (NIDS). The NIDS consists of three main parts, supply reduction (law enforcement), demand reduction and harm minimisation.

See related Attorney Generals' outlays measure titled *National Illicit Drugs Strategy - supply reduction - second instalment*.

## **HEALTH AND FAMILY SERVICES**

### **Long term commitment to health and medical research**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
15.3	50.5	54.0	53.8

#### **Explanation**

The National Health and Medical Research Council (NHMRC) supports health and medical research through the provision of research grants and career and training awards. The NHMRC research effort is underpinned by base funding supplemented by additional time-limited funding, eg for special research projects.

This measure converts most of the current time-limited funding which otherwise would cease, to ongoing funding, providing the NHMRC with base funding of \$164.7 million a year (1998-99 prices). This level will enable the NHMRC to maintain its 1998 calendar year level of grant funding in future years.

The increase in base funding will provide longer term certainty for the health and medical research industry, enable longer term research projects to be undertaken and encourage those with research skills to participate or continue in such research.

## HEALTH AND FAMILY SERVICES

### New directions in general practice

#### Financial Implications (\$m)

	1998-99	1999-00	2000-01	2001-02
Health and Family Services	11.4	10.5	-10.2	-20.1
Veterans' Affairs	0.7	1.7	1.9	2.0
Total	12.1	12.2	-8.3	-18.1

#### Explanation

This measure provides a substantial strengthening of the role of general practice in the Australian health system, and the financial basis to respond to the General Practice (GP) Strategy Review and the Review of General Practice Training.

New funding under this measure of \$367.0 million over the period 1998-99 to 2001-02 will be offset by savings of \$369.1 million, principally from changes in the remuneration arrangements applying to GP Registrars. The new funding comprises:

- \$121.0 million over the four years 1998-99 to 2001-02 is provided for two increases in Medicare Benefits Scheme (MBS) schedule fees for GP consultations, comprising:
  - an increase from 50 per cent to 100 per cent indexation in the 1 November 1998 fee adjustment; and
  - a further increase in MBS fees from 1 March 1999;
- a further amount of \$6.3 million over the four years 1998-99 to 2001-02 allowing for indexation as described above for GPs who provide health care services to veterans;
- provision of \$57.0 million over the four years 1998-99 to 2001-02 will increase the funds available to strengthen and reform general practice. Allocation of these funds within the GP Strategy will be decided in consultation with the profession and consumers; and
- GP Registrars who begin their training in 1999 will be paid by salary rather than fee-for-service, at a cost of \$182.7 million over the four years 1998-99 to 2001-02. The change was recommended by the Review of GP Training in order to strengthen the educational outcomes of the GP Training Programme.

## HEALTH AND FAMILY SERVICES

### Australian Health Care Agreements - Increased funding for provision of designated health services to public patients

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
241.9	308.8	437.5	524.0

#### Explanation

The Commonwealth proposes new funding arrangements to replace the existing Medicare Agreements which expire on 30 June 1998. Payments will be based on a funding formula in which the Commonwealth shares financial risk with the States in relation to changes in private health insurance, and the measured national average output cost for public hospital treatment. It also provides for increases in population, ageing of the population and an additional provision for expected increases in demand per capita.

The Commonwealth will provide an increase in funding of around \$2.1 billion over five years (including \$1.5 billion over the four years 1998-99 to 2001-02 and \$0.6 billion in 2002-03). This offer includes \$500 million over five years for National Health Development Special Assistance, and up to \$120 million which is directly aimed at reducing waiting lists.

In addition, \$750 million over five years will be provided through the Veterans' Affairs portfolio to allow full cost purchasing of hospital treatment for entitled veterans, increasing total Commonwealth spending by \$2.9 billion. This would bring the total level of Commonwealth funding available to the States and Territories to approximately \$30.2 billion under the Health Care Agreements offer over this period.

Health Care Agreements focus on the provision of free public hospital services to eligible persons on the basis of clinical need, and also include provisions for mental health, palliative care, quality assurance and access, and broadbanded health related specific purpose payments programmes.

The Agreements also address future directions for acute care, including improving quality and focus on patients, performance reporting and information, improving the coordination of acute care, primary care and aged care; and the infrastructure needed to take advantage of technological change.

See related Veterans' Affairs outlays measure titled *Additional funding to reflect the costs of direct purchasing of hospital services for entitled veterans in all States and Territories from 1 July 1998*.

## HEALTH AND FAMILY SERVICES

### University places for overseas trained doctors

#### Financial Implications (\$m)

	1998-99	1999-00	2000-01	2001-02
Employment, Education, Training and Youth Affairs	-0.1	-0.2	-0.2	-0.1
Health and Family Services	0.0	-0.8	-0.5	-11.9
Total	-0.1	-1.0	-0.7	-12.0

#### Explanation

From January 1999, 100 places will be provided in Australian medical schools for overseas trained doctors as an alternative to their completing the Australian Medical Council (AMC) examination as a route to medical registration. The doctors will undertake to work in rural and remote areas for five years on completion of their medical training. The AMC examination will continue to be conducted.

The measure will:

- help 100 overseas trained doctors gain the specific skills and knowledge required to practice medicine in Australia; and
- help meet the needs of many rural and remote communities by directing new graduates to rural practices.

As a result of this measure, the entry of 100 overseas trained doctors into Medicare will be delayed as they complete Australian training (a number of overseas trained doctors will continue to qualify through the AMC examination). Some savings to Medicare will be realised as a result, principally in 2001-02.

The cost of funding the university places will be met from existing resources of the Health and Family Services portfolio and by students contributing through the Higher Education Contribution Scheme. On an underlying basis, this results in a small decrease to the Employment, Education, Training and Youth Affairs (EETYA) portfolio outlays because HECS loans are not recorded in the underlying total (this is partly offset by the increase in EETYA outlays required to fund the 100 additional students).

## HEALTH AND FAMILY SERVICES

### Diagnostic Imaging Package including improving access to Magnetic Resonance Imaging services

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
-2.0	-18.4	-29.1	-30.7

#### Explanation

This measure will contain growth in Diagnostic Imaging outlays, while improving access to Magnetic Resonance Imaging (MRI) services, through a three year agreement over 1998-99 to 2000-01 to manage growth in diagnostic imaging expenditure under the Medicare benefits arrangements. The three year agreement will continue to have an impact and provide savings in 2001-02. The Commonwealth will improve access to MRI services as recommended by the Australian Health Technology Advisory Committee.

## HEALTH AND FAMILY SERVICES

### Increased access to Medicare claiming through pharmacies

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
4.0	2.0	2.1	2.1

#### Explanation

This measure will increase access to Medicare claiming services by expanding pharmacy claiming facilities to outer metropolitan growth areas and some areas where Medicare offices have closed. Two hundred Medicare easyclaim units will be placed in pharmacies in these areas following successful introduction of these units in rural and regional locations around Australia. This measure will ensure that the community will continue to have access to Medicare claiming facilities in a timely and accessible manner.

## HEALTH AND FAMILY SERVICES

### Better use and disposal of medicines

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
-0.2	-0.1	-0.3	-3.1

#### Explanation

This measure will improve the way in which medications are utilised by patients at risk of medication misadventure. This will be achieved through two approaches.

Firstly, the medication review role of pharmacists will be extended to residents across all residential care facilities (this previously applied only in nursing homes), and to certain patients in their homes regarded as at high risk by their doctors. Secondly, a national programme for the disposal of unwanted medicines will be established to encourage patients to appropriately discard out-of-date medicines and/or medicines no longer appropriate for their conditions.

This measure will generate net savings from the two approaches of \$3.7 million over 1998-99 to 2001-02 to the Pharmaceutical Benefits Scheme (PBS).

## HEALTH AND FAMILY SERVICES

### Adjustment of the Reciprocal Health Care Agreement with New Zealand

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
-3.0	-3.4	-3.5	-3.6

#### Explanation

This measure will restore parity in the reciprocal health care agreement with New Zealand by removing access to Medicare Benefits for New Zealand visitors to Australia. The Agreement on Medical Treatment between Australia and New Zealand will be renegotiated so that visitors from New Zealand will be eligible for immediate essential care through the public hospital system. This new agreement will match changed arrangements already applying to Australian visitors to New Zealand.

## HEALTH AND FAMILY SERVICES

### Maximising effectiveness of the Pharmaceutical Benefits Scheme by improved data analysis and compliance activities

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
-3.0	-21.2	-21.7	-22.3

#### Explanation

This measure will generate savings in the Pharmaceutical Benefits Scheme (PBS) by reducing activities involving the sending of PBS subsidised pharmaceuticals overseas and encouraging the more effective and appropriate use of PBS pharmaceuticals within Australia.

The savings will be generated through a variety of activities in the Health Insurance Commission (HIC) including strengthening the relevant legislation, liaison between the HIC and the Australian Customs Service, the development of targeted education and awareness campaigns, and the employment of more medical advisers to increase counselling and educational visits to doctors prescribing pharmaceuticals being sent overseas as well as doctors practising inappropriately or ineffectively.

## HEALTH AND FAMILY SERVICES

### Adjustments in funding for Artificial Limbs Scheme and Medical Speciality Centres

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.0	0.0	0.0	0.0

#### Explanation

A number of health related programmes were nominated for inclusion under more flexible arrangements, involving the broadbanding of funding, in the 1996-97 Budget. The intention was to achieve savings to the Commonwealth by improving the efficiency of service delivery.

Broadbanding negotiations between the Commonwealth and the States are yet to be resolved and as a result, broadbanding will not be achieved in 1997-98. Funding arrangements for the Artificial Limbs Scheme and Medical Specialty Centres have reverted to those that were in place prior to consideration of broadbanding. This has increased funding by around \$0.8 million in 1997-98 only.



## HEALTH AND FAMILY SERVICES

### Increased funding to Aboriginal and Torres Strait Islander primary health care services to reflect population growth

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
3.0	5.9	8.5	11.4

#### Explanation

This measure builds on improvements in access to primary health care in Aboriginal and Torres Strait Islander communities by maintaining the real per capita funding level for health care provision.

The increased demand is attributable to both the rapid growth of Australia's Aboriginal and Torres Strait Islander population and increased awareness of health needs within these communities.

Services which demonstrate movement towards best practice in implementing care protocols, planning to address community health priorities, utilising data and recall systems and linking effectively with a network of service providers, will be resourced to respond to the increasing demand for health care in Aboriginal and Torres Strait Islander communities.

Funding may also be allocated for service provision in communities with continuing high levels of unmet need.

## HEALTH AND FAMILY SERVICES

### Increased funding for Aboriginal and Torres Strait Islander health services

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
1.3	2.6	4.0	5.3

#### Explanation

This measure provides additional funding for Aboriginal and Torres Strait Islander primary health services, over and above Commonwealth funding planned for the four years 1998-99 to 2001-02. It will work in tandem with the Health and Family Services outlays measure titled *Increased funding for Aboriginal and Torres Strait Islander primary health care services to reflect population growth*, leading to a significant overall increase in funding for Indigenous health services.

## HEALTH AND FAMILY SERVICES

### Business and community sector partnerships incorporating expansion of the volunteer management programme

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
4.8	5.6	4.7	4.8

#### Explanation

On 19 November 1997, the Prime Minister announced a programme to improve links between Australian businesses and the community sector. This initiative will support the development of higher levels of social capital in Australian communities by promoting and facilitating the development of partnerships between businesses and the communities they serve. It will also enhance the current operation of health and family service organisations which use volunteers to deliver services to the community.

Following a round table discussion in March 1998 between leaders of the business and community sectors, this measure announces more detailed strategies related to this initiative which include: annual Prime Ministerial Awards in recognition of business and individual philanthropy; education and awareness campaigns to promote the value of business and community philanthropy and research and data collection.

Further assistance will be provided to the community services sector through the enhancement and continuation of the Volunteer Management Programme (VMP). VMP assists in the provision of appropriately trained volunteers for health and family service organisations. The new package of funding will provide more appropriate coverage of areas of greatest need and will enable a stronger focus on continuous improvement in volunteer training. It will strengthen VMP by increasing funding to existing centres and agencies (eight State and Territory Volunteer Centres and nine major Regional Referral Agencies) and provide funding for a small number of new referral agencies.

## HEALTH AND FAMILY SERVICES

### Improving services for families through enhancement of family and community service networks

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
1.0	2.5	2.6	2.5

#### Explanation

This measure will provide funding towards the development of an integrated and holistic national approach to delivering services and developing policy in relation to families. The measure involves a number of initiatives:

- a series of innovative projects will draw together information on Commonwealth, State/Territory, local government and community services for families. This initiative will pilot the building and enhancing of community networks so that services working in different areas, for example aged care and child care, can provide more integrated assistance to families with complex needs; and
- linked to this, another initiative will work towards integrating the delivery of relevant programmes and services that impact on families across Commonwealth, State/Territory and local government programmes. The longer-term goal will be to integrate family policy and programme delivery across all levels of government.

## **HEALTH AND FAMILY SERVICES**

### **Continued funding for child abuse prevention and parent support**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
0.2	0.6	1.2	2.4

#### **Explanation**

Funding has been provided to continue and enhance the Commonwealth's presence in the prevention of child abuse and to provide support to parents raising children. This new funding is additional to existing programme funding for child abuse prevention initiatives which will continue.

This measure provides continued funding for the National Council for the Prevention of Child Abuse, dissemination of the outcomes of activities undertaken under the Best Practice Parenting Grants Programme, and research through the National Child Protection Clearing House.

In addition, the Commonwealth will play a leading role in coordinating the preparation of a National Plan of Action against the Commercial Sexual Exploitation of Children. Funding will also be made available for a range of innovative initiatives that support parents and increase community awareness of child abuse and neglect.

## HEALTH AND FAMILY SERVICES

### Continuation of funding for child care communication strategy

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.6	0.0	0.0	0.0

#### Explanation

Funding will be provided to continue a public awareness campaign to alert families to:

- the existence of the Childcare Access Hotline and the information it can give to parents about child care centres and help with the costs of child care; and
- changes to income testing for Childcare Assistance for school age children, which commenced in April 1998.

#### Further Information

The Childcare Access Hotline was launched in November 1997.

There is a continuing need to promote awareness among families of Government assistance available for child care and general information about child care services and how to find them.

School age care reforms announced in the 1997-98 Budget context commenced in April 1998. There is a need to provide information to families, through the hotline, to ensure that those eligible are able to apply for Childcare Assistance.

## HEALTH AND FAMILY SERVICES

### Continuation of funding for the Supported Accommodation Assistance Programme National Data Collection Agency

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.6	0.8	0.0	0.0

#### Explanation

This proposal provides partial funding for the Supported Accommodation Assistance Programme (SAAP) National Data Collection Agency until June 1999. The Agency was initially established in July 1996 and funding was due to expire in September 1998.

The Commonwealth Government funded the SAAP National Data Collection Agency in order to assist the progress of SAAP reforms. The data is being used to inform policy

development on issues such as homelessness and domestic violence and monitor performance under SAAP and inform evaluation processes.

## **HEALTH AND FAMILY SERVICES**

### **Increased funding for the Commonwealth/State Disability Agreement**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
6.4	15.2	24.6	33.8

#### **Explanation**

This measure provides additional funding for the Commonwealth/State Disability Agreement over and above the Commonwealth funding planned for the four years 1998-99 to 2001-02. This will assist the States and Territories to fund accommodation support and related services for people with disabilities.

## **HEALTH AND FAMILY SERVICES**

### **Gold Medal Access Strategy 1998-2000: improving access to goods and services for people with disabilities**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
0.9	1.0	0.2	0.0

#### **Explanation**

This measure will promote improvements in access to goods and services for people with disabilities in the lead up to Australia's hosting of the Paralympic Games in 2000. A national series of Gold Medal Access Symposia will be held to highlight best practice in meeting the needs of people with disabilities in tourism, access to premises, transport and employment. Gold Medal Access Awards will be presented in 2000 to recognise outstanding achievements in all four areas.

This initiative will provide funding to enable recognised experts, in fields such as transport and planning, to hold seminars in each State and Territory to raise awareness of the difficulties faced by people with disabilities when they seek access to services and facilities. Best practice solutions to these problems will be promoted widely. Paralympic athletes will lend support on the basis of their personal experience. Funding will also be used to publicise the Gold Medal Access Awards, organise the nomination and selection process, and stage an Awards ceremony.

## HEALTH & FAMILY SERVICES

### Staying at home - care and support for older Australians

#### Financial Implications (\$m)

	1998-99	1999-00	2000-01	2001-02
Health and Family Services	22.9	60.6	84.0	101.9
Social Security	5.3	1.6	2.0	1.6
Total	28.2	62.3	86.0	103.5

#### Explanation

The "Staying at Home" package of measures, announced by the Prime Minister on 2 April 1998, will cost \$280.0 million over four years. It has been designed to enhance the care of older people in the community and provide greater recognition and support for carers within Australian society. The measures will assist elderly Australians remain in their homes for as long as possible and provide better support for carers.

The package includes:

- 3,900 additional Community Aged Care Packages at a cost of \$95.5 million over the next four years. Together with growth under existing programmes, this will more than double the number of people receiving assistance to 22,000. The packages will also be able to cater for people with more complex care needs, including nursing care;
- an increase in continence assistance at a cost of \$15.4 million over four years to make it easier for older people to manage at home and avoid unwanted admission to residential care;
- the expansion of the successful Carer Respite Centres programme announced in the 1996-97 Budget from 58 to 73 centres at a cost of \$30.9 million over four years. An extra \$10.3 million over four years will also be available for additional respite care places for people with dementia;
- extra accommodation assistance through the Commonwealth/State Disability Agreement for adults with a profound disability who have ageing carers at a cost of \$15.4 million over four years;
- expanded eligibility for the Domiciliary Nursing Care Benefit at a cost of \$96.4 million over four years. This builds on an already announced 28 per cent increase in the rate of benefit to take effect from 1 July 1998;
- increased aged care assessment funding that will be indexed to growth in the older population to enable people to access care appropriate to their needs at a cost of \$14.1 million over four years; and
- a communication strategy at a cost of \$2.0 million in 1998-99 to promote positive images of older people and ageing in the community.

## HEALTH AND FAMILY SERVICES

### Allowing new aged care residents a 28 day period of grace from income testing

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
2.6	2.7	2.8	2.9

#### Explanation

This measure introduces a 28 day period of grace for new residents of an aged care facility (nursing homes and hostels) before they start paying the income tested component of their daily fees. From 1 March 1998, the fees payable by new residents entering aged care facilities will partly depend on the resident's income. This period of grace will allow sufficient time for an income assessment to be finalised for most residents.

#### Further Information

The residential aged care package announced in the 1996-97 Budget contained revised fee arrangements through which some residents contribute to the cost of their daily care. Residents pay a base fee of 85 per cent of the pension. Part pensioners and non-pensioners who enter from 1 March 1998 pay an additional amount based on their non-pension income and the level of care they require.

## HEALTH AND FAMILY SERVICES

### International Year of Older Persons

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
4.5	1.5	0.0	0.0

#### Explanation

The Federal Government's contribution to the 1999 International Year of Older Persons will focus on implementing practical national initiatives to improve the health and well-being of older Australians and recognise their contribution to communities and the nation. The International Year will involve a range of cross-government projects complementing community-based activities and projects by the non-government sector. Partnerships between government, business and the community will be an important focus for the International Year.

## HEALTH AND FAMILY SERVICES

### Establishment of a rural multi-purpose health and family services network

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
1.0	6.0	9.0	8.3

#### Explanation

This measure extends the successful joint Commonwealth/State multi-purpose services model to provide a more comprehensive range of services delivered through a larger number of rural sites. The new services will tailor the mix of Commonwealth and State funded services best suited to the needs of each community. Priority will be given to establishing services in areas of greatest disadvantage or with significant problems of access.

Key features of the measure are:

- provision of at least 30 new rural multi-purpose services;
- employment of community planning managers to expedite the establishment of new services and ensure they are responsive to community needs;
- making 836 aged care places available through the network over four years;
- funding for information technology infrastructure to enhance services and skills by linking services to the latest technological and information advances;
- development of a quality assurance and performance assessment system for the network and ongoing monitoring of demand to assess whether further new services are needed beyond 2001-02; and
- incentive and innovation grants for upgrading existing multi-purpose centres and multi-purpose services, and to encourage continuing innovation.

#### Further Information

Multi-purpose services operate by coordinating the pooling of funding from a number of health and care programmes which, individually, would not be viable in a rural or remote setting. This enables multi-purpose services to arrange a flexible mix of health care to meet the needs of each individual community.



## HEALTH AND FAMILY SERVICES

### Contingent capital advance for Commonwealth Rehabilitation Service

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.0	0.0	0.0	0.0

#### Explanation

In December 1997, the Government announced separation of the Commonwealth Rehabilitation Service (CRS), the Government provider of vocational rehabilitation services, from the Department of Health and Family Services as a preliminary step to the introduction of competition for provision of these services. CRS will be corporatised as a wholly owned Commonwealth company limited by shares from 30 June 1998 and designated a Government business enterprise (GBE).

This measure provides for a capital advance of up to \$17.5 million in 1998-99 to the new company, with access to this funding contingent on final consideration of CRS's business plan, and finalisation of its capital structure. This capital advance will affect the headline budget balance only.

## HEALTH AND FAMILY SERVICES

### Contingent capital advance for Australian Hearing Services

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.0	0.0	0.0	0.0

#### Explanation

In November 1997, the Government introduced reforms to the hearing services market for eligible pensioners and veterans. As part of these reforms, the Government agreed to restructure Australian Hearing Services (AHS) from a statutory authority to a Commonwealth company limited by shares by 30 June 1998.

This measure provides for a capital advance of \$5 million in 1998-99 to the new company, contingent on final consideration of the business plan to be developed by AHS. This capital advance will affect the headline budget balance only.

## HEALTH AND FAMILY SERVICES

### Establishment of a peak body on homelessness through enhanced funding of the Community Sector Support Scheme

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.2	0.2	0.2	0.2

#### Explanation

The initiative seeks to address homelessness by establishing for the first time, a single peak body on homelessness which will work on behalf of those people who are highly marginalised within the Australian community. The peak body will provide a focus on addressing the issue of homelessness and provide the Government with policy advice in this area.

## IMMIGRATION AND MULTICULTURAL AFFAIRS

### Enhancement of visa processing and border monitoring

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
19.4	11.8	10.1	10.3

#### Explanation

The objective of this measure is to enable more rigorous screening of overseas visitors prior to their entry into Australia. It is aimed at reducing the number of persons arriving at Australian airports illegally, and at enhancing the integrity of Australia's borders while assisting the entry of bona fide travellers. Under this measure there will be:

- more rigorous screening of visa applicants from high risk countries by additional Australian-based and locally engaged staff;
- increased interdiction work offshore by additional overseas compliance officers and airline liaison officers;
- training of travel agents and airline staff by Electronic Travel Authority liaison managers;
- increased vigilance by airport-based staff and enhanced screening arrangements to increase the identification and removal of people seeking to circumvent entry procedures to Australia; and
- improved coastal surveillance and detection capability in the Torres Strait.

Enhancements will also be made to the Movement Alert List, the central character-checking tool for detecting those individuals with questionable character, debts owing to the Commonwealth or criminal convictions prior to progressing their application for a visa. Under the measure, the Movement Alert List platform will be upgraded to accommodate recently expanded name search facilities. This will allow more rigorous name searches to be undertaken without compromising the smooth clearance of genuine passengers through Australia's airports.

## IMMIGRATION AND MULTICULTURAL AFFAIRS

### Redevelopment of the Villawood Detention Centre

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
nfp	nfp	nfp	nfp

#### Explanation

This measure enables the redevelopment and expansion of the Villawood facility by mid-1999. The redevelopment will ensure that detainees are accommodated in a secure and appropriate facility.

The Department of Immigration and Multicultural Affairs (DIMA) is negotiating details of a 'build, own and operate' agreement under which its detention services provider will finance the construction and maintenance of the redeveloped facility. DIMA will pay an annual charge for the use of the facility. The funding for this measure is commercially sensitive and not for publication, as negotiations with the service provider will not be finalised until after the Budget.

#### Further Information

The Villawood Immigration Detention Centre in Sydney is a holding facility for unlawful non-citizens in Australia. Former migrant on-arrival accommodation on the adjacent Westbridge site is currently also being used for detention. The proposed redevelopment will free up the Westbridge site from June 1999 for other uses or disposal, while maintaining the existing detention capacity in Sydney.

## IMMIGRATION AND MULTICULTURAL AFFAIRS

### Modification to selection procedures for the 1998-99 Migration Programme

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
1.5	1.1	0.6	0.6

#### Explanation

This measure maintains the size of the Migration (non-Humanitarian) Programme at 68,000 places in 1998-99. It continues the focus on skilled entry, with modifications to selection procedures expected to:

- enhance the employability of skilled migrants;
- increase parent migration, while minimising the associated costs to the taxpayer; and

- improve the economic benefits of the Programme to Australia.

The modifications to selection procedures will result in minor net additional administrative expenses. These will be partially offset by reductions in the Adult Migrant English Programme resulting from a slight reduction in the overall size of the family migration stream. The measure also provides for continued funding of the Business Advisory Panel.

#### **Further Information**

See also related revenue measure titled *1998-99 Migration Programme - visa application charges*.

### **IMMIGRATION AND MULTICULTURAL AFFAIRS**

#### **Strengthening of visa cancellation and refusal powers**

##### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
2.5	0.8	0.7	0.7

##### **Explanations**

This measure will strengthen the visa cancellation and refusal powers on character grounds of the Minister for Immigration and Multicultural Affairs and his delegates. Non-citizens would be deemed to be not of good character if they have committed a crime for which they have been sentenced to prison for 12 months or more. In addition, the onus of proof will now rest with the visa applicant, or visa holder, to satisfy the Minister that they are of good character.

Funding of \$4.7 million between 1998-99 and 2001-02 is provided to allow for increases in administrative costs and the potential for additional appeals.

### **IMMIGRATION AND MULTICULTURAL AFFAIRS**

#### **Changes to offshore English language testing arrangements**

##### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
-0.6	-0.7	-0.7	-0.8

##### **Explanation**

The measure will discontinue use of the Australian Assessment of Communicative English Skills (ACCESS) test. Use of the test is currently subsidised by the Government.

Applicants for migration whose English language ability requires assessment will be able to be tested under the General Training Module of the International English Language Test (IELTS). IELTS meets migration requirements and is more widely available. The fee to sit the test is the same as for the ACCESS test and does not require subsidy.

## **IMMIGRATION AND MULTICULTURAL AFFAIRS**

### **Closure of loan funds operated by the International Organization for Migration**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
-1.9	-0.1	0.0	0.0

#### **Explanation**

The International Organization for Migration (IOM) administered loan funds were set up in the early 1990s to assist East European migrants who did not have access to hard currency and humanitarian arrivals from South East Asia under camp clearance programmes. IOM arranged for travel to Australia, with the beneficiaries required to repay the travel costs within thirty months of arrival. The rationales for these loan funds no longer exist, as hard currency restrictions have eased in East European countries and the camp clearance programs have finished. The loan funds will be closed with funds returning to the budget.

## INDUSTRY, SCIENCE AND TOURISM

### Funding for an education campaign to facilitate community understanding of legislative changes governing country of origin representations

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
1.2	0.2	0.0	0.0

#### Explanation

This measure will fund an education campaign to ensure that consumers, manufacturers and primary producers understand the meaning and implications of the amended law.

The changes to the law implement a clear two-tiered hierarchy for country of origin representations:

- the “Product of Australia” label will be reserved for goods containing 100 per cent local content or near to it; and
- producers using the “Made in Australia” claim will need to satisfy a substantial transformation test and show that the majority of their cost of production was incurred in Australia.

Under the new law, industry and consumers will also have the flexibility to design their own industry logos which may set even higher standards of Australian content.

## INDUSTRY, SCIENCE AND TOURISM

### Reform of Australia's Anti-Dumping and Countervailing System

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.0	-0.1	-0.1	-0.1

#### Explanation

This measure provides for:

- delivering the Government's election commitment to introduce an investigation period for dumping inquiries of 155 days;
- imposing provisional measures at or after day 60 of an investigation where necessary;
- extending the current responsibilities of the Australian Customs Service (ACS) to all dumping and countervailing investigations; and
- abolishing the Anti-Dumping Authority (ADA) and establishing a statutory appeal mechanism within the Department of Industry, Science and Tourism.

The financial implications reflect administrative savings from streamlining the anti-dumping and countervailing system, and do not include any anticipated change in dumping duty collections as a result of the reforms.

## **INDUSTRY, SCIENCE & TOURISM**

### **Sydney 2000 Games - Olympics and Paralympics**

#### **Financial Implications (\$m)**

	1998-99	1999-00	2000-01	2001-02
Foreign Affairs and Trade	0.7	2.1	1.5	0.0
Health and Family Services	0.0	0.0	2.4	0.0
Immigration and Multicultural Affairs	0.1	0.1	0.0	0.0
Industry, Science and Tourism	8.1	8.1	28.1	0.0
Primary Industries and Energy	0.1	0.2	0.0	0.0
Total	9.0	10.4	32.0	0.0

#### **Explanation**

The Commonwealth has approved a number of initiatives relating to the staging of the Sydney 2000 Games (in addition to approximately \$410 million already spent or committed):

Games-related activities, costing \$6.1 million between 1998-99 and 2000-01, to assist with the smooth staging of the Games. These activities are: providing a coordinated visitors' information campaign; providing specific health care access for selected members of the Olympic and Paralympic families; and undertaking Games-related research on performance-enhancing substances and strengthening Australia's anti-doping programme in the period before the Games.

Promoting Australia in the context of the Games, costing \$13.3 million between 1998-99 and 2000-01, through initiatives designed to enhance coverage of Australia overseas and to exploit our economic opportunities provided by the Games. These initiatives are: providing support for unaccredited media personnel at the time of the Games; providing one-stop-shop assistance for Business Club Australia members; and additional funding of Australian Tourist Commission activities.

Subject to the successful conclusion of negotiations with the New South Wales government, the Commonwealth has made a provisional allocation of up to \$32 million, between 1998-99 and 2000-01, to assist the Sydney Organising Committee for the Olympic Games (SOCOG) to purchase further services for the Games.



## INDUSTRY, SCIENCE & TOURISM

### Consumer Information Programme

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.2	0.4	0.4	0.0

#### Explanation

This measure will deliver the final elements of the Government's consumer affairs election policy commitments as set out in its Consumer Affairs Policy Statement *The Consumer Interest*.

This measure aims to provide:

- national consumer information initiatives for business and consumers, with particular reference to people on low incomes, those with limited English, people living in rural and remote areas and older Australians;
- community-based education programmes, and information products targeted at disadvantaged consumer groups, who may not be aware of their rights and responsibilities and who may have difficulty accessing information in a fast changing and increasingly complex marketplace;
- a research-based product safety programme to identify areas of potential risk to consumers and lead to the development of targeted injury prevention strategies for consumers and business; and
- information on industry-based consumer dispute resolution schemes to ensure that consumers know how to use the schemes and that businesses have access to advice on how to set up and deliver such services.

## INDUSTRY, SCIENCE AND TOURISM

### Automotive Market Access and Development Strategy

#### Financial Implications (\$m)

	1998-99	1999-00	2000-01	2001-02
Industry, Science and Tourism	7.4	4.6	4.7	2.8
Foreign Affairs and Trade	0.4	0.3	0.3	0.1
Total	7.7	4.8	4.9	2.9

#### Explanation

This measure follows on from the announcement by the Prime Minister, the Treasurer and the Minister for Industry, Science and Tourism on 5 June 1997, to implement the Government's Automotive Market Access and Development Strategy.

The objective of this measure is to improve trade prospects for the automotive industry by pursuing trade liberalisation and market access in key markets.

The strategy will coordinate the agenda for market access, industry and technological collaboration, and market development in priority markets. It will bring together the operations of agencies and industry associations in a coherent fashion.

### **Further Information**

Activities to be undertaken from this programme include:

- the establishment of an Automotive Trade Council;
- the appointment of the Prime Minister's special automotive envoy who will have a pivotal role in implementing the strategy;
- the appointment of an automotive market access facilitator in the Department of Foreign Affairs and Trade to pursue market access issues in multilateral, regional and bilateral fora; and
- the establishment of a four year programme of strategic and targeted market development activities, including the placement of specialist automotive representatives in key overseas markets.

## **INDUSTRY, SCIENCE AND TOURISM**

### **Australian Institute of Marine Science facilities - Capital refurbishment**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
2.0	3.0	3.6	3.0

#### **Explanation**

The Government has provided additional funding to the Australian Institute of Marine Science (AIMS) to assist with the refurbishment and upgrade of existing infrastructure and research vessels.

#### **Further Information**

AIMS is a Commonwealth statutory authority established under the *Australian Institute of Marine Science Act 1972*. The Institute undertakes marine science and technology research to build knowledge and understanding of marine ecosystems, for promoting sustainable development of marine industries and for allowing effective conservation of marine resources. AIMS headquarters and main facilities are at Cape Ferguson, 50 km from Townsville in north Queensland. The Institute also maintains a small facility at Dampier in north Western Australia, where its research programs assist the sustainable development of the Northwest Shelf.

## INDUSTRY, SCIENCE AND TOURISM

### Australian Satellite Laser Ranging Network

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.0	0.5	0.5	0.5

#### Explanation

This measure involves provision of funding for the operation of the Yaragadee, Western Australia Satellite Laser Ranging Facility, for three years. The current operator of the station, the National Aeronautics and Space Administration (NASA), has decided to withdraw from operation of the facility. The Government will fund continued operation for three years from 1999-2000 to 2001-02. The Australian Surveying and Land Information Group (AUSLIG) will absorb operation costs for 1998-99. It is one of two such facilities in Australia, the other being operated by AUSLIG in the Australian Capital Territory.

#### Further Information

The station is part of a global network of Satellite Laser Ranging Stations including 43 in the northern hemisphere and only three in the southern hemisphere.

## INDUSTRY, SCIENCE AND TOURISM

### Space Licensing and Safety Office

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
1.3	0.2	0.2	0.2

#### Explanation

This measure will establish a Space Licensing and Safety Office which will be responsible for the licensing and safety issues for the commercial space launch industry within Australia.

#### Further Information

There are currently several proposals to develop space launch facilities in Australia.

## INDUSTRY, SCIENCE AND TOURISM

### Compensation to the Societe Internationale de Telecommunications Aeronautiques

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
1.8	1.8	1.7	1.8

#### Explanation

This measure will provide compensation to the Societe Internationale de Telecommunications Aeronautiques (SITA) to honour a longstanding commitment by the Commonwealth to exempt SITA from paying various taxes and customs duties in return for SITA having established its regional headquarters in Australia.

The regulations currently exempting SITA from paying various taxes have been deemed to be invalid, and conversion to an outlays program from 1 July 1998 will be necessary to replace the present system of exemptions for SITA.

#### Further Information

SITA is a not-for-profit cooperative organisation, with its registered office in Brussels. SITA provides an extensive range of telecommunications and information processing services over the world's largest telecommunications network.

In 1989, the Commonwealth offered incentives to attract SITA to establish its Asia Pacific headquarters in Australia. SITA was accorded 'international organisation' status under the International Organisations (Privileges and Immunities) Act 1963 and granted taxation and customs duties exemptions.

Subsequently, advice was received that regulations conferring the status and privileges were invalid, as SITA did not meet the definition of 'international organisation' under the Act.

This proposal will make payments to SITA equivalent to its liability for customs duties and taxes, including State taxes and charges. This will ensure ongoing delivery of the Commonwealth's commitment to SITA.

## INDUSTRY, SCIENCE AND TOURISM

### Continued funding of the Building Codes Board

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
1.0	1.0	0.0	0.0

#### Explanation

This measure continues the Commonwealth's contribution to the operating costs of the Australian Building Codes Board (ABCB) for a further two years. The work of the ABCB aims to overcome the burden of the regulatory system on both the building industry and the community, and lift performance to increase cost efficiency and innovation by developing nationally consistent and best practice building regulation.

#### Further Information

The ABCB is a body created by Commonwealth, State and Territory Ministers with responsibility for building regulation to progress regulation reform in Australia. The Board receives funding from the Commonwealth and the States, and from cost recovery and royalty payments.

## INDUSTRY, SCIENCE AND TOURISM

### Interim funding for the Science and Technology Awareness Programme

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.0	0.8	0.0	0.0

#### Explanation

This measure provides interim funding to allow for announcement of the 1999-2000 Australia Prize in 1998-99 under the Science and Technology Awareness Programme prior to a full review of the programme in the context of the 1999-2000 Budget.

The objective of the Programme is to support the development of national science and technology capabilities by increasing Australians' understanding of the central role that science and technology play in national economic and social development.

Activities funded under this Programme include:

- the Australia Prize;
- the National Science Week;
- the Science Now forum; and

- awareness-raising activities undertaken by science communicators, teachers, scientific and academic organisations (via a competitive grants programme).

## **INDUSTRY, SCIENCE AND TOURISM**

### **Administration of Post 2000 Textile, Clothing and Footwear and Passenger Motor Vehicles Initiatives**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
1.8	2.1	1.7	2.1

#### **Explanation**

Following on from Industry Commission reports on the Textiles, Clothing and Footwear (TCF) and Passenger Motor Vehicle (PMV) industries, the Government agreed on measures to provide the policy framework for these two industries post 2000. This measure is to provide running costs to implement and administer the post 2000 measures.

The TCF initiatives include:

- TCF Action Agendas;
- the TCF Technology Development Fund;
- extended Overseas Assembly Provisions;
- the Centre for Excellence;
- the Market Development Strategy;
- the review of the TCF tariff anomalies; and
- TCF Strategic Investment Programme.

The PMV initiatives include introduction of a programme to replace the Export Facilitation Scheme when it ends in 2000 (see also revenue measure titled *Automotive Competitiveness and Investment Scheme*).

## INDUSTRY, SCIENCE AND TOURISM

### Australian Mapping Initiative

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
1.0	1.0	0.0	0.0

#### Explanation

The Government has provided \$2 million over two years to the Australian Surveying and Land Information Group (AUSLIG) for the revision of a number of 1:100 000 scale maps. Areas to be mapped will be selected following discussions with bushfire and emergency services agencies. Priority will be given to areas likely to be affected by bushfires and other natural disasters and where existing maps are most out-of-date. All map production work will be outsourced under contracts managed by AUSLIG. Funding of \$2 million is expected to enable production of approximately 30 to 40 maps.

#### Further Information

AUSLIG is a business unit of the Department of Industry, Science and Tourism. It is the Government's primary source of advice on land information matters and is responsible for policy, standards and coordination associated with delivery of national and international land information programmes; management of the national mapping, maritime boundary, remote sensing and geodesy programmes; and implementation of the Australian Spatial Data Infrastructure.

## INDUSTRY, SCIENCE AND TOURISM

### Tourism package - Increased funding for tourism promotion and development

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
12.0	12.2	12.5	12.8

#### Explanation

In recognition of the importance of the tourism industry and the adverse impact of the Asian crisis on the growth of overseas visitors to Australia, the Government will provide additional funding to the Australian Tourist Commission (ATC) and the Department of Industry, Science and Tourism (DIST) to more effectively market Australia as a tourist destination and develop the tourism potential of regional Australia.

The ATC will be given an additional \$41.2 million over four years for increased promotional activity in traditional high yield tourism markets including the USA, the UK and Europe and to offset the increase in promotional costs in these countries. The additional funding will also be used to develop new market segments in these countries

and to establish a presence in emerging markets such as China (where Australia has been recently granted official destination status), India, Eastern Europe and Latin America.

DIST will be allocated \$8.3 million over four years to enhance the tourism potential of regional and rural Australia with the view to developing niche markets and encouraging increased tourism beyond the major gateways.



## PRIMARY INDUSTRIES AND ENERGY

### Ex gratia payment in respect of banana crop losses associated with eradication measures to control a Black Sigatoka outbreak

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.0	0.0	0.0	0.0

#### Explanation

The Commonwealth has made a one off payment of \$100,061 in 1997-98 to a banana grower whose crops were destroyed as part of a campaign to control an outbreak of the exotic disease, black sigatoka. This payment represents the value of crops lost less any compensation received elsewhere.

#### Further Information

Once established, the Australian Plant Health Council (APHC) will be investigating means for ensuring appropriate compensation is an integral part of contingency plans and response strategies for incursion of exotic pests and diseases.

## PRIMARY INDUSTRIES AND ENERGY

### Exceptional Circumstances - Monaro Region A

#### Financial Implications (\$m)

	1998-99	1999-00	2000-01	2001-02
Employment, Education, Training and Youth Affairs	0.0	0.0	0.0	0.0
Health and Family Services	..	..	0.0	0.0
Primary Industries and Energy	0.9	0.4	0.0	0.0
Social Security	0.1	0.1	..	0.0
Total	1.0	0.5	..	0.0

#### Explanation

This measure reflects the declaration of a part of the Monaro region of New South Wales (identified as Region A) to be under 'exceptional circumstances', due to an exceptional combination of climatic and biotic events. Farmers whose properties are assessed as affected, and who meet established eligibility criteria, may be entitled to assistance under the Exceptional Circumstances component of the *Agriculture Advancing Australia* policy package. The measure also includes amounts to be paid to the Rural Adjustment Authority in New South Wales to cover costs associated with the delivery of the scheme and payment of interest subsidies on the Commonwealth's behalf. Including funds provided in 1997-98, the total value of assistance available to eligible farmers is \$1.9 million. Funding for assistance programmes in 1997-98 amounts to \$0.4 million.

## PRIMARY INDUSTRIES AND ENERGY

### Drought Exceptional Circumstances - Several areas

#### Financial Implications (\$m)

	1998-99	1999-00	2000-01	2001-02
Employment, Education, Training and Youth Affairs	0.0	0.0	0.0	0.0
Health and Family Services	0.1	0.1	0.0	0.0
Primary Industries and Energy	7.2	4.1	0.0	0.0
Social Security	0.6	0.6	0.2	0.0
Total	8.0	4.8	0.2	0.0

#### Explanation

The Government declared Drought Exceptional Circumstances (DEC) in East Gippsland (Victoria), an area known as Monaro Region B (New South Wales), Flinders Island (Tasmania) and parts of Flinders, Winton and Aramac Shires in Queensland. Farmers whose properties are assessed as drought affected may be entitled to assistance under the Exceptional Circumstances component of the *Agriculture Advancing Australia* package. The value of assistance available directly to farmers is \$14.3 million, including \$1.8 million in 1997-98 and \$7.6 million in 1998-99. In addition, \$0.6 million (\$0.1 million in 1997-98) is provided for the cost of delivery of services through Centrelink and State/Territory Rural Assistance Authorities.

The amounts allocated to aid farmers over all years are: East Gippsland, \$9.5 million; Monaro Region B, \$0.9 million; Flinders Island, \$1.2 million; and Flinders shire area, \$2.8 million.

## PRIMARY INDUSTRIES AND ENERGY

### National Geoscience Survey Initiative

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
11.3	8.1	8.3	8.6

#### Explanation

This measure provides funding to the Australian Geological Survey Organisation for the collection and analysis of geoscientific data to promote investment and exploration in oil, gas and minerals in Australia's land and ocean territories.

#### Further Information

At current oil production rates, Australia has 14 years of reserves and, consequently, the need to find major new oil and gas deposits is becoming increasingly urgent. The availability of pre-competitive geoscientific data is essential to attract commercial

exploration investment and exploration, particularly in frontier areas not currently being explored.

Mapping of areas least understood geologically or poorly explored will encourage onshore mineral exploration as part of the Commonwealth's contribution to the National Geoscience Mapping Accord with the States and Territories. Emphasis will be placed on mapping the extension of known mineral provinces under a shallow cover represented by sediments, soils and weathered materials.

## **PRIMARY INDUSTRIES AND ENERGY**

### **Offsets for Australian Geological Survey Organisation's offshore petroleum programme**

#### **Financial Implications (\$m)**

	1998-99	1999-00	2000-01	2001-02
	0.0	-11.0	-11.0	-11.0

#### **Explanation**

This measure represents savings to the Budget of \$11 million per annum in each of the years 1999-2000 to 2001-02 to offset the offshore petroleum component of the National Geoscience Survey Initiative. The mechanism to implement this measure will be identified as part of a review of the funding and activities of the Australian Geological Survey Organisation.

#### **Further Information**

See related Primary Industries and Energy outlays measure titled *National Geoscience Survey Initiative*.

## **PRIMARY INDUSTRIES AND ENERGY**

### **Payments to the Tasmanian State Government under the Tasmanian Regional Forest Agreement**

#### **Financial Implications (\$m)**

	1998-99	1999-00	2000-01	2001-02
Environment	3.4	1.6	0.0	0.0
Primary Industries and Energy	3.4	1.6	0.0	0.0
Total	6.8	3.2	0.0	0.0

#### **Explanation**

This measure provides funding of \$10 million to the Tasmanian Government for plantation establishment and forest intensification programmes under the terms of the existing Regional Forest Agreement (RFA) with the Commonwealth. This amount is part of a total funding package of \$110 million to the Tasmanian Government to meet

both the conservation and industry objectives of the Tasmanian Regional Forest Agreement, including plantation and infrastructure development, intensive forest management initiatives, tourism facilities, new reserve management and private land conservation.

### **Further Information**

Regional Forest Agreements are agreements made between the Commonwealth and States and Territories under the National Forest Policy Statement. Agreements establish the process for the ecologically sustainable management of forests, set aside a comprehensive, adequate and representative forest reserve system and promote the development of an internationally competitive forests products industry.

**PRIME MINISTER AND CABINET**

**Contribution to the relief fund established to assist families of the victims of the bridge tragedy at the Maccabiah Games in Israel**

**Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
0.0	0.0	0.0	0.0

**Explanation**

In July 1997, at the fifteenth Maccabiah Games held in Israel, four Australians were killed and a number of others seriously injured when a bridge collapsed prior to the opening ceremony. The Maccabiah Australia Victims Support Fund was established by Maccabi Australia Inc to assist victims and their families. The Government agreed to contribute \$5,000 to this support fund. The contribution was made in December 1997.

**PRIME MINISTER AND CABINET**

**Contribution to the relief fund established to assist families of the fire fighting victims in the Southern Highlands**

**Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
0.0	0.0	0.0	0.0

**Explanation**

In early January 1998, in fighting a major bush fire in the Southern Highlands, one fire fighter died and a number of others were seriously injured. The Wingecarribee Shire Council has established the 1998 Wingello Fire Victims Appeal to assist the families of fire fighting victims. The Government agreed to contribute \$10,000 to this relief fund. The contribution was made in February 1998.

**PRIME MINISTER AND CABINET**

**Contribution to the relief fund established to provide assistance to those affected by floods in North Queensland**

**Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
0.0	0.0	0.0	0.0

**Explanation**

In early January 1998, heavy floods caused extensive damage in North Queensland, particularly in Townsville and surrounding areas. The Government agreed to contribute

\$100,000 to the North Queensland Floods Relief Appeal established to provide assistance to those affected by floods. The contribution was made in February 1998.

**PRIME MINISTER AND CABINET**

**Donation to Weary Dunlop-Boonpong Exchange Fellowship administered by Royal College of Surgeons of Thailand and Royal Australasian College of Surgeons**

**Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
0.0	0.0	0.0	0.0

**Explanation**

The Weary Dunlop-Boonpong Exchange Fellowship promotes medical training for young Thai surgeons in Australia in specialist fields. The Fellowship is well regarded and its work is appreciated both in Australia and in Thailand.

The Government agreed to contribute \$50,000 in 1997-98 to the Fellowship for the good work done by the Fellowship and as a testimony to the work of both Dunlop and Boonpong in promoting harmony and understanding between Australia and Thailand.

## SOCIAL SECURITY

### Ex gratia payments to income tested pensioners resident in nursing homes due to the exemption of specified forms of income from 6 November 1997

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.0	0.0	0.0	0.0

#### Explanation

This measure provides ex gratia payments to income tested pensioners resident in nursing homes whose social security entitlements were increased due to the exemption of specified forms of income and assets from means testing from 6 November 1997.

#### Further Information

The Prime Minister announced on 5 November 1997 the abolition of accommodation bonds for nursing home entry. The bonds were replaced with accommodation charges from 6 November 1997. In addition, concessions were announced which assist pensioners who are renting their former home and paying an accommodation charge.

Prior to amending legislation being passed to give effect to the announced changes, ex gratia payments were made to affected pensioners. A total of \$2.45 million was allocated for these payments. All ex gratia payments are expected to be made in the 1997-98 financial year.

## SOCIAL SECURITY

### Additional Commonwealth emergency payments to individuals and redevelopment assistance following Katherine floods

#### Financial Implications (\$m)

	1998-99	1999-00	2000-01	2001-02
Social Security	0.0	0.0	0.0	0.0
Transport and Regional Development	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

#### Explanation

The Government implemented a number of initiatives to assist personal, business and regional recovery following the floods that affected the Katherine region of the Northern Territory in January and February 1998. The total costs of these initiatives is \$16.5 million, all of which is expected to be expended during 1997-98.

## Further Information

On 30 January 1998, the Prime Minister announced that the Commonwealth would provide ex gratia payments to persons affected by the Katherine floods. The Commonwealth Emergency Payment of \$1000 per adult and \$200 per child was made to eligible persons in recognition of widespread property damage and the dislocation of people's lives in and around Katherine. \$8.2 million has been allocated to fund the Commonwealth Emergency Payment. These ex gratia payments are all expected to be made in the 1997-98 financial year.

The Commonwealth Emergency Payment is additional to payments under the Personal Hardship and Distress provisions of the Natural Disaster Relief Arrangements.

On 5 February 1998, the Prime Minister and the Chief Minister of the Northern Territory announced the formation of a \$10 million Katherine District Business Re-establishment Package, to which the Commonwealth contributed \$3.3 million in 1997-98. The Northern Territory Government and the private sector provided equal contributions to the Package. A trust comprising representatives of each contributing party has been established to administer the funds. Funds will be provided to eligible small businesses to accelerate their recovery following the Katherine floods.

The Commonwealth also provided an additional \$5 million in new road funding to the Northern Territory to commence immediate restoration of sections of the Stuart Highway affected by flooding. This contribution is in addition to the Commonwealth's allocation of road funds for the National Highway System in the Northern Territory for 1997-98.

## SOCIAL SECURITY

### Ex gratia payment to non-pension age partners of farmers assisted under Retirement Assistance for Farmers

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.5	0.0	0.0	0.0

#### Explanation

This measure will allow partners of farmers who are assisted under the Government's Retirement Assistance for Farmers (RAF) Scheme, announced on 14 September 1997, to receive back payment of income support payments.

Under the RAF Scheme non-pension age partners of older, low income farmers who transfer their farm up to a maximum value of \$500,000 to younger family members will qualify for income support payments without having their entitlement affected by the usual gifting provisions.

Where a non-pension age partner's entitlement to income support payments is established, such payments will be backdated to 15 September 1997, the date of



divestment of the farm property or the date on which their partner receives the Age Pension, whichever is the later.

Entitlement to payment is dependent on the passage of the Social Security and Veterans' Affairs Legislation Amendment (Retirement Assistance for Farmers) Bill, following which back payment to the qualifying date is to be made by way of an ex gratia payment.

## **SOCIAL SECURITY**

### **Running costs for the introduction of a Youth Allowance for students aged under 25 and the unemployed aged under 21**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
22.5	14.5	15.4	14.8

#### **Explanation**

Youth Allowance is a new social security payment providing an integrated system of income support for students under 25 and for the unemployed under 21. Implementation date for Youth Allowance is 1 July 1998.

This measure provides running costs for the administration of the Youth Allowance. Most of the costs are for the administration of the parental means test for unemployed people aged 18 to 20, additional compliance activities and new activity test requirements for those aged under 18.

## **SOCIAL SECURITY**

### **Defer until 1 January 1999 the requirement for Youth Allowees aged under 18 to be in education or training**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
3.7	0.0	0.0	0.0

#### **Explanation**

The Youth Allowance eligibility requirement for young people under 18 years of age to be in full-time education or training has been deferred from 1 July 1998 until 1 January 1999. This deferral, which was announced on 28 January 1998, will help ensure a smooth transition to Youth Allowance arrangements and allow schools and other education and training providers additional time to prepare for students returning to school at the beginning of 1999.

The costs arise from income support payments being made available to young people who would otherwise have been ineligible for payment between 1 July 1998 and 1 January 1999.

## **SOCIAL SECURITY**

### **Consistent treatment of Youth Allowees for calculating income free areas**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
0.4	0.5	0.5	0.5

#### **Explanation**

This measure will treat Youth Allowees aged under 18, who are not independent, as dependants for the pension and Family Allowance income free areas, resulting in increased income support payments.

Currently, income support payments for single parents can be increased if dependent children receive Youth Training Allowance. However, payments to Family Allowance recipients can only be increased for full-time dependent students who meet specific eligibility criteria.

## **SOCIAL SECURITY**

### **Alignment of Family Allowance and Youth Allowance payment cycles**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
0.5	0.0	0.0	0.0

#### **Explanation**

This measure provides a one-off additional Family Allowance payment on 2 July 1998 to those families whose entitlement to Family Allowance will be reduced as a result of the introduction of Youth Allowance.

When student children become eligible for the new Youth Allowance, their parents will cease to be able to claim them as dependants for Family Allowance purposes, with families receiving their last payment of Family Allowance in respect of these children on 18 June 1998. This measure provides for a one off top up payment to affected parents on 2 July 1998, equal to the amount of Family Allowance the family would have received in respect of the child had Youth Allowance not commenced operation.

On the next payday on 16 July 1998, the first full instalment of Youth Allowance will be paid and the Family Allowance payment will not include the child receiving Youth Allowance.

## SOCIAL SECURITY

### Extend eligibility for Youth Allowance – Definition of independence

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
7.7	10.0	11.0	11.2

#### Explanation

This measure, which revises the definition of marriage-like relationship and self-support, arises from amendments made to the Government's proposal, announced in June 1997, to introduce a Youth Allowance for students aged under 25 and the unemployed aged under 21 from 1 July 1998.

Legislation to give effect to the proposal was included in Social Security Legislation Amendment (Youth Allowance) Bill 1997 introduced into Parliament in October 1997. The Senate requested a number of amendments to the Bill, which have been accepted by the Government.

This measure extends eligibility for Youth Allowance by broadening the definition of independence through:

- a reduction in the required number of hours per week of part-time employment for at least two years since the person last left secondary school from 20 to 15; and
- a reduction in the required amount of earned income.

In addition the required duration of membership of a couple in a marriage-like relationship has been reduced from 2 years to 12 months.

Under this measure an additional 5800 young people are expected to become eligible for Youth Allowance over the next four years.

## SOCIAL SECURITY

### Extend exemptions for Youth Allowees to be in education or training

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
1.8	0.0	0.0	0.0

#### Explanation

The effect of this measure is to exempt those aged 16-17 years who left school before 1 July 1997 from the Youth Allowance eligibility requirement to be in full-time education or training. This measure, which takes effect from 1 January 1999, will

increase by 800 the number of Youth Allowance recipients in 1998-99, with a consequential impact on outlays.

This measure arises from an amendment made to the Government's proposal, announced in June 1997, to introduce a Youth Allowance for students aged under 25 and the unemployed aged under 21 from 1 July 1998.

Legislation to give effect to the proposal was included in Social Security Legislation Amendment (Youth Allowance) Bill 1997 introduced into Parliament in October 1997. The Senate requested a number of amendments to the Bill, which have been accepted by the Government.

## **SOCIAL SECURITY**

### **Extend Mobility Allowance**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
3.3	3.5	3.8	4.1

#### **Explanation**

Mobility Allowance is provided at a rate of \$56.70 per fortnight to assist with the transport needs of people with disabilities who are in employment, looking for work, undertaking vocational training or voluntary work and who are unable to use public transport without substantial assistance.

It has been the normal practice of the Department of Social Security to pay Mobility Allowance to people with disabilities engaged in independent living skills training. As a result of uncertainty regarding the legislative authority for these payments, on 18 December 1997 the Minister for Social Security, with the Prime Minister's agreement, announced the intention to provide clear legislative authority for the payments.

At the same time as this is being done, the opportunity is being taken to extend eligibility to students aged 16-18 attending high school. This will assist approximately 1000 high school students with disabilities to meet their transport needs.

This measure allows past practice to continue with certainty and ensures that clients in living skills training with transport difficulties are assisted financially.

## SOCIAL SECURITY

### Improve and simplify assistance for foster carers

#### Financial Implications (\$m)

	1998-99	1999-00	2000-01	2001-02
Health and Family Services	0.0	2.0	2.2	2.5
Social Security	1.0	2.5	2.7	2.8
Total	1.0	4.5	4.9	5.2

#### Explanation

This proposal:

- aligns elements of the sole and partnered foster carers' eligibility for Parenting Payment by removing the waiting period for Parenting Payment for single foster carers; and
- issues a Health Care Card (HCC) to foster carers who receive Family Allowance and do not currently qualify for an HCC for that child, if the foster child had an HCC in his or her previous family. This is solely for use for the health expenses incurred by the foster child.

Under current arrangements, Parenting Payment (Single) imposes a 12-month waiting period on lone parent foster carers whereas Parenting Payment (Partnered) imposes no waiting period on partnered foster carers. Removal of the waiting period for single foster carers ensures equity between partnered and single foster carers. It is expected that approximately 900 single foster carers will benefit from this measure by becoming eligible for Parenting Payment.

Issue of an HCC to foster carers of an eligible foster child provides a greater level of assistance to middle income foster carers with out-of-pocket pharmaceutical expenses incurred for foster children in their care. If a child were covered by an HCC in his or her original family, an HCC will be issued covering the foster child in his or her foster family. There are approximately 4,400 families who will benefit from this measure.

## SOCIAL SECURITY

### Apply the liquid assets waiting period consistently to education leavers

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
-0.3	-1.7	-1.7	-1.8

#### Explanation

A waiting period is imposed on Newstart Allowance claimants based on the view that people with sufficient financial resources to support themselves should do so before turning to the social security system.

This measure will apply the liquid assets waiting period to education leavers claiming Newstart Allowance and Sickness Allowance, consistent with the provisions that will apply to Youth Allowance customers.

The waiting period will defer payment for a period of up to 13 weeks to claimants with liquid assets of \$3,000 or more (\$6,000 if a member of a couple) at the time of claiming Newstart Allowance or Sickness Allowance. It is anticipated that around 2,500 education leaver claimants will serve a waiting period based on their liquid assets.

This measure takes effect in March 1999, and thus has only a part year effect on outlays in 1998-99.

## SOCIAL SECURITY

### Introduce a two-tiered payment structure for Austudy Pensioner Education Supplement to better reflect students' study loads

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.0	-1.2	-6.0	-6.5

#### Explanation

The Pensioner Education Supplement is paid to eligible pensioners who undertake qualifying studies. The Government is transferring responsibility for the supplement from the Department of Employment, Education, Training and Youth Affairs to the Department of Social Security, as part of the administrative changes associated with the introduction of a Youth Allowance from 1 July 1998.

Under this measure, funding for education will be better targeted at those pensioners whose study load is more substantial by:

- halving the rate to those pensioners studying less than 50 per cent of a full-time load (ie to \$30 per fortnight);

- retaining entitlement to the Education Entry Payment of \$200 a year for affected pensioners; and
- providing an exemption that would exclude recipients of the Disability Support Pension from the rate change. These people would continue to be eligible for the maximum Pensioner Education Supplement rate of \$60 per fortnight for study loads less than 50 per cent.

This addresses concerns that pensioners may be eligible for an education supplement even though their study load is relatively light, whilst recognising that certain pensioner groups may have less capacity to increase their study loads.

This measure takes effect from March 2000.

## **SOCIAL SECURITY**

### **Apply the newly arrived residents' waiting period to Agreement countries**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
-0.1	-9.6	-16.1	-16.7

#### **Explanation**

This measure requires New Zealand citizens to wait for a period of two years (as applies to newly arrived residents from other countries) before being eligible to claim Newstart, Sickness, Partner, Mobility and Mature Age Allowances and the Commonwealth Seniors Card.

This measure implements Australia's policy of applying waiting periods consistently to all migrants, including those from countries with which Australia has a Social Security Agreement.

This measure does not affect New Zealanders who are currently recipients of social security allowances in Australia. The new waiting period applies only to future arrivees.

## SOCIAL SECURITY

### Child Support Package

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.4	-1.2	-1.3	-1.4

#### Explanation

This package consists of two elements detailed below.

##### *Abolish the Special Maintenance Ceiling:*

From 1 July 1999 the ceiling on the value of Special Maintenance used to determine a custodial parent's Family Allowance entitlement will be abolished. Outlays in 1998-99 are provided for administrative costs, including computer system changes. Outlays in future years reflect reduced Family Allowance payments.

Special Maintenance is the value of certain non-cash income received by custodial parents and is used within the social security system in determining the amount of Family Allowance paid.

This measure aligns the treatment of Special Maintenance with cash maintenance in determining Family Allowance entitlement.

##### *Reforms to Non-Agency payments (NAPs)*

This element of the package introduces administrative changes allowing non-custodial parents to pay up to 25 per cent of their monthly child support liability directly to or on behalf of the custodial parent, rather than through the Child Support Agency. This will allow parents greater flexibility and choice in meeting child support payments.

## SOCIAL SECURITY

### Community Development Employment Project - Remove inequities and pay a participant supplement

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
3.1	-1.3	-4.9	-9.2

#### Explanation

This measure removes inequities in the treatment of Community Development Employment Project (CDEP) wages in the Social Security system. Currently CDEP participants who would otherwise be eligible for unemployment payments are excluded



from any form of Social Security assistance, whereas CDEP participants who are sole parents can receive such assistance.

All CDEP wages will be treated as deductible on a dollar for dollar basis from the pension rate, up to the maximum basic rate of allowance, providing uniform treatment in the social security system. While approximately 4,000 sole parents will be affected by this change through a reduction in their social security assistance as a result of the uniform treatment of CDEP wages, most current CDEP workers will be better off and all future participants will be better off than had they remained on income support.

All CDEP participants will now have access to additional Social Security entitlements such as Rent Assistance, the Pensioner Concession Card and Pharmaceutical Allowance, provided they satisfy the eligibility criteria.

A supplementary payment of \$20 per fortnight will be introduced for all CDEP participants. The CDEP Participant Supplement will provide a financial incentive to participate in Community Development Employment Projects. It is estimated that around 26,000 CDEP participants will take up this payment.

The measure will be implemented in March 1999. Outlays in 1998-99 are provided mainly for administrative set-up costs.

**SOCIAL SECURITY**

**Special Employment Advance**

**Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
0.8	..	0.1	..

**Explanation**

The Special Employment Advance of up to \$500, repayable over 13 fortnights, will be introduced in March 1999. This measure provides funding for the initial take-up of the advance and ongoing administrative costs. It introduces advance payments to customers who need financial assistance where:

- income support has been reduced due to earnings from work but the income will not be received until a future date; or
- a definite offer of employment has been received and financial assistance is needed to commence employment.

Currently any income from employment that reduces entitlements is taken into account in the fortnight that it is earned, not when it is actually received. The Special Employment Advance will be available to approximately 4,500 customers per year who are in hardship due to income earned and not yet received, and will assist some 30,000 customers per year in taking up employment.

The headline balance will increase by \$3.3 million in 1998-99, \$0.5 million in 1999-00, \$0.0 million in 2000-01 and \$0.1 million in 2001-02. This differs from the underlying balance shown above because net advances are not included in the calculation of the underlying balance.

## **SOCIAL SECURITY**

### **Crisis Payment**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
0.9	1.4	1.4	1.4

#### **Explanation**

This measure introduces a non refundable one-off payment, equal to one week's benefit, to people who are released from prison or forced to establish a new home due to certain extreme circumstances, such as fleeing domestic violence or household fires. This measure applies from 1 July 1999. Outlays in 1998-99 are provided for computer systems and other set-up costs.

The crisis payment will replace current arrangements for released prisoners. The minimum qualifying period in gaol has been raised from seven to 14 days and prisoners must also meet a test of hardship before receiving benefits.

The crisis payment is not related to other forms of disaster relief payments. Recipients of disaster relief payments will not qualify for the crisis payment.

## **SOCIAL SECURITY**

### **Expand the definition of suitable work to cover out-of-area jobs**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
-1.2	-3.9	-3.8	-3.9

#### **Explanation**

This measure, which takes effect from 20 March 1999, will require Newstart Allowance (NSA) customers who voluntarily seek and are offered suitable paid work outside of their local accessible labour market to accept that offer or be subject to an activity test breach. Such work would generally be full-time permanent employment.

Currently, an unemployed person is required to accept offers of work within 90 minutes travelling time from their residence. This measure will extend the range of options open to job brokers and NSA customers who have expressed a willingness to consider work more than 90 minutes from their home. It will not be compulsory for NSA recipients to look for work outside their local area.

Exemption from the requirement to accept work outside their local area will include age, pregnancy, ill health, where acceptance of the job would jeopardise the current employment of a partner, or the partner's employment prospects, where the customer has children either living with them or in their local area, where the customer has significant caring responsibilities, where it is more appropriate for the person to participate in education and training, if there are cultural or religious reasons, or where taking up the job would cause financial hardship.

Programme savings arise from increased return to work cancellations and increased activity test breaches for those NSA customers who turn down an offer of suitable paid work outside their local area.

## **SOCIAL SECURITY**

### **Tighten arrangements for unemployed people moving to areas with lower employment prospects**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
-0.1	-0.5	-0.5	-0.5

#### **Explanation**

This measure, which takes effect from 20 March 1999, extends the application of the existing 26 week non-payment period (known as the deferment period) to Newstart Allowance (NSA) claimants if they move to an area of lower employment prospects without sufficient reason but were not NSA recipients at the time of the move.

Under the current arrangements, the deferment period can be circumvented by cancelling from NSA, moving and then claiming payment in the new location where there are lower employment prospects. This measure will close off this loophole by ensuring that the deferment period would operate in such circumstances.

## **SOCIAL SECURITY**

### **Child Disability Allowance, Carer Payment and Domiciliary Nursing Care Benefit to be paid when caree is in hospital**

#### **Financial Implications (\$m)**

	1998-99	1999-00	2000-01	2001-02
Health and Family Services	0.0	1.3	1.4	1.4
Social Security	0.9	0.5	0.5	0.5
Total	0.9	1.8	1.8	1.9

#### **Explanation**

The measure will extend the eligibility for Child Disability Allowance (CDA), Carer Payment and Domiciliary Nursing Care Benefit to provide for the payment of benefits to

parents of a child with a disability, or to other carers, when the child or care recipient is hospitalised for a period of up to 63 days in a calendar year, provided that:

- the treatment plan involves returning the child or care recipient into the care of the parent/carer in the private home of the child or care recipient; or
- the child or care recipient is terminally ill.

Parents and carers will gain as a result of this measure as they will be able to fully utilise the 63 days hospitalisation period while retaining eligibility for their payment, and will not have to resort to utilising their respite care provisions.

In addition, the measure allows for telephone lodgement of claims for CDA. This will allow customers more time to compile their medical documentation prior to the formal lodgement of the claim, and will assist those living in rural or remote areas.

This measure applies from 1 July 1999. Outlays in 1998-99 are provided for computer systems and other set-up costs.

## **SOCIAL SECURITY**

### **Reduction in Department of Social Security's running costs**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
-3.5	0.0	0.0	0.0

#### **Explanation**

The Department of Social Security will achieve savings in running costs of \$7 million in 1997-98 and \$3.5 million in 1998-99, enabling these funds to be made available to the Budget for allocation to higher priority areas.

## **SOCIAL SECURITY**

### **Apply full rate of rent assistance to people lodging in marginal accommodation**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
1.6	6.7	6.3	6.5

#### **Explanation**

This measure will restore eligibility for the full rate of rent assistance to recipients who lodge in marginal accommodation such as hostels, boarding houses and private hotels, and who would otherwise be affected by the single sharer's measure.

The sharer's measure, announced in the 1996-97 Budget, reduced the maximum rate of rent assistance for singles (without dependent children) who share accommodation. Restoring eligibility for the full rate of rent assistance to people who lodge in marginal accommodation recognises that these people are not able to obtain the same cost benefits gained by those in shared or group housing.

This measure takes effect from 1 July 1999. Outlays in 1998-99 are provided for computer systems and other set-up costs.

## **SOCIAL SECURITY**

### **Extend the Housing Reform Fund**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
0.0	1.7	0.0	0.0

#### **Explanation**

The Housing Reform Fund supports key research and the development of housing reform directions. This measure provides for the Fund to be extended to the end of 1999-2000.

The Housing Reform Fund was broadened in October 1996 to include support for wider housing reform issues and community consultation. The Fund has played a valuable role in encouraging States to look at competition in the housing market and targeting of public housing.

## **SOCIAL SECURITY**

### **Non-economic loss compensation payments - Modified assessment**

#### **Financial Implications (\$m)**

	1998-99	1999-00	2000-01	2001-02
Social Security	0.9	-9.1	-19.5	-20.0
Veterans' Affairs	0.5	-0.4	-0.8	-0.8
Total	1.4	-9.5	-20.3	-20.8

#### **Explanation**

This measure seeks to assess against a customer's existing income support payments, certain compensation payments for non-economic loss, including those paid in respect of workers' compensation and transport accident schemes, by:

- treating lump sum payments exceeding \$10,000 as ordinary income subject to the usual income testing arrangements. Amounts in excess of \$10,000 would be assessed as ordinary income spread over the 26 fortnights from receipt; and

- treating periodic payments for non-economic loss, in excess of \$2,000 in a 28-day period, as ordinary income.

Current favourable treatment of lump sum payments, which generally have no effect on existing payments, create an incentive for recipients to take lump sums in preference to ongoing income support.

This measure applies from 1 July 1999. Outlays in 1998-99 are provided for computer systems and other set-up costs.

## **SOCIAL SECURITY**

### **Extension of Commonwealth Seniors Health Card eligibility**

#### **Financial Implications (\$m)**

	1998-99	1999-00	2000-01	2001-02
Health and Family Services	24.1	50.5	53.2	55.2
Social Security	1.4	2.2	2.3	2.3
Total	25.5	52.7	55.5	57.5

#### **Explanation**

From 1 January 1999, the eligibility requirements for the Commonwealth Seniors Health Card (CSHC) will be relaxed.

Currently, the CSHC is issued to non-pensioners of Age Pension age who do not qualify for the pension because of their assets or an insufficient period of residence in Australia, but whose income is below the Age Pension income test cut-off.

Under this measure, the income test is to be simplified by moving to a test based on taxable income. In addition the income limit has been raised from around \$21,000 to \$40,000 per year for singles and from around \$36,000 to \$67,000 per year for couples. It is estimated that up to 220,000 additional non-pensioners will be eligible to receive the CSHC.

Cardholders can receive eligible pharmaceutical prescriptions for \$3.20, with any prescriptions above 52 within a year being available free of charge.

## TRANSPORT AND REGIONAL DEVELOPMENT

### Loan to the Norfolk Island Government - Cascade Cliff Safety Project

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.0	0.0	0.0	0.0

#### Explanation

The Commonwealth has agreed to provide an interest free loan to the Norfolk Island Government to secure the safety of Cascade Cliff and ensure adequate rock supplies for the Island for the medium term. An initial instalment will be provided in 1997-98 with the balance of the loan provided in 1998-99.

The measure will increase headline outlays by \$0.2 million in 1997-98 and \$2.8 million in 1998-99. The Commonwealth's underlying budget position is not affected by these payments.

## TRANSPORT AND REGIONAL DEVELOPMENT

### Public awareness campaign concerning second Sydney airport

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.3	0.0	0.0	0.0

#### Explanation

The Commonwealth has provided an additional \$0.5 million over 1997-98 and 1998-99 to complement and broaden the existing community consultation programme that was established to raise the levels of awareness, knowledge and understanding of the proposed second Sydney airport and its related environmental and economic implications.

## TRANSPORT AND REGIONAL DEVELOPMENT

### Airservices Australia - transition to location (airport) specific pricing

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
11.0	2.0	0.0	0.0

#### Explanation

Transitional assistance of \$13 million over two years will be provided to Airservices Australia to ameliorate the financial impacts on the aviation industry of Airservices

Australia's move to location specific pricing. This move coincides with the sale of Phase 2 airports. The transitional period will allow time for the new owners of the affected airports to examine options to reduce airport costs and hence the impact on the users.

#### **Further Information**

The measure facilitates a progressive introduction of pricing reforms to remove the current cross subsidies applying to different categories of air service users at various airport locations.

The proposal forms part of a tripartite funding arrangement whereby the Commonwealth (\$13 million), Airservices Australia (\$6.5 million) and the aviation industry (\$6.5 million) share the cost of introducing this reform measure to the aviation industry.

### **TRANSPORT AND REGIONAL DEVELOPMENT**

#### **Indian Ocean Territories support package**

##### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
13.4	0.0	0.0	0.0

##### **Explanation**

This measure provides funding for new infrastructure works, basic services and maintenance of assets, and the continuation of air services to the Indian Ocean Territories.

##### **Further Information**

The Government will be undertaking a review in 1998-99 of the financial and economic position of the Indian Ocean Territories with a view to determining an appropriate future level of ongoing funding in the 1999-2000 Budget context.

### **TRANSPORT AND REGIONAL DEVELOPMENT**

#### **Restoration, maintenance and construction programme for National Capital assets**

##### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
0.0	0.0	0.0	5.2

##### **Explanation**

This measure provides for the continuation beyond 2000-01 of the existing Restoration and Maintenance of National Capital Assets programme announced in the 1997-98 Budget. The programme provides for the restoration and maintenance of Commonwealth



assets and meeting public safety requirements in the Parliamentary Zone and on other Commonwealth lands in the National Capital. It includes works on national memorials, roads, footpaths, lighting, open space areas and other infrastructure. The programme now encompasses the construction of minor new works in the National Capital.

## **TRANSPORT AND REGIONAL DEVELOPMENT**

### **Jervis Bay Territory - Infrastructure works**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
2.0	2.3	0.0	0.0

#### **Explanation**

The Commonwealth has provided funding to provide a reliable supply of domestic water to the Jervis Bay Territory. This measure will address community concerns over the public water supply system and ensure that the Territory has a reliable supply of domestic water. The proposal will supplement the existing water supply system which draws its water from Lake Windemere, which is an unreliable source. Planning is at an early stage and discussions will be held with relevant NSW authorities.

## **TRANSPORT AND REGIONAL DEVELOPMENT**

### **Regional Development and Coordination Strategy**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
2.5	2.5	2.6	2.6

#### **Explanation**

This measure will enhance the Government's capacity to respond to the particular needs of regions through direct consultation and through the provision of information about Commonwealth programmes and services that benefit regional Australia. In addition, the measure also provides for improved coordination between Commonwealth agencies to deliver a more effective whole of government approach to regional development, including through enhanced data analysis.

## TRANSPORT AND REGIONAL DEVELOPMENT

### Funding of Airport Environment Officers and Airport Building Controllers at Phase 2 Federal Airports subject to sale

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
2.7	2.7	2.8	2.8

#### Explanation

The *Airports Act 1996* establishes a regulatory framework for airports that are being leased by the Commonwealth.

Among other matters, the Act regulates environmental management, land use planning and building control on these airports and establishes the positions of Airport Environment Officer and Airport Building Controller to ensure proper environmental management, clean-up and pollution prosecution on airports and to oversee the Commonwealth's interest in building proposals and activity.

The Department of Transport and Regional Development selects contractors to perform these functions at leased Federal airports on a cost recovery basis. Details of funding arrangements are provided in the revenue measure titled *Increased cost recovery at Phase 2 airports* (see Part II).

#### Further Information

This decision extends similar arrangements that apply to those airports leased as part of Phase 1 of the sale of Federal airports announced in the 1997-98 Budget. Phase 2 of the sale of Federal airports includes: Adelaide, Canberra, Coolangatta, Parafield, Hobart, Archerfield, Townsville, Launceston, Moorabbin, Jandakot, Alice Springs and Darwin airports.

## TRANSPORT AND REGIONAL DEVELOPMENT

### Road Safety Research and Public Education

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
2.0	2.0	2.1	2.1

#### Explanation

This measure will continue funding for Road Safety Research and Public Education to allow the Government to continue to meet its legislative responsibility for vehicle safety and emissions standards and its national leadership role under the National Road Safety Action Plan. The Plan reflects the need for national coordination to promote consistency

and adoption of best practice in road user regulation and strategies for influencing road user behaviour.

### **Further Information**

The National Road Safety Action Plan, endorsed by Federal, State and Territory Governments, provides an agreed framework for a nationally coordinated approach to road safety, involving all levels of government and other major stakeholders.

## **TRANSPORT AND REGIONAL DEVELOPMENT**

### **ACT Liaison**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
0.5	0.5	0.5	0.5

#### **Explanation**

The Government has provided \$0.5 million per annum to fund its liaison and coordination work on Commonwealth policies, practices and programmes as they affect the ACT, Australia's National Capital, the Canberra business community and the Australian Capital Region.

#### **Further Information**

This measure will enable the Commonwealth, in partnership with the ACT Government and the Canberra business community, to facilitate the further development of the ACT and the Region it serves through enhanced infrastructure and other economic development opportunities. A central element of this measure will be the Commonwealth's involvement in the Canberra Ministerial Forum. The ACT Liaison Unit provides a focal point within the Commonwealth for the assessment of the impact of activities on the ACT, and for cooperative action in partnership with the ACT to maximise the opportunities for the future.

## TREASURY

### Extension of real per capita guarantee on Financial Assistance Grants to the States

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.0	0.0	191.0	195.7

#### Explanation

In the context of the 1998 Premiers' Conference, the Commonwealth undertook to maintain Financial Assistance Grants (FAGs) to the States in real per capita terms in 1998-99 and to extend the real per capita guarantee for FAGs for an additional year to include 2000-01. The effect of extending the guarantee will increase the base level of FAGs in 2001-02 and beyond. The per capita component of the guarantee is conditional on the States complying with their obligations under the Agreement to Implement the National Competition Policy and Related Reforms.

## TREASURY

### Community education and information programme on the tax system

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.0	0.0	0.0	0.0

#### Explanation

The Department of Treasury was allocated \$10 million in 1997-98 for an information and education programme to inform the public of the nature of the Australian taxation system and changes required to reform it. This is designed to assist taxpayers understand the nature of reform to the tax system which will result in better compliance and development of a more efficient revenue base.

See related Treasury outlays measure titled *Funding to develop systems for implementing tax reform*.

## TREASURY

### Australian Taxation Office - Information technology asset replacement

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
27.7	0.0	0.0	0.0

#### Explanation

This measure provides interim funding for the replacement of the Australian Taxation Office (ATO) information technology (IT) equipment, including computer hardware, software and communications equipment. The resources will enable the ATO to maintain the IT infrastructure that has been put in place through the Modernisation Project which involved resources for the ATO from 1989-90 to 1997-98.

#### Further Information

The Modernisation Project commenced in 1989 and involved modernisation of the ATO's computer infrastructure, conversion and redevelopment of business systems and improved management structures, changed work arrangements and decentralisation of branch offices. The outcomes delivered by the project have been reduced staffing and other costs, improved revenue collection, improved client service and an enhanced technology platform to support evolving tax administration needs.

## TREASURY

### Support for International Monetary Fund programmes through provision of loans to Korea and Indonesia

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.0	0.0	0.0	0.0

#### Explanation

The Government has agreed to provide \$459 million to the Indonesian government during 1997-98 and \$505 million to the Korean government during 1998-99 by way of loans to help support International Monetary Fund (IMF) programmes in stabilising the economies of Indonesia and Korea.

#### Further Information

In response to financial difficulties experienced by a number of countries in the Asian region since 1 July 1997, Australia and a number of other countries have agreed to provide financial assistance in support of IMF programmes.

This measure decreases the headline balance by \$459 million in 1997-98 and \$505 million in 1998-99.

## **TREASURY**

### **Establishment of the Australian Securities and Investments Commission**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
15.4	11.6	11.8	12.0

#### **Explanation**

As part of its reforms to the Australian financial system, the Government announced the establishment of a new regulatory body - the Australian Securities and Investments Commission (ASIC) - based on the existing Australian Securities Commission. ASIC will be responsible for regulating market integrity and consumer protection across the financial system, including regulation of corporations, securities and futures markets, superannuation, life and general insurance and deposit taking.

Additional funding has been provided to cover the establishment and ongoing costs of ASIC, including administration costs, an increase in the consumer protection function for the financial sector and IT asset replacement. These costs will be recovered from the financial sector and corporations through the collection of levies and statutory fees and charges.

#### **Further Information**

New legislation and amendments to existing legislation have been introduced into the Parliament to enable the establishment of ASIC which is planned to be operational from 1 July 1998.

See also:

- the related revenue measure titled *Establishment of the Australian Securities and Investments Commission*; and
- Treasury outlays measure and the related revenue measure titled *Establishment of the Australian Prudential Regulation Authority*.

## TREASURY

### Establishment of the Australian Prudential Regulation Authority

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
26.1	27.6	23.9	24.3

#### Explanation

As part of its reforms to the Australian financial system, the Government proposes to establish the Australian Prudential Regulation Authority (APRA) as a new prudential regulator.

APRA will combine the prudential functions of the Reserve Bank of Australia, the Insurance and Superannuation Commission and, with the agreement of the States and Territories, the Australian Financial Institutions Commission. It will have comprehensive powers allowing it to act as the single prudential regulatory body in Australia.

Additional funding has been provided to APRA to cover its establishment and ongoing costs. These costs will be recovered from the financial sector through the collection of levies and statutory fees and charges.

#### Further Information

New legislation and amendments to existing legislation have been introduced into the Parliament for the establishment of APRA and the various levy provisions. APRA is planned to become operational from 1 July 1998.

See also:

- the related revenue measure titled *Establishment of the Australian Prudential Regulation Authority*; and
- Treasury outlays measure and the related revenue measure titled *Establishment of the Australian Securities and Investments Commission*.

## TREASURY

### Supervision and funding arrangements for self-managed superannuation funds

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
2.0	2.0	2.1	2.1

#### Explanation

As part of its response to the recommendations of the Financial System Inquiry, the Government announced an in principle decision to transfer the regulation of self-managed superannuation funds from the Insurance and Superannuation Commission (ISC) to the Australian Taxation Office (ATO). The transfer will take effect from 1 July 1999. Additional funding has been allocated to the ATO to administer these funds, and to improve their compliance with retirement income objectives by implementing an enhanced audit programme. The costs of administering self-managed superannuation funds are recovered from the Superannuation Supervisory Levy.

#### Further Information

See also:

- related revenue measure titled *Supervision and funding arrangements for self-managed superannuation funds*;
- related revenue measure titled *Changes to superannuation regulation*; and
- the Treasurer's Statement *Reform of the Australian Financial System* of 2 September 1997.

## TREASURY

### High Wealth Individuals Taskforce

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
9.5	9.5	0.0	0.0

#### Explanation

Additional funding has been allocated to the Australian Taxation Office (ATO) to extend the activities of the High Wealth Individuals Task Force. The Taskforce was established in 1996-97 to investigate the tax minimisation practices of some high wealth individuals. The extension of funding over 1998-99 and 1999-2000 will enable the ATO to continue developing strategies to take action to address undesirable tax minimisation practices and to improve high wealth individuals' compliance with the tax laws.



## Further Information

Additional revenue of \$100 million a year is expected in 1998-99 and 1999-00 as a result of this measure. Further information has been included in the related revenue measure titled *High Wealth Individuals Taskforce*.

## TREASURY

### Funding to develop systems for implementing tax reform

#### Financial Implications (\$m)

	1998-99	1999-00	2000-01	2001-02
Industry, Science and Tourism	1.0	0.0	0.0	0.0
Treasury	24.2	0.0	0.0	0.0
Total	25.2	0.0	0.0	0.0

#### Explanation

\$4.2 million is allocated for continued funding of the Taxation Reform Taskforce and new additional funding of \$20 million has been allocated to the Australian Taxation Office (ATO) and \$1 million to the Australian Customs Service (ACS) to commence development of new systems required to implement different collections introduced as a result of tax reform. Arrangements are to be put in place during 1999-2000.

See related Treasury outlays measure titled *Community education and information programme on the tax system*.

## TREASURY

### Fitout of the refurbished Treasury building

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.0	1.0	2.0	2.0

#### Explanation

Funding of \$19.3 million over 11 years commencing 1999-2000 is being provided under an instalment purchase arrangement to enable the fitout of the refurbished Treasury building. The fitout will proceed as a works package integrated with the refurbishment of the Treasury building, which is expected to commence in January 1999. The refurbishment of the Treasury building arises from a decision taken by Government in 1996 to retain Commonwealth office buildings located in the Parliamentary Triangle within the Commonwealth owned and managed estate.

## TREASURY

### Corporate Law Reform - Managed Investments

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
3.9	2.9	0.3	0.0

#### Explanation

Significant reforms to the governance structure of collective investment schemes are proposed in the Managed Investments Bill, which is scheduled to commence on 1 July 1998. Transitional budget supplementation will be provided from 1998-99 to 2000-01 to the Australian Securities Commission and its successor, the Australian Securities and Investments Commission, to prepare for and administer the reformed regulatory framework for managed investments. The additional outlays will be funded by corporations fees and charges in 1998-99 to 2000-01.

#### Further Information

See also:

- related revenue measure titled *Corporate law reform - Managed investments*; and
- the Treasurer's Statement *Regulatory Revamp for Managed Funds* of 24 August 1997.

## VETERANS' AFFAIRS

### Additional funding to reflect the costs of direct purchasing of hospital services for entitled veterans in all States and Territories from 1 July 1998

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
150.0	150.0	150.0	150.0

#### Explanation

Additional funding is to be provided for payment by the Department of Veterans' Affairs in all States and Territories, to reflect the additional costs of moving to direct purchasing of public and private hospital services for entitled veterans. This will provide veterans with more flexible access to cost effective hospital health care services in either private or public hospitals

#### Further Information

In the early 1990s the Commonwealth entered into agreements with NSW, Victoria, South Australia and Tasmania to transfer the Repatriation General Hospitals to State control. The agreements provided for a form of block funding for the first five years, moving after that to direct purchase. The move to direct purchasing of public hospital services in these States commences in July 1998. The Government has decided that these arrangements should apply in all States and Territories, including those that do not have Repatriation General Hospital transfer agreements, and this is reflected in the financial implications noted above.

## VETERANS' AFFAIRS

### Link War Widow(er)s' Pension to the benchmark of 25 per cent of male total average weekly earnings

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
22.6	35.3	46.7	59.1

#### Explanation

This measure provides for the component of War Widow(er)s' Pensions that is indexed to the Consumer Price Index to be linked to increases in the Age and Service Pensions, which are indexed to 25 per cent of Male Total Average Weekly Earnings (MTAWE). This measure applies if indexation by the Consumer Price Index does not result in the relevant component of War Widow(er)s' Pensions being at least equal to 25 per cent of MTAWE.

### **Further Information**

The Prime Minister announced on 26 March 1998 that adjustments to War Widow(er)s' Pensions would be linked to the MTAWB benchmark, resulting in an immediate increase of \$6.80 per fortnight.

Prior to amending legislation being passed to give effect to the announced changes, ex gratia payments are being made to all affected War Widow(er)s.

### **VETERANS' AFFAIRS**

#### **The Extension of Gold Card to Veterans of World War II with qualifying service**

#### **Financial Implications (\$m)**

	1998-99	1999-00	2000-01	2001-02
Health and Family Services	-25.7	-55.5	-52.0	-47.0
Veterans' Affairs	95.7	200.8	189.9	173.4
Total	70.0	145.3	137.8	126.4

#### **Explanation**

Full Repatriation health care entitlement (the Gold Card) is to be extended to all Australian World War II veterans aged 70 years and over with qualifying service, with effect from 1 January 1999.

#### **Further Information**

The Gold Card enables eligible veterans to obtain health care and related services for all identified health care needs, whether they are war related or not. These services include private patient hospital care, choice of doctor, a wide range of other specialist treatment including psychiatric, optical care, physiotherapy, dental care, podiatry care and products, and chiropractic care and services. Gold Card holders are also eligible to receive an extensive range of concessional pharmaceutical products under the Repatriation Pharmaceutical Benefits Scheme.

Under this measure, an additional 50,000 Australian World War II veterans will become eligible for the Gold Card from 1 January 1999. All Australian World War II veterans aged 70 years and over who incurred actual danger from hostile forces of the enemy will now be eligible for the Gold Card.

Given that the Gold Card, which is administered by the Department of Veterans' Affairs, provides comprehensive health care coverage, its extension will result in reduced outlays for medical and pharmaceutical payments administered by the Department of Health and Family Services.

## VETERANS' AFFAIRS

### Continuation of base funding for building related expenses at the Australian War Memorial

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
2.0	2.0	2.0	2.0

#### Explanation

This measure provides for the maintenance and development of the memorial building and site and the five ancillary buildings at Campbell and Mitchell in the ACT.

#### Further Information

On 30 June 1998, an earlier increase of \$2 million a year for four years to the Memorial's base funding for the repair and maintenance of its buildings is due to end. This initiative will provide an ongoing adjustment of \$2 million to the Memorial's base funding to ensure the long-term upkeep of building infrastructure.

## WORKPLACE RELATIONS AND SMALL BUSINESS

### Business Entry Point

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
4.5	2.6	1.8	0.0

#### Explanation

In December 1997, the Government agreed to fund the development of a whole of government Business Entry Point (BEP), one of the measures announced in *More Time for Business*. The BEP will provide a simple-to-use two-way channel for information and transactions between business and government in all jurisdictions.

Funding will cover the development of the BEP Phase I by 1 July 1998, the implementation strategy for the longer term fully featured BEP and the accelerated resolution of legal issues impacting on electronic service delivery. Further research on the costs and benefits of introducing a unique business identifier will also be undertaken.

#### Further Information

The BEP will be implemented in phases. BEP Phase I will include the revamped Business Information Service in AusIndustry, and the single process for the initial registration requirements of the four Treasury agencies (Australian Taxation Office, Australian Securities Commission, Australian Bureau of Statistics and the Insurance and Superannuation Commission).

It will provide business with seamless access to Commonwealth, State and Territory government information and services.

## WORKPLACE RELATIONS AND SMALL BUSINESS

### Office of the Employment Advocate - Advertising Campaign

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
1.9	0.0	0.0	0.0

#### Explanation

The advertising campaign has been planned to raise awareness amongst employers and employees of the role of the Office of the Employment Advocate and of Australian workplace agreements and the freedom of association provisions of the *Workplace Relations Act 1996*. It is envisaged this campaign will encompass both electronic and print media.

## WORKPLACE RELATIONS AND SMALL BUSINESS

### Maritime Restructuring Facilitation Scheme

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.0	0.0	0.0	0.0

#### Explanation

Funds of \$2.75 million in 1997-98 have been provided to the Maritime Industry Finance Company Ltd (MIFCo) from the Advance to the Minister for Finance to enable the company to cover its establishment and operating costs. The MIFCo is a wholly-owned Commonwealth company that has been established as part of the administrative mechanism to ensure that funds are available for payment to employees who become redundant as a consequence of reform and restructuring in the maritime (stevedoring and shipping) industry. These funds will be repaid in later years to the extent any drawdown occurs.

## WORKPLACE RELATIONS AND SMALL BUSINESS

### Payments in connection with redundancies relating to the Maritime Restructuring Facilitation Scheme

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
25.0	25.0	25.0	25.0

#### Explanation

The Maritime Industry Finance Company Ltd (MIFCo) has been established as part of the arrangements to meet the Government's commitments to ensuring the availability of payments, subject to conditions, to employees in the maritime (stevedoring and shipping) industry who become redundant as part of an industry reform and restructuring process. It is intended that MIFCo funds such payments through a loan facility. The proposed appropriation contained in the Stevedoring Levy (Collection) Bill currently before the Parliament will authorise funds to be provided to MIFCo to meet its obligations to repay any loans it enters into.

This measure is offset by provisions for a levy on the stevedoring industry. See the related revenue measure titled *Stevedoring levy*.

## PART II — REVENUE

**Table: Revenue Measures**

Page	Estimated Change in Revenue(a)			
	1998-99 \$m	1999-00 \$m	2000-01 \$m	2001-02 \$m
<b>Measures introduced in the 1998-99 Budget</b>				
<b>Income Tax</b>				
4	100	100	-	-
4	-30	-205	-295	-520
7	*	*	*	*
9	*	*	*	*
10	-75	-	-	-
10	-	-	-	-
11	..	..	..	..
11	-7	-7	-7	-7
12	-	-	-	-
<b>Superannuation and Savings</b>				
12	-	-19	-19	-19
13	-	-	-	-
15	-	-	-	-
<b>Wholesale Sales Tax</b>				
15	..	..	..	..
<b>Capital Gains Tax</b>				
16	..	..	..	5
<b>Fringe Benefits Tax</b>				
17	..	..	..	..
<b>Customs and Excise Duty</b>				
18	-	-	-200	-400
18	-52	-28	-5	-5
<b>Other Measures</b>				
18	2	9	13	13
19	40	38	42	47
19	10	21	23	24
20	30	30	30	30
21	25	25	25	25
21	-2	-2	-2	-2
21	..	..	..	..
22	1	1	1	1
23	-	..	..	..
23	-	..	..	..
24	-	1	1	1
24	-	..	..	..



**Table: Revenue Measures (continued)**

Page		Estimated Change in Revenue(a)			
		1998-99 \$m	1999-00 \$m	2000-01 \$m	2001-02 \$m
25	Compensation for Societe Internationale Telecommunications Aeronautique (SITA)	1	1	1	1
25	Increased cost recovery at Phase 2 airports	3	3	3	3
26	Cost recovery of motor vehicle compliance plates	2	2	2	2
26	Corporate law reform — managed investments	3	3	1	-
		51	-26	-386	-801
	<b>Measures introduced up to the 1998-99 Budget</b>				
	<b>Income Tax</b>				
27	Deductibility of donations to political parties and independents	-	-18	-12	-15
28	Medicare levy — extension of Gold Card	-	-9	-7	-7
28	Taxation treatment of spectrum licences	-8	-8	-8	-8
29	Deductibility of gifts	*	*	*	*
30	Company Law Review Bill – taxation response	†	†	†	†
31	Provisional tax exemption for pensioners	-1	-	-	-
	<b>Superannuation and Savings</b>				
32	Reforms to early release of superannuation benefits	2	2	2	2
32	Choice of superannuation fund	-	-	-	-
	<b>Wholesale Sales Tax</b>				
33	Amendment to Item 192 of the Sales Tax (Exemptions and Classifications) Act 1992	50	50	50	50
	<b>Other Measures</b>				
34	Establishment of the Australian Prudential Regulation Authority	4	39	29	30
35	Establishment of the Australian Securities and Investments Commission	8	14	14	14
35	Reducing fees for coasting trade permits	..	..	..	..
		55	70	68	66
	<b>Measures included in the Mid-Year Economic and Fiscal Outlook 1997-98(b)</b>				
	<b>Income Tax</b>				
	Exemption of income derived by bona fide prospectors	-2	-	-	-
	Trust distributions to superannuation funds	15	15	15	15
	Extension of Offshore Banking Unit concession	-9	-16	-16	-16
	Foreign bank subsidiaries — thin capitalisation 'loan back' rules	..	..	..	..
	Foreign Investment Fund (FIF) rules — exemption for United States FIFs	-2	-3	-3	-3
	Film Licensed Investment Companies	*	*	-	-
	<b>Withholding Tax</b>				
	Extension of Interest Withholding Tax exemption	-3	-3	-3	-3
	<b>Capital Gains Tax</b>				
	Capital Gains Tax (extension of rollover relief through shares)	*	*	*	*
	Capital Gains Tax (cost base provisions: transitional measure)	-60	-70	-	-
	Capital Gains Tax — non-residents' foreign source gains	..	..	..	..
	<b>Customs and Excise Duty</b>				
	TRADEX	-15	-30	-30	-30
	Manufacturing In Bond	*	*	*	*



## MEASURES INTRODUCED IN THE 1998-99 BUDGET

### INCOME TAX

#### High Wealth Individuals Taskforce

##### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
100	100	-	-

##### Explanation

The Government has decided to extend the additional funding provided to the Australian Taxation Office (ATO) in the 1996-97 Budget for the establishment of the high wealth individuals taskforce. Additional funds will be provided to the ATO in 1998-99 and 1999-2000 to enable ongoing investigations into high wealth individuals' compliance with the tax laws.

Investigations to date by the taskforce have revealed that some high wealth individuals arrange their affairs in complex ways which enable both themselves and entities which they control to pay relatively little tax. The ATO taskforce will continue to investigate tax planning practices in order to improve compliance with the tax laws through enforcement and, where appropriate, clarification of the law by way of rulings and litigation of issues in the courts. Legislative change will be developed where undue tax minimisation needs to be addressed in that way.

It is expected that the taskforce's ongoing investigations will generate revenue in the order of \$100 million in 1998-99 and 1999-2000.

Further information on this measure can be found in the outlays measure entitled *High wealth individuals taskforce* described in Part I of this Budget Paper under the Treasury portfolio.

#### Year 2000 compliance expenditure and taxation of software

##### Financial Implications

1998-99	1999-00	2000-01	2001-02
-30	-205	-295	-520

##### Explanation

##### *Year 2000 Compliance Expenditure*

##### *Draft Taxation Ruling TR 98/D5*

Simultaneously to the delivery of the Budget the Commissioner of Taxation is releasing draft taxation Ruling TR 98/D5 on the deductibility of Year 2000 (Millennium Bug) expenses.

The effect of the ruling is as follows:

- Expenditure incurred in initial diagnosis work on computer software to determine the extent to which it is not Y2K compliant will be on revenue account, even if no further work is necessary.
- Expenditure incurred in modifying (and subsequently testing) computer software to make it Y2K compliant will be on revenue account, even if it also provides minor improvements to the software.
  - Where expenditure incurred in modifying (and subsequently testing) computer software also involves substantial improvements not related to making the software Y2K compliant it will be necessary to apportion the expenditure between the expenditure related to Y2K compliance which will be immediately deductible and the improvement expenditure which will be deductible over time.
- Expenditure incurred in modifying or completely replacing a computer chip or firmware to make computer hardware or computer operated equipment Y2K compliant is on revenue account. This includes the modification or complete replacement of software embedded in firmware.
  - However, Y2K compliance expenditure that involves replacement of the whole or substantially the whole of the unit of hardware or equipment containing the computer chip or firmware is of a capital nature.

#### *Government Response to TR 98/D5 and Announcement*

The Government accepts the effect of the Commissioner's ruling but will legislate (with effect from the withdrawal of Taxation Ruling IT26 — see below) to extend the class of expenditures immediately deductible to also include:

- expenditure on acquiring new software (including upgrades) or substantially rebuilding current software which has the predominant nature of ensuring Y2K compliance, provided that such expenditure is incurred up to 31 December 1999.

The Government believes this announcement will address uncertainty concerning the treatment of Millennium bug expenses and ensure that the taxation arrangements are consistent with the Government's desire to encourage businesses to achieve Y2K compliance.

#### ***Software in General***

##### *Withdrawal of Taxation Ruling IT26*

On 11 May 1998 the Commissioner of Taxation withdrew Taxation Ruling IT26 which deals with the taxation treatment of software expenditure.

The Commissioner concluded that IT26 no longer reflects the correct application of the existing law in relation to software.

The Commissioner has advised that without a legislative response the withdrawal of IT26 would mean that systems and application software would generally not be subject to amortisation, or, at best, would be amortised over 25 years.

*Government Response to the Withdrawal of IT26 and Announcement*

The Government will legislate with effect from 10 am AEST, 11 May 1998 (the time of withdrawal of IT26) to provide for systems and application software to be amortised at 40 per cent per year (that is, over 2½ years).

The new arrangements apply to expenditure incurred in relation to contracts entered into to acquire software after the withdrawal of IT26. It will also apply to expenditures on specifically commissioned and in-house development of software commenced after that time. Expenditures on in-house development, or commissioned software commenced or contracts entered into up to that time will continue to receive the previous treatment until 30 June 1999. Thereafter any such expenditure will be treated under the new provisions that are described below:

- all software purchases will be eligible for taxation amortisation over 2½ years at 40 per cent per year. However, the following exemptions will apply:
  - if the (non-renewable) license period is shorter than 2½ years then taxpayers will be allowed to amortise their expenditure over this shorter period;
  - taxpayers who stop using software within 2½ years of acquisition will be allowed an immediate deduction of the unrecouped expenditure at that time;
  - software purchases up to \$300 will be immediately expensed. Bulk purchases of software packages summing to more than \$300, but individually valued at up to \$300, will be covered by the new amortisation provisions;
- the cost of commissioning software or developing it in-house for own use will be capitalised until the project is completed. At that point, it may be amortised in line with the new provisions. This will ensure neutrality with purchased software. Should the commissioned or developed software be disbanded, capitalised costs will be deductible at that time; and
- the treatment of upgrades and maintenance will be in line with the existing application of the law for determining capital and revenue expenses. Broadly, expenditure on enhancing or upgrading the functional capacity of computer software should be treated on capital account. Expenditure that does not enhance functionality, such as maintenance, testing, code reviews, minor alterations/modifications and remedying defects should continue to be treated on revenue account.

Moreover, systems software that had previously been written off as part of the computer hardware (over 3.7 years under accelerated depreciation) will now be amortised over 2½ years.

The taxation treatment of software that attracts concessions under other parts of the law will remain unchanged.

The write-off rate of 2½ years strikes an appropriate balance between considerations that software is a capital asset — expenditure on which should be amortised for taxation purposes — and the relatively short expected effective life of software arising from rapid developments in the information technology industry.

The proposed arrangements for software are broadly more generous than those applying in comparable overseas taxation jurisdictions. For example, New Zealand allows software purchases to be depreciated at 30 per cent straight line or 40 per cent diminishing value (equivalent to 3.3 years), the United Kingdom provides depreciation of 25 per cent diminishing value (equivalent to a 6-year write off). In Canada systems software receives either a 5 or 8 write off period (depending on the industry it is used in) while application software is depreciated at 100 per cent (which effectively results in a 2-year write off period due to Canada's 'half year rule'). The United States provides a 3-year write off for newly purchased software unless the taxpayer can show a shorter write off is appropriate.

A further description of these amendments, including examples of how they will be applied, is set out in a separate Treasurer's Press Release.

### **Development of a generic tax framework for the demutualisation of non-insurance organisations**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
*	*	*	*

\* The nature of the measure is such that a reliable estimate cannot be provided.

#### **Explanation**

The application of existing tax law to demutualisations of non-insurance organisations can give rise to capital gains tax (CGT) anomalies. In particular, the disposal of membership interests in exchange for an allotment of shares and the subsequent disposal of those shares could result in double taxation (or, in other circumstances, effective exemption). The measure will remove these anomalies by introducing a generic framework for determining the taxation consequences of transactions associated with the demutualisation of non-insurance organisations that are tax mutuals.

The generic framework will apply only where broad continuity of beneficial interest in any accumulated 'mutual' surplus is maintained. This requirement would be taken to be satisfied if:

- shares in the demutualising entity are offered to all existing members of the tax mutual;
- at least 90 per cent of the shares are issued to these members; and

- any accumulated mutual surplus in the form of shares, or cash from the sale of shares which is distributed to members upon demutualisation, is distributed in proportions broadly consistent with their mutual participation.

Other key features of the measure follow.

- Any CGT liability will be deferred until disposal of the shares acquired as a result of demutualisation.
- Pre-CGT members will lose their pre-CGT status on demutualisation but will be given a cost base equal to their share of the market value of the entity immediately before demutualisation, reduced by the value of their share of any franking account surplus upon demutualisation.
- Post-CGT members will be given a cost base equal to the non-deductible costs (indexed) of acquiring and maintaining membership.
- Where there has been a merger (or a takeover) after 19 September 1985 but prior to demutualisation, the cost base of demutualisation shares issued to members will depend on whether they were pre- or post-CGT members at the time of the merger.
  - Shares issued to members that were pre-CGT members at the time of the merger will be given a cost base equal to their share of the market value of the tax mutual in which their membership interest was disposed of immediately before the merger, reduced by the value of their share of any franking account surplus at that time, plus any subsequent non-deductible costs of maintaining membership, indexed.
  - Shares issued to members that were post-CGT members at the time of the merger will be given a cost base equal to the non-deductible costs of acquiring and maintaining their membership rights in the tax mutual in which their membership interest was disposed of and any subsequent non-deductible costs of maintaining membership, indexed. However, if members treated the merger as a taxing event, the cost base of the demutualisation shares will be adjusted to include any realised capital gain or loss.
- Capital losses will not arise on disposal of shares or rights to shares prior to listing day of the demutualised entity (or the date of issue of the shares for entities that do not intend to list).
- Franking account surpluses of the demutualising organisation will not be extinguished upon demutualisation.

These new arrangements will benefit members of demutualising non-insurance organisations and will provide greater certainty for these organisations about the taxation consequences of demutualisation.

The new arrangements will apply to all demutualisations completed on or after today. The Government will introduce amendments into Parliament to give effect to these new arrangements as soon as practicable.

## New tax penalty arrangements

### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
*	*	*	*

\* The nature of the measure is such that a reliable estimate cannot be provided. However, it is expected that the overall effect will be revenue neutral.

### Explanation

The Government will be amending various taxation laws to replace the current disparate late payment penalty arrangements with a simpler arrangement which better reflects movements in market interest rates. The current disparate late penalty arrangements will be replaced with an 'Interest on Outstanding Balance' (IOB) charge. The charge will apply to any amount owing under a law for which the Commissioner of Taxation has general administration responsibility. The charge will be calculated on a compounding basis with the interest rate being set at the weighted average yield of the 13 Week Treasury Note plus an uplift factor of 8 percentage points. The IOB rate will be adjusted quarterly to reflect movements in the 13 week Treasury Note rate.

The uplift factor reflects the need for the IOB charge to be set at a rate that is above commercial interest rates in order to discourage the use of taxation debts as a form of business finance. Based on the relevant 13 week Treasury Note yield, the current IOB charge would be in the order of 13 per cent (calculated on a daily compounding basis). Most of the existing penalties have simple interest rates between 16 and 20 per cent, depending on the type of tax.

The Government will also amend the *Income Tax Assessment Act 1936* and the *Sales Tax Assessment Act 1992* to introduce a 'Failure to Notify' penalty which would apply to source deduction withholders and sales tax payers who fail to correctly notify the Commissioner when an amount is due. This penalty will be calculated at a rate of 8 per cent per annum and will replace the current flat rate culpability penalties (ranging from 20 per cent to 200 per cent) for failure to remit deductions by the due date.

The current prosecution provisions for failure to remit source deduction remittances by the due date will be removed. The Commissioner will rely on existing offence provisions in the *Taxation Administration Act 1953* to prosecute withholders for failure to notify the correct liability by the due date.

Another new penalty will be introduced to the *Income Tax Assessment Act 1936* for withholders of source deductions who fail to lodge annual source deduction reconciliations. The penalty will be calculated at the rate of \$10 per week for each week that reconciliation documents are not lodged. The maximum penalty will be \$200 and will apply where documents are 20 weeks or more late.

To allow time for the substantial changes required to ATO business systems to implement the IOB charge, including a facility to automatically generate taxpayer account statements, the new interest charge will apply from 1 January 1999. As a transitional measure, the Commissioner of Taxation will use his discretion under the



various taxation acts to reduce existing late payment penalty rates across all taxes to a simple effective rate of 13.5 per cent from 1 July 1998. Over a 12 month period, this rate achieves close parity with the compounding rate of the proposed IOB charge.

The above changes follow a review by the Australian Taxation Office of late payment and notification penalties. The review was undertaken in consultation with professional and representative bodies and flowed from the Government's response to the recommendations of the Small Business Deregulation Taskforce.

**Provisional tax uplift factor**

**Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
-75.0	-	-	-

**Explanation**

The provisional tax uplift factor is 5 per cent for 1998-99, down from 6 per cent in 1997-98. The uplift factor was determined, as set down in the *Income Tax Assessment Act 1936*, by reference to the nominal increase in Gross Domestic Product for the calendar year before the year of income, as published by the Australian Statistician. In particular, the provisional tax uplift factor for 1998-99 reflects the increase in GDP(I) in 1997 over 1996.

**Medicare levy low income thresholds — 1998-99**

**Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
-	-	-	-

**Explanation**

When the Medicare levy was introduced in 1984, an exemption was provided for low income individuals and families who were eligible for free medical treatment prior to the introduction of Medicare. For couples and single parents, the exemption thresholds increase by a set amount per child.

The individual, couple and sole parent thresholds have previously been increased in line with movements in the Consumer Price Index (CPI). However, the average level of the CPI for the four quarters to March 1998 was 0.1 per cent lower than the average for the preceding four quarters. Rather than reducing the thresholds to reflect this decline, the Government has decided to hold the thresholds for 1998-99 at the same levels as those that applied for 1997-98.

Accordingly, the Medicare levy low income thresholds for 1998-99 will remain at \$13,389 for individuals and \$22,594 for couples and sole parents. The additional threshold for each additional child is \$2100.

## Dependant rebates — 1998-99

### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
..	..	..	..

### Explanation

The Government will be amending the tax law to ensure that a number of rebates which are indexed by the CPI will remain unchanged rather than be reduced if the CPI falls. As the average level of the CPI for the four quarters to the March Quarter 1998 was lower than that for the corresponding four quarters to the March Quarter 1997, this measure will prevent a reduction in the dollar value of these rebates.

The rebates affected are: the dependent spouse rebate (without child); the child-housekeeper rebate; the invalid relative rebate; the parent of the taxpayer or of the taxpayer's spouse rebate; the sole parent rebate; and the housekeeper rebate.

### Access to the beneficiary tax rebate for Community Development Employment Projects participants

### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
-7	-7	-7	-7

### Explanation

The Government will be amending the *Income Tax Assessment Act 1936* so that from 1 July 1998 Community Development Employment Projects (CDEP) participants can claim the beneficiary tax rebate. This will mean that those CDEP participants who are currently required to pay income tax will no longer incur a tax liability on the income support component of their CDEP wages. At present, the nature and calculation of the funding of the CDEP scheme causes payments to CDEP participants technically to fall outside the scope of those payments that are rebatable.

The CDEP scheme is designed to provide meaningful employment opportunities for Aboriginal and Torres Strait Islander people. CDEP participants forego their entitlements to unemployment benefits and work in community based activities for wages. Eligibility for the beneficiary tax rebate will bring the tax treatment of CDEP participants into line with that of Newstart allowees (who may be on Work for the Dole) and with the beneficiaries of labour market programmes such as Green Corps. This measure will remove the current disincentive to people joining and remaining on the CDEP scheme compared with equivalent labour market programs.

This measure follows recommendations released in December 1997 by the Government initiated *Independent Review of the Community Development Employment Projects Scheme* (Spicer Review).

## Extension of Prescribed Payments System

### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
-	-	-	-

### Explanation

Where a payer and payee agree, certain payments for work are to be brought within the Prescribed Payments System (PPS). The PPS is a withholding system for income tax collection, similar in purpose to the PAYE system, which applies to certain payments to independent contractors under contracts for the performance of work.

At the moment, the PPS only applies in nine industries, which are listed in the Income Tax Regulations. However, following representations from members of other industries, the Income Tax Regulations are to be amended to allow payers in non-PPS industries to apply to the Commissioner of Taxation to be included in the PPS in cases where the payer and the payee have agreed that the payments will be covered by the PPS.

The other requirements for the operation of the PPS will remain unchanged. Specifically, the payments must be under a contract for the performance of work, and the relationship between payer and payee must not be one of common law employment (in which case the PAYE system will continue to operate).

This measure is expected to be revenue neutral, and will commence from the date the relevant regulations are made.

## SUPERANNUATION AND SAVINGS

### Supervision and funding arrangements for self-managed superannuation funds

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
-	-18.9	-19.2	-19.5

### Explanation

Consistent with the recommendation of the Financial System Inquiry that regulatory agencies' charges should reflect their costs, the Superannuation Supervisory Levy will be restructured to more accurately reflect cost recovery principles.

From 1 July 1999, self-managed and non-self-managed superannuation funds will be under the supervision of different regulators. The existing cross-subsidisation of non-self-managed funds by excluded funds will be removed. In addition, a projected surplus of revenue over costs will be eliminated by reducing future levy collections. The levy for self-managed superannuation funds will be reduced from \$200 to below \$50 per fund. The amount to be paid by non-self-managed superannuation funds will be

examined in the context of determining cost recovery arrangements for the Australian Prudential Regulation Authority.

Further information on this measure can be found in the outlays measure entitled *Supervision and funding arrangements for self-managed superannuation funds* and in the revenue measure entitled *Establishment of the Australian Prudential Regulation Authority* described in Part I of this Budget Paper under the Treasury portfolio.

### **Changes to superannuation regulation**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
-	-	-	-

#### **Explanation**

##### ***New definition of self-managed superannuation funds***

The Government has decided to alter the definition of what constitutes a self-managed superannuation fund (currently known as excluded superannuation funds) to ensure that all such funds are in fact self-managed.

From 1 July 1999, self-managed superannuation funds will be regulated by the Australian Taxation Office (ATO) who will have responsibility for ensuring such funds comply with the non-prudential requirements of superannuation law.

Self-managed superannuation funds will be defined as superannuation funds with less than five members, where all members are trustees and there are no other trustees. Where there are two or more members they must be either partners, directors or trustees of the employer-sponsor or family relatives.

- These arrangements are consistent with the recommendations of the Financial System Inquiry. They reflect the need to ensure that all members of self-managed superannuation funds are able to protect their own interests, and as a result will allow these funds to be subject to minimal prudential regulation.

Some existing excluded superannuation funds may not meet the proposed new definition. In these circumstances they will either need to restructure to meet the definition or use an 'approved trustee' and be regulated by the Australian Prudential Regulation Authority (APRA). Importantly, where such funds employ an approved trustee they will continue to be able to take advantage of member-directed investment.

##### ***Fairer penalty regime***

The Government will introduce a new penalty structure for all superannuation funds (including self-managed superannuation funds) as the existing penalty structure is too narrow and limiting.

Currently the only taxation penalty option for breaches of the superannuation law is to make a fund 'non-complying'. This is a severe penalty as it results in fund assets and income being taxed at 47 per cent. However, this penalty often cannot be imposed as it would either impact unfairly on innocent members of the fund (not responsible for the breach) or be too harsh a penalty where the breach is less significant.

The new structure of superannuation penalties should ameliorate such concerns as penalties will be calculated in accordance with the severity of any breach of the rules.

### ***New Investment rules***

The Government has also decided to tighten investment restrictions on all superannuation funds (including self-managed superannuation funds). This will act to ensure that superannuation savings are invested with retirement income generation as the primary purpose rather than with the aim of providing current day support to members, the employer-sponsor or their associates.

From the date of introduction of the legislation all superannuation funds (including self-managed funds) will be permitted to hold no more than 5 per cent of the funds' assets (calculated on market value) in certain assets. These include:

- investments in associated parties, including trusts;
- investments involving associated parties eg leasing assets to members or employer-sponsors (exceptions will apply to ensure consistency with the rules relating to the acquisition of property used in the business — the 40 per cent rule); and
- investments in certain 'non-associated parties' which invest directly or indirectly in the employer-sponsor or its associates (these restrictions would not apply to certain specified investments such as widely held unit trusts).

Additionally, the current restriction on acquisitions of assets from members and relatives will be extended to all associates.

In respect to existing investments, funds will have until 30 June 2001 to comply with the new investment rules.

Further information on this measure can be found in the outlays measure entitled *Superannuation and funding arrangements for self-managed superannuation funds* described in Part I of this Budget Paper under the Treasury portfolio and in the Treasurer's Statement *Reform of the Australian Financial System* of 2 September 1997.

## Access to superannuation for housing

### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
-	-	-	-

### Explanation

The Government made a pre-election commitment to examine the full implications of implementing a scheme that allowed access to superannuation savings to assist in purchasing a home (including the implications for national savings). A discussion paper on issues relating to the accessing of superannuation for the purpose of home ownership was released in conjunction with the 1997-98 Budget.

Following consideration of all of the issues and responses to the discussion paper, the Government has decided not to introduce a superannuation for housing scheme. Housing affordability has increased significantly in recent years and is currently at a historically high level. The favourable level of housing affordability reflects ongoing growth in household income, moderate growth in home prices and low interest rates. Mortgage interest rates have fallen to their lowest level since 1970, reflecting low inflation, reductions in official cash rates and increased competition in the home lending market. The savings rebate initiative announced by the Government in the 1997-98 Budget will also be of assistance to low income earners in achieving home ownership.

A superannuation for housing scheme could not be targeted efficiently to those individuals who would not otherwise achieve home ownership before retirement. It would also reduce retirement incomes and national savings.

## WHOLESALE SALES TAX

### CPI adjustment of wholesale sales tax quarterly remitter threshold

### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
..	..	..	..

### Explanation

The Government will be amending the tax law to ensure that the CPI-indexed threshold amount for quarterly remittances of wholesale sales tax will remain unchanged if the relevant movement in the CPI is negative. Under existing law, the threshold would be lowered in 1998-99 because the CPI fell over the year to the four quarters ending 31 March 1998. This would result in more taxpayers being forced to pay sales tax monthly rather than quarterly. The Government will change the law so that the threshold will not fall in 1998-99, thereby keeping the quarterly remitter threshold at the 1997-98 level of \$57,570.

## CAPITAL GAINS TAX

### Capital gains tax — majority underlying interests in assets held by public entities

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
..	..	..	5

#### Explanation

The capital gains tax (CGT) provisions of the *Income Tax Assessment Act 1936* (the Act) generally do not apply to assets acquired by taxpayers before 20 September 1985.

Division 20 of Part IIIA of the Act, however, requires public entities (listed public companies, publicly traded unit trusts and mutual insurance organisations) to test on 20 January 1997 and every five years thereafter, or where there is abnormal trading, for continuity of the majority underlying interests in their assets. If continuity is lost, any pre-CGT assets are treated as post-CGT assets acquired at test time at their market value.

Division 20 provides a range of streamlined tracing measures intended to help public entities carry out the test. A 'notional holder' rule allows small holdings of less than 1 per cent to be treated as if they were always held by a single notional holder. This rule must be disregarded by the Commissioner if it produces continuity of underlying ownership which would otherwise not exist.

#### Amendments

The proposed amendments will ensure that all public entities will be taken to have had a change in majority underlying interests at 30 June 1999, unless they satisfy the Commissioner that they have maintained continuity of majority underlying interests.

Public entities will be required to seek approval of continuity of underlying ownership from the Commissioner within 6 months of the test date (30 June 1999) or such further time as the Commissioner allows. Public entities, in seeking the Commissioner's approval, must then give the Commissioner the evidence on which the Commissioner is to be satisfied or to reasonably assume that the public entity has maintained continuity of majority underlying interests in its assets.

A public entity which can satisfy the Commissioner that it maintained the necessary continuity in majority underlying interests in its assets at 30 June 1999 will nonetheless be taken to have had a change in majority underlying interests after every five years thereafter, or whenever there is abnormal trading, unless it satisfies the Commissioner that it has actually maintained continuity in majority underlying interests in its assets.

For the purposes of the 30 June 1999 test and later tests, the concessional tracing rules with the exception of certain rules dealing with demutualising insurance entities will be removed.

Before 30 June 1999, the ungrandfathering of assets will be determined by the application of the currently enacted law, with the benefit of the notional holder rule but without the Commissioner having to override that rule if it would produce continuity of majority underlying interests that would not otherwise exist.

The prescribed period in which taxpayers must make their first determination under the current law (currently extended to 30 June 1998, by the Commissioner) will be extended to one month following Royal Assent to the Bill introducing these amendments.

Additional amendments will be undertaken to clarify the scope of the Division 20 (with effect for any tests made after the date of introduction of these amendments) to make it very clear that public entities include all 100 per cent subsidiaries of public entities, including those that are jointly owned by one or more public entities.

## **FRINGE BENEFITS TAX**

### **Fringe benefits tax — car parking benefits (calculation of daily car parking threshold amount)**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
..	..	..	..

#### **Explanation**

Fringe benefits tax (FBT) is payable if car parking facilities are provided by an employer within one kilometre of a commercial parking station which ordinarily charges more than the CPI-indexed threshold amount for all-day parking at the start of the FBT year. Under existing law the threshold is indexed by movements in the CPI and would be reduced should the CPI fall in the twelve months preceding the start of the FBT year.

The Government will be amending the tax law to ensure that the CPI-indexed threshold amount for all-day parking at the start of the FBT year will remain unchanged if the movement in the CPI in the 12 months preceding the start of the FBT year is negative.

Therefore, although the CPI fell by 0.2 per cent in the 12 months to the March Quarter 1998, the threshold amount for the FBT year-ending 31 March 1999 will remain at \$5.25 per day, the same threshold as for the year-ended 31 March 1998.



## CUSTOMS AND EXCISE DUTY

### Automotive Competitiveness and Investment Scheme (ACIS)

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
-	-	-200	-400

#### Explanation

This scheme will replace the Export Facilitation Scheme (EFS) which is due to be terminated in 2000. It will provide benefits both to passenger motor vehicle (PMV) manufacturers, through an investment incentive and an expansion of the existing Duty Free Allowance, and to component manufacturers and eligible service providers through incentives for investment in new capital assets and research and development expenditures. The scheme will be capped at \$2 billion over its five-year duration.

### Tariff reductions on inputs to information industries equipment manufacture

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
-52	-28	-5	-5

#### Explanation

As part of the *Investing for Growth* statement of 8 December 1997, the Government announced it would remove tariffs on inputs to the manufacture of information industries equipment after a short consultation process with local component suppliers.

Tariffs on inputs covered by the Information Technology Agreement will be reduced from 1 July 1998. In addition, the tariff on information technology inputs subject to a tariff concession order will also be removed.

## OTHER MEASURES

### 1998-99 Migration Programme — visa application charges

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
2.1	8.9	12.8	13.3

#### Explanation

A new visa category for parents is to be introduced on 1 November 1998. The second instalment of the visa application charge for this new category will be \$5,000. This compares with the second instalment charge of \$940 for the existing parent category.

Net changes to application rates in other categories will lead to a minor increase in revenue.

Further information on this measure can be found in the outlays measure entitled *Modification to selection procedures for the 1998-99 Migration Programme* described in Part I of this Budget Paper under the Immigration and Multicultural Affairs portfolio.

### **Changes to visa application charges for non-Electronic Travel Authority visitor visas**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
39.9	38.1	42.2	46.7

#### **Explanation**

This measure levies a charge of \$50 on all overseas visitor visa applications not made through the Electronic Travel Authority (ETA) system. The ETA system is generally available to nationals of those countries which Australia considers require minimal visa processing. For other nationals, traditional paper visa processes are employed and more resource intensive visa processing is undertaken to ensure that a genuine visit is intended. The \$50 charge will apply predominantly to nationals for whom this higher level of visa processing is undertaken. In return these nationals will receive a quick and efficient visa processing service which will facilitate the fast processing of bona fide travellers.

The measure also increases the business visitor visa application charge for all nationals from \$45 to \$50, except in the case of business ETA applications which will remain at \$45.

The measure will take effect from 1 July 1998.

Further information on this measure can be found in the outlays measure entitled *Enhancement of Visa Processing and Border Monitoring* described in Part I of this Budget Paper under the Immigration and Multicultural Affairs portfolio.

### **Increase in the Passenger Movement Charge**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
9.9	21.1	22.7	23.6

#### **Explanation**

The Government has decided to increase the Passenger Movement Charge (PMC) from \$27 to \$30 from 1 January 1999. The level of the PMC has remained unchanged since it was first introduced on 1 January 1995. The level of the PMC has previously been set to recover the costs of customs, immigration and quarantine border processing of international travellers and the costs of issuing short-term visas. The \$3 increase will

raise an estimated \$77.3 million in additional revenue over the four years to 2001-02. This will help meet the additional costs arising from the movement of people and games-related equipment across Australia's borders at the time of the Sydney 2000 Games.

See also the outlays measure entitled *Tourism package — Increased funding for tourism promotion and development* described in Part 1 of this Budget Paper under the Industry, Science and Tourism portfolio.

**Increased charges to carriage service providers for the purchase of certain telecommunications numbers**

**Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
30	30	30	30

**Explanation**

This measure will increase by \$30 million a year the revenue currently received from charges paid by telecommunications carriage service providers for special telephone numbers (eg mobile, local rate '13' and free call '180' numbers). Charges will be restructured to better reflect the market value of numbers that are charged to end users by the carriage service providers. This restructuring will be undertaken by the Australian Communications Authority in the context of determining the increase in charges to apply for 1998-99. The increased revenue is based on an estimate of the net 'windfall' gain which carriage service providers receive under the current regime of Government charges for special telephone numbers.

Charges for special telephone numbers were introduced as a 1996-97 Budget initiative and are currently levied under the *Telecommunications (Numbering Charges) Act 1997*. In the 1996-97 Budget the Government set a revenue target of \$30 million for numbering charges based on the estimated market value of special service numbers. The Australian Communications Authority administers the current charging regime under a Numbering Plan with annual charges being set to recover the target revenue of \$30 million. Carriage service providers are able to on-sell special service numbers at prices determined by their commercial assessment and market demand.

As at present, no charges will be applied to telephone numbers allocated for the purpose of providing the standard service (ie most geographic numbers), emergency service or community service numbers.

A new determination will be required under the *Telecommunications (Number Charges) Act 1997* to vary the charges for numbers under the Numbering Plan.

## Stevedoring levy

### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
25	25	25	25

### Explanation

Levies are to be imposed in the stevedoring sector with the passage of the Stevedoring Levy (Imposition) Bill 1998 and the Stevedoring Levy (Collection) Bill 1998. The levy is to be imposed on the loading and unloading of containers and vehicles in Australia. Rates of levy will be \$12 per container and \$6 per vehicle. It is intended that the levy be applied to meet the costs of funding redundancies consequent upon restructuring and reform in the stevedoring sector.

Further information on this measure can be found in the outlays measure entitled *Payments in connection with redundancies relating to the Maritime Restructuring Facilitation Scheme* described in Part I of this Budget Paper under the Workplace Relations and Small Business portfolio.

### Reduced warehouse licence fees administered by the Australian Customs Service under the Customs Act 1901

### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
-2	-2	-2	-2

### Explanation

A review of the licence fee structure for bonded warehouses found that there has been a significant over recovery of the costs incurred. Accordingly, the Government has agreed to reduce the initial licence application fee from \$10,000 to \$3,000 and the fee for licence renewal from \$8,000 to \$4,000 per annum.

Bonded warehouses exist to allow importers to defer payment of customs duty and sales tax on goods until entry for home consumption.

### Industry contribution for Australia's contributions to international telecommunications organisations

### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
0.3	0.4	0.4	0.4

### Explanation

This measure provides for the additional costs incurred by the Commonwealth for contributions made to the International Telecommunications Union to meet Australia's

international commitments to be recovered from the telecommunications industry, consistent with existing cost recovery arrangements.

Telecommunications carriers, industry and consumers benefit from Australia's membership of these organisations through the ability to influence the direction of international telecommunications development, telecommunication and radio communication standards and radio frequency allocations.

Australian industry benefits from international standards and agreements as a basis for trade and development and from being able to influence outcomes from the International Telecommunication Union.

The International Telecommunications Union (ITU) is a global body concerned with international cooperation in telecommunication services and the use of radio frequency spectrum. Australia's contribution to the ITU is fixed every four years in Swiss Francs and is fully cost recoverable from the industry.

Further information on this measure can be found in the outlays measure entitled *Additional funding for Australia's contribution to international telecommunications organisations* described in Part I of this Budget Paper under the Communications and the Arts portfolio.

#### **Industry contribution for consumer representations in areas of telecommunications regulations**

##### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
0.8	0.8	0.8	0.8

##### **Explanation**

The costs to the Government for the provision of funding to consumer bodies, to facilitate the representation of consumer interests in relevant areas of telecommunications regulation, policy review and development, will be recovered from the telecommunications industry through the adjustment of annual carrier licence fees.

Further information on this measure can be found in the outlays measure entitled *Funding for consumer representations in areas of telecommunications regulation* described in Part I of this Budget Paper under the Communications and the Arts portfolio.

**Industry contribution for the Australian Communications Authority's contract management of the National Relay Service**

**Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
-	0.1	..	..

**Explanation**

Costs incurred by the Australian Communications Authority (ACA) for managing the contract of the National Relay Service (NRS) will be recovered from telecommunications carriers.

Due to the cost recovery being based on audited actual costs, there is a one year lag between the ACA incurring the related costs and cost recovery from industry.

The responsibility for the contract management will pass from the Department of Communications and the Arts to the Australian Communications Authority on 1 July 1998, as set out in the *Telecommunications Amendment Bill (No. 2) 1997* and the *NRS Levy Imposition Bill 1997*.

Further information on this measure can be found in the outlays measure entitled *Funding for Australian Communications Authority's contract management of the National Relay Service* described in Part I of this Budget Paper under the Communications and the Arts portfolio.

**Industry contribution for the Australian Communications Authority's administration of electromagnetic compatibility standards**

**Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
-	0.4	0.4	0.3

**Explanation**

Costs incurred by the Australian Communications Authority (ACA) for the administration of extended coverage of radiocommunications and electromagnetic compatibility standards will be recovered through the Spectrum Maintenance Component of Radiocommunications Licence Fees charged to industry.

Due to the cost recovery being based on audited actual costs, there is a one year lag between the ACA incurring the related costs and cost recovery from industry.

Further information on this measure can be found in the outlays measure entitled *Funding for the Australian Communications Authority for the administration of electromagnetic compatibility standards* described in Part I of this Budget Paper under the Communications and the Arts portfolio.

**Industry contribution for the Australian Communications Authority's monitoring of a regulatory framework for electromagnetic radiation exposure**

**Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
-	1.0	0.9	0.8

**Explanation**

Costs incurred by the Australian Communications Authority (ACA) for the establishment of mandatory standards and compliance requirements to limit human exposure to electromagnetic radiation in radiofrequencies and to monitor the effectiveness of the regulations will be recovered through the Spectrum Maintenance Component of Radiocommunications Licence Fees charged to industry.

Due to the cost recovery being based on audited actual costs, there is a lag between the ACA incurring the related costs and cost recovery from industry. Over time, this measure and the related outlays measure will be budget neutral.

Further information on this measure can be found in the outlays measure entitled *Funding for the Australian Communications Authority for a regulatory framework for electromagnetic radiation exposure* described in Part I of this Budget Paper under the Communications and the Arts portfolio.

**Industry contribution for the Australian Communications Authority for functions related to telecommunications interceptibility**

**Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
-	0.1	0.1	0.1

**Explanation**

Under existing legislation, law enforcement and national security agencies are, under certain circumstances, able to intercept and gather information via telecommunications services. Recently amended legislation has set up a new framework to ensure that permitted interception is technically possible and that in introducing new technology, carriers and carriage service providers consider the interception implications.

The costs incurred by the Australian Communications Authority (ACA) to implement the new administrative arrangements will be recovered through annual Telecommunications Carrier Licence Fees. The enhanced arrangements will facilitate more cost effective access by the national security agencies and the achievement of legislative objectives of telecommunications interception as a tool for enforcing the criminal law and safeguarding national security.

Due to the cost recovery being based on audited actual costs, there is a one year lag between the ACA incurring the related costs and cost recovery from industry.

Further information on this measure can be found in the outlays measure entitled *Funding for the Australian Communications Authority for functions related to telecommunications interceptibility* described in Part I of this Budget Paper under the Communications and the Arts portfolio.

**Compensation for Societe Internationale Telecommunications Aeronautique (SITA)**

**Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
1.2	1.3	1.2	1.2

**Explanation**

The regulations currently exempting the Societe Internationale de Telecommunications Aeronautique (SITA) from paying various taxes will be replaced by an outlays programme from 1 July 1998. The outlays programme will honour a longstanding commitment by the Commonwealth, currently reflected in the regulations, to exempt SITA from paying various taxes and customs duties in return for SITA having established its regional headquarters in Australia.

Further information on this measure can be found in the outlays measure entitled *Compensation to the Societe Internationale de Telecommunications Aeronautique* described in Part I of this Budget Paper under the Industry, Science and Tourism portfolio.

**Increased cost recovery at Phase 2 airports**

**Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
2.7	2.7	2.8	2.8

**Explanation**

This measure will allow the Department of Transport and Regional Development to recover fully the costs of contractors performing the statutory functions of Airport Environment Officer and Airport Building Controller at airports subject to long-term lease as part of Phase 2 of the sale of Federal airports.

These arrangements will apply to the Phase 2 airports (Adelaide, Canberra, Coolangatta, Parafield, Hobart, Archerfield, Townsville, Launceston, Moorabbin, Jandakot, Alice Springs and Darwin) after they are leased.

Further information on this measure can be found in the outlays measure entitled *Funding of Airport Environment Officers and Airport Building Controllers at Phase 2 Federal airports subject to sale* described in Part I of this Budget Paper under the Transport and Regional Development portfolio.



## Increased recovery of motor vehicle compliance plate costs

### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
2	2	2.1	2.1

### Explanation

This measure will increase the level of cost recovery of the administration of the motor vehicle compliance plate system.

The additional motor vehicle compliance plate revenue will be raised through:

- increasing the level of cost recovery from 50 per cent to 100 per cent for standards development work to support the administration of the *Motor Vehicles Standards Act 1989*; and
- full recovery of the costs of research associated with the administration of the *Motor Vehicles Standards Act 1989*.

Motor vehicle compliance plate revenue is raised from the imposition of fees on the motor vehicle industry in respect of the placing of compliance plates on Australian manufactured and imported vehicles, application fees for new model approvals, and vehicle import fees.

## Corporate law reform — managed investments

### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
3	3	1.1	-

### Explanation

The transitional costs of preparing for and administering a new regulatory framework for managed investments will be funded from corporations fees and charges in 1998-99 to 2000-01 ensuring that the revenue will be budget neutral over time. This is consistent with the recommendation of the Financial System Inquiry that regulatory agencies' charges should reflect their costs.

Further information on this measure can be found in the outlays measure entitled *Corporate Law Reform — Managed Investments* described in Part I of this Budget Paper under the Treasury portfolio and the Treasurer's Statement *Regulatory Revamp for Managed Funds* of 24 August 1997.

## MEASURES INTRODUCED UP TO THE 1998-99 BUDGET

### INCOME TAX

#### Deductibility of donations to political parties and independents

##### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
-	-18.3	-12.1	-15.2

##### Explanation

As part of the recently announced response to the Joint Standing Committee on Electoral Matters Report entitled '*The 1996 Federal Election*' the Government will be amending the *Income Tax Assessment Act 1997* so that, effective from 1 July 1998, deductions up to a maximum level of \$1,500 annually will be allowable for:

- contributions (including membership subscriptions) of \$2 or more by a taxpayer to registered political parties; and
- gifts of \$2 or more by a taxpayer to independent candidates and members.

Currently, income tax deductions are allowed for contributions of \$2 or more by non-corporate taxpayers to registered political parties, with the total deductions allowable to a taxpayer subject to a maximum level of \$100 in an income year.

This measure will expand the existing provisions by: raising the total tax deductibility ceiling from \$100 to \$1,500 in an income year; allowing deductibility for donations made by companies; and allowing deductibility for gifts to independents.

Under the measure, donations to independent candidates and members will be allowed to be tax deductible, only if the donations are made during the period commencing from when a person's nomination as a candidate at an election is declared in accordance with the requirements under the relevant Commonwealth or State/Territory electoral legislation, and ending:

- in the case of a person who is elected to the relevant State or Federal Parliament or Territory Legislative Assembly, when he or she ceases to be a member of that Parliament or Legislative Assembly; or
- in the case of a person who is an unsuccessful candidate, at the declaration of the poll of the relevant election (when the outcome of the relevant seat is officially declared under the relevant Commonwealth or State/Territory electoral legislation).

## Medicare levy — extension of Gold Card

### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
-	-8.6	-7.3	-6.5

### Explanation

The Government will be extending, with effect from 1 January 1999, full repatriation health care entitlement (the Gold Card) to all Australian World War II veterans aged 70 years and over with qualifying service. Existing Gold Card holders are exempt from the Medicare levy. Similarly, those who will become entitled to the Gold Card from 1 January 1999 will be exempt from the Medicare levy.

Further information on this measure can be found in the outlays measure entitled *The Extension of Gold Card to Veterans of World War II with qualifying service* described in Part I of this Budget Paper under the Veterans' Affairs portfolio.

## Taxation treatment of spectrum licences

### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
-8	-8	-8	-8

### Explanation

On 11 March 1998, the Government announced its intention to amend the treatment of spectrum licences under the *Income Tax Assessment Act 1997* and to make consequential amendments to the *Radiocommunications Act 1992*. These changes were announced in view of the (then) forthcoming auction of radio frequency spectrum in the 800 MHz and 1.8 GHz bands.

The Government decided to legislate to allow for the amortisation of the acquisition cost of domestic spectrum licences over the 15 year effective life of the licence. Allowing amortisation of the acquisition cost of domestic spectrum licences is appropriate as it is consistent with the underlying wasting nature of spectrum licences, which contribute to the income earning capacity of the holder over their life. Amortisation is consistent with matching the cost of the licence to the income it generates.

The Government also announced three measures to ensure that Australia is able to assert its taxing rights over income from the use of spectrum where a spectrum licence is owned by a non-resident.

- (i) First, the domestic law definition of a royalty will be amended to specifically include spectrum licence payments. This will allow royalty withholding tax (RWT) to be collected from payments made in relation to spectrum licences (including rights to use such licences).

- (ii) Secondly, Australia's Double Taxation Agreements (DTAs) will be renegotiated with a view to including such payments in the DTA definition of royalties. This will, as the treaties are renegotiated, allow Australia to impose RWT on payments to DTA countries.
- (iii) Thirdly, the Government intends to amend the *Radiocommunications Act 1992* so that all payments made in relation to spectrum licences (including rights to use such licences) to persons who are residents of countries with which Australia has DTAs will be subject to tax in Australia. This will be achieved by imposing a condition on spectrum licences.

Amortisation and the licence condition regarding tax arrangements for payments made in relation to spectrum licences will apply to all spectrum licences issued from 11 March 1998 pursuant to the *Radiocommunications Act 1992*.

### Deductibility of gifts

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
*	*	*	*

\* The nature of the measure is such that a reliable estimate cannot be provided.

### Explanation

The Government announced that gifts of \$2 or more to the following bodies would qualify as deductible donations, under the gift provisions of the *Income Tax Assessment Act 1997*:

- from 4 September 1997 to 3 September 1999, the National Nurses' Memorial Trust;
- from 27 January 1998, the Australian American Education Leadership Foundation;
- from 30 January 1998, the Sydney Talmudical College Association Refugees Overseas Aid Fund and the United Israel Appeal Refugee Relief Fund Limited (note that donations to these organisations were previously deductible under the Overseas Aid Gift Deduction Scheme);
- from 9 February 1998 to 8 February 1999, the Mount Macedon Memorial Cross Restoration, Development and Maintenance Fund;
- from 25 February 1998 to 24 February 2000, the St Patrick's Cathedral Parramatta Rebuilding Fund; and
- from 3 April 1998, the Menzies Research Centre Public Fund.

The Government has also announced in principle approval for tax deductibility of donations to the Business Against Domestic Violence Reserve and the Katherine District Business Re-Establishment Fund, subject to those bodies satisfying the public fund requirements.

In addition, since the 1997-98 Budget, there have been:

- 101 admissions to the Register for Cultural Organisations and 39 deletions (a further 13 additions and 13 deletions were made in response to changes in the names of organisations);
- seven admissions to the Register for Environmental Organisations; and
- five admissions to the Overseas Aid Gift Deductibility Scheme and two deletions (a further four additions and four deletions were made in response to changes in the names of organisations).

### Company Law Review Bill — taxation response

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
†	†	†	†

† The measure will protect the revenue base used for the forward estimates by removing opportunities for significant future expansion of tax minimisation practices. In the absence of the measure, to the extent that the revenue base would not be protected, there would be significant revenue loss compared to the forward estimates.

#### Explanation

On 13 November 1997, the Government announced its decision to amend the *Income Tax Assessment Act 1936* (ITAA) in response to changes being made to the Corporations Law.

The Company Law Review Bill 1997 (the Review Bill) will abolish both court confirmation for capital reductions and par value for shares. The changes in the Review Bill, together with the changes in relation to share buy-backs made by the *First Corporate Law Simplification Act 1995*, will make it easier for companies to make distributions of capital to shareholders. Without an appropriate taxation response, these changes could result in very significant revenue loss or deferral because of the greater ease with which companies may stream capital returns to shareholders in circumstances where this will minimise tax. To address this, the Government has introduced amendments into the Parliament that are designed to prevent companies distributing profits to shareholders as preferentially-taxed capital rather than as dividends.

Provisions in the taxation legislation dependent on the concept of par value (and associated concepts such as share premium, share premium accounts and paid up capital) will be amended to ensure their operation remains consistent with the policy underlying their operation under the current Corporations Law. The nature of the Corporations Law changes also requires definitional changes to certain provisions of the ITAA effecting a substantive change to their operation.

The commencement of the Corporations Law changes in relation to court confirmation for reductions of capital and par value for shares is linked to the commencement of the taxation amendments. On this basis, the definitional tax changes will apply in relation to

distributions made, and bonus shares issued, from the time the tax legislation commences. The general anti-avoidance rule will apply to distributions made, and bonus shares issued, after that time, unless made or issued pursuant to a binding commitment entered into before 13 November 1997.

### **Provisional tax exemption for pensioners**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
-1	-	-	-

#### **Explanation**

Each year the new levels of provisional tax exemption thresholds are set for single-rate, partnered-rate and partnered-illness-separated-rate pensioners. Generally, the thresholds for a year of income are the cut-out thresholds for the pensioner rebate (ie the level of taxable income at which the rebate reduces to nil) for the previous year.

Pensioners will not be liable for 1998-99 provisional tax where:

- the 1997-98 taxable income of a single pensioner is less than \$21,780;
- the combined taxable income for 1997-98 is less than \$34,096 for a pensioner couple receiving the partnered-rate pension; and
- the combined taxable income for 1997-98 is less than \$41,922 for a pensioner couple receiving the separated rate pension (where the pensioners live apart as a result of illness or infirmity).

Pensioners who qualify for a full or partial pensioner rebate in 1997-98 will therefore be exempt from 1998-99 provisional tax.

For the purpose of determining whether a pensioner is eligible for a provisional tax exemption, bonuses received from friendly societies or insurance companies are excluded from taxable income.

## SUPERANNUATION AND SAVINGS

### Reforms to early release of superannuation benefits

#### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
2.4	2.4	2.3	2.3

#### Explanation

The Government modified some aspects of its 1997-98 Budget proposals regarding the early release of superannuation benefits following extensive negotiations with the Opposition and the minor parties. These modifications include:

- a reduction of the preservation threshold for superannuation accounts from \$500 to \$200 (rather than the proposed total abolition) to address concerns about potential increases in the number of accounts with small balances;
- a reduction of the period from 12 to 6 months for which an applicant must be in continuous receipt of Commonwealth support payments to gain access to superannuation benefits in the case of 'severe financial hardship'. The test of 'severe financial hardship' has also been tightened by requiring applicants to satisfy their fund's trustee that they are unable to meet reasonable and immediate family living expenses;
- more flexibility in the criteria for early release on compassionate grounds, with the Insurance and Superannuation Commissioner given flexibility in approving an application where it strictly satisfies the spirit of the compassionate grounds criteria; and
- an extension to the transition provisions for the access of preserved superannuation benefits upon permanent departure from Australia which will allow individuals who lodge a written request with their fund trustees and leave Australia on or before 30 June 1998 to have their benefits released.

Release of benefits to members who meet these modified tests will still be subject to the governing rules of their trust funds.

#### Choice of superannuation fund

#### Financial Implications

1998-99	1999-00	2000-01	2001-02
-	-	-	-

#### Explanation

Following extensive consultations with superannuation funds, industry associations, employer associations, small business and those representing employee interests, the

Government has modified some aspects of its 1997-98 Budget proposal to provide employees with greater choice as to which fund or retirement savings account receives compulsory employer superannuation contributions made on their behalf.

These modifications include:

- ensuring that an employer cannot be held legally liable for acting in accordance with the choice of fund legislation;
- reducing the minimum number of funds/RSAs that an employer must offer from five to four;
- allowing employers to satisfy their choice obligations by providing 'unlimited employee choice', with employees responsible for collecting information in relation to their chosen fund or RSA; and
- allowing employers to meet their choice obligations through the use of workplace agreements that are broadly defined to include formal agreements (Australian Workplace Agreements and Certified Agreements) and specified types of informal agreements.

These modifications will improve the choice arrangements by significantly reducing the administrative burden on employers while ensuring the key objective of providing choice of fund to employees is achieved.

The Government has also indicated that the start date for superannuation choice for new employees would be deferred, as it had become evident that the Government would be unable to secure the passage of the legislation in time for the 1 July 1998 start date for superannuation choice for new employees to be viable, given the lead time required for the release of regulations on disclosure, education of employees and employers and the necessary preparation by employers and superannuation funds.

## **WHOLESALE SALES TAX**

### **Amendment to Item 192 of the Sales Tax (Exemptions and Classifications) Act 1992**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
50	50	50	50

#### **Explanation**

The sales tax law exempts certain bodies from sales tax on goods they purchase for their own use. These 'always exempt persons' (AEPs) include governments, public benevolent institutions and schools. *Item 192 of Schedule 1 of the Sales Tax (Exemptions and Classifications) Act 1992* allows the private sector to buy goods tax free as long as the goods are to become part of a property owned or leased by an AEP or the government of a foreign country. The idea behind this is that the goods are to be used by the AEP, and should therefore be exempt. *Item 192* was increasingly being used to obtain sales tax



exemptions on goods **for private sector use** — including, for example, hotels, apartment blocks, shopping centres and casinos. This was providing beneficiary firms with windfall gains and unfair competitive benefits.

The amendments restrict *Item 192* benefits to goods for properties principally occupied by AEPs, and to properties used principally by bodies which are undertaking functions contracted out by an AEP. These tests are backed by a list which sets out which uses of property will not qualify for *Item 192* sales tax exemptions. (The list includes casinos, shopping centres, apartments and hotels.) Legislation to implement these changes was introduced into Parliament on 2 April 1998. The measure was announced and applies to dealings after 2 April 1998.

## **OTHER MEASURES**

### **Establishment of the Australian Prudential Regulation Authority**

#### **Financial Implications (\$m)**

1998-99	1999-00	2000-01	2001-02
3.8	39	29.3	29.7

#### **Explanation**

Consistent with the recommendation of the Financial System Inquiry that regulatory agencies' charges should reflect their costs, the Australian Prudential Regulation Authority (APRA) will recover its establishment and ongoing costs from the financial sector. Details of the cost recovery arrangements have yet to be finalised. APRA will, however, be collecting fees on behalf of the Australian Securities and Investments Commission in relation to regulation of market integrity and consumer protection. This will enable a single fee to be charged.

Although there may be some increase and decrease in the levies collected from particular institutions, it is anticipated that, in comparison to the existing levy regimes, the overall net effect will be minimal.

New legislation and amendments to existing legislation have been introduced into the Parliament to enable the reorganisation of prudential regulatory levies, fees and charges in Australia. They will take effect at different times from July 1998 through to 1999.

Further information on this measure can be found in the outlays measures entitled *Establishment of the Australian Prudential Regulation Authority* and *Establishment of the Australian Securities and Investments Commission* described in Part I of this Budget Paper under the Treasury portfolio.

See also the Treasurer's Statement *Reform of the Australian Financial System* of 2 September 1997 and the Treasurer's Statement *Financial System Reforms — Implementation* of 17 March 1998.

## Establishment of the Australian Securities and Investments Commission

### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
8.3	14	14.2	14.3

### Explanation

Consistent with the recommendation of the Financial System Inquiry that regulatory agencies' charges should reflect their costs, the Australian Securities and Investments Commission (ASIC) will recover its establishment and ongoing costs from corporations and the financial sector. Details of the cost recovery arrangements have yet to be finalised. However, corporations fees and charges will be collected by the ASIC. Financial sector levies will be collected by the Australian Prudential Regulation Authority alone and channelled to ASIC for the purposes of funding the regulation of market integrity and consumer protections. This will enable a single financial sector levy to be charged rather than having separate levies for each regulator.

The fees, charges and levies currently payable will provide for the bulk of the resource needs for the new arrangements.

New legislation and amendments to existing legislation have been introduced into the Parliament to enable the reorganisation of levies, fees and charges in Australia.

Further information on this measure can be found in the outlays measures entitled *Establishment of the Australian Securities and Investments Commission* and *Establishment of the Australian Prudential Regulation Authority* described in Part I of this Budget Paper under the Treasury portfolio.

See also the Treasurer's Statement *Reform of the Australian Financial System* of 2 September 1997 and the Treasurer's Statement *Financial System Reforms — Implementation* of 17 March 1998.

### Reducing fees for coasting trade permits

### Financial Implications (\$m)

1998-99	1999-00	2000-01	2001-02
-0.2	-0.2	-0.2	-0.2

### Explanation

The cost of Single Voyage Permits has been reduced by half and the cost of Continuing Voyage Permits has been decreased from \$2,000 to \$400 effective from 24 December 1997. These decreases in fees will promote the ease with which ship operators can have access to coastal shipping routes. These decreases were a component of the shipping reform programme announced by the Minister for Workplace Relations and Small Business in December 1997.