



Australian
Council of
Social Service

ACOSS Briefing Paper | May 2009

ACOSS Initial Federal Budget Briefing 2009

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Overview

ACOSS has prepared this briefing on the 2009-10 Federal Budget. This paper explains the funding announcements made in the Budget in relevant areas of interest to ACOSS members. It does not offer extensive comment on the merit of these measures. It is intended to assist member organisations in their work.

Only policy decisions announced on Budget night are included.

Major initiatives include

Social security

- A \$30 per week increase in base rate of pension for singles, pension benchmarks to increase from 25% to 27.7% of average earnings and to 66.3% of the married pension rate (plus a new pensioner & beneficiary cost of living index – whichever results in the highest increase).

An additional \$2.50 per week increase in pension supplements for singles and \$10.14 for couples.

These increases extend to DSP and Carer payment recipients, Widow's and Wife's pensions, and Veterans pensions, but not Parenting Payment Single or Allowance payments.

- The pension income test is to be tightened by increasing the taper rate from 40% to 50%, with transitional arrangements so that no one is worse off.
- A new carer supplement of \$600 per year to Carer Payment and Carer Allowance recipients (many people receive both payments).
- A \$21 per week training supplement for unemployed people undertaking fulltime accredited training.
- The Youth Allowance parental income test to be eased, and the age of independence for parental income test purposes is to be reduced to 22, but independence will no longer be triggered by employment history.

The Youth Allowance personal income test is to be relaxed.

- Activity requirements for certain principal carer parents on income support will be made more flexible.

Employment and education

- A Paid Parental Leave Scheme will be introduced in 2011, to provide up to 18 weeks paid leave at minimum wage, \$544 per week.
- The Productivity Places training scheme to be expanded by 10,000 places at Certificate 3 level or higher, in 2009-10 only.
- University funding is to be increased substantially, including the un-capping of funded university places; improved indexation arrangements, and funding incentives for universities to enrol students from low income backgrounds.

Savings measures

- Lower annual contributions caps for superannuation (from \$50,000 to \$25,000 for those under 50 years), and a reduction in the super co-contribution from 150% to 100% of contributions made by low and middle income wage earners.
- A pause in indexation of upper income thresholds of FTB-A, FTB-B and Baby Bonus, for high income earners.
- Income testing of the private health insurance for families above \$150,000.
- Capping Medicare Safety Net Benefits for items with excessive fees.
- Reduction in tax concessions for employee shares and options.

Public infrastructure investment and housing

- 'Nation Building' infrastructure projects in collaboration with the States and Territories include public transport projects in major cities – Brisbane, Adelaide, Perth, five major rail projects recommended by Infrastructure Australia, and improvements to hospitals.
- The increase in First Home Owner payments is to be extended for a further 6 months, including three months at the full rate, before being phased out.

Community services and health

- As announced in the February stimulus package, increased funding to emergency relief providers to improve the financial capacity of low income families.
- A national cancer statement including improvements in cancer detection and care.
- Major investment in health workforce development.

Indigenous

- Funding package of \$807.4 million/ 3 years for variety of initiatives in the Northern Territory;
- Funding for changes to CDEP and the Indigenous Employment Program, with CDEP to cease in non-remote areas and a new Community Support Service to be provided in urban and regional locations.

Climate change

The Budget:

- confirmed the Government's recently announced intention to delay the start of the Carbon Pollution Reduction Scheme (CPRS) until July 2011 (and, thus the need for cash assistance for low income households to offset price increases resulting from the CPRS)
- committed to begin expenditure from the Climate Change Action Fund (although reduced by \$100 m to \$200 m in 2009-10) for small business and community sector organisations to improve energy efficiency in anticipation of the CPRS

Impact on the Budget deficit

The budget deficit is to rise to \$57B in 09-10. Deficits are forecast to continue until 2015.

However, Budget savings measures are estimated to exceed new spending by 2012.

The Budget stimulus packages focuses on infrastructure, with \$800M to be spent in 09-10 and \$1,200M in 10-11 for clean energy, public transport and roads.

Budget announcements have the effect of increasing the projected budget deficit for 2009-10 by \$9B. This increase is mainly on the expenditure side (\$8.6B) Changes in the economy since the last Budget statement in February 2009 are responsible for another \$11B increase in the deficit. The overall deterioration in the budget bottom line for 2009-10 since the February Budget statement is \$11B.

Effect of Budget spending and savings measures on the budget surplus*

Category of budget measures	Cost (\$ millions in 2009-10)
<i>Budget deficit forecast in February 2009</i>	
	-33,000
<i>Policy measures included in the Budget:</i>	
Tax	-256
Expenditure	-8,561
Sub total – effect of policy measures	-8,817
<i>Effects of Budget measures and changed economic forecasts since February 2009 *</i>	
Effects of revenue and expenditure measures in the Budget ¹	-8,817

¹ Expenditure measures minus savings measures, as above.

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Effects on tax and expenditures of changed economic forecasts since February 2009	-11,029
Overall effects	-19,846
<i>Budget deficit forecast in May 2009</i>	
	-53,145

Source: Budget Paper No 1.

Budget outcomes

The Budget deficit for 2009-10 is estimated to be \$58B or 4.9% of GDP. This reflects rapidly deteriorating economic conditions, as well as policy decisions including the stimulus packages.

Budget outcomes

	2009-10 (\$b)	2010-11 (\$b)	2011-12 (\$b)	2012-13 (\$b)
Revenue				
\$ billions	290	295	321	350
(% of GDP)	24.7%	24.7%	24.7%	25.2%
Expenditure				
\$ billions	338	345	356	375
(% of GDP)	28.7%	28.2%	27.4%	27%
Fiscal balance				
\$ billions	-53.1	-56	-42	-30.3
(% of GDP)	-4.5%	-4.6%	-3.2%	-2.2%
Underlying cash balance				
\$ billions	-57.6	-57	-45	-28.2
(% of GDP)	-4.9%	-4.7%	-3.4%	-2%

Source: Budget Paper No 1. Notes: Fiscal Balance refers to the surplus or deficit calculated on an accruals basis, Underlying cash balance refers to the same outcomes calculated on a cash basis, excluding major capital items.

Estimates for key economic indicators

The Budget estimates that the economy stagnated over 2008-09 and will contract in 2009-10. As a result of employment losses, unemployment is estimated to rise to 8.5% by 2010-11.

Estimates for key economic indicators

	2008-09	2009-10
Gross domestic product	0	-0.5%
Employment	-0.25%	-1.5%
Unemployment **	6.0%	8.25%
Consumer price index	1.75%	1.75%
Wage price index	4.25%	3.25%

Source: Budget Paper No 1. Notes: ** Average level during the year

Taxation and savings measures

Summary

The Budget includes \$1.5 billion of savings measures to reduce the deficit in 2009-10 (\$15 billion over five years).

Key Budget measures

- The annual limits on concessional superannuation contributions will be reduced from \$50,000 to \$25,000 for those under 50 years and from \$100,000 to \$50,000 for those over 50 years.

[Saving: \$620m in 2009-10, \$2,755m over four years]

- The superannuation co-contribution rate is to be temporarily reduced from 150% to 100%.

[Saving: \$385m in 2009-10, \$1,395m over four years]

- The private health insurance rebate is to be income tested.

[Saving: \$125m in 2009-10, \$1,900m over four years]

- Medicare safety net benefits for certain high cost items are to be capped.

[Saving: \$19m in 2009-10, \$452m over four years]

- Restrictions will be placed on tax deductions for business losses (e.g. hobby farms).

[Saving: \$0m in 2009-10, \$700m over four years]

- Savings are to be made in defence infrastructure and procurement.

[Saving: \$86m in 2009-10, \$2,000m over four years]

Social security measures

Summary

Key Budget measures

- Increase to the pension

Single pensions to rise by \$32.50 per week and married couple rates by \$10 per week for recipients of the Age Pension, Disability Support Pension and Carers Payment, Widow's and Wife's pensions, and Veterans pensions.²

Utilities, Telephone & Pharmaceutical Allowances will be combined into a new Pension Supplement, which will increase by \$2.50pw for singles and \$10pw for couples.

Single rate to be linked to 66% of married rate, and to 28% of average earnings (now \$25%). Also to be benchmarked to a new pensioner & beneficiary cost of living index – whichever results in the highest increase.

The increase does not extend to sole parents, unemployed people or students. Cost is partly offset by a tighter income test (50% taper instead of 40%), an increase in the pension age to 67 years (from 2014) and a tightening of superannuation tax breaks.

[\$2723 million in 2009-10, \$14.2 billion over 5 years]

- Changes to pension taper rates

The taper rate will be increased from 40 cents to 50 cents.

[Saving of \$134 million in 2009-10, \$1.6 billion over 5 years]

- Family Tax Benefit: changes to indexation

FTB will no longer be indexed to average earnings but only to CPI.

FTB was indexed to the married rate of pension, and thus to average earnings. This link is to be broken so that FTB only increases with CPI. This means it increases more slowly.

[Saving of \$43 million in 2009-10, \$1 billion over 4 years]

² The Government will share the base pension rise between aged care providers and pensioners. Full pensioners in aged care will receive an additional \$10.09 per week. The Government will amend the *Aged Care Act 1997* to reset the basic daily fee from 85 per cent to 84 per cent of the single age pension base rate.

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- Reform of family payments to pause indexation of upper income thresholds of FTB-A, FTB-B and Baby Bonus

Better targeting of family assistance to result in savings of \$1.4 billion/ 4 years. Higher income thresholds to be maintained at higher income thresholds until July 2012. Higher income thresholds for FTB-B primary earner; threshold for receiving dependency tax offsets; Baby Bonus threshold and higher income-free area of FTB-A will remain at current level (would ordinarily be indexed to CPI).

[Savings \$209.6 million in 2009-10, \$1.4 billion over four years.]

- Increase in the pension age

The pension age has been increased from 65 to 67 years.

It will rise by 6 months every 2 years from 2017. Affects people 57 and under. Current ages are 65 for males, 64 for females.

[\$0.8 million in 2009-10, \$1.4 million over 4 years]

- Training supplement for unemployed people and sole parents

A \$21 per week supplement will be paid to those lacking Year 12 and engaged in fulltime training. This program expires in July 2011.

[\$52 million in 2009-10, \$83.1 million over four years]

- Carer supplement

Recipients of Carer Payment and Carer Allowance will receive a \$600 p.a. Carer Supplement. This is an ongoing payment.

People receiving both payments will be eligible for both payments.

[\$8 million in 2009-10, \$1.8 billion over 5 years]

- Youth Allowance parental income test to be eased

The free area and taper rate will be aligned with that for FTB Part A.

[\$67 million in 2009-10, \$559.9 million over four years]

- Relaxation of Youth Allowance personal income test

The free area to be increased from \$236 to \$400 per fortnight; taper rates to be 50% and 60%.

[\$287.3 million over three years]

- Youth Allowance age of independence reduced to 22

The age at which the parental income test no longer applies to be reduced from 25 to 22, over 4 years; but it will be harder for students to qualify for independent status by working over 15 hours a week or earning over \$20,000pa in a given year.

[Savings of \$133 million in 2009-10, \$98.7 million over four years]

- Participation taskforce report: more flexible activity requirements for parents

A wider range of activities can satisfy part time activity requirements for certain principal carer parents, more responsive to individual circumstances.

[\$2 million in 2009-10, \$26.8 million over four years]

- Closure of pensions bonus scheme

The pensions bonus allows people to claim a higher pension if they wait a few years, but take up has been low and the rules are complex.

A Work Bonus for pensioners will be introduced. Only half the first \$250pw of earnings to be income tested (a maximum saving of \$60pw).

[\$7.1 million in 2009-10, \$57.6 million over five years]

- DSP assessments to be changed

Workforce re-engagement pilot, triage system for assessments, changes to impairment tables

Assessment to be simplified for clearly eligible claimants (e.g. where catastrophic, congenital disability or cancer) enabling them to receive financial support more quickly. In other cases, assessments to be made by Senior Job Capacity Assessors. New guidelines on the assessment of work capacity and a new Health Professional Advice Unit.

An estimated 1,500 people, previously ineligible for DSP, will now be granted the pension while 6,500 claimants, who would otherwise have received DSP, will no longer be eligible.

[\$14 million in 2009-10, Savings of \$7.2 million over four years]

Housing and infrastructure measures

Summary

The Budget includes \$700 million in 2009-10 and \$6,900 million over four years to invest in public transport, a clean energy initiative, and upgrading of ports and roads.

These projects were advanced by the States and Territories, for approval by Infrastructure Australia. They are estimated to create 15,000 jobs each year.

The First Home Owners Scheme Boost will continue for another 6 months, with 3 months at the full rate.

Key Budget measures

- Major inter-city highways will be upgraded in a number of States
[\$75 m in 2009-10, \$1,649m over 4 years]
- Metropolitan rail projects will be funded in a number of States
[Cost: \$196m in 2009-10, \$2,644m over four years]
- Public transport projects will be funded in a number of capital cities.
[Cost: \$30m in 2009-10, \$248m over four years]
- Extension of First Home Owner Boost

Boost to be extended for a further 6 months, including three months at the full rate, before stepping it down. It will provide \$7000 for existing dwellings and \$14000 for new homes for contracts entered between 1 July and 30 Sept 09 and \$3,500 for existing and \$7000 for new homes for contracts entered between 1 Oct and 31 Dec 09.

[\$486.2 million in 2009-10, \$539 m /4 years]

Employment measures

Summary

The Budget estimates that the economy stagnated over 2008-09 and will contract in 2009-10. As a result of employment losses, unemployment is estimated to rise to 8.5% by 2010-11. The number of long term Newstart and Youth Allowance recipients is already around 300,000 people and likely to rise substantially as unemployed people find it harder to get jobs.

Policy action in this area has focussed so far on training for young people, improved employment assistance for retrenched workers, and a Jobs Fund to create jobs (for example, on infrastructure projects) in depressed regions.

In education policy, there is a major focus on strengthening universities.

Key Budget measures

- A Paid Parental Leave Scheme will be introduced in 2011. It will provide up to 18 weeks paid leave at the minimum wage, \$544 per week in lieu of the baby Bonus for those eligible for the leave payments.

[\$13m in 2009-10, \$1,462m over four years]

- The Productivity Places training program will be expanded in 2009-10 by 10,000 places at the Certificate 3 level or higher.

[Cost: \$77m in 2009-10]

- University funding is to be increased substantially, including the un-capping of funded university places; improved indexation arrangements, and funding incentives for universities to enrol students from low income backgrounds.

[Cost: \$156m in 2009-10, \$1,106m over four years]

Indigenous Communities

Summary

The major area of Government expenditure is the Northern Territory, with a funding package of \$807.4 million over three years for initiatives to 'close the gap' in the NT. The Budget also includes funding to implement significant changes to the Community Development Employment Projects (CDEP) Program and the Indigenous Employment Program (IEP).

Key Budget measures

- Community Development Employment Projects (CDEP)

CDEP will cease in non-remote areas and be replaced by a new service intended to assist Indigenous people to access employment and other services. In remote communities the CDEP will form two streams, Work Readiness and Community Development. Administrative responsibility is moved from DEEWR to FaHCSIA. Participants to be paid income support, not wages.

[\$42.5 million net in 2009-10, \$202.4 million net over five years]

- Closing the Gap in the Northern Territory

Funding package of \$807.4 million/ 3 years for variety of initiatives. Major initiatives include:

- Policing [\$39.3 m in 2009-10, \$156.6 m over three years]
- Law and Order (Night Patrols and Legal Assistance) [\$26.5 m in 2009-10; \$80.2m over three years]
- Income Management: To continue compulsory income management until 30 June 2010 [\$103.8 m in 2009-10; \$105.9 m over four years]
- Teaching and accelerated literacy [\$16.2 million in 2009-10, \$45.7 million over 3 years]
- Indigenous Health and Related Services, including primary health care, dental, ear and nose follow up [\$14.5 m in 2009-10; \$131.1 m over three years]
- Field operations: funding for 50 Government Business Managers

- Improving eye and ear health services

To provide additional eye and ear surgical procedures, expanded ear workforce training, investment in hearing medical equipment, ear health promotion, improved trachoma control and better access to optometrists.

[\$6.2 m in 2009-10, \$58.4 m over four years]

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- Funding for Native Title System

Additional funding to speed up resolution of native title claims. Includes additional resourcing for Native Title Representative Bodies.

[Additional \$4.0m in 2009-10, \$50.1 m over four years]

- Torres Strait Major Infrastructure Program

Environmental health infrastructure in Torres Strait Islands under Stage 4 of Program. Includes water treatment, sewerage and draining projects.

[\$14.2 million in 2009-10; \$29 million over 4 years]

Community Services, Health & Ageing Measures

Summary

Considerable savings will be made in health funding through the targeting of private health insurance rebates and through the capping of benefits on several items covered under the Medicare Benefits Schedule.

The government is funding infrastructure investment in hospitals across Australia, and through various health programs.

Key Budget measures

- Emergency relief

As announced in the February stimulus package, funding will be provided over two years to organisations to support people on low incomes through a range of financial management initiatives, including financial counselling, no-interest loans, matched savings and support to develop financial literacy and education programs.

[Cost: \$25 million in 2009-10, \$50 million over two years]

- Private health insurance rebates

Reforms will be made to the private health insurance rebate and the Medicare surcharge.

Existing arrangements will remain unchanged for singles with an income of less than \$75,000 per annum and families with incomes of less than \$150,000 per annum.

Singles earning between \$75,000 & \$90,000 (and families earning between \$150,000 & \$180,000) will be eligible for a private health insurance rebate of 20%. The surcharge payable for those without private insurance will be 1%.

Singles earning between \$90,000 & \$120,000 (and families earning between \$180,000 & \$240,000) will be eligible for an insurance rebate of 10%. The surcharge payable for those without private insurance will be 1.25%.

Singles earning more than \$120,000 and families earning more than \$240,000 will not be eligible for a rebate. The surcharge payable for those without private insurance will be 1.5%.

[Cost: \$124.6 million in 2009-10; Savings: \$1.6 billion over four years]

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- Increasing the Medicare levy low-income thresholds

Low income thresholds will be increased to \$17,790 for individuals and \$30,025 for families, with an additional amount of \$2,757 for each dependent child or student, with effect from 1 July 2008. These increases will take CPI into consideration.

[Cost: \$85 million in 2009-10, \$205 million over four years]

- Commonwealth Seniors Health Card

The government will not proceed with 2008-09 budget measures to include gross tax-free superannuation pension income in the taxable income test. Income salary sacrificed to superannuation will be included in the income assessment from 1 July 2009.

[Cost: \$24.6 million in 2009-10, \$120.9 million over four years]

- Health and hospitals fund – hospital infrastructure and other projects of national significance

The Commonwealth will collaborate with the States and Territories to expand and modernise key public hospitals across Australia. This will increase elective surgery capacity, enhance sub-acute care services, improve emergency department facilities and improve access to hospital services.

[Cost: \$100 million in 2009-10, \$1.3 billion over four years]

- Health and hospitals fund – national cancer statement

This funding will help modernise cancer services and improve detection, survival and treatment outcomes. This will improve access to cancer care, particularly for patients in regional and rural Australia.

[Cost: \$42 million in 2009-10, \$1.1 billion over four years]

- Health and hospitals fund – translational research and workforce training

Translational research investment will provide new medical research infrastructure in the areas of mental health and neurological disorders, child health, indigenous health, and medical bionics.

[Cost: \$40 million in 2009-10, \$383 million over four years]

- Maternity Services

Midwives will be allowed to operate as private practitioners, provide services subsidised by the Medical Benefits Schedule, and prescribe medications subsidised under the PBS. A safety and quality framework, including a credentialing framework, will be developed. The package will be implemented from July 1 2009.

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[Cost: \$14.3 million in 2009-10, \$120.6 million over four years]

- Medicare Benefits Schedule – benefit capping

A cap will be introduced on Medicare benefits payable under the Extended Medicare Safety Net for a range of items with excessive fees, for example assisted reproductive technology, varicose veins, and hair transplants.

[Savings: \$38.9 million in 2009-10, \$257.9 million over four years]

A cap will be introduced on Medicare benefits payable under the Extended Medicare Safety Net for a range of items relating to obstetrics, ultrasounds and pregnancy.

[Savings: \$1.2 million in 2009-10, \$193.7 million over four years]

- Diagnostic imaging and pathology services

The government will provide \$948.4 million over four years for bulk billing incentives for diagnostic imaging services and pathology collection services. This funding will be offset by the rationalisation of pathology Patient Episode Initiation fees.

[Cost: \$65.7 million in 2009-10, \$185.4 million over four years]

- Adjusting to modern medical technologies

The government will amend the MBS fees for a number of procedural items that are able to be performed in a superior manner due to technological improvements or new procedures.

[Savings: \$49.3 million in 2009-10, \$153.4 million over four years]

Climate Change and Environment

Summary

The detail provided below covers measures with some specific impact on low income households. The 2009-10 Budget included a range of significant measures, many of them welcomed by ACOSS and our partners in the Southern Cross Climate Coalition (the Australian Conservation Foundation, the Australian Council of Trade Unions, The Climate Institute). These new and confirmed measures included more than \$1 billion for a Solar Flagships Program, \$100 million to support the implementation of new renewable electricity generation technology, nearly \$400 million to fund infrastructure for climate change science, \$300 million for on-farm irrigation efficiency, \$200 million to assist local councils in the Murray Darling Basin adjust to reduced water availability.

Key Budget measures

- Climate Change Action Fund
 - > \$20 million for a business information package that will provide advice to business on the operation of the CPRS and identify potential opportunities and impacts that may arise.
 - > \$100 million for Early-Action Energy Efficiency Strategies for Business “drive forward knowledge and investment in energy efficiency opportunities... for business and community sector”
 - > \$80 million for capital energy efficiency improvements... to allow businesses to achieve savings on energy bills and deliver significant low cost carbon pollution abatement

Detail in development by Department of Climate Change in conjunction with Department of Environment, Water, Heritage and the Arts.

Ministerial statement includes this:

The community service sector supports some of the most financially vulnerable in our society. Such organisations may experience higher operating costs as a result of putting a price on carbon, which may put pressure on their service delivery activities.

The Government will use a portion of the funding identified above to assist community service sector organisations to identify energy efficiency opportunities that may arise through the introduction of the CPRS. By helping to identify cost-effective opportunities to reduce energy use, the Government will help position these organisations to make savings on their energy bills and to minimise the impacts of moving to a low carbon future.

This new support is in addition to the Community Organisation Capital Allowance measure of the CCAF announced as part of the White Paper [\$1.37 billion over five

years shared with small business].

Program specifics and the split of funds between small business and the community service sector unclear.

[\$ 200m in 2009-10, \$300.0m in 2010-11]

- Energy Efficiency

From 2009-10 the Government will provide new funding of \$164.6 million for a range of energy efficiency measures that will deliver a step change in energy efficiency improvement in Australia, drive further growth in the number of highly energy efficient homes and commercial buildings across Australia, and ensure that appliance energy performance standards continue to improve.

Of this total \$118.0 million will be spent in the first of four years including \$100.0 million for a smart grid energy network trial (“combining broadband with intelligent grid technology and smart meters in homes”). It should be noted that following release of the long awaited ‘Wilkins Review’ of climate change programs that \$221.7 million of previously budgeted spending will be cut. The report is available at www.finance.gov.au

[\$118.0 m in 2009-10, \$164.6 m over four years]

- Skills for the Carbon Challenge

The Government will commit \$26.9 million over four years to progress the 2020 summit idea that by 2020, Australia should be the world’s leading green and sustainable economy, making a major contribution to a comprehensive global response to climate change. Skills for the Carbon Challenge will drive the development and trial of qualifications and training responses that incorporate sustainability principles, green skills and responsive education approaches in a number of key industries. No detail provided. A response to the 2020 Summit.

[\$8.3 m in 2009-10, \$26.9 m over four years]

- Carbon Pollution Reduction Scheme (CPRS)

To support jobs and assist businesses, a fixed price of \$10 per tonne of CO₂-e will apply to emissions in 2011-12. The market will set the price of Australian Emissions Units dated 2012-13 onwards.

In 2011-12, household assistance will be proportionately adjusted to align the level of assistance with the lower estimated cost of living impacts resulting from an initial \$10 fixed carbon price. In 2012-13, household assistance will be provided on the basis of the estimated cost of living impacts of a flexible carbon price. Each year, the adequacy of this assistance will be reviewed in the context of the Budget.

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Introduction of the CPRS has been delayed from July 2010 until July 2011, pending passage of legislation. The White Paper anticipated a carbon price of \$25/tonne (i.e. \$25/permit). Following significant policy changes announced 04 May, it is now proposed to commence the scheme with the permit price fixed at \$10/tonne for the first year of operation. Indications are that the [re]‘alignment’ of assistance for low income households will see a linear adjustment. At \$25/tonne the Government has proposed to offer cash assistance to low income households by way of a 2.5% increase in all pensions, benefits and allowances as well as adjustments to Family Tax Benefits and an increase in the Low Income Tax Offset. The 2.5% included 1.1% by way of adjustment for modelled cost of living increases and a one off additional increase as a buffer against unanticipated changes. It is anticipated that for the period in which the \$10/tonne fixed price pertains there will be a 1.0% adjustment in pensions, benefits and allowances. From the commencement of a flexible carbon price [i.e. a price subject to market forces] assistance will be reset based on estimates of impacts and then indexed annually, ex-post, in each Budget.

[\$0.0 m in 2009-10, no detail for 2010-11 and beyond]