



Australian Council of Social Service

FEDERAL BUDGET 2012-13 Initial ACOSS Analysis

ACOSS Paper 189

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1. Introduction

This initial ACOSS briefing on the 2012-13 Federal Budget outlines key measures announced in the Budget in areas of interest to ACOSS members, to assist members in their work. This briefing does not offer extensive comment on the merit or otherwise of these measures.

This paper outlines the measures firstly by providing a general background on the Budget surplus, revenue and expenses. This is followed by a table showing ten ACOSS proposals (or variations upon them) that were announced in this Budget – including new expenditure benefiting people on low incomes and action to reduce poorly targeted or wasteful expenditures and tax breaks. The key measures in ACOSS' major policy areas are then outlined: income support; employment, education and training; health; community services; policies affecting Aboriginal and Torres Strait Islander peoples; and taxation.

a. Impact on the Budget deficit

The Government has returned the Budget to surplus in 2012-13. It has committed to keep a 2% (real) per annum cap on spending increases in place until the surplus reaches at least 1% of Gross Domestic Product (GDP), or around \$16 billion.

The budget surplus for 2012-13 is estimated to be \$1.5 billion or 0.1% of GDP. This compares with an estimated deficit in the current financial year, 2011-12, of \$44.4 billion or 3% of GDP. The surplus is expected to increase in 2013-14 to \$2b, still 0.1% of GDP.

Table 1: Australian Government Budget revenue, expenses and balances

	Actual	Estimates		Projections		
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Receipts (a)	\$b	\$b	\$b	\$b	\$b	\$b
302.0	330.0	368.8	392.5	413.6	438.4	
Per cent of GDP	21.6	22.3	23.8	24.0	24.0	24.2
Payments (b)	346.1	371.3	364.2	387.3	404.9	427.3
Per cent of GDP	24.7	25.1	23.5	23.7	23.5	23.6
Future Fund earnings	3.7	3.0	3.0	3.2	3.4	3.7
Underlying Cash Balance (c)	-47.7	-44.4	1.5	2.0	5.3	7.5
Per cent of GDP	-3.4	-3.0	0.1	0.1	0.3	0.4
Revenue (a)	309.9	336.4	376.1	402.2	424.8	449.6
Per cent of GDP	22.1	22.8	24.2	24.6	24.7	24.8
Expenses	356.1	373.7	376.3	398.5	416.4	439.0
Per cent of GDP	25.4	25.3	24.3	24.4	24.2	24.2
Net operating balance	-46.2	-37.3	-0.2	3.7	8.4	10.5
Net capital investment	5.3	4.7	-2.7	1.0	1.4	1.1
Fiscal Balance	-51.5	-42.0	2.5	2.6	7.0	9.5
Per cent of GDP	-3.7	-2.8	0.2	0.2	0.4	0.5
Memorandum item:						
Headline cash balance	-51.1	-48.4	-8.7	-6.8	-0.1	2.0

(a) Includes expected Future Fund earnings.

(b) Equivalent to cash payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases.

(c) Excludes expected Future Fund earnings.

Source: Budget Paper No 1

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

Although the budget turnaround from 2011-12 to 2012-13 is very large – almost \$40b – the majority of this (\$35b) was (almost \$40b), most of this (\$35b) was due to the improved economy and the economically sensible wind back of stimulus. New policy measures announced since November's Mid-year Economic and Fiscal Outlook (MYEFO) only add about \$3b in 2012-13 to the bottom line (\$5b in savings minus \$2b in extra spending), to achieve a modest surplus of \$1.5b.

That requires substantial savings, but, at just a third of 1% of GDP, it will have little direct economic impact. In our 'Waste not, want not' report¹, ACOSS has argued that the Budget should curb wasteful and poorly targeted spending and tax breaks to make room for a

¹ ACOSS 2012: Waste not, want not: making room in the Budget for essential services. April 2012. Available at: www.acoss.org.au

different set of budget priorities and to save for a rainy day (such as a future recession). Many of the measures advocated in that Report have been announced in this Budget, as can be seen in the table below and in the following tables.

Table 2: Reconciliation of 2011-12 Budget, 2011-12 MYEFO and 2012-13 Budget underlying cash balance estimates

	Estimates			Projections
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m
2011-12 Budget underlying cash balance(a)	-22,618	3,498	3,672	5,795
Per cent of GDP	-1.5	0.2	0.2	0.3
Changes from 2011-12 Budget to 2011-12 MYEFO				
Effect of policy decisions(b)	-4,860	2,857	3,701	4,676
Effect of parameter and other variations	-9,634	-4,876	-5,509	-7,363
Total variations	-14,495	-2,019	-1,808	-2,687
2011-12 MYEFO underlying cash balance(a)	-37,113	1,479	1,864	3,108
Per cent of GDP	-2.5	0.1	0.1	0.2
Changes from 2011-12 MYEFO to 2012-13 Budget				
Effect of policy decisions(b)(c)				
Receipts	76	2,021	3,680	4,915
Payments	2,777	-903	-253	2,424
Total policy decisions impact on underlying cash balance	-2,701	2,924	3,934	2,491
Effect of parameter and other variations(c)				
Receipts(d)	-6,117	-7,825	-7,797	-7,288
Payments	-1,529	-4,958	-4,043	-7,007
Total parameter and other variations impact on underlying cash balance	-4,588	-2,867	-3,754	-281
2012-13 Budget underlying cash balance(a)	-44,402	1,536	2,044	5,318
Per cent of GDP	-3.0	0.1	0.1	0.3

- (a) Excludes expected Future Fund earnings.
- (b) Excludes secondary impacts on public debt interest of policy decisions and offsets from the contingency reserve for decisions taken.
- (c) A positive number for receipts indicates an increase in the underlying cash balance, while a positive number for payments indicates a decrease in the underlying cash balance.
- (d) Receipts will differ from the cash receipts reconciliation published in Budget Statement 5 because they exclude Future Fund earnings.

Source: Budget Paper No 1

(c) Estimates for key economic indicators

Economic growth is estimated at 3% in 2011-12, 0.25 of a percentage point below the forecast in November's MYEFO. It is forecast to rise to 3.25% in 2012-13. Unemployment is forecast to rise from 5.25% to 5.5%. The Consumer Price Index (CPI) is expected to increase from about 1.25% in 2011-12 to 3.25% in 2012-13. These are some of the assumptions and parameters that affect Budget revenue and expenditure, as outlined in the following table.

Table 3: Domestic economy forecasts

	Outcomes(b)	Forecasts		
	2010-11	2011-12	2012-13	2013-14
Panel A - Demand and output(c)				
Household consumption	3.1	3 1/4	3	3
Private investment				
Dwellings	3.0	-1	0	2 1/2
Total business investment(d)	5.6	18	12 1/2	8
Non-dwelling construction(d)	8.8	25	14	7 1/2
Machinery and equipment(d)	3.0	16 1/2	12 1/2	8 1/2
Private final demand(d)	3.3	6	5	4 1/4
Public final demand(d)	3.4	1 1/2	- 1/2	0
Total final demand	3.3	5	3 3/4	3 1/4
Change in inventories(e)	0.5	0	0	0
Gross national expenditure	3.8	5	4	3 1/2
Exports of goods and services	0.2	4	4 1/2	4 1/2
Imports of goods and services	10.4	12 1/2	7 1/2	5 1/2
Net exports(e)	-2.0	-2	- 3/4	- 1/2
Real gross domestic product	2.0	3	3 1/4	3
Non-farm product	1.9	3 1/4	3 1/4	3
Farm product	7.1	-6	2	1
Nominal gross domestic product	8.3	5 1/2	5	5 1/4
Panel B - Other selected economic measures				
External accounts				
Terms of trade	20.6	3 1/4	-5 3/4	-3 1/4
Current account balance (per cent of GDP)	-2.4	-3	-4 3/4	-6
Labour market				
Employment (labour force survey basis)(f)	2.2	1/2	1 1/4	1 1/2
Unemployment rate (per cent)(g)	4.9	5 1/4	5 1/2	5 1/2
Participation rate (per cent)(g)	65.5	65 1/4	65 1/4	65 1/4
Prices and wages				
Consumer price index(h)	3.6	1 1/4	3 1/4	2 1/2
Gross non-farm product deflator	6.0	2 1/2	1 3/4	2 1/4
Wage price index(f)	3.8	3 1/2	3 3/4	3 3/4

(a) Percentage change on preceding year unless otherwise indicated.

(b) Calculated using original data unless otherwise indicated.

(c) Chain volume measures except for nominal gross domestic product which is in current prices.

(d) Excluding second-hand asset sales from the public sector to the private sector.

(e) Percentage point contribution to growth in GDP.

(f) Seasonally adjusted, through-the-year growth rate to the June quarter.

(g) Seasonally adjusted rate in the June quarter.

(h) Through-the-year growth rate to the June quarter.

Note: The forecasts for the domestic economy are based on several technical assumptions. The exchange rate is assumed to remain around its recent average level — a trade-weighted index of around 77 and a US\$ exchange rate of around 103 US cents. Interest rates are assumed to move broadly in line with market expectations at the time the forecasts were finalised. World oil prices (Malaysian Tapis) are assumed to remain around US\$126 per barrel. The farm sector forecasts are based on a return to average seasonal conditions over 2012-13 and 2013-14.

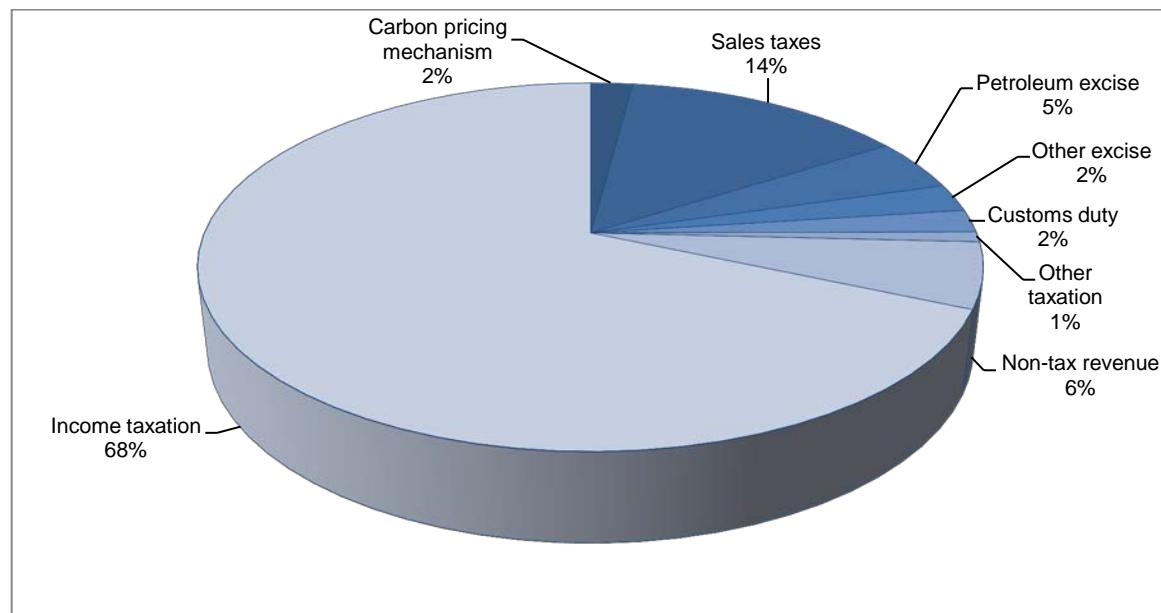
Source: ABS cat. no. 5206.0, 5302.0, 6202.0, 6345.0, 6401.0, unpublished ABS data and Treasury.

Source: Budget Paper No 1

d. Profile of Government revenue and expenditure

The vast majority of revenue (68% or \$257.7b) comes from income taxation, which includes individual income tax, company and resource rent tax, fringe benefits tax and superannuation tax. The next largest category is sales tax, at 14%. 6% or \$21b of revenue comes from non-taxation sources.

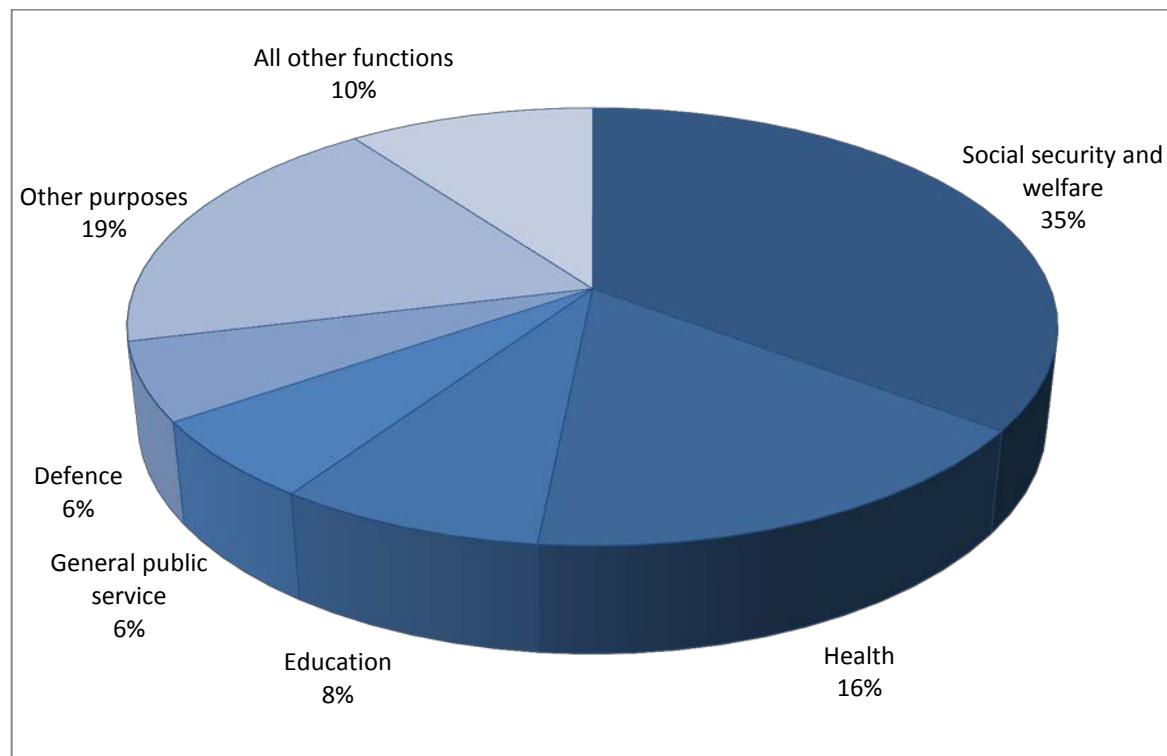
Graph 1: Government Revenue



Source: Budget Overview

The Australian Government spends 59% of its budget, or \$222b, on social measures. This includes 35% or \$131.6b on social security and welfare, 16% or \$61b on health and 8% or \$21.6b on education (Graph 2).

Graph 2: Government spending



Source: Budget Paper No 1

2. Key Budget Measures

(a) ACOSS and the 2012 Federal Budget

Ten ACOSS proposals (or variations upon them) were announced in this Budget – including new expenditure benefiting people on low incomes and action to reduce poorly targeted or wasteful expenditures and tax breaks (see table below). More details are provided in subsequent tables.

ACOSS proposal	Budget announcement
Social security	
<p>1. Increase 'Allowance' payments including Newstart Allowance (NSA) and Youth Allowance (YA) for independent young people for single people by \$50pw, as proposed in the Henry Report</p> <p>Single NSA recipients currently live on \$35 a day, \$135pw less than pensioners, and miss out on the \$10pw Utilities Allowance paid to pensioners.</p>	<p>A new income support supplement of \$210pa for singles (\$4pw) or \$175pa each for couples (\$3pw) will be paid as a six-monthly lump sum to Allowance recipients (including NSA and YA) and to sole parents on Parenting Payment Single, from March 2013.</p> <p><i>This is the first real increase in most Allowance payments for almost 20 years.</i></p> <p>It is not clear whether the supplement will be indexed.</p> <p>(Cost: \$299m in 2013-14)</p>
<p>2. Abolish the <i>liquid assets test waiting period</i> for Allowance payments, as proposed in the Henry Report.</p> <p>At present unemployed people must use up any funds in bank accounts exceeding \$2,500 (for singles) and \$5,000 (for couples) before receiving Newstart Allowance.</p>	<p>From 1 July 2013, the thresholds above which a liquid assets test waiting period applies will be \$5,000 for singles and \$10,000 for couples, double their current levels.</p> <p>(Cost: \$13m in 2013-14)</p>
Health	
<p>3. Develop a <i>universal dental health scheme</i>, starting with a universal children's scheme and a scheme for adults on low incomes.</p>	<p>Additional funds to the States to treat 400,000 adults on public dental waiting lists for low income earners.</p> <p>Investments to expand the dental workforce including a Graduate Year Program for Oral Health Therapists , expansion of the Voluntary Dental</p>

	Graduate Year Program, and rural and remote infrastructure and relocation grants for dentists (Cost: \$207m in 2013-14).
4. Abolish the Extended Medicare Safety Net (EMSN)	EMSN subsidies for certain items attracting 'excessive' fees will be reduced by increasing the thresholds that apply before subsidies are paid and placing an upper limit on subsidies. (Saving: \$25m in 2013-14)
5. Abolish the Medical Expenses Tax Offset	The Medical Expenses Tax Offset will be income tested by introducing a higher threshold above which claims can be made (\$5,000 in annual out of pocket costs) for singles earning over \$84,000 and couples earning over \$168,000. Only 10% of additional expenses can be claimed. (Saving: \$115m in 2013)
Poorly targeted tax breaks	
6. Improve the fairness of <i>superannuation</i> by taxing employer contributions at marginal tax rates and replacing existing tax breaks for contributions with a capped 20% rebate paid into the fund (similar to the Henry Report proposal). Currently there is a flat 15% tax rate for employer contributions so that high earners have a tax saving of more than 30 cents per dollar contributed while low income earners receive a much lower tax break, or none at all.	Superannuation contributions for taxpayers earning more than \$300,000 will attract a tax rate of 30% instead of 15%. This affects 130,000 people – the top 1% of employees. (Saving: \$175m in 2013-14)
7. Do not proceed with the proposed increase in annual <i>superannuation contributions 'cap'</i> from \$25,000 to \$50,000 for taxpayers over 50 with less than \$500,000 in superannuation.	The Government has deferred for 2 years its previous Budget decision to increase the annual contributions 'cap'. This would have mainly benefited high income earners who can afford to save \$50,000 (two thirds of average fulltime earnings) in a single year. (Saving: \$745m in 2013)
8. Tax 'golden handshakes' (gratuities for departing senior employees) at marginal rates above the tax free threshold for redundancy payments (approx \$8,500 plus \$4,000 per year of service).	From July 2012, only that part of a 'golden handshake' payment that, together with all other income in that year, is below \$180,000 will attract concessional tax rates of 15% or 30%. Above this level they will be

<p>Presently these payments are taxed at flat rates of 15% or 30% up to an annual cap of \$140,000. This disproportionately benefits people on high incomes and the Henry Report recommended reform in this area.</p>	<p>taxed at the marginal rate (45%) (Saving: \$50m in 2013-14)</p>
<p>9. Do not proceed with proposed 50% rebate for interest income unless the rate of Capital Gains Tax is increased at the same time, as proposed in Henry Report</p>	<p>The proposed 50% rebate for interest income will not proceed as planned on 1 July 2013 (Saving: \$37m in 2013-14)</p>
<p>10. Abolish the Mature Age Workers Tax Offset (MAWTO) for employees over 54 years, as proposed in the Henry Report.</p> <p>There is no evidence that tax break increases workforce participation among mature age workers, who already benefit from effective tax free thresholds of \$30,000 if single or \$53,000 (combined) for a couple.</p>	<p>The MAWTO will be abolished for workers over 55 from July 2012 for those born after 1957. (Saving: \$40m in 2013-14)</p>

Sources:

ACOSS: Waste not, want not: Making room in the Budget for essential services April 2012. Available:

http://www.acoss.org.au/images/uploads/ACOSS_paper_188_waste_not_want_not.pdf

ACOSS: Recommendations for the Federal Budget 2012-13, December 2011. Available: http://www.acoss.org.au/images/uploads/2012-13_ACOSS_Budget_Priority_Statement_Final.pdf

Australian Government: 2012 Federal Budget Papers. Available: www.budget.gov.au

The tables below provide more detailed summaries of key Budget measures in ACOSS' key policy areas.

(b) Income Support

Measures	Impact	Annual cost \$m in 2012-13	Annual cost \$m in 2013-14
Income support supplement for Allowance recipients and sole parents	<p>A new income support supplement of \$210 pa for singles (\$4pw) or \$175pa each for couples (\$3pw) will be paid as a six monthly lump sum to Allowance recipients (including Newstart Allowance or NSA and Youth Allowance or YA) and to sole parents on Parenting Payment Single from March 2013.</p> <p>This is the first real increase in most Allowance payments for almost 20 years.</p> <p>It is not clear whether the supplement is indexed.</p> <p>Single NSA recipients currently receive \$135pw less than pensioners and miss out on the \$10pw Utilities Allowance paid to pensioners.</p> <p>ACOSS advocates a \$50pw increase in single rate of allowance payments</p>	153	299
Increase in Family Tax Benefit Part A	<p>The maximum rate of Family Tax Benefit Part A (FTBA) for low income families (under about \$80,000) will increase by \$300 pa for one child and \$600 pa for 2 or more children, from 1 July 2013.</p> <p>The lower 'base rate' payment for families on \$80,000 to \$150,000 will rise by \$100 pa and</p>	603	

Measures	Impact	Annual cost \$m in 2012-13	Annual cost \$m in 2013-14
	<p>\$200 pa respectively.</p> <p>FTBA is currently indexed to the CPI but not to wages.</p>		
Cuts to payments for sole parents	<p>From January 2013, Government to transfer all sole parents whose youngest child is 8 or more off Parenting Payment. Most will go to the lower NSA payment. An estimated 150,000 families affected over 4 years.</p> <p>The income test for Allowance payments for sole parents will be eased from January 2013 so that the payments taper out at 40 cents in the dollar instead of 50 cents, above the free area of \$31pw (this is the 'taper rate' but a lower free area than for Parenting Payment)</p> <p>Currently, people who were already on Parenting Payment in 2006 and 'grandfathered' (protected) under Howard-era Welfare to Work changes lose that payment once their youngest child turns 12. This was previously 16 years, before last year's budget cuts reduced it to 12. The new measure extends that budget cut to more sole parents (those with a child 8-11 years old).</p> <p>This is not an 'activation' measure. These sole parents are already required to seek paid work and register with JSA once their youngest child turns six.</p> <p>All that changes for these parents</p>	-97	-205

Measures	Impact	Annual cost \$m in 2012-13	Annual cost \$m in 2013-14
	<p>are the maximum rate of payment and a tighter income test, compared to Parenting Payment.</p> <p>The current rate of social security payment for a person in receipt of Parenting Payment Single is \$324 a week (approx. \$500pw including FTB for one child). However, the rate the rate of payment for a principal carer on Newstart is just \$265 per week – a payment reduction of \$59 a week or \$3,086 a year.</p> <p>The one third who is already employed part time will lose more income because the revised NSA income test is still more stringent than for Parenting Payment.</p>		
Easing of liquid assets test waiting period	<p>More Allowance payment recipient with liquid assets (e.g. bank accounts) will be entitled to income support from 1 July 2013. The new thresholds above which a waiting period applies are \$5,000 for singles and \$10,000 for couples, double their current levels.</p> <p><i>Similar policy advocated by ACOSS</i></p>	1	13
School Kids bonus	<p>From 1 January 2013, 1.3 million Australian families with children at school will get a new lump sum cash payment to replace the Education Tax Refund (ETF).</p> <p>Each year, families earning up to around \$150,000 will receive a Schoolkids Bonus worth \$410 for each child in primary school and</p>	423 (516 in 11-12)	371

Measures	Impact	Annual cost \$m in 2012-13	Annual cost \$m in 2013-14
	<p>\$820 for each child in high school. Unlike the separate FTBA increase, higher income families will receive the maximum amount.</p> <p>In June 2012, families will also receive a one-off lump sum payment</p> <p>Under the existing system, 1 million families aren't claiming the ETF - 80% of eligible families.</p> <p><i>ACOSS called for abolition of the ETF</i></p>		
Extension of Cape York welfare reform trial	Funding for the Cape York 'welfare reform trial' will continue for 2 years until Dec 2013	6	6
More resources for Centrelink call centres	Funding for call centres will be increased to reduce delays.	51	51
Extension of income management in WA	Current IM trials in WA (child protection and voluntary IM) will continue to 2013/2014	16	-
Extension of SEAM trial in Queensland	This trial (suspension of payments when children fail to attend school regularly) will continue for 2 more years to June 2014	1	2
Tighter limit on receipt of payments overseas	Income support recipients (other than age pensioners) won't be able to keep their payments while overseas for longer than 6 weeks (instead of 13 weeks) except in special circumstances such as illness.	-13	-36
Extension of weekly payments to more people	The current cap on the no of people who can apply to receive their payments weekly to help them manage their budgets will	-	-

Measures	Impact	Annual cost \$m in 2012-13	Annual cost \$m in 2013-14
	be removed		

(c) Employment, Education and Training

Measures	Impact	Annual cost \$m in 2012-13	Annual cost \$m in 2013-14
Extension of JET Child Care Assistance	<p>This subsidy which covers the majority of gap fees, will extend to parents who:</p> <ul style="list-style-type: none"> - are studying at Cert II or III level - up to 50 hours of care for those employed 15+ hours - up to 24 hours of care for those employed less than 15hrs <p>The parental contribution will rise to \$1 per hour per child (half can be claimed through the Child Care Tax Rebate)</p>	40	38
Remote jobs and communities program	<p>A new program will replace mainstream employment programs in remote areas.</p> <p>A single provider will be funded in each location. They will have access to a Participation Account to help with barriers to employment.</p> <p>School to work assistance will be provided for young people through a Youth Leadership and Development Corps (up to 3,000 places) as part of the package.</p> <p>A community development fund</p>	-	40

Measures	Impact	Annual cost \$m in 2012-13	Annual cost \$m in 2013-14
	<p>will be established for large infrastructure projects and community capacity building</p> <p>CDEP will continue in these regions (as part of the program) subject to a review.</p>		
Cuts to JSA funding for Stream I jobseekers	<p>More intensive services for Stream I jobseekers unemployed for over 6 months will be cut.</p> <p>Providers will be eligible for job placement fees for Stream I jobseekers from the date of registration.</p>	-41	-42
Streamlining of JSA outcome fees	<p>The distinction between ‘brokered’ and ‘assisted’ outcome fees will be removed, but in a way that reduces overall spending.</p> <p><i>ACOSS advocated removal of this distinction</i></p>	-7	-12
Mature age participation package	<p>Wage subsidies of \$1,000 for employers of 10,000 people over 50, but not targeted to long term unemployed people.</p> <p>Extension of ‘corporate champions’ scheme to encourage employers to recruit and retain mature age staff.</p> <p>Telephone based career advisory services for mature aged people.</p> <p>More intensive (‘silver service’) employment assistance for 6,700 selected mature age jobseekers.</p> <p>These measures partly replace planned programs for mature age people – ‘Experience + training’</p>	-2	4

Measures	Impact	Annual cost \$m in 2012-13	Annual cost \$m in 2013-14
	'On the job support' and 'Job transition support'		
Australian Disability Enterprises (ADE) extended funding	Extends funding for sheltered employment services	10	13

(d) Community Services

Measures	Impact	Annual cost \$m in 2012-13	Annual cost \$m in 2013-14
National Disability Insurance Scheme - introduction	<p>Fast-tracking of NDIS to extend to 10,000 people by 2014 and 20,000 by 2015 in four regions.</p> <p>Currently only \$10m p.a. committed to set up the infrastructure for the agency</p> <p>State Government budgetary commitments will be sought to contribute to costs of individual care for people with 'permanent and significant disabilities.'</p> <p>Funds will be allocated to help prepare the disability sector for the change, conduct assessments, research and evaluation, and IT systems, a policy taskforce, and establish a National Disability Transition Agency</p>	85	234
NDS	No funding measures		
Tackling Problem Gambling	Extra support for problem gamblers and their families	4.8	6.9
Expansion of weekly payment of income support payments	No expense measure		

Measures	Impact	Annual cost \$m in 2012-13	Annual cost \$m in 2013-14
Queensland pay equity regulation - back pay ²	\$29.9 million over three years to cover the back pay Queensland employers were required to pay following the introduction of a Regulation on pay equity introduced in Queensland in February 2012.	7.7	6.6

(e) Health

Measures	Impact	Annual cost \$m in 2012-13	Annual cost \$m in 2013-14
Dental health	<p>Alleviate pressure on public dental waiting lists (\$345.9m over 3 years).</p> <p>A National Partnership Agreement will be negotiated with the states and territories to treat around 400,000 adults on public dental waiting lists, including support for Indigenous Australians.</p>	70.0	155.8
	<p>Increase the capacity of the dental workforce (\$158.6m over four years).</p> <p>This includes:</p> <p>Introduce a Graduate Year Program for Oral Health Therapists (\$45.2m over 4 years).</p> <p>Expand the Voluntary Dental Graduate Year Program by 50 places by 2016 (\$35.7m over 3</p>	14.4	51.0

² Note: the funding for pay equity nationally was provisioned in the [Mid-Year Economic and Fiscal Outlook](#) (November 2011). The allocation of this funding will not occur until the final Order from Fair Work Australia.

Measures	Impact	Annual cost \$m in 2012-13	Annual cost \$m in 2013-14
	years). Rural and Remote Infrastructure and Relocation Grants for Dentists (\$77.7m over 4 years).		
	National oral health promotion activities (\$10.5m over 3 years). Funding to develop a National Oral Health Promotion Plan in 2012-13.	0.5	5.0
	Supporting the delivery of pro-bono dental services (\$0.5m over 3 years)	0.2	0.2
	Reallocation of the Commonwealth Dental Health Program (CDHP) (saving \$290m over 3 years). Funding for the CDHP is redirected to oral health foundational activities. It remains Government policy to close the Chronic Disease Dental Scheme.	-94.3	-96.7
National E-Health Program	Continuation of funding to implement the National e-Health Program (\$233.7m over 3 years). Provides funding to further develop national standards, operate national infrastructure services, provide regulatory oversight, and provide support to e-health record participants. Funding re-directed from Telehealth and National Health Information Network	79.3 (75.5 expenses + 3.8 capital)	120.0 (119.6 expenses + 1.4 capital)
Extended Medicare Safety Net	Capping benefits for items with excessive fees (saving \$96.5m over 4 years) Improved targeting by extending capping rules and introducing an	-8.7	-24.9

Measures	Impact	Annual cost \$m in 2012-13	Annual cost \$m in 2013-14
	upper limit on benefits payable. <i>ACOSS advocated removal of the EMSF</i>		

NB. Savings from means testing the Private Health Insurance Rebate (estimated \$2.4bn over 3 years) and increasing the Medicare levy surcharge are not costed in this years budget as they were announced in 2011-12.

(f) Aboriginal and Torres Strait Islander Peoples

Measures	Impact	Annual cost \$m in 2012-13	Annual cost \$m in 2013-14
Remote Jobs and Communities Program	\$1.5 billion program		
Establishment	\$745m/4 years to establish new employment scheme, replacing multiple providers. Funded by rolling in JSA, DES, the Indigenous Employment Program and the CDEP, which will provide overall savings of \$62M/4 years.	5	-80
Establishment of Community Development Fund	\$137.5M/3 years from 1 July 2013 to support capacity building in remote communities through one-off grants including governance and leadership training, infrastructure etc.	-	38.7
Continuing grandfathering arrangements for CDEP	Until 30 June 2017, with CDEP wages to be progressively removed from 1 April 2017. This measure will also continue the CDEP Participant Supplement of \$20.80 per fortnight to eligible CDEP wage participants. Partly resourced by cost reductions due to delay in transitioning to income support.	-25.4	7.5

Measures	Impact	Annual cost \$m in 2012-13	Annual cost \$m in 2013-14
Stronger Futures package <i>Major items in package outlined below.</i>	Includes education, justice, remote policing, homelands and health funding announced in April. \$3.4 billion/ 10 years.		
Stronger Futures: Health	Specialist and allied health services in the NT	58.5	NFP (Not for publication as subject to negotiation with NT Government)
Stronger Futures: Community safety and justice	Maintain remote policing, Substance Abuse Intelligence Desks, community night patrols and Indigenous legal assistance.	55.4	NFP
Stronger Futures: Building a quality school workforce	\$187.3 million over four years (\$411.8 million over ten years) to continue funding for three initiatives to support improved schooling outcomes for Indigenous children. Includes 200 positions in remote schools, professional development, teacher housing. Announced 2.4.12.	17.6	NFP
Stronger Futures: Remote engagement and coordination	Establishment of Remote Engagement Officer Network including Government Engagement Coordinators and increased number of Indigenous Engagement Officers. Includes funding for interpreters and leadership, governance and capacity building.	31.0 (plus 2.2 capital)	NFP
Stronger Futures – healthy homes	\$54.2m/4 years for removal of asbestos, case management for people at risk of homelessness in Alice Springs and negotiation of	6.4	NFP

Measures	Impact	Annual cost \$m in 2012-13	Annual cost \$m in 2013-14
	voluntary leases over social housing and other assets in 73 communities.		
Stronger Futures – improving Indigenous housing in the NT	To support improvements to Indigenous housing in the NT.	- (costs met from existing FaHCSIA resources)	NFP
Constitutional Recognition public awareness	\$10 million/ 2 years for public awareness campaign. Costs to be met from within existing FaHCSIA resources. Announced in February.	-	-
National Native Title Reform - savings	Savings of \$19m/4 years by transferring National Native Title Tribunal mediation functions to Federal Court. Savings will be directed to the Stronger Futures package.	-4.8	-4.8

(g) Taxation

Measures	Impact	Annual cost \$m in 2012-13	Annual cost \$m in 2013-14
Reduction in super tax breaks for high-earners	<p>Super contributions for taxpayers on >\$300,000 will attract a tax rate of 30% instead of 15%. Affects 130,000 people (top 1% of employees).</p> <p>Currently there is a flat 15% tax rate for employer contributions so that high earners save over 30 cents per dollar contributed while low income earners receive a much lower tax break, or none at all.</p> <p><i>ACOSS advocates improving the fairness of super by taxing employer contributions at marginal tax rates to make the system fairer and simpler, and for existing tax breaks to be</i></p>	14	-175

Measures	Impact	Annual cost \$m in 2012-13	Annual cost \$m in 2013-14
	<i>replaced by an annual capped 20% rebate paid into the fund.</i>		
Defer increase in super contributions caps for over 50s	<p>The Government has deferred for 2 years its previous Budget decision to increase the annual contributions 'cap' to \$50,000 from \$25,000 for taxpayers over 50 with less than \$500,000 in super. This would have mainly benefited high income earners who can afford to save that much in a single year.</p> <p><i>Cancellation of this increase was advocated by ACOSS</i></p>	-603	-745
Cancel company income tax cut	<p>The previously announced company income tax cut from 30% to 29% from 2013 (earlier for small businesses) has been cancelled.</p>	-317	-1,232
Reduce tax breaks for golden handshakes	<p>From July 2012, only 'golden handshakes' (employer termination payments) that, together with other income in that year, is below \$180,000 will attract concessional tax rates of 15% or 30%. Above that threshold the payments will be taxed at marginal rates (45%)</p> <p><i>Similar change advocated by ACOSS</i></p>	-15	-50
Cancel discounted tax rate for interest income	<p>This 50% rebate for interest income will not proceed as planned on 1 July 2013</p> <p><i>Advocated by ACOSS, unless the rate of Capital Gains Tax is increased at the same time as proposed in Henry Report</i></p>	-7	-37
Abolish Mature Age Workers Tax Offset (MAWTO)	<p>The MAWTO for workers over 55 will be abolished from July 2012 for those born after 1957.</p> <p><i>Advocated by ACOSS</i></p>	-	-40
Income testing the Medical Expenses Tax Offset	Singles over \$84,000 and couples	-	-115

Measures	Impact	Annual cost \$m in 2012-13	Annual cost \$m in 2013-14
	over \$168,000 will face a higher threshold above which claims can be made (\$5,000) and only 10% of additional expenses can be claimed. <i>ACOSS advocated abolition of the Offset</i>		
Cuts to Living Away from Home Allowance (LAFHA)	LAFHA is paid through employers to assist employees with living costs when they have to live away from home. This has mainly been used by high income employees including temporary residents. LAFHA will not be paid for accommodation for overseas workers staying in Australia, except when working away from a principal (temporary) residence in this country, and will be limited to 12 months duration. Will not apply to 'fly in fly out' arrangements in mining regions. <i>Similar proposals advocated by ACOSS</i>	-47	-212
Capping of some benefits under Extended Medicare Safety Net	Benefits for certain procedures to be capped. EMSN subsidises 80% of gap fees <i>ACOSS advocated abolition of EMSN</i>	-9	-25
Defer changes to not for profit tax concessions	Measures to 'better target' tax concessions for charities to be deferred until July 2012	-	-
Company loss carry back	Companies will be able to carry back losses of up to \$1m to offset against the previous 2 year's income.	7	155
Do not proceed with standard work related deduction	This standard minimum deduction for employee work related expenses, which was due on July 2013, will not proceed.	3	92

The tables below summarise the major initiatives and savings in the 2012-13 Budget and their impact on the fiscal balance. Please note that, in these two tables, new spending is negatively signed (-) and savings are positively signed.

Table 5: Major initiatives in the 2012-13 Budget

	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m	Total \$m
Spreading benefits of the boom and support for families						
Increasing the rate of Family Tax Benefit Part A	0.0	-0.3	-802.9	-615.4	-625.8	-1,844.4
New income support supplement	0.0	-152.7	-298.9	-305.7	-313.0	-1,070.3
Replacing the Education Tax Refund with a Schoolkids Bonus	-516.4	-428.2	-370.9	-375.3	-393.5	-2,082.2
Helping the most vulnerable in society						
First stage of a National Disability Insurance Scheme	0.0	-83.9	-234.3	-345.4	-363.0	-1,026.5
Dental health - Alleviating pressure on public dental waiting lists	0.0	-70.0	-155.8	-120.0	0.0	-345.9
Dental health - Increasing the capacity of the dental workforce	0.0	-14.4	-51.0	-47.3	-45.9	-158.6
Building an aged care system for the future						
Addressing workforce pressures	0.0	-1.8	-110.5	-232.0	-372.8	-717.1
Residential care	0.0	-22.6	-27.0	-142.0	-205.2	-398.9
Staying at home	-0.1	-2.9	-26.5	-98.6	-104.7	-232.7
Tackling dementia	0.0	-15.5	-30.7	-28.6	-29.3	-104.2
Older Australians with diverse backgrounds	0.0	-8.0	-27.4	-30.4	-33.1	-98.9
Helping businesses to invest						
Introduction of loss carry-back for businesses	0.0	-6.7	-155.3	-251.2	-300.7	-713.9
Nation building infrastructure						
Additional funding for Pacific Highway ^(a)	0.0	0.0	-231.0	-1,025.0	-1,400.0	-2,656.0
Roads to Recovery program - continuation ^(a)	0.0	0.0	0.0	-350.0	-350.0	-700.0
Intermodal Terminal at Moorebank in Western Sydney	0.0	-0.1	0.1	-342.9	-15.0	-357.9
Torrens and Goodwood Junctions rail project	0.0	0.0	0.0	0.0	-232.1	-232.1
Black Spots program - continuation ^(a)	0.0	0.0	0.0	-60.0	-60.0	-120.0
Building opportunities for a more productive workforce						
Reform of Jobs, Education and Training Child Care Fee Assistance Program - introduction of a package of reforms	-0.5	-39.5	-37.7	-62.2	-85.8	-225.6
Remote Jobs and Communities program - establishment of the Community Development Program	0.0	0.0	-38.7	-48.8	-50.0	-137.5
Measures to improve the quality of skills	0.0	-20.8	-31.7	-25.3	-23.4	-101.1
Measures to encourage participation of older Australians in the workforce and the community	0.0	-10.2	-14.9	-19.8	-22.1	-67.0
Other priorities						
National eHealth program - continuation	-33.4	-79.2	-121.0	0.0	0.0	-233.7
Reforming Australia's Biosecurity system - new Post-Entry Quarantine facility	0.0	-27.7	-101.4	-69.2	-22.3	-220.5
Defence operations						
	0.0	-1,087.1	-215.3	-133.2	-50.0	-1,485.6

(a) These programs will be funded out of the Nation Building Program 2 provision in the contingency reserve and so have no net budget impact.

SOURCE: Budget Overview, Appendix E

Table 6: Major savings in the 2012-13 Budget

	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m	Total \$m
Spreading the benefits of the boom						
Do not proceed with the company tax cut	50.0	316.6	1,232.2	1,596.0	1,581.0	4,755.8
Reprioritising the tax reform agenda						
Do not proceed with standard deduction	0.0	2.5	91.9	600.0	1,400.0	2,094.4
Superannuation - Deferral of higher concessional contributions cap	0.0	602.7	745.0	129.5	-17.7	1,459.5
Do not proceed with 50 per cent discount on interest	0.0	7.3	37.2	323.2	555.8	923.5
Tax Breaks for Green Buildings - closure	0.8	4.2	14.2	104.0	282.0	405.2
Improving fairness in the tax system						
Further reform of living-away-from-home allowances and benefits	0.0	47.1	212.2	347.6	394.4	1,001.3
Superannuation - Reduction of higher tax concession for contributions of very high income earners	0.0	-15.6	174.3	332.0	455.9	946.5
Changes to the Net Medical Expenses Tax Offset	0.0	0.0	115.0	125.0	130.0	370.0
Better targeting of the employment termination payment tax offset	17.1	14.7	49.7	54.9	60.0	196.4
Duty free allowances - cigarettes and tobacco	0.0	115.0	150.0	160.0	175.0	600.0
Compliance measures						
GST - compliance program - two year extension	0.0	0.0	0.0	228.6	203.5	432.1
Defence						
Defence - Efficiencies and reprogramming	0.0	965.7	1,625.9	1,137.5	1,703.5	5,432.5
Official development assistance						
Official development assistance - deferring Australia's growth target	0.0	447.2	782.6	823.4	886.7	2,920.0
Better targeting spending						
Parenting Payment - changed eligibility for 1 July 2006 grandfathered recipients	0.0	96.9	204.7	159.3	224.9	685.8
Family Tax Benefit Part A - change to age of eligibility	0.0	46.4	103.5	104.6	108.4	360.9
Pharmaceutical Benefits Scheme - price changes	3.6	25.9	24.4	25.0	25.7	104.6
Extended Medicare Safety Net - capping benefits including for items with excessive fees	0.0	8.7	24.9	29.1	33.8	96.5
Australian Apprenticeships Incentives Program - better targeting	0.0	59.5	99.8	97.8	98.6	353.6
Portability of Australian Government Payments	0.0	13.2	36.0	38.1	39.9	127.2
Practice Incentives Program (PIP) – more effective targeting	0.0	1.1	30.9	26.6	24.9	83.5
Other revenue						
Heavy Vehicle Road User Charging	0.0	166.0	172.0	177.0	183.0	698.0
Passenger Movement Charge - increase	0.0	85.0	140.0	175.0	210.0	610.0
Dividend payments from Australian Reinsurance Pool Corporation	0.0	175.0	75.0	75.0	75.0	400.0
Australian Federal Police - Partial Cost Recovery of Airport Policing	0.0	0.0	38.2	39.3	40.5	118.1
Other	143.1	1,231.1	1,717.5	2,073.8	2,283.9	7,429.4
Total saves ^(a)	214.4	4,416.1	7,897.1	8,982.1	11,094.9	32,604.7

(a) In underlying cash terms, the Budget delivers savings of \$33.6 billion over five years.

SOURCE: Budget Overview, Appendix F