

Federal Budget Snapshot

Essential services

May 2017



Key points

- + Secure funding for NDIS through the progressive income tax system is welcome.
- + Increased, secure and long-term funding is still needed for vital community services to restore funding cuts from previous budgets and meet existing and future needs.
- + Increased funding and specific measures are needed for Aboriginal and Torres Strait Islander peoples to meet Closing the Gap targets.
- + Investment in health and education is a welcome change of tack but additional funds and longer term reform is still needed. Moves to make university students pay more fees and repay them earlier is also a major concern.

What's in the Budget

Community services

- + Increase in Medicare Levy by 0.5% to 2.5% from July 2019, which the government says will close a 'funding gap' for the NDIS. Taxpayers earning less than approx. \$22,000 (if not a parent) or \$37,000 + \$3,400 per child (for families with children) will not be affected. (Revenue: \$8,200m over 4 years)
- + Establishing a new, national, independent regulatory body for the NDIS. (Cost: \$209m over 4 years)
- + Funding for community legal centres (\$39m) and Indigenous legal assistance providers (\$16.7m), reversing cut due to take effect on 1 July 2017. (Cost: \$55.7m over 3 years)
- + Establishing Commonwealth Redress Scheme for Survivors of Institutional Child Sexual Assault. (Cost: \$33.4m in 2017-2018)
- + Social impact investment trial to facilitate state-based trials, with a focus on youth homelessness and unemployment. (Cost: \$30m over 10 years)

Aboriginal and Torres Strait Islander programs

- + Trial use of digital applications to improve English literacy outcomes for Aboriginal and Torres Strait Islander children. (Cost: \$5.9m over 4 years)
- + Funding to support Closing the Gap employment target for Indigenous Australians. (Cost: \$55.7m over five years)
- + Expanding ParentsNext program to areas where high number of Parenting Payment recipients are Indigenous. (Cost \$113m over 4 years)

Health

- + Phased re-introduction of indexation for Medicare benefits schedule.
(Cost: \$1bn over 4 years)
- + Cheaper medicines through changes to PBS statutory price reduction arrangements freeing up funding for new medicines.
(Savings: \$1.8bn over 5 years; Cost: \$1.2bn over 5 years)
- + Funding for psychosocial services for people with mental illness who do not qualify for NDIS - contingent on matching commitment from state and territories.
(Cost: \$80m over 4 years)
Other small scale mental health initiatives including funding for telehealth for rural, regional and remote Australia (Cost: \$9.1m over 4 years), research (Cost: \$15m over 2 years) and suicide prevention support programs (Cost: \$11.1m over 3 years)
- + Expanded access to mental health services for current and former defence members and funding for suicide prevention programs for veterans
(Cost: \$33.5m over 4 years; \$9.8m over 3 years)

Education

- + Reform of higher education funding, including a 7.5% increase in most fees for students and a 2.5% cut in direct funding to universities and other measures
(Savings: over 5 years, \$3.8bn in fiscal balance terms or \$2.7bn in underlying cash terms)
- + Needs based schools funding
(Cost: \$18.6bn in recurrent funding to 2027)
- + Skilling Australians fund, for apprenticeships and traineeships, paid for by higher fees for employers of foreign workers on certain skilled visas (revenue: \$1.2bn)
(Cost: \$1.5bn over 4 years)
- + Extend preschool funding for 1 year (to guarantee places for 4 year olds)
(Cost: \$429.4m over two years)

ACOSS commentary

Secure funding for the NDIS is welcome. While the Medicare Levy increase alone is not our preferred way to fund the NDIS, it is far better to fund essential services through the progressive income tax system than to leave them under-funded or user-funded.

See our [Revenue budget snapshot](#) for more details.

Restored funding for community legal centres and Aboriginal and Torres Strait Islander legal services is welcome. However, significant further funding is needed to meet legal need, as identified by the Productivity Commission. This is also only a small step to restoring the cuts to vital policy, advocacy and service delivery across social services, health, legal assistance and Aboriginal and Torres Strait Islander programs. These totalled over \$1.5bn (over 4 years) in the 2014-2015 and 2015-2016 budgets.

Modest investments in community services, for example, in mental health and support for veterans, are also welcome. However, secure and long-term funding is needed for vital community services to restore funding cuts from previous budgets and meet existing and future needs, including addressing indexation. ACOSS called for comprehensive mapping of the gaps in provision of community services, and the development of a funding approach that properly guarantees access around the country.

As the National Congress of First Peoples put it, 'The urgent needs of our peoples are almost invisible in the budget.'¹ The Budget lacks specific measures for Aboriginal and Torres Strait Islander peoples necessary to meet Closing the Gap targets. Increased funding is needed for frontline services to meet health, justice, education and other targets.

See also our [social security budget snapshot](#) for details of the cashless debit card and other social security measures.

The Budget is working towards a stronger and accessible health system, with the staged removal of the Medicare freeze reducing pressure on out of pocket health costs (primarily after the second stage/year), improved access to medicines and leadership in the area of mental health. More work is needed in the areas of preventative health and oral health. ACOSS called for savings to be made by removing the private health insurance rebate and abolishing the Extended Medicare Safety Net. See our [2017 Budget Priority Statement](#) for more detail.

Reinvestment in schools and education is a welcome change of tack since 2014 but funding remains inadequate. We also have major concerns with university funding proposals, as students will be expected to pay more for their education, and pay for it sooner.

¹ National Congress of First Peoples, 'Key Aboriginal and Torres Strait Islander Organisations Respond to the 2017 Budget,' media release, 9 May 2017.