

Appendix A: Policy Decisions taken since the 2000-01 Budget

REVENUE

Agriculture, Fisheries and Forestry

Wool Industry — Changes in wool levy arrangements

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Agriculture, Fisheries and Forestry:	-1.8	-32.2	-33.0	-32.1

Explanation

The Government is reducing the wool tax rate from 4 per cent to 2 per cent in response to the outcome of Woolpoll 2000. The wool tax is a levy charged to fund the marketing, promotion and research activities of the Australian Wool Research and Promotion Organisation.

An interim tax rate of 3 per cent from 1 July 2000 for around twelve months is in place to fund the replacement of the Australian Wool Research and Promotion Organisation with a new company, Australian Wool Services (AWS) Ltd.

Revenue raised from the wool tax is distributed by the Department of Agriculture, Fisheries and Forestry to the Australian Wool Research and Promotion Organisation. After 1 January 2001, funds will be distributed to AWS Ltd.

Further information

See also the related expense measures titled *Wool Industry — Changes in wool levy arrangements* and *Wool Industry — Establishment of Australian Wool Services Ltd* in the Agriculture, Fisheries and Forestry portfolio.

Attorney-General's

Extension of the Import Credit Scheme

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Customs Service:	-1.0	-	-	-

Explanation

The Government has extended the Import Credit Scheme (ICS) to Fiji for three months, to 30 September 2000. The revenue foregone from the ICS extension will be met from a reduction in funding for the Textile, Clothing and Footwear Strategic Investment Programme.

Further information

The ICS was introduced in 1991 as a restructuring mechanism for the Australian textiles, clothing and footwear (TCF) industries. Eligible TCF exporters earned import credits on the value of their exports which could be used to offset duty payments on their imports of other TCF goods. Credits could also be traded. The ICS terminated on 30 June 2000.

See also the related expense measure titled *Reduction in funding for the Textiles, Clothing and Footwear Strategic Investment Programme* in the Industry, Science and Resources portfolio.

Treasury

Income tax

Amendment to transitional measures for the merging of share premium and share capital accounts

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-	-	-	-

Explanation

On 15 September 2000 the Assistant Treasurer announced amendments to the transitional taxation measures contained in *Company Laws Amendment (Company Law Review) Act 1998* (the Act) concerning the merger of share premium and share capital accounts as an exception to the tainting rules.

The Act amended the tax laws as a result of changes to the Corporations Law made by the *Company Law Review Act 1998* which abolished the concept of par value for shares and required affected companies to merge their share premium and share capital accounts. The Act also introduced tainting rules to prevent companies transferring profits and other amounts to their share capital accounts and distributing these profits as preferentially taxed share capital.

As an exception to the tainting rules, a transitional measure allows companies to merge their share premium accounts and share capital accounts. The amendment will ensure that the transitional measure applies to all resident companies and not just companies incorporated under the Corporations Law. The amendments will clarify the original intent of the law.

The amendments will apply from 1 July 1998, the time the Act first applied.

Further information

Further information can be found in the Assistant Treasurer's Press Release No. 47 of 15 September 2000.

Amendments to Pay As You Go Instalments for certain beneficiaries of trusts

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	60.0	5.0	5.0	5.0

Explanation

The Government decided to amend the Pay As You Go (PAYG) Instalments arrangement in order to reduce compliance costs for widely held investment vehicles. The amendments will also allow beneficiaries of those vehicles to calculate their quarterly PAYG instalments based on distributions actually received from the investment vehicle during the quarter rather than accrued entitlements. The measure applies for the 2000-01 and later income years.

Further information

PAYG Instalments arrangements were announced in *A New Tax System*.

For Further information see the Taxation Laws Amendment Bill (No. 7) 2000.

Change in the status of constitutionally protected superannuation funds

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	nfp	nfp	nfp	nfp

Explanation

On 16 June 2000, the Assistant Treasurer announced that the Government would introduce amendments to the taxation law to facilitate a change in the status of constitutionally protected superannuation funds. The amendments allow the assessable income of constitutionally protected superannuation funds that become taxed superannuation funds to include the amount that would be assessable if member benefits were rolled-over from an untaxed source to a taxed source.

The amendments, which will apply from 1 July 2000, will assist the restructure of the State public sector superannuation funds that are currently exempt from tax and allow them to operate as taxable superannuation funds.

Further information

For Further information see the Assistant Treasurer's Press Release No.27 of 16 June 2000.

Changes to the Simplified Tax System

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-	2.0	-2.0	-1.0

Explanation

On 26 October 2000, following extensive consultation with small business groups, the Government announced changes to the Simplified Tax System (STS), which will commence from 1 July 2001. The changes include:

- relaxing the grouping rules;
- allowing a year of abnormally high turnover to be disregarded when determining a taxpayer's eligibility (by calculating a 3-year average turnover);
- pooling most long life assets, except buildings, which allows participants to choose whether or not to pool any asset acquired before 1 July 2001; and
- allowing STS taxpayers to gradually recognise changes in the value of trading stock.

Further information

Further information concerning the STS can be found in the Treasurer's Press Releases, No. 58 of 21 September 1999 and No. 101 of 26 October 2000.

Deductibility of certain gifts

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	*	*	*	*

Explanation

The Government has announced that donations and gifts of \$2 or more to the following organisations have been made tax deductible:

- the Mount Macedon Memorial Cross Restoration, Development and Maintenance Trust Fund, from 1 July 2000 to 30 June 2001;
- the RSL and 6th Division Australian-Hellenic Educational Memorial Fund, from 14 June 2000 to 13 June 2002;
- the International Needs Overseas Assistance and Development Fund, from 1 July 2000;
- the Australian Volunteers International Donations Account (this fund was previously called the Overseas Service Bureau Donations Account), from 1 July 2000;
- the Orthopaedic Outreach Fund (this fund was previously called the Fiji Orthopaedic Training Programme Fund), from 1 July 2000;
- the Southcare Helicopter Fund, from 12 September 2000; and
- the Returned and Services League Foundation, from 21 September 2000.

The following organisations have been approved by the Government for gift deductibility status, subject to meeting the public fund requirements:

- the Royal Australian Air Force (RAAF) Memorial Trust Fund;
- the Dymocks Literacy Foundation;
- the Sir Earl Page Memorial Trust;
- the Australian Nuffield Farming Scholars' Association; and
- the Australian Chinese Ex-Services National War Memorial Fund.

In addition, since the 2000-01 Budget there has been:

- 1 admission to the Register for Cultural Organisations; and
- 5 admissions to the Register for Environmental Organisations and 2 deletions.

Double taxation agreements

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Treasury:	*	*	*	*

Explanation

On 7 September 2000, Australia and the Russian Federation agreed to a double taxation agreement (DTA) that will prevent double taxation by allocating taxing rights between Australia and Russia in respect of all forms of income flows between the two countries. The new agreement will enter into force only after the Australian and Russian Governments have exchanged notes advising each other that the last of the necessary constitutional processes to give the agreement the force of law in both countries has been completed.

Amendments to the existing DTAs between Australia and Finland and Australia and Malaysia entered into force on 17 August 2000. A significant benefit of the Finnish protocol is the updating of the dividends article to reflect the dividend imputation systems of both countries. The Malaysian protocol clarifies the taxation position of fees for technical services and certain other categories of income. It also provides new tax sparing arrangements in relation to certain designated Malaysian development incentives.

Further information

Additional information is available in press releases from the Assistant Treasurer, No. 44 of 7 September 2000 for the Russian DTA, and Nos. 41 and 42 of 17 August 2000 for the Malaysian and Finnish DTAs respectively.

Eligibility for immediate deductibility for GST-related expenditure

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-	-	-	-

Explanation

On 23 May 2000 the Treasurer announced an extension of the eligibility for immediate deductibility for GST-related expenditure to cases where equipment has been ordered

and paid for before 1 July 2000, provided the equipment is installed by 30 June 2001. Previously, eligibility for immediate deductibility for GST-related expenditure depended on the equipment being installed and ready for use by 30 June 2000.

This measure responds to concerns expressed by some businesses that delays in supplying equipment may limit the availability of the concession. Consequently, it does not add to the previously announced budgetary cost.

Further information

For additional information see the Treasurer's Press Release No. 40 of 23 May 2000.

Entity taxation

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-	10.0	-60.0	-25.0

Explanation

The Government has released exposure draft legislation to implement its policy of introducing greater consistency in the taxation of entities, while minimising restructuring and compliance costs.

Under this approach, non-fixed trusts will be taxed like companies. Broadly, companies, fixed trusts, limited partnerships and co-operatives will retain their current tax treatment. This approach removes the requirement for the design and introduction of a collective investment regime.

In relation to fixed trusts, under PAYG, many individuals will pay in arrears at the end of the year, meaning revenue originally forecast in 2002-03 will move to the following year. This is a timing change that does not affect overall receipts.

Further information

Further details may be found in the Treasurer's Press Releases No. 58 of 21 September 1999, No. 74 of 11 November 1999 and No. 95 of 11 October 2000.

Exemption for artists from the non-commercial losses measures

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-	-7.0	-7.0	-3.0

Explanation

Consistent with the treatment for primary producers, artists will be able to offset their business losses against other income (such as wages and salary) without having to meet one of the additional criteria in the law, where that other income is less than \$40,000 (excluding net capital gains).

Further information

Further details on the non-commercial losses measure can be found in the Treasurer's Press Release No. 74 of 11 November 1999 and in the 2000-01 *Budget Paper No. 2*.

The measure commenced on 1 July 2000.

Income tax exemption for local government businesses

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-	-	-	-

Explanation

On 19 June 2000, the Treasurer announced that the Government will provide an income tax exemption from 1 July 2000 for local government businesses which are corporatised. The exemption will remove an obstacle to local government businesses being corporatised and thereby improve their efficiency and service delivery.

There is no budgetary cost since unincorporated local government businesses are not separate from local governments themselves and, therefore, come within the general local government income tax exemption.

Further information

For Further information see the Treasurer's Press Release No. 52 of 19 June 2000.

Medicare levy surcharge — treatment of high front end deductibles

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	*	*	*	*

Explanation

On 24 May 2000, the Minister for Health and Aged Care announced that, from 25 May 2000, high income earners with private health insurance with a high annual front end deductible amount (also known as an excess) will no longer be exempt from

paying the Medicare levy surcharge. High income earners are those with annual taxable incomes in excess of \$50,000 for singles and \$100,000 for all other family types, adjusted for dependent children. High front end deductible amounts are those greater than \$500 for a single member or \$1,000 for a family / couple. High income earners with high front end deductible products purchased before 25 May 2000 will not be required to pay the Medicare levy surcharge.

Further information

Further information is available in the Minister for Health and Aged Care's Press Release No. 45 of 24 May 2000 and in the *Taxation Laws Amendment Act (No. 6) 2000*.

No Australian Business Number withholding on input taxed supplies

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-	-	-	-

Explanation

The Treasurer announced on 9 June 2000 the removal of the 'no Australian Business Number (ABN) withholding requirement' when a supply is an input taxed supply for GST purposes. Under the no ABN withholding requirement, an enterprise must withhold tax from a payment it makes for a supply at the highest marginal rate, if the supplying enterprise does not quote an ABN.

Input taxed supplies (financial services, and rent and sales of residential property) generally do not involve income flows between enterprises. Examples are deposit, withdrawal and loan transactions involving a financial institution. The application of the no ABN withholding requirement would be inappropriate and impractical, and impose unnecessary costs on these businesses. It would also make little if any contribution to the objective of the no ABN withholding system, which is to improve compliance with the income tax system.

Further information

The measure took effect on 1 July 2000.

For further information see the Treasurer's Press Release No. 48 of 9 June 2000.

Removal of capital gains tax changes for life insurers and superannuation funds

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-30.0	-60.0	-70.0	-90.0

Explanation

The broadening of the tax base of life insurers, as proposed in *A New Tax System*, was intended to promote the consistent tax treatment of the various businesses of life insurers as compared to other entities. In addition, the current pension business of superannuation funds was to be broadly taxed consistent with life insurers.

While the majority of life insurance reforms commenced operation on 1 July 2000, certain reforms to the taxation of the current pension and immediate annuity businesses of superannuation funds and life insurers did not proceed. A measure designed to remove a capital gains tax anomaly relating to the current pension and immediate annuity businesses of life insurers and superannuation funds was rejected by the Senate.

The revenue impact identified above represents the costs of the Senate rejection of this measure.

Further information

Further details may be found in amendments to the New Business Tax System (Miscellaneous) Bill (No. 2) 2000.

Rollover relief for merger of companies under Part 9 of the Life Insurance Act 1995

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-	-	-	-

Explanation

On 12 October 2000 the Minister for Financial Services and Regulation announced the removal of unintended taxing effects created by life insurance taxation reforms legislated in June 2000. The unintended taxing effects occurred upon the transfer of assets and liabilities in the merger of Australian resident life insurance companies and will be removed by providing capital gains tax rollover relief and loss integrity arrangements for the taxation of such transfers. Further amendments will also allow life insurance companies to effectively net off risk policy liability positions during those 'Part 9' transfers.

Further information

Further details may be found in the Minister for Financial Services and Regulation's Press Release No. 68 of 12 October 2000.

Taxation aspects of the restructure of the Australian Wool Research and Promotion Organisation

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-	-	-	-

Explanation

This measure supports the Government's restructure of the Australian Wool Research and Promotion Organisation (AWRAP), by providing relief from income tax and capital gains tax liabilities that would otherwise arise during the restructure. This relief will apply for two years after the commencement of the restructure.

Further information

The nature of the AWRAP restructure is such that, under the current tax law, it would generate some inappropriate taxation consequences. This measure ensures that appropriate taxation treatment is provided for the restructure.

Further details may be found in the Minister for Agriculture, Fisheries and Forestry's Press Release No. 155 of 8 August 2000 and the Wool Services Privatisation Bill 2000.

Tax benefits for organisations promoting prevention or control of disease or illness in people

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	*	*	*	*

Explanation

On 22 June 2000, the Government announced that it will legislate to ensure that organisations whose main activity is promoting the prevention or control of disease or illness in people can continue to access exemptions from fringe benefits tax and continue to be able to accept tax deductible gifts. In addition, these organisations will continue to be income tax exempt.

Without legislative amendment, these organisations would lose access to these important tax benefits.

Further information

For Further information see the Treasurer's Press Release No. 55 of 22 June 2000.

Indirect tax

Excise concession for micro-breweries

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-0.3	-0.3	-0.3	-0.3

Explanation

On 28 June 2000, the Government announced that an excise concession would be introduced to preserve the competitive position of small brewers.

Further information

Under the previous taxation system, small breweries paid beer excise regardless of the size of their production, but did not pay wholesale sales tax (WST) if the WST payable would have been less than \$10,000 per annum.

On 1 July 2000, beer excise rates were increased to allow for the abolition of the WST. The excise concession to micro-breweries ensures that micro-breweries are not disadvantaged by the removal of their WST-exempt status.

Further information can be found in the Assistant Treasurer's Press Release No. 32 of 28 June 2000.

Petrol and diesel excise reduction — increase in reduction to 6.7 cents per litre

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-98.0	-100.0	-102.0	-105.0

Explanation

On 22 June 2000, the Government announced a reduction in the petrol and diesel excise rates so that the pump price of these commodities need not rise with the introduction of the GST. The Government increased the excise reduction to 6.7 cents per litre (cpl) so that on a fuel price of 90 cpl (which was around 5 cpl higher than Australia's average metropolitan fuel price in the months leading up to 1 July 2000), together with the reduction from the abolition of the wholesale sales tax, prices need not rise under *The New Tax System*.

Further information

Further information can be found in the Treasurer's Press Release No. 59 of 22 June 2000.

Removing campervans, motor homes and commercial vehicles from luxury car tax

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-5.0	-5.0	-5.0	-5.0

Explanation

The Assistant Treasurer announced on 22 June 2000 that motor homes and campervans would not be subject to the luxury car tax (LCT). The announcement also clarified the treatment of commercial vehicles to ensure that non-passenger commercial vehicles would not be subject to the LCT.

To maintain consistency, this measure ensures that the limit on GST input tax credits that applies to vehicles over the luxury car tax threshold does not apply to motor homes and campervans or commercial vehicles that are not principally designed to carry passengers.

This measure took effect from 1 July 2000.

Further information

For further information see the Assistant Treasurer's Press Release No.30 of 22 June 2000.

Removing the excise-free status of methanol blended with petrol

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-	-	-	-

Explanation

On 28 July 2000, the Government announced that excise would be payable on the full volume of methanol blended with petrol. The Government was concerned that the previous excise-free status of blended methanol was providing an incentive for practices that have a detrimental impact on fuel quality.

Further information

The Australian Taxation Office consulted with both industry and relevant government agencies in developing its recommendations regarding the use of blended methanol. The legislation that allowed blending of methanol without payment of excise duty was revoked from midnight on 28 July 2000.

Further information can be found in the Assistant Treasurer's Press Release No. 38 of 28 July 2000.

Fringe benefits tax

Converting rebates to a fringe benefits tax exemption for non-profit hospitals

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-15.0	-15.0	-15.0	-15.0

Explanation

The *A New Tax System (Fringe Benefits) Act 2000* contains amendments to provide consistent fringe benefits tax (FBT) treatment between public and non-profit hospitals. Specifically, the amendments replaced the rebate previously available to some hospitals under section 65J of the *Fringe Benefits Tax Assessment Act (FBTAA) 1986* with an FBT exemption under section 57A of the FBTAA 1986.

The change will mean that the FBT treatment of those hospitals which were previously entitled to the section 65J rebate will be more generous than it otherwise would have been.

Fringe benefits reporting — exclusion for emergency vehicles

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	*	*	*	*

Explanation

The *Fringe Benefits Tax Amendment Regulations 2000 (No. 4)* were gazetted on 5 September 2000. The regulations amend the *Fringe Benefits Tax Regulations 1992* to exclude travel between home and work in a marked emergency vehicle from having to be reported on an employee's group certificate. The emergency vehicle must be used by an ambulance, a firefighting or police service and be visibly marked for that use. It also must be fitted with flashing warning lights and sirens. The exclusion applies to group certificates issued for the year of income ended 30 June 2000 and later years.

Fringe benefits tax exemption for police housing in regional areas***Revenue (\$m)***

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	*	*	*	*

Explanation

From 1 July 2000 housing benefits provided by police services in rural and regional areas will be exempt from FBT. Housing benefits qualify for the exemption where the housing is situated at least 100 kilometres from a population centre of 130,000 or more persons.

The benefit does not have to be reported on employee group certificates for the 1999-2000 income year, as regulation was made to exclude the benefit from the fringe benefits reporting requirement for that income year. The exclusion was contained in the *Fringe Benefits Tax Amendment Regulations 2000 (No. 2)* which were gazetted on 22 June 2000.

Further information

Further information is available in the *A New Tax System (Fringe Benefits) Act 2000*.

Fringe benefits tax exemption for free travel on public transport by police officers***Revenue (\$m)***

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-5.0	-5.0	-5.0	-5.0

Explanation

The Government has decided to provide a FBT exemption in respect of free travel by police officers to and from duty on public transport. Once legislated, the exemption will take effect from the FBT year commenced 1 April 2000.

The exemption recognises that police officers travelling to and from work on public transport provide a public safety benefit by acting as a deterrent to criminal and anti-social behaviour.

Non-tax revenue

Additional payments from the States and Territories for GST administration

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of the Treasury:	183.0	141.0	-	-

Explanation

Under the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations* (the Agreement), the States and Territories pay the Commonwealth the agreed costs incurred by the Australian Taxation Office (ATO) in administering the GST.

This measure reflects the expected increase in payments from the States and Territories which will result from the ATO incurring increased administrative costs, largely as a result of a significant increase in GST requirements compared to original estimates. State and Territory agreement to the increase is presently being sought.

Further information

See also the related expense measure titled *Additional funding for the ATO to cover the increased cost of administering the GST* in the Treasury portfolio.

Superannuation Complaints Tribunal

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Securities and Investments Commission:	1.0	-	-	-

Explanation

The maximum levy payable under the Superannuation Supervisory Levy Imposition Determination 2000 has been increased to fund the reduction of the Superannuation Complaints Tribunal's current backlog of cases. The backlog is the result of the High Court's decision in June 1999 to restore the Tribunal's review powers which were ruled constitutionally invalid by the Full Federal Court in February 1998.

Further information

See also the related expense measure titled *Superannuation Complaints Tribunal* in the Treasury portfolio.

EXPENSES

Agriculture, Fisheries and Forestry

Creation of a single pork industry company

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Agriculture, Fisheries and Forestry:	8.7	-	-	-

Explanation

The Government has decided to establish a new pork industry marketing, and research and development service delivery company limited by guarantee. This single company under the Corporations Law will replace two existing statutory authorities, the *Australian Pork Corporation* and the *Pig Research and Development Corporation*.

The establishment of a single corporation, operating under a purchaser-provider model of service delivery, will provide efficiencies to the industry. It will improve the integration of policy, planning and service delivery functions, creating a flexible structure to underpin a globally competitive pork industry.

The creation of the company outside the General Government Sector involves the Commonwealth divesting its \$8.7 million interest in two existing statutory authorities.

Exceptional Circumstances assistance for farmers in Tasmania — Central Highlands

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Agriculture, Fisheries and Forestry:	1.1	1.0	-	-
Department of Family and Community Services:	0.1	0.1	-	-
Department of Health and Aged Care:	..	..	-	-
Total:	1.2	1.1	-	-

Explanation

The Government will provide Exceptional Circumstances relief to farmers experiencing drought in the South East Quadrant of the Central Highlands region of

Tasmania. Funding will total \$2.3 million over three years, with \$0.1 million of this funding provided in 1999-2000.

The National Rural Advisory Council recommended that Exceptional Circumstances assistance be provided to eligible farmers in this area, for a two year period from 25 May 2000.

Eligible farmers will be able to access income support payments and interest rate subsidies for 12 months whilst the exceptional circumstances declaration is in force and for a 12 month recovery period afterwards.

Further information

This is a cross portfolio measure between the Department of Agriculture, Fisheries and Forestry, the Department of Family and Community Services and the Department of Health and Aged Care.

Exceptional Circumstances assistance in Monaro B and C, and East Gippsland

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Agriculture, Fisheries and Forestry:	-	-	-	-
Department of Family and Community Services:	-	-	-	-
Department of Health and Aged Care:	-	-	-	-

Explanation

The Government will provide \$0.9 million in 2000-01 for Exceptional Circumstances assistance in the Monaro B and C, and East Gippsland areas. The National Rural Advisory Council has revoked the declaration of Drought Exceptional Circumstances in this region but has recommended an extension to the recovery period from six to twelve months for eligible farmers who have not yet experienced full recovery. Assistance will be given in the form of income support and interest rate subsidies.

Further information

This is a cross portfolio measure between the Department of Agriculture, Fisheries and Forestry, Department of Family and Community Services, and Department of Health and Aged Care.

The cost of this measure will be absorbed within existing resourcing.

Forest and Wood Products Industry Action Agenda

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Agriculture, Fisheries and Forestry:	-	-	-	-

Explanation

As part of the Forest and Wood Products Industry Action Agenda, the Government will match industry levy contributions to the Forest and Wood Products Research and Development Corporation from 1 July 2001, up to a maximum of 0.5 per cent of gross value of production.

The cost of the Commonwealth contribution to the Action Agenda in 2000-01 will be absorbed within existing resourcing. Funding arrangements for the Commonwealth's contribution to the Forest and Wood Products Research and Development Corporation in future years will be considered in the 2001-02 Budget.

Inland Marketing Corporation

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Agriculture, Fisheries and Forestry:	-	-	-	-
Department of Transport and Regional Services:	-	-	-	-

Explanation

The Government will provide \$4.5 million over three years to the Inland Marketing Corporation to develop export marketing opportunities for commodities and produce from farms in the Central West region of New South Wales. The cost in 2000-01 will be absorbed within existing resourcing. Funding arrangements in future years will be considered in the 2001-02 Budget.

The Corporation supports projects to promote regional marketing and product diversification. The projects will foster demand for commodities and produce from the Central West region by providing new regional agricultural opportunities in response to greater export market exposure, and improving the supply chain between producers and international markets.

This is a cross portfolio measure between the Department of Agriculture, Fisheries and Forestry and the Department of Transport and Regional Services.

National Action Plan for dryland salinity and water quality

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Departments of Agriculture, Fisheries and Forestry and Environment and Heritage:	5.0	65.0	150.0	190.0

Explanation

On 10 October 2000, the Government announced that it will implement a strategic National Action Plan to address dryland salinity and deteriorating water quality, which are major environmental issues facing Australia. The Government has made a commitment of \$700 million over seven years to implement the Plan in cooperation with the States and Territories. The States and Territories have agreed to provide matching funding towards the Plan.

An overarching goal of the Plan, which will initially target twenty of Australia's highest priority catchment areas, is to motivate and enable regional communities to:

- prevent, stabilise and reverse trends in dryland salinity affecting sustainability of production, the conservation of biological diversity and the viability of infrastructure; and
- improve water quality and secure reliable allocations for human uses, industry and the environment.

Sugar Industry Assistance Package

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Agriculture, Fisheries and Forestry:	27.0	17.0	-	-
Department of Finance and Administration:	38.8	0.1	-	-
Total:	65.8	17.1	-	-

Explanation

The Government is providing around \$83 million over two years to implement a comprehensive package of assistance for cane growers throughout Australia. The package is in response to a unique combination of adverse circumstances, including damage to crops from cyclones and flooding compounded by sustained low world sugar prices. It has four key elements:

- income support payments, from 1 September 2000 to 30 June 2001, as ex gratia payments funded by the Department of Finance and Administration for cane growers in severe financial hardship;
- interest rate subsidies for loans of up to \$50,000 to meet expenses for replanting crops in 2000-01 and 2001-02;
- interest rate subsidies for cane growers with new and existing debt up to a further \$100,000. This is in addition to interest relief for replanting crops; and
- financial counselling assistance.

This is a cross portfolio measure between the Department of Agriculture, Fisheries and Forestry and the Department of Finance and Administration and is administered by Centrelink.

West 2000 Plus

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Agriculture, Fisheries and Forestry:	-	-	-	-

Explanation

The Government will provide \$5.9 million over three years to the Western Division of New South Wales to extend the Rural Partnership Programme. The funding will build on the existing *West 2000 Rural Partnership Programme* with a new project, *West 2000 Plus*. The cost in 2000-01 will be absorbed within existing resourcing. Funding arrangements in future years will be considered in the 2001-02 Budget. The New South Wales Government has agreed to provide matching funding towards the *West 2000 Plus* project.

Wool Industry — Changes in wool levy arrangements

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Agriculture, Fisheries and Forestry:	-1.8	-32.2	-33.0	-32.1

Explanation

From 1 July 2000, the Government is reducing the payments made on behalf of woolgrowers to the Australian Wool Research and Promotion Organisation in line with the reduction in the wool tax rate. The wool tax rate is being reduced from 4 per cent to 2 per cent in response to the outcome of Woolpoll 2000.

An interim tax rate of 3 per cent for around 12 months from 1 July 2000 is in place to fund the replacement of the Australian Wool Research and Promotion Organisation with a new company, Australian Wool Services (AWS) Ltd.

The Department of Agriculture, Fisheries and Forestry distributes the funds from the wool tax to the Australian Wool Research and Promotion Organisation. After 1 January 2001, the funds will be distributed to AWS Ltd.

Further information

See also the related revenue measure titled *Wool Industry — Changes in wool levy arrangements* in the Agriculture, Fisheries and Forestry portfolio.

Wool Industry — Establishment of Australian Wool Services Ltd

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Agriculture, Fisheries and Forestry:	80.2	-	-	-
Office of Asset Sales and Information Technology Outsourcing:	1.4	-	-	-
Total:	81.6	-	-	-

Explanation

The Government has decided to establish a new commercial wool services company to ensure wool levy funds are invested in targeted research and development, commercialisation of new technologies and providing the industry with focused and innovative services.

On 1 January 2001, Australian Wool Services (AWS) Ltd, a Corporations Law company limited by shares, will take over from the Australian Wool Research and Promotion Organisation (AWRAP), a statutory authority. Eligible Australian woolgrowers will be issued with shares in the new company, thus providing increased woolgrower ownership and control.

The creation of AWS Ltd outside the General Government Sector involves the Commonwealth divesting its \$80.2 million interest in AWRAP.

The Office of Asset Sales and Information Technology Outsourcing will manage the establishment of the new company arrangements at a cost of \$1.4 million in 2000-01.

Further information

See also the related expense and revenue measures titled *Wool Industry — Changes in wool levy arrangements* in the Agriculture, Fisheries and Forestry portfolio.

Attorney-General's

Protective security for Diplomatic and Consular missions

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Attorney-General's Department:	8.5	-	-	-

Explanation

The Government will provide additional funding of up to \$8.5 million in 2000-01 to cover increased requirements for guarding and protective security at diplomatic and consular missions to ensure appropriate security levels are maintained. The Government has responsibility under international law to protect foreign diplomatic and consular missions in Australia consistent with the current level of threat.

Storage of imported handguns prior to sale

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Customs Service:	0.4	0.4	0.4	0.4

Explanation

The Government is funding the Australian Customs Service to store handguns imported into Australia until they have been sold to an authorised end user.

On 17 August 2000, the Government amended the *Customs (Prohibited Imports) Regulations* to more closely control the importation of handguns into Australia. This is intended to reduce the diversion of handguns to the black market. Legitimate holders of handgun licences will not be affected.

Citizenship Visits Programme

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of the House of Representatives:	0.1	-	-	-
Department of the Senate:	0.1	-	-	-
Total:	0.1	-	-	-

Explanation

The Government will provide an additional \$67,000 for each of the Departments of the House of Representatives and the Senate to meet the increasing demands on the Citizenship Visits Programme. This increase is due, in part, to increasing community awareness of, and interest in, parliamentary processes along with promotion of the Centenary of Federation.

The Citizenship Visits Programme is a subsidy scheme to assist school groups, located more than 1,000 kilometres by road from Canberra, to visit the Houses of Parliament and to participate in a parliamentary education programme. The total funding for this programme is \$1 million in 2000-01.

Additional funding for the High Court

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
High Court of Australia:	0.2	0.1	0.1	0.1

Explanation

The Government will provide additional funding to the High Court in recognition of escalating workloads at the Sydney Registry and to enhance the High Court's public information and education programme by enabling broadcasting of Canberra Full Bench sittings over the Internet. This innovation is regarded as a valuable adjunct to the High Court's website, and one which will aid public access to the Court's proceedings.

Increased National Native Title Tribunal workload in the Northern Territory and Queensland

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
National Native Title Tribunal:	3.7	-	-	-

Explanation

The Government will provide funding of \$3.7 million in 2000-01 to the National Native Title Tribunal for increased workload associated with native title claims in the Northern Territory and Queensland.

The Northern Territory has recently begun to use its right to negotiate provisions of the *Native Title Act 1993*, which enable, among other things, the processing of exploration and mining title applications. The National Native Title Tribunal will be

responsible for all workload associated with the Northern Territory's use of the Commonwealth native title scheme for granting of its exploration and mining titles.

The Queensland Land and Resources Tribunal has recently gained responsibility for a State-based future act regime that will apply to some mining and exploration in Queensland. Additional workload will accrue to the National Native Title Tribunal as a result.

Communications, Information Technology and the Arts

Strengthening Radio Australia's shortwave and Internet services to the Asia-Pacific region

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Broadcasting Corporation:	1.9	2.8	2.9	0.2

Explanation

The Government will provide funding to strengthen Radio Australia's shortwave radio transmission and Internet services to the Asia-Pacific region.

Radio Australia will significantly increase its transmission to the Asia-Pacific region, from 22.5 hours to at least 75 hours per week. The funding will also enable conversion of radio material for Internet services, in text or audio files.

Further information

The financial commitment to extend radio transmission to the Asia-Pacific region is dependent on the ABC securing transmission sites at either Australian facilities or offshore.

Advice and promotion of the third generation mobile phone and datacasting spectrum auctions

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Communications Authority:	3.8	-	-	-

Explanation

The Government will provide the Australian Communications Authority with up to \$3.8 million to assist with the third generation mobile phone (3G) and datacasting

spectrum auctions. The additional funding will be used to engage investment advisers who will assist the Australian Communications Authority in developing arrangements for the 3G and datacasting auctions.

Additional funding for the Centre for Quantum Computer Technology

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Communications, Information Technology and the Arts:	-	-	-	-
Department of Defence:	-	-	-	-
Department of Education, Training and Youth Affairs:	-	-	-	-
Department of Industry, Science and Resources:	-	-	-	-

Explanation

Building on its commitment to improve Australia's competitiveness through innovation, the Government is providing \$9.0 million over three years to the Australian Research Council Special Research Centre for Quantum Computer Technology. The Centre, located at the University of New South Wales, is a world leader in quantum computing. Its work is aimed at significantly improving the power of computers.

The Centre has received research grants from the Australian Research Council for a number of years. The additional funding will enable it to buy specialised equipment and accelerate the programme to develop a prototype quantum computer.

The Department of Education, Training and Youth Affairs as well as the Departments of Communications, Information Technology and the Arts, Defence, and Industry Science and Resources will provide funding from within existing resourcing to support this development.

St John's Cathedral Completion Fund

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Communications, Information Technology and the Arts:	2.0	-	-	-

Explanation

The Government will contribute \$2.0 million to the restoration of St John's Cathedral in Brisbane to its original design.

Funding will be provided to the St John's Cathedral Completion Fund. This builds on a previous Commonwealth grant of \$1 million provided through the Federation Fund via the Queensland Trails Network project.

Defence

Acquisition of the Australian Submarine Corporation Pty Limited

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Defence:	-	-	-	-

Explanation

The Government has acquired direct ownership of all the shares in the Australian Submarine Corporation Pty Limited (ASC) with a view to restructuring the company to implement arrangements for the future support of the Collins Class submarines, and to enable the ASC's sale into full private ownership.

The Department of Defence has provided funds for the Australian Industry Development Corporation to increase its shareholdings in the ASC from 48.45 per cent to full ownership. All ASC shares will then be vested in the Commonwealth.

For the purposes of the Government Finance Statistics, share transactions have no impact on the fiscal or underlying cash balances as only the composition of the Commonwealth's investment in financial assets is affected. In accordance with AAS31 accounting standards, the provision of funds by the Department of Defence of \$37.5 million is treated as a grant expense with a corresponding impact on the general government operating result.

Further information

See also the related expense measure titled *Australian Submarine Corporation Pty Limited— acquisition, restructuring and sale* in the Finance and Administration portfolio.

Education, Training and Youth Affairs

Education Services for Overseas Students Assurance Fund

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Education, Training and Youth Affairs:	-	-	-	-

Explanation

The Government will make a one-off contribution of \$1 million in 2000-01 to the Education Services for Overseas Students Assurance Fund. The Assurance Fund is an industry-funded mechanism to ensure that overseas students enrolled in private education institutions are not disadvantaged in the event of the closure of their institution. While private education providers have responsibility for building the Fund's reserves to an effective level, the Commonwealth's one-off contribution will accelerate the build-up of reserves at the Fund's inception. This avoids financial exposure before reserves are built up through contributions from private education providers.

The cost of this measure will be absorbed from within existing resourcing.

Further information

This measure relates to the expense measure titled *Education Services for Overseas Students — strengthening the regulatory framework* in the Education, Training and Youth Affairs portfolio announced in the 2000-01 Budget.

Eligibility of distance education students at non-government schools for General Recurrent Grant Funding

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Education, Training and Youth Affairs:	-	-	-	-

Explanation

The Government has decided that, under certain circumstances, distance education students enrolled in approved non-government schools will attract per capita funding to their school under the *General Recurrent Grants Programme*. The new eligibility will apply from 2001 and is expected to cost \$0.5 million a year, which will be absorbed within existing resourcing.

Eligible non-government schools and systems will receive funding for their distance education students at the rate of 13.7 per cent of Average Government Schools Recurrent Costs. This is the minimum level of Commonwealth per capita funding under the new socio-economic status-based funding arrangements to apply from January 2001.

Establishment grants for new non-government schools

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Education, Training and Youth Affairs:	0.9	1.4	1.5	1.6

Explanation

The Government will provide grants to new non-government schools to assist with establishment costs. New schools that commenced after 11 May 1999 will be eligible to receive establishment grants from calendar year 2001 for a transitional period of one or more years. Grants will be provided at the rate of \$500 per student enrolled in the school's first year of operation and \$250 per student for any subsequent year.

Funding for students with disabilities attending non-government schools

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Education, Training and Youth Affairs:	3.9	4.1	4.3	4.6

Explanation

The Government has decided that from 2001, all students with disabilities attending non-government schools will attract additional assistance to their school at a flat rate of \$561 per student per year.

The Government has also decided that schools that receive higher levels of per capita assistance for these students under the current Education Resource Index-based funding approach should not be financially disadvantaged by the new funding arrangements. Funding for these schools will be maintained in real terms at the per capita rate for 2000 for the number of students with disabilities at the school as at the 2000 school census date.

Family and Community Services

A ceiling on the rate of Australian pension paid under International Social Security Agreements

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Family and Community Services:	0.1	-0.3	-0.4	-0.4

Explanation

From 1 August 2000, the Government has placed a ceiling on the rate of Australian pension paid to former Australian residents now living outside Australia. This measure will ensure that, while people living outside Australia can receive an income test concession on their foreign pension, they cannot receive a higher rate of Australian benefit than they would if they were in Australia. As a result, this measure produces a reduction in expenses, with some implementation costs in 2000-01.

Administration of Aged Persons Savings Bonus 'Top-Up'

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Family and Community Services:	-	-	-	-

Explanation

The Government is providing a 'top-up' payment to certain Aged Pension Savings Bonus recipients. Expenses for these measures are contained in overall aggregates. This measure is for additional administration to review the bonus amount payable to some pensioners who did not update their financial details with Centrelink during the assessment period.

Under the existing legislation, pensioners' bonus calculations are determined using savings and investment information provided to Centrelink to calculate ongoing pension entitlements. To receive the 'top-up' payment, Aged Pension Savings Bonus recipients are asked to provide evidence of their savings and investment holdings in the period July 1998 to June 2000.

The cost of this measure will be absorbed from within existing resourcing.

Ex Gratia payments and savings provision for Department of Veterans' Affairs pensioners receiving Family Tax Benefit A and Child Care Benefit

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Family and Community Services:	0.5	0.5	0.5	0.5

Explanation

From 1 July 2000, recipients of a Department of Veterans' Affairs (DVA) disability or war widow pension, who do not also receive a DVA service pension or Centrelink income support payment, will have their Family Tax Benefit Part A and their Child Care Benefit maintained at the same level of family and childcare assistance that they were receiving at 30 June 2000.

This measure maintains the benefit level after 1 July 2000 when the new assessment arrangements for family payments came into effect. It affects people within this particular group who have a family income above the income test threshold for Family Tax Benefit and Child Care Benefit (that is, \$28,200) and is subject to any future changes in their circumstances.

Any Health Care Card eligibility that existed as at 30 June 2000 will be maintained.

Increase the maximum rate of Rent Assistance to 10 %

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Family and Community Services:	36.5	33.5	34.0	34.7

Explanation

Under *The New Tax System*, the maximum rate of Rent Assistance was to be increased by seven per cent from 1 July 2000. This measure further increases assistance, by boosting the increase to a total of ten per cent.

This measure will benefit over 500,000 social security beneficiaries renting accommodation, including caravan park and boarding house residents.

Social Security Agreement with Germany

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Family and Community Services:	-	0.4	1.4	0.3

Explanation

The Government has entered into a Social Security agreement with Germany, to be implemented on 1 July 2002. Consistent with other international agreements, it will provide a basis for sharing responsibility for certain social security payments between Australia and Germany. It will also facilitate access to pensions for people who have had periods of residence in both countries.

It is anticipated that around 14,000 people, largely German born Australians, will benefit under the agreement. Former residents of Australia will be able to claim Australian pensions without leaving Germany and Germans living in Australia will be able to lodge claims for German pensions through Centrelink.

Finance and Administration

Commonwealth Property Strategic Alliance

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Finance and Administration:	-	-	-	-

Explanation

On 24 July 2000, the Government announced the selection of PricewaterhouseCoopers Process Solutions Pty Ltd as the preferred tenderer to enter into a strategic alliance to manage the Commonwealth's \$2.5 billion global non-Defence property portfolio. The portfolio comprises over 400 properties located in 50 countries. The selection of an alliance partner will accelerate the process of improving the performance and efficiency of the property portfolio and bring the management of Commonwealth property into line with private sector practice. The alliance will also provide a substantial industry development package for the benefit of Australian small to medium enterprises.

The alliance will deliver savings of around \$74 million over five years. Provision for these savings was included in the budget and forward estimates in the 2000-01 Budget.

Further information

The Commonwealth will retain ownership of the property portfolio and be responsible and accountable for all assets. The Department of Finance and Administration will continue to provide portfolio and policy advice, manage the strategic alliance and monitor service delivery and portfolio performance.

Contribution to Childers Memorial Fund

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Finance and Administration:	0.1	-	-	-

Explanation

The Government will provide \$50,000 to a memorial fund in response to the fire that destroyed the Palace Backpackers Hostel in Childers, Queensland, claiming the lives of Australian and foreign backpackers.

On 4 July 2000, the United Kingdom Government announced that it would donate £10,000 towards a permanent memorial for the victims of the fire. At the same time, the Queensland Government decided to contribute \$25,000.

Australian Submarine Corporation Pty Limited — acquisition, restructuring and sale

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Office of Asset Sales and Information Technology Outsourcing:	13.5	-	-	-

Explanation

The Government will provide funding for advisory and other administration costs incurred in acquiring shares in the Australian Submarine Corporation Pty Limited, and in restructuring the company to implement arrangements for the future support of the Collins Class submarines and enable the Australian Submarine Corporation's sale into full private ownership.

Further information

See also the related expense measure titled *Acquisition of the Australian Submarine Corporation Pty Limited* in the Defence portfolio.

Extension of Information Technology Outsourcing Initiative

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Office of Asset Sales and Information Technology Outsourcing:	4.6	-	-	-

Explanation

The Government will provide additional funds to support the Information Technology Outsourcing Initiative. The additional funding will meet expenses incurred by the Office of Asset Sales and Information Technology Outsourcing in leading, managing and implementing the Initiative, in cooperation with agencies.

On 7 November 2000, the Minister for Finance and Administration announced an independent review of the implementation of the Initiative, with particular emphasis on the implementation risks associated with transitioning the provision of IT infrastructure from the in-house IT operations of Commonwealth agencies to an external service provider in contracts let under the Initiative to date.

Further information

The Information Technology Outsourcing Initiative was announced in 1997. To date five contracts have been let under the Initiative. The Initiative has yielded substantial savings to the Commonwealth, stimulated the growth of the local information technology industry, and increased regional development and employment opportunities.

Sale costs — Divestment of Commonwealth interest in Australian Technology Group Limited

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Office of Asset Sales and Information Technology Outsourcing:	0.9	-	-	-

Explanation

The Government will provide funding to meet the estimated costs associated with seeking divestment of the Commonwealth's interest in Australian Technology Group Limited (ATG). ATG was established to invest in early stages of commercialising Australian technology. The Commonwealth is currently investigating options for reducing its investment in ATG.

Further information

See also the related capital measure titled *Divestment of Commonwealth interest in Australian Technology Group Limited* in the Industry, Science and Resources portfolio.

Sale costs — Essendon Airport Limited

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Office of Asset Sales and Information Technology Outsourcing:	2.8	-	-	-

Explanation

The Government will provide additional funds to the Office of Asset Sales and Information Technology Outsourcing to meet the estimated sale costs associated with divestment of the Commonwealth's interest in Essendon Airport Limited. The Government is selling Essendon Airport Limited by way of a competitive tender. The airport is to continue operating principally for general aviation to facilitate rural and regional access to Melbourne.

Further information

See also the related capital measure titled *Sale of shares in Essendon Airport Limited* in the Finance and Administration portfolio.

Foreign Affairs and Trade

Increase the contribution to the United Nations Relief and Works Agency

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Agency for International Development:	1.0	1.0	1.0	1.0

Explanation

The Government will increase Australia's ongoing contribution to the United Nations Relief and Works Agency (UNRWA). The Prime Minister announced this measure in May 2000 in recognition of the role UNRWA is playing in assisting the Palestinian people, including helping develop their self-supporting economic activity, and supporting the Middle East peace process.

Continuation of Export Market Development Grants scheme***Expense (\$m)***

	2000-01	2001-02	2002-03	2003-04
Department of Foreign Affairs and Trade:	-	-	nfp	nfp

Explanation

On 17 August 2000, the Government announced the continuation of the Export Market Development Grants (EMDG) scheme for a further five years from 2002-03. The EMDG scheme is a Commonwealth Government programme of financial assistance for export promotion. Current funding for the scheme ends in 2001-02.

A review of the EMDG scheme was carried out this year with the review report tabled in Parliament on 17 August 2000. The findings and recommendations of the EMDG scheme review report, including the financial implications of the scheme, will be considered by the Government in the 2001-02 Budget. An allowance for the continuation of the scheme is incorporated in the Contingency Reserve.

Solomon Islands — International peace monitoring team***Expense (\$m)***

	2000-01	2001-02	2002-03	2003-04
Department of Foreign Affairs and Trade:	2.8	-	-	-

Explanation

The Department of Foreign Affairs and Trade will lead an international peace monitoring team to the Solomon Islands, responding to the call for such a team in the Townsville Peace Agreement on 15 October 2000.

The role of the Team will be to support the indigenous Solomon Islands Peace Process under the aegis of the Peace Monitoring Council. Its main task will be the supervision of the surrender of weapons, regular inspection of the stored weapons, confidence building with affected Solomon Islands communities, and reporting to the Peace Monitoring Council. The monitors will be a completely neutral, unarmed group deployed at the invitation of the main parties to the ethnic tension.

Health and Aged Care

Establishment of the Office of the Commissioner for Complaints

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Health and Aged Care:	-	-	-	-

Explanation

The Government has established the Office of the Commissioner for Complaints as part of the further progression of its aged care reforms. The Department of Health and Aged Care will reallocate up to \$300,000 per year to resource the Office from within existing administered and departmental funding.

The Office will manage the operation of the Aged Care Complaints Resolution Scheme, and an important part of the Commissioner's role will be to promote public confidence in the Scheme.

Increased Medicare Rebate for Other Medical Practitioners

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Health and Aged Care:	3.8	8.5	9.3	9.9

Explanation

The Government has committed around \$32 million over four years to enhance access to primary health care services in rural and remote Australia. From 1 January 2001, GP services provided by Other Medical Practitioners (OMPs) working in rural and remote Australia will attract the full Medicare Rebate.

Currently OMPs (whose qualifications do not allow them to achieve vocational registration as GPs) attract a lower Medicare rebate for consultations. This discrepancy is passed on to patients through higher out-of-pocket costs.

Introduction of parity pricing in the Hearing Services Programme

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Health and Aged Care:	8.4	8.5	8.9	8.9

Explanation

The Government will provide the Department of Health and Aged Care with additional funding to ensure that Government Business Enterprise and Competitive Neutrality policies are fully implemented within the Commonwealth Hearing Services Programme, particularly through ensuring that all providers, both public and private, receive the same remuneration for hearing devices and hearing services.

Further information

The Government's Hearing Services Programme is administered by the Office of Hearing Services (OHS). Eligible clients can obtain free hearing services through the OHS Voucher System by redeeming their vouchers with any accredited service provider.

List celecoxib on the Pharmaceutical Benefits Scheme

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Health and Aged Care:	36.8	49.6	63.0	65.5

Explanation

The listing of celecoxib from 1 August 2000 on the Pharmaceutical Benefits Scheme (PBS) will reduce the cost to consumers from approximately \$60 per month to a maximum of \$3.30 a month for health card holders and \$20.60 for other consumers.

On 1 May 2000, celecoxib was listed on the Repatriation Pharmaceutical Benefits Scheme.

Further information

New drugs are recommended for PBS subsidy by the Pharmaceutical Benefits Advisory Committee, which bases its considerations on clinical effectiveness, safety and cost effectiveness.

Measles, mumps and rubella vaccine for young adults

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Health and Aged Care:	19.8	-	-	-

Explanation

The Government will provide funding of \$19.8 million in 2000-01 to vaccinate young adults between the ages of 18 to 30 years against measles, mumps and rubella.

This initiative is consistent with Australia's efforts to eliminate measles. Young adults in the target group are at higher risk of measles infection because they would not have been recipients of the measles, mumps and rubella vaccination programme that commenced in 1994. Young adults also tend to suffer more serious complications if they do contract measles.

Modified clawback arrangements under the Australian Health Care Agreements

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Health and Aged Care:	-	-	-	-

Explanation

Under the Australian Health Care Agreements between the Commonwealth and the States and Territories, there are risk sharing arrangements based on changes in the private health insurance participation rate.

In September 1999, the Government decided to guarantee that no State or Territory would be worse off as a result of any increase in private health insurance participation rates. This was to be achieved by limiting any reduction in Commonwealth grants to the amount by which public hospital revenue from privately insured patients and veterans exceeded the revenue from these sources in 1997-98.

The Government has now agreed to further modify these arrangements to exclude public hospital revenue from veterans from these calculations. This will have the effect of further reducing the potential for any actual reductions in Commonwealth grants to the States and Territories.

This measure has no impact on the existing budget and forward estimates since no allowance has previously been made for reducing Commonwealth grants. In the absence of this measure Commonwealth grants would have been reduced by an estimated \$125 million in 2000-01 and each of the next two years.

New Community Pharmacy Agreement

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Health and Aged Care:	9.9	-3.0	-3.3	-12.3
Department of Veterans' Affairs:	-1.8	-2.9	-4.1	-5.2
Total:	8.1	-5.9	-7.4	-17.5

Explanation

The Government and the Pharmacy Guild of Australia signed a new five-year Community Pharmacy Agreement on 16 May 2000. The Agreement began on 1 July 2000 and is expected to benefit the community as well as improve financial arrangements between pharmacists and the Government.

The Government will provide approximately \$5.6 billion for pharmacists' remuneration over the life of the Agreement. After allowing for up-front payments, the new Agreement renders savings across the forward estimates as detailed above. Key elements of the Agreement include:

- \$188 million over five years for a new Pharmacy Development Programme to support the quality of pharmacy services across Australia;
- \$114 million over five years for an extended medication management programme, to be developed in conjunction with the medical profession, to assist Australians in care and at home to properly manage medications they may receive; and
- \$76 million over five years to replace the existing \$24 million dollar rural pharmacy programme to improve access to pharmacy services in rural and remote areas. This element was announced as a separate measure in the 2000-01 Budget.

Within the new Agreement, pharmacists' remuneration has been restructured to facilitate payment for medication reviews and services provided through the Pharmacy Development Programme. Funding for these new payments has been provided for in part by reductions in mark-up and dispensing fees. There will be an \$11 million commencement bonus for pharmacists in 2000-01, and growing savings over five years as the effects of reduced indexation on dispensing fees compound.

This is a cross portfolio measure between the Department of Health and Aged Care and the Department of Veterans' Affairs.

Prevention of Q Fever in meat and agricultural workers***Expense (\$m)***

	2000-01	2001-02	2002-03	2003-04
Department of Health and Aged Care:	1.1	3.0	0.5	-

Explanation

The Government has established a new programme of free screening and vaccination for Q fever for around 100,000 workers in the meat and livestock industries. In addition to the new funding for the vaccine component (\$4.6 million over three years), the Department of Health and Aged Care will reallocate \$6.0 million to this programme from within existing resourcing.

Research Bio 21***Expense (\$m)***

	2000-01	2001-02	2002-03	2003-04
Department of Health and Aged Care:	-	-	-	-

Explanation

In July 2000, the Government provided \$15 million to the Bio 21 biotechnology project. The cost will be absorbed within existing resourcing. The project will harness the biomedical research expertise at Melbourne and Monash Universities, as well as the major research institutes in Melbourne, through collaborative programmes to expand key infrastructure.

The project represents progress towards the implementation of the Wills Committee report by facilitating the coordination and grouping of biomedical research into sizeable clusters. This will enable the sharing of key infrastructure.

Subsidy of medical foods***Expense (\$m)***

	2000-01	2001-02	2002-03	2003-04
Department of Health and Aged Care:	-	2.7	2.7	2.8

Explanation

The Government will establish a Commonwealth programme to assist Australians suffering from inborn errors of protein metabolism to meet the high costs of purchasing essential medical foods. The foods required for these patients cost around five to ten times that of normal foods and are essential in meeting nutritional needs.

Without these foods, patients can suffer very serious health consequences, such as mental retardation. On average, the subsidy will cover approximately half the cost of these foods.

Further information

This measure will commence early in 2001. The Department of Health and Aged Care will absorb the cost of the scheme in 2000-01 within existing resources.

Industry, Science and Resources

Tough on drugs in sport — blood tests as part of our anti-doping programme

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Sports Drug Agency:	1.0	-	-	-

Explanation

The Government has provided funding for the Australian Sports Drug Agency (ASDA) to undertake blood testing for Erythropoietin (EPO) as part of Australia's anti-doping programme. The additional funds were dependent on ASDA developing a successful test for EPO prior to the Olympic Games.

The International Olympic Committee ratified the developed test on 29 August 2000.

Further information

The fulfillment of this commitment builds upon the \$3 million provided in 1997-98 for research, sampling and analysis programmes to assist preparations for the drug testing requirements for the Sydney Olympics. In the last three years the Government provided a further \$3.3 million for a programme of research undertaken by the Australian Institute of Sport and the Australian Sports Drug Testing Laboratory to develop and validate a test for detecting EPO.

Assistance for the Sydney Paralympic Organising Committee***Expense (\$m)***

	2000-01	2001-02	2002-03	2003-04
Department of Industry, Science and Resources:	10.0	-	-	-

Explanation

The Government provided \$10 million to the Sydney Paralympic Organising Committee to assist with the staging of the Paralympic Games.

This funding is in addition to the \$25 million that the Government has already provided for the Paralympic Games.

Commonwealth Contribution to Olympic Aid***Expense (\$m)***

	2000-01	2001-02	2002-03	2003-04
Department of Industry, Science and Resources:	1.5	-	-	-

Explanation

The Government will provide \$1.5 million to the official Olympic Aid charity administered by the International Olympic Committee.

The donation will include contributions towards:

- an expanded Australian Indigenous sports programme;
- the *2000 Appeal for Sport Relief*, which will work in conjunction with the United Nations High Commissioner for Refugees to introduce sport to refugee camps; and
- other charities, including the Patrick Rafter Cherish the Children Foundation, the Goolagong Sport Library, the Leukemia Foundation and the Children's Cancer Institute.

Investment incentive for IBM Australia***Expense (\$m)***

	2000-01	2001-02	2002-03	2003-04
Department of Industry, Science and Resources:	3.2	-	-	-

Explanation

The Government will provide a strategic investment incentive of \$3.2 million in 2000-01 to facilitate a \$37 million investment by IBM Australia in Sydney. This will allow IBM Australia to build an E-business Innovation Centre. The Centre will be the second largest of the six IBM e-business centres planned worldwide.

The establishment of the Centre complements the Government's efforts to develop Australia as a centre for global financial services and information technology.

Olympic and Paralympic Games GST liability payments

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Industry, Science and Resources:	50.0	-	-	-

Explanation

The Government has provided up to \$50 million to the Sydney Organising Committee for the Olympic Games, the Sydney Paralympic Organising Committee, and the Australian Olympic Committee for the payment of the Goods and Services Tax (GST) liability on all non-premium Games ticket sales by these organisations.

This is consistent with the Government's original commitment that tickets purchased prior to the introduction of *The New Tax System* package would not be subject to GST.

Paralympic Games entry fees

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Industry, Science and Resources:	-	-	-	-

Explanation

The Government has provided \$550,000 to the Australian Paralympic Committee to cover the cost of the Australian team entry fees to the Sydney 2000 Paralympic Games. In addition, the Government has provided \$150,000 to the International Paralympic Committee Solidarity Fund to assist with entry fees for teams from less well-off countries. The cost of this measure will be absorbed within existing resourcing.

Payment of gas royalty commitment to Western Australia***Expense (\$m)***

	2000-01	2001-02	2002-03	2003-04
Department of Industry, Science and Resources:	-16.5	-18.5	-21.3	-21.6

Explanation

Under Section 130 of the *Petroleum (Submerged Lands) Act 1967*, the Commonwealth shared its North West Shelf project domestic gas royalties with Western Australia. The State share was to total \$117.1 million in 1984-85 dollars over a twenty year period to 2004-05. The Commonwealth Government agreed in May 2000, to a one-off payment in 1999-2000 of \$79.1 million to extinguish the remaining Commonwealth liability. Expenses are therefore reduced across the budget and forward estimates.

Reduction in funding for the Textiles, Clothing and Footwear Strategic Investment Programme***Expense (\$m)***

	2000-01	2001-02	2002-03	2003-04
Department of Industry, Science and Resources:	-1.0	-	-	-

Explanation

The Government has decided to reduce funding for the Textiles, Clothing and Footwear Strategic Investment Programme in 2000-01 to meet revenue foregone in extending the Import Credit Scheme, which was due to terminate on 30 June 2000. The Government extended the Import Credit Scheme to Fiji for three months to 30 September 2000.

The new South Pacific and Regional Free Trade Agreement — Textiles, Clothing and Footwear Scheme, which was due to replace the Import Credit Scheme, has been delayed until 1 October 2000.

Further information

See the related revenue measure titled *Extension of the Import Credit Scheme*, in the Attorney-General's portfolio.

School children attending the Paralympic Games

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Industry, Science and Resources:	0.2	-	-	-

Explanation

The Government provided a further \$200,000 towards the subsidy arrangements for Australian school children to attend the Paralympic Games.

Further information

This funding was in addition to \$1.5 million already provided by the Government for school children to attend the Games.

Under this scheme, subsidies were available for students of eligible primary and secondary schools that are located 200 kilometres or more by road from Olympic Park. The further the school children travelled, the greater the subsidy available.

Transport and Regional Services

Regional Solutions Programme

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Transport and Regional Services:	15.0	25.0	25.0	25.1
Department of Employment, Workplace Relations and Small Business:	-5.0	-10.0	-12.0	-
Total:	10.0	15.0	13.0	25.1

Explanation

The Government will implement a new *Regional Solutions Programme* providing \$90 million over four years for targeted and flexible support to regional, rural and remote areas experiencing high unemployment, and social and economic dislocation. Existing *Regional Assistance Programme* funding of \$27 million over three years in the Department of Employment, Workplace Relations and Small Business will be transferred to the Department of Transport and Regional Services to help establish the *Regional Solutions Programme*.

The *Regional Solutions Programme* will be delivered through grants to local communities for community planning projects, local project implementation, community adjustment initiatives, regionally based enterprise or infrastructure projects, and to employ community based development officers. The Programme will allow communities to identify and implement development opportunities that meet their specific needs and overcome their specific problems. Approved projects will enhance the self-reliance of communities and lessen economic and social disadvantage.

The *Regional Solutions Programme* will extend the *Rural Communities Programme* and *Rural Plan*, for which existing funding ceases at the end of 2000-01.

Special Structural Adjustment Package for the South West forests region of Western Australia

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Transport and Regional Services:	5.0	-	-	-

Explanation

The Government will provide \$5 million under the Regional Forest Agreement (RFA) for the South West Forests Region of Western Australia for a Special Structural Adjustment Package. The Package is modelled on the Eden Region Adjustment Package and will complement the existing Forest Industry Structural Adjustment Package.

The Package will build on the competitive advantages of the Region, including promoting employment opportunities already identified in the RFA process, particularly in the areas of regional and cultural heritage tourism.

Treasury

Superannuation Complaints Tribunal

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Securities and Investments Commission:	1.0	-	-	-

Explanation

The Government will provide the Superannuation Complaints Tribunal with additional funding to reduce its current backlog of cases. The funding will enable the

Tribunal to appoint additional staff and undertake a greater number of reviews. It will also enable the Tribunal to cover its operating costs.

Further information

See also the related revenue measure titled *Superannuation Complaints Tribunal* in the Treasury portfolio.

Additional fuels sales grants in remote areas

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	5.0	5.0	5.0	5.0

Explanation

The Government has announced that under the Fuels Sales Grants Scheme, fuel retailers in remote areas may apply to the Australian Taxation Office for an additional grant where fuel prices are beyond \$1.20 per litre.

Further information

From 1 July 2000 the Government introduced a tiered grants scheme which will be paid to distributors and retailers of petrol and diesel in non-metropolitan and remote regions. A grant will be paid for sales to consumers in non-metropolitan areas with a higher rate of grant provided for sales in remote areas. The grants scheme will help to address the divergence in fuel prices between the cities and regional areas.

Additional funding for the ATO to cover the increased cost of administering the GST

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	183.0	141.0	-	-

Explanation

The New Tax System has seen a significantly higher number of Goods and Services Tax (GST) registrations compared to the original estimates underlying initial administration costs. As a result of these higher registrations, there have been substantial increases in Business Activity Statement processing workloads, related telephone inquiries and technical advice.

The Government has therefore decided to provide the Australian Taxation Office with additional funding to cover the increased cost of administering the GST.

Under the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations*, the States and Territories pay to the Commonwealth agreed GST administration costs. Additional payments from the States and Territories will offset this measure, with the first of these payments expected to be made in 2000-01.

Further information

For further information, see the related revenue measure *Additional payments from the States and Territories for GST administration* in the Treasury portfolio.

Extension of Diesel and Alternative Fuels Grants Scheme

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	17.0	17.3	17.7	18.0

Explanation

The Government has extended the Diesel and Alternative Fuels Grants Scheme from 1 July 2000 to include the following vehicles over 4.5 but less than 20 tonnes gross vehicle mass (GVM):

- buses using alternative fuel such as liquid petroleum gas or compressed natural gas in metropolitan areas;
- emergency vehicles that use diesel and alternative fuels in both metropolitan and non-metropolitan areas; and
- primary production businesses and contractors carrying passengers or goods solely on behalf of primary production businesses, operating in metropolitan areas.

Further information

The Diesel and Alternative Fuels Grants Scheme pays grants for the business related on-road use of diesel and like fuels (as well as alternative fuels) to all vehicles over 20 tonnes GVM and to regional transport vehicles weighing between 4.5 and 20 tonnes GVM that undertake their operations in service of regional areas. This scheme, together with the availability of input tax credits for business, will lower the cost of diesel used in many transport vehicles by around 24 cents per litre.

Inquiry into charitable and related organisations

Expense (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of the Treasury:	0.3	-	-	-

Explanation

On 18 September 2000, the Prime Minister announced the details of an independent inquiry into definitional issues relating to charitable, religious and community service not-for-profit organisations. Funding of \$283,000 is to be provided to the Department of the Treasury in 2000-01. The inquiry is intended to provide the Government with options for enhancing the clarity and consistency of existing definitions with respect to Commonwealth law and administrative practice. These should lead to legislative and administrative frameworks that are appropriate for Australia's current social and economic environment.

CAPITAL MEASURES¹

Attorney-General's

Additional funding for the High Court

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
High Court of Australia:	0.6	-	-	-

Explanation

The Government is providing \$0.6 million to the High Court to enhance its public information system and to upgrade the Court's accommodation. The technological improvements include electronic publication of High Court Judgements from the period 1903 to 1948, replacement of its library computer system, and extension of the video conferencing facilities to facilitate consultation between Justices in Sydney, Melbourne and Brisbane.

The Court's accommodation will be enhanced through the purchase of audio / amplification equipment for the Melbourne Courtroom, construction of Judge's Chambers in the Law Courts building in Brisbane, refurbishment of the High Court's Sydney accommodation, improving the file registry and storage areas, and upgrading existing office areas.

¹ Capital in this section is defined as 'net capital investment', the capital component used in the calculation of the fiscal balance. This includes: purchases of capital equipment, less any proceeds from their sale, and any reduction in the value of capital equipment (as measured by depreciation) plus net investment in other non-financial assets, including inventories but excluding prepayments. Capital policy decisions that involve only financial assets will not affect the fiscal balance and are therefore reported in this section as having no impact on the fiscal balance.

Defence

Loan to the Defence Housing Authority

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Defence Housing Authority:	-	-	-	-

Explanation

The Government will provide a loan of up to \$100 million to the Defence Housing Authority (DHA) in 2000-01. Currently DHA does not have any debt on its balance sheet. The loan will assist DHA in moving to a more commercial capital structure.

The provision of a loan to the DHA is a financial transaction within the General Government Sector and consequently has no impact on the fiscal balance.

Finance and Administration

Sale of shares in Essendon Airport Limited

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Office of Asset Sales and Information Technology Outsourcing:	-	-	-	-

Explanation

The Government is selling Essendon Airport Limited by competitive tender. The airport is to continue operating principally for general aviation to facilitate rural and regional access to Melbourne. As the disposal of shares outside the General Government Sector only affects the composition of the Commonwealth's investment in financial assets, this measure has no impact on the fiscal balance.

Further information

See also the related expense measure titled *Sale costs — Essendon Airport Limited* in the Finance and Administration portfolio.

Industry, Science and Resources

Divestment of Commonwealth interest in Australian Technology Group Limited

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Industry, Science and Resources:	-	-	-	-

Explanation

The Australian Technology Group Limited (ATG) was established to invest in early stages of commercialising Australian technology. The Commonwealth is currently investigating options for reducing its investment in ATG. The expected proceeds are unquantifiable at this stage.

As the disposal of shares outside the General Government Sector only affects the composition of the Commonwealth's investment in financial assets, this measure has no impact on the fiscal balance.

Further information

See also the related expense measure titled *Sale costs — Divestment of Commonwealth interest in Australian Technology Group Limited* in the Finance and Administration portfolio.

Transport and Regional Services

National Emergency Services Memorial

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
National Capital Authority:	0.1	0.9	-	-

Explanation

The Government is providing \$1 million to erect a National Emergency Services Memorial in Canberra. This will commemorate the contribution of police, firefighters and emergency services personnel who have served Australia in times of crises, and honour those who have lost their lives in the course of duty.

Reconciliation Place

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
National Capital Authority:	0.3	4.8	-	-

Explanation

The Government is providing around \$5 million over two years to support the construction of Reconciliation Place and related initiatives in the Parliamentary Zone in Canberra.

The form of Reconciliation Place will be finalised after consultation with Indigenous people. A competition will be run for Indigenous people to put forward designs, and Indigenous representatives will be on the panel that selects the winning design.

