

Appendix A: Policy decisions taken since the 2002-03 Budget

SUMMARY OF POLICY DECISIONS TAKEN SINCE THE 2002-03 BUDGET

Table A1: Revenue measures since the 2002-03 Budget^(a)

	2002-03	2003-04	2004-05	2005-06
	\$m	\$m	\$m	\$m
AGRICULTURE, FISHERIES AND FORESTRY				
Sugar Package - levy	7.5	30.0	30.0	30.0
Portfolio total	7.5	30.0	30.0	30.0
ATTORNEY-GENERAL'S				
Tariff-free access for the world's poorest countries	-	-2.5	-2.5	-2.5
Portfolio total	-	-2.5	-2.5	-2.5
COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS				
Increased regulatory oversight of Australia Post	1.2	5.3	3.1	3.2
Portfolio total	1.2	5.3	3.1	3.2
HEALTH AND AGEING				
Medical indemnity insurance - Incurred-But-Not-Reported levy	*	*	*	*
Portfolio total	*	*	*	*
IMMIGRATION AND MULTICULTURAL AND INDIGENOUS AFFAIRS				
Increase in the Parent Migration intake	10.4	71.2	84.0	102.7
Regulation of the migration advice industry	-	2.3	2.8	3.4
Portfolio total	10.4	73.5	86.8	106.1
TREASURY				
<i>Income tax</i>				
Amendments to demergers legislation	*	*	*	*
Amendments to the double tax agreement with Malaysia	-	-2.0	-	-
A new double tax agreement with Mexico	-	-2.0	-2.0	-2.0
Apportionment of deductions for cash donations	-	-	-	-1.0
Deductibility of certain gifts	*	*	*	*
Ensure structured settlements are not taxed at the life company level	..	-1.0	-1.0	-1.0
Government response to the Report of the Inquiry into the Definition of Charities and Related Organisations	-	-	-2.0	-4.0
Improvement to tax treatment for venture capital	-	-1.0	-5.0	-10.0
Income tax deduction for the Incurred-But-Not-Reported levy	-	-	-1.0	-2.0
Income tax exemption for the Commonwealth Games Federation	*	*	*	*
Modify 6 month rule for complying pensions and annuities	*	*	*	*
Not proceeding with Tax Value Method and associated High Level Rules	-	-	-	30.0

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Table A1: Revenue measures since the 2002-03 Budget^(a) (continued)

	2002-03 \$m	2003-04 \$m	2004-05 \$m	2005-06 \$m
TREASURY (continued)				
Reclassify internal rollovers as Eligible Termination Payments	*	*	*	*
Recovery of Pay As You Go withholding amounts	50.0	50.0	50.0	50.0
Require a minimum payment from a commuted pension or annuity	*	*	*	*
Taxation of copyright collecting societies	-	-	-	-
Technical amendments to the treatment of life insurance companies	..	..	..	..
Timor Sea Treaty - Tax Code	-2.0	-3.0	-3.0	-3.0
Treatment of foreign losses under the consolidation regime	*	*	*	*
<i>Indirect tax</i>				
Excise (and customs) duty on fuel ethanol	26.0	34.4	44.6	61.5
<i>Fringe benefits tax</i>				
Continuity of treatment of State and Territory provided non-remote housing fringe benefits	-	-	-	-
Employee entitlement funds	-	-1.0	-6.0	-10.0
<i>Non-tax revenue</i>				
Terrorism insurance – commercial cover	-	*	*	*
Portfolio total	74.0	74.4	74.6	108.5
Total impact of revenue measures(b)	93.1	180.7	192.0	245.3

* The nature of the measure is such that a reliable estimate cannot be provided.

.. not zero, but rounded to zero.

- nil

(a) A minus sign before an estimate indicates a reduction in revenue, no sign before an estimate indicates a gain to revenue.

(b) Measures may not add due to rounding.

Table A2: Expense measures since the 2002-03 Budget^(a)

	2002-03	2003-04	2004-05	2005-06
	\$m	\$m	\$m	\$m
AGRICULTURE, FISHERIES AND FORESTRY				
<i>Department of Agriculture, Fisheries and Forestry</i>				
Banana Black Sigatoka Fungal Disease Programme	-	-	-	-
Combating illegal fishing in Australia's sub-Antarctic waters	2.6	-	-	-
Establishment of an egg industry service provider company	-1.4	-0.5	-0.5	-0.5
Exceptional Circumstances - Bourke and Brewarrina	1.9	2.6	0.7	-
Farmhand drought appeal	5.0	-	-	-
Interim income support for drought affected farmers in Bourke and Brewarrina regions of New South Wales and the Peak Downs region of Queensland	1.4	-	-	-
Marketing campaign for Meat and Livestock Australia	-	-	-	-
Repriorisation of funding from the Forest Industry Structural Adjustment Package	-1.5	-	-	-
Review of aggregate sawlog licence volumes in Victoria	0.2	0.9	0.4	-
Sugar Package - exit assistance	2.5	10.0	10.0	7.5
Sugar Package - income support and administration costs	23.5	11.5	0.5	0.5
Sugar Package - Industry Guidance Group and Regional Action Groups	2.5	2.5	2.5	2.5
Sugar Package - regional projects	-	10.0	10.0	10.0
Sugar Package - replanting interest rate subsidy	4.5	3.5	-	-
Sugar Package - viability tests and business plans	3.5	2.5	-	-
Portfolio total	44.6	43.0	23.6	20.0
ATTORNEY-GENERAL'S				
<i>Australian Customs Service</i>				
Enhanced travel document screening system	-	2.3	2.5	2.5
<i>Australian Security Intelligence Organisation</i>				
Additional funding for the Australian Security Intelligence Organisation	3.4	6.1	6.2	6.2
Supplementation for the Australian Security Intelligence Organisation	1.2	-	-	-
<i>Attorney-General's Department</i>				
Interim Taskforce for the Building and Construction Industry	0.8	-	-	-
Upgrade of Law Courts Building in Sydney	3.7	-	-	-
Portfolio total	9.1	8.3	8.7	8.7
COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS				
<i>Australian Communications Authority</i>				
Increased regulatory oversight of Australia Post	1.0	4.4	2.5	2.6
<i>Department of Communications, Information Technology and the Arts</i>				
Regional Equalisation Plan funding for Imparja Television	-	-	-	-
Portfolio total	1.0	4.4	2.5	2.6

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Table A2: Expense measures since the 2002-03 Budget^(a) (continued)

	2002-03 \$m	2003-04 \$m	2004-05 \$m	2005-06 \$m
EDUCATION, SCIENCE AND TRAINING				
<i>Department of Education, Science and Training</i>				
Increase in the Parent Migration intake	0.2	0.8	0.9	1.1
Review of the New Apprenticeships Incentives Programme - amendments to the Living Away from Home Allowance	-	5.1	5.2	5.3
Review of the New Apprenticeships Incentives Programme - better targeting of the incentive for employing women in non-traditional occupations	-	-0.4	-1.0	-1.0
Review of the New Apprenticeships Incentives Programme - discontinue the Special Assistance Programme	-	-0.1	-0.1	-0.1
Review of the New Apprenticeships Incentives Programme - extension of the Disabled Apprenticeship Wage Support subsidy	-	0.9	1.8	1.8
Review of the New Apprenticeships Incentives Programme - marketing of New Apprenticeships	-	7.0	-	-
Review of the New Apprenticeships Incentives Programme - new payment arrangements for Group Training Organisations	-	0.4	1.1	1.8
Review of the New Apprenticeships Incentives Programme - redistribution of rural and regional skills shortage progression payment	-	4.8	11.8	8.6
Review of the New Apprenticeships Incentives Programme - removal and redistribution of the progression payment	-	-0.5	-15.0	-31.1
Review of the New Apprenticeships Incentives Programme - special incentive for mature aged workers	-	1.0	2.5	3.0
Support for the General Sir John Monash Awards	-	0.9	1.7	2.5
Portfolio total	0.2	19.9	9.0	-8.0
EMPLOYMENT AND WORKPLACE RELATIONS				
<i>Department of Employment and Workplace Relations</i>				
Increase in the Parent Migration intake	-	0.7	1.9	2.8
Interim Taskforce for the Building and Construction Industry	6.5	-	-	-
Portfolio total	6.5	0.7	1.9	2.8
FAMILY AND COMMUNITY SERVICES				
<i>Department of Family and Community Services</i>				
Commonwealth State Housing Agreement - Offer to States and Territories	-	-	20.9	32.8
Exceptional Circumstances - Bourke and Brewarrina	0.1	0.1	..	-
Ex-gratia payments for victims and family members of victims of the Bali terrorist attacks	3.3	0.3	-	-
Extension of the Carer Payment	0.7	1.3	1.4	1.4
Family Law legislation amendment	..	..	..	..
Funding for the Red Cross Appeal for victims of the Bali terrorist attacks	1.0	-	-	-

Table A2: Expense measures since the 2002-03 Budget^(a) (continued)

	2002-03 \$m	2003-04 \$m	2004-05 \$m	2005-06 \$m
FAMILY AND COMMUNITY SERVICES (continued)				
Improved flexibility for family assistance payments	24.7	13.6	15.3	13.3
Increase in the Parent Migration intake	5.1	2.3	8.0	14.4
Increased funding to the third Commonwealth-State-Territory Disability Agreement	15.0	20.3	25.7	31.2
International Social Security Agreement with Belgium	-	-	0.5	..
Recognising and improving the work capacity of people with a disability	0.3	4.7	54.0	103.4
Portfolio total	50.2	42.6	125.8	196.6
FINANCE AND ADMINISTRATION				
<i>Department of Finance and Administration</i>				
Additional funding for the administration of electorate and ministerial offices	4.4	6.2	8.0	8.2
Enhanced budget advisory capacity	3.5	9.0	11.8	12.1
Enhanced budget information system	1.7	5.5	6.5	4.3
Funding for the review of corporate governance of Statutory Authorities and Office Holders	0.7	-	-	-
Government assistance to research organisations associated with major political parties	0.1	0.1	0.1	0.1
Increased funding for electorate office relief	2.2	2.7	2.8	2.9
Portfolio total	12.6	23.4	29.3	27.6
FOREIGN AFFAIRS AND TRADE				
<i>Australian Agency for International Development</i>				
Increasing counter-terrorism capability in Indonesia	-	-	-	-
<i>Australian Secret Intelligence Service</i>				
Additional funding for the Australian Secret Intelligence Service	2.1	6.5	6.1	6.1
<i>Department of Foreign Affairs and Trade</i>				
Enhanced physical security at Australia's overseas posts	1.5	3.9	3.9	3.9
Ex-gratia payments for victims and family members of victims of the Bali terrorist attacks	3.1	-	-	-
Solomon Islands International Peace Monitoring Team	0.1	-	-	-
Portfolio total	6.8	10.3	10.0	10.0
HEALTH AND AGEING				
<i>Department of Health and Ageing</i>				
Additional funding for the Hunter Regional After Hours Service	-	-	-	-
Exceptional Circumstances - Bourke and Brewarrina	0.1	0.1	..	-
Ex-gratia payments for victims and family members of victims of the Bali terrorist attacks	11.8	6.9	4.5	0.7
Extension of the Pharmaceutical Benefits Scheme listing for Glivec	8.5	22.1	24.4	26.3
Improved monitoring of pharmaceutical benefits entitlements	-	-	-	-
Increase in the Parent Migration intake	1.4	8.3	21.0	34.8
Listing of Singulair on the Pharmaceutical Benefits Scheme	5.6	14.1	17.9	20.6
Listing of Spiriva on the Pharmaceutical Benefits Scheme	5.0	18.5	31.0	37.9

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Table A2: Expense measures since the 2002-03 Budget^(a)(continued)

	2002-03 \$m	2003-04 \$m	2004-05 \$m	2005-06 \$m
HEALTH AND AGEING (continued)				
Medical indemnity insurance -				
Incurred-But-Not-Reported scheme	*	*	*	*
Medical Indemnity Insurance Assistance Package	54.4	64.4	63.7	63.5
Meningococcal C Vaccination Programme	119.1	71.3	61.7	38.9
Options to contain future private health insurance premium increases	-0.8	-4.0	-7.5	-11.4
Recognising and improving the work capacity of people with a disability	-	..	0.6	1.1
Research involving embryos and prohibition of human cloning	0.8	-	-	-
United Medical Protection (UMP)/Australasian Medical Insurance Ltd (AMIL) Guarantee	*	*	*	*
Portfolio total	205.8	201.6	217.3	212.4
IMMIGRATION AND MULTICULTURAL AND INDIGENOUS AFFAIRS				
<i>Department of Immigration and Multicultural and Indigenous Affairs</i>				
Additional Airline Liaison Officers	1.2	2.5	2.5	2.5
Increase in the Parent Migration intake	0.9	2.6	4.8	7.1
Regulation of the migration advice industry	-	2.3	2.8	3.4
Supplementary funding for the Community Settlement Services Scheme	0.6	0.2	-	-
Portfolio total	2.6	7.6	10.1	13.0
INDUSTRY, TOURISM AND RESOURCES				
<i>Department of Industry, Tourism and Resources</i>				
Enhanced Printing Industry Competitiveness Scheme	13.0	8.9	-	-
Ethanol production subsidy	26.0	7.2	-	-
Support for shale oil demonstration plants	25.7	-	-	-
Uncapped Automotive Competitiveness and Investment Scheme credits for utility vehicles	5.0	-	-	-
Portfolio total	69.7	16.1	-	-
TRANSPORT AND REGIONAL SERVICES				
<i>Department of Transport and Regional Services</i>				
Additional funding for Year of the Outback	0.3	-	-	-
Development of AusLink	1.1	-	-	-
National Aerial Firefighting Strategy	5.5	-	-	-
War risk indemnities for the aviation industry	0.6	0.3	-	-
Portfolio total	7.5	0.3	-	-

Table A2: Expense measures since the 2002-03 Budget^(a) (continued)

	2002-03 \$m	2003-04 \$m	2004-05 \$m	2005-06 \$m
TREASURY				
<i>Australian Competition and Consumer Commission</i>				
Increased regulatory oversight of Australia Post	0.2	0.9	0.6	0.6
Medical Indemnity Insurance Assistance Package	0.5	-	-	-
<i>Department of the Treasury</i>				
Additional funding for the Review of the Trade Practices Act 1974	0.7	-	-	-
Funding for Principles Based Review of the Law of Negligence	0.4	-	-	-
Terrorism insurance – commercial cover	2.0	-	-	-
Variation in Budget Balancing Assistance – application of GST to compulsory third party insurance	14.1	9.2	2.6	3.0
Variation in Budget Balancing Assistance – Government response to the Report of the Inquiry into the Definition of Charities and Related Organisations	-	-	0.7	0.8
Portfolio total	17.9	10.1	3.9	4.4
VETERANS' AFFAIRS				
<i>Department of Veterans' Affairs</i>				
Kokoda Track	1.2	-	-	-
Listing of Singulair on the Pharmaceutical Benefits Scheme	0.2	0.5	0.6	0.7
Listing of Spiriva on the Pharmaceutical Benefits Scheme	0.9	3.2	5.3	6.5
Portfolio total	2.2	3.7	5.9	7.2
Decisions taken but not yet announced	27.1	0.9	0.6	0.7
Total expense measures(b)	463.7	393.0	448.5	497.9

* The nature of the measure is such that a reliable estimate cannot be provided.

... not zero, but rounded to zero.

- nil

(a) A minus sign before an estimate indicates a reduction in expenses, no sign before an estimate indicates increased expenses.

(b) Measures may not add due to rounding.

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Table A3: Capital measures since the 2002-03 Budget^(a)

	2002-03	2003-04	2004-05	2005-06
	\$m	\$m	\$m	\$m
ATTORNEY-GENERAL'S				
<i>Australian Customs Service</i>				
Enhanced travel document screening system	7.0	-0.9	-1.9	-1.9
<i>Australian Security Intelligence Organisation</i>				
Additional funding for the Australian Security Intelligence Organisation	-0.1	-0.2	-0.2	-0.2
Portfolio total	6.9	-1.1	-2.1	-2.1
FAMILY AND COMMUNITY SERVICES				
<i>Department of Family and Community Services</i>				
Improved flexibility for family assistance payments	2.5	2.3	-0.5	-0.5
Portfolio total	2.5	2.3	-0.5	-0.5
FINANCE AND ADMINISTRATION				
<i>Department of Finance and Administration</i>				
Enhanced budget information system	5.1	11.2	3.9	-2.9
Winding-up of Employment National	-	-	-	-
Portfolio total	5.1	11.2	3.9	-2.9
FOREIGN AFFAIRS AND TRADE				
<i>Australian Secret Intelligence Service</i>				
Additional funding for the Australian Secret Intelligence Service	0.9	0.1	-0.1	-0.1
<i>Department of Foreign Affairs and Trade</i>				
Enhanced physical security at Australia's overseas posts	9.9	-1.0	-1.0	-1.0
Portfolio total	10.8	-0.9	-1.1	-1.1
IMMIGRATION AND MULTICULTURAL AND INDIGENOUS AFFAIRS				
<i>Department of Immigration and Multicultural and Indigenous Affairs</i>				
Additional Airline Liaison Officers	0.6	-0.2	-0.2	-0.2
Increase in the Parent Migration intake	0.4	-0.1	-0.1	-0.1
Portfolio total	1.0	-0.3	-0.3	-0.3
Total capital measures(b)	26.2	11.1	-0.1	-6.9

* The nature of the measure is such that a reliable estimate cannot be provided.

... not zero, but rounded to zero.

- nil

(a) A minus sign before an estimate indicates a reduction in capital, no sign before an estimate indicates a capital increase.

(b) Measures may not add due to rounding.

POLICY DECISIONS TAKEN SINCE THE 2002-03 BUDGET

REVENUE MEASURES

AGRICULTURE, FISHERIES AND FORESTRY

Sugar Package — levy

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Agriculture, Fisheries and Forestry	7.5	30.0	30.0	30.0

Explanation

The Government has decided to apply a levy on all sugar sold in Australia for domestic consumption to fund measures provided under the Sugar Package. The levy will be on all domestic sugar sales for manufacturing, food service and retail uses at a rate of approximately 3 cents per kilogram for a period of approximately five years.

See also the related expense measures titled *Sugar Package* in the Agriculture, Fisheries and Forestry portfolio.

ATTORNEY-GENERAL'S

Tariff-free access for the world's poorest countries

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Customs Service	-	-2.5	-2.5	-2.5

Explanation

From 1 July 2003, the Government will grant tariff and quota free access to goods originating in Least Developed Countries (LDCs), recognised as such by the United Nations Conference on Trade and Development, and in East Timor.

For over 25 years, Australia has provided preferential market access for the world's poorest countries. This initiative will remove the remaining tariffs and quotas on

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goods originating from these countries. East Timor, Bangladesh, Cambodia and many parts of Sub-Saharan Africa will benefit from this initiative.

Further details may be found in the Prime Minister's Press Release of 25 October 2002.

COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS

Increased regulatory oversight of Australia Post

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Communications, Information Technology and the Arts	1.2	5.3	3.1	3.2

Explanation

The Government will introduce a levy on Australia Post to recover costs associated with providing additional resourcing for the Australian Communications Authority and the Australian Competition and Consumer Commission to increase regulatory oversight of Australia Post.

See also the related expense measure titled *Increased regulatory oversight of Australia Post* in the Communications, Information Technology and the Arts portfolio.

HEALTH AND AGEING

Medical indemnity insurance — Incurred-But-Not-Reported levy

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Health and Ageing	*	*	*	*

Explanation

The Government has decided to impose a levy on certain medical practitioners to fund its assumption of the liability for the unfunded Incurred-But-Not-Reported (IBNR) liabilities by medical defence organisations (MDOs). The IBNR levy will be payable by medical practitioners who were members of MDOs as at 30 June 2000, subject to a number of conditions. Levies will become payable in 2003-04.

Further details may be found in the Prime Minister's Press Releases of 31 May 2002 and 23 October 2002.

See also the related expense measure titled *Medical indemnity insurance – Incurred-But-Not-Reported scheme* in the Health and Ageing portfolio and the related revenue measure titled *Income tax deduction for the Incurred-But-Not-Reported levy* in the Treasury portfolio.

IMMIGRATION AND MULTICULTURAL AND INDIGENOUS AFFAIRS

Increase in the Parent Migration intake

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Immigration and Multicultural and Indigenous Affairs	10.4	71.2	84.0	102.7

Explanation

The Government has decided to increase the current Parent Migration category intake from 500 to 1,000 places in a full year and introduce an additional visa category for parent migrants with 3,500 places in a full year. This will provide significant benefits to the Australian community, including the reunification of families. The new visa category will have a higher second visa application charge of \$25,000, and an extended Assurance of Support bond period from 2 to 10 years, to partially offset the additional health and welfare costs.

Further details may be found in the Minister for Immigration and Multicultural and Indigenous Affairs Press Release No. MPS 097/2002 of 12 November 2002.

See also the related expense and capital measures titled *Increase in the Parent Migration intake* in the Immigration and Multicultural and Indigenous Affairs portfolio.

Regulation of the migration advice industry

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Immigration and Multicultural and Indigenous Affairs	-	2.3	2.8	3.4

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Explanation

The Government will extend statutory self-regulation of the migration advice industry and allow for the continuation of the Migration Agents Registration Authority (MARA) to further improve professional standards and enhance consumer protection. Consistent with the recommendations of the 2001-02 Review of Statutory Self-Regulation of the Migration Advice Industry, MARA's regulatory powers will be increased and its sanctioning capacity enhanced. The agents' Code of Conduct will also be strengthened and measures introduced to promote competition within the industry and the progressive regulation of the offshore industry.

Increased revenue from registration fees will cover increased resourcing for regulation of the migration advice industry offshore.

Further details may be found in the Minister for Immigration and Multicultural and Indigenous Affairs' Press Release No. H93/2002 of 25 September 2002.

See also the related expense measure titled *Regulation of the migration advice industry* in the Immigration and Multicultural and Indigenous Affairs portfolio.

TREASURY

Income Tax

Amendments to demergers legislation

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Taxation Office	*	*	*	*

Explanation

The 2002-03 Budget announced that tax relief will be provided for demergers undertaken from 1 July 2002 in circumstances where underlying ownership is maintained and where the original entity divests at least 80 per cent of its ownership in the demerged entity. A number of amendments to the demerger provisions were contained in the *New Business Tax System (Consolidation, Value Shifting, Demergers and Other Measures) Bill 2002*. These amendments include:

- introducing an additional exception in relation to the requirement to maintain underlying ownership for certain hybrid financial instruments;
- allowing greater flexibility in identifying an appropriate head entity of a demerger group;

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- providing additional flexibility in the way a demerger may occur; and
- a number of technical amendments to ensure that the demergers legislation operates as intended.

Amendments to the double tax agreement with Malaysia

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Taxation Office	-	-2.0	-	-

Explanation

On 28 July 2002, the Governments of Australia and Malaysia signed a Second Protocol and associated exchange of letters amending the 1980 double tax agreement (DTA) between the countries. The Second Protocol and associated exchange of letters will:

- update the tax sparing provisions in the DTA;
- update the DTA to reflect Australia's current tax law and treaty policies and practices in relation to a number of existing Articles, including those dealing with Associated Enterprises, Dividends, Royalties and Other Income; and
- exclude from treaty benefits, persons who benefit from preferential tax treatment under the Labuan offshore business activity regime, and other substantially similar regimes.

The amendments to the DTA will take effect once it enters into force. Legislation to fulfil Australia's obligations under the amendments and a Bill for that purpose has been introduced into Parliament.

Further details may be found in the Minister for Revenue and Assistant Treasurer's Press Release No. C80/02 of 29 July 2002.

A new double tax agreement with Mexico

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Taxation Office	-	-2.0	-2.0	-2.0

Explanation

On 9 September 2002, the Governments of Australia and the United Mexican States signed the Australia-Mexico Double Taxation Agreement. The double tax agreement

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(DTA) prevents double taxation by allocating taxing rights between Australia and Mexico in respect of all forms of income flows between the two countries.

The DTA will take effect once it enters into force, which is expected to be in the 2003-04 financial year.

Further details may be found in the Treasurer's Press Release No.054 of 9 September 2002. The text of the agreement can be found on the Department of Foreign Affairs and Trade website at www.dfat.gov.au.

Apportionment of deductions for cash donations

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Taxation Office	-	-	-	-1.0

Explanation

The Government will allow deductions for cash donations made from 1 July 2003 to deductible gift recipients to be spread, in instalments chosen by the taxpayer, over a period of up to five years.

The measure will ensure that cash and property donations are treated similarly. Deductions for all property donations valued at more than \$5,000 and made from 1 July 2002 to deductible gift recipients can be spread over a period of up to five years.

Deductibility of certain gifts

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Taxation Office	*	*	*	*

Explanation

Since the 2002-03 Budget, the Government has made a number of announcements that donations and gifts of \$2 or more to the following organisations have been made tax deductible:

- The Australian Literacy and Numeracy Foundation;
- The Mount Macedon Memorial Cross Trust (for donations to 14 August 2004);
- Shrine of Remembrance Foundation (for donations to 2 July 2004);

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- The Australian Council for Children and Youth Organisations Inc.;
- The General Sir John Monash Foundation; and
- Australia for UNHCR (extending gift deductibility status to 27 June 2007).

In addition, since the 2002-03 Budget there have been:

- 21 admissions to the Register of Cultural Organisations and six deletions; and
- 24 admissions to the Register of Environmental Organisations.

Ensure structured settlements are not taxed at the life company level

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Taxation Office	..	-1.0	-1.0	-1.0

Explanation

The Government will make tax changes, with effect from 26 September 2001, to encourage the use of structured settlements. These involve compensation for personal injury where part of the compensation is paid in the form of annuity, that is, a lifelong series of payments. The tax exemption also applies to certain deferred lump sum payments, which recognise significant but infrequent expenses such as a new vehicle.

Further details may be found in the former Assistant Treasurer's Press Release No. 46 of 26 September 2001.

Government response to the Report of the Inquiry into the Definition of Charities and Related Organisations

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Taxation Office	-	-	-2.0	-4.0

Explanation

On 29 August 2002, the Government announced its response to the Report of the Inquiry into the Definition of Charities and Related Organisations. The changes will be implemented progressively from 1 July 2003.

The Government's response includes the enactment of a legislative definition of charity for the purpose of the administration of Commonwealth laws and largely adopting the

Appendix A: Policy decisions taken since the 2002-03 Budget

Inquiry's recommendations for the definition. The Government will also establish a new category of deductible gift recipient for charities whose principal activities promote the prevention and control of harmful and abusive behaviour among humans.

Further details may be found in the Treasurer's Press Release No.049 of 29 August 2002.

See also the related expense measure titled *Variation in Budget Balancing Assistance – Government response to the Report of the Inquiry into the Definition of Charities and Related Organisations* in the Treasury portfolio.

Improvement to tax treatment for venture capital

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Taxation Office	-	-1.0	-5.0	-10.0

Explanation

The Government has announced that, as part of wider venture capital reforms, legislation will be introduced as soon as practicable to effect capital gains tax treatment as from 1 July 2002, dealing with carried interest.

Further details on the Government's wider venture capital reforms may be found in the Minister for Revenue and Assistant Treasurer's Press Release No. C100/02 of 20 September 2002.

Income tax deduction for the Incurred-But-Not-Reported levy

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Taxation Office	-	-	-1.0	-2.0

Explanation

From 1 July 2003, the Government will provide a specific deduction from income tax for all medical practitioners (including retirees) who are required to pay the Incurred-But-Not-Reported (IBNR) levy.

This measure ensures that an income tax deduction will be available to all taxpayers who are required to pay the levy, regardless of whether a deduction would otherwise be available.

See also the related revenue measure titled *Medical indemnity insurance – Incurred-But-Not-Reported levy* in the Health and Ageing portfolio and the related expense measure titled *Medical indemnity insurance – Incurred-But-Not-Reported scheme* in the Health and Ageing portfolio

Income tax exemption for the Commonwealth Games Federation

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Taxation Office	*	*	*	*

Explanation

The Government will provide an income tax exemption to the Commonwealth Games Federation covering the period 1 January 2000 to 30 June 2007. The exemption will cover the preparation period for the Melbourne Commonwealth Games 2006.

The Commonwealth Games Federation is an unincorporated association that organises and promotes the staging of the Commonwealth Games. The Federation receives income from the organising committee for the Games, Melbourne Commonwealth Games Pty Ltd.

The income tax exemption provided to the Commonwealth Games Federation is consistent with the treatment afforded to the International Olympic Committee in relation to the Sydney 2000 Olympic Games.

Modify 6 month rule for complying pensions and annuities

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Taxation Office	*	*	*	*

Explanation

From 1 July 2003, the Government will strengthen the operation of the rule which allows a 'complying' lifetime or life expectancy income stream to be commuted within 6 months of its commencement.

This measure will strengthen the integrity of the retirement income stream arrangements by ensuring that the 6 month period, within which a 'complying' income stream may be commuted, is only available on a 'once off' basis for a given tranche of superannuation savings.

Appendix A: Policy decisions taken since the 2002-03 Budget

Further details may be found in the Minister for Revenue and Assistant Treasurer's Press Release No. C74/02 of 1 July 2002.

See also related revenue measures titled *Require a minimum payment from a commuted pension or annuity* and *Reclassify internal rollovers as Eligible Termination Payments* in the Treasury portfolio.

Not proceeding with Tax Value Method and associated High Level Rules

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Taxation Office	-	-	-	30.0

Explanation

On 28 August 2002, the Government announced it would accept the recommendation from the Board of Taxation not to proceed with the Tax Value Method (TVM) and associated High Level Rules.

While the TVM concept will not be pursued, the Government will develop, in consultation with the business community, a systematic tax treatment of rights and blackhole expenditures with a view to implementing the changes by July 2005. In the meantime, the case-by-case treatment of rights and blackhole expenditures will continue.

Further details may be found in the Treasurer's Press Release No.048 of 28 August 2002, and the Minister for Revenue and Assistant Treasurer's Press Release No. C57/02 of 14 May 2002.

Reclassify internal rollovers as Eligible Termination Payments

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Taxation Office	*	*	*	*

Explanation

On 1 July 2002, the Government announced it would make tax changes, with effect from 1 July 2001, to classify internal rollover transactions (that is, rollovers occurring within the same superannuation fund or life company) as Eligible Termination Payments. This change will allow internal rollover transactions to be reported for Reasonable Benefit Limit purposes, thereby avoiding the adverse tax consequences which would otherwise arise.

Appendix A: Policy decisions taken since the 2002-03 Budget

An internal rollover can occur, for example, where a person commutes a superannuation pension and returns the proceeds to the accumulation phase within the same superannuation fund as a result of deciding to return to work.

Further details may be found in the Minister for Revenue and Assistant Treasurer's Press Release No. C74/02 of 1 July 2002.

See also related revenue measures titled *Require a minimum payment from a commuted pension or annuity* and *Modify 6 month rule for complying pensions and annuities* in the Treasury portfolio.

Recovery of Pay As You Go withholding amounts

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Taxation Office	50.0	50.0	50.0	50.0

Explanation

The Government will make tax changes, with effect from 1 July 2002, to allow the Commissioner of Taxation to recover all outstanding Pay As You Go (PAYG) withholding debts by making an estimate of the debt. These changes will apply in respect of amounts withheld during the year ending 30 June 2002 and subsequent years.

The changes will empower the Commissioner to recover amounts that have been deducted under the PAYG withholding system but not remitted, by making an estimate of the amount. The rules will also enable a person who receives an estimate to make a statutory declaration in order to have the estimate reduced or revoked.

Require a minimum payment from a commuted pension or annuity

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Taxation Office	*	*	*	*

Explanation

From 1 July 2003, a minimum payment will be required to be made from a superannuation pension or annuity in a year that the pension or annuity is commuted. The minimum payment will be a pro-rated amount of the minimum that would have been required if the income stream had run for the full year.

Appendix A: Policy decisions taken since the 2002-03 Budget

This measure is designed to strengthen the integrity of the retirement income stream arrangements by addressing practices which seek to circumvent the requirement to make regular payments from a superannuation income stream.

The measure also involves amending the rule which allows an allocated pension or annuity not to make a payment in its first year where the income stream commences between 1 April and 30 June. This rule will be replaced with a new rule whereby a payment will not have to be made from an allocated pension or annuity in its first year where the income stream commences between 1 June and 30 June.

Further details may be found in the Minister for Revenue and Assistant Treasurer's Press Release No. C74/02 of 1 July 2002.

See also related revenue measures titled *Reclassify internal rollovers as Eligible Termination Payments* and *Modify 6 month rule for complying pensions and annuities in the Treasury portfolio*.

Taxation of copyright collecting societies

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Taxation Office	-	-	-	-

Explanation

The Government will make tax changes, with effect from 1 July 2002, to introduce an income tax exemption to preserve the current tax treatment of copyright collecting societies.

This measure will ensure that tax is levied in the hands of the copyright owner, at the copyright owner's marginal rate, when the funds are distributed. This reflects the conduit nature of collecting societies, and the practical difficulties that can operate to prevent early identification of the appropriate recipient of funds.

Further details may be found in the Minister for Revenue and Assistant Treasurer's Press Release No. C81/02 of 1 August 2002.

Technical amendments to the treatment of life insurance companies

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Taxation Office	..	..	..	..

Explanation

On 11 September 2002, the Government announced a number of amendments to the taxation treatment of life insurers. The proposed amendments will overcome technical problems raised by the industry following the implementation of legislation enacting the Review of Business Tax life insurance reforms, which commenced on 1 July 2000. The proposed amendments will be developed in consultation with industry.

Further details may be found in the Minister for Revenue and Assistant Treasurer's Press Release No. C96/02 of 11 September 2002.

Timor Sea Treaty — Tax Code

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Taxation Office	-2.0	-3.0	-3.0	-3.0

Explanation

On 20 May 2002, the Governments of the Commonwealth of Australia and the Democratic Republic of East Timor signed the Timor Sea Treaty (the Treaty) governing petroleum development in the Joint Petroleum Development Area (JPDA) of the Timor Sea. The Governments also implemented an Exchange of Notes covering taxation arrangements prior to entry into force of the Treaty, and signed a Memorandum of Understanding regarding the unitisation of the Greater Sunrise field.

Upon entry into force, the Treaty will apply retrospectively from 20 May 2002. In the meantime, the Exchange of Notes provides for the rollover of arrangements under the Timor Sea Arrangement (TSA) and also implements interim arrangements for the 90:10 sharing of petroleum resources in the JPDA as agreed under the TSA.

Further details may be found in the Minister for Foreign Affairs and Trade's Press Release of 17 May 2002. The text of the Treaty, Exchange of Notes and Memorandum of Understanding can be found on the Department of Foreign Affairs and Trade website at www.dfat.gov.au.

Treatment of foreign losses under the consolidation regime

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Taxation Office	*	*	*	*

Appendix A: Policy decisions taken since the 2002-03 Budget

Explanation

The Government will allow a subsidiary entity that carries forward foreign losses at the end of its 2001-02 income year to remain outside a consolidated group on a transitional basis until these losses are fully used, up to a maximum of three years from the date of consolidation.

This option will be available with respect to an entity that:

- carried forward foreign losses at the end of its 2001-02 income year;
- is eligible to be a member of a group that consolidates in the period from 1 July 2002 to 30 June 2004;
- has been continually wholly-owned by the group from 30 June 2002 until the date of consolidation; and
- does not hold membership interests in other group members.

Indirect tax

Excise (and customs) duty on fuel ethanol

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Taxation Office	26.0	34.4	44.6	61.5

Explanation

The Government will make changes to the excise arrangements, with effect from 18 September 2002, to apply excise duty to fuel ethanol at the same rate as the excise duty on petroleum fuel, currently 38.143 cents per litre.

The same change applies to customs duty on imported fuel ethanol.

Further details may be found in the Prime Minister's Press Release of 12 September 2002.

See also the related expense measure titled *Ethanol production subsidy* in the Industry, Tourism and Resources portfolio.

Fringe benefits tax

Continuity of treatment of State and Territory provided non-remote housing fringe benefits

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Taxation Office	-	-	-	-

Explanation

The Government will make tax changes, with effect from 1 April 2001, to ensure the continuity of certain aspects of the administration of fringe benefits tax (FBT) for State or Territory provided non-remote housing benefits. The changes relate to certain record keeping provisions and the character of these benefits where the only change has been that the State or Territory has devolved the administration of fringe benefits to a nominated State or Territory body. This will ensure continuity of these aspects of the FBT treatment of these benefits that would otherwise have been lost because of the change in employer for FBT purposes.

Employee entitlement funds

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Taxation Office	-	-1.0	-6.0	-10.0

Explanation

From 1 April 2003, certain payments to prescribed employee entitlement funds will be exempt from fringe benefits tax (FBT).

The Australian Taxation Office has ruled that payments into such funds will be subject to FBT from 1 April 2003. However, payments made by the funds to an employee are also taxable in the hands of the employee.

By providing an FBT exemption, this measure ensures that these payments are not effectively taxed twice.

Funds that meet specified requirements will be prescribed by regulation with effect from 1 April 2003.

Further details can be found in the Treasurer's Press Release No.061 of 11 October 2002.

Non-tax revenue

Terrorism insurance — commercial cover

Revenue (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of the Treasury	-	*	*	*

Explanation

The Government has announced a scheme for temporary terrorism risk insurance cover until market coverage resumes. The Scheme will commence on 1 July 2003 and will be managed by the statutory authority to be established for that purpose. From the Scheme's commencement, the Government will provide a \$9 billion indemnity as the last line of funds for claims costs incurred by the Scheme. The Government will levy an annual charge for the provision of this indemnity. The value of the charge is yet to be determined but will be calculated from market rates.

The Scheme will cover commercial property and infrastructure facilities, and associated business interruption and public liability. It will encompass a pool of funds (initially planned to accumulate to \$300 million), funded by premiums. The pool will be supplemented by a bank line of credit of \$1 billion, underwritten by the Commonwealth, as well as the Commonwealth Government indemnity of \$9 billion.

Further details can be found in the Treasurer's Press Release No.064 of 25 October 2002.

See also the related expense measure titled *Terrorism insurance — commercial cover* in the Treasury portfolio.

EXPENSE MEASURES**AGRICULTURE, FISHERIES AND FORESTRY*****Banana Black Sigatoka Fungal Disease Programme****Expenses (\$m)*

	2002-03	2003-04	2004-05	2005-06
Department of Agriculture, Fisheries and Forestry	-	-	-	-

Explanation

The Government provided \$4.6 million in 2001-02 towards the costs of a programme aimed at eradicating Banana Black Sigatoka disease, which was detected near Tully in North Queensland in April 2000. The Commonwealth's contribution represented 50 per cent of the total cost of the programme in line with Commonwealth and State and Territory arrangements for plant pest/disease eradication.

Funding for the Commonwealth's contribution to the eradication plan was provided from within the existing resources of the Department of Agriculture, Fisheries and Forestry Australia.

Combating illegal fishing in Australia's sub-Antarctic waters*Expenses (\$m)*

	2002-03	2003-04	2004-05	2005-06
Department of Agriculture, Fisheries and Forestry	2.6	-	-	-

Explanation

The Government will provide \$2.6 million to increase surveillance and enforcement capability in Australian waters surrounding Heard Island and McDonald Islands. The measure will enhance Australia's on-the-water patrols, which form part of a broader Government strategy to combat illegal fishing in the Southern Ocean, and recognises the growing threat from illegal fishing to the sustainable management and protection of Australia's sovereign interests in the Southern Ocean.

Appendix A: Policy decisions taken since the 2002-03 Budget

Establishment of an egg industry service provider company

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Agriculture, Fisheries and Forestry	-1.4	-0.5	-0.5	-0.5

Explanation

The Government has decided to establish under the *Corporations Act 2001* a new industry-owned company to undertake a range of services for the Australian egg industry including national promotion and research and development. The Australian Egg Corporation Limited (AECL) will be established to undertake the functions currently provided by the Rural Industries Research and Development Corporation (RIRDC). AECL will administer a new levy to fund promotional activities for the egg industry. The transfer of assets and liabilities from the RIRDC egg sub-programme to AECL is planned to occur on 1 January 2003.

The arrangements are the result of an extensive consultation process by the industry, and will provide a more unified and responsive structure to assist the industry to boost Australia's declining egg consumption.

The creation of AECL outside the General Government Sector involves the Commonwealth divesting its interest in the RIRDC egg sub-programme.

Further details may be found in the Minister for Agriculture, Fisheries and Forestry's Press Release No. AFFA02/2152WT of 25 June 2002.

Exceptional Circumstances — Bourke and Brewarrina

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Agriculture, Fisheries and Forestry	1.9	2.6	0.7	-
Department of Family and Community Services	0.1	0.1	..	-
Department of Health and Ageing	0.1	0.1	..	-

Explanation

The Government will provide up to \$5.6 million over three years as Exceptional Circumstances assistance to farmers in Bourke and Brewarrina, New South Wales. The

Appendix A: Policy decisions taken since the 2002-03 Budget

Minister for Agriculture, Fisheries and Forestry announced the declaration of Exceptional Circumstances in this area on 13 November 2002.

This is a cross-portfolio measure between the Departments of Agriculture, Fisheries and Forestry, Health and Ageing, and Family and Community Services.

The above funding for the Department of Agriculture, Fisheries and Forestry includes \$0.1 million over three years for Centrelink to administer this Exceptional Circumstances assistance.

Exceptional Circumstances assistance will be provided by way of interest rate subsidies and income support. Interest rate subsidies provide short-term, targeted support to assist viable farm businesses adversely affected by exceptional climatic events, including drought. Income support to farm families will be provided through the Exceptional Circumstances Relief Payment.

Farmhand drought appeal

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Agriculture, Fisheries and Forestry	5.0	-	-	-

Explanation

The Government has allocated \$5 million to the Farmhand drought appeal. This measure recognises the role of the Farmhand appeal in providing assistance to drought affected farmers.

Further details may be found in the Deputy Prime Minister's Press Release No. A138/2002 of 13 November 2002.

Interim income support for drought affected farmers in Bourke and Brewarrina regions of New South Wales and the Peak Downs region of Queensland

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Agriculture, Fisheries and Forestry	1.4	-	-	-

Appendix A: Policy decisions taken since the 2002-03 Budget

Explanation

The Government announced on 19 September 2002 the provision of interim income support to farmers in drought affected Bourke and Brewarrina, New South Wales, while the area's application for Exceptional Circumstances (EC) assistance was being assessed. The Government announced on 13 November 2002 that it will also provide interim income support to farmers in the Peak Downs region in Queensland.

The provision of interim income support represents a new approach to Commonwealth assistance while State Government applications for EC declaration are assessed. Under the new arrangements, once a fully completed application is received by the Commonwealth and deemed to show a prima facie case for EC declaration, interim income support is made available to eligible farmers on conditions equivalent to the Exceptional Circumstances Relief Payment.

Interim income support, delivered by Centrelink, is available for up to six months while the application is assessed. Should the Government declare EC in a region, interim income support will cease and standard EC assistance arrangements will commence.

This funding includes \$0.2 million in 2002-03 for Centrelink for administration of the measure.

Marketing campaign for Meat and Livestock Australia

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Agriculture, Fisheries and Forestry	-	-	-	-

Explanation

The Government provided \$5 million in 2001-02 to Meat and Livestock Australia Limited to conduct an Australian beef promotion campaign in the Japanese market. The measure, together with contributions of \$1.3 million each from beef producers and processors, is designed to assist Australia to regain its traditional share of the Japanese beef import market. Beef consumption in Japan fell after the detection of Bovine Spongiform Encephalopathy (Mad Cow Disease) in the Japanese herd, resulting in a decrease in Australian beef exports of 72 per cent in December 2001 compared to December 2000.

Funding for this measure has been fully absorbed from within the existing resourcing of the Agriculture, Fisheries and Forestry Australia portfolio.

Further details may be found in the Minister for Agriculture, Fisheries and Forestry's Press Release No. AFFA02/2169WT of 11 July 2002.

Reprioritisation of funding from the Forest Industry Structural Adjustment Package

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Agriculture, Fisheries and Forestry	-1.5	-	-	-

Explanation

The Government will reallocate \$1.5 million from the Forest Industry Structural Adjustment Package to the review of aggregate sawlog licence volumes in Victoria. The Forest Industry Structural Adjustment Package was established to provide leverage for individual forest industry firms to invest in technological and other improvements.

See also the related expense measure titled *Review of aggregate sawlog licence volumes in Victoria* in the Agriculture, Fisheries and Forestry portfolio.

Review of aggregate sawlog licence volumes in Victoria

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Agriculture, Fisheries and Forestry	0.2	0.9	0.4	-

Explanation

The Government will contribute \$1.5 million over three years towards an independent review of aggregate sawlog licence volumes in Victoria and to fast track improved collection and assessment of resource data. The measure aims to provide certainty to industry and rural communities in Victoria about long-term sustainable timber harvest levels.

The Commonwealth's contribution is conditional on a matching contribution to be provided by the Victorian Government.

See also the related expense measure titled *Reprioritisation of funding from the Forest Industry Structural Adjustment Package* in the Agriculture, Fisheries and Forestry portfolio.

Sugar Package — exit assistance

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Agriculture, Fisheries and Forestry	2.5	10.0	10.0	7.5

Explanation

The Government will provide up to \$30 million over four years to assist eligible sugar cane growers wishing to leave the sugar industry. The Government will provide eligible cane growers a grant of up to \$45,000 to enable them to either leave the industry altogether, or to remain on the farm and diversify to other agricultural commodities.

Individuals will be able to apply for an exit grant for a sugar industry enterprise if they are assessed as eligible to receive income support under the Sugar Package.

See also the related revenue measure titled *Sugar Package — levy* in the Agriculture, Fisheries and Forestry portfolio.

Sugar Package — income support and administration costs

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Agriculture, Fisheries and Forestry	23.5	11.5	0.5	0.5

Explanation

The Government will provide income support over two years to eligible sugar cane growers and harvesters in Queensland, New South Wales and Western Australia. Income support will be available for twelve months, at a rate equivalent to the applicable Newstart Allowance, and will be subject to an income and assets test — with farm assets excluded.

Total funding for income support and administration of this component of the Sugar Package is \$36 million. This includes funding for Centrelink of \$4.3 million over four years and \$1.3 million for the Department of Agriculture, Fisheries and Forestry Australia.

See also the related revenue measure titled *Sugar Package — levy* in the Agriculture, Fisheries and Forestry portfolio.

Sugar Package — Industry Guidance Group and Regional Action Groups

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Agriculture, Fisheries and Forestry	2.5	2.5	2.5	2.5

Explanation

The Government will provide up to \$10 million over four years to establish an Industry Guidance Group.

The Industry Guidance Group will develop and implement an overarching sugar industry reform plan, establish Regional Action Groups and examine regional proposals for funding under the *Sugar Package — regional projects* initiative.

Regional Action Groups will be established in each of the sugar producing areas of Queensland, New South Wales and Western Australia to develop and implement regional business plans for the local sugar industry.

See also the related revenue measure titled *Sugar Package — levy* in the Agriculture, Fisheries and Forestry portfolio.

Sugar Package — regional projects

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Agriculture, Fisheries and Forestry	-	10.0	10.0	10.0

Explanation

The Government will provide up to \$30 million over three years for projects to be developed under regional business plans to assist the sugar industry to restructure and ensure its long-term economic, social and environmental sustainability. Regional projects aim to promote the adoption of 'whole-of-systems' solutions for the industry, to enhance revenue and cost efficiency, and to pursue options for diversification and alternative uses of sugar cane, such as feedstock for ethanol and biofuel production.

See also the related revenue measure titled *Sugar Package — levy* in the Agriculture, Fisheries and Forestry portfolio.

Appendix A: Policy decisions taken since the 2002-03 Budget

Sugar Package — replanting interest rate subsidy

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Agriculture, Fisheries and Forestry	4.5	3.5	-	-

Explanation

The Government will provide up to \$8 million over two years for interest rate subsidies to eligible cane growers who obtain new loans, or who have recently obtained loans, for the purpose of planting sugar cane or to replace diseased cane. Interest rate subsidies will be provided for two years to eligible cane growers on loans of up to \$50,000.

See also the related revenue measure titled *Sugar Package — levy* in the Agriculture, Fisheries and Forestry portfolio.

Sugar Package — viability tests and business plans

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Agriculture, Fisheries and Forestry	3.5	2.5	-	-

Explanation

The Government will provide up to \$6 million over two years to assist sugar cane growers and harvesters who access income support under the Sugar Package measures to undertake an assessment of the financial viability of their sugar industry enterprise. The Government will also provide, to eligible recipients, assistance to develop and implement a Sugar Enterprise Activity Plan to improve the viability of the enterprise or assist the recipient to adjust out of the industry.

The measure aims to ensure that sugar cane growers and harvesters examine the state of their enterprise and make sound plans for the future while receiving income support.

See also the related revenue measure titled *Sugar Package — levy* in the Agriculture, Fisheries and Forestry portfolio.

ATTORNEY-GENERAL'S

Enhanced travel document screening system

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Customs Service	-	2.3	2.5	2.5

Explanation

The Government will provide additional funding of \$7.3 million to the Australian Customs Service for the ongoing operational costs associated with the purchase and installation of enhanced travel document readers at Australia's international airports. The machines will assist in the detection of fraudulent documents and will be used to screen the passports of all international aircraft passengers entering and leaving Australia. This measure will increase the capacity of the Australian Customs Service to detect and intercept illegal activities.

Further details may be found in the Prime Minister's Press Release of 24 October 2002.

See also the related capital measure titled *Enhanced travel document screening system* in the Attorney-General's portfolio.

Additional funding for the Australian Security Intelligence Organisation

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Security Intelligence Organisation	3.4	6.1	6.2	6.2

Explanation

Following the terrorist attacks of 12 October 2002 in Bali, the Government will provide additional funding of \$28.4 million over five years (including \$6.4 million in 2006-07) to further enhance the ability of the Australian Security Intelligence Organisation to counter the threat of terrorism.

See also the related capital measure titled *Additional funding for the Australian Security Intelligence Organisation* in the Attorney-General's portfolio.

Appendix A: Policy decisions taken since the 2002-03 Budget

Supplementation for the Australian Security Intelligence Organisation

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Security Intelligence Organisation	1.2	-	-	-

Explanation

The Government has agreed to provide funding to the Australian Security Intelligence Organisation of \$1.2 million in 2002-03 to meet an unexpected increase in administrative expenses.

Upgrade of Law Courts Building in Sydney

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Attorney-General's Department	3.7	-	-	-

Explanation

The Government will provide additional funding of \$3.7 million in 2002-03 to the Attorney-General's Department for urgent maintenance works at the Law Courts Building in Sydney. The Commonwealth agencies that occupy the building are the High Court of Australia, the Federal Court of Australia and the Federal Magistrates Service. The works include asbestos removal, replacement of systems controls and an upgrade of the emergency lighting.

COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS

Increased regulatory oversight of Australia Post

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Communications Authority	1.0	4.4	2.5	2.6
Australian Competition and Consumer Commission	0.2	0.9	0.6	0.6

Explanation

Additional resourcing will be provided to the Australian Communications Authority to calculate the cost of Australia Post's (AP's) community service obligations and to monitor and report on quality of service issues.

Additional resourcing will also be provided to the Australian Competition and Consumer Commission to develop record keeping rules to ensure AP is not inappropriately cross subsidising its retail services and to inquire into disputes and make recommendations in relation to AP's bulk interconnection service.

Further details may be found in the Minister for Communications, Information Technology and the Arts' Press Release No. 253/02 of 14 November 2002.

See also the related revenue measure titled *Increased regulatory oversight of Australia Post* in the Communications, Information Technology and the Arts portfolio.

Regional Equalisation Plan funding for Imparja Television

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Communications, Information Technology and the Arts	-	-	-	-

Explanation

The Government will provide licence fee rebates of up to \$0.2 million a year for three years from 2002-03 to assist Imparja Television with unanticipated costs associated with the retransmission of digital programme feeds.

This funding is available within existing estimates for the Regional Equalisation Plan and will be offset against Imparja's future entitlements.

EDUCATION, SCIENCE AND TRAINING

Review of the New Apprenticeships Incentives Programme — amendments to the Living Away from Home Allowance

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Education, Science and Training	-	5.1	5.2	5.3

Appendix A: Policy decisions taken since the 2002-03 Budget

Explanation

The Government has decided to increase the Living Away from Home Allowance from \$72.80 per week to \$77.17 per week, in line with increases to the National Training Wage. The Living Away from Home Allowance will also be extended to second year apprentices at the rate of \$38.59 per week. These changes will assist New Apprentices to continue their New Apprenticeship.

Review of the New Apprenticeships Incentives Programme — better targeting of the incentive for employing women in non-traditional occupations

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Education, Science and Training	-	-0.4	-1.0	-1.0

Explanation

The Government has decided to better target assistance for employers of women in non-traditional occupations to promote a widened skilled employment base for women. The Department of Education, Science and Training will work with the Office of the Status of Women to explore avenues to promote opportunities for women in non-traditional occupations.

Review of the New Apprenticeships Incentives Programme — discontinue the Special Assistance Programme

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Education, Science and Training	-	-0.1	-0.1	-0.1

Explanation

The Government has decided to discontinue the Special Assistance Programme (SAP). SAP provides assistance with course costs and equipment for New Apprentices who have commenced a New Apprenticeship but for some reason are unable to proceed with on-the-job training. This programme is no longer required as other forms of support for out of trade apprentices are available from State and Territory governments and Job Network members.

Review of the New Apprenticeships Incentives Programme — extension of the Disabled Apprenticeship Wage Support subsidy*Expenses (\$m)*

	2002-03	2003-04	2004-05	2005-06
Department of Education, Science and Training	-	0.9	1.8	1.8

Explanation

The Government has decided to extend the Disabled Apprenticeship Wage Support subsidy to employers of trainees to enable New Apprentices with disabilities to access this assistance. Under previous arrangements, trainees did not attract the wage subsidy component or associated tutorial and mentoring services.

Review of the New Apprenticeships Incentives Programme — marketing of New Apprenticeships*Expenses (\$m)*

	2002-03	2003-04	2004-05	2005-06
Department of Education, Science and Training	-	7.0	-	-

Explanation

The Government will provide additional funding of \$7 million to develop new marketing products and undertake a media campaign for New Apprenticeships. The campaign is expected to focus on areas of skill shortage, including the traditional trades and women in non-traditional occupations. Continued marketing of the programme will help maintain the current high levels of New Apprenticeships.

Review of the New Apprenticeships Incentives Programme — new payment arrangements for Group Training Organisations*Expenses (\$m)*

	2002-03	2003-04	2004-05	2005-06
Department of Education, Science and Training	-	0.4	1.1	1.8

Appendix A: Policy decisions taken since the 2002-03 Budget

Explanation

The Government has decided that all Group Training Organisations (GTOs) will be eligible for the same recommencement and completion incentives as other employers. The new arrangements will be phased in over a two-year period. The Government has also decided that the special commencement incentive for GTOs that sign on a new trainee be discontinued and, from 2004-05, a new \$1,000 completion payment will be made available to GTOs when a New Apprentice successfully completes a course at the Australian Qualification Framework II qualification level.

Review of the New Apprenticeships Incentives Programme — redistribution of rural and regional skills shortage progression payment

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Education, Science and Training	-	4.8	11.8	8.6

Explanation

The Government has decided to redistribute the special incentive paid at the point of progression from Australian Qualification Framework (AQF) level 2 to AQF level 3 or 4 for employers of apprentices in areas of rural and regional skills shortages. The special incentive will now be paid at commencement of AQF level 3 or 4 New Apprenticeships. This adjustment brings the incentive in line with the Government's decision to remove and redistribute progression payments under the programme.

Review of the New Apprenticeships Incentives Programme — removal and redistribution of the progression payment

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Education, Science and Training	-	-0.5	-15.0	-31.1

Explanation

The Government has decided to remove and redistribute the progression payment made to employers under the New Apprenticeship Employer Incentives Programme from 1 July 2003. The progression payment will be redistributed so that 20 per cent is paid at commencement and the remaining 80 per cent is paid at completion.

This new arrangement will provide a greater incentive for employers to ensure their New Apprentices complete their training and also simplifies the current incentive payment structure.

Review of the New Apprenticeships Incentives Programme — special incentive for mature aged workers

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Education, Science and Training	-	1.0	2.5	3.0

Explanation

The Government has decided to provide a special incentive to employers of mature aged workers over 45 years of age who are welfare dependent, returning to the workforce or have been made redundant. The employer will receive \$750 for the commencement of a New Apprenticeship and \$750 upon the successful completion. This measure will encourage employers to take on mature aged New Apprentices.

Support for the General Sir John Monash Awards

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Education, Science and Training	-	0.9	1.7	2.5

Explanation

The Government will provide additional funding of \$5.1 million over three years to the General Sir John Monash Foundation for the establishment of a new programme of postgraduate scholarships. The funding is in addition to the seed funding of \$250,000 provided in the 2002-03 Budget. This will provide 16 new scholarships each year from 2004 for outstanding Australian postgraduate students to study overseas and for international students to study in Australia.

Furthermore, the Government will match contributions from private and community sources to the Foundation's endowment fund up to a certain level. The Government will also provide a further \$150,000 in 2002-03 to continue its support for the administrative activities of the Foundation.

Costs for the matching contributions and administrative activities will be fully absorbed within the existing resources of the Department of Education, Science and Training.

Further details may be found in the Prime Minister's Press Release of 4 June 2002.

EMPLOYMENT AND WORKPLACE RELATIONS

Interim taskforce for the building and construction industry

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Attorney-General's Department	0.8	-	-	-
Department of Employment and Workplace Relations	6.5	-	-	-

Explanation

The Government has decided to provide funding of \$7.3 million in 2002-03 to establish an interim taskforce for the building and construction industry. This includes \$0.8 million to be provided to the Director of Public Prosecutions for the purpose of providing advice on offences and prosecuting matters referred by the taskforce.

The taskforce was established in response to the First Report of the Royal Commission into the Building and Construction Industry and will investigate breaches of the *Workplace Relations Act 1996* and other laws in the construction industry. The taskforce will work in cooperation with the Australian Federal Police, the Director of Public Prosecutions, the Australian Taxation Office, the Australian Competition and Consumer Commission, the Office of the Employment Advocate and other Commonwealth agencies as required.

This taskforce will operate initially until 30 June 2003.

Further details may be found in the Minister for Employment and Workplace Relations' Press Release of 26 September 2002.

FAMILY AND COMMUNITY SERVICES

Commonwealth State Housing Agreement — offer to States and Territories

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Family and Community Services	-	-	20.9	32.8

Explanation

Under this measure, the Government will increase its funding contribution under the Commonwealth State Housing Agreement (CSHA) to assist the States and Territories in their delivery of social housing services. The Government will provide an additional \$155.8 million over the five-year term (including \$44.9 million in 2006-07 and \$57.1 million in 2007-08) of the new CSHA, which will come into effect from 1 July 2003. This funding is in addition to the \$4.6 billion already in the forward estimates for the CSHA over the next five years.

Under the CSHA, the States and Territories provide affordable and appropriate housing for disadvantaged groups, with a particular focus on aged and disability pensioners, indigenous people and the homeless.

Further details may be found in the Minister for Family and Community Services' Press Release of 25 October 2002.

Ex-gratia payments for victims and family members of victims of the Bali terrorist attacks

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Family and Community Services	3.3	0.3	-	-
Department of Foreign Affairs and Trade	3.1	-	-	-
Department of Health and Ageing	11.8	6.9	4.5	0.7

Explanation

On 25 October 2002, the Minister for Family and Community Services announced that the Government has allocated funding for the provision of a wide range of support measures for Australian victims of the Bali terrorist attacks and their immediate families. The majority of assistance is being delivered through Centrelink, however, other agencies are also involved. The range of assistance that is being provided to victims and their immediate families (or next of kin or friends where applicable) includes:

- all medical and travel costs for victims of the bombing not otherwise covered by insurance arrangements;
- assistance with travel and accommodation costs for family members of victims who are staying on in Bali, for any purpose associated with the attacks;

Appendix A: Policy decisions taken since the 2002-03 Budget

- assistance with travel and accommodation costs for family members of victims who travel to and from Bali for purposes associated with the attacks;
- assistance with travel and accommodation costs for family members of victims within Australia where the victims are hospitalised in a distant location;
- return home travel costs for victims and accompanying family members;
- assistance with funeral costs for victims where these are not covered by a third party as well as assistance with travel and accommodation costs for family members to attend the funeral or memorial service;
- the repatriation of victims to Australia;
- returning victims' personal effects to Australia; and
- access to social workers, information and referral to other agencies for services.

The financial assistance measures outlined above aim to cover all reasonable out of pocket expenses incurred by the victims of the Bali terrorist attacks and their families, that are associated with the attacks and have not been covered by insurance or other disaster related assistance. In addition to the assistance outlined above, provision has been made for assistance to be provided on a case-by-case basis where appropriate.

See also the related expense measure titled *Funding to the Red Cross Appeal for victims of the Bali terrorist attacks* in the Family and Community Services portfolio.

Extension of the Carer Payment

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Family and Community Services	0.7	1.3	1.4	1.4

Explanation

The Government has decided to streamline the process to allow more people caring for certain terminally ill children to qualify for Carer Payment. This will require amending the *Social Security Act 1991*.

Under this measure, the eligibility criteria for Carer Payment will be amended to make it easier for carers of children with a terminal illness to receive the payment and reduce the intrusiveness of the application process.

The new arrangements will take effect from 20 December 2002, at a cost of \$0.7 million in 2002-03 and \$4.1 million across the forward estimates.

Family Law legislation amendment

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Family and Community Services	..	..	..	..

Explanation

The Government, as part of the broader reform of Family Law in relation to superannuation, will amend the *Social Security Act 1991* to allow superannuation interests that have been split as part of a divorce settlement to be assessed consistently with other income and assets under the means test.

The amendments will prevent a superannuation withdrawal, by a person below age 55 paid to a partner under an order of the Family Court, from being counted as income for the person making the withdrawal. This measure will also prevent income streams that are exempt from the asset test from losing that status where part of the income stream is paid to a partner in a divorce settlement. These amendments will prevent inequities in the treatment of superannuation interests that have been split in divorce settlements.

Departmental expenses for this measure will be met from within existing resources.

This measure will be implemented by 29 December 2002.

Funding for the Red Cross Appeal for victims of the Bali terrorist attacks

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Family and Community Services	1.0	-	-	-

Explanation

The Government has allocated \$1 million to the Red Cross Bali Appeal. This measure recognises the important role of the appeal in channelling community support for victims and the families of victims of the Bali terrorist attacks. The Appeal has been providing emergency assistance to the victims and their families, augmenting Government measures.

See also the related expense measure titled *Ex-gratia payments for victims and family members of victims of the Bali terrorist attacks* in the Family and Community Services portfolio.

Improved flexibility for family assistance payments

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Family and Community Services	24.7	13.6	15.3	13.3

Explanation

The Government will provide improved flexibility in payment arrangements for people who receive family assistance by:

- enabling all recipients of family payments who increase their income estimates during the year to have their ongoing family assistance payments adjusted to correct, as far as possible, any pro-rata overpayments;
- providing recipients with the option to receive either Family Tax Benefit (FTB) Part A or FTB Part B as a fortnightly payment and receive the other one as a lump sum payment, or to receive a base amount of FTB Part A fortnightly and the balance as a lump sum at the end of the year;
- allowing recipients to defer payment of FTB for children who may be affected by the child's own earnings; and
- simplifying administration of Child Care Benefit (CCB) by giving families the option of rounding down their percentage CCB entitlement, or choosing a lower CCB percentage entitlement, to provide a buffer against overpayments at the end of the year with any balance to be paid as a lump sum.

Further details may be found in the Minister for Family and Community Services' Press Release of 17 September 2002.

See also the related capital measure titled *Administrative arrangements for the reduction of family assistance overpayments* in the Family and Community Services portfolio.

Increased funding to the third Commonwealth-State-Territory Disability Agreement

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Family and Community Services	15.0	20.3	25.7	31.2

Explanation

The Government has decided to provide the States and Territories with an additional \$129.1 million over the five year term (from 2002-03 to 2006-07) of the third Commonwealth-State-Territory Disability Agreement to assist in the provision of their specialist disability services. This funding is in addition to the \$2.7 billion over five years provided in the 2002-03 Budget, which included \$547.5 million to assist the States and Territories to meet unmet need for disability services.

Under the Agreement, the States and Territories are responsible for accommodation support, community support services and respite care. The Commonwealth is responsible for employment support for people with disabilities.

This measure is consistent with the Government's announcement on 8 July 2002 to offer the States and Territories an additional \$125 million, to be indexed, conditional on the States and Territories maintaining their respective funding share of the Agreement.

International Social Security Agreement with Belgium

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Family and Community Services	-	-	0.5	..

Explanation

The Government has decided to extend the current network of reciprocal social security agreements to Belgium.

This agreement will improve access to income support to people whose adult lives are spent in both Australia and Belgium and will cover Age Pensions and Disability Support Pensions. Australia and Belgium will share financial responsibility for these pensions, each paying a proportion of their pension based on the length of residence or contributions that recipients have accrued in each country.

Further details may be found in the Minister for Family and Community Services' Press Release of 20 November 2002.

Recognising and improving the work capacity of people with a disability

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Family and Community Services	0.3	4.7	54.0	103.4
Department of Health and Ageing	-	..	0.6	1.1

Explanation

People who claim the Disability Support Pension (DSP) on or after 1 July 2003 will be assessed under the new DSP eligibility criteria announced as part of the 2002-03 Budget.

Under this measure, people receiving DSP at 1 July 2003 or who claim DSP before this date will not be affected by the changes to the DSP eligibility criteria. Recipients will need to continue to meet the current DSP rules to maintain their protected status.

The Government will still provide additional funding, as announced in the 2002-03 Budget, for up to 73,000 new places in services to help people with disabilities improve and realise their work potential.

FINANCE AND ADMINISTRATION

Additional funding for the administration of electorate and ministerial offices

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Finance and Administration	4.4	6.2	8.0	8.2

Explanation

The Government will provide additional funding of \$26.8 million over four years to cover the increased cost of administering the electorate offices of all members of Parliament and Ministers' offices. These increased costs reflect a number of factors including the cost of additional staff approved under the *Members of Parliament Staff Act 1984*.

Enhanced budget advisory capacity

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Finance and Administration	3.5	9.0	11.8	12.1

Explanation

The Government will provide funding of \$36.4 million over four years to enhance the capability of the Department of Finance and Administration to provide whole of government advice to Government on expenditure priorities and to improve the quality and timeliness of the budget estimates.

Enhanced budget information system

Expense (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Finance and Administration	1.7	5.5	6.5	4.3

Explanation

The Government will provide \$18 million over four years in expenses to enhance the central budget information system.

See also the related capital measure titled *Enhanced budget information system* in the Finance and Administration portfolio.

Funding for the review of corporate governance of Statutory Authorities and Office Holders

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Finance and Administration	0.7	-	-	-

Explanation

The Government will provide one-off funding of \$656,000 in 2002-03 for a review of corporate governance of Statutory Authorities and Office Holders. The review will focus on improving the structures and governance practices of Statutory Authorities

Appendix A: Policy decisions taken since the 2002-03 Budget

and Office Holders, with a particular emphasis on those that impact on the business community. The review will be undertaken by an external reviewer who will be supported by a secretariat in the Department of Finance and Administration consisting of officers from various agencies.

Further details may be found in the Prime Minister's Press Release of 14 November 2002.

Government assistance to research organisations associated with major political parties

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Finance and Administration	0.1	0.1	0.1	0.1

Explanation

The Government will provide an annual grant of \$50,000 to both the National Party of Australia and the Australian Democrats to establish or support a research organisation associated with their party.

Increased funding for electorate office relief

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Finance and Administration	2.2	2.7	2.8	2.9

Explanation

The Government will provide additional funding of \$10.6 million over four years to increase the provision for electorate office relief staff from 12 weeks to 24 weeks per annum for each member of Parliament, and to lease an additional computer in each electorate office. The increased provision for electorate office relief staff will commence on 1 October 2002.

FOREIGN AFFAIRS AND TRADE

Increasing counter-terrorism capability in Indonesia

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Agency for International Development	-	-	-	-

Explanation

The Government has committed \$10 million over four years (\$2.5 million in each year) to assist Indonesia to build its counter-terrorism capability.

The assistance will involve new initiatives in three broad areas: enhancing airport, immigration and customs control systems and capabilities; assisting Indonesia to restrict the flow of financing to terrorists; and helping build the capability of the Indonesian police on counter-terrorism and transnational crime. This programme will be developed in consultation with the Indonesian Government.

This measure is being fully absorbed within the existing resourcing of the Australian Agency for International Development.

Additional funding for the Australian Secret Intelligence Service

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Secret Intelligence Service	2.1	6.5	6.1	6.1

Explanation

Following the Bali terrorist attacks of 12 October 2002, the Government decided to allocate additional funding of \$27 million over five years (including \$6.1 million in 2006-07) to the Australian Secret Intelligence Service to strengthen its counter-terrorism capability.

See also the related capital measure titled *Additional funding for the Australian Secret Intelligence Service* in the Foreign Affairs and Trade portfolio.

Enhanced physical security at Australia's overseas posts

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Foreign Affairs and Trade	1.5	3.9	3.9	3.9

Explanation

The Government has allocated additional funding of \$17.1 million over five years (including \$3.9 million in 2006-07) to the Department of Foreign Affairs and Trade for the ongoing operational costs associated with enhancing physical security at Australia's overseas diplomatic posts. This measure will allow for strengthening of walls and fences, the installation of bollards, metal detectors, intruder and duress alarms, as well as improved perimeter surveillance.

Further details may be found in the Prime Minister's Press Release of 24 October 2002.

See also the related capital measure titled *Enhanced physical security at Australia's overseas posts* in the Foreign Affairs and Trade portfolio.

Solomon Islands International Peace Monitoring Team

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Foreign Affairs and Trade	0.1	-	-	-

Explanation

The Government has decided to withdraw Australia's contribution to the Solomon Islands International Peace Monitoring Team from 30 June 2002 and has provided an additional \$0.1 million in 2002-03 to facilitate this process.

The International Peace Monitoring Team was deployed to the Solomon Islands following the signing of the Townsville Peace Agreement in October 2000.

HEALTH AND AGEING

Additional funding for the Hunter Regional After Hours Service

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Health and Ageing	-	-	-	-

Explanation

The Government will provide funding of \$10.3 million over three years to expand the Maitland After Hours Primary Medical Care trial to the entire Hunter urban region. The trial will improve access to medical care by providing after hours services at five locations, a telephone advice line staffed by nurses, funded transport for patients and a home visit service. The trial will be conducted in partnership with the Hunter Urban Region Division of General Practice. This trial builds on the work of the 2001-02 Budget measure *After hours/emergency primary medical care*.

This measure is being fully absorbed within the existing resourcing of the Health and Ageing portfolio.

Extension of the Pharmaceutical Benefits Scheme listing for Glivec

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Health and Ageing	8.5	22.1	24.4	26.3

Explanation

The Government will provide funding of \$81.3 million over four years for the extended listing of Glivec from 21 October 2002 on the Pharmaceutical Benefits Scheme. This will reduce the cost to eligible patients from approximately \$6,543 per month to the co-payment rates for concessional and general patients.

Glivec, a drug used in the treatment of Chronic Myeloid Leukaemia (CML), had its listing extended to eligible patients in the chronic stage of the disease after a positive recommendation from the Pharmaceutical Benefits Advisory Committee. Funding for Glivec was initially provided for the advanced stages of CML only.

Further details may be found in the Minister for Health and Ageing's Press Release of 10 September 2002.

Improved monitoring of pharmaceutical benefits entitlements

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Health and Ageing	-	-	-	-

Explanation

The Government has agreed to allocate additional funding to pharmacists for their continuing assistance in administering the Improved Monitoring of Entitlements initiative, which requires pharmacists to obtain the Medicare number of any patient attempting to access the Pharmaceutical Benefits Scheme and thereby reduces the scope for fraudulent claims.

Previously allocated funding of \$3.5 million in 2002-03 will be increased by \$6.7 million (total \$10.2 million) from currently uncommitted funds available under the Community Pharmacy Agreement (CPA). Part of this funding will also be used to conduct a review of pharmacy costs to determine whether any further payments to pharmacists after 2002-03 are warranted. The above table shows the net effect on the Budget as zero because the funding under the CPA was already included in the forward estimates.

Listing of Singulair on the Pharmaceutical Benefits Scheme

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Health and Ageing	5.6	14.1	17.9	20.6
Department of Veterans' Affairs	0.2	0.5	0.6	0.7

Explanation

The Government will provide funding for the listing of Singulair on the Pharmaceutical Benefits Scheme from 1 February 2003. This will reduce the cost to eligible patients from approximately \$90 per month to the co-payment rates for concessional patients and general patients. The cost of this measure in 2002-03 is estimated to be \$5.8 million.

Singulair is a drug used to treat asthma and differs from existing medicines in that it is a chewable tablet rather than an orally inhaled formulation. It has been listed for the treatment of children aged 2 to 14 years with frequent episodic or mild persistent asthma following a positive recommendation from the Pharmaceutical Benefits

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Advisory Committee, which bases its considerations on clinical effectiveness, safety and cost effectiveness.

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

Listing of Spiriva on the Pharmaceutical Benefits Scheme

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Health and Ageing	5.0	18.5	31.0	37.9
Department of Veterans' Affairs	0.9	3.2	5.3	6.5

Explanation

The Government will provide funding for the listing of Spiriva on the Pharmaceutical Benefits Scheme from 1 February 2003. Spiriva is not commercially available in Australia at present and can only be obtained by arrangement with the manufacturer. The maximum cost for a prescription will be the co-payment rates for concessional patients and general patients. The cost of this measure in 2002-03 is estimated to be \$5.9 million.

Spiriva is a drug used in the management of Chronic Obstructive Pulmonary Disease, a chronic, generally progressive lung disease characterized by breathlessness due to the presence of airway obstruction. It has been listed following a positive recommendation from the Pharmaceutical Benefits Advisory Committee, which bases its considerations on clinical effectiveness, safety and cost effectiveness.

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

Medical indemnity insurance — Incurred-But-Not-Reported scheme

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Health and Ageing	*	*	*	*

Explanation

In his announcements on the medical indemnity package in May and October 2002, the Prime Minister indicated that the Commonwealth would assume the liability for the

Appendix A: Policy decisions taken since the 2002-03 Budget

unfunded Incurred-But-Not-Reported (IBNR) liabilities of medical defence organisations (MDOs), with this liability to be funded by doctors who were members of the organisations as at 30 June 2000, subject to a number of conditions.

Legislation has been introduced to give effect to the IBNR scheme.

No estimate of the expense, total liability and the associated cash flow has been included for this measure as the nature of this measure is such that a reliable estimate cannot be produced at this time.

Further details may be found in the Prime Minister's Press Releases of 31 May 2002 and 23 October 2002.

See also the related revenue measures titled *Medical indemnity insurance – Incurred-But-Not-Reported levy* in the Health and Ageing portfolio, and *Income tax deduction for the Incurred-But-Not-Reported levy* in the Treasury portfolio.

Medical Indemnity Insurance Assistance Package

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Competition and Consumer Commission	0.5	-	-	-
Department of Health and Ageing	54.4	64.4	63.7	63.5

Explanation

The Government has decided to provide additional funding of \$246.5 million over four years to implement the Government's package of measures for providing assistance to doctors, United Medical Protection Limited and the medical indemnity insurance industry generally.

Included within this additional funding is \$0.5 million in 2002-03 for the Australian Competition and Consumer Commission to monitor medical indemnity insurance premiums following implementation of the Government's package of measures.

This package was announced in the Prime Minister's Press Release of 23 October 2002 and is aimed at ensuring key private medical services, including in rural and regional areas, are maintained, and providing a new framework for the provision of medical indemnity insurance in Australia.

Meningococcal C Vaccination Programme

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Health and Ageing	119.1	71.3	61.7	38.9

Explanation

The Government will provide funding of \$291.1 million over four years and funding in the order of \$9.4 million per annum in subsequent years for an immunisation programme against the meningococcal C disease. In the first four years, the programme will progressively immunise all Australians between the ages of 12 months and 19 years. This age group has been identified by the Australian Technical Advisory Group on Immunisation as being at highest risk of contracting, or suffering severe complications from, meningococcal meningitis. In subsequent years, the programme will provide for the immunisation of 12-month-old babies. The programme will commence in 2003 before the onset of the next high-risk period for contracting the disease.

Further details may be found in the Minister for Health and Ageing's Press Release of 24 November 2002.

Options to contain future private health insurance premium increases

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Health and Ageing	-0.8	-4.0	-7.5	-11.4

Explanation

On 11 September 2002, the Government announced measures designed to contain future private health insurance premium increases.

Measures to be introduced include: the provision of an annual report for consumers on the state of the health funds; increasing the power of the Private Health Insurance Ombudsman to deal with complaints and resolve disputes; increasing scrutiny of funds' overall performance; and the introduction of a code of conduct for health funds, agents and brokers.

The Government will retain the right to scrutinise and reject premium increases where they are not in the public interest. However, as a matter of practice, it will reduce the

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level of scrutiny of premium increases at or below the rate of inflation measured by the Consumer Price Index.

Research involving embryos and prohibition of human cloning

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Health and Ageing	0.8	-	-	-

Explanation

The Government has allocated funding of \$0.8 million to the National Health and Medical Research Council for the introduction and implementation of the Research Involving Embryos Bill 2002 and the Prohibition of Human Cloning Bill 2002.

United Medical Protection (UMP)/Australasian Medical Insurance Ltd (AMIL) Guarantee

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Health and Ageing	*	*	*	*

Explanation

In his 23 October 2002 Press Release on the medical indemnity package, the Prime Minister announced an offer to extend the Commonwealth Guarantee provided to the provisional liquidator of UMP/AMIL from 31 December 2002 to 31 December 2003. The initial guarantee to 30 June 2002 was included in the 2002-03 Budget, and the Prime Minister announced an extension to 31 December 2002 on 31 May 2002.

The offer to extend will be on similar terms to the existing guarantee and will provide Commonwealth financial support to allow UMP/AMIL to meet the following payments under the cover provided to its members:

- amounts payable in the period 29 April 2002 to 31 December 2003 in respect of claims notified or finalised prior to 29 April 2002; and
- amounts payable in respect of claims notified in the period 29 April 2002 to 31 December 2003, whenever the claim is finalised (including after 31 December 2003).

No estimate of the expense, total liability and the associated cash flow has been included for this measure as the nature of this measure is such that a reliable estimate cannot be produced at this time.

IMMIGRATION AND MULTICULTURAL AND INDIGENOUS AFFAIRS

Additional Airline Liaison Officers

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Immigration and Multicultural and Indigenous Affairs	1.2	2.5	2.5	2.5

Explanation

Following the Bali terrorist attacks of 12 October 2002, the Government will provide additional funding of \$11.2 million over five years (including \$2.5 million in 2006-07) to the Department of Immigration and Multicultural and Indigenous Affairs to employ additional Airline Liaison Officers (ALOs). ALOs are stationed at major airports and at last ports of embarkation on the way to Australia. These officers help prevent criminals or terrorists from using identity fraud to unlawfully enter Australia.

Further details may be found in the Prime Minister's Press Release of 24 October 2002.

See also the related capital measure titled *Additional Airline Liaison Officers* in the Immigration and Multicultural and Indigenous Affairs portfolio.

Increase in the Parent Migration intake

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Education, Science and Training	0.2	0.8	0.9	1.1
Department of Employment and Workplace Relations	-	0.7	1.9	2.8
Department of Family and Community Services	5.1	2.3	8.0	14.4
Department of Health and Ageing	1.4	8.3	21.0	34.8
Department of Immigration and Multicultural and Indigenous Affairs	0.9	2.6	4.8	7.1

Appendix A: Policy decisions taken since the 2002-03 Budget

Explanation

The Government has decided to increase the current Parent Migration category intake from 500 to 1,000 places in a full year and introduce an additional visa category for parent migrants with 3,500 places in a full year. This will provide significant benefits to the Australian community, including the reunification of families. The new visa category will have a higher second visa application charge of \$25,000, and an extended Assurance of Support bond period from two to ten years, to partially offset the additional health and welfare costs.

Further details may be found in the Minister for Immigration and Multicultural and Indigenous Affairs' Press Release No. MPS097/2002 of 12 November 2002.

See also the related revenue and capital measures titled *Increase in the Parent Migration intake* in the Immigration and Multicultural and Indigenous Affairs portfolio.

Regulation of the migration advice industry

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Immigration and Multicultural and Indigenous Affairs	-	2.3	2.8	3.4

Explanation

The Government will extend statutory self-regulation of the migration advice industry and allow for the continuation of the Migration Agents Registration Authority (MARA) to further improve professional standards and enhance consumer protection. Consistent with the recommendations of the 2001-02 Review of Statutory Self-Regulation of the Migration Advice Industry, MARA's regulatory powers will be increased and its sanctioning capacity enhanced. The agents' Code of Conduct will also be strengthened and measures introduced to promote competition within the industry and the progressive regulation of the offshore industry.

Further details may be found in the Minister for Citizenship and Multicultural Affairs' Press Release No. H93/2002 of 25 September 2002.

See also the related revenue measure titled *Regulation of the migration advice industry* in the Immigration and Multicultural and Indigenous Affairs portfolio.

Supplementary funding for the Community Settlement Services Scheme***Expenses (\$m)***

	2002-03	2003-04	2004-05	2005-06
Department of Immigration and Multicultural and Indigenous Affairs	0.6	0.2	-	-

Explanation

The Government has agreed to provide additional funding to the Community Settlement Services Scheme to continue to provide grants to established community groups. Existing funding for this scheme will be diverted to new and emerging community groups.

INDUSTRY, TOURISM AND RESOURCES***Enhanced Printing Industry Competitiveness Scheme******Expenses (\$m)***

	2002-03	2003-04	2004-05	2005-06
Department of Industry, Tourism and Resources	13.0	8.9	-	-

Explanation

The Government has agreed to continue funding for the Enhanced Printing Industry Competitiveness Scheme (EPICS) at a cost of \$21.9 million over two years. Under EPICS, grants are made to the book industry to assist innovation, business development and skills formation.

Ethanol production subsidy***Expenses (\$m)***

	2002-03	2003-04	2004-05	2005-06
Department of Industry, Tourism and Resources	26.0	7.2	-	-

Appendix A: Policy decisions taken since the 2002-03 Budget

Explanation

The Government will provide a producer subsidy for ethanol produced in Australia as a targeted means of maintaining the use of biofuels in transport. Longer term arrangements are being considered by the Government regarding the future of the emerging renewable energy industry. The ethanol will be sourced from biomass feedstock for use in transport fuel. The subsidy will be paid at the rate of 38.143 cents per litre of eligible ethanol and apply from 18 September 2002 until 17 September 2003.

Further details may be found in the Prime Minister's Press Release of 12 September 2002.

See also the related revenue measure titled *Excise (and customs) duty on fuel ethanol* in the Treasury portfolio.

Support for shale oil demonstration plants

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Industry, Tourism and Resources	25.7	-	-	-

Explanation

The Government has decided to temporarily broaden assistance available to approved shale oil demonstration plants. The grant will complement existing Government support provided by an effective excise exemption under the *Excise Act 1901*, with total assistance capped at \$36.4 million.

The maximum expected assistance to be provided under this expenses scheme is \$25.7 million.

Uncapped Automotive Competitiveness and Investment Scheme credits for utility vehicles

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Industry, Tourism and Resources	5.0	-	-	-

Explanation

This measure ensures that utility vehicles are classified as passenger motor vehicles and therefore eligible for uncapped Automotive Competitiveness and Investment Scheme (ACIS) credits.

ACIS was introduced on 1 January 2001, and is directed toward encouraging investment and innovation in Australia's automotive industry.

TRANSPORT AND REGIONAL SERVICES

Additional funding for Year of the Outback

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Transport and Regional Services	0.3	-	-	-

Explanation

The Government has contributed \$0.6 million in 2002-03 towards the cost of staging the Outback Central 2002 — Songlines from Alice event, held in Alice Springs in August 2002.

The ten-day event, a centrepiece for the celebration of the Year of the Outback, showcased regional Australia through conferences, meetings, exhibitions, sports and youth activities.

Funding of \$0.3 million was absorbed within existing regional programmes in the Transport and Regional Services portfolio.

Development of AusLink

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Transport and Regional Services	1.1	-	-	-

Explanation

On 7 November 2002, the Government launched the AusLink Green Paper on land transport infrastructure reform. The Government has allocated \$1.1 million in 2002-03 to cover costs associated with the development of the AusLink Green Paper and

Appendix A: Policy decisions taken since the 2002-03 Budget

subsequent formal policy statement (white paper). Funding will be used to meet the costs of consultation with stakeholders, to develop and publish the two papers, and for initial implementation activity.

Further details may be found in the Deputy Prime Minister's Press Release No. A33/2002 of 7 November 2002.

National Aerial Firefighting Strategy

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Transport and Regional Services	5.5	-	-	-

Explanation

The Government will provide \$5.5 million to meet half of the direct costs of leasing and locating three helitankers for the 2002-03 peak fire season. Funding is being provided in the expectation of above normal demands this fire season. Consistent with their responsibilities for natural disaster relief management, State governments will be responsible for meeting the remaining direct costs and operating costs for these helitankers.

Further details may be found in the Minister for Regional Services, Territories and Local Government's Press Release No. WT59/2002 of 13 September 2002.

War risk indemnities for the aviation industry

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Transport and Regional Services	0.6	0.3	-	-

Explanation

The Government will provide \$0.9 million over two years to the Department of Transport and Regional Services to administer the charging regime for the provision of third party war risk indemnities to the aviation industry.

The Government commenced charging for these indemnities on 30 August 2002 to encourage the aviation industry to take up commercial insurance as it becomes available.

TREASURY

Additional funding for the Review of the Trade Practices Act 1974

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of the Treasury	0.7	-	-	-

Explanation

The Government will provide additional funding to cover costs relating to the Review of the *Trade Practices Act 1974*. The Review is undertaking a comprehensive investigation of the competition provisions (Part IV) of the *Trade Practices Act 1974*, and their administration. This measure is an extension of the funding of \$0.6 million provided for the Review in the 2002-03 Budget.

Funding for Principles Based Review of the Law of Negligence

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of the Treasury	0.4	-	-	-

Explanation

The Government has provided funding of \$0.4 million to meet the costs of the Principles Based Review of the Law of Negligence. The Review was jointly established by the Commonwealth, State and Territory governments to provide a platform for governments to reform the law of negligence relating to personal injury or death. The Review was completed on 30 September 2002.

Terrorism insurance — commercial cover

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of the Treasury	2.0	-	-	-

Explanation

The Government has announced a scheme for temporary terrorism risk insurance cover until market coverage resumes. The scheme will commence on 1 July 2003 and

Appendix A: Policy decisions taken since the 2002-03 Budget

will be managed by the statutory authority to be established for that purpose. The costs to the authority will be met by the scheme once it has commenced operation. Funding will be provided to the Department of the Treasury in 2002-03 to meet up to \$2 million in establishment costs prior to that date. Establishment costs are expected to include legal and other specialist advice, as well as possibly some preliminary staffing and Board costs.

Further details may be found in the Treasurer's Press Release No. 064 of 25 October 2002.

See also the related revenue measure titled *Terrorism insurance – commercial cover* in the Treasury portfolio.

Variation in Budget Balancing Assistance – application of GST to Compulsory Third Party insurance

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of the Treasury	14.1	9.2	2.6	3.0

Explanation

The Government will amend the GST law to ensure that the original policy intent, in respect of Compulsory Third Party (CTP) insurance, is met by:

- ensuring that GST registered taxpayers are able to claim input tax credits on CTP insurance policies that commence on or after 1 July 2003, including those paid before 1 July 2003;
- allowing CTP insurers, making payments under a settlement sharing arrangement, the ability to claim a decreasing adjustment on payment of settlement amounts; and
- allowing CTP insurers operating no-fault and nominal defendant schemes access to a decreasing adjustment on payment of settlement amounts to people injured as a result of a motor vehicle accident.

Variation in Budget Balancing Assistance – Government response to the Report of the Inquiry into the Definition of Charities and Related Organisations

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of the Treasury	-	-	0.7	0.8

Explanation

On 29 August 2002, the Government announced its response to the Report of the Inquiry into the Definition of Charities and Related Organisations. As part of that response, the Government has decided to enact a definition of a charity for the purpose of administration of Commonwealth laws, expected to take effect from 1 July 2004.

The administration of the reforms is estimated to cost \$4.4 million in 2002-03 and \$1.3 million ongoing for the administration of the reforms. These costs will be absorbed within the existing resources of the Australian Taxation Office. This measure is estimated to have a small impact on GST revenue.

VETERANS' AFFAIRS

Kokoda Track

Expenses (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Veterans' Affairs	1.2	-	-	-

Explanation

The Government has provided additional funding of \$1.5 million (including \$0.3 million in 2001-02) for memorial refurbishment along the Kokoda Track and construction of a new memorial at Isurava, as part of the 60th anniversary Defence of Australia commemorative activities.

Further details may be found in the Minister for Veterans' Affairs' Press Release No. VA71 of 31 May 2002.

CAPITAL MEASURES¹

ATTORNEY-GENERAL'S

Enhanced travel document screening system

Capital (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Customs Service	7.0	-0.9	-1.9	-1.9

Explanation

The Government will provide net additional funding of \$2.3 million over four years (funding of \$7 million less depreciation of \$4.7 million) to the Australian Customs Service for the purchase of enhanced travel document readers and associated software for Australia's international airports. The machines will assist in the detection of fraudulent documents and will be used to screen the passports of all international airplane passengers entering and leaving Australia. This measure will increase the capacity of the Australian Customs Service to detect and intercept illegal activities.

Further details may be found in the Prime Minister's Press Release of 24 October 2002.

See also the related expense measure titled *Enhanced travel document screening system* in the Attorney-General's portfolio.

Additional funding for the Australian Security Intelligence Organisation

Capital (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Security Intelligence Organisation	-0.1	-0.2	-0.2	-0.2

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.

Explanation

Following the Bali terrorist attacks on 12 October 2002, the Government is providing additional funding to the Australian Security Intelligence Organisation to enhance its capability to counter the threat of terrorism. As a result of these initiatives, ASIO will incur depreciation expenses on existing assets at a faster rate.

See also the related expense measure titled *Additional funding for the Australian Security Intelligence Organisation* in the Attorney-General's portfolio.

FAMILY AND COMMUNITY SERVICES

Improved flexibility for family assistance payments

Capital (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Family and Community Services	2.5	2.3	-0.5	-0.5

Explanation

The Government will provide funding to enable additional flexibility in payment arrangements for people who receive family assistance. Funding of \$2.5 million in 2002-03 and \$2.5 million in 2003-04 (less depreciation of \$0.2 million in 2003-04 and \$0.5 million in each of 2004-05 and 2005-06) will be provided to Centrelink for internally developed software to assist with the delivery of this measure.

Further details may be found in the Minister for Family and Community Services' Press Release of 17 September 2002.

See also the related expense measure titled *Improved flexibility for family assistance payments* in the Family and Community Services portfolio.

FINANCE AND ADMINISTRATION

Enhanced budget information system

Capital (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Finance and Administration	5.1	11.2	3.9	-2.9

Appendix A: Policy decisions taken since the 2002-03 Budget

Explanation

The Government has decided to provide an additional \$23.2 million over four years to enhance the central budget information system. The amounts shown above are net of depreciation of \$6 million over four years.

See also the related expense measure titled *Enhanced budget information system* in the Finance and Administration portfolio.

Winding-up of Employment National

Capital (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Finance and Administration	-	-	-	-

Explanation

Following the Government's announcement on 14 May 2002 that Employment National is to be wound-up from 30 June 2003, the Government will provide additional equity funding to Employment National Limited to ensure the company has sufficient resources to meet all staff entitlements and other obligations during the wind-up process. An equity injection of up to \$12.7 million will be provided in 2002-03.

This measure is shown as having no impact on the fiscal balance as equity injections to agencies outside the General Government Sector only affect the composition of the Commonwealth's investment in financial assets.

FOREIGN AFFAIRS AND TRADE

Additional funding for the Australian Secret Intelligence Service

Capital (\$m)

	2002-03	2003-04	2004-05	2005-06
Australian Secret Intelligence Service	0.9	0.1	-0.1	-0.1

Explanation

Following the Bali terrorist attacks on 12 October 2002, the Government will provide net additional funding of \$0.8 million over four years (funding of \$1.2 million less depreciation of \$0.1 million in all years) to the Australian Secret Intelligence Service to further enhance its counter-terrorism capability.

Appendix A: Policy decisions taken since the 2002-03 Budget

See also the related expense measure titled *Additional funding for the Australian Secret Intelligence Service* in the Foreign Affairs and Trade portfolio.

Enhanced physical security at Australia's overseas posts

Capital (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Foreign Affairs and Trade	9.9	-1.0	-1.0	-1.0

Explanation

The Government will provide the Department of Foreign Affairs and Trade with \$10.2 million in 2002-03 (less depreciation of \$0.3 million in 2002-03 and \$1 million per annum thereafter) to fund the purchase of security equipment and systems to enhance physical security at Australia's overseas diplomatic posts. This measure will allow for the strengthening of walls and fences, the installation of bollards, metal detectors, intruder alarms, as well as improved perimeter surveillance.

Further details may be found in the Prime Minister's Press Release of 24 October 2002.

See also the related expense measure titled *Enhanced physical security at Australia's overseas posts* in the Foreign Affairs and Trade portfolio.

IMMIGRATION AND MULTICULTURAL AND INDIGENOUS AFFAIRS

Additional Airline Liaison Officers

Capital (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Immigration and Multicultural and Indigenous Affairs	0.6	-0.2	-0.2	-0.2

Explanation

Following the Bali terrorist attacks of 12 October 2002, the Government will provide net additional funding of \$0.7 million in 2002-03 (less depreciation of \$0.1 million in 2002-03 and \$0.2 million in subsequent years) to the Department of Immigration and Multicultural and Indigenous Affairs. This funding will be used to purchase additional specialist compliance hardware to assist Airline Liaison Officers to detect criminals or terrorists using identity fraud to enter Australia.

Appendix A: Policy decisions taken since the 2002-03 Budget

Further details may be found in the Prime Minister's Press Release of 24 October 2002.

See also the related expense measure titled *Additional Airline Liaison Officers* in the Immigration and Indigenous and Multicultural Affairs portfolio.

Increase in the Parent Migration intake

Capital (\$m)

	2002-03	2003-04	2004-05	2005-06
Department of Immigration and Multicultural and Indigenous Affairs	0.4	-0.1	-0.1	-0.1

Explanation

The Government has decided to increase the current Parent Migration category intake from 500 to 1,000 places in a full year and introduce an additional visa category for parent migrants with 3,500 places in a full year. This will provide significant benefits to the Australian community, including the reunification of families. The new visa category will have a higher second visa application charge of \$25,000, and an extended Assurance of Support bond period from two to ten years, to partially offset the additional health and welfare costs.

This measure relates to information technology system enhancements of \$0.4 million required for the new visa category (and depreciation of \$0.1 million a year).

Further details may be found in the Minister for Immigration and Multicultural and Indigenous Affairs' Press Release No. MPS097/2002 of 12 November 2002.

See also the related revenue and expense measures titled *Increase in the Parent Migration intake* in the Immigration and Indigenous and Multicultural Affairs portfolio.