

## **Barton Deakin Brief: Commonwealth Budget 2017-18**

**10 May 2016**

Last night, the Treasurer, the Hon. Scott Morrison MP, delivered the 2017-18 Commonwealth Budget in the House of Representatives. The Treasurer announced that there will be an expected underlying cash deficit of \$29.4 billion deficit in the 2017-18 financial year (1.6 per cent of GDP).

The underlying cash deficit is expected to reduce to \$2.5 billion (0.1 per cent of GDP) in 2019-20, and improve over the forward estimates to return to a surplus of \$7.4 billion (0.4 per cent of GDP) in 2020-21.

Real GDP growth is forecast to have slowed to 1.75 per cent in the 2016-17 financial year (because of weather-related factors in early 2016-17 and the more recent impact of Tropical Cyclone Debbie). It is expected to grow at 2.75 per cent in 2017-18 and at 3 per cent in 2018-19 and forward estimates.

Government payments as a proportion of GDP are forecast to fall to 25 per cent by the end of the forward estimates (2020-21), slightly lower than forecast at the 2016-17 MYEFO, before rising over the medium term.

The unemployment rate is forecast to fall from 5.75 per cent in 2017-18 to 5.5 per cent in 2019-20. It is projected to stay steady at 5.5 per cent in 2019-20 and drop further to 5.25 per cent in 2020-21.

This Barton Deakin brief outlines the major funding and policy announcements across Government portfolios.

### **Contents**

Finance & Banking.....	2
Health.....	3
Education and Training .....	5
Infrastructure & Regional Development.....	6
Immigration & Border Protection .....	7
Housing .....	8
Social Services .....	9
Defence & National Security.....	10
Industry, Innovation & Science .....	10



Agriculture & Water Resources .....	11
Communications & Arts .....	12
Energy & Environment .....	12
Foreign Affairs and Trade.....	13
Other Measures .....	14
Further Information .....	14

## Finance & Banking

The Government has made several major announcements in the 2017-18 Budget regarding finance and banking. The Government will:

- Impose a bank levy on Australia’s Authorised Deposit taking Institutions (**ADIs**), with licensed entity liabilities of at least \$100 billion from 1 July 2017. The levy will raise \$6.2 billion over the forward estimates period;
- Create a new dispute resolution framework — the Australian Financial Complaints Authority (**AFCA**) which aims to ensure that consumers and small business have access to free, fast and binding dispute resolution;
- Recover \$112.6 million over the forward estimates period from entities regulated by the Australian Securities and Investments Commission (**ASIC**) through a statutory levy, with effect from 1 July 2017;
- Provide \$32.0 million for one year of additional funding for ATO audit and compliance programmes to better target black economy risks;
- Provide \$13.2 million over four years from 2017-18 to the Australian Competition and Consumer Commission (**ACCC**) to establish a unit in the ACCC to undertake regular inquiries into specific financial system competition issues. This implements a recommendation of the House of Representatives Standing Committee on Economics report, [Review of the Four Major Banks](#).

Regarding the credit card market, the Government will:

- Require that affordability assessments be based on a consumer’s ability to repay the credit limit within a reasonable period;
- Prohibit unsolicited offers of credit limit increases;
- Simplify how interest is calculated; and
- Require online options to cancel cards or to reduce credit limits.

Further information regarding budget measures for the Treasury portfolio can be found [here](#).

Further information regarding budget measures for the Finance portfolio can be found [here](#).

To read the Treasurer’s media release on these Budget measures, click [here](#).



## Health

The 2017-18 Budget outlines \$67.9 billion in spending across the Health portfolio. The Government will:

- Provide \$3.2 billion toward guaranteeing Medicare and access to medicines which includes:
  - Further developing the 2016-17 with \$50.2 million in remaining expenditure over the next three years toward *Healthier Medicare – trial of health care homes*;
  - Providing \$44.5 million toward the medical services advisory committee over four years from 2017-18. The committee provides independent advice on services covered by the Medicare benefits Schedule and examines the evidence for proposed new medical technologies and procedures;
  - Achieving savings of \$103.8 million over four years from 2017-18 through the improvement of the Medicare Benefits Schedule (**MBS**) compliance arrangements and debt recovery practices;
  - Providing \$1.0 billion over four years from 2017-18 for the phased re-introduction of indexation for certain items on the Medicare Benefits Schedule (**MBS**);
  - Providing \$16.4 million over four years from 2017-18 for new and amended Medicare Benefits Schedule (**MBS**) and Veterans' Benefits items based on recommendations of the independent Medical Services Advisory Committee;
  - Providing \$44.2 million over three years from 2017-18 to continue the review of the Medicare Benefits Schedule (**MBS**) through the MBS Review Taskforce;
  - Providing \$67.3 million in 2017-18 toward the health and aged care payments system and ensure that the Government continues to own and operate the ICT systems that deliver Medicare, the Pharmaceutical Benefits Scheme, aged care and related payments into the future. This measure also includes funding for essential maintenance of current ICT systems;
  - Achieving savings of \$1.8 million over five years (including savings of \$539.0 million in 2012-22) which aims to reduce the out-of-pocket costs for medicines for Australians;
  - Providing \$1.2 billion over five years from 2016-17 for new and amended listings on the Pharmaceutical Benefits Scheme (PBS) and the Repatriation Pharmaceutical Benefits Scheme; and
  - Providing \$820.0 million over three years from 2017-18 to community pharmacies to support and improve Australians' access to medicines. The Government will also provide \$225.0 million over three years to community pharmacies and pharmaceutical wholesalers.
- Credit an estimated \$33.8 billion to the Medicare Guarantee Fund. The Medicare levy will contribute \$12.1 billion, with the remainder drawn from personal income tax receipts;
- Provide \$730.4 million in 2016-17 for the operation of the Mersey Community Hospital for 10 years to 2026-27. Funding of \$250.6 million over four years from 2017-18, which was included in the forward estimates for the ongoing operation of the Mersey Community Hospital, will partially offset the cost of this measure;
- Provide \$73.8 million toward medical research which includes:
  - Providing \$1.4 million over four years from 2017-18 to fast track two new international collaborations of clinical trials of pediatric brain cancer. The



Government will also provide \$4.4 million over three years from 2017-18 to Cancer Australia to increase Australia's capacity to diagnose, treat, manage and conduct research into childhood cancer;

- Providing \$65.9 million over four years from 2016-17 from the Medical Research Future Fund (MRFF) to invest in medical research in Australia; and
- Providing, subject to a request to market, up to \$68.0 million in 2017-18 toward the purchase of accelerator equipment and two treatment rooms in support of the establishment of a proton beam facility at the South Australian Health and Medical Research Institute precinct.
- Provide \$43.8 million over five years from 2016-17 to support National Cancer Screening;
- Provide \$5.5 billion over two years from 2018-19 to extend the *Commonwealth Home Support Programme (CHSP)* and Regional Assessment Services (**RAS**) funding arrangements;
- Provide \$145.5 million over two years for Primary Health Networks to continue to fund locally tailored after-house health services based on community need;
- Provide an additional \$64.3 million over four years to continue *BreastScreen Australia* programme for women from 70-74 years of age to continue to have access to breast screening services. This is in addition to the Government's *BreastScreen* programme for women from 50 to 60 years of age;
- Provide \$41.6 million over four years to continue for the Victorian Cytology Service to provide cervical cytology services for women from 25 to 74 years of age. This will extend the current agreement with the Victorian Government, which is due to expire on 30 June 2017;
- Provide \$163.6 million over five year from 1 January 2017 to increase the two-year cap on benefits available for eligible families under the Child Dental Benefits Schedule (CDBS) from \$700 to \$1000 and to maintain prices for items on the CDBS for a further two years;
- Provide \$54.0 million over five years from 2016-17 to provide free access to continuous glucose monitoring devices for children and young adults under 21 years of age to manage their type 1 diabetes;
- Provide \$374.2 million over two years from 2017-18, including \$94.0 million in capital to continue the My Health Record system and expand utilisation of the system through the implementation of national opt-out arrangements as agreed by the COAG Health Council on 24 March 2017; and
- Provide \$486 million toward mental health, preventative health and sport.

The Government will increase the Medicare levy from 2.0 to 2.5 per cent of taxable income from 1 July 2019. This measure is estimated to have a gain to tax revenue of \$8.2 billion over the forward estimates period. Revenue generated will be used to support the NDIS and Medicare.

Further information on budget measures in Health portfolio can be found [here](#).

To read the Minister's media release on guaranteeing Medicare and improving access to medicines, click [here](#).

To read the Minister's media release on guaranteeing Australia's health system, click [here](#).



## Education and Training

The Commonwealth will spend approximately \$46.1 billion on education portfolio initiatives in 2017-18. It will:

- Provide \$18.6 billion in recurrent funding for schools for the period to 2027, to implement a new needs-based funding model for schools which delivers a consistent Commonwealth approach for all schools in all States and Territories, adjusted on the basis of need;
- Legislate ongoing support for the \$592 million Higher Education Participation and Partnerships Program;
- Phase in increased maximum student contributions by 1.8 per cent each year between 2018 and 2021 cumulating to a 7.5 per cent increase – meaning a change in the share between students and taxpayers from 42 per cent to 46 per cent for students and 58 per cent to 54 per cent for taxpayers;
- Lower the starting repayment threshold for loans to \$42,000 with a one per cent repayment rate;
- Provide \$5.9 million over four years from 2017-18 to trial the use of digital applications to improve English literacy outcomes for Aboriginal and Torres Strait Islander children;
- Achieve savings of \$251.5 million over two years by introducing changes to family assistance law to further improve the integrity and sustainability of the family day care sector. The changes took effect on 13 March 2017;
- Provide \$60.0 million over two years from 2017-18 to establish an industry specialised mentoring service to complement the existing In-Training Support services available under the *Australian Apprenticeship Support Network* programme;
- Achieve savings of \$43.3 million over six years from 2016-17 (including \$8.3 million in 2021-22) by reducing uncommitted funding from the *Industry Workforce Training* programme. Funding of \$273.8 million over six years will continue to be provided to support the engagement of industry in the national training system;
- Provide \$61.8 million per year from 2017-18 from within the Community Child Care Fund to ensure continued support for the existing *Budget Based Funded Programme* and to increase the participation of Indigenous children in early learning and care;
- Achieve savings of \$119.3 million over three years from 2018-19 by better targeting the Child Care Subsidy only to families with incomes below \$350,000 per annum (in 2017-18 terms). The upper income threshold of \$350,000 per annum will be indexed annually by CPI from 1 July 2018;
- Provide \$429.4 million over two years from 2017-18 to extend the National Partnership Agreement on Universal Access to Early Childhood Education for the 2018 calendar year, and to undertake the related National Early Childhood Education and Care Collection in early 2019;
- Provide \$24.0 million over four years from 2017-18 to establish a *Rural and Regional Enterprise Scholarships* programme to improve educational attainment, skills development, and employment opportunities for rural and regional students;
- Provide \$1.5 billion over four years from 2017-18 to establish a permanent *Skilling Australians Fund* (the Fund) to support the skilling of Australian workers. The Fund will



prioritise apprenticeships and traineeships for occupations in high demand, occupations with a reliance on skilled migration pathways, industries and sectors of future growth, trade apprenticeships, and traineeships in regional and rural areas; and

- Achieve savings of \$112.4 million over five years from 2017-18 (including \$32.1 million in 2021-22) by identifying efficiencies in the *Skills for Education and Employment Programme*.

Further information on budget measures in Education portfolio can be found [here](#).

To read the Minister's media release on higher education reform, click [here](#).

To read the Minister's media release on school funding reform in the Budget, click [here](#).

## **Infrastructure & Regional Development**

Development of national infrastructure has been a centerpiece of the 2017-18 budget, with the Government committing \$4.9 billion to the portfolio. It was announced prior to Budget that the Government is committed to the delivery of the Western Sydney Airport at Badgerys's Creek. The Government will own and operate the airport, slated to be operational by 2026. The Government will commit up to \$5.3 billion in equity to be invested over 10 years in line with the construction schedule.

Other major infrastructure projects unveiled in the 2017-18 budget include:

- \$20 million in funding to support business case development for infrastructure projects focussed on achieving faster rail connections between major cities and major regional centres. The Government will seek submissions from proponents interested in partnering in the design, build and operation of faster rail in key transport corridors, under which the Government would provide up to 50 per cent of funding for the projects if approved;
- The commencement of a \$10 billion investment package in rail projects as part of the National Rail Programme and the provision of an additional \$8.4 billion in funds to deliver the Inland Rail project to provide a high-capacity freight link between Melbourne and Brisbane through the Australia Rail Track Corporation; and
- Injection of over \$1 billion in funds to upgrade Victorian rail infrastructure, and \$792 million package delivered to the Metronet project in Western Australia.



Further information on budget measures in the Infrastructure and Regional Development portfolio can be found [here](#).

To read the Minister's media release on the 2017-18 Budget, click [here](#).

To read the Minister's media release on the Western Sydney Airport, click [here](#).

To read the Minister's media release on the Government's Rail Investment, click [here](#).

## **Immigration & Border Protection**

The 2017-18 Budget commits \$6.3 billion to deliver on objectives within the Department of Immigration and Border Protection portfolio. Additionally, the Government has announced major changes to Australia's immigration system, including significant reforms to the Department of Immigration and Border Protection's visa programme. Such changes include:

- Temporary Work (Skilled) (subclass 457) visa programme to be replaced with a new Temporary Skills Shortage visa. The new visa will be available in two streams;
  - A short-term stream allowing entry for up to two years at an application cost of \$1060 per visa with one-time onshore renewal capacity. Short term visa holders will be unable to apply for employer-sponsored permanent residency; and
  - A medium-term stream allowing entry for up to four years at a cost of \$2400 per visa on the condition of possessing a high-level of English language proficiency. Medium term visa holders will be able to apply for permanent residency after three years.
  - Both streams will require two years of work experience, a mandatory criminal history check and be subject to labour-market testing.

The Government has also allocated \$185.4 million over four years to reform Australia's visa processing arrangements and enhance biometric storage and processing capabilities. This will involve:

- Enhancing the visa framework to support economic and migration objectives;
- Improving existing ICT systems to support the potential for expanded service delivery by market based providers; and
- Replacing existing ICT systems to enhance the Government's ability to verify the identity of individuals arriving in Australia.

Further information on budget measures in the Immigration and Border Protection portfolio can be found [here](#).

To read the Minister's media release on the 2017-18 Budget, click [here](#).

To read the Minister's media release on Visa Reforms, click [here](#).

For Barton Deakin's brief on the abolition of the 457 visa programme, click [here](#).



## Housing

- The Government announced a range of measures aiming to put downward pressure on housing affordability. The Commonwealth will provide funding of \$1.9 billion to support State-based affordable housing services, including \$1.4 billion through the National Affordable Housing SPP and \$553.6 million through National Partnerships. The Government has included several strategies to ease pressure on demand in the Australian housing market, including:
- Allowing persons aged 65 or over to make a non-concessional contribution of up to \$300,000 from the proceeds of selling their home from 1 July 2018, aimed at increasing the supply of housing;
- Allowing future voluntary contributions to superannuation made by first home buyers from 1 July 2017 to be withdrawn for a first home deposit, along with associated deemed earnings, up to \$30,000. Concessional contributions and earnings that are withdrawn will be taxed at marginal rates less a 30 per cent offset. This measure is aimed at easing pressure on first-home buyers to save for a deposit;
- The provision of \$63.1 million over four years from 2017-18 to the Department of the Treasury to establish the National Housing Finance and Investment Corporation (**NHFIC**). The NHFIC will then oversee a bond aggregator aimed at providing more affordable finance for community housing providers;
- The provision of \$1 billion over five years to establish the National Housing Infrastructure Facility (**NHIF**), aimed at providing financial assistance to local Government from 2018-19 for infrastructure that supports new housing. The NHIF will provide financial assistance including concessional loans and grants;
- The introduction of a charge on foreign owners of residential property where the property is not occupied for at least six months per year, to be levied annually. The charge will be equivalent to the relevant foreign investment application fee imposed on the property at the time it was acquired by the foreign investor;
- The introduction of a 50 per cent cap on foreign ownership in new developments through a condition on New Dwelling Exemption Certificates;
- The denying of foreign and temporary tax residents access to the CGT main residence exemption, as well as the reduction of the CGT withholding threshold for foreign tax residents from \$2 million to \$750,000, from 1 July 2017;
- The reforming of the National Affordable Housing Agreement to provide indexed funding for a new National Housing and Homelessness Agreement (**NHHA**) from 2018-19. The NHHA will combine funding currently provisioned under the National Affordable Housing Specific Purpose Payment (**NAHSPP**) and the National Partnership Agreement on Homelessness (**NPAH**);
- An additional \$375.3 million over three years from 2018-19 to fund homelessness support services, with funding to be matched by the State and Territory Governments;
- \$10.2 million over 10 years from 2017-18 to partner with State and Territory Governments to trial the use of Social Impact Investments to fund programmes aimed at improving housing and welfare outcomes for young people at risk of homelessness;
- \$23.5 million over four years from 2017-18 to expand the capacity of the Department of the Prime Minister and Cabinet to support delivery of the National Cities Agenda; and





- The Western Sydney City Deal, where the Government will provide payments to State and Local Governments to implement planning and zoning reform, increase housing supply and put downward pressure on housing affordability in Western Sydney.

To read the Treasurer's media release on housing affordability reform, click [here](#).

## Social Services

The Government stated it would continue to improve the integrity of the social services safety net as a main priority. The Government has committed to the following initiatives, with \$6.1 billion directed to the Social Services portfolio and \$7.5 directed to the Human Services portfolio in the Budget.

- The Government will introduce a new JobSeeker Payment which will consolidate current categories in the existing welfare system into a simplified payment structure, phased in progressively by 2020;
- Payment recipients will be subject to stricter mutual obligation requirements regarding job seeking, stratified based on age. Through a 'demerit point' system, failure to meet mutual obligations on four occasions will reduce welfare payments;
- The Government will also provide \$20.4 million to bolster the skills of job seekers with the Career Transition Assistance Programme and an expansion of the National Work Experience Programme;
- Pilot opportunities with existing accredited Government service providers to reduce call wait times by increasing Centrelink call centre capacity by 250 full-time equivalent roles, whilst aiming to facilitate more efficient information-sharing arrangements with the Australian Taxation Office;
- The Government will invest \$30 million to develop the private capital-based social impact investment market and facilitate investment trials with State and Territory Governments to solve complex social problems including youth homelessness and welfare dependence;
- Save \$15 million over four years from 2017-18 by introducing compliance arrangements for the No Job No Pay and Healthy Start for School policies to ensure that families receiving Family Tax Benefit (FTB) Part A meet immunisation and health check requirements from 1 July 2018.

Further information on budget measures in the Social Services portfolio can be found [here](#).

Further information on budget measures in the Human Services portfolio can be found [here](#).

To read the Minister's media release on the funding of the NDIS, click [here](#).

To read the Minister's media release on welfare reform, click [here](#).



## Defence & National Security

The Government remains committed to delivering on objectives set out in the 2016 Defence White Paper, with targeted spending of 2 per cent of GDP set to be achieved by 2020-21, three years ahead of schedule as per commitments made in the 2013 election. In 2017-18, Defence will receive \$34.6 billion, or \$150.6 billion over the forward estimates.

The Government continues to proceed with their \$200 billion Integrated Investment Programme, which has funded the naval shipbuilding programme and F-35 Joint Strike Fighter programme.

The Government will achieve savings of \$304.1 million out of \$150.6 billion in Department of Defence (Defence) funding over four years from 2017-18 by reducing numbers of consultants and contractors as well as limiting the costs of non-operational overseas and business travel.

In terms of Australia's national security infrastructure, the Government has committed to:

- \$321.4 million over four years from 2017-18 in the Australian Federal Police (AFP) to strengthen key tools and increase investigative resources such as intelligence, covert surveillance, forensics and tactical response capabilities to support high priority AFP operations;
- Additional funding (amount undisclosed) to support the operations of the Australian Security Intelligence Organisation; and
- \$10.7 million over four years directed to the Digital Transformation Agency to establish the Cyber Security Advisory Office (**CSAO**) which will provide central governance and assurance for cyber security across the Government.

Further information on budget measures in the Defence portfolio can be found [here](#).

Further information on budget measures in the Attorney-General's portfolio can be found [here](#).

To view Barton Deakin's Brief on the Defence White Paper 2016, click [here](#).

To read the Minister's media release for the Defence portfolio, click [here](#).

## Industry, Innovation & Science

The Budget outlines \$2.17 billion in spending across the Industry, Innovation and Science portfolio for 2017-18. The Commonwealth Government will:

- Provide \$101.5 million over five years from 2016-17 to establish an Advanced Manufacturing Fund to promote research and capital development for high technology manufacturing businesses;
- In addition to the \$500.0 million investment in Victorian regional rail, the Government will provide \$600.0 million over two years from 2019-20 as part of a \$10 billion *National Rail Programme* to better connect our cities and regions and grow the economy;



- Provide a conditional grant depending on the smelter continuing operations at 90 per cent of its pre-power outage level until 30 June 2021. The Government has provided \$30.0 million in 2016-17 to the Portland Aluminium Smelter joint venture to help restore capacity following a power outage on 1 December 2016. The funding will support restarting the smelter and ensuring continuity of operations;
- Provide \$26.1 million over four years from 2017-18 (\$120.0 million over 11 years) to maintain Australia's capability in optical astronomy and its international competitiveness in space and astronomy enabled research; and
- Provide \$472.2 million over four years from 2017-18 to establish the Regional Growth Fund. The Regional Growth Fund will include \$272.2 million to provide grants of \$10.0 million or more for major transformational projects which support long-term economic growth and create jobs in regions undergoing structural adjustment.

Further information on budget measures in the Industry, Innovation, and Science portfolio can be found [here](#).

To read the Minister's media release on the \$100 million advanced manufacturing package, click [here](#).

## **Agriculture & Water Resources**

The 2017-18 Budget includes a range of measures for agriculture and water resources, building on commitments made in the 2016 Agricultural Competitiveness White Paper. New initiatives announced in this year's budget include:

- \$8.3 million over four years from 2017-18 to support the Australian Livestock Exporters' Council to implement the *Livestock Exports Global Assurance Program* (LGAP);
- \$28.5 million over four years from 2017-18 to establish the Regional Investment Corporation (RIC) which administer the Government's \$2 billion farm business concessional loans from 2018-19, as well as the \$2 billion National Water Infrastructure Loan Facility;
- The implementation of reforms to Australia's food safety system from 2017-18. This measure will mandate documentary evidence that food importers have effective internationally recognised food safety controls in place. It will also provide additional powers to monitor and manage new and emerging risks and broaden Australia's emergency powers to allow food to be held at the border.

Further information regarding the budget measures for the Agriculture and Water Resources portfolio can be found [here](#).

To read the Minister's media release on the Budget 2017-18, click [here](#).

To read the Minister's media release on the Regional Investment Corporation, click [here](#).

To read Barton Deakin's Brief on the Agricultural Competitiveness White Paper, click [here](#).



## Communications & Arts

The Government has made several major changes in the Communications and Arts portfolio in the 2017-18 Budget. These will include initiatives to:

- Abolish broadcast licence fees, datacasting charges and existing apparatus licence fees for broadcasting spectrum. These charges will be replaced from 2017-18 by a new regime of apparatus licence fees for broadcasting spectrum. This change is estimated to have a cost to revenue of \$414.5 million over the forward estimates period;
- Provide \$90.2 million over five years from 2016-17 to the Australia Council to meet demand for grants from artists and organisations. The cost of this measure will be met by redirecting \$80.2 million over four years from 2017-18 from the Department of Communications and the Arts;
- Provide \$7.0 million over four years from 2017-18 to the Australian Competition and Consumer Commission (**ACCC**) to establish the *Broadband Performance Monitoring and Reporting Program* which will collect and publish information comparing the speed and reliability of fixed-line retail broadband services delivered over the National Broadband Network; and
- Provide funding of \$6.1 million over two years from 2017-18 to support community radio stations in regional and metropolitan areas across Australia. This measure will include \$3.9 million to assist community radio broadcasters in the provision and rollout of digital radio services. A further \$2.2 million will be provided to assist community radio broadcasters to meet the costs of infrastructure upgrades and other measures.

To read the Minister's media release on the new broadcast licence fees, click [here](#).

To read the Minister's media release on the Australia Council funding, click [here](#).

Further information regarding budget measures for the Communications and Arts portfolio can be found [here](#).

## Energy & Environment

Within the Energy and Environment portfolio, the Government will provide:

- \$13.4 million over five years from 2017-18 for the Commonwealth Scientific and Industrial Research Organisation (**CSIRO**) to complete the Energy Use Data Model and make it available for use by regulators and industry to deliver improved market forecasting and research outcomes;
- \$30.4 million over four years from 2017-18 to undertake scientific assessments on three prospective onshore unconventional gas sites to identify the potential impacts on water resources and other environmental assets;
- \$28.7 million over four years from 2017-18 to accelerate the development of onshore gas for the domestic market;



- \$19.6 million over four years from 2017-18 for the Gas Market Reform Group to accelerate reforms agreed by the COAG Energy Council to improve gas market efficiency and transparency; and
- \$6.6 million over three years from 2017-18 to the Australian Competition and Consumer Commission (ACCC) to establish a monitoring regime for the gas market by using its inquiry powers to compel the gas industry to provide greater transparency of transactions in the gas market, including factors affecting supply and pricing.

The Budget measures also include \$7.6 million in 2017-18 for:

- Pre-feasibility studies and cost-benefit analyses of two potential gas pipelines to South Australia; one from the Northern Territory and one from Western Australia;
- The Australian Energy Market Operator to undertake a scoping study of potential improvements to the National Gas Services Bulletin Board that would allow users to view real-time data about gas availability;
- An examination of the constraints on increased gas supply on the east coast of Australia; and
- A detailed study of current and potential gas production in offshore South Eastern Australia.

The Government will also make available up to \$110.0 million for an equity investment, if required, to accelerate and secure delivery of a solar thermal project in Port Augusta, South Australia.

Further information regarding budget measures for the Environment and Energy Budget portfolio can be found [here](#).

To read the Minister's media release on the Budget measures, click [here](#).

## **Foreign Affairs and Trade**

The Commonwealth will spend approximately \$5.8 billion on foreign affairs and trade portfolio initiatives in 2017-18. The Government will:

- Provide \$138.3 million over two years from 2017-18 to continue Australia's diplomatic engagement and security arrangements in Afghanistan. The funding will provide for operating costs and security for the Australian Embassy in Kabul, Afghanistan;
- Provide \$92.9 million over two years from 2017-18 to continue Australia's diplomatic engagement and security arrangements in Iraq;
- Achieve savings of \$303.3 million over two years from 2019-20 by maintaining the level of Official Development Assistance funding from 2019-20, with indexation to recommence in 2021-22; and
- Achieve savings of \$303.3 million over two years from 2019-20 by maintaining the level of Official Development Assistance funding from 2019-20, with indexation to recommence in 2021-22.

Further information on budget measures in the Foreign Affairs and Trade Budget can be found [here](#).



## Other Measures

- The Government will extend the 2015-16 Budget measure which allows small businesses to immediately deduct purchases of eligible assets costing less than \$20,000 by 12 months to 30 June 2018 for businesses with aggregated annual turnover less than \$10 million. This measure is estimated to have a cost to revenue of \$650.0 million over the forward estimates period;
- The Government will provide \$7.9 million over four years from 2017-18 to the ACCC to monitor and report on prices, costs and profits in the insurance market for home, contents and strata insurance in northern Australia;
- Provide \$13.2 million over five years from 2016-17 to establish an Independent Parliamentary Expenses Authority (IPEA). IPEA's core function will be to administer, audit and report on parliamentarians' work expenses. The new Authority will provide advice and will monitor and administer claims for travel expenses and allowances for parliamentarians and their staff.

## Further Information

To view the Treasurer and Finance Minister's joint press release, click [here](#).

To view the Commonwealth Government's Budget Papers, click [here](#).

To view the Treasurer's Budget Speech, click [here](#).

To view Barton Deakin's complete series of Budget Briefs, click [here](#).

For further information, please contact [Gabrielle Hedge](#) on +61 402 700 134, [Lucas Pender](#) on +61 400 930 301, [Grahame Morris](#) on +61 411 222 680, [David Alexander](#) on +61 457 400 524, or [Vanessa Findlay](#) on +61 407 895 813.

To stay up to date with the affairs of Coalition Governments and Oppositions around Australia, you can follow Barton Deakin on [Twitter](#) and [LinkedIn](#).