

WANADA 2018-19 Federal Budget Summary

Introduction

On Tuesday 8 May 2018 the Turnbull Government released the 2018-19 Federal Budget. This is the last budget of the 45th Parliament, as an election will be held by early 2019.

For the alcohol and other drug sector, the 2018-19 Budget did not address the continuing critical need for further investment in service capacity to meet community demand.

The *Final Report of the Crystal Methamphetamine (Ice) Inquiry* had recommended a more balanced approach to federal funding across law enforcement, treatment and support, and prevention activities. The Federal Budget 2018-19 failed to respond to calls across the political establishment for a more equitable, evidence-based approach to alcohol and other drug funding.

The Budget also outlines a range of concerning reductions over the forward estimates in aggregated program appropriations, of which alcohol and other drug service funding is a component. It is unclear as to whether alcohol and other drug programs will be impacted.

WANADA's Position

The Federal Budget is a disappointing indicator of the value that the current Federal Government places on alcohol and other drug service funding beyond the Ice Taskforce response in 2015. This is of particular concern considering this is the Federal Government's final budget prior to the next election, and is intended to reaffirm its platform.

WANADA will raise concerns regarding:

- the reductions in aggregated program appropriations over the forward estimates, and will seek assurances from the Federal Government that alcohol and other drug programs will not be affected.
- that the mid-term review of the National Drug Strategy has been removed from the intended Department of Health outcomes over the forward estimates. The mid-term review is a necessary action to ensure the Strategy, which is intended to operate until 2026, remains effectively targeted and contemporary.

In an environment where parliamentary reports identify the need for policy change, progress against the Closing the Gap outcomes fail to be reached, and services continue to experience high demand, it is fundamental that the Federal Government demonstrate a renewed focus on addressing alcohol and other drug harms.

While the national \$40 million funding allocation for treatment and training is welcomed, WANADA remains concerned that this does not reflect a fully national, planned and systemic approach to sector growth or capacity building.

WANADA will ensure that our concerns are raised in our engagement with the Federal Government. In addition, this Budget will inform WANADA's approach to the upcoming federal budget estimates and election campaign.

Budget Overview

The Federal Budget is clearly designed as a pre-election platform. It provides for a pathway to a surplus two years earlier than anticipated (in 2019-20), states that net national debt will peak in 2017-18, and outlines a range of infrastructure, tax and funding measures particularly aimed at middle income earners and ageing Australians. These initiatives, however, do not represent structural reform.

The tax cuts, announced prior to the Budget achieving surplus, will impact the budget bottom line by \$13.4 billion over 4 years, and \$140 billion over ten years. These cuts, however, are accounted for by a projected continuation of revenue growth due to an improving international market, particularly China.

Many analysts have expressed concern that while the tax cuts are appealing to many voters, these cuts have been announced prior to the revenue increases being realised. With the Budget not currently in surplus, and economic modelling reliant on a continued positive outlook from China, there remains some uncertainty regarding the strength of the forward estimates.

The Federal Budget included the announcement that there had been a \$35 billion windfall in revenue over four years. The Federal Government however has allocated only \$15 billion of this for spending. While this demonstrates restraint, it also provides the Federal Government with opportunity for further announcements in the lead up to the federal election.

Mental health was a particular focus in the Federal Budget, with a \$338 million increase in funding for suicide prevention, research and older Australians.

Impact on Western Australia

As announced in the last fortnight, Western Australia will receive \$3.2 billion for infrastructure projects including Metronet and a number of highway extensions and upgrades.

A GST top up was also confirmed, which will bring Western Australia's share of the GST from 47.3 cents for every GST dollar raised, to 50 cents. This \$188.9 million is earmarked for hospital infrastructure: Joondalup Health Campus expansion, Royal Perth Hospital refurbishment and Osbourne Park Hospital expansion.

Alcohol and Other Drug Budget Measures

Alcohol and Other Drug Funding

The Federal Government will provide \$40.0 million over three years from 2018-19 to support professional development in primary care for the treatment and support for alcohol and drug abuse and residential rehabilitation services.

This funding was previously announced. It is the product of an agreement between the Federal Government and the then-named Nick Xenophon Team, in exchange for the passage of the Welfare Reform Bill and the separation of the Welfare Drug Testing Trial into a separate bill.

\$20 million has been allocated for residential services in South Australia, while \$20 million will support professional development in primary care nation-wide.

Funding for this measure has already been accounted and provided for, and will not impact the forward estimates.

Good Sports Program

The Federal Government will provide \$10.0 million over two years from 2018-19 to extend the Good Sports Program administered by the Alcohol and Drug Foundation. The Program supports community sporting clubs to promote good health at the local level and to reduce harmful alcohol consumption and drug use by encouraging individuals to seek help.

The funding will also provide for a comprehensive, independent evaluation of the Program.

Department of Health Expenditure

Program 2.4 of which alcohol and other drug programs are one of four components will reduce over the forward estimates.

| 2017-18 Estimated actual \$'000 | 2018-19 Budget | 2019-20 Forward Year \$'000 | 2020-21 Forward Year \$'000 | 2021-22 Forward Year \$'000 |
|---------------------------------------|-------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| 487,527 | 445,407 | 438,716 | 436,664 | 428,369 |

Department of Health Performance

The Department of Health has outlined the following results and targets for its efforts to prevent and reduce harm to individuals and communities from alcohol, tobacco and other drugs.

Notably, the mid-year review of the National Drug Strategy has been removed from the forward estimate targets.

| 2017-18 Estimated Result | 2018-19 Target | 2019-20 (& beyond) Target |
|---|--|---------------------------|
| <p>Implementation of Commonwealth funded activities under the National Ice Action Strategy is almost complete. Funding provided to support the delivery of alcohol and other drug treatment services.</p> <p>Fetal alcohol spectrum disorders resources developed and promoted.</p> <p>National Drug Campaign delivered.</p> <p>Annual Report on the National Ice Action Strategy provided to the Council of Australian Governments from the Ministerial Drug and Alcohol Forum in December 2017.</p> <p>Working group established under the National Drug Strategy Committee to oversee the development of the implementation plan for the National Drug Strategy.</p> | <p>Continue investment in quality alcohol and drug treatment services.</p> <p>Continue to build the evidence base in relation to alcohol and drugs through high quality research.</p> <p>Work with States and Territories, and other relevant agencies to:</p> <ul style="list-style-type: none"> finalise the next iteration of the National Alcohol Strategy and the National Tobacco Strategy and continue to focus on the priority areas identified; and continue reporting on the National Drug Strategy and associated sub-strategies. | <p>As per 2018-19.</p> |

| 2017-18 Estimated Result | 2018-19 Target | 2019-20 (& beyond) Target |
|---|----------------|---------------------------|
| National Drug Strategy Committee and the Ministerial Drug and Alcohol Forum met twice to oversee and monitor the progress of the National Drug Strategy, and associated sub-strategies. | | |

Cashless Welfare Card

The Government is extending the trial of the Cashless Debit Card program until 30 June 2019.

The program will continue to operate in the following locations:

- Ceduna, South Australia
- East Kimberley, Western Australia
- Goldfields region, Western Australia.

Indigenous Advancement Strategy

The IAS Program 2.3 (Safety and Wellbeing) aims to reduce offending, violence and substance use. The total expenditure of this program is to fall over the 2018-19 budget and forward estimates.

| 2017-18 Estimated actual \$'000 | 2018-19 Budget \$'000 | 2019-20 Forward Estimate \$'000 | 2020-21 Forward Estimate \$'000 | 2021-22 Forward Estimate \$'000 |
|---------------------------------|-----------------------|---------------------------------|---------------------------------|---------------------------------|
| 301,183 | 281,634 | 278,629 | 295,850 | 291,611 |

Confiscated Assets Account

The *Final Report of the Crystal Methamphetamine (Ice) Inquiry* recommended more equitable distribution of *Confiscated Assets Account* funds to prevention, law enforcement, treatment and support, and diversion. This is not apparent in the Budget papers, with allocations provided to the Australian Criminal Intelligence Commission and Department of Home Affairs only.

Other Measures

Beer and spirit excise and claims

As announced prior to the Budget, the two tier tax system for beer will be amended. Currently, draught beer sold in containers exceeding 48 litres is taxed at \$34 a litre while beer sold in containers of up to and including 48 litres are taxed \$49. The Federal Budget will extend concessional beer excises to smaller containers. This measure is intended to benefit craft brewers.

The amount of excise that can be claimed back by alcohol manufacturers will also increase. Currently, alcohol manufacturers can claim a refund of 60 per cent in the excise duty paid on

beer and spirits of up to \$30,000 a year. This will increase to \$100,000 from July 1 2019 and apply to all brewers and distillers for the first time.

The impact of this decision will be \$85 million over the forward estimates.

Illicit Tobacco

As announced prior to the Budget, the Federal Government will establish an Illicit Tobacco Taskforce, introduce a new framework to protect tobacco duty, and provide additional resources to address illegal domestic production. The measures announced today are expected to increase revenue by \$3.6 billion over the forward estimates.

The multi-agency Illicit Tobacco Taskforce, will be led by the Australian Border Force, and will focus on law enforcement and dismantlement of illicit tobacco supply chains.

From 1 July 2019, importers will be required to pay all duty and tax liabilities when tobacco enters the country, rather than when it leaves a licensed warehouse and enters the domestic market. This will reduce the potential for leakage from warehouses to the black market. From this date, it will also be illegal to import tobacco without a permit.

The Federal Government will also provide the Australian Taxation Office with additional resources to address domestic illicit tobacco and upgrade their excise systems. Recent estimates from the Australian Tax Office and the Department of Home Affairs reveal that almost \$600 million in tobacco duty was foregone in 2015-16 financial year as a result of the trade in illicit tobacco.

The measure is estimated to have a net gain to the budget of \$3.6 billion over the forward estimates period.

National Partnership on Northern Territory Remote Aboriginal Investment — Community Safety

The Commonwealth will provide funding to the Northern Territory to make communities safer, improve child safety and address alcohol-related harm.

The National Partnership will support the Northern Territory to improve outcomes in schooling, health, community safety and job creation for Aboriginal and Torres Strait Islanders.

The National Partnership will cost \$168.8 million over forward estimates.

Court-Imposed Fines

From 1 March 2019, people receiving welfare payments with outstanding court-imposed fines will be encouraged to make repayment arrangements via Centrepay.

If they do not voluntarily enter a repayment arrangement, they will be contacted by Centrelink and encouraged to enter a repayment arrangement with the relevant state and territory government. If they fail to enter an arrangement, compulsory deductions will be taken from their welfare payments to pay for their fines.