

Health Flexible Funds – pausing indexation and achieving efficiencies

Flexible Funds will be combined into a new funding structure to start from 1 July 2016. The new structure will streamline 11 outcomes to six, and have new corresponding programs. Through this measure, \$182.2 million will be saved over three years through a pause on indexation and a three per cent reduction to some funds. All existing contracts will be honoured.

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Why is this important?

- The Government remains committed to achieving responsible savings for the taxpayer, while balancing the need for ongoing quality health services for all Australians.
- This measure achieves responsible savings, and will enable more efficient targeting of health funding, with minimal impact on frontline delivery. The saving has been applied incrementally between years.
- The new outcome and program structure for health will provide greater transparency and a simpler and more streamlined way for providers to be funded, and for the Government to track progress and effectiveness of services.

Who will benefit?

- Providers will be funded to deliver quality health services, with greater transparency, and be more closely aligned with program objectives.
- Australians will continue to have quality frontline health services.

How much will this cost?

This measure will save \$182.2 million from 2017–18 to 2019–20, commencing 1 July 2017.

Flexible Funds Transition

Organisations previously funded from Flexible Funds will now be funded for their activities under the Government's revised program structure, which starts on 1 July 2016. This approach will create a simple, streamlined and more transparent way for the Government to invest in health priorities. Guidelines governing funding arrangements will be progressively issued for the new programs from 2016–17.

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Flexible Funds	Programs
Chronic Disease Prevention and Service Improvement Fund	1.1 Health Policy Research and Analysis 1.4 Health Peak and Advisory Bodies 2.4 Preventive Health and Chronic Disease Support 2.5 Primary Health Care Quality and Coordination
Communicable Disease Prevention and Service Improvement Grants Fund	5.2 Health Protection and Emergency Response
Health Protection Fund	5.2 Health Protection and Emergency Response
Health Social Surveys Fund	2.4 Preventive Health and Chronic Disease Support
Health Surveillance Fund	1.1 Health Policy Research and Analysis 2.4 Preventive Health and Chronic Disease Support 5.2 Health Protection and Emergency Response
Health System Capacity Development Fund	1.1 Health Policy Research and Analysis 1.4 Health Peak and Advisory Bodies 2.4 Preventive Health and Chronic Disease Support
Health Workforce Fund	2.3 Health Workforce

Rural Health Outreach Fund	2.3 Health Workforce
Practice Incentives for General Practices Fund	2.6 Primary Care Practice Incentives
Quality Use of Diagnostics, Therapeutics and Pathology Fund	4.3 Pharmaceutical Benefits
Regionally tailored primary care initiatives through Medicare Locals Fund	2.5 Primary Health Care Quality and Coordination
Single Point of Contact for Health Information, Advice and Counselling Fund	2.5 Primary Health Care Quality and Coordination
Substance Misuse Prevention and Service Improvement Grants Fund	2.4 Preventive Health and Chronic Disease Support
Substance Misuse Service Delivery Grants Fund	1.4 Health Peak and Advisory Bodies 2.4 Preventive Health and Chronic Disease
Medical Indemnity Insurance Fund	4.5 Medical Indemnity
Midwife Professional Indemnity Fund	4.5 Medical Indemnity

National Partnership Agreement on specified projects – addressing blood borne viruses and sexually transmissible infections

This measure will continue to reduce the risks and prevalence of communicable and chronic diseases in the Torres Strait region including HIV, hepatitis, rotavirus, streptococcal infections, chlamydia and gonorrhoea. The measure will expand the program from Saibai Island to the rest of the Torres Strait region. Surveillance and reporting for testing, vaccination and treatments will be strengthened, and community health education will be enhanced.

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Printable PDF version [National Partnership Agreement on specified projects – addressing blood borne viruses and sexually transmissible infections- PDF 221 KB](#)

Why is this important?

- People living in the Torres Strait are disproportionately affected by blood borne viruses (BBV) and sexually transmissible infections (STI), compared with the wider population in Queensland and Australia. Prevalence of chlamydia and gonorrhoea is around 20 times higher in the Torres Strait than in the rest of Australia, with the majority of infections reported among young Indigenous people, most likely through heterosexual contact.
- This measure reduces the burden on limited health resources in the remote communities of the Torres Strait, and enables health authorities to respond promptly and appropriately to priority health issues.
- Under this measure, the Commonwealth will fund the Queensland Government to increase the number of ongoing primary health care staff in the Torres Strait to undertake disease prevention activities, surveillance, testing and treatment, sexual health checks, and deliver a culturally appropriate sexual health education campaign.
- This measure will contribute to national efforts to meet the targets and objectives set out in national strategies for hepatitis B and C, HIV, STI, and Aboriginal and Torres Strait Islander BBV and STI.

Who will benefit?

- People living in remote communities in the Torres Strait will receive enhanced health services, prevention and education activities, to help reduce the prevalence of communicable diseases.

How much will this cost?

The National Partnership Agreement will run from 1 July 2016 to 30 June 2020.

There is nil financial impact, moving \$4.5 million from 2016–17 to 2019–20 from the Department of Health to the Council of Australian Governments Reform Fund.

National Coronial Information System – continuation

This measure will continue funding the national coronial database to contribute to the Australian Bureau of Statistics on causes of death and to other data sets. This data informs health policy and planning.

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Why is this important?

- The National Coronial Information System is a database that compiles coronial reports across all states and territories on deaths reported to a coroner, and the coroner's findings and recommendations.
- The system contributes to major national data sets such as the Australian Bureau of Statistics Causes of Death Data, the Australian Institute of Health and Welfare National Mortality Database, and the National Death Index.
- The continuing availability of coronial trend data is invaluable to monitoring health policy and program development and evaluation. It also informs key health and injury prevention interventions in areas such as alcohol and other drugs, mental health and suicide, infectious diseases, non-communicable diseases, transport safety, consumer safety, occupational health and safety and interpersonal violence prevention.
- The data has been used alongside other data on illicit drug treatment, ambulance activity and hospital emergency presentations. This provides a more comprehensive picture of patterns of drug-related use and harm over time.

Who will benefit?

- All Australians benefit from policy makers having access to comprehensive and quality data which informs health service planning and programs, and prevention of death and injury.

How much will this cost?

This measure will provide \$2.0 million from 2015–16 to 2019–20 for the Department of Victorian Justice to maintain a National Coronial Information System.

THE NUMBERS

- The deficit for 2016-17 is \$37.1 billion (2.2% of GDP), \$3.4 billion worse than in MYEFO. The deficits in the out-years also are slightly larger than before, but gradually decline.
- The timetable for the expected return to surplus remains 2020-21. Government revenue as a share of GDP is projected to be a lowly 23.9% of GDP in 2016-17. The Government's spending share is projected to be elevated at 25.8%.
- With deficits expected until the next decade, public debt will continue to rise. In fact, the peak debt ratio now is expected to be higher.

KEY MEASURES

SMALL BUSINESS

- The small company tax rate will be cut to 27.5 per cent from 1 July, 2016 and the threshold for accessing and the annual turnover threshold for businesses able to access it will increase from \$2 million to \$10 million. The tax rate will then be progressively reduced to 25 per cent by 2026.
- The unincorporated tax discount will be increased from 5 per cent to 8 per cent from 1 July, 2016 and then progressively increased to 16 per cent by 1 July, 2026. The discount will be limited to small businesses with turnover of less than \$5 million and remain capped at \$1,000 per individual firm per year.
- Concessions already available to small businesses with turnover of less than \$2 million will be extended to businesses with turnover of less than \$10 million from 1 July, 2016, including:
 - Simplified depreciation rules, including the ability to claim an immediate deduction for each asset costing less than \$20,000 until 30 June, 2017.
 - The option to account for GST on a cash basis and pay GST instalments.
 - A simplified method of paying CGT benefits.

PERSONAL TAX & SUPERANNUATION

- The 32.5 per cent personal tax income threshold will be increased from \$80,000 to \$87,000 to minimise bracket creep until 2019-2020.
- The use of superannuation as a tax minimisation or estate planning vehicle will be minimised by:
 - A \$1.6 million cap on the amount of superannuation that can be withdrawn tax-free in retirement, to be introduced from July 1, 2017.
 - Decreasing the threshold at which a 30 per cent tax applies to concessional contributions from \$300,000 to \$250,000.

- Reducing the annual cap on concessional contributions to \$25,000.
 - Introducing a lifetime cap of \$500,000 on non-concessional contributions that takes into account all contributions made on or after 1 July 2007. The lifetime cap will replace the existing annual cap on non-concessional contributions and come into effect immediately.
 - Taxing the earnings on transition to retirement pensions.
 - Removing anti-detriment transitional provisions which, in practical terms, provide a refund of contributions tax paid over a lifetime.
- Superannuation will be made more flexible by various measures:
 - From July 1 2017, people with superannuation balances of less than \$500,000 will be able to carry forward unused concessional caps for five years. This will let people with broken career patterns, for example, catch up with their super savings.
 - From 1 July 2017, people aged 65 to 74 will no longer have to satisfy a work test to make super contributions.
 - Superannuation will be made more equitable by introducing a low income tax superannuation tax offset of up to \$500 for people earning less than \$37,000 to avoid situations in which low income earners pay more tax on superannuation contributions than on their wages. It will replace the low income superannuation contribution when it expires on 30 June 2017.

NOT-FOR-PROFITS

- The Government will establish the National Disability Insurance Scheme Savings Fund Special Account to assist in meeting the future costs of the NDIS. In 2016-17, \$2.1 billion will be credited to the fund.
- A \$96.1 million Try, Test and Learn Fund to help the Government identify groups at risk of long-term welfare dependency and design policies to address barriers to work will be established. The policies will be developed with input from external experts and the community sector.

PUBLIC SECTOR

The efficiency dividend for the Australian Public Service will be increased by 1.5 per cent in 2017-18, 1 per cent in 2018-19 and 0.5 per cent in 2019-20.

FAMILY & COMMUNITIES

- The Government will provide \$751.7 million over four years to establish a Youth Jobs PaTH program for young job seekers under 25 years, including:

- Pre-employment training of up to six weeks from July 1, 2017.
 - Internship placements of four to 12 weeks from July 1, 2017. The internships will be voluntary and provide incentives of \$1,000 upfront to a business to host an intern and a \$200 fortnightly payment to job seekers on top of their income support.
 - From 1 January 2017, a wage subsidy of \$6,500 to \$10,000 will be available to businesses who take on an eligible young job seeker.
- The Government has made a \$160 million provision for the plebiscite on same-sex marriage.