

The key points of the 2008-09 federal budget...

Key economic forecasts 2008-09...

- * Cash surplus - \$21.7 billion (1.8 per cent of GDP)
- * GDP growth - 2.75%
- * Current account deficit - 5% of GDP
- * Unemployment - 4.25%
- * Employment growth - 1.25%
- * Wages growth - 4%
- * Consumer price index - 3.25%

Savings...

- * \$33 billion over 4 years, including \$7 billion in 2008-09.

Tax - the good news...

- * Personal income tax to be reduced by \$47 billion over 4 years.
- * From July 1, person on \$48,000 a year to get a weekly tax cut of \$20.
- * Person earning \$14,000 or less to pay no tax.
- * Tax thresholds to rise - 30% from \$30,001 to \$34,001, 40% threshold from \$75,001 to \$80,001, 45% threshold from \$150,001 to \$180,001.
- * Medicare levy surcharge threshold to rise from \$50,000 to \$100,000 for singles, from \$100,000 to \$150,000 for couples.

Tax - the bad news...

- * Fringe benefits tax crackdown, to raise \$1.4 billion over four years.
- * Tightening of tax rules on those who use laptops for personal more than work use.
- * Family tax benefit to be means-tested, only available where main earner earns less than \$150,000 a year.
- * Baby bonus to be means-tested from January 2009, so it will only go to families earning less than \$150,000.
- * Tax rate on luxury cars to rise from 25 per cent to 33%, from July 2008.
- * Tax increased on ready to drink alcohol.

Tax - the future...

- * Comprehensive review of tax system to the end of 2009, but there'll be no change to the GST rate or tax-free super for those over 60.

The future...

- * New \$20 billion building Australia fund to finance roads, rail, ports and broadband.
- * New \$11 billion education investment fund to finance skills, TAFE colleges and universities.
- * New \$10 billion health and hospitals fund to finance improvements to hospitals and health care.
- * Funds delivered through new Council of Australian Governments (COAG) reform fund.

Child care...

- * Child care tax rebate to rise from 30 per cent to 50%.
- * Cap on rebate amount that can be paid to rise from \$4,354 to \$7,500 per child.
- * Child care tax rebate to be paid quarterly, instead of annually.
- * Baby bonus to rise to \$5,000 from July 2008.

Education...

- * New \$11 billion education investment fund to finance skills, TAFE colleges and universities.
- * 50% tax refund on education expenses, to cost \$4.4 billion over four years.
- * Refund up to \$375 a year for primary student, up to \$750 for secondary student.
- * Labor's "education revolution" to cost an extra \$5.9 billion over five years.
- * \$2.5 billion for trade training centres in schools.
- * Extra 630,000 training places to fill skills shortages, costing \$1.9 billion over five years.
- * \$1 million per school for computers.
- * All 4 year olds to get 15 hours a week, 40 weeks a year of early childhood education by 2013.

Housing affordability, renting...

- * \$2.2 billion package, including saver accounts to help people save for first homes.
- * First \$5,000 of individual contributions in saver account to attract 17 per cent government contribution.
- * Earnings from account to be taxed at 15 per cent.
- * Rental affordability scheme to encourage building of 50,000 new rental properties by 2011-12, costing \$623 million over four years.
- * Investors to get \$8,000 a year for 10 years for each dwelling rented to low income earners.

Older Australians...

- * One-off lump sum payments of \$500 to seniors, by June 2008.
- * Seniors concession allowance up from \$218 to \$500.
- * Phone allowance up from \$88 to \$132 for those with internet.
- * Utilities allowance up from \$107.20 to \$500, to be paid quarterly.

Carers...

- * Lump sum payments of \$1,000 to carer payment recipients, \$600 to carer allowance recipients.
- * Expanding eligibility for carer payments.
- * Additional 19,000 carers of children with severe disability to be entitled to carer payment in 2009-10, costing \$274 million over five years.

Health and hospitals...

- * New \$10 billion health and hospitals fund to pay for improvements to hospitals and health care.
- * Committing extra \$3.2 billion over five years to public health.
- * Immediate injection of \$1 billion to relieve pressure on public hospitals.
- * \$10 billion health and hospitals fund set up for long-term funding of hospitals, technology and research.
- * \$275 million for GP super clinics.
- * Extra tax on ready to drink alcoholic beverages, to try to curb binge drinking.
- * \$39 million to bring nurses back into the workforce.

Climate change...

- * \$2.3 billion over five years to cut greenhouse gas emissions
- * \$500 million over eight years for clean coal.
- * \$500 million over six years for renewable energy.
- * \$150 million over four years for energy innovation.
- * Green loans program - \$300 million over five years.
- * Loans of up to \$10,000 to households to cut water and power use.

Public service...

- * 1,200 commonwealth public service jobs to be lost as part of 2% "efficiency dividend", saving \$1.8 billion over five years.

Regional Australia...

- * \$2.2 billion over five years for caring for country program.
- * \$176 million over four years to improve infrastructure and services in regional Australia.
- * \$271 million over four years to provide regional areas with metro-comparable broadband.
- * \$130 million over four years to help farming adapt to climate change.

Transport...

- * New \$20 billion building Australia fund to finance roads, rail, ports and broadband.
- * \$75 million feasibility study on high-priority transport projects.

Indigenous Australia...

- * \$90 million over five years for child and maternal services.
- * \$99 million over five years for extra teachers in the Northern Territory.
- * \$56 million over four years to expand literacy and numeracy programs.

Business...

* Begin to reduce withholding tax, cutting current interim rate of 30% to final rate of 7.5% for most non-resident investors.

Defence...

* Defence budget to reach \$22.66 billion in 2008-09.

* \$1.04 billion for overseas operations

* Real growth in defence spending to average 4 per cent per year - up \$6 billion by 2011-12.

* Overseas development assistance to rise from \$3.2 billion to \$3.7 billion.

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