



BUDGET AT A GLANCE

Economic Outlook

- At 4.2 per cent, inflation is at a 16 year high. Economic growth will moderate to 2¾ per cent in 2008-09 because of higher interest rates and slower global growth.
- Powerful countervailing forces confront the economy. Global financial turbulence will slow growth, but rising terms of trade will boost incomes and prices.

Fiscal Outlook

- The Government will deliver a strong surplus of \$21.7 billion (1.8 per cent of GDP), with every dollar of new spending in 2008-09 matched by spending cuts.
- Growth in real spending will be 1.1 per cent in 2008-09, the lowest rate for nine years.
- The strong surplus and low spending growth will bear down on inflation, provide funds for long term investment, and ensure a strong budget at a time of global uncertainty.

\$55 billion Working Families Support Package

- The Government is helping ease the burden on working families by providing \$46.7 billion of **personal income tax cuts** over four years. This includes increasing the 30 per cent threshold from \$30,001 to \$34,001 and increasing the low income tax offset from \$750 to \$1,200.
- The 50 per cent **Education Tax Refund** will help parents invest in their children's education, at a cost of \$4.4 billion.
- The **Child Care Tax Rebate** will be increased from 30 to 50 per cent and paid quarterly at a cost of \$1.6 billion.
- The Government is introducing a \$2.2 billion **housing affordability package** to assist first home buyers and renters, including enhanced First Home Saver Accounts, a National Rental Affordability Scheme and the Housing Affordability Fund.
- The **Teen Dental Plan** will help families meet the costs of dental check-ups for teenage children, at a cost of \$491 million.
- The **Medicare Levy Surcharge thresholds** will be made fairer, by ensuring fewer people have to pay.
- Initiatives to **help ease rising cost of living pressures** include the National FuelWatch Scheme, grocery price monitoring and financial counselling services.
- The Government will provide \$2.4 billion in support in 2007-08 to help **older Australians and carers** with household bills, and Carer Payment (child) will be assessed more fairly.

Meeting our commitments

- The Government's **Education Revolution**, costing \$5.9 billion over five years, will provide quality learning opportunities for all Australians, help boost productivity and participation, and reduce entrenched disadvantage.
 - Initiatives include the \$1.2 billion Digital Education Revolution, \$2.5 billion over ten years for Trade Training Centres in Schools and \$1.9 billion to improve skills by delivering up to 630,000 additional training places.
- The \$3.2 billion **National Health and Hospitals Reform Plan** will revitalise the public health system.
 - Initiatives include \$275 million for GP Super Clinics, a \$249 million National Cancer Plan and a National Binge Drinking Strategy.
- The Government will invest \$2.3 billion over five years to tackle **climate change** by reducing emissions, adapting to change and helping Australia play a leadership role.
- The ten-year \$12.9 billion **Water for the Future** plan brings a strategic approach to securing rural and urban water supply, and \$2.2 billion for the **Caring for our Country** program will help protect and improve our natural resources.
- The Government is working with the States through the **Council of Australian Governments** to deliver better services and produce the right outcomes on matters that affect the daily lives of Australians.
- The Government will provide 3 per cent real growth per year on average in the underlying **Defence** funding base to 2017-18.

Investing in the future – three new nation building funds

- The Government will invest current and future budget surpluses in three nation building funds.
- The **Building Australia Fund** will fund shortfalls in national transport and broadband infrastructure.
- The **Education Investment Fund** will fund capital expenditure in Australia's higher education institutions.
- The **Health and Hospitals Fund** will finance the renewal and refurbishment of the nation's hospitals and health facilities and fund major medical research projects.

Responsible economic management

- The Government has identified savings of \$33 billion over four years, including \$7 billion in 2008-09.
- Savings measures in the Budget are aimed at reprioritising spending, better targeting tax and benefits, and ensuring Government administration is as efficient as possible.
- The Government will continue to examine spending and taxation in the second stage of the expenditure review and in the comprehensive review of Australian taxation.