



# Budget 2024–25

## Easing cost-of-living pressures

Taking pressure off Australians



Many Australians are under pressure from the cost of living. That's why the Government is delivering tax cuts for all Australian taxpayers from 1 July 2024. In addition to these tax cuts, this Budget delivers a further \$7.8 billion in cost-of-living relief.

This Budget builds on the Government's initiatives to provide cheaper child care, cheaper medicines, increased bulk billing incentives, energy bill relief, boost working age payments, student payments and Commonwealth Rent Assistance, and expand eligibility for the Parenting Payment (Single). In this Budget, the Government is providing more support for Australians doing it tough.

### Tax cuts for every taxpayer

The Government has legislated tax cuts for all 13.6 million Australian taxpayers from 1 July 2024. These tax cuts provide cost-of-living relief, return bracket creep, support women, and boost labour supply.

On average, taxpayers will receive a tax cut of \$1,888 or \$36 per week, in 2024–25. By 2034–35, someone earning an average income will pay \$21,915 less tax.

Compared to previously legislated settings, 11.5 million Australian taxpayers (84 per cent of taxpayers) will receive a bigger tax cut, delivering meaningful cost-of-living relief to middle Australia without adding to inflationary pressures.

This includes 2.9 million low-income taxpayers with taxable income of \$45,000 or less, who would not have received any support, and 5.8 million women (90 per cent of women taxpayers) who will receive a bigger tax cut.

The Government's tax cuts provide taxpayers, particularly low- and middle-income taxpayers, with greater protection against bracket creep and support the progressivity of Australia's tax system.

### Increasing Medicare levy low-income thresholds

The Government has increased the Medicare levy low-income thresholds for 2023–24, ensuring more than one million low-income taxpayers continue to be exempt from the Medicare levy or pay a reduced levy rate.

### New power bill relief

The Government is providing \$3.5 billion of energy bill relief, to all households and eligible small businesses. From 1 July 2024, more than ten million households will receive rebates of \$300 on their energy bills, while around one million small businesses will receive \$325.

### Boosting Commonwealth Rent Assistance

The Government is increasing maximum rates of Commonwealth Rent Assistance by a further 10 per cent at a cost of \$1.9 billion over five years. This builds on the 15 per cent increase in the last Budget and will take maximum rates over 40 per cent higher than in May 2022 – a combined result of indexation and the actions of the Government. Nearly 1 million households will benefit.

### Cheaper medicines

The Government is working to finalise an Eighth Community Pharmacy Agreement, supported by up to \$3 billion in additional funding. This will deliver cheaper medicines, improve health outcomes and secure a strong community pharmacy sector. As part of the Agreement, instead of rising with inflation, medicines will be kept cheaper through temporary freezes on the maximum patient co-payment.

### Debt relief for students

The Government will cap indexation of Higher Education Loan Program (HELP) and other student loan debts to the lower of the Consumer Price Index or Wage Price Index, so growth in debt does not outpace wages growth. The change in indexation will be retroactively applied from 1 June 2023 and will cut debts by \$3 billion for 3 million Australians.

### Supporting students during study

More than 73,000 eligible nursing, midwifery, teaching and social work students per year will receive a Commonwealth Prac Payment of \$319.50 per week for the duration of their placement. This will help to alleviate the significant financial impact of mandatory placements and increase retention in courses for careers in sectors experiencing shortages.

### Additional fee-free TAFE places

The Government will invest \$88.8 million over three years from 2024–25 to deliver 20,000 new Fee-Free TAFE places, including increased access to pre-apprenticeship programs in courses relevant to the construction sector.

### Freezing social security deeming rates

The Government is supporting social security recipients to manage cost of living pressures by freezing social security deeming rates for financial investments at their current levels until 30 June 2025. This will benefit around 876,000 income support recipients, including around 450,000 Age Pensioners.

### A fair go at the checkout

The Government recognises that the cost of living is putting many family budgets under significant pressure, including the cost of food and groceries. The Government has:

- directed the ACCC to undertake a 12-month inquiry into the supermarket sector,
- commissioned Dr Craig Emerson to review the Food and Grocery Code, and
- funded consumer organisation CHOICE to publish quarterly supermarket price transparency and comparison reports.

### Superannuation on Government-funded PPL

In recognition of the important contribution parents make, the Government is spending \$1.1 billion to pay superannuation on Government-funded Paid Parental Leave (PPL) for parents of babies born or adopted on or after 1 July 2025.

### Targeted support for JobSeeker Payment recipients with a partial capacity to work

The Government is providing \$41.2 million over five years to extend eligibility for the existing higher rate of the JobSeeker Payment. This will provide a boost of at least \$54.90 per fortnight to eligible recipients with a partial capacity to work of zero to 14 hours per week.

### Boosting support for Australians facing acute and urgent cost-of-living pressures

The Government will provide \$138.0 million over five years to meet high demand for crisis support including emergency relief. The Financial Wellbeing and Capability Activity program supports over 580,000 clients, of which over 60 per cent are women.