

A cluster of seven yellow stars of varying sizes, arranged in a semi-circle, positioned above the word 'BUDGET'.

BUDGET

OVERVIEW

14 MAY 2013

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Manager
Communications
The Treasury
Langton Crescent Parkes ACT 2600
Email: medialiasion@treasury.gov.au

Internet

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KEY INITIATIVES OF THE 2013-14 BUDGET

A strong economy and a path to surplus

- Australia's economy continues to outperform most of the developed world.
- In response to difficult global conditions and the sustained high Australian dollar, this Budget charts a pathway to return to balance in 2015-16 and to surplus by 2016-17, improves the sustainability of Australia's public finances and builds on Australia's record of fiscal and economic strength.
- This Budget delivers \$43 billion in savings to return the budget to surplus and fund key nation-building reforms.

Historic investment in Australian schooling

- \$9.8 billion over six years in once-in-a-generation school reforms to enhance Australia's future productivity and wellbeing.
- Additional funding for students across the country to ensure every student in every school gets the help they need.

DisabilityCare Australia

- Total investment in DisabilityCare Australia of \$19.3 billion over seven years — Australia's most fundamental social policy reform since Medicare.
- Raise the Medicare levy by half a percentage point to provide a strong and enduring funding stream for DisabilityCare Australia.

The next wave of Nation Building

- Committing to the next wave of vital infrastructure investment, bringing the Government's total investment to around \$60 billion from 2008-09 to 2018-19.
- New and innovative opportunities for private sector finance in public infrastructure.

Investing in key health services

- \$226 million to improve cancer prevention, detection, treatment and research, and provide better patient care and support.
- \$33.8 million further investment into the General Practice Rural Incentive program in 2013-14 to encourage medical practitioners to move to regional and remote communities.
- \$691 million over five years in new listings or amendments to the Pharmaceutical Benefits Scheme.

Boosting productivity through innovation, education, skills and research

- \$1 billion investment in boosting Australian innovation, productivity and competitiveness under A Plan for Australian Jobs.
- \$135 million for 150 four-year Future Fellowships to attract and retain the best Australian and international mid-career researchers in areas of crucial national importance.
- \$97 million from 2014 to 2017 for additional Commonwealth-supported places for sub-bachelor and postgraduate places.
- \$68.8 million over four years to establish an Alternative Pathways Program to deliver more flexible pathways for 4000 Australians completing apprenticeships in a trade or technical qualification in high demand industries facing skills shortages.

Supporting stronger regions

- \$330 million to support the historic Tasmanian Forests Agreement.
- \$99.4 million investment in a new Farm Household Allowance to support farmers in hardship.
- Farm Finance: A package of measures to provide financial relief and build the ongoing financial resilience of farmers

Making our retirement income system stronger and fairer

- Increasing the Superannuation Guarantee from 9 to 12 per cent from 1 July 2013 to 1 July 2019 to boost the retirement savings of 8.4 million Australians and increase the pool of superannuation savings by more than \$500 billion by 2037.
- \$112 million pilot to assist age pensioners to downsize their homes by providing a means test exemption of up to \$200,000 for ten years.

Budget at a glance

The Government has a clear path to return the budget to surplus while building a stronger economy, a smarter nation and a fairer society.

A stronger economy

Australia's economic fundamentals are strong. However, difficult global conditions and the sustained high dollar are weighing heavily on prices and profits across the board and reducing budget revenues. The hit to revenues will see a budget deficit of \$18.0 billion in 2013-14.

The Government has responded to these changing circumstances by setting a pathway to return the budget to balance in 2015-16 and to surplus by 2016-17. It is achieving this while continuing to invest in our economy to keep it strong.

To boost our nation's productivity, this Budget invests \$24 billion over six years in public transport and roads, including regional highways.

A smarter nation

We are making historic investments in our children, schools and workforce to help drive productivity and a smarter nation.

Our unprecedented investment in early childhood education, once in a generation school reforms, and additional higher education places will ensure our children have the education they need for the high-skilled, high wage jobs of the future.

These reforms will provide more support in the classroom, more training for teachers and support for kids doing it tough. This investment will ensure every child has the opportunity to achieve their potential.

A fairer society

The Government is committed to creating opportunities that provide a fairer future for all.

This Budget delivers permanent and enduring funding for DisabilityCare Australia, one of the biggest social policy reforms in our nation's history.

We have identified enduring savings to make room for our priorities and help achieve the goals of our fiscal strategy.

As a result of our sound fiscal management, we are able to sustainably make the vital investments needed to build a stronger economy, smarter nation and fairer society.

	Actual	Estimates			Projections	
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$b)(a)	-43.4	-19.4	-18.0	-10.9	0.8	6.6
Per cent of GDP	-2.9	-1.3	-1.1	-0.6	0.0	0.4
Fiscal balance (\$b)	-44.5	-20.3	-13.5	-6.3	6.0	10.8
Per cent of GDP	-3.0	-1.3	-0.8	-0.4	0.3	0.6

(a) Excludes net Future Fund earnings

	Forecasts			Projections	
	2012-13	2013-14	2014-15	2015-16	2016-17
Real GDP	3	2 3/4	3	3	3
Employment	1 1/4	1 1/4	1 1/2	1 1/2	1 1/2
Unemployment rate	5 1/2	5 3/4	5 3/4	5	5
Consumer Price Index	2 1/2	2 1/4	2 1/4	2 1/2	2 1/2
Nominal GDP	3 1/4	5	5	5 1/4	5 1/4

Real and nominal GDP are year-average growth. Employment and CPI are through-the-year growth to the June quarter. The unemployment rate is the rate for the June quarter.

A strong economy

The Australian economy has emerged as one of the strongest in the developed world. From this position of strength, we are well placed to make the most of the transitions ahead.

A resilient economy

Over the past five years, the Australian economy has emerged as one of the strongest in the developed world.

Our economy is now 13 per cent larger than it was when the Government came to office, with around 950,000 jobs created over this period. In contrast, around half of all advanced economies have not regained lost output from the GFC and millions of jobs have been lost in the rest of the developed world.

Our government debt is among the lowest in the developed world and we are one of only eight countries in the world with a stable AAA credit rating from all three major global rating agencies.

A bright outlook

Australia's economic fundamentals are strong and our outlook remains bright.

While many other advanced economies are in a weak position or in recession, with high unemployment and high public debt levels, Australia is in a dramatically different situation.

Our nation faces an enviable outlook of solid growth, low unemployment, contained inflation and strong public finances, and is expected to outperform most advanced economies over the next two years.

Our strong ties with Asia will open up new opportunities across all sectors of our economy, including resources, manufacturing, services and agriculture.

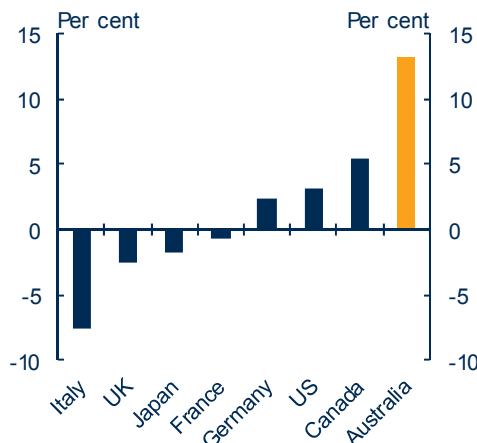
Economy in transition

From this position of strength, our economy is expected to begin two big transitions in the near term.

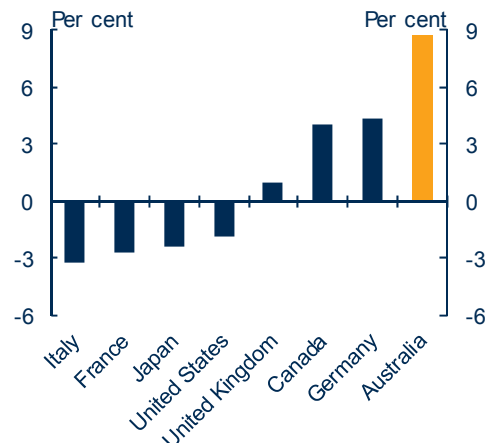
The resources sector will transition from unprecedented growth in investment to exceptional growth in exports, as big resource projects ramp up their production. More broadly, the economy will transition towards non-mining sources of growth.

This transition is unlikely to be seamless, with the high dollar weighing heavily on some sectors.

As the economy transitions to new sources of growth, the Government is getting the policy settings right to help Australia make the most of the opportunities ahead.



Cumulative GDP growth since December 2007



Cumulative employment growth since December 2007

A responsible budget

Despite lower than expected revenue, this Budget sets out a responsible path to surplus on a timetable that supports jobs and growth. This Budget makes room for priority investments and fully offsets these investments over the next decade.

Changing economic and fiscal circumstances

Responding to changing economic and fiscal circumstances is a central element of the Government's fiscal approach.

Since the 2012-13 Budget, tax receipts have been revised down by around \$17 billion in 2012-13. This brings the total write-downs in tax receipts over the five years since the 2008-09 Budget to around \$170 billion. Since the 2012-13 MYEFO, tax receipts have been revised down by around \$60 billion over the four years to 2015-16.

The Government has chosen not to offset the hit to revenue in the near term, as it would come at significant cost to jobs and growth.

Strong public finances

This Budget sets a pathway to return to balance in 2015-16 and to surplus by 2016-17, improves the sustainability of Australia's public finances and builds on Australia's record of fiscal and economic strength.

This fiscal consolidation is being achieved through a combination of responsible savings and by allowing the natural increase in tax receipts associated with a growing economy to flow through to the budget.

This Budget makes \$43 billion of savings over the forward estimates.

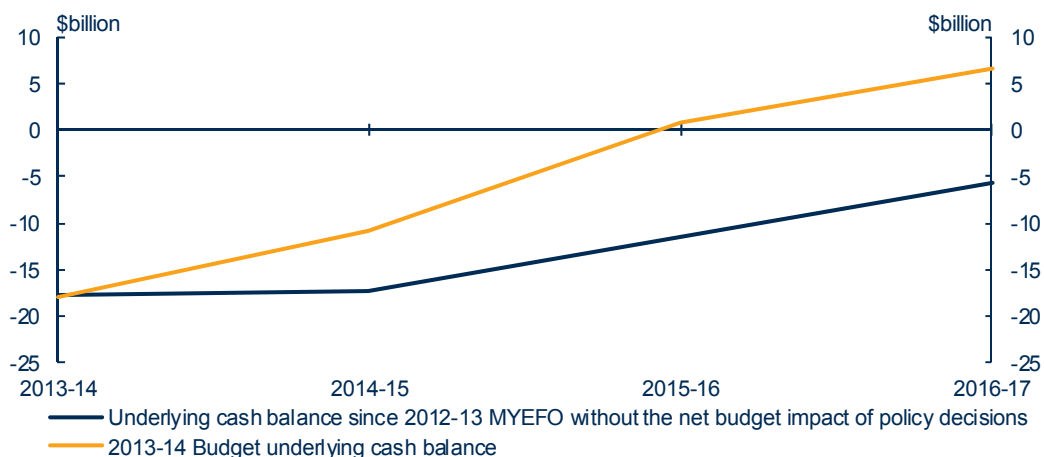
Policy decisions made in this Budget will deliver the greatest improvement to the budget position in nearly two decades.

Making room for our priorities

This Budget builds on the Government's record of identifying enduring savings.

To put this into perspective, the budget bottom line would be around \$18 billion lower this year without the long term savings identified since 2008-09, with a \$76 billion shortfall in a decade's time.

These long term savings also underpin the long term sustainability of the budget position and ensure we have room to fund our priorities. These decisions mean that the budget is cumulatively better off by over \$300 billion by 2020-21.



Improving the underlying cash balance following revenue write-downs and other variations

Building a stronger, smarter and fairer Australia...

This Budget will help build a stronger, smarter and fairer Australia by supporting jobs and growth, driving productivity improvements, investing in education and ensuring no one is left behind.

Investing in the future

The Government's sound economic management means we are in a position to put in place reforms for a stronger, smarter and fairer future.

This Budget builds on our reforms and investments across the five pillars of productivity — skills and education, infrastructure, innovation, tax and regulatory reform.

Stronger

This Budget builds a stronger economy by:

- Investing in high-quality nation building infrastructure to provide a critical boost to Australia's productive capacity;
- Supporting Australian industry by backing Australian companies to win more work at home and abroad,

and helping small and medium businesses to grow and create new jobs;

- Ensuring Australia's education system will provide the skills for tomorrow's economy.

Smarter

This Budget builds a smarter nation by:

- Supporting once in a generation reforms to Australia's school funding arrangements, through the National Plan for School Improvement;
- Undertaking a record investment in early childhood education;
- Providing more post graduate university places and research funding while ensuring sustainable growth for university funding.

Fairer

This Budget builds a fairer society by:

- Establishing DisabilityCare Australia, to ensure that Australians with significant and permanent disability get the care and support they need when they need it;
- Building on the \$16.4 billion National Health Reform Agreement to continue to improve access to high quality health care, medicines and support services;
- Funding important investments in rural and regional Australia, and the National Drought Program Reform to better support farmers and their families;
- Investing in the provision of vital homelessness services.

Stronger

- \$24 billion in road, rail and ports in our cities and regions over the next 6 years
- \$1 billion plan for Australian jobs
- \$330 million to support the Tasmanian Forests Agreement

Smarter

- \$9.8 billion over six years for A National Plan for School Improvement
- \$1.1 billion investment in early childhood education
- \$97 million for additional Commonwealth supported places for sub-bachelor and post-graduate courses

Fairer

- \$19.3 billion over 7 years from 2012-13 to roll out DisabilityCare Australia across the country
- \$226 million to deliver world leading cancer care for Australians
- \$300 million over 4 years to support jobseekers in the transition to work

A stronger, smarter and fairer Australia

..through responsible savings and key investments

The Government is making room for the critical economic and social reforms to build our country up for the future and ensure no one gets left behind.

The responsible new savings in this Budget are designed to improve fairness in government expenditures and strengthen the integrity of our tax base.

Together with the savings identified in the 2012-13 Mid-Year Economic and Fiscal Outlook, these measures ensure we will continue to have strong public finances, a sustainable social safety net and position us to make investments in our key priorities of education, infrastructure and disabilities.

To ensure our key reforms are sustainable, we have focused spending on those who need it most.

Savings for the longer term

This Budget continues the Government's record of savings that provide long term benefits to the budget bottom line.

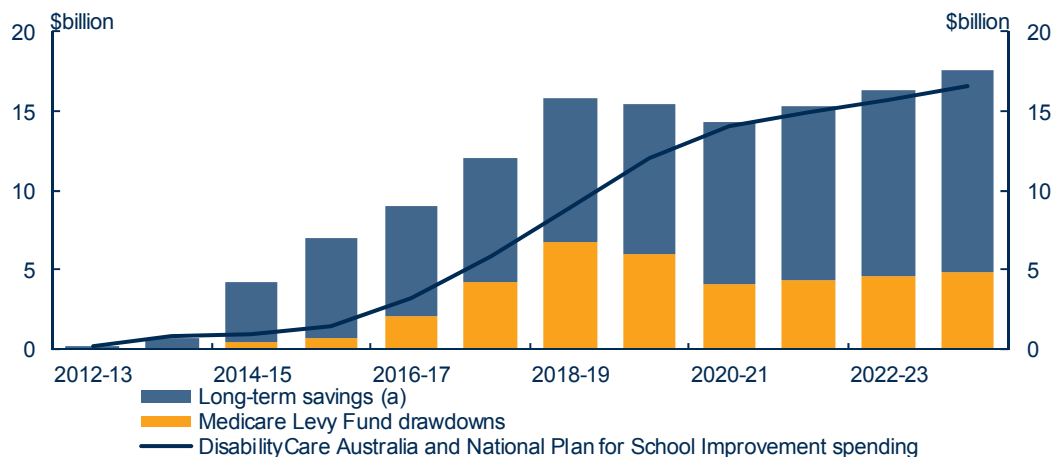
We are increasing the Medicare levy by half a percentage point to lock in a strong and stable funding stream for DisabilityCare Australia — the most fundamental social policy reform since Medicare.

Loopholes in the corporate tax system are being closed to ensure multinationals and large companies pay their fair share of tax. Shoring up the corporate tax base will contribute to sustainable government finances.

To better target family assistance now Australia has a national Paid Parental Leave scheme, the Baby Bonus will be replaced by an increase to family payment rates for newborns. This and other reforms will better target help to families that need it most.

Following 75 per cent growth in funding for university places since 2007 calendar year, we are ensuring sustainability of growth in public funding with a temporary efficiency dividend on universities while helping to meet the costs of the National Plan for School Improvement.

Measures to achieve greater fairness in superannuation tax concessions and ensure they are sustainable for the long term are being introduced.



Making Room for the National Plan for School Improvement and DisabilityCare Australia

(a) Structural Savings from Budget 2013-14 and MYEFO 2012-13, excluding existing Medicare Levy funding and net of Dental Care Reform expenditure.

Historic investment in Australian schooling

The Government is delivering major schools funding reform, providing more funding and applying the lessons from our best schools to ensure that every student in every school gets the help they need.

Extra resources

The Government is investing \$9.8 billion over six years from 2014-15 in once in a generation school reforms to enhance Australia's future productivity and wellbeing. These reforms will deliver:

- greater equity in school funding;
- improved teacher selection, training and mentoring; and
- more assistance for schools facing disadvantage to ensure all children can achieve their goals.

These reforms will ensure Australian students can achieve world-beating results.

Ambitious goals

The Government has set two new and important goals for Australian schools in the Asian century:

- Australia to be placed in the top five countries internationally in reading, mathematics and science by 2025; and
- Australia to be considered a high quality and high equity schooling system by international standards by 2025.

These goals will help lock in our strong starting position in the Asian century and ensure all Australians can make the most of its opportunities.

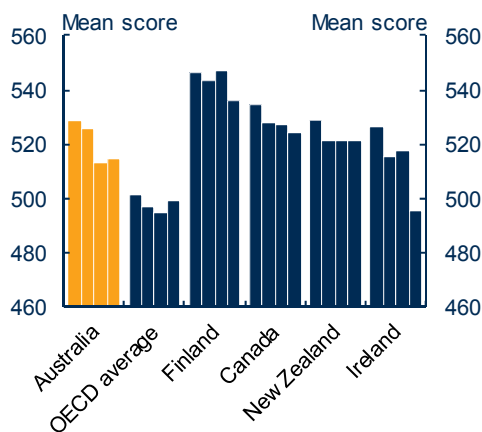
Equitable and consistent funding

Australia's current school funding arrangements are complex and inconsistent, and are not providing enough support for those most in need.

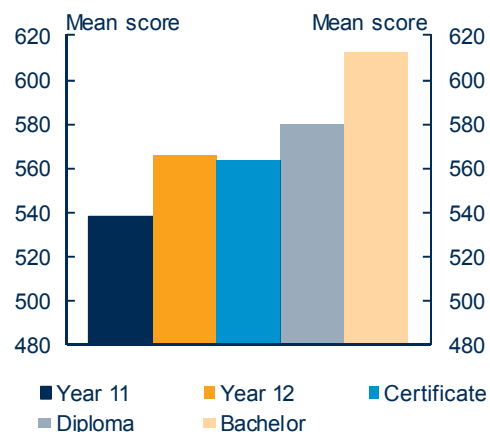
The Gonski Review proposed a more equitable and consistent system for funding Australian schools.

The Government's new Schooling Resource Standard sets a base funding level for every student, built on the costs of schools already achieving strong results.

In addition, it provides extra funding for students facing disadvantage, and is designed to help every student succeed, regardless of background.



OECD reading results (2000, 2003, 2006, 2009)



Australian year 9 reading results by parental education levels

Giving every child the opportunity to excel

The National Plan for School Improvement will deliver measures that improve student outcomes, focusing on quality teaching, quality learning, empowered school leadership, meeting student needs and transparency and accountability.

Investing equitably and responsibly

These new arrangements will fairly fund government and non government schools across the country.

The New South Wales government has already agreed to the new arrangements, with their schools set to receive new funding from next year.

The Government is fully offsetting the cost of these historic reforms through responsible savings.

Support for those in need

Under new funding arrangements, students with disability, from a low socioeconomic status, non English speaking or Indigenous background, or attending a regional, remote or small school will benefit from extra public

funding on top of the basic per-student amount, delivering:

- 20 to 120 per cent extra per Indigenous student, depending on the number of Indigenous students;
- 7.5 to 50 per cent extra per student for students from low socio-economic status backgrounds; and
- extra funding for schools outside metropolitan areas.

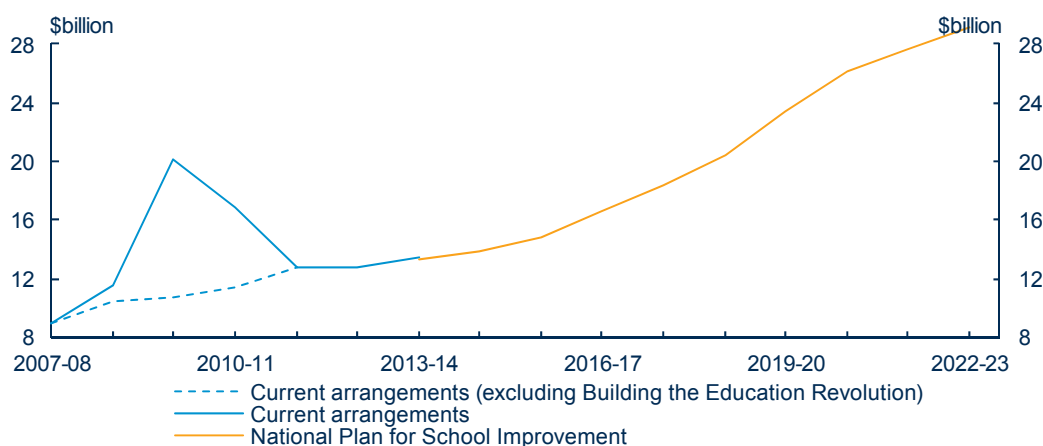
The Government has a strong record of supporting disadvantaged students through national partnerships and other targeted programs.

Now, for the first time, support for students in need will be an ongoing and permanent part of the system.

A plan for better schools

The National Plan for School Improvement is a new evidence-based plan for further reform, delivering:

- more early career support and better professional development for teachers;
- stronger early years education and enhanced curriculum reform;
- empowered school leaders and better training for aspiring principals;
- more parent and community engagement; and
- an enhanced national evidence base and annual reporting against national and school-level plans for school improvement.



Commonwealth spending on schools under the National Plan for School Improvement, compared to previous arrangements

DisabilityCare Australia

The Government is delivering DisabilityCare Australia — Australia’s most fundamental social policy reform since Medicare. DisabilityCare Australia will transform the provision of support for people with significant and permanent disability.

DisabilityCare Australia

The Australian Government will provide \$19.3 billion over seven years from 2012-13 to roll out DisabilityCare Australia across the country. This brings this Government’s total new investment in DisabilityCare Australia to \$14.3 billion over the period.

This investment in DisabilityCare will ensure all Australians with significant and permanent disability get the support they need. This is compared to the current approach where limited funds are rationed and people who get funding often have to accept a one-size-fits all approach.

Rigorous assessments will be conducted to ensure funds are targeted where they are needed most.

Core principles

DisabilityCare Australia will look beyond immediate need, and will focus on what is required across a person’s lifetime. At its core will be:

A Lifetime approach — as funding is long term and sustainable, people with disability will have peace of mind that the individualised support they receive will change as their needs change;

Choice and control — people choose how they get support and have control over when, where and how they receive it, including the option of managing their supports themselves;

Social and economic participation — overall life goals for participation will be a central focus of supports; and

Focus on early intervention — the scheme will invest in people to maximise their independence.

Sustainable funding

From 1 July 2014 the Government will raise the Medicare levy by half a percentage point to provide a strong and enduring funding stream for DisabilityCare Australia.

This will raise \$20.4 billion between 2014-15 and 2018-19, to be spent on DisabilityCare Australia. The States and Territories will also contribute to DisabilityCare Australia, and will be allocated \$9.7 billion over ten years from the increase in Medicare levy revenue.

DisabilityCare Australia will be fully funded.

Feature	Current system	DisabilityCare Australia
Eligibility	Varies from state to state	Consistent nationally, set out in legislation
Choice and control	Varies state by state and most people have little say over the supports they receive	Individual has control over the type and mix of supports, delivery and how funding is managed
Access	Capped — people may be eligible but can spend years on waiting lists	Demand driven — people with disability get the support they need, when they need it
Funding	Multiple programs within and across governments	Single funding pool (pooling contributions from Commonwealth and States and Territories) to be administered by DisabilityCare Australia

How things will change as we move to DisabilityCare Australia

Extending support across the country

Once fully established in 2018-19, DisabilityCare Australia will directly assist around 460,000 people with significant and permanent disability across Australia, providing them with the support they need, when they need it.

DisabilityCare Australia launch

DisabilityCare Australia will commence operations from July 2013 across four jurisdictions and from July 2014 in a further two jurisdictions.

Launch locations will be established in the Hunter region of New South Wales, the Barwon region of Victoria, in South Australia for young children and in Tasmania for young adults from July 2013, and in the Barkly region of the Northern Territory and the Australian Capital Territory from July 2014.

National roll out

The Australian Government is committed to the full national roll out of DisabilityCare Australia in 2018-19.

The Government will provide funding of \$11.7 billion to DisabilityCare Australia in 2019-20, the first year after full national rollout.

New South Wales was the first jurisdiction to commit to full scheme, followed by South Australia, the Australian Capital Territory, Tasmania, Victoria, Queensland and the Northern Territory.

The roll out of DisabilityCare Australia in these jurisdictions will cover around 90 per cent of the total Australian population.

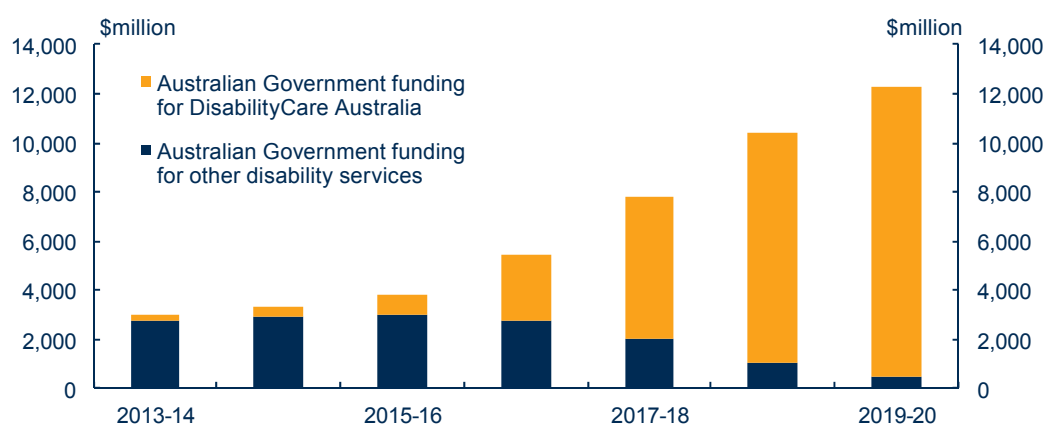
The Government will continue to work with Western Australia to achieve national coverage by the end of 2018-19.

Developing the National Injury Insurance Scheme (NIIS)

The Government has also been working with all jurisdictions on developing the NIIS, a federation of state based no fault schemes providing lifetime care and support to people who newly acquire a catastrophic injury from an accident.

As a first step, the six DisabilityCare Australia launch jurisdictions have agreed to national minimum standards for motor vehicle accidents that will ensure accident victims receive the support they need over their lifetime.

Similar no fault arrangements for medical, workplace, and general accidents are also being considered.



Total Australian Government funding for DisabilityCare Australia and other disability services

Infrastructure to boost our productivity...

The Government is investing in nationally significant infrastructure to boost productivity, relieve congestion and improve the liveability of our cities.

Productivity enhancing infrastructure

Infrastructure is a cornerstone of our competitive and productive economy.

The Government has a strong record on delivering high quality infrastructure to enhance Australia's productivity, address supply bottlenecks and support future economic growth.

We are now seeing the real dividends of the Government's \$36 billion infrastructure investment program in roads, rail and ports over the six years to 2013-14. This investment will increase our living standards for decades to come.

The next wave of Nation Building

The Government is continuing its

ambitious program of nation building infrastructure investment that is critical to meeting the challenges associated with population growth and the expansion of our major cities.

This Budget commits \$24 billion to the next wave of vital infrastructure, bringing the Government's total investment to around \$60 billion from 2008-09 to 2018-19.

Investing in our cities

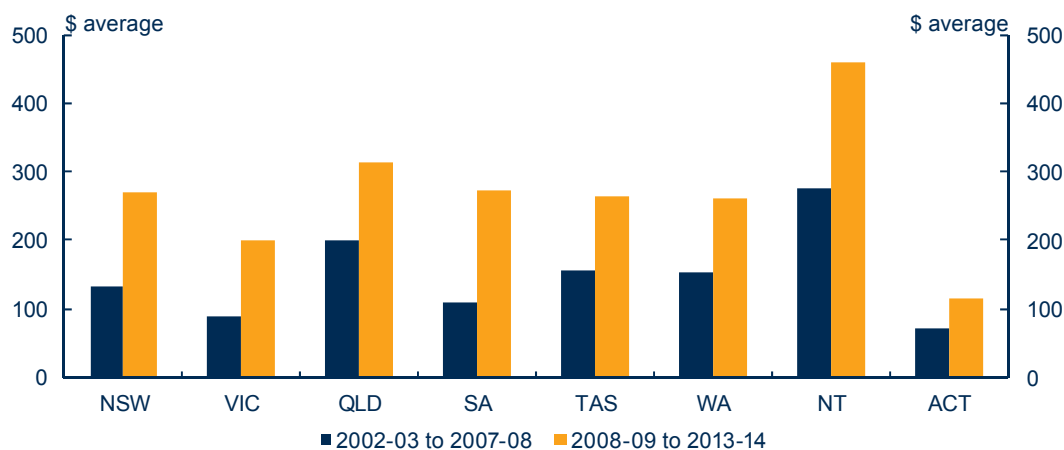
The Government is continuing to expand investment to relieve congestion and improve liveability in our cities.

This Budget provides funding for two key urban public rail projects. This includes \$715 million for Brisbane Cross River Rail and \$3 billion for

Melbourne Metro. These projects will increase rail capacity and reduce the traffic grind that commuters face every day.

The Government is also investing in urban roads around the country. This includes a \$1.8 billion allocation for Sydney Motorways (M4 extension and M5 duplication) and \$400 million for the F3-M2 'missing link' in Sydney, as well as \$718 million towards the Gateway North Upgrade in Brisbane, \$525.1 million to widen the M80 Ring Road in Melbourne and \$448 million for the South Road Upgrade in Adelaide.

These projects will deliver substantial benefits through enhanced traffic flows for both freight and commuters and improved road safety outcomes.



Per person Australian Government transport infrastructure funding per annum

...now and into the future

The Government is continuing its ambitious infrastructure program to further its nation building agenda.

Critical infrastructure for regional Australia

The Government is providing \$500 million over ten years through the Nation Building Program towards a package of works to upgrade the Midland Highway in Tasmania.

The Government is spending \$4.1 billion on the Bruce Highway over the ten years from 2012-13. This brings the Government's total commitment to the Bruce Highway to \$5.7 billion since 2008.

The additional funding will improve road safety and enhance flood resilience on this key freight corridor, which supports Queensland's growth and development.

Other key projects include upgrades to the Warrego Highway in Queensland and the Perth to Darwin National Highway (Swan Valley Bypass) in Western Australia.

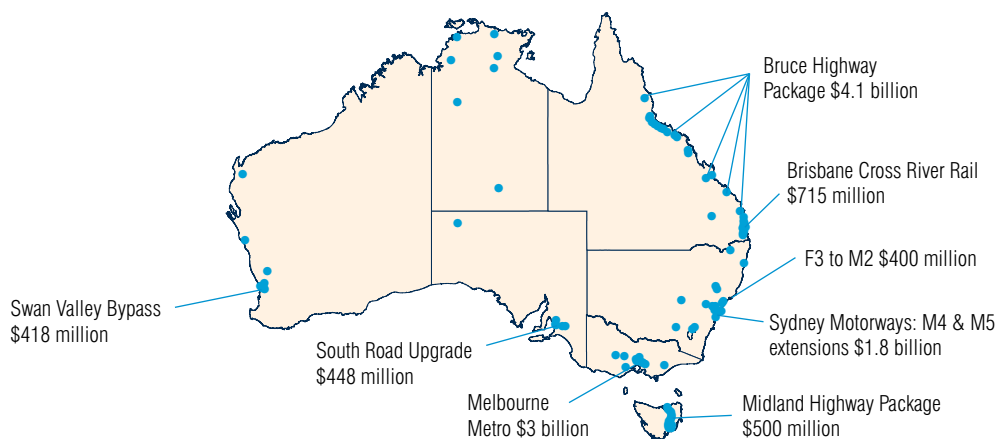
Building for the future with the private sector

The measures in this Budget demonstrate the Government's commitment to nation building infrastructure. The Government is also looking at how to encourage greater private sector involvement.

The F3 to M2 project is a good example of how we are working constructively with the private sector to deliver nationally significant infrastructure projects.

In line with the Government's Infrastructure Finance Working Group Report, a new advisory function will be established within the Treasury to provide guidance on the most appropriate financing structures to bring large, complex infrastructure projects to market.

This builds on the Government's commitment in the last budget to develop the Moorebank Intermodal Terminal in conjunction with the private sector.



Key infrastructure projects receiving Australian Government funding

A stronger digital future: rolling out the NBN

The \$37.4 billion National Broadband Network (NBN) is a transformative infrastructure investment that will put Australia at the cutting edge of broadband technology, boosting productivity and securing Australia's place among the world's top digital economies.

The NBN is the single largest nation building infrastructure project in Australia's history. It will provide high speed broadband access to all Australians, more equitable access to infrastructure for service providers, greater retail competition and more choice for families and businesses.

The NBN will provide a high speed, predominantly optical fibre broadband network to the home, delivering speeds of up to one gigabit per second to 93 per cent of homes, schools and businesses. The remaining seven per cent of premises will have access to a combination of next generation fixed wireless and satellite technologies, providing peak speeds of 25 megabits per second.

NBN fibre construction has already commenced or has been completed for almost one million homes, schools and businesses. Fibre rollout to over 4.8 million Australian premises is scheduled to be underway or completed by the middle of 2016.

Benefits for all Australians

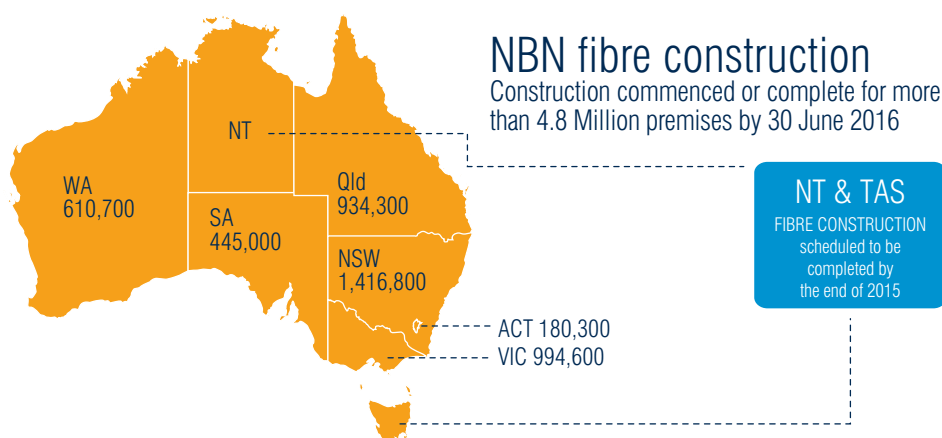
The NBN will provide greater opportunities for Australian families and friends to connect.

Australian businesses will be able to compete more effectively both nationally and internationally. To assist small businesses to tap into the opportunities of the NBN, we are providing a further \$7.2 million over three years to help businesses engage in the digital economy.

This Budget provides \$5.7 million over two years to support local governments improve online service delivery. This Budget also provides \$9.9 million over four years to assist senior Australians to participate and contribute online.

The NBN will enable health care providers to diagnose, monitor and provide ongoing care to patients remotely. The NBN will also enhance collaborative learning opportunities between education institutions.

The NBN will have a uniform national wholesale price. This will ensure that all Australians, including those in regional areas, have access to competitively priced broadband. The NBN will drive innovation and give users the capacity to boost productivity.



National Broadband Network fibre construction

Building stronger regions

By investing around \$9 billion in Australia's regions, the Government is empowering local communities to maximise their opportunities and share in Australia's long term prosperity.

Investing in regions

The Government is committed to working in partnership with local communities to develop creative solutions suited to regions in transition and to support better economic, social and environmental outcomes for regional communities.

The Government has committed almost \$1 billion through the Regional Development Australia Fund to finance infrastructure projects that address the specific economic and community needs of our regions.

Projects funded through this initiative include the Riverina Intermodal Freight and Logistics Hub and the Torres Strait Coastal Protection Works.

Expanding opportunities in the regions

We are continuing to deliver a suite of measures to improve the wellbeing and growth opportunities for regional Australia. These measures include:

- \$2.9 billion under the Health and Hospitals Fund to improve access to essential health services for Australians living in rural, regional and remote areas;
- \$1.5 billion under the Remote Jobs and Communities Program to provide a more integrated and flexible approach to employment and participation services for people living in remote areas of Australia.

Jobs and growth for Tasmania

The Government has committed over \$330 million to support the historic Tasmanian Forests Agreement, which provides a long-term future for the forestry industry and environmental protection for our world famous forests.

The Government has also announced more than \$22 million to support jobs, skills and accelerated investment in key sectors of the Tasmanian economy.

Recognising Tasmania's leading role in Antarctic research and operations, the Government will provide over \$42 million to support ongoing research and the maintenance of our presence in Antarctica.



Investing in our regions

Supporting our farmers and protecting our environment

In this Budget the Government is assisting farmers to improve their productivity and increase the resilience of the agricultural sector. The Government is also continuing to fund key initiatives that deliver a healthy environment.

Helping farmers in hardship

The National Drought Program Reform will help farmers be more prepared and resilient in the face of a variable climate and other challenges — ultimately assisting farm sector productivity.

As part of the National Drought Program Reform, the Government is investing \$99.4 million for a new Farm Household Allowance, which will support farmers in hardship. The Reform will also help farmers to assess their business situation and manage related risks, through improved options for farm business training and better risk management tools and support services for farmers.

Farm Finance

This package will bring financial relief to farmers through the provision of concessional loans and build their ongoing resilience through a nationally consistent approach to farm debt mediation, enhancements to the farm management deposits scheme, and additional funding for the Rural Financial Counselling Service.

Reef Rescue

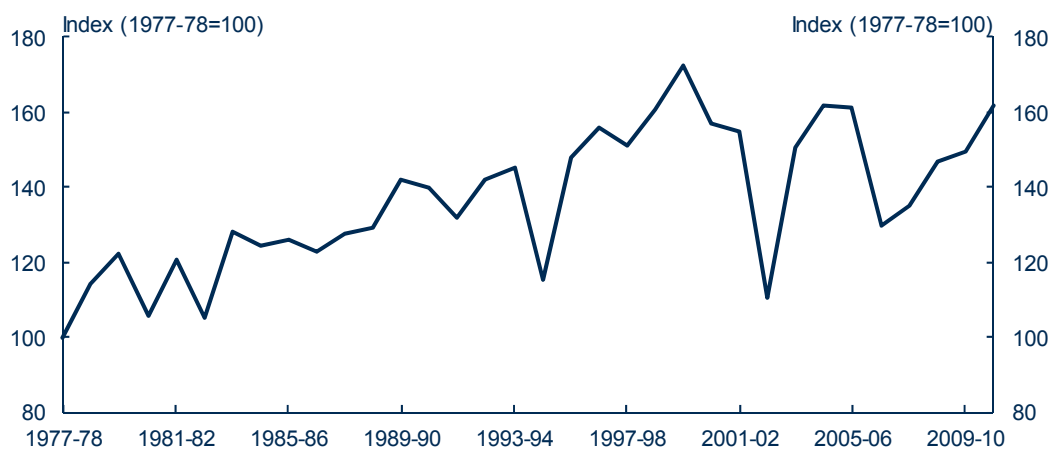
This \$200 million program will protect our Great Barrier Reef for future generations. To improve the quality of water entering the reef, farmers will receive assistance to implement sustainable farming practices, reducing sediment and nutrient run-off.

The Murray Darling Basin Plan

This Government has delivered historic water reform through its delivery of the Murray-Darling Basin Plan. We are providing \$3.5 billion to support the implementation of the Plan that restores our rivers to health, supports strong regional communities and ensures sustainable food production.

Protecting our water resources

We are also amending environmental law to provide greater environmental protection for our water resources from any adverse impacts of coal seam gas and large coal mining developments. This Budget provides funding of \$38.5 million over four years to support rigorous environmental assessment and approval processes of projects.



Productivity in broadacre agriculture

Responding to the challenge of natural disasters

The Government expects to contribute \$1.9 billion towards recovery and reconstruction costs in Queensland for the Cyclone Oswald response. The Government is also committing funding to strengthening our capacity to minimise damage from floods and other disasters.

Disaster relief and recovery

The Government is committed to supporting individuals, communities and local economies to help them recover and rebuild following disasters.

The Government meets up to 75 per cent of costs under the Natural Disaster Relief and Recovery Arrangements (NDRRA). Assistance from 2012-13 to 2016-17 is estimated to total \$6.2 billion, including an estimated \$5.4 billion to Queensland.

Floods support package

The Government will provide \$69.9 million to the 2013 Queensland Floods Support Package, including \$57.2 million exceptional circumstances NDRRA funding.

This includes assistance for clean up efforts and recovery, and support for businesses, primary producers, and local councils. The Government has committed \$40 million to a betterment fund to help rebuild local council assets to a more disaster resilient standard.

Assistance to individuals

Assistance totalling \$216 million has been provided in 2012-13 to people adversely affected by disasters, including the Australian Government Disaster Recovery Payment.

Queensland Floods Appeal

The Government provided \$1 million to the 2013 appeal to assist people adversely affected by recent disasters.

Affordable insurance

The Government is investing \$100 million in natural disaster mitigation to reduce insurance premiums.

A National Insurance Affordability Council will assess proposed mitigation projects, review the potential and actual impact on insurance premiums and explore ways to make flood risk data more widely available.

The Government has identified priority areas of funding, including a \$7 million contribution to building the Roma levee and \$10 million to upgrade flood defences in Ipswich, with further projects to be determined by the Council.



Estimated cash payments under the NDRRA, 2012-13 to 2016-17

Investing in our health care system

Since 2007, the Government has made critical investments to deliver frontline services to drive better quality health care for all Australians.

The Government has taken action to address the challenges facing our health care system including an ageing population and rising health care costs.

Access to new medicines

We are investing a further \$691 million over five years in new medicines in the PBS, including ground-breaking drugs for the treatment of chronic nerve pain, chronic hepatitis C and Parkinson's disease.

The Government has realised savings from the price disclosure reforms to the Pharmaceutical Benefits Scheme (PBS) agreed with industry in 2010. This has increased capacity to fund new and innovative drugs.

Better healthcare

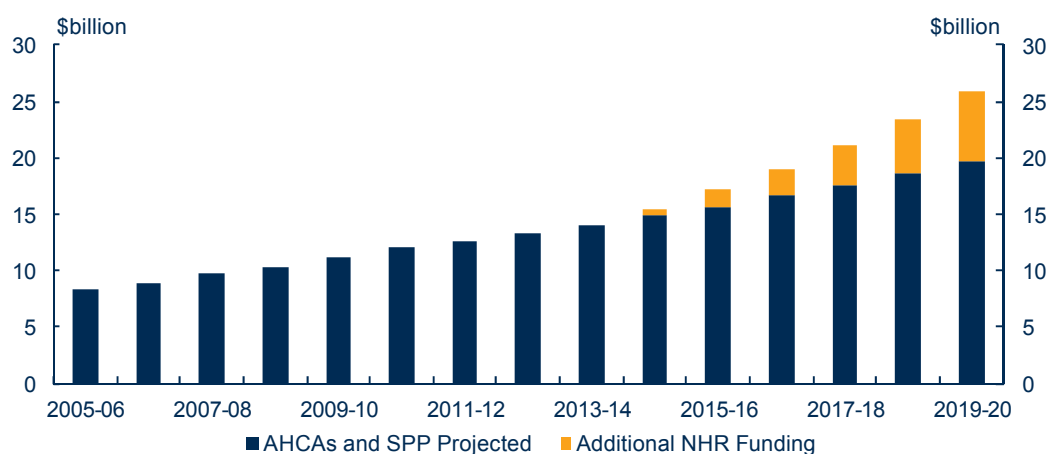
The Government is investing a further \$2.2 billion in the Medicare Benefits Schedule across five years with a higher than expected number of Australians visiting doctors. In addition a further \$33.8 million is being invested into the General Practice Rural Incentive program in 2013-14 to encourage medical practitioners to move to regional and remote communities.

An additional \$2.2 billion over four years will go to assisting individuals and families to meet the cost of private health insurance through the private health insurance rebate. A further 120,000 people have taken up private health insurance cover from July to December last year.

In 2012, the Government announced funding of \$4.1 billion to improve access to dental services and boost the dental workforce, including \$2.7 billion for a Child Dental Benefits Scheme *Grow up Smiling*.

Historic national health reform

In 2011, the Government and all States and Territories signed the historic \$16.4 billion *National Health Reform Agreement*. These reforms are critical to preserving Medicare and universal healthcare in Australia.



Commonwealth Funding for Hospitals

Delivering world leading cancer care and research

Since 2007, the Government has committed \$3.7 billion to building a world-class system of cancer care. Further funds in this Budget will improve the prevention, detection, treatment and research of cancer, and provide higher levels of patient care and support.

Improving cancer care

In this Budget, the Government is investing a further \$226 million to deliver world leading cancer care for Australians.

The Budget provides \$18.5 million over four years to fund the new Australian Prostate Cancer Research Centre, as well as support the two existing Research Centres.

The Budget delivers \$42.1 million over four years in funding for bone marrow transplants and for the Youth Cancer Network program run by CanTeen, providing access to life-saving medical procedures and necessary support services for people living with cancer.

The Government will also invest \$5.9 million over four years to improve the treatment and outcomes for people affected by lung cancer.

Recognising that smoking is a major cause of cancer, the Government has taken ground-breaking steps to introduce plain packaging of tobacco products. This Budget includes funding for the enforcement of plain packaging.

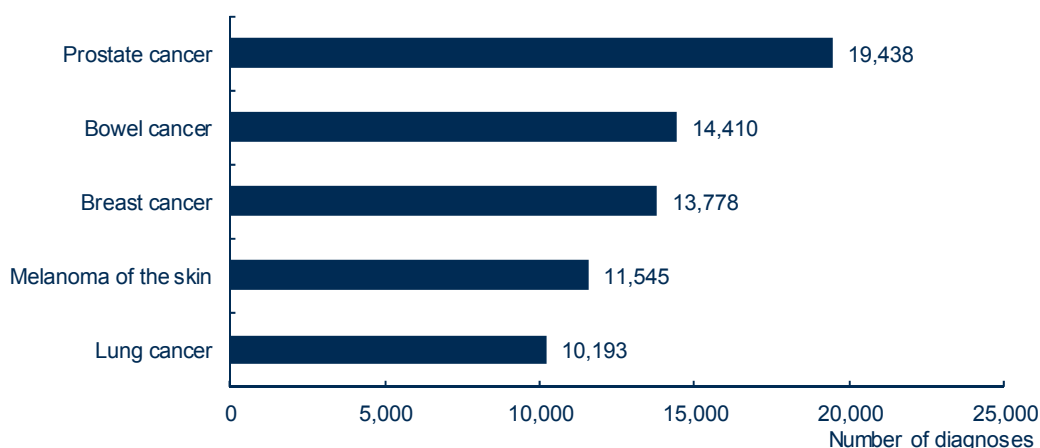
Early detection

The Government has also committed \$92.2 million over four years to expand the target age range for the BreastScreen Australia Program and to continue funding the processing of Pap smears for early detection of cervical cancer.

Bowel cancer screening will also be funded with an additional \$16.1 million over four years, which builds on previous investments in this area.

An additional \$29.6 million in 2012-13 and 2013-14 will be provided to support the dispensing of chemotherapy medicines to ensure the supply of these drugs to patients.

Improvements in cancer care will also flow from additional funding for national cancer data collection which started in 2009-10. These initiatives build on the \$1.1 billion invested by the National Health and Medical Research Council in cancer research since 2007.



Incidence of the five most commonly diagnosed cancers, 2009

Supporting senior Australians

The Government is committing \$127 million to improving the wellbeing of senior Australians. Work on promoting a positive ageing agenda has been informed by the work undertaken by the Advisory Panel on Positive Ageing and includes measures which will improve the wellbeing of senior Australians.

Positive Ageing

Today's senior Australians are living longer and healthier lives and continuing to make a significant contribution to society. The Government, with the right investments, will help Australia capitalise on the opportunities this brings and turn grey to gold.

Housing Help for Seniors

The Panel for Positive Ageing has identified housing as one of the major challenges of an ageing population. We will trial a new measure at \$112.4 million in funding to assist senior Australians to downsize to a home more suitable to their needs without reducing their Age Pension.

From 1 July 2014, senior Australian homeowners who have owned their

family home for at least 25 years and who decide to downsize will have the option to invest surplus funds (up to \$200,000) in an account. The funds invested in the account and earned interest, will be exempt from the Age Pension means test for up to 10 years.

In addition, the Government will look to preference projects that embrace universal design principles for the next 10,000 National Rental Affordability Scheme places. Universal design supports independent living arrangements for both older people and people with a disability.

Keeping seniors connected

To help senior Australians keep up with the digital age, the Government is providing an additional \$9.9 million to extend the Broadband for

Seniors initiative which has helped around 250,000 seniors across the country to stay connected with the latest technology.

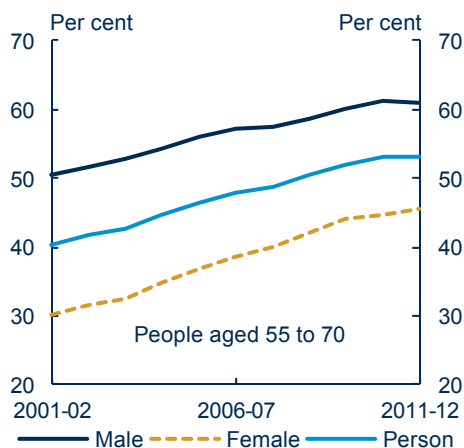
Andrew Fisher Institute

We are providing \$4.6 million to establish the Andrew Fisher Applied Policy Institute for Ageing to provide advice on issues such as demographic change, infrastructure and support for an ageing world.

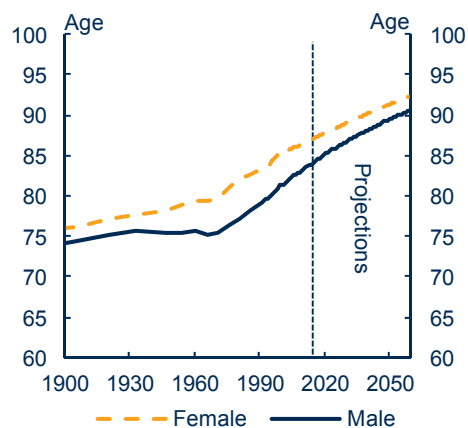
Wound management

The Government will also fund a wound management scoping study.

This package of measures builds on the Government's investment of \$41 million in the 2012-13 Budget in response to the Final Report of the Advisory Panel on the Economic Potential of Senior Australians.



Workforce participation rates of Mature Age Workers



Life expectancy at 60 years of age

A more sustainable aged care system

Reform of Australia's aged care system is delivering more supply, higher quality care, and a system better tailored to the needs of older Australians now and into the future.

A ten year reform plan

The Government has commenced implementation of a comprehensive ten year aged care reform plan.

Through its \$3.7 billion *Living Longer. Living Better* package, announced in April 2012, the Government is delivering immediate improvements to services and laying the foundations for broader reform. Older Australians will have a larger range of aged care services from which to choose.

More services

The Government is expanding and improving the range of available services, with an emphasis on care in the home.

The first 5,835 new Home Care packages have been made available through the 2012-13 Aged Care Approvals Round and the number of Home Care packages will more than double over the next ten years.

The Government is also investing \$660 million over five years to improve incentives for aged care providers to invest in residential care facilities, including those in rural, regional and remote areas.

Addressing workforce pressures

A better paid, better skilled workforce is essential to ensuring the availability of quality aged care services

From 1 July 2013, the Government will provide a new workforce supplement for employers who agree to minimum

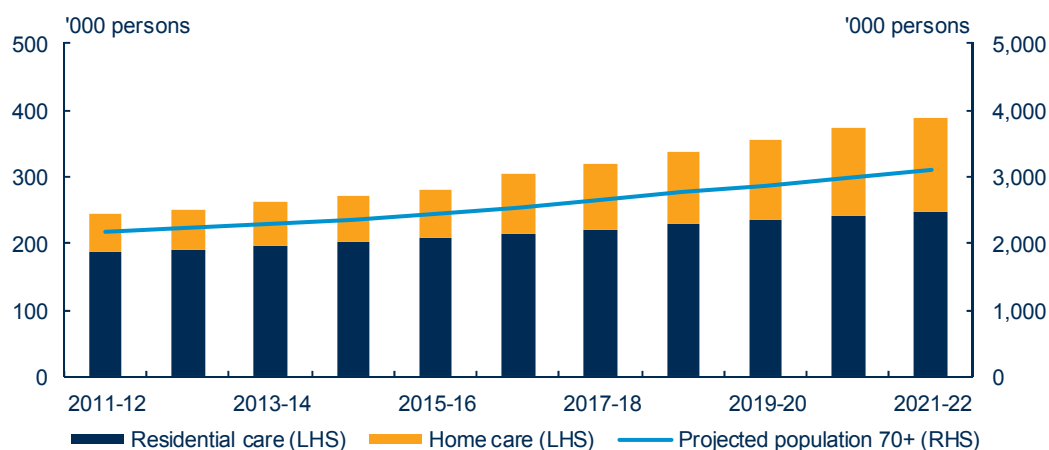
annual wage increases for aged care workers.

Better information for consumers

Older Australians and their families need access to reliable information to help them make fundamental decisions about their future care.

A *My Aged Care* website will be established this year to provide clear and reliable information about the services available.

The *My Aged Care* website and a new call centre will be the main entry point into the system, enabling people easier access to all the information they need.



Projected increase in aged care packages

Making our retirement income system stronger...

The Government is strengthening the retirement income system through a series of reforms, including historic increases in both the Superannuation Guarantee rate and the Age Pension.

Increase in the Superannuation Guarantee

From 1 July 2013, the Superannuation Guarantee (SG) rate will start to increase from 9 to 12 per cent, boosting the retirement savings of 8.4 million Australians, and increasing the pool of superannuation savings by more than \$500 billion by 2037.

The SG rate will increase from 9 to 9.25 per cent from 1 July 2013, and will continue to increase each year until it reaches 12 per cent from 1 July 2019.

The Government will also abolish the maximum age limit on the SG from 1 July 2013. This reform will increase the incentive for workers aged 70 and over to remain in the workforce and further boost retirement savings.

Higher concessional cap for older Australians

The Government is simplifying the proposed higher concessional contributions cap by providing a \$35,000 cap to anyone who meets certain age requirements. The start date for the higher cap will be brought forward to 1 July 2013 for people aged 60 and over. Those aged 50 and over will be able to access it from 1 July 2014.

Reduced fees and charges

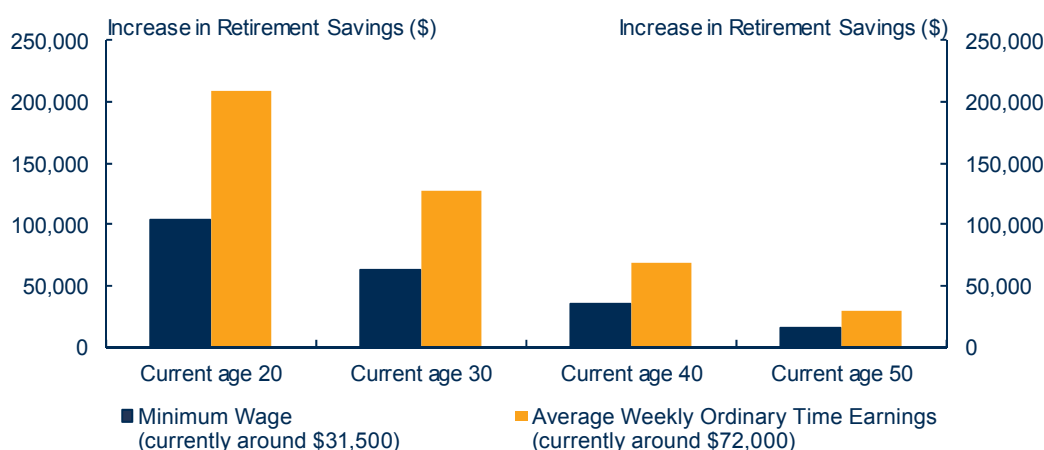
The Government is helping to reduce the fees and charges paid by superannuation fund members through our SuperStream reforms and the introduction of MySuper — a simple, cost-effective superannuation product.

Deferred lifetime annuities

The Government will encourage the take-up of deferred lifetime annuities by providing these products with the same concessional tax treatment that superannuation assets supporting income streams receive.

Historic increase in the Age Pension

The Government's 2009 Secure and Sustainable Pension Reforms provided the largest single increase in the Age Pension in its 100 year history and improved indexation arrangements. Since 2009 the maximum fortnightly rate, including supplements, has increased by around \$207 for singles and \$236 for couples (combined).



Projected increase (in 2013 dollars) in benefits at retirement from Superannuation Guarantee increase

...fairer and more secure

The Government is improving the fairness of the concessions provided for superannuation, as well as a number of other rules in the superannuation and Age Pension systems.

Superannuation contributions

The Government has cut tax on superannuation contributions for 3.6 million Australians on low and modest incomes, including 2.1 million women. Starting from 1 July last year, the Low Income Superannuation Contribution allows most people with income up to \$37,000 to effectively pay no tax on their superannuation contributions by providing a tax cut of up to \$500 a year.

The Government has also reduced the tax concession that people with income above \$300,000 receive on their super contributions from 30 to 15 per cent. This will ensure their concession is more in line with that received by average income earners.

Excess contributions tax

The Government will make excess contributions tax fairer by taxing excess concessional contributions at a person's marginal tax rate (plus an interest charge) rather than at the top marginal tax rate. It will also give individuals choice by allowing them to withdraw any excess concessional contributions from their super fund.

Retirement phase earnings

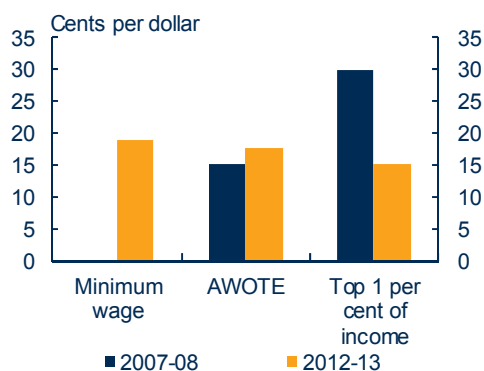
The Government will better target the tax exemption for earnings on super assets supporting income streams from 1 July 2014, by limiting it to the first \$100,000 of annual earnings for each individual, and taxing earnings above this threshold at the concessional rate of 15 per cent.

Council of Superannuation Custodians

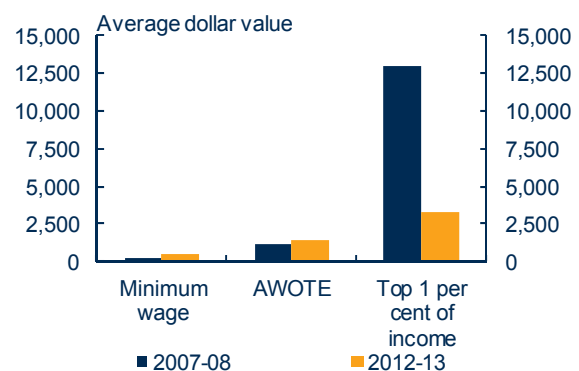
The Government will establish a Council of Superannuation Custodians to ensure that future changes are consistent with an agreed Charter of Superannuation Adequacy and Sustainability.

Deeming rules

To ensure a fairer and more sustainable Age Pension system, the normal deeming rules will apply to new account-based income streams assessed from 1 January 2015. This addresses the current inequity where pensioners with similar levels of financial assets receive different amounts of pension. Products held by pensioners before 1 January 2015 will be grandfathered.



Change in concession for superannuation contributions (cents per dollar of contributions)



Change in concession for superannuation contributions (average dollar value of total concession)

Strengthening Australia for the Asian Century

Consistent with the Australia in the Asian Century White Paper, the Government is continuing to enhance Australia's engagement with Asia to ensure we can seize and share the opportunities arising in our region.

Australia in the Asian Century

The Government is continuing to invest in a range of initiatives that broaden and deepen Australia's relationships with Asia, as outlined in the White Paper on Australia in the Asian Century.

Preparing students for success

The Government is committed to increasing Asia-relevant skills in the workforce by better preparing students for success in the Asian Century.

Our investment of \$97 million over five years to boost sub-bachelor and post-graduate places in Australian universities means more students can access Commonwealth-supported places including to study an Asian language.

We are offering up to 12,000 Asian Century Awards over five years for Australians to study in the region, and students from regional countries to undertake study in Australia.

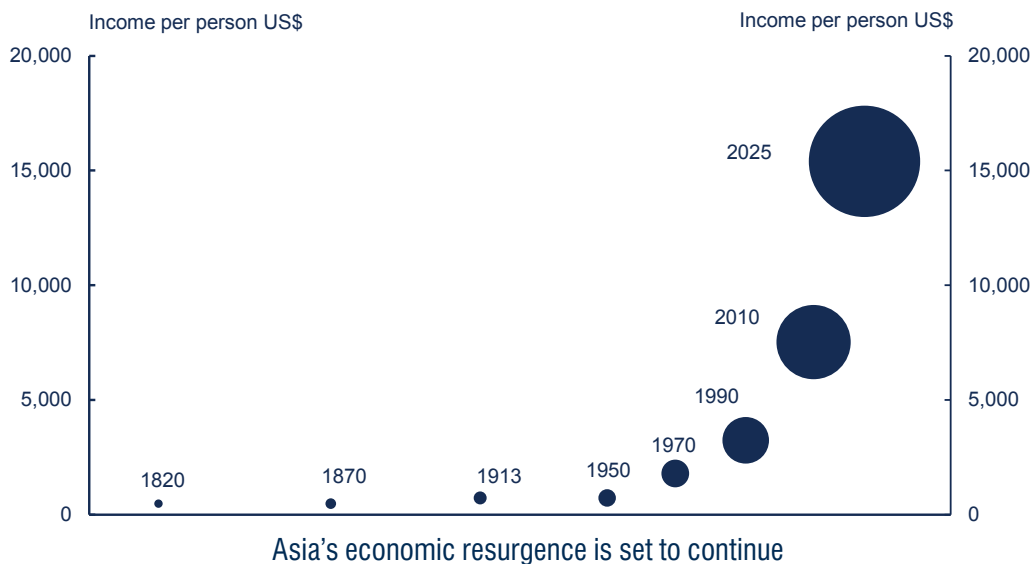
Boosting business links

The Government is providing \$7.8 million over five years in grants for Australian business organisations to improve links with Asia. This will support Australian business to broaden their reach into emerging business centres.

Stronger relationship with China

The Government is continuing to deepen Australia's relationship with China through a number of initiatives.

- Australia Week in China, which will showcase the best Australia has to offer in tourism and trade.
- Direct trading between the Australian dollar and the Chinese renminbi, making it cheaper for Australian businesses to buy and sell into the Chinese market.
- Establishing the Australia-China Leaders' Dialogue to give renewed strategic direction to Australia's relationship with China.



Supporting Australian jobs, industry and business

Through its Industry and Innovation Statement, A Plan for Australian Jobs, the Government will back our firms to win more work at home, support industry to win new business abroad and help our small businesses to thrive and grow.

A Plan for Australian Jobs

The Government's Industry and Innovation statement, A Plan for Australian Jobs, has three core strategies:

- backing Australian industry to win more work at home;
- supporting Australian industry to win new business abroad; and
- helping Australian small and medium businesses to grow and create new jobs.

Our \$1 billion investment in boosting Australian innovation, productivity and competitiveness under the Plan is generating business opportunities and economic growth for the future.

A fair go for Australian firms

The Government is bringing in new laws to help Australian firms win more work at home. Any project in Australia worth more than \$500 million must include an Australian Industry Participation Plan.

The Government will also boost safeguards for Australian industry against unfair competition from overseas by establishing a new Anti Dumping Commission.

Growth through innovation

The Plan will create new internationally competitive businesses and jobs by promoting collaboration between businesses and research institutions through Industry Innovation Precincts.

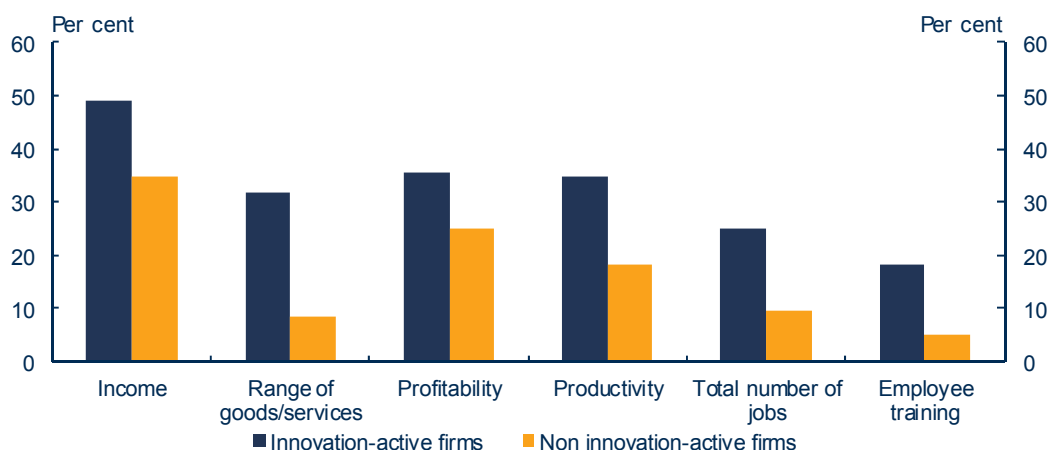
The Government will be investing more than \$500 million to establish up to 10 precincts around Australia.

By bringing together our best research minds and our most innovative businesses, we are creating industries that can compete on the world stage.

Help for small business

Small and medium sized businesses and start up companies will also be provided with expanded business assistance and better access to finance through the \$378 million Venture Australia package to stimulate Australia's venture capital market.

This builds on the Government's strong record of support for small business through Enterprise Connect and Small Business Advisory Services.



Percentage of firms reporting increases in business indicators compared to previous year, 2010-11

Sustaining investment in higher education

More Australians than ever are benefitting from the opportunity to participate in higher education, with 577,700 Commonwealth Supported places expected to be funded in 2013.

75 per cent increase in funding for university places

Commonwealth funding for university places has increased by 75 per cent between 2007 and 2013, from \$3.5 billion to \$6.1 billion.

Around an additional 149,000 places are available in 2013 compared to 2007 levels – that is a 35 per cent increase.

The Government is expanding this investment by providing an additional \$97 million from 2014 to 2017 for additional Commonwealth supported places for sub-bachelor and postgraduate courses.

Funding has and will continue to benefit from significant growth.

\$51 billion university funding over five years

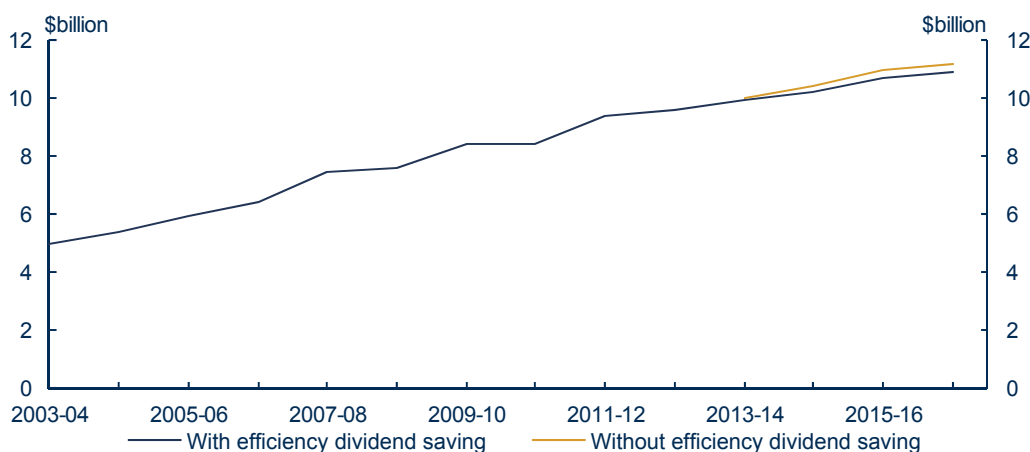
Investment in higher education funding is expected to be a total of \$51 billion over five years from 2012-13. Given the substantial growth in funding, the Government will introduce a 2 per cent and 1.25 per cent efficiency dividend only in 2014 and 2015 respectively. This will provide savings of \$903 million over four years and help fund the National Plan for School Improvement.

Even taking this modest saving into account, funding to universities is still growing in real terms over time.

65 per cent increase in student assistance

More students attending university are able to access student income support. Reforms to Youth Allowance payment rates and eligibility criteria mean expenditure on tertiary student assistance grew by 65 per cent between 2007-08 and 2012-13.

From 1 January 2014, the Government will offer Student Start-up Scholarships as income contingent loans to new full time higher education students, providing \$1.2 billion of savings. The Government has ensured that students continue to have access to the same level of financial assistance while studying and will only repay any loans once their HELP debt is repaid.



Higher Education Funding

Strengthening research and skills acquisition

The Government's investment in skills and workforce development is creating a more flexible and responsive education and training system to meet the skills needs of a growing economy.

Government reforms and investment in vocational education and training (VET), workforce development and research is seeing more Australians than ever building life changing skills and capabilities, and ensuring that we have the pipeline of skilled people to meet our workforce needs.

Research Funding

In this Budget, the Government is providing \$135.3 million for 150 four year Future Fellowships to attract and retain the best Australian and international mid career researchers in areas of crucial national importance.

Since 2007, the Government has funded \$1.3 billion in national collaborative research infrastructure.

To ensure continued access to this vital infrastructure, the Government is providing \$186 million for operating costs.

We are focused on ensuring that Australia maintains an environment that supports world-class research while improving the sustainability of research funding.

Skills Reform

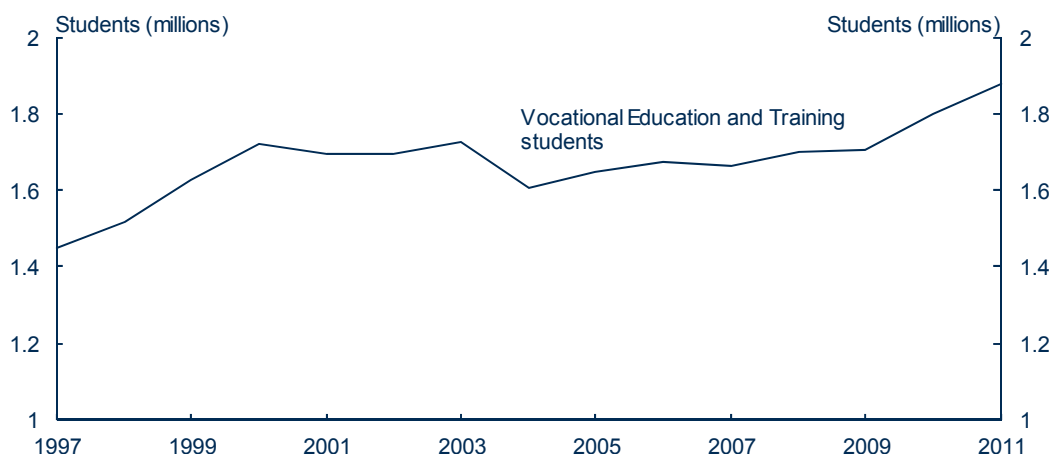
Building on record investment in VET and workforce development, which includes establishing the National Partnership on Skills Reform and the National Workforce Development Fund, the Government is introducing new initiatives to ensure the system meets industry needs.

New pathways to apprenticeships

An Alternative Pathways Program will be established with funding of \$68.8 million over four years, to deliver more flexible pathways for 4,000 Australians completing a trade or technical qualification in high demand industries facing skills shortages. We will progress this through the National Panel for Economic Reform.

Skills Connect Fund

\$45.0 million will be provided in 2013-14 to establish the Skills Connect Fund, which will streamline government assistance and provide greater flexibility for Australian businesses in accessing workforce development funding, on a co contribution basis.



Number of enrolled students in Vocational Education and Training since 1997

Supporting jobseekers in the transition to work

The Government is making work more rewarding through targeted reforms and is expanding workforce opportunity by providing employment services and labour market initiatives for those in need.

Enhanced Newstart Allowance

In this Budget, the Government will invest around \$300 million over four years to support jobseekers in the transition to work. This includes lifting the Income Free Area under Newstart Allowance, the first increase in over a decade, to \$100 a fortnight, and indexing from 1 July 2015. Recipients will be able to keep up to an extra \$494 of their income from part-time work over a year, building on the tripling of the tax-free threshold, which has directly improved the rewards for work.

Single principal carer recipients will receive up to \$1,600 more support to undertake training to make the most of job opportunities in a changing economy.

Further assistance will also be provided for working single parents who no longer qualify for income support.

In addition, the \$1.1 billion Income Support Bonus being paid this year provides a boost for all Newstart Allowance recipients.

More support for jobseekers

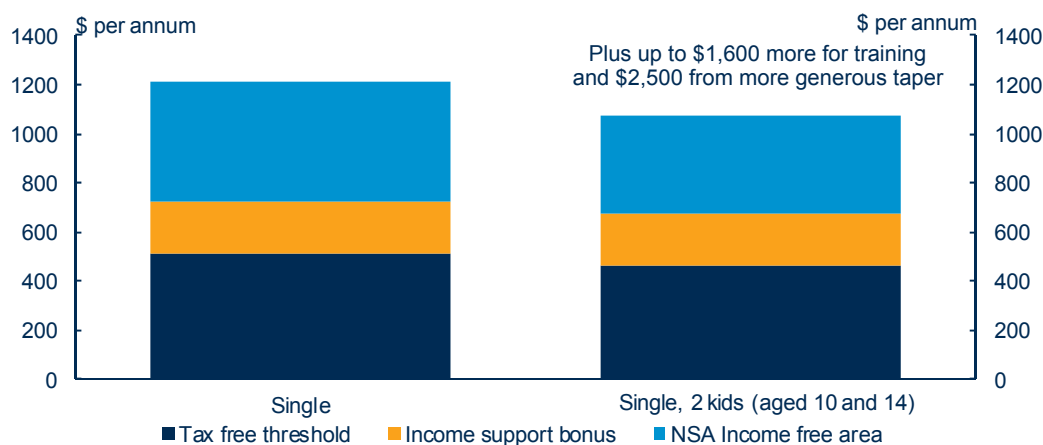
An additional \$15.7 million will be provided to continue to engage local employment coordinators in 20 vulnerable labour markets to drive local solutions to unemployment.

The Connecting People with Jobs program will be extended, providing support to job seekers who choose to relocate to secure employment or an apprenticeship.

Reducing barriers to work

The Jobs, Education and Training Child Care Fee Assistance (JETCCFA) program helps eligible income support recipients by paying most of the difference between child care costs and the amount of Child Care Benefit received. In 2011-12, JETCCFA assisted 36,570 parents.

In 2012-13, additional funding of \$29 million will be provided to meet increased demand for JETCCFA. A further \$27.2 million over five years will reinstate Year 12 and university enabling courses as an approved activity for eligible parents.



Impact of recent reforms on disposable income for person on \$18,000 a year

More help for working mums and dads

The Government's Paid Parental Leave scheme and expanded investment in child care lifts workforce participation, reduces cost of living pressures and ensures that Australian children have the best start in life.

Paid Parental Leave

Since its introduction in 2011, over 280,000 working parents have benefitted from Paid Parental Leave (PPL). Many new mothers, including casual and contract workers, now have access to paid leave for the first time. Since 2011, the proportion of women with access to paid parental leave has increased from around 50 to 95 per cent.

The scheme will be strengthened from 1 March 2014 by allowing parents to include time on PPL in the PPL work test for subsequent births, treating paid parental leave in the same way as employer-paid parental leave. Around 1,300 more families will be able to access PPL as a result.

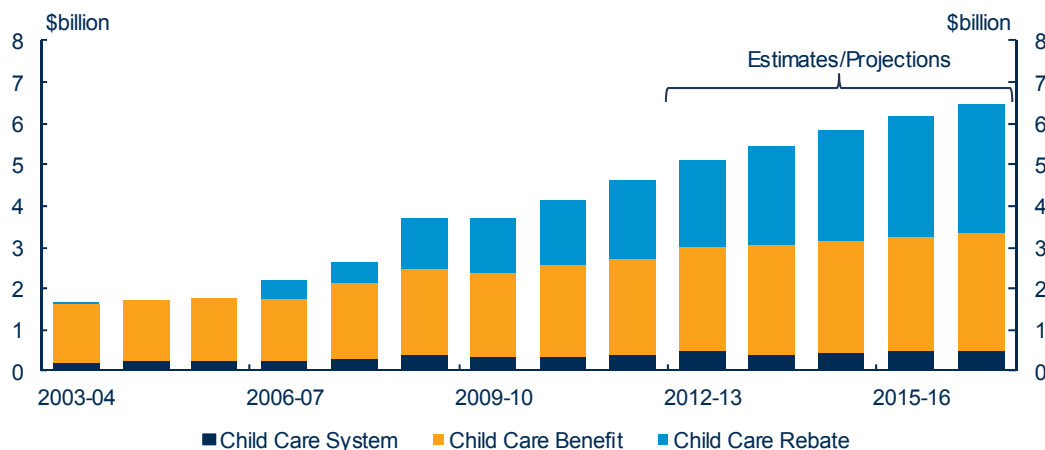
Child care support more than doubles

Since 2007, support for child care has grown by 115 per cent. In this Budget the Government continues its strong record of improvements in early childhood, making investments to improve both the quality and affordability of child care.

In this Budget the Government will establish the \$300 million Early Years Quality Fund for childcare workers. From 1 July 2013, the fund will help eligible long day care providers attract and retain a highly qualified workforce and meet the National Quality Framework.

The Government has also announced \$12.9 million over three years to increase child care accessibility and provide more flexible child care through a series of trials with industry, business and child care operators.

The Government will provide \$660.1 million to continue the National Partnership Agreement on Early Childhood Education (NP ECE), ensuring universal access to preschool. The funding includes \$4.5 million in Commonwealth only expenditure. This new agreement will help maintain service delivery and provide a greater focus on Indigenous, vulnerable and disadvantaged children.



Commonwealth spending on the child care system and child care assistance

Delivering a Clean Energy Future

On 1 July 2012, the Government introduced a carbon price as part of a comprehensive set of policies to cut Australia's emissions while keeping the economy growing. The carbon price will remain fixed for the first three years, before moving to a flexible emissions trading scheme in 2015-16.

The Carbon Price is Working

The Government is moving Australia to a low-emissions economy while protecting jobs and growth.

The carbon price is already working. Since the introduction of the carbon price, emissions in the National Electricity Market (NEM) have fallen by around 10 million tonnes. Renewable energy generated in the NEM has increased by almost 30 per cent over the same period. This is while the economy has continued to grow close to trend and around 160,000 new jobs have been created.

Internationally, many countries, including the US and China, have moved to join Australia in tackling

climate change. It is in our interests to be part of this global response.

From 1 July 2015, Australia's emissions trading scheme will be linked with the European scheme, which is the largest carbon market in the world. This is an important step towards developing an international carbon market.

Australia will also be a key partner in the development of China's national emissions trading system.

As part of international efforts to address climate change, Australia has signed on to the second commitment period of the Kyoto Protocol.

This has also broadened the Carbon Farming Initiative by allowing additional land-based abatement projects to generate credits. As a result, farmers

and landholders now have greater incentives to store carbon on the land.

Moving to a floating price

The move to a flexible price in July 2015 means the carbon price will move in line with international prices.

Ongoing economic weakness in Europe has, in part, led to a fall in the European carbon price. This Budget revises the carbon price projection in 2015-16 to around \$12.

A lower carbon price in 2015-16 will mean a lower cost to the economy to reduce carbon emissions. It will also mean a lower cost to households and businesses to cut carbon emissions, while still achieving our targeted greenhouse gas emissions cuts.



Countries moving to tackle climate change under the Cancun Agreements (indicated in dark blue)

Supporting households and industry with the transition

Australia will soon be transitioning to a flexible, internationally integrated emissions trading scheme. The 2013-14 Budget seeks to manage this transition while continuing to support households, industry, jobs and communities.

Industry Assistance

Industry assistance was designed to move in line with changes in the carbon price. This assistance will automatically adjust to reflect the lower projected carbon price in 2015-16. This includes permit-based assistance under the Jobs and Competitiveness Program and the Energy Security Fund.

Assisting Households

The Government is committed to assisting households with the impact of carbon pricing. The Government is already delivering household assistance through tax cuts and increases in payments to assist low and middle income households with the effects of carbon pricing.

From 1 July 2012, all taxpayers with income up to \$80,000 received an

income tax cut, with most receiving at least \$300 a year, and up to 1 million people no longer needing to lodge a tax return. Overall, nine out of ten households will receive assistance through a combination of tax cuts and increased payments. Importantly, this assistance will remain in place.

The second round of tax cuts were designed to assist households with an increase in the carbon price from \$25.40 in 2014-15 to \$29 in 2015-16. As the carbon price is projected to be around \$12, households will not experience the additional price impact originally anticipated in 2015-16.

The second round of tax cuts will be deferred until the carbon price is estimated to be above \$25.40. This is currently projected to occur in 2018-19.

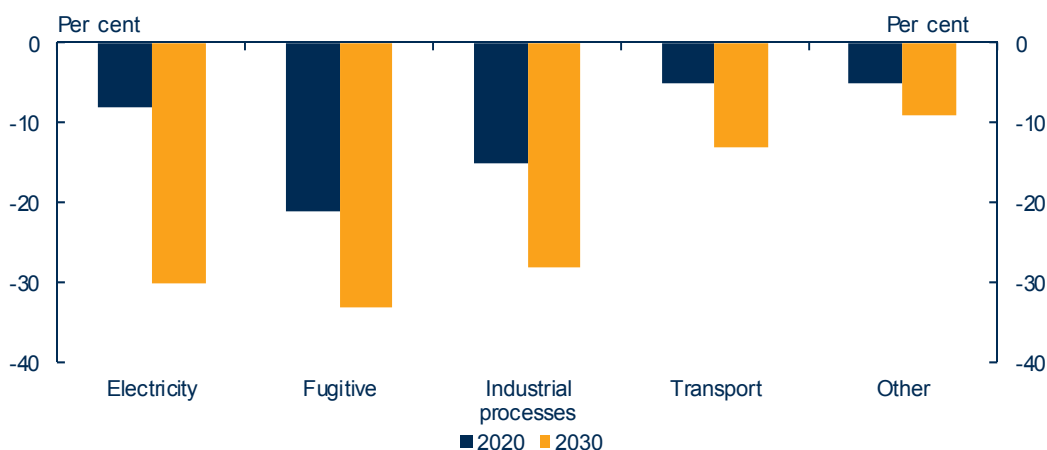
Clean Energy Future programs

The Government has also made targeted changes to some Clean Energy Future Programs.

With the lower projected carbon price, funding for some programs, such as the National Low-Emissions Coal Initiative and the Carbon Capture and Storage Flagships program has been reduced.

The Clean Technology Programs, the Biodiversity Fund and the Australian Renewable Energy Agency will all have funding adjusted and extended over a longer program life.

From 1 July 2013, the \$10 billion Clean Energy Finance Corporation is poised to begin investing in the commercialisation and deployment of renewable energy, low-emissions technologies and energy efficiency.



Changes in domestic emissions due to the carbon price

Safer communities

The Government will strengthen communities around Australia by funding local engagement activities for youth, community infrastructure and law enforcement efforts to deliver safe communities.

The Government's \$150 million package for community safety will focus on supporting at-risk youth, assisting local communities and strengthening law enforcement efforts to curb gang violence, organised crime and the illegal firearms market.

National Crime Prevention Fund

At-risk communities will be supported by a \$40.9 million National Crime Prevention Fund that will use the confiscated proceeds of crime to fund local youth mentoring and outreach programs and security infrastructure.

The highly successful Youth Off The Streets Outreach Service, run by Father Chris Riley, will be expanded to up to ten additional locations. The service provides diversionary activities

and allows young people to meet youth workers.

Police Youth Citizens Clubs and Blue Light organisations will also be funded to provide additional programs. Local councils and not-for-profit organisations will be funded to provide security infrastructure such as street lighting and security cameras, as well as youth outreach and mentoring programs.

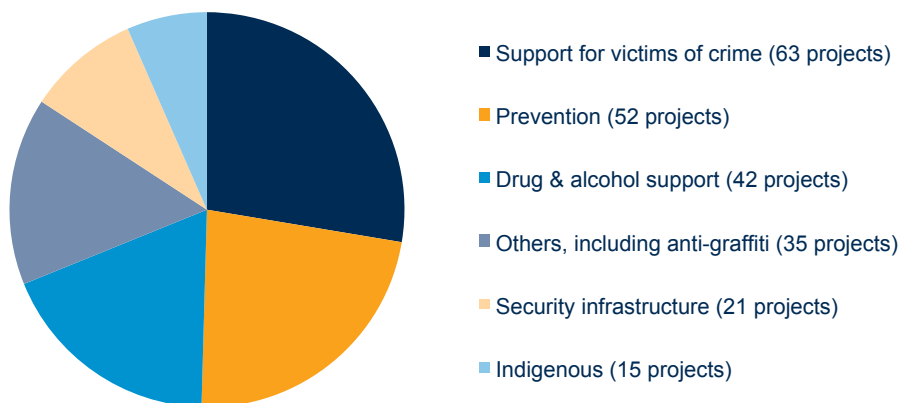
Strengthening law enforcement

Community support programs will be complemented by a \$64 million National Anti-Gang Taskforce that will comprise 70 members of the Australian Federal Police and state police forces, and a new Australian Gang Intelligence

Centre to help protect our communities from gang-related crime.

The \$30.2 million National Border Targeting Centre will use an intelligence led approach to target international passengers and cargo that pose the greatest risk to our community.

A further \$5.6 million will target organised crime at the waterfront, and a \$9.1 million Australian Ballistics Identification Network will be rolled out across the country to enhance policy investigations into firearms crimes.



Supporting our communities through returning the proceeds of crime since November 2007

A creative Australia

Creative Australia is the Government's \$235 million vision to create jobs and encourage a new generation of artists and creative businesses. The Government is also continuing its support for our National Broadcasters.

The National Cultural Policy

Creative Australia will encourage artists and creative business, promote the importance of Indigenous cultures, connect the arts to Australian life and guide funding and support for the enrichment of all Australians.

Building A Creative Community

\$75.3 million will be provided to a reformed Australia Council to better reflect the modern performing arts industry.

The Government will also strengthen Australia's cultural infrastructure by providing \$40 million through the Regional Development Australia Fund, which is expected to leverage a further \$100 million in partnership funding.

A further \$8.6 million will encourage private sector support for the Arts.

The Government will strengthen elite training for theatre, dance and music students with \$30.2 million for Major Performing Arts companies and training institutions.

Indigenous culture, languages, and visual arts will be supported with \$25.2 million for the revival of Australian Indigenous languages, professional development and support for Indigenous arts centres.

The creativity of Australia's youth will be harnessed with \$21.1 million vocational training, traineeships, start-up business grants, and representation at community cultural events.

The local screen industry will be strengthened with \$41.6 million to attract major international film production including Walt Disney's 20,000 Leagues Under The Sea: Captain Nemo.

Our National Broadcasters

This Budget delivers a further three years of base funding to ABC and SBS to ensure their unique and high quality programming services. The ABC and SBS make a significant contribution to shaping Australian culture and society.

This Budget also provides \$129 million to enable the ABC to strengthen its high quality news and current affairs programming with a particular focus on events outside major cities, and enable the SBS to invest in local content.



Creative Australia: the national cultural policy for the decade

A strong and capable Australian Defence Force

The 2013 Defence White Paper provides a framework to defend Australia's national security interests; deliver an effective and capable Australian Defence Force (ADF); and manage the significant draw-downs in overseas operations in 2013-14.

The Government is committed to ensuring that the ADF has the resources and frameworks to deliver a strong, capable and credible ADF.

2013 Defence White Paper

The 2013 Defence White Paper (DWP) builds on the National Security Strategy and the Australia in the Asian Century White Paper and responds to changes in Australia's strategic environment since the 2009 DWP.

The DWP provides that Defence will manage its resources with the annually updated four-year Forward Estimates funding model and a subsequent six year general guidance for Defence planning purposes.

This will ensure Defence funding remains consistent with the broader economic and fiscal position.

The Government has also committed to increase Defence funding to 2 per cent of GDP when fiscal circumstances allow. This is a long term objective.

Defence Funding

This Budget provides a rising funding trajectory for Defence and more funding than was provided in the 2012-13 Budget; \$113 billion over four years, compared to \$103 billion over four years provided last year.

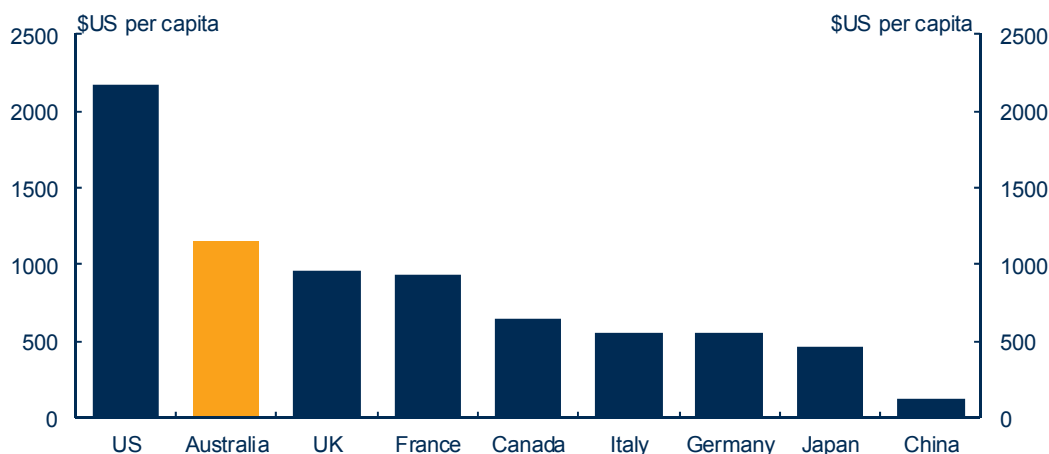
This Budget strengthens Australia's air combat capabilities by providing \$3 billion over nine years to acquire 12 new-build EA-18G Growler

electronic warfare aircraft. This will manage the gap before the Joint Strike Fighters enter operation.

Overseas Operations

The ADF's mentoring role in Afghanistan will come to an end in 2013. The Government has confirmed Australia's continuing commitment to Afghanistan.

The ADF's military role in Solomon Islands and Timor Leste will conclude in 2013. Australia will continue to support capacity building in the region.



2012 military expenditure (current US\$) per capita for Australia, G7 countries and China

Supporting our Veterans

The Government is providing further support for veterans by providing funding for new mental health initiatives and honouring those who have served through Centenary of Anzac commemorations.

Expanding access to mental health for veterans

This Budget provides \$26.4 million for new mental health initiatives, building on existing programs totalling around \$663 million over the forward estimates.

To ensure timely access by former serving personnel to mental health care, \$14.6 million will be provided to extend non-liability health cover for certain conditions to more former members of the ADF.

Funding of \$6.4 million will be provided to expand access to the Veterans and Veterans Families Counselling Services to veterans involved in high-risk peacetime service and their families as well as the families of veterans killed in operational service.

Additional funding will be provided to develop and maintain a Peer-to-Peer program and for the Defence online resilience platform LifeSMART. This provides veterans and their families with access to online modules to assist with issues such as anger management.

Building on previous initiatives

This new package builds on the Government's commitment to address veterans' mental health issues.

In 2009, the Government provided \$93 million over four years in response to the Dunt Review. The response covered a wide variety of issues including suicide prevention and mental health programs.

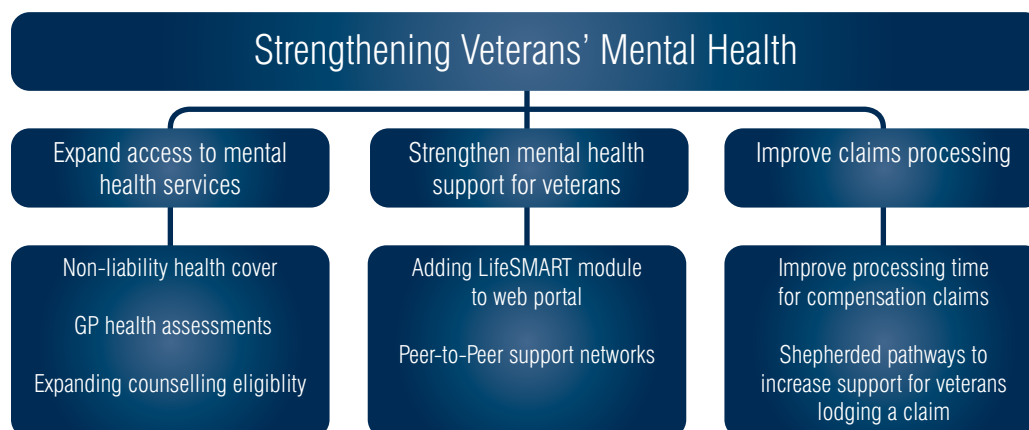
A milestone of national significance

The Centenary of Anzac is an important opportunity to recognise the service and sacrifice of past and current Anzacs.

The Government is providing an extra \$25 million for the Anzac Centenary, taking total government funding to over \$140 million.

Key initiatives include \$10 million for seed funding to develop the Anzac Centenary travelling exhibition. This exhibition will be made available across Australia.

\$2.8 million will be provided for grants for family and academic research on key Centenary of Anzac themes. \$2.7 million will be provided to commemorate the first convoy of troops that left Albany on 1 November 1914. This event will be broadcast nationally.



Key features of the veterans' mental health package

Base erosion and profit shifting

There is increasing concern in the international community about the impact of base erosion and profit shifting by multinational enterprises to avoid taxation. Australia is at the forefront of G20 efforts in this area.

International tax rules that give multinational enterprises access to tax arrangements that are not available to domestic firms provide them an unfair competitive advantage.

It also means other taxpayers either face a larger tax burden or accept a lower level of government services.

If not addressed, base erosion and profit shifting raises serious concerns about the efficiency, equity and sustainability of the income tax system.

International tax reform is also increasingly on the agenda of G20 Finance Ministers and Leaders.

There is growing concern — in Australia and globally — that many of

the key rules of international taxation may not have kept pace with the evolution of the global economy.

A key issue is whether tax concepts developed for the industrial age are still applicable in the era of the digital economy.

The OECD report Addressing Base Erosion and Profit Shifting outlines the underlying causes of base erosion and profit shifting and highlights the need for a comprehensive approach. The OECD will present an 'action plan' to G20 Finance Ministers in July 2013.

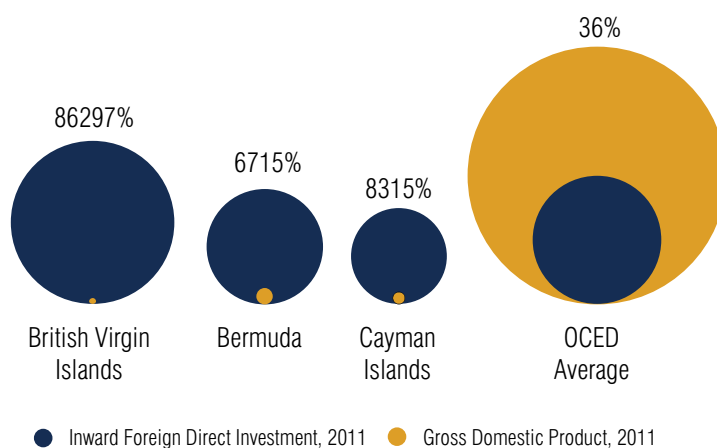
Consistent with the OECD report, the Government is taking immediate action to address base erosion and loopholes in Australia's corporate tax system.

It is also taking steps to improve the transparency of the system. Yet there is a limit to what any one country can do acting alone.

Fundamental reform will require international cooperation to reach a broad consensus on the way forward.

Australia is at the forefront of international efforts in this area, building on the leading role it played in fostering greater exchange of information networks globally.

As G20 chair in 2014, Australia can play a prominent role in determining and driving the base erosion and profit shifting reform agenda.



"The empirical evidence suggests that income-shifting by multinational corporations is a significant concern that should be addressed through tax reform."

- US President Obama in The President's Framework for Business Tax Reform

Comparison of inward Foreign Direct Investment and GDP (2011)

Protecting the corporate tax base

The Government will address a number of loopholes and abuses in Australia's corporate tax system. This will ensure that it remains fair, competitive and sustainable.

The Government is acting to protect our corporate tax base from erosion by closing down loopholes and abuses. Many of these abuses take advantage of design flaws, vulnerabilities and unexpected interactions from earlier Howard Government changes to the corporate tax system.

Protecting our corporate tax base will ensure that we have a stable source of revenue to fund vital investments that will underpin a stronger, smarter and fairer Australia.

If some taxpayers do not pay their fair share of tax, a higher tax burden will fall on Australian families and small businesses. Those businesses that do the right thing will be at a competitive

disadvantage and confidence in our tax system will be eroded.

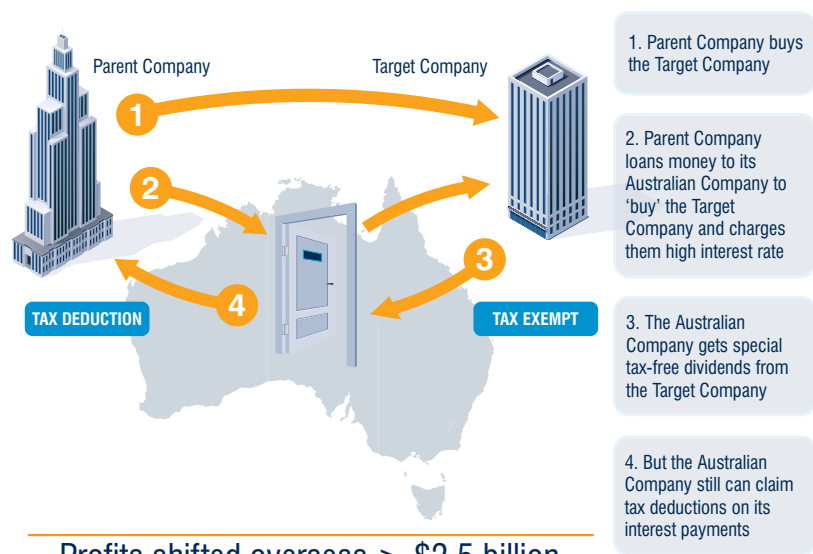
The Government's response to the loopholes and abuses identified by the Commissioner of Taxation is informed by Treasury advice and follows targeted consultation with industry. The changes:

- address aggressive tax structures that seek to shift profits by artificially loading debt into Australia;
- better target resource sector concessions for depreciating assets to support genuine exploration;
- improve the integrity of and ensure better compliance with the foreign

resident capital gains tax regime;

- close loopholes in the Offshore Banking Unit regime and the consolidation of business entities regime;
- prevent sophisticated investors from engaging in 'dividend washing'; and
- increase ATO compliance checks on offshore marketing hubs and business restructures.

These changes build on recent initiatives to improve the integrity and sustainability of the tax system and our corporate tax base through important reforms to the general anti-avoidance rules and the transfer pricing rules.



Profits shifted overseas > \$2.5 billion

Debt loading

Closing the Gap in Indigenous Disadvantage

The Government is on track to achieve its first Closing the Gap target later this year. The Government has made substantial investments to address Indigenous disadvantage since 2008, and is delivering on its unprecedented long term commitment of \$3.4 billion over ten years for the Stronger Futures in the Northern Territory.

Closing the Gap

The Government is expected to reach its first Closing the Gap target later this year. As a result, all Indigenous four year olds in remote communities will have access to early childhood education. Building on this momentum, the Government is recommitting to National Partnerships in Indigenous Health and Remote Indigenous Internet Access.

The Australian Government will provide \$777 million for a new National Partnership (NP) on Closing the Gap in Indigenous Health Outcomes. An important outcome of the current NP has been a substantial rise in preventative health checks for Indigenous Australians.

DisabilityCare and Education

Indigenous Australians will also benefit significantly from the Government's signature investments in DisabilityCare Australia and school education, as announced in this Budget.

The commitment to launch DisabilityCare Australia across South Australia from 1 July 2013 for young children and in the Barkly region of the Northern Territory from 1 July 2014 will provide Indigenous Australians living in remote communities with significant and permanent disability with the support they need.

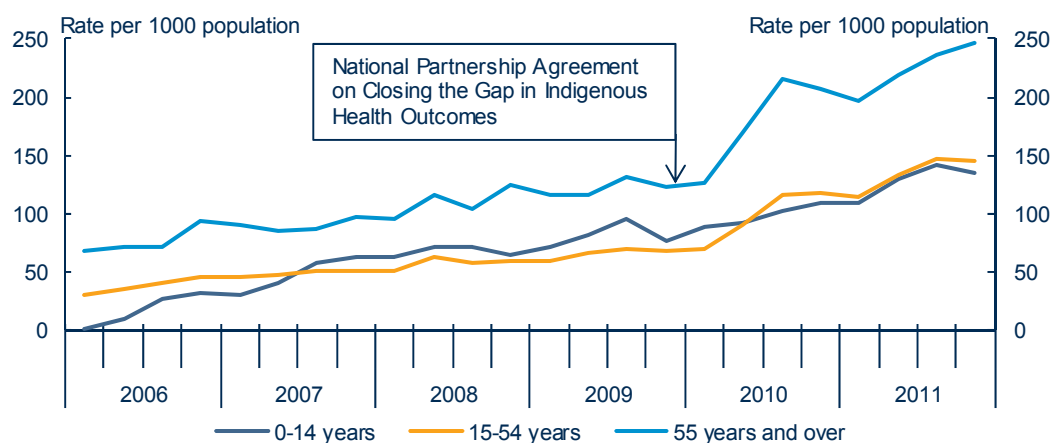
Under the National Plan for School Improvement, a loading for Indigenous students will be directed to specifically

improve Indigenous outcomes, in addition to a range of other loadings for disadvantaged students.

Representation and Support

The National Congress of Australia's First Peoples gives Aboriginal and Torres Strait peoples a strong national voice on issues that affect them. The Government continues to support Indigenous representation with a further \$15 million over three years from 2014-15.

The Cape York Welfare Reform has created incentives to re establish positive societies and reduce welfare dependency. The Government continues to support the reforms with funding of \$24.5 million over three years.



Rate per 1000 persons receiving Medicare Benefits Schedule Health Assessments, by age group, Indigenous Australians, January - March 2006 to October - December 2011

Australia's Future: Stronger. Smarter. Fairer.

Despite significantly lower tax receipts, this Budget sets a pathway to return the budget to balance in 2015-16 and to surplus by 2016-17, while ensuring critical investments are made to secure a stronger, smarter and fairer future for Australia.

Lower tax receipts and weakness in nominal GDP have created a challenging backdrop for this Budget.

Lower tax receipts

Just as the high dollar is impacting on the profitability of many industries, it is contributing to lower tax collections across the forward estimates.

Since the 2012-13 Budget, tax receipts have been revised down by around \$17 billion in 2012-13. This brings the total write-downs in tax receipts over the five years since the 2008-09 Budget to around \$170 billion. Since the 2012-13 MYEFO, tax receipts have been revised down by around \$60 billion over the four years to 2015-16.

The subdued recovery in tax receipts largely reflects weaker corporate profitability, a slower than expected recovery in capital gains tax and lower receipts from resource rent taxes.

Tax-to-GDP ratio

Not only is nominal GDP growth in 2012-13 well below its long-run average but the amount of tax collected per dollar of GDP is well below trend. This is expected to impact the tax collections in 2012-13 and across the forward estimates.

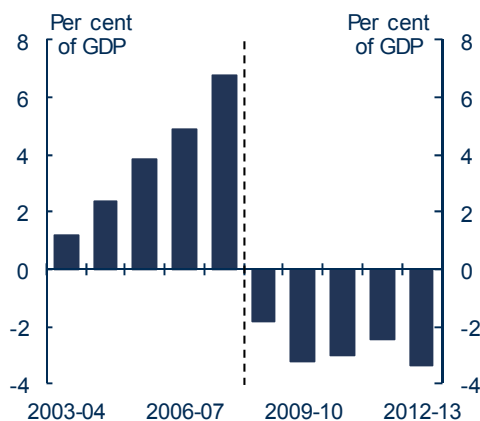
Tax receipts as a share of GDP are expected to be lower than forecast at the 2012-13 MYEFO. If the tax-to-GDP ratio was the same share as in 2007-08 (23.7 per cent), the year immediately prior to the GFC, tax receipts in 2013-14

would be around \$24 billion higher than currently anticipated.

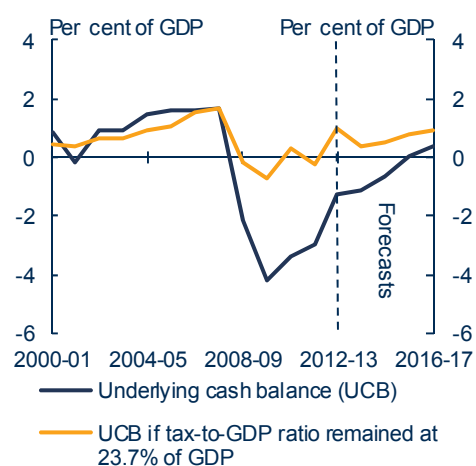
Getting the big calls right

We have responded to these challenges by setting a pathway to return the budget to balance in 2015-16 and to surplus by 2016-17 through responsible savings. Policy decisions made in this Budget will deliver the greatest improvement to the Budget position in nearly two decades.

This strategy enables us to make the investments needed to build a stronger, smarter and fairer future while strengthening the sustainability of Australia's public finances and building on Australia's record of fiscal and economic strength.



Revenue write-ups (Budget 2003-04 to 2008-09) and write-downs (Budget 2008-09 to 2013-14)



Underlying cash balance comparison if tax receipts had remained on average at 23.7 per cent of GDP

Australian Government budget aggregates

The table below shows the main cash and accrual budget aggregates for the Australian Government general government sector over the period 2011-12 to 2016-17. The underlying cash balance is estimated to be a deficit of \$18.0 billion in 2013-14, returning to balance in 2015-16 and surplus in 2016-17.

	Actual	Estimates		Projections		
	2011-12 \$b	2012-13 \$b	2013-14 \$b	2014-15 \$b	2015-16 \$b	2016-17 \$b
Receipts	329.9	350.4	376.0	401.2	428.9	453.6
Per cent of GDP	22.4	23.0	23.5	23.9	24.3	24.4
Payments(a)	371.0	367.3	391.2	409.1	425.0	443.7
Per cent of GDP	25.2	24.2	24.5	24.4	24.0	23.8
Net Future Fund earnings	2.2	2.5	2.8	2.9	3.1	3.3
Underlying cash balance(b)	-43.4	-19.4	-18.0	-10.9	0.8	6.6
Per cent of GDP	-2.9	-1.3	-1.1	-0.6	0.0	0.4
Revenue	338.1	360.0	387.7	411.6	438.1	468.6
Per cent of GDP	22.9	23.7	24.3	24.5	24.8	25.2
Expenses	377.7	381.4	398.3	415.7	431.0	454.7
Per cent of GDP	25.6	25.1	24.9	24.8	24.4	24.4
Net operating balance	-39.6	-21.5	-10.6	-4.1	7.1	13.8
Net capital investment	4.9	-1.2	2.9	2.2	1.1	3.0
Fiscal balance	-44.5	-20.3	-13.5	-6.3	6.0	10.8
Per cent of GDP	-3.0	-1.3	-0.8	-0.4	0.3	0.6
<i>Memorandum item:</i>						
Headline cash balance	-47.0	-22.2	-25.3	-21.0	-8.6	-3.3

(a) Equivalent to cash payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases.

(b) Excludes net Future Fund earnings.

Assessment against the fiscal target

This Budget sets a pathway to return to balance in 2015-16 and to surplus by 2016-17, improves the sustainability of Australia's public finances and builds on Australia's record of fiscal and economic strength. Decisions taken in this Budget will result in \$43 billion of total savings and the net budget impact of policy decisions is a \$28.4 billion improvement to the underlying cash balance over the forward estimates.

	Estimates			Projections		Total
	2012-13	2013-14	2014-15	2015-16	2016-17	
(a)	\$m	\$m	\$m	\$m	\$m	\$m
Effect of policy decisions since MYEFO						
Spends	-2,604	-2,470	-3,212	-2,853	-4,465	-15,604
<i>Payments</i>	-2,474	-2,386	-3,172	-2,857	-4,437	-15,325
<i>Receipts</i>	-130	-83	-41	4	-28	-278
Saves	246	1,750	9,400	15,176	16,471	43,043
<i>Payments</i>	172	1,411	3,756	5,660	6,295	17,294
<i>Receipts</i>	75	338	5,644	9,517	10,175	25,749
Total effect of policy decisions since MYEFO	-2,358	-720	6,188	12,324	12,005	27,439
Add Contingency Reserve offsets to policy decisions	4	433	289	77	195	998
Net budget impact of policy decisions	-2,354	-286	6,476	12,401	12,200	28,437

(a) On an underlying cash basis.

Helping households with the cost of living

The spending power of Australian households has increased over the term of this Government, thanks to over \$47 billion in tax cuts in the four years to 2011-12, and benefits like the Schoolkids Bonus, the Income Support Bonus, increasing Child Care Rebate from 30 per cent to 50 per cent of out of pocket costs, up to a maximum of \$7,500 per year for each child, and reforming the Age Pension, including a one-off pension increase in 2009.

Projected improvement in the real disposable incomes and the net tax thresholds of different household types from 2007-08 to 2013-14^(a)

Household type (wage as a percentage of the average wage)	Real disposable income (\$2012-13)			Real net tax threshold (\$2012-13)		
	2007-08	2013-14(b)	% change	2007-08	2013-14(b)	% change
Single person (67%)	\$36,679	\$40,999	11.8%	\$20,940	\$23,359	11.6%
Single person (100%)	\$51,021	\$56,758	11.2%	\$20,940	\$23,359	11.6%
Single person (167%)	\$78,687	\$87,245	10.9%	\$20,940	\$23,359	11.6%
Sole parent (0%)	\$30,428	\$33,360	9.6%	\$57,870	\$60,816	5.1%
Sole parent (67%)	\$51,682	\$57,480	11.2%	\$57,870	\$60,816	5.1%
Single income couple (133%) (c)	\$68,050	\$74,304	9.2%	\$37,598	\$38,960	3.6%
Single income couple (167%) (c)	\$81,079	\$89,664	10.6%	\$37,598	\$38,960	3.6%
Dual income couple (100 & 33%)	\$71,084	\$79,851	12.3%	\$38,939	\$41,281	6.0%
Dual income couple (100 & 67%)	\$87,700	\$97,757	11.5%	\$39,070	\$43,036	10.2%
Single income couple with children (100%)	\$61,573	\$66,737	8.4%	\$57,870	\$60,816	5.1%
Single income couple with children (133%)	\$74,047	\$80,545	8.8%	\$57,870	\$60,816	5.1%
Single income couple with children (167%)	\$86,781	\$91,639	5.6%	\$57,870	\$60,816	5.1%
Dual income couple with children (100 & 33%) (d)	\$79,801	\$89,392	12.0%	\$68,749	\$75,338	9.6%
Dual income couple with children (100 & 67%) (d)	\$97,495	\$106,596	9.3%	\$72,947	\$82,894	13.6%
Dual income couple with children (167 & 100%) (d)	\$135,940	\$151,345	11.3%	\$72,152	\$81,753	13.3%
Single pensioner (0%) (e)	\$16,538	\$20,878	26.2%	\$31,450	\$34,465	9.6%
Pensioner couple (0 & 0%) (e)	\$27,204	\$31,476	15.7%	\$51,861	\$61,049	17.7%

- (a) The average weekly ordinary time earnings (AWOTE) for full-time employees is used as the average wage. Disposable income is the sum of private income and government cash transfers less net tax paid. The net tax threshold is the private income at which taxes paid exceed cash benefits received. Families with children have two children, aged 3 and 8 years old. Families hold Private Health Insurance cover.
- (b) Inclusive of the clean energy supplements which are paid to assist households with the impact of the carbon price.
- (c) The spouses of couples without children are aged over 60 years old. As such their partners may be eligible for the Dependant Spouse Tax Offset.
- (d) The hourly rate of child care is \$5.70 per hour in 2007-08 and \$7.90 per hour in 2013-14. For the calculation of real disposable incomes, the younger child is in long day care for 2 days, 4 days, and 5 days per week for families earning 100% & 33%, 100% & 67% and 167% & 100% respectively. For the calculation of net tax thresholds, the hours of care are consistent with the income of the second earner. The older child is not in care.
- (e) In calculating net tax thresholds, income is assumed to be from investments which earn a rate of return, equal to the current deeming rates. The calculations include the effects of the assets test.

Lowering taxes for Australians

The Government has delivered \$47 billion of tax cuts in our first four years since coming to office. In addition, we have provided further tax cuts as assistance for the cost of living impact of the carbon price from 2012-13. Even after accounting for the small increase in the Medicare levy in 2014-15 we will be delivering total tax cuts of around \$20 billion a year over the next four years compared to the 2007-08 tax scales.

	2008-09	2009-10	2010-11	2012-13	2014-15	Total annual income tax reduction compared to 2007-08
Taxable Income (\$)	Income Tax Cuts (\$)	Income Tax Cuts (\$)	Income Tax Cuts (\$)	Income Tax Cuts (\$)	Medicare levy Increase (\$)	(\$)
15,000	450	150	0	0	0	600
20,000	450	150	150	600	0	1,350
25,000	450	150	150	503	71	1,182
30,000	450	150	150	303	150	903
35,000	1,050	300	150	303	175	1,628
40,000	1,050	300	450	303	200	1,903
45,000	1,050	300	450	303	225	1,878
50,000	1,000	300	450	303	250	1,803
55,000	800	300	450	303	275	1,578
60,000	600	300	450	303	300	1,353
65,000	600	150	400	303	325	1,128
70,000	600	150	300	253	350	953
75,000	600	150	300	128	375	803
80,000	1,100	150	300	3	400	1,153
85,000	1,100	250	350	3	425	1,278
90,000	1,100	350	400	3	450	1,403
95,000	1,100	450	450	3	475	1,528
100,000	1,100	550	500	3	500	1,653
110,000	1,100	750	600	3	550	1,903
120,000	1,100	950	700	3	600	2,153
130,000	1,100	1,150	800	3	650	2,403
140,000	1,100	1,350	900	3	700	2,653
150,000	1,100	1,550	1,000	3	750	2,903
160,000	1,600	1,750	1,100	3	800	3,653
170,000	2,100	1,950	1,200	3	850	4,403
180,000	2,600	2,150	1,300	3	900	5,153
190,000	2,600	2,150	1,300	3	950	5,103
200,000	2,600	2,150	1,300	3	1,000	5,053
250,000	2,600	2,150	1,300	3	1,250	4,803

Major initiatives in the 2013-14 Budget

The table below provides a summary of major initiatives in the 2013-14 Budget and their impact on the fiscal balance. More comprehensive information is provided in *Budget Paper No. 2, Budget Measures 2013-14*.

	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	Total \$m
Nation building infrastructure ^(a)	-195.3	0.0	-517.7	-862.8	-1,510.5	-3,086.3
Bruce Highway						
Brisbane Cross River Rail and Melbourne Metro						
Sydney Motorways (M4 extension, M5 duplication and F3-M2)						
Brisbane Gateway North Upgrade, Melbourne M80 Ring Road widening and Adelaide South Road Upgrade						
Regional projects: Swan Valley Bypass in Western Australia and Midlands Highway in Tasmania						
A National Plan for School Improvement	-17.7	-532.0	-559.9	-754.5	-1,120.4	-2,984.3
New school funding model						
Continued support for students with disabilities						
DisabilityCare Australia	-11.0	-26.6	-44.4	-240.7	-1,563.1	-1,885.8
Boosting productivity through education, skills and research	-16.2	-575.6	-481.0	-76.7	-78.3	-1,227.9
Early Childhood Education – National Partnership Agreement						
Early Years Quality Fund – establishment						
Priority postgraduate and sub-bachelor courses; additional places						
Alternative Pathways Program – establishment						
Future Fellowships scheme – continuation						
Helping the most vulnerable in our society	-66.8	-374.4	-260.6	-195.3	-81.7	-978.8
Youth Attainment and Transitions – extension						
Homelessness National Partnership Agreement						
Increase income-free area for Newstart						
Royal Commission into Institutional Responses to Child Sexual Abuse						
Investing in key health services	-34.3	-207.3	-192.6	-211.0	-231.3	-876.5
Pharmaceutical Benefits Scheme – new and amended listings						
World leading cancer care						
Defence operations and procurement	0.0	-555.4	-226.2	-32.6	-9.7	-823.9
Supporting industry and business	-3.9	-140.0	-181.2	-91.1	-106.4	-522.5
Industry Innovation Precincts						
Opening up opportunities through Australian Industry Participation						
Responding to environmental needs and challenges	-223.7	-133.2	-102.7	-4.4	-16.7	-480.7
Natural Disaster Recovery and Rebuilding						
National Insurance Affordability Initiative						
Drought reform package						
Farm Finance						
Supporting Senior Australians	0.0	-15.5	-16.5	-35.9	-59.0	-127.0
Housing help for seniors - pilot						
Andrew Fisher Applied Policy Institute for Ageing						
Keeping seniors connected						

(a) These programs have been provisioned for in the contingency reserve

Major savings in the 2013-14 Budget

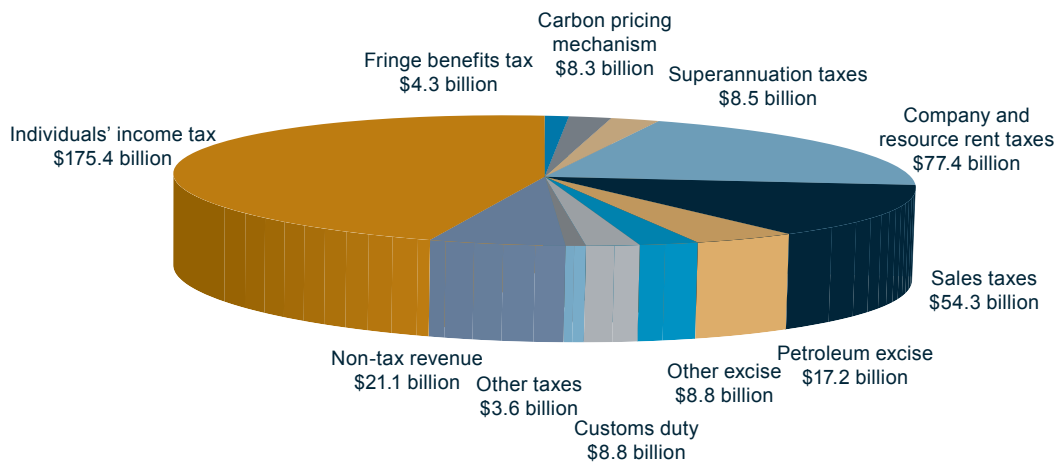
The table below provides a summary of major savings in the 2013-14 Budget and their impact on the fiscal balance. More comprehensive information is provided in *Budget Paper No. 2, Budget Measures 2013-14*.

	2012-13	2013-14	2014-15	2015-16	2016-17	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Strong and stable funding for DisabilityCare Australia	0.0	0.0	3342.6	3936.5	4273.7	11,552.7
Medicare Levy increase dedicated to disability spending						
Protecting the corporate tax base	0.0	108.4	895.3	1,499.3	1,693.5	4,196.5
Tightening the rules to prevent profit shifting						
Removal of immediate deductibility for expenditure on exploration rights and information						
Amendments to improve the integrity of the consolidation regime						
Targeting offshore marketing hubs and business restructures						
Improving the operation of the Offshore Banking Unit regime						
Improving the integrity of the foreign resident CGT regime						
Preventing dividend washing						
Funding our National Plan for School Improvement	-1.0	117.9	459.8	966.6	1,060.1	2,603.3
Student Start-up Scholarships as income contingent loans						
2% and 1.25% efficiency dividend for two years only for Higher Education additional funding						
Cap deductions for work-related education expenses at \$2,000						
Not proceeding with the additional increase to FTB Part A	0.0	615.8	623.3	632.0	646.4	2,517.5
Family payment reform	-0.5	154.6	488.7	742.8	976.0	2,361.7
Increase FTB - A to replace the baby bonus from 1 March 2014						
Indexation pause extension for upper income test limits for family payments and supplements until the end of the forward estimates						
Changes to Clean Energy Future package	109.8	191.8	256.6	1542.3	1326.7	3,427.3
ODA – Deferring Australia's Growth Target	0.0	0.0	326.5	688.2	906.5	1,921.2
Sustainable health spending	-0.1	154.8	335.3	506.6	736.8	1,733.4
Increase general threshold of Extended Medicare Safety Net						
Realign indexation of MBS to financial year						
Phase out net medical expense tax offset (NMETO)						
Other revenue	0.0	91.6	538.7	1,494.2	999.8	3,124.3
Monthly instalment payments (PAYG) for large taxpayers						
Research and development (R&D) tax incentive savings						
Import Processing Charge – ensuring full cost recovery						
Other	275.0	713.5	2,130.6	3,573.3	4,029.4	10,721.8
Total saves ^(a)	383.3	2,148.4	9,397.4	15,581.6	16,649.0	44,159.8

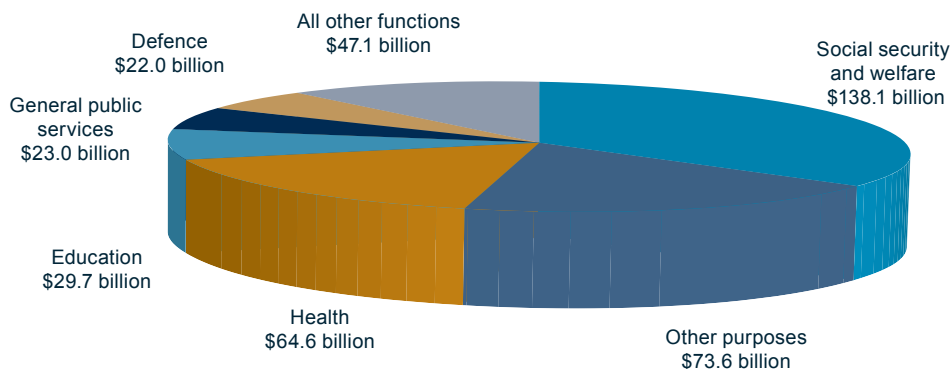
(a) In underlying cash terms, the Budget delivers savings of \$43 billion over five years.

Australian Government taxation and spending

The charts below summarise Australian Government revenues and expenses for 2013-14 on an accrual basis. Total revenue for 2013-14 is expected to be \$387.7 billion, a decrease of \$15.4 billion on estimated revenue since the *Mid-Year Economic and Fiscal Outlook 2012-13*. Total expenses for 2013-14 are expected to be \$398.3 billion, an increase of \$447 million on estimated expenses since the *Mid-Year Economic and Fiscal Outlook 2012-13*.



Where revenue comes from



Where taxpayers' money is spent

Detailed economic forecasts

The table below shows the Government's macroeconomic forecasts^(a). The Australian economy is expected to grow by 2¾ per cent in 2013-14 and 3 per cent in 2014-15. More comprehensive information is provided in *Budget Paper No. 1, Budget Strategy and Outlook 2012-13, Statement 2*.

	Outcomes(b)	Forecasts		
	2011-12	2012-13	2013-14	2014-15
Panel A - Demand and output(c)				
Household consumption	3.2	2 1/2	3	3
Private investment				
Dwellings	-3.6	1/2	5	5 1/2
Total business investment(d)	20.8	10 1/2	4 1/2	1
Non-dwelling construction(d)	37.6	18 1/2	5	-2 1/2
Machinery and equipment(d)	10.1	1 1/2	2 1/2	5
Private final demand(d)	6.2	4	3 1/2	2 3/4
Public final demand(d)	2.3	- 1/2	0	1/2
Total final demand	5.3	3	2 3/4	2 1/4
Change in inventories(e)	-0.1	0	0	0
Gross national expenditure	5.2	3	2 3/4	2 1/4
Exports of goods and services	4.7	7	6 1/2	7
Imports of goods and services	11.8	5	6	3
Net exports(e)	-1.3	1/2	0	1
Real gross domestic product	3.4	3	2 3/4	3
Non-farm product	3.3	3	2 3/4	3 1/4
Farm product	9.0	-8	4	0
Nominal gross domestic product	5.0	3 1/4	5	5
Panel B - Other selected economic measures				
External accounts				
Terms of trade	0.4	-7 1/2	- 3/4	-1 3/4
Current account balance (per cent of GDP)	-2.7	-3 1/2	-3 3/4	-3 1/4
Labour market				
Employment(f)	1.2	1 1/4	1 1/4	1 1/2
Unemployment rate (per cent)(g)	5.1	5 1/2	5 3/4	5 3/4
Participation rate (per cent)(g)	65.3	65	65	65
Prices and wages				
Consumer price index(h)	1.2	2 1/2	2 1/4	2 1/4
Gross non-farm product deflator	1.7	0	2	1 3/4
Wage price index(f)	3.7	3 1/2	3 1/2	3 1/2

(a) Percentage change on preceding year unless otherwise indicated.

(b) Calculated using original data unless otherwise indicated.

(c) Chain volume measures except for nominal gross domestic product which is in current prices.

(d) Excluding second-hand asset sales between the public sector and the private sector.

(e) Percentage point contribution to growth in GDP.

(f) Seasonally adjusted, through-the-year growth rate to the June quarter.

(g) Seasonally adjusted rate for the June quarter.

(h) Through-the-year growth rate for the June quarter.

Note: The forecasts for the domestic economy are based on several technical assumptions. The exchange rate is assumed to remain around its recent average level — a trade-weighted index of around 78 and a US\$ exchange rate of around 103 US cents. Interest rates are assumed to move broadly in line with market expectations. World oil prices (Malaysian Tapis) are assumed to remain around US\$106 per barrel. The farm sector forecasts are based on average seasonal conditions.

Source: Australian Bureau of Statistics (ABS) cat. no. 5206.0, 5302.0, 6202.0, 6345.0, 6401.0, unpublished ABS data and Treasury.

Historical budget and net financial worth data

The table below provides historical data and forward estimates for Australian Government general government sector cash receipts, cash payments, the underlying cash balance and net financial worth. More comprehensive information is provided in *Budget Paper No. 1, Budget Strategy and Outlook in 2013-14*, Statement 10.

	Receipts		Payments		Underlying cash balance(a)		Net financial worth	
	\$m	Per cent	\$m	Per cent	\$m	Per cent	\$m	Per cent
		of GDP		of GDP		of GDP		of GDP
1978-79	26,129	22.0	28,272	23.8	-2,142	-1.8	na	na
1979-80	30,321	22.5	31,642	23.5	-1,322	-1.0	na	na
1980-81	35,993	23.6	36,176	23.7	-184	-0.1	na	na
1981-82	41,499	23.6	41,151	23.4	348	0.2	na	na
1982-83	45,463	24.0	48,810	25.8	-3,348	-1.8	na	na
1983-84	49,981	23.4	56,990	26.7	-7,008	-3.3	na	na
1984-85	58,817	25.0	64,853	27.5	-6,037	-2.6	na	na
1985-86	66,206	25.4	71,328	27.4	-5,122	-2.0	na	na
1986-87	74,724	26.2	77,158	27.0	-2,434	-0.9	na	na
1987-88	83,491	25.7	82,039	25.3	1,452	0.4	na	na
1988-89	90,748	24.7	85,326	23.2	5,421	1.5	na	na
1989-90	98,625	24.4	92,684	22.9	5,942	1.5	na	na
1990-91	100,227	24.1	100,665	24.2	-438	-0.1	na	na
1991-92	95,840	22.6	108,472	25.6	-12,631	-3.0	na	na
1992-93	97,633	22.0	115,751	26.0	-18,118	-4.1	na	na
1993-94	103,824	22.2	122,009	26.1	-18,185	-3.9	na	na
1994-95	113,458	22.9	127,619	25.7	-14,160	-2.9	na	na
1995-96	124,429	23.5	135,538	25.6	-11,109	-2.1	na	na
1996-97	133,592	24.0	139,689	25.1	-6,099	-1.1	na	na
1997-98	140,736	23.9	140,587	23.9	149	0.0	na	na
1998-99	152,063	24.5	148,175	23.8	3,889	0.6	na	na
1999-00	166,199	25.1	153,192	23.1	13,007	2.0	-67,036	-10.1
2000-01	182,996	25.9	177,123	25.1	5,872	0.8	-71,876	-10.2
2001-02	187,588	24.8	188,655	25.0	-1,067	-0.1	-78,032	-10.3
2002-03	204,613	25.5	197,243	24.6	7,370	0.9	-82,931	-10.4
2003-04	217,775	25.3	209,785	24.4	7,990	0.9	-72,389	-8.4
2004-05	235,984	25.6	222,407	24.1	13,577	1.5	-58,882	-6.4
2005-06	255,943	25.7	240,136	24.1	15,757	1.6	-59,763	-6.0
2006-07	272,637	25.2	253,321	23.4	17,190	1.6	-35,696	-3.3
2007-08	294,917	25.1	271,843	23.1	19,754	1.7	-14,690	-1.2
2008-09	292,600	23.3	316,046	25.2	-27,013	-2.2	-71,490	-5.7
2009-10	284,662	22.0	336,900	26.1	-54,494	-4.2	-144,485	-11.2
2010-11	302,024	21.5	346,102	24.7	-47,463	-3.4	-198,787	-14.2
2011-12	329,874	22.4	371,032	25.2	-43,360	-2.9	-355,834	-24.1
2012-13(e)	350,410	23.0	367,286	24.2	-19,377	-1.3	-271,396	-17.8
2013-14(e)	375,993	23.5	391,198	24.5	-18,043	-1.1	-286,077	-17.9
2014-15(e)	401,171	23.9	409,149	24.4	-10,888	-0.6	-290,933	-17.3
2015-16(p)	428,931	24.3	424,969	24.0	849	0.0	-285,119	-16.1
2016-17(p)	453,642	24.4	443,748	23.8	6,591	0.4	-275,099	-14.8

(a) Excludes net Future Fund earnings from 2005-06 onwards.

(e) Estimates.

(p) Projections.

na Data not available.