



BUDGET

2015

Overview

12 May 2015

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The 2015 Budget boosts jobs, growth and opportunity

- We are building on our strong foundations with a responsible Budget focused on small business, better child care and measures that improve fairness.

Growing jobs and small business - \$5.5 billion including \$5 billion of tax relief

- Supporting small businesses, with annual turnover under \$2 million, by cutting small companies' tax rate by 1.5 per cent and giving a 5 per cent tax discount to small unincorporated businesses.
- Encouraging investment by allowing small businesses to immediately deduct each asset costing under \$20,000 that is purchased between Budget night and 30 June 2017.
- Reducing red tape and unnecessary regulation for small businesses, and supporting start-ups and entrepreneurship.
- Providing targeted support for young people who have disengaged from work and study and are at risk of long-term welfare dependency.

Supporting Australian families – a \$4.4 billion funding boost

- Delivering a \$3.5 billion reform package to make child care simpler, more affordable, accessible and flexible, to support workforce participation.
- Investing \$843 million in preschool programmes, to ensure children have a strong start and a bright future.
- Introducing a Child Care Safety Net to provide targeted assistance for genuinely disadvantaged or vulnerable families.
- A two year trial of support for eligible families using nannies.

Ensuring fairness of tax and benefits

- Ensuring greater fairness in Australia's tax system by implementing the Multinational Anti Avoidance Law to stop companies artificially avoiding tax, and actioning key recommendations of the G20/OECD Base Erosion and Profit Shifting Action Plan.
- Improving the fairness of the tax system by fighting financial crime, extending the ATO's GST compliance programme and capping excessive use of salary sacrificed 'meal entertainment' benefits.
- Strengthening the foreign investment framework to ensure investors play by the rules and that foreign investment is always in our national interest.
- Improving the fairness of benefits by removing double-dipping from Parental Leave Pay for parents who can already access more generous parental leave entitlements from their employer and requiring people who move overseas to continue to repay their Higher Education Loan Programme debt.

Protecting Australia

- Investing \$1.2 billion in new funding for national security, building on the \$1 billion of funding announced last year.
- Extending and expanding Australia's military operations in Afghanistan, Iraq and the Middle East.

Progressing budget repair in a responsible, measured and fair way

- The Government has a credible path to surplus, despite a \$52 billion write-down in tax receipts and the iron ore price almost halving since the 2014 Budget.
- The deficit is reducing in each and every year and payments as a share of the economy are reducing.

Budget at a glance

We are building on our strong foundations with a responsible Budget focused on small business, better child care and integrity

Jobs, growth and opportunity

The 2015 Budget is about helping Australians have a go.

The Government's \$5.5 billion Jobs and Small Business Package will help businesses invest, hire and grow.

A \$4.4 billion Families Package will reform the child care system to make it simpler and improve the affordability, accessibility and flexibility of child care, to support parents who choose to participate in the workforce.

The Budget contains measures to build greater confidence and fairness in our tax and benefits systems. The vast majority of Australians do the right thing and play by the rules, and expect others to do the same. Changes in the Budget to some benefits will ensure they remain sustainable.

The Government is investing an additional \$1.2 billion in this Budget to support our military operations and strengthen our counter-terrorism capability, both here and abroad.

This brings our additional investment in measures to protect Australia to over \$2 billion since the 2014 Budget.

Ensuring fiscal sustainability

The Government has a credible path to surplus, despite a \$52 billion write-down in tax receipts and the iron ore price almost halving since the 2014 Budget.

Consistent with the fiscal strategy, new spending has been directed to investments that boost productivity and participation.

We can have a more prosperous future if we plan for tomorrow, today.

Budget aggregates and major economic parameters

	Actual		Estimates		Projections	
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Underlying cash balance (\$b)(a)	-48.5	-41.1	-35.1	-25.8	-14.4	-6.9
Per cent of GDP	-3.1	-2.6	-2.1	-1.5	-0.8	-0.4
Fiscal balance (\$b)	-43.7	-39.4	-33.0	-23.4	-9.2	-3.2
Per cent of GDP	-2.8	-2.5	-2.0	-1.3	-0.5	-0.2

(a) Excludes net Future Fund earnings

	Outcomes		Forecasts		Projections	
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Real GDP	2.5	2 1/2	2 3/4	3 1/4	3 1/2	3 1/2
Employment	0.7	1 1/2	1 1/2	2	2	2
Unemployment rate	5.9	6 1/4	6 1/2	6 1/4	6	5 3/4
Consumer price index	3.0	1 3/4	2 1/2	2 1/2	2 1/2	2 1/2
Wage price index	2.5	2 1/2	2 1/2	2 3/4	2 3/4	3 1/4
Nominal GDP	4.0	1 1/2	3 1/4	5 1/2	5 1/4	5 1/2

(a) Year average unless otherwise stated. From 2013-14 to 2016-17, employment, the wage price index and the consumer price index are through the year growth to the June quarter. The unemployment rate is the rate for the June quarter. The unemployment rate is the rate for the June quarter.

Preparing for future challenges

The Intergenerational Report shows that we need to focus on reforms to enhance productivity and participation, and repair the budget to continue to provide the services that Australians expect

Australia's strong economic performance over the past 40 years has greatly enhanced our standard of living.

But, continued economic growth and prosperity cannot be taken for granted.

The 2015 Intergenerational Report projects that the Australian population will grow and change in the next 40 years. Australians will live longer, and the number of Australians aged 65 and over will increase as a proportion of the population.

Improving Australia's economic performance and living standards in the future will depend crucially on productivity growth—that is, working more efficiently and effectively. We must also find ways to boost the number of people participating in the workforce.

The 2015 Budget recognises the changing shape of Australia and sets us up to take advantage of the opportunities this presents.

This Budget is about taking action now. Measures to support small business innovation and increase participation with better child care will drive our future prosperity.

Continued progress on budget repair will ensure we are better placed to meet whatever challenges the future may bring.

Productivity will be a more important driver of economic growth in the future



Economic outlook

Strong fundamentals underpin opportunities for growth

The Australian economy is entering its 25th year of economic growth. This is the second longest continuous period of growth of any advanced economy in the world. And it is expected to continue to grow even as we adjust to the end of the unprecedented boom in resources investment.

Employment has been growing, with around 250,000 jobs created over the past 18 months.

Consumers are benefitting from lower petrol prices, electricity prices and interest rates. This is boosting household spending and investment in the housing market.

The outlook globally is brighter with major advanced economies including the United States, the euro area and Japan all expected to strengthen.

India is expected to become the fastest growing major economy this year and while growth in China is moderating from double digit rates seen in the last 10 years, it is still a major contributor to global growth.

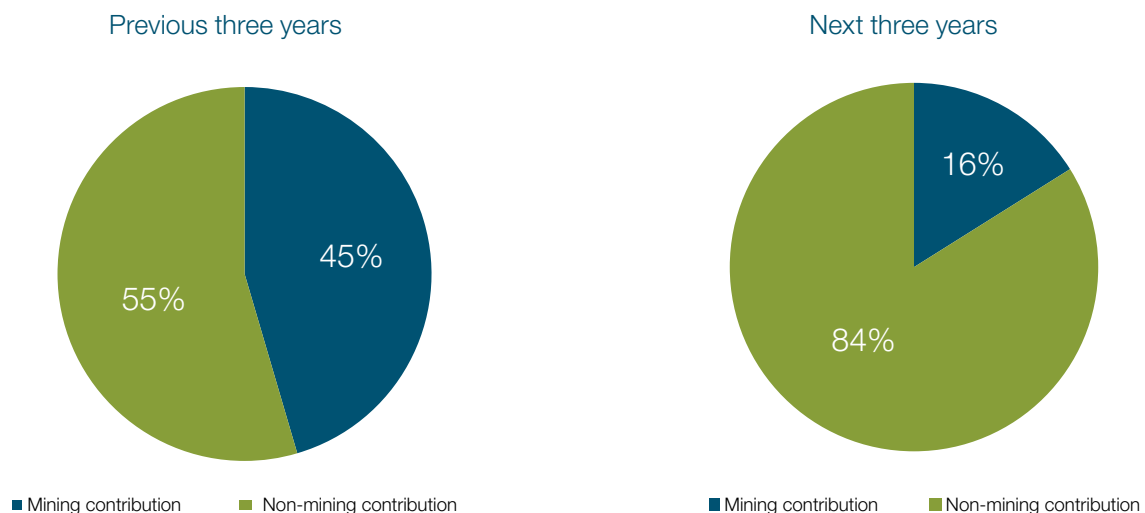
The lower Australian dollar will support local businesses taking advantage of the stronger world outlook by making them more competitive, particularly in sectors such as tourism and manufacturing.

Historic free trade agreements will expand opportunities for agricultural exports. Australian services exporters will also gain improved access to major markets, such as China.

But the economic outlook presents challenges for this Budget. With growth in global commodity supply rising at the same time as demand from China cools, prices for our commodity exports have fallen.

The fall in commodity prices has affected business and household incomes and is having a significant impact on Government revenues.

Our future growth will come from different sources



Impact of iron ore on tax revenue

The iron ore price has almost halved in the last year

The iron ore industry has been a key driver of economic growth and national income in recent times.

Iron ore investment and exports directly contributed 15 percentage points to economic growth over the past decade, while export values are now 14 times higher at \$75 billion.

Australia now accounts for around a third of world production of iron ore.

Of course this means that our national income and government revenues have become much more sensitive to changes in the iron ore price. The iron ore spot price has almost halved since the 2014 Budget as new supply has come on line.

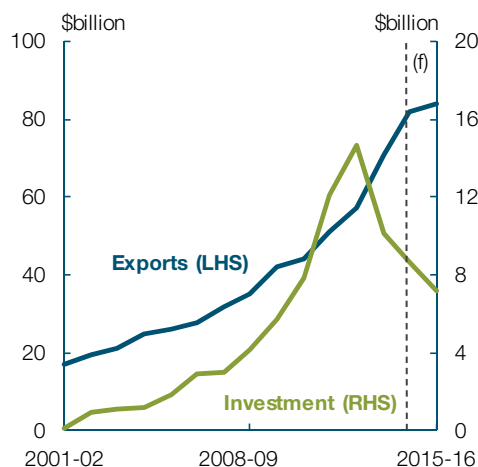
Meanwhile, the outlook for demand has softened, partly reflecting the weakening Chinese housing market, which is a key driver of steel usage.

The fall in the iron ore price has been the largest single contributor to revenue write-downs over the last year. Since the last Budget, the value of forecast iron ore exports has been downgraded by around \$90 billion.

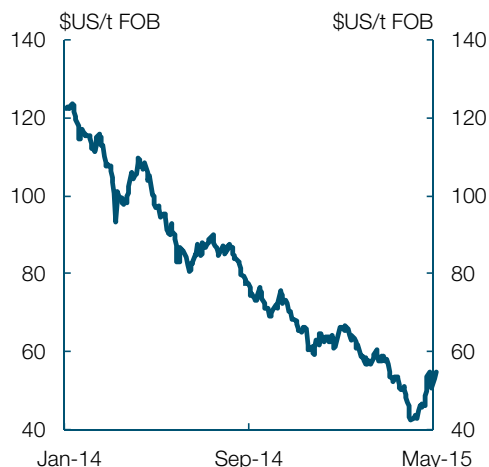
This has contributed to lower nominal GDP and has reduced forecast tax collections by around \$20 billion.

Most of this downgrade is from taxes paid by mining companies but there will also be an impact on taxes paid by other businesses, income tax and other sources of revenue.

Iron ore investment is falling while exports are rising



The iron ore spot price has fallen



Source: Platts

Credible path to surplus

The deficit will reduce each and every year despite major revenue write-downs

The Government has already made considerable progress in improving the budget position.

Over the last year, the budget has been significantly impacted by the iron ore price almost halving and persistently weak wage growth.

Tax receipts have been downgraded by \$52 billion since the 2014 Budget. Over \$20 billion of these write-downs have been directly as a result of the fall in the iron ore price.

Despite this, the annual average pace of consolidation remains at 0.5 per cent of GDP over the forward estimates – broadly similar to what was in the 2014 Budget.

The size of Government, measured by the size of payments to GDP, reduces from 25.9 per cent in 2015-16 to 25.3 per cent by the end of the forward estimates.

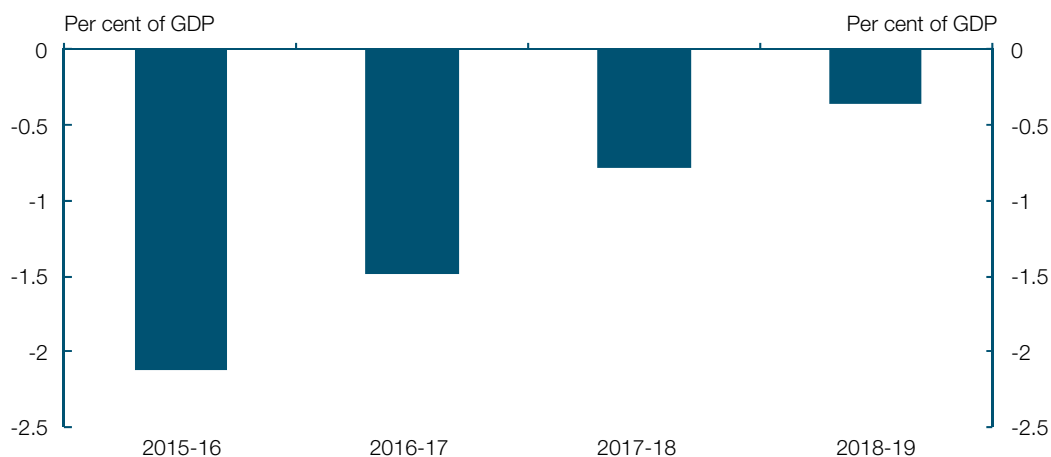
And the deficit reduces each and every year from \$35.1 billion in 2015-16 to \$6.9 billion in 2018-19.

New spending in this Budget meets the Government's commitment to redirect funding to investments that boost Australia's productivity and participation.

This Budget carefully balances the need for investment to enhance Australia's prosperity with the need to repair the budget in a responsible and fair way.

Nevertheless, there is more work to do to continue budget repair in the medium term and the Government remains committed to returning the budget to surplus as soon as possible.

Deficits will reduce each and every year



Growing jobs and small business

Tax cuts to fuel small business investment and employment

A thriving small business sector is at the heart of a strong economy.

Australian small businesses provide jobs for 4½ million people and produce over \$330 billion of Australia's economic output.

We know the hardworking women and men of Australian small businesses are the engine room of our economy.

The Coalition is delivering for these businesses now and into the future.

Since coming to office, the Government has undertaken wide-ranging reforms to improve the small business environment.

People now feel more confident about starting a new business, with strong growth in start-ups.

The \$5.5 billion Jobs and Small Business package builds on these accomplishments to help make Australia one of the best places to start and grow a small business.

At the heart of the Jobs and Small Business package is \$5 billion in tax relief for small businesses with annual turnover below \$2 million.

96 per cent of Australian businesses will be eligible for a tax cut.

Small corporations will benefit from having their company tax rate cut to 28.5 per cent. Unincorporated small businesses will benefit from a 5 per cent tax discount, up to \$1,000 per year.

All small businesses will also be able to get an immediate tax deduction for a wide range of business assets.

These tax cuts will put more money back in the hands of small business owners, and will help to encourage investment and employment.

Tax cuts for all Australian small businesses



Accelerated depreciation

The Government will provide small businesses with an immediate deduction for all individual assets costing less than \$20,000

All small businesses will get an immediate tax deduction for every asset they buy costing less than \$20,000. Currently, the threshold sits at \$1,000.

This \$20,000 limit applies to each individual item. Small businesses can apply this \$20,000 rule to as many individual items as they like.

These arrangements start Budget night and continue until the end of June 2017.

Increasing the depreciation threshold will mean improved cash flow for small businesses. It will encourage them to bring forward investment in the assets they need to grow their business and service their customers.

The new threshold will also mean small businesses spend less time tracking assets across years for tax purposes. This cuts red tape and allows business owners to focus on running and growing their business.

Any assets over \$20,000 can be added together ('pooled') and depreciated at the same rate. These assets are depreciated at 15 per cent in the first income year, and 30 per cent per year thereafter.

If the value of the pool is below \$20,000 until the end of June 2017 it can be immediately deducted too.

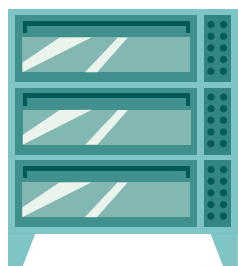
This temporary jump in the threshold will support small businesses to invest in new assets which will help them grow and prosper into the future.

Immediate deductibility will encourage small businesses to invest and grow

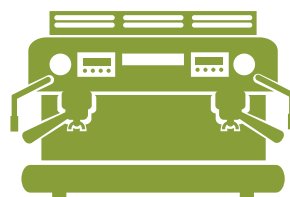
Immediately deductible



\$12,478



\$13,750



\$16,400



\$6,849

Supporting small business growth

A package of measures to cut red tape and encourage entrepreneurship

The Jobs and Small Business package will remove impediments to growth with additional measures to cut red tape and encourage start-ups and entrepreneurship.

The Government has already announced reforms which will reduce red tape burdens by \$2.45 billion per annum. But there is more still to be done — particularly for small businesses, who face a disproportionately high regulatory burden.

The Government will reduce red tape in the Fringe Benefits Tax (FBT) system by ensuring all small business work-related portable electronic devices are FBT free.

Small businesses will also benefit from a new Capital Gains Tax rollover relief when changing their legal structures.

The Government will release a consultation paper later in 2015 on potential changes to the *Corporations Act* to reduce any unnecessarily burdensome or restrictive regulatory requirements for small businesses.

The Tax White Paper is also considering opportunities to reduce red tape associated with the tax system, with a focus on small businesses.

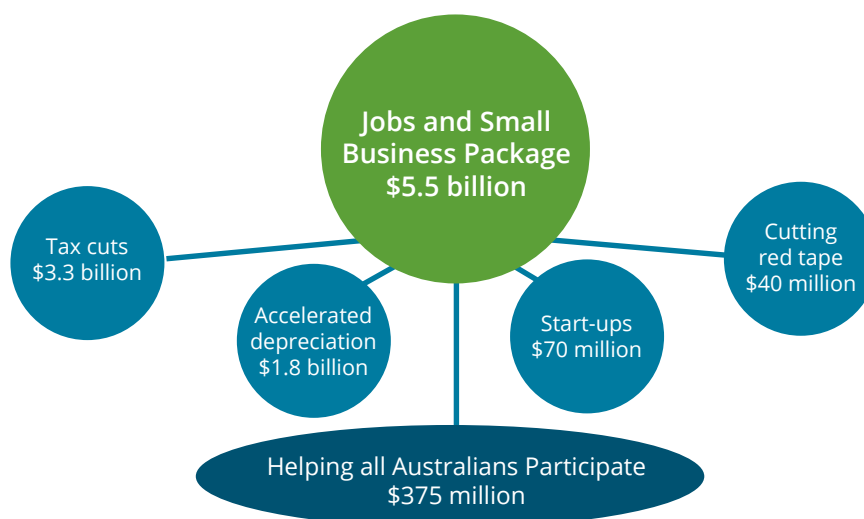
The Jobs and Small Business package also provides a helping hand to small business start-ups and will facilitate even more entrepreneurial activity.

Streamlining business registration processes will make it easier to start a new business.

Start-ups will also be allowed to immediately deduct professional expenses incurred when they start a business.

Removing obstacles to crowd-sourced equity funding will help promote small businesses access to finance. This will complement expanded tax concessions for Employee Share Schemes.

Government support to assist small businesses to grow, invest and employ



Helping Australians into work

Creating the right conditions for small businesses to provide more jobs and assisting unemployed Australians to get these jobs

The Jobs and Small Business package will deliver the conditions that help small businesses grow and create jobs.

The package also helps job seekers, particularly young people and older Australians, access the skills and opportunities they need to get these jobs.

The package will make it easier for employers to take on job seekers by simplifying work experience arrangements and introducing greater flexibility into wage subsidy payment arrangements.

A reinvigorated Restart wage subsidy will encourage small businesses to employ older workers.

New measures will provide intensive support for disengaged young people that will build their employability and help maximise their chances of finding a job.

Support for vulnerable job seekers will help disadvantaged young people with mental health concerns and young migrants into sustainable work.

Support for early school leavers and parents will help young job seekers overcome challenges and participate in work or study. To fully benefit from this support, job seekers need to make every effort to look for work.

Employment services under *jobactive* will be more responsive and focused on results. They will set clear expectations for job seekers by balancing obligations, incentives and assistance.

A new four week waiting period for under 25 year olds will set the clear expectation that young people must make every effort to maximise their chances of successfully obtaining work.

Connecting workers with small business jobs



A brighter future for Australian families

Providing more generous assistance for hard working families

Supporting Australian families

The future prosperity of working families depends on Australia responding to the changing demographics of our population and the economic challenges we all face.

The Government is delivering a \$4.4 billion Families Package to give parents more choice and opportunity to work.

Child care will be reformed to make the system simpler, more affordable, accessible and flexible - supporting workforce participation and providing quality early learning.

This will provide opportunity and build a strong and more prosperous future.

Child Care Subsidy

Recognising that Government funding of child care plays a vital role in helping people get into work and stay in work, the Government will invest an additional \$3.5 billion over 5 years on child care assistance, including a new Child Care Subsidy.

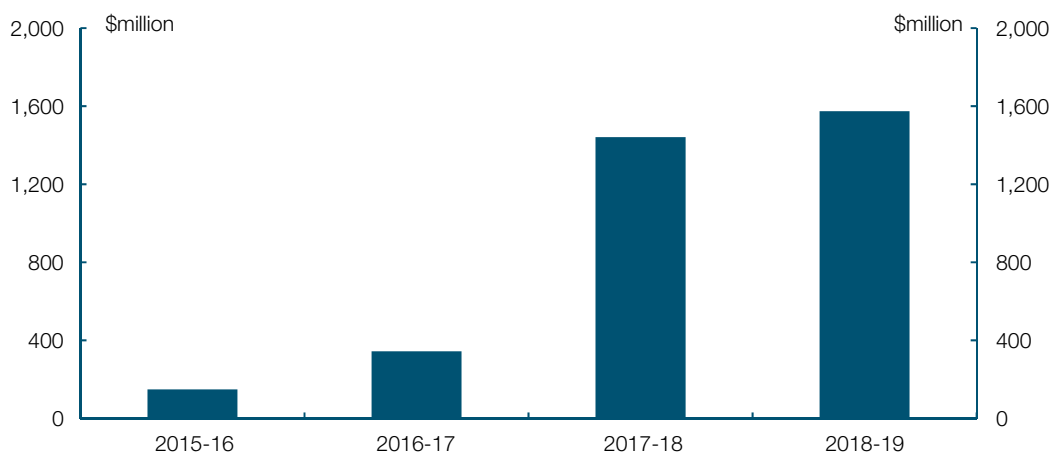
The simplified Child Care Subsidy will be implemented from 1 July 2017 with a single subsidy based on family income.

The Child Care Subsidy will provide assistance to meet the cost of child care for parents who are working, looking for work, training, studying or undertaking any other recognised activity such as volunteering.

Families earning around \$65,000 or less will receive a subsidy of 85 per cent of their child care fees (up to an hourly fee cap). There will be no annual cap for families earning around \$185,000 or less.

Eligibility for the Child Care Subsidy will be determined by an activity test that closely aligns the hours of subsidised care with the amount of work, training, study or any other recognised activity such as volunteering by parents.

An additional \$3.5 billion to make child care more affordable



Access to quality care for families in need

Early childhood education and care plays an important role in helping children with additional needs

The Government will ensure that all children can access quality early childhood learning through targeted support to genuinely disadvantaged and vulnerable children.

The Child Care Subsidy will support low income families with at least one parent not currently undertaking recognised activity, to access 24 hours of subsidised care per fortnight. This will be available to those earning below the maximum subsidy threshold of around \$65,000 in 2017-18.

In addition to the Child Care Subsidy, the Government will spend \$869 million on the Child Care Safety Net to assist vulnerable, disadvantaged and additional needs children.

The Additional Child Care Subsidy will commence on 1 July 2017 and provide top-up fee assistance to:

- children who are at risk of serious abuse or neglect;
- families experiencing temporary financial hardship; and
- families transitioning to work from income support.

From 1 July 2017 the Community Child Care Fund will provide grants to child care services to:

- remove barriers for disadvantaged children, or
- children in regional or remote areas; and

- make child care services more viable; and
- improve affordability for low income families in high cost areas.

The Government will commit \$409 million to the new Inclusion Support Programme, which will commence on 1 July 2016. The programme will assist families with children with additional needs to access child care.



Universal access to preschool

Children who attend preschool in the year before starting school can benefit from improved academic performance during primary school

The Government will invest \$843 million in the 2016 and 2017 calendar years for preschool programmes across Australia, to ensure children have a strong start and a bright future.

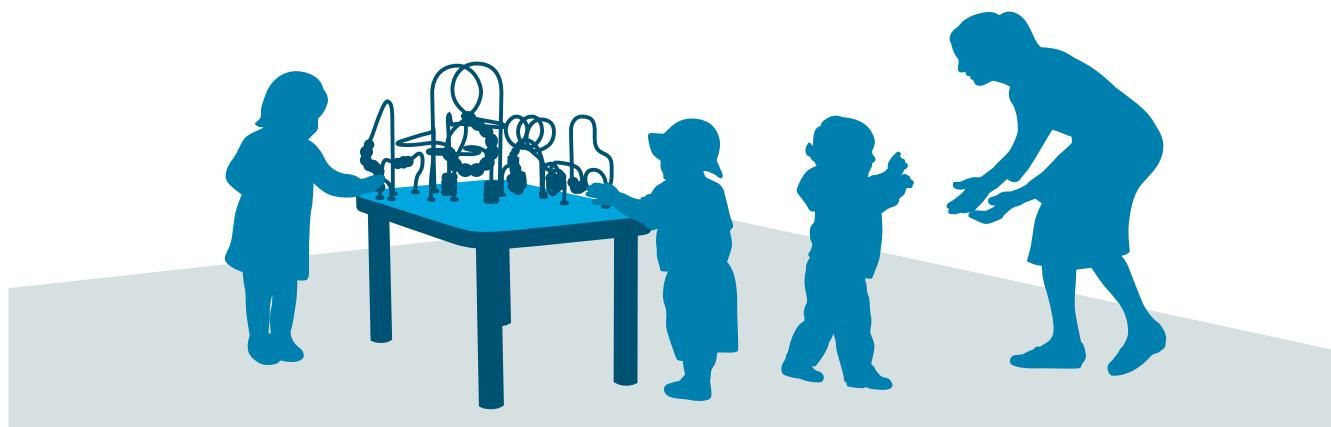
Early childhood is a vital period for learning and development.

Access to preschool benefits all children in the year before school, particularly disadvantaged children.

The *National Partnership Agreement on Universal Access to Early Childhood Education* ensures that in the year before school, states and territories provide all children with access to a preschool programme for up to 15 hours a week or for 600 hours a year, delivered by a degree qualified early childhood teacher.

Investing in early childhood education helps build a productive society. Early education can translate into school readiness, academic success, and lifetime wellbeing. Success builds upon success.

Investing in early childhood education



Healthy families and flexible care

Protecting children from preventable diseases and providing support to eligible families who use nannies

'No Jab, No Pay' - Vaccinating our children

The Government recognises that more needs to be done to ensure we protect our children and our community from preventable diseases.

From 1 January 2016, the 'No Jab, No Pay' rule will remove all exemptions, excluding those for medical reasons, for access to child care payments and Family Tax Benefit Part A end of year supplement.

Improving immunisation rates

The Government will also provide a \$26 million boost to the Immunise Australia programme, which will provide additional incentive payments for doctors and immunisation providers to identify and vaccinate children in their practice who are overdue.

Nannies Trial

The Government will spend around \$250 million on an Interim Home Based Carer Pilot Programme (Nannies Trial) to extend subsidy support to eligible families using nannies.

The Nannies Trial will fund around 4,000 nannies, providing subsidised care to approximately 10,000 children. The trial will commence on 1 January 2016.

The Nannies Trial will be targeted to assist shift workers, such as nurses and police officers, whose irregular hours make it hard for them to access traditional child care.

Encouraging healthy families and flexible care



Strong on multinational tax integrity

The Government is committed to ensuring that businesses with economic activities in Australia pay tax in Australia

Some multinational companies are not paying their fair share of tax. This is unfair for families and Australian businesses that do the right thing.

The Government is strengthening our domestic laws to combat tax avoidance by multinationals through:

- a Multinational Anti-Avoidance Law to ensure that foreign businesses cannot escape the Australian tax net using contrived arrangements;
- closing the digital loophole to ensure that GST is applied to digital products and services imported by consumers;
- increasing penalties for tax avoidance by large companies; and

- working with businesses on a code for the disclosure of the tax affairs of companies operating in Australia.

But this is not the end.

Multinational taxation is a key focus for governments around the world.

The Government is working with the United Kingdom and the OECD on further measures to combat multinational tax avoidance.

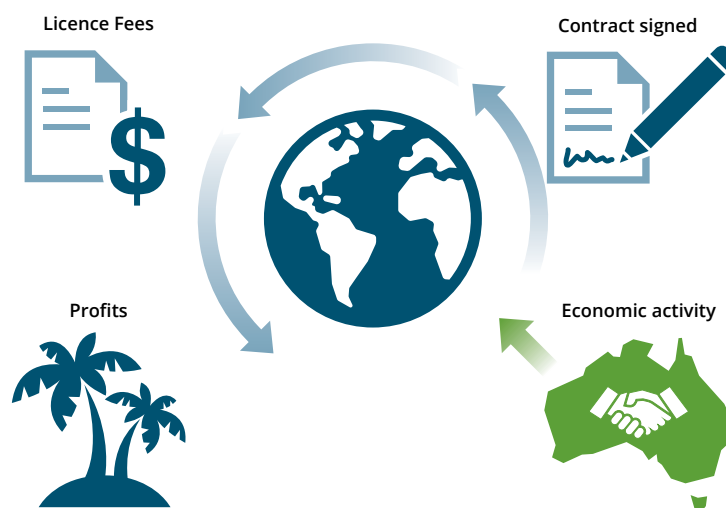
Australia is also continuing its strong international leadership in this area by actioning key elements of the G20/OECD Base Erosion and Profit Shifting Action Plan, developed under

Australia's G20 presidency:

- country by country reporting and better transfer pricing documentation;
- new rules to neutralise hybrid mismatch arrangements;
- new practices that will prevent treaty abuse; and
- exchanging rulings on preferential tax regimes.

This package builds on the Government's record of strong action on multinational tax avoidance. It will significantly strengthen our tax system and provide a strong deterrent for tax avoiders.

Australian profits shifted overseas



Making the tax system fairer

The Government is taking steps to enhance public confidence in the integrity and fairness of the tax system at home

Improving fairness

Some employees of not-for-profit organisations have been able to salary package excessive amounts of benefits that are not available to other taxpayers. These 'meal entertainment' benefits include holidays, cruises, weddings, and meals and alcohol in restaurants.

The benefits are not capped and not reportable for fringe benefits tax, or for other government tax and transfer payment income tests. These benefits will now be subject to a new grossed-up exemption cap of \$5,000, which improves fairness in the taxation system. These workers will still retain access to generous concessions.

Doing the right thing

The Government will provide \$265.5 million to the Australian Taxation Office (ATO) over three years to extend the GST compliance programme.

While the Government recognises that most taxpayers do the right thing, the ATO will continue a series of compliance actions to make sure honest businesses have a level playing field. This programme will allow the ATO to continue to identify fraudulent GST refunds, under reporting of GST liabilities, failure to lodge GST returns and outstanding GST debts.

Fighting financial crime

There are significant risks around investment and financial market fraud, superannuation and tax fraud and cyber and identity crimes in Australia. The problem is broader than any individual agency or jurisdiction.

The Government is creating a taskforce to fight serious financial crime. We need a coordinated national partnership of law enforcement and regulatory agencies that will develop inter-agency intelligence and conduct operations to target nationally significant serious financial crime and tax evasion.

A coordinated approach to fighting financial crime



Reforming foreign investment

Strengthening Australia's foreign investment framework

The Government is committed to strengthening Australia's economy. To achieve this, foreign investment is essential and that is why the Government welcomes all foreign investment that is not contrary to our national interest. Australia is open for business, with foreign investment approval granted for \$167 billion of proposed investment in 2013-14, up 23.4 per cent on 2012-13.

Enforcing the rules

A robust regulatory framework reflecting changing demands is essential to maintaining community support and a welcoming investment environment. On 2 May 2015, the Government announced a package of

measures to strengthen the foreign investment framework to make sure the rules are enforced.

The ATO will be given responsibility for regulating foreign investment in residential real estate, including stronger enforcement of the rules supported by enhanced data matching systems.

There will be additional and stricter penalties to ensure foreign investors and intermediaries do not profit from breaking the rules.

The introduction of application fees on all foreign investment applications will improve service

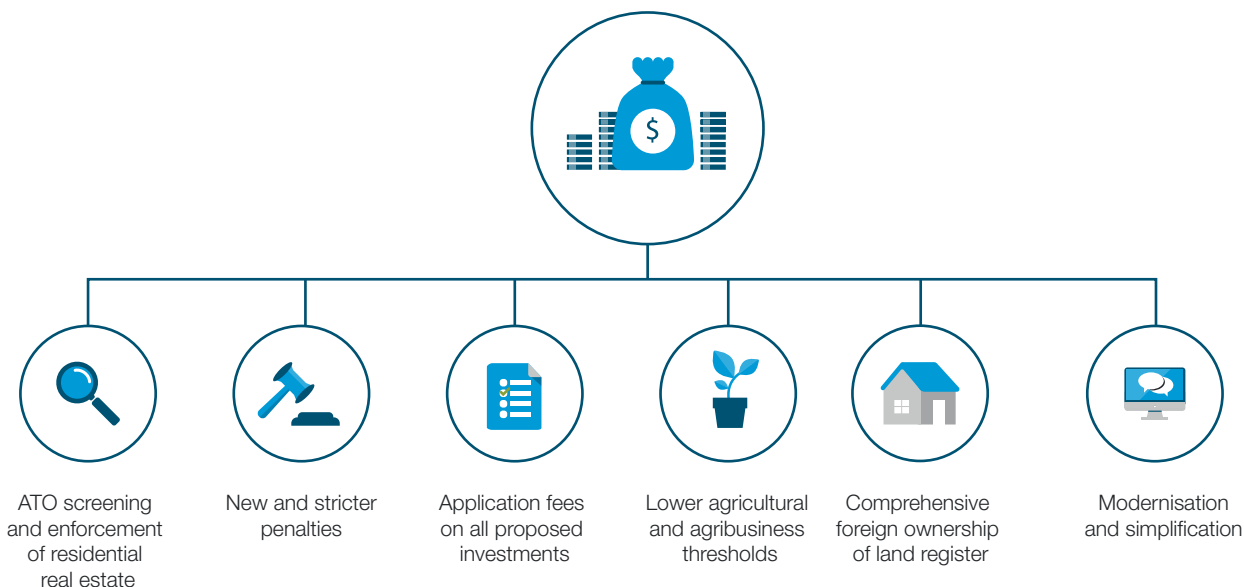
delivery and ensure Australian taxpayers are no longer funding the administration of the system.

More scrutiny and transparency

The Government is also delivering on its commitment to increase scrutiny and transparency around foreign investment in agriculture, lowering screening thresholds for agricultural land and agribusiness and implementing a comprehensive register of foreign ownership in land.

The Government is consulting further on options to ensure Australia has a modern, streamlined foreign investment system.

Strengthening Australia's foreign investment framework



Fairness of benefits

The Government is strengthening the integrity of our welfare system to ensure that it remains fair and sustainable

The Government is upgrading our welfare payment system, targeting assistance to those most in need, improving compliance, and ensuring that social obligations are met.

These measures will result in a net saving of around \$3.5 billion over the forward estimates.

Transformation programme

We will invest an initial \$60 million to kick start the Welfare Payment Infrastructure Transformation to upgrade the Department of Human Services' (DHS) information technology to meet the demands of today's digital world.

Welfare system integrity

The Government will return around \$1.5 billion to the budget by increasing DHS capability to detect, investigate and deter suspected welfare fraud and non-compliance.

The Government will also improve the fairness of the Higher Education Loan Programme by recovering debts from Australians living and working overseas who have received taxpayer funded loans for their education.

The new arrangements will impose repayment obligations on Australians living overseas on the same terms that currently apply to residents.

We will remove double-dipping from Parental Leave Pay (PLP) from 1 July 2016. Previously individuals could receive taxpayer funded PLP in addition to any employer-provided parental leave entitlements.

Access to PLP will now be limited to individuals whose employer does not provide parental leave entitlements. In cases where individuals get less generous parental leave entitlements from their employer, the Government will top up the amount paid to be equal to the full amount available under the existing scheme.

Strengthening the integrity of the welfare system



Upgrade welfare payment system



Target assistance to those most in need



Improve compliance



Ensure social obligations are met

Keeping Australia safe

The Government is committed to protecting Australians from the threat of terrorism

The Government is doing everything in its power to keep Australians safe and secure.

Countering terrorism

The Government is investing \$1.2 billion in new funding for national security in this Budget, building on the \$1 billion of funding announced last year.

The effect of new measures has already been felt, with greater coordination and new frontline personnel and equipment helping to protect Australians from harm.

In this Budget, the Government will invest \$450 million in new intelligence measures to protect Australia and Australians.

\$296 million will be invested in new information technology capabilities for our intelligence agencies, to help them to collect and use information more effectively.

\$131 million to assist the telecommunications industry to upgrade its systems to implement the Government's metadata retention policy.

Law enforcement agencies use metadata to detect and prosecute serious crimes, including terrorism and crimes against children.

\$22 million will be provided to combat extremist propaganda on the internet and social media.

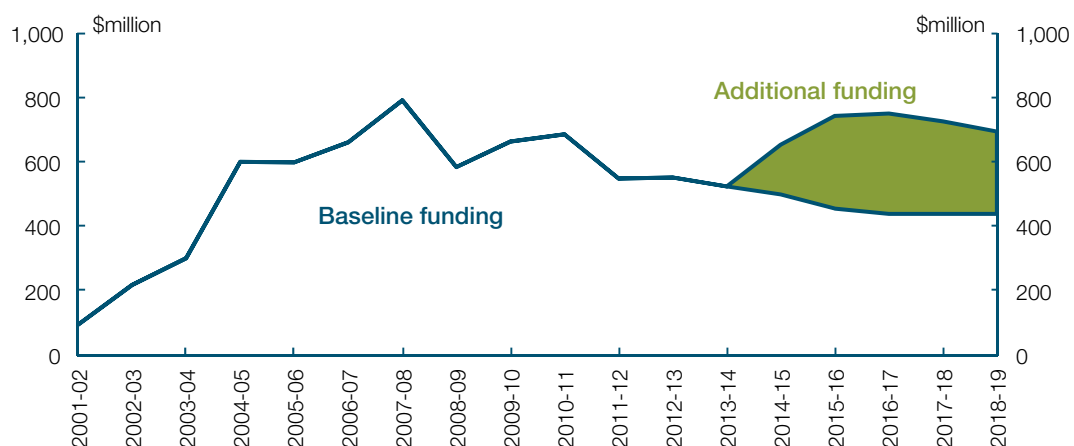
Defence operations

In this Budget, \$750 million has been provided to extend and expand Australia's military operations in Afghanistan, Iraq and the Middle East.

Australian personnel in Iraq are playing a key role in countering violent extremism at its source. \$382 million will be provided to continue our involvement with the international coalition assisting Iraq.

Australia will provide 300 personnel to train and rebuild the Iraqi security forces as part of the Building Partner Capacity mission.

Dedicated funding for counter terrorism has been increased



Investigating threats

The Government's new data retention policy will help our security agencies keep the Australian community safe

The Government has enacted legislation to require telecommunications service providers to keep for two years certain information ('metadata') generated by their users.

Helping our agencies

Retaining metadata is a vital step in keeping us safe from rapidly evolving threats.

Access to metadata is essential to most counter-terrorism investigations and helps our security agencies prevent terrorist acts and prosecute those who seek to commit them.

It also plays a key role in detecting and prosecuting other serious crimes, including crimes against children.

These changes are in line with the recommendations of the Parliamentary Joint Committee on Intelligence and Security.

Privacy protections

Only approved officers in law enforcement agencies will be able to access metadata.

The Commonwealth Ombudsman will have responsibility for providing oversight in relation to enforcement agencies' access to and use of telecommunications data to ensure this information is not mishandled or used inappropriately. There are also specific protections in place to protect journalists and their sources.

Investment in security

The \$131 million provided by the Government for metadata retention represents 50 per cent of the capital costs to be borne by industry, as estimated by PwC.

In addition, \$23 million will go to relevant agencies such as the Attorney-General's Department and the Australian Crime Commission to cover ongoing costs relating to the implementation and oversight of the data retention scheme.

Ensuring the safety of the Australian community



Connecting Australians

The Government is delivering on its commitment to build infrastructure to support economic growth, create jobs and link businesses to markets

The Government's \$50 billion infrastructure commitment is improving road and rail linkages in every state.

The right infrastructure will support Australia's economic growth in the near term, and boost productivity over the medium to long term.

The Asset Recycling Initiative is freeing up states to invest in a range of productive infrastructure. The two agreements signed so far - with New South Wales and the Australian Capital Territory - will generate more than \$15 billion of additional infrastructure activity.

Planning for the Western Sydney airport at Badgerys Creek is continuing. Work has commenced on the \$3.6 billion Western Sydney Infrastructure Plan.

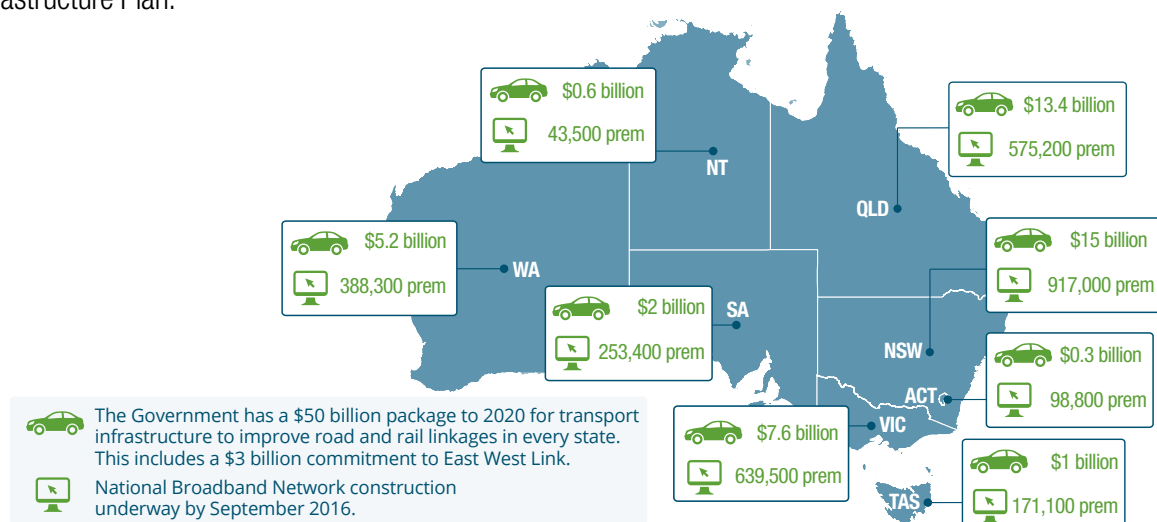
The Government is delivering the National Broadband Network faster and at less cost to taxpayers. Since September 2013, the NBN has more than tripled the number of homes and businesses that receive a service.

More than 413,000 premises are now connected, with an anticipated 3.1 million homes and businesses to have the NBN in place or under construction by September 2016.

The Government is also progressing its \$100 million Mobile Black Spots Programme, with the first base stations under the programme expected to roll out in the second half of 2015.

The Government is ensuring that infrastructure regulatory settings support and promote competition. Following the release of the National Infrastructure Audit, Infrastructure Australia will work on a 15 year pipeline. This will give certainty to industry and help ensure public funding is used to deliver the best infrastructure at the right time.

The Harper Competition Review has provided a blueprint for further reforms that will ensure businesses and consumers have access to greater choice and better service levels.



Paving the way to prosperity

Delivering the Infrastructure Growth Package

The Government is continuing to deliver the vital infrastructure that Australia needs and has seen work start on 19 new major projects in 2014. Another 55 will start construction in 2015.

Major work has commenced on the \$3 billion NorthConnex project. It is expected to create 8,700 jobs for New South Wales. It is the second missing link to be started by this Government, after the M5 West widening which was completed in December 2014.

Early works on WestConnex also commenced this year. This project is expected to deliver \$20 billion in economic benefits and create around 10,000 jobs.

The Commonwealth Government remains committed to improving Melbourne's connectivity, including an ongoing commitment to provide \$3 billion in funding for any Victorian Government that builds the East West Link.

Numerous major projects in Queensland are being delivered on schedule, including the Bruce Highway, the Toowoomba Second Range Crossing and the Gateway Motorway North.

Early works started on the Torrens Road to River Torrens project in South Australia in 2014 and major works begin in 2015. The North-South Road Corridor will receive close to \$1 billion of funding.

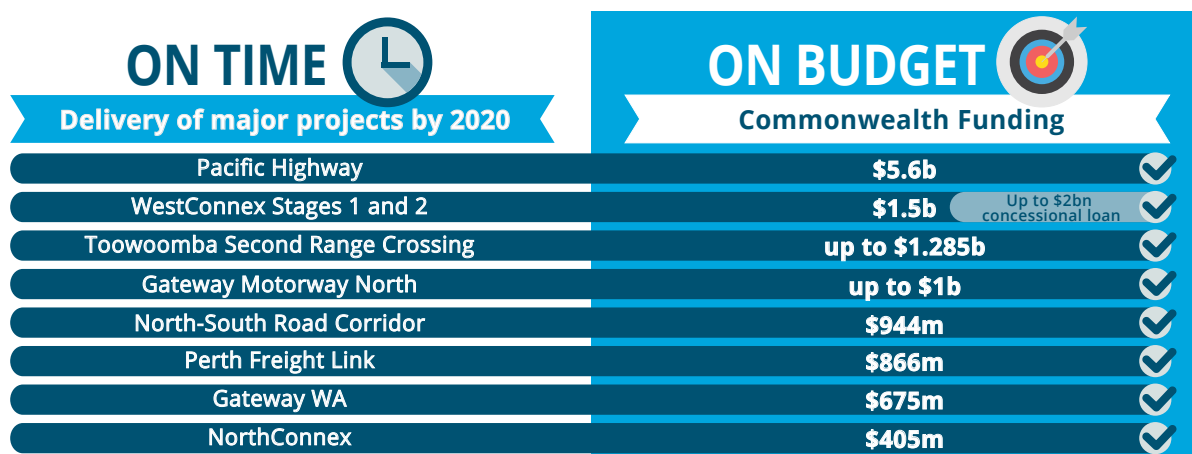
Construction of the \$1 billion Gateway WA Project is expected to be completed by mid 2016. The Perth Freight Link will commence construction in early 2016. In the Budget, a further \$499 million was provided for road infrastructure in WA following a GST revenue shortfall.

In the Northern Territory, the Government has constructed the first section of the \$103 million Tiger Brennan Drive duplication.

Work on the Midland Highway in Tasmania is continuing, with an additional five safety projects to be completed by May 2015.

Over 70 bridges will be upgraded under tranche 1 of the Bridges Renewal Programme and 95 new projects under the Black Spot Programme in 2015-16.

Delivery of Major Roads



A vision for the north and our regions

The Government is encouraging businesses to invest, expand and create jobs in Australia's regions

Northern Australia

A strong north means a strong nation.

The Government will establish a \$5 billion Northern Australia Infrastructure Facility that will be available for major infrastructure projects like ports, railways, pipelines and electricity generation.

We will also provide \$100 million to improve the roads and supply chains involved in getting cattle to market.

The Government is working to finalise its plan for the north. The first ever White Paper on Developing Northern Australia will be released later this year.

National Stronger Regions Fund

The \$1 billion National Stronger Regions Fund commenced rollout in 2014, selecting the best of over 400 projects from across the country.

As part of the first round of funding, announced in May 2015, over \$210 million was made available for 51 projects. Round Two is expected to open in May 2015.

The fund will enhance the economic growth, activity and output of our regions and sustain these gains into the future. The Guidelines are currently under review for Round Two.

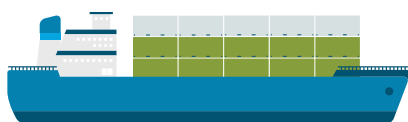
Growing, and investing in, Tasmania

The Government is delivering on creating a stronger, more competitive Tasmanian economy.

The Government has invested \$60 million in Tasmanian irrigation schemes and a further \$203 million to expand the Tasmanian Freight Equalisation Scheme to include exports.

These schemes will generate jobs and help Tasmanian businesses to be more competitive in global markets.

Opportunities for Regional Australia



About **2/3** of export earnings are from regional areas



Regional Australia has a diverse range of industries such as



Agriculture



Tourism



Resources



Retail & Services



Manufacturing

Helping farmers in drought

Helping farmers to manage through and recover from drought

Drought assistance

The Government is committed to supporting farmers who are suffering through the effects of drought.

We will provide \$250 million to continue the Drought Concessional Loan Scheme and the Drought Recovery Concessional Loan Scheme for one additional year.

We will also provide \$25 million from 2015-16 to assist farmers to reduce the impact of pest animals in drought-affected areas.

Supporting investment

To encourage drought preparedness, the Government will provide an immediate tax deduction for water facilities and allow farmers to depreciate over three years capital expenditure on fodder storage assets from 1 July 2016. Additionally, we will allow farmers to immediately deduct the cost of fencing from 1 July 2016.

Supporting communities

We have allocated \$35 million for a grants programme to fund civil and civic infrastructure projects in drought affected areas. Projects may include social and cultural infrastructure, town facility developments and water infrastructure.

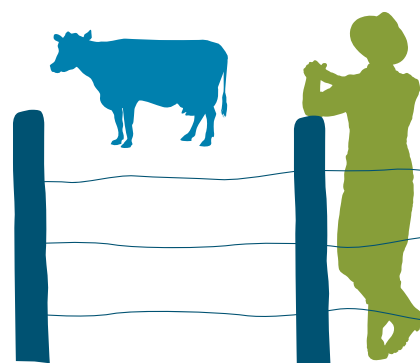
Supporting families

In 2015-16, \$20 million will be provided to extend existing social and community support services for farmers to 70 local government areas that are experiencing a severe and prolonged rainfall deficiency (up from 50 in 2014-15). The Government will also provide \$1.8 million to fund 10 additional counsellors under the Rural Financial Counselling Service.

What does this mean for farmers?

Doug installs 25 kilometres of fencing, at a cost of \$25,000, on his cattle farm in 2016-17. Currently, he is able to depreciate his fencing costs over 30 years and claims a depreciation deduction of \$833 each year.

Now, Doug will be able to deduct the full cost of \$25,000 in the 2016-17 income year, giving him \$24,167 more in tax deductions in the first year. The additional deductions mean that Doug has to pay less tax in 2016-17 if he makes a profit. Assuming Doug's marginal tax rate is 39 per cent, including the Medicare Levy, his tax liability would be reduced by \$14,742, meaning he will have more to spend, invest or pay off debt.



Australia's free trade agreements

The economy will see key benefits from the Government's recently completed free trade agreements

The Government has recently completed three historic free trade agreements (FTAs) with China, Japan and Korea – our three largest export markets. These FTAs involve tariff reductions worth over \$6 billion.

The FTAs will help attract investment in Australia, make key industries more competitive and increase opportunities for Australian businesses. This will help drive growth, increase productive capacity and create jobs. These FTAs also strengthen Australia's economic links with the dynamic North Asia region. The FTAs achieve important reductions in tariffs and other trade barriers in key markets, driving improved access to international

markets for Australian exporters. These reduced trade barriers make Australian exports – including from key Australian industries such as agriculture, resources and manufacturing – relatively cheaper and therefore more competitive.

Such reductions in trade barriers will also help boost the competitiveness of Australian exports in the services sector, which make a large contribution to Australia's overall exports. For example, the China-Australia FTA will enable Australian services providers to gain new access to China's growing and already significant services sector – the largest contributor to China's GDP.

Finally, reciprocal reductions in tariffs and other trade barriers in Australia will provide consumers with a greater variety of goods and services at lower prices.

For example, Toyota announced savings of up to \$1,000 on the Corolla Hatch as a result of our FTAs.

The China-Australia FTA will reduce Chinese tariffs on a range of Australian exports

Product	Current tariff	Tariff under the FTA
Beef	12-25%	Phased to 0% in 9 years
Wine	14-20%	Phased to 0% in 4 years
Dairy	10-19%	Phased to 0% in 4 to 11 years, depending on the product
Manufacturing example:		
Microphones	10%	Phased to 0% in 4 years

Strengthening health and aged care

The Government is improving the quality and efficiency of health spending and delivering greater choice in home care services for older Australians

Building a healthier Medicare

To improve the sustainability of Medicare into the future, the Government will establish a taskforce to review Medicare Benefits Schedule (MBS) items over the next two years, to ensure patients receive high quality and cost effective medical services.

A Primary Health Care Advisory Group will investigate new funding models to deliver better care, particularly for chronic conditions.

My Health Record

The Government will invest \$485 million to improve the electronic health record system for all Australians.

Access to medicines

The Government is committed to maintaining affordable, sustainable access to medicines through the Pharmaceutical Benefits Scheme (PBS) and is in the final stages of negotiations with industry on reforms to pricing and remuneration across the supply chain to underpin the future sustainability of the PBS.

The Budget will also provide \$1.6 billion for new and amended listings on the PBS, including more effective treatments for cancer.

Medical research

The Government will provide distributions of \$10 million in 2015-16 from the Medical Research Future Fund, with more than \$400 million expected to be provided to researchers over the next four years.

Aged care reform

The Government is significantly reforming home care services delivered to older Australians.

From 1 February 2017, funding will be allocated to the consumer based on their care needs. This will allow consumers greater choice in deciding who provides their care and increase competition among providers.



A fairer pension system

Targeting pensions to those who need it most

The Age Pension is our largest welfare payment, totalling an estimated \$44 billion in 2015-16. We also provide other pension equivalent payments, including \$17 billion in Disability Support Pension.

The Age Pension provides a safety net for older Australians, but it is only one pillar of our retirement income system which includes superannuation and voluntary savings. As our population ages, we need to ensure the pension system is sustainable and fair.

A fair pension system

From 1 January 2017, the asset free area for pensioners will increase, allowing around 170,000 pensioners with moderate assets to receive a full or increased pension. At the same time, the asset test taper rate will increase from \$1.50 to \$3. This means for every \$1,000 of assets over the asset free threshold, the pension rate will reduce by \$3 a fortnight.

Currently, pensioners with substantial assets can still get a part pension. Without changes, a single homeowner could hold assets up to around \$800,000 and couple homeowners could hold assets up to around \$1.2 million, in addition to their family home and still be eligible for a part pension.

The changes in the Budget require those pensioners with substantial means to draw on slightly more of their assets to maintain their current income levels in retirement, while the Government continues to support those who need it most.

In a worst case scenario, this would mean a 1.8 per cent annual drawdown on their assets.

As a result, the Government has decided not to proceed with the 2014 Budget measure to index pension and pension equivalents by CPI.

Due to these changes, those who no longer receive a pension will remain eligible for a Commonwealth Seniors Health Card or Health Care Card.

Maintaining a strong Age Pension system



2.4 million age pensioners



Spending of over \$40 billion a year



Greater benefits through the Medicare Safety Net & PBS concessions

Other Commonwealth concessions



Home care & support and residential care services

Your Government online

Government services need to be smart, efficient and ready for the digital age

In today's digital world, people have come to expect convenient access to services at a time that suits them.

The Government is delivering the National Broadband Network faster and at less cost, to enable all Australians to connect to transformative services online.

Most industries now undertake more than half their transactions online.

The Government must be at the forefront of moving its services to digital channels.

That is why the Government is investing \$254.7 million in the Digital Transformation Agenda to transform government service delivery.

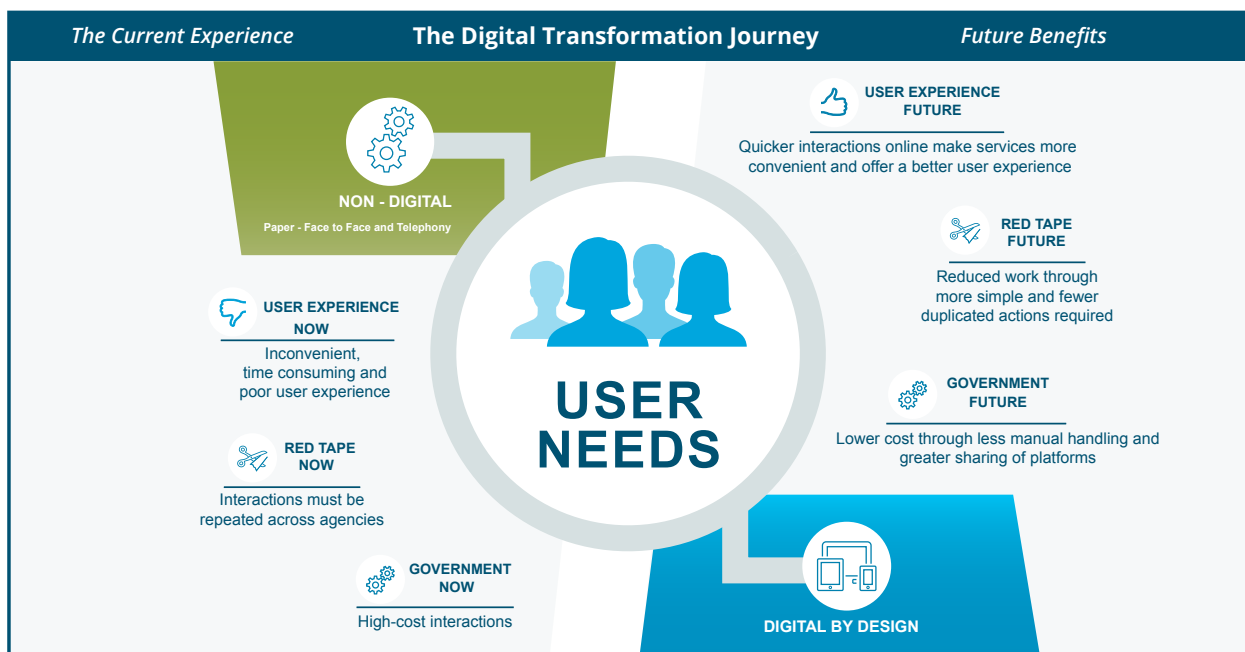
This includes the establishment of a Digital Transformation Office to drive the Agenda and ensure that Government services are simpler and easier to use and can be completed from start to finish online.

The first phase of the Agenda will include provisions to:

- implement a Digital Service Standard to apply to all Government agencies to make services simpler, faster and easier to use;

- design and deliver more myGov services with an improved digital inbox, 'tell us once' services, and a new digital account for businesses that can be accessed using myGov; and
- a simpler, more consistent and efficient grants administration process across government.

The Agenda will also include the implementation of a Streamlined Business Registration service announced in the Jobs and Small Business package. This will simplify the process of registering a business.



Budget aggregates

The table below shows the main cash and accrual budget aggregates for the Australian Government general government sector over the period 2013-14 to 2018-19. The underlying cash deficit is estimated to be \$35.1 billion in 2015-16. The fiscal deficit is estimated to be \$33 billion.

	Actual		Estimates		Projections	
	2013-14 \$b	2014-15 \$b	2015-16 \$b	2016-17 \$b	2017-18 \$b	2018-19 \$b
Receipts	360.3	377.3	398.0	422.5	453.6	488.2
Per cent of GDP	22.8	23.5	24.0	24.2	24.7	25.2
Payments (a)	406.4	415.0	429.8	444.9	464.3	491.1
Per cent of GDP	25.7	25.9	25.9	25.5	25.3	25.3
Net Future Fund earnings	2.3	3.4	3.3	3.4	3.7	4.0
Underlying cash balance (b)	-48.5	-41.1	-35.1	-25.8	-14.4	-6.9
Per cent of GDP	-3.1	-2.6	-2.1	-1.5	-0.8	-0.4
Revenue	373.9	384.1	405.4	433.4	466.2	501.3
Per cent of GDP	23.6	23.9	24.5	24.8	25.4	25.9
Expenses	413.8	420.3	434.5	452.7	471.8	499.4
Per cent of GDP	26.2	26.2	26.2	25.9	25.7	25.8
Net operating balance	-39.9	-36.2	-29.1	-19.2	-5.6	1.9
Net capital investment	3.8	3.1	3.9	4.2	3.6	5.1
Fiscal balance	-43.7	-39.4	-33.0	-23.4	-9.2	-3.2
Per cent of GDP	-2.8	-2.5	-2.0	-1.3	-0.5	-0.2
<i>Memorandum item:</i>						
Headline cash balance	-52.5	-43.2	-44.8	-43.9	-24.7	-17.3

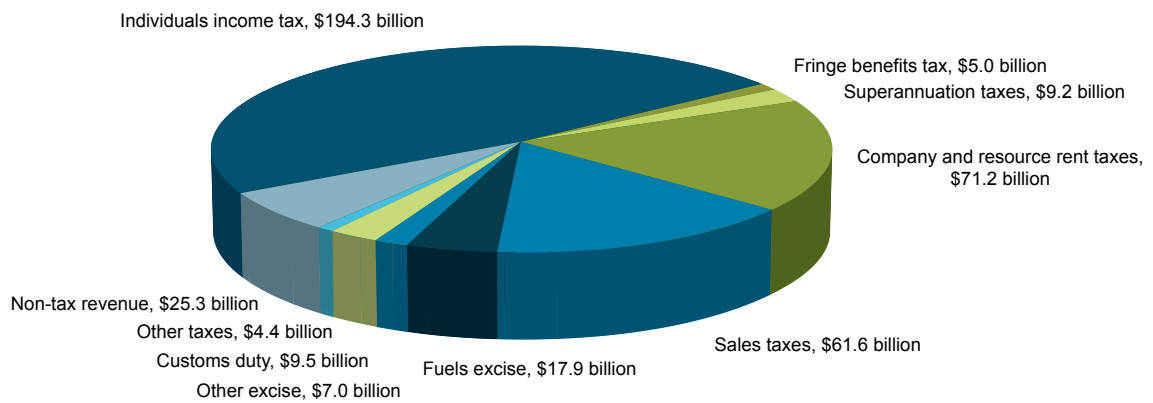
(a) Equivalent to cash payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases.

(b) Excludes net Future Fund earnings

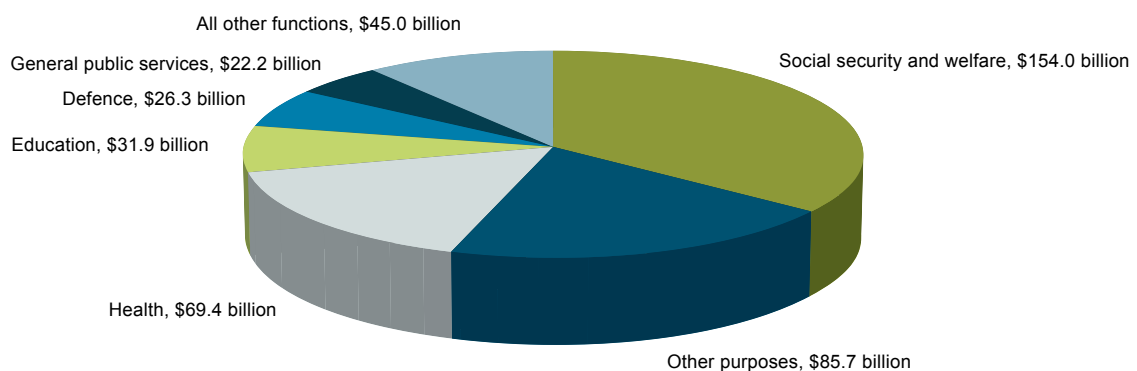
Revenue and spending

Total revenue for 2015-16 is expected to be \$405.4 billion, an increase of 5.5 per cent on estimated revenue in 2014-15. Total expenses for 2015-16 are expected to be \$434.5 billion, an increase of 3.4 per cent on estimated expenses in 2014-15.

Where revenue comes from (2015-16)



Where taxpayers' money is spent (2015-16)



2015-16 support for households

Estimated tax and government assistance for various family types in 2015-16

Family type	Private income ^(a)	Government assistance ^(b)	Income tax paid ^(c)	Disposable income ^(d)	Net income tax liability ^(e)	Full time taxpayer contribution ^(f)
Sole Parent						
One dependant, aged <6	\$60,000	\$20,179	\$12,147	\$68,032	-\$8,032	0.4
Two dependants, aged <6	\$30,000	\$38,838	\$2,534	\$66,304	-\$36,304	1.9
Two dependants, aged 6-13	\$40,000	\$21,371	\$4,147	\$57,224	-\$17,224	0.9
Single income couple						
One dependant, aged <6	\$60,000	\$7,630	\$12,147	\$55,483	\$4,517	-
Two dependants, aged 6-13	\$100,000	\$6,781	\$26,947	\$79,834	\$20,166	-
Three dependants, one aged <6 and two aged 6-13	\$80,000	\$24,644	\$19,147	\$85,497	-\$5,497	0.3
Dual income couple						
70:30 income split, one dependant, aged <6	\$80,000	\$11,704	\$11,674	\$80,030	-\$30	-
70:30 income split, two dependants, one aged <6 one aged 6-13	\$80,000	\$17,001	\$11,674	\$85,327	-\$5,327	0.3
70:30 income split, three dependants, one aged <6, two aged 6-13	\$80,000	\$25,233	\$11,674	\$93,559	-\$13,559	0.7
50:50 income split, one dependant, aged <6	\$100,000	\$3,201	\$17,094	\$86,107	\$13,893	-
50:50 income split, two dependants, one aged <6, one aged 6-13	\$100,000	\$20,499	\$17,094	\$103,405	-\$3,405	0.2
50:50 income split, two dependants, aged 6-13	\$60,000	\$13,434	\$4,794	\$68,640	-\$8,640	0.5

The Government provides a range of further payments and assistance, including:

- Rent Assistance
- Health Care Cards and associated subsidies for medications
- Family Support Programme
- Assistance for carers
- Home and Community Care
- Aged Care

Estimated tax and government assistance for various family types in 2015-16

Family type	Private income ^(a)	Government assistance ^(b)	Income tax paid ^(c)	Disposable income ^(d)	Net income tax liability ^(e)	Full time taxpayer contribution ^(f)
Individuals						
Single person working 5 days a week	\$40,000	-	\$4,947	\$35,053	\$4,947	-
Single person working 5 days a week	\$80,000	-	\$19,147	\$60,853	\$19,147	-
Single person working 5 days a week	\$100,000	-	\$26,947	\$73,053	\$26,947	-
Pensioners						
Single homeowner with \$50,000 in assets ^(g)	\$896	\$22,617	\$0	\$23,513	-\$22,617	1.2
Single non-homeowner with \$100,000 in assets ^{(g)(h)}	\$2,521	\$25,995	\$0	\$28,516	-\$25,995	1.4
Couple homeowner with \$200,000 in combined assets ^(g)	\$5,291	\$34,095	\$0	\$39,386	-\$34,095	1.8
Couple homeowner with \$400,000 in combined assets ^(g)	\$11,791	\$29,864	\$0	\$41,655	-\$29,864	1.6

(a) Private income comprises income from work and other sources (but not government assistance). Some recipients work part time.

(b) Government assistance includes income support payments (for example, Newstart, Age Pension and Parenting Payment), family payments (for example, Family Tax Benefit Part A and Part B) and Childcare Benefit and Childcare Rebate. Rent Assistance is excluded except where otherwise stated. Children <6 are in long day care (at \$8.55 per hour) and children 6-13 are in outside school hours care (at \$7.65 per hour) as relevant.

(c) Tax paid is equal to income tax including the Medicare Levy and the Temporary Budget Repair Levy.

(d) Disposable income is the sum of private income and government payments less tax paid.

(e) Net tax liability is equal to tax paid less government payments.

(f) 'Full-time taxpayer contribution' refers to the number of single taxpayers with no dependents on average full time weekly ordinary time earnings required to fund negative net tax liabilities. In 2015-16, this person earns \$79,454 and pays tax of \$18,959.

(g) Income is assumed to be from investments which earn a rate of return equal to current deeming rates.

(h) The individual is assumed to be entitled to the maximum Rent Assistance.

* Families hold Private Health Insurance cover.

Major initiatives

This table summarises the major initiatives in the 2015 Budget and their impact on the fiscal balance. More comprehensive information is provided in Budget Paper No. 2, Budget Measures 2015-16.

Key Measures	2014-15	2015-16	2016-17	2017-18	2018-19	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Families Package – child care – Workforce Participation Stream	-1	-141	-277	-1,309	-1,472	-3,199
Medicare Benefits Schedule – changes to GP rebates – reversal	-181	-646	-692	-718	-754	-2,991
Growing Jobs and Small Business – Youth Employment Strategy – revised waiting period for youth income support	4	-462	-438	-447	-501	-1,845
Pharmaceutical Benefits Scheme – new and amended listings	-7	-388	-391	-401	-387	-1,575
Families Package – National Partnership Agreement on Universal Access to Early Childhood Education – extension	0	-125	-420	-299	0	-843
Developing Northern Australia – Northern Australia Infrastructure Facility	0	-1	-327	-266	-206	-800
Automotive Transformation Scheme – revised implementation	-100	-175	-150	-183	-175	-783
Western Australia Infrastructure Projects	-499	0	0	0	0	-499
Operation Okra – continued support	-3	-383	-22	-10	0	-418
Refugee resettlement arrangements for Illegal Maritime Arrivals in offshore processing centres	-138	-252	0	0	0	-390
Families Package – Child Care Safety Net	0	-8	-79	-135	-105	-328
Families Package – more generous means testing arrangements for youth payments	0	-21	-75	-81	-85	-263
Digital Transformation Agenda – Stage One and establishment of the Digital Transformation Office	0	-118	-71	-41	-25	-255
National Partnership Agreement on Homelessness – extension	0	-115	-115	0	0	-230
Growing Jobs and Small Business – Youth Employment Strategy – Intensive Support – transition to work	0	-25	-61	-64	-62	-212
Total	-924	-2,859	-3,118	-3,956	-3,773	-14,630

Revenue items	2014-15	2015-16	2016-17	2017-18	2018-19	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Growing Jobs and Small Business – tax cuts for small business	0	-250	-950	-1,000	-1,050	-3,250
Growing Jobs and Small Business – expanding accelerated depreciation for small businesses	0	-250	-800	-850	150	-1,750
Personal income tax – modernising the methods used for calculating work-related car expense deductions	0	0	270	280	295	845
Strengthening Australia's foreign investment framework	0	81	166	199	205	651
Personal income tax – changes to tax residency rules for temporary working holiday makers	0	-1	98	218	220	535
GST – compliance programme – three year extension	0	0	132	160	153	445
Cost Recovery of Citizenship and adjustment of Visa Application Charges	0	103	109	111	113	437
Personal income tax – better targeting the Zone Tax Offset to exclude 'fly-in fly-out' and 'drive-in drive-out' workers	0	0	105	110	110	325
Introducing a cap for salary sacrificed meal entertainment and entertainment facility leasing expenses	0	20	85	90	100	295
Total	0	-297	-785	-681	296	-1,467

Major savings

This table summarises the major savings in the 2015 Budget and their impact on the fiscal balance. More comprehensive information is provided in Budget Paper No. 2, Budget Measures 2015-16.

	2014-15	2015-16	2016-17	2017-18	2018-19	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Social Security Assets Test – rebalance asset test thresholds and taper rate	0	0	445	975	1,024	2,443
Strengthening the Integrity of Welfare Payments	-1	253	559	623	254	1,688
Commonwealth contribution to the East West Link project*	100	300	600	0	500	1,500
Removing Double-Dipping from Parental Leave Pay	0	-10	268	343	367	968
Rationalising and streamlining Health programmes	12	121	216	276	337	963
Management of the Immigration Detention Network	30	111	142	137	136	554
No Jab No Pay	0	72	148	147	141	508
Social Security Income Test – improve integrity of social security income test arrangements	0	57	129	136	143	465
Sustainable Research Excellence – adjustment	0	0	150	38	75	263
Pharmaceutical Benefits Scheme – price changes	14	55	56	61	67	252
My Health Record – a new direction for electronic health records in Australia	0	62	107	50	-5	214
Cessation of the Large Family Supplement of Family Tax Benefit Part A	0	-2	59	60	60	177
Smaller Government – Immigration and Border Protection efficiencies	0	8	51	55	55	168
Medicare Benefits Schedule – health assessment items – modification	0	20	36	41	47	145
Smaller Government – Education and Training Portfolio	1	32	24	30	44	131
Child Dental Benefits Schedule – consistent indexation	0	15	25	38	48	126
Digital Transformation Agenda – Portfolio Contributions	12	45	23	22	18	120
Smaller Government – Health Portfolio	3	15	29	33	33	113
Infrastructure Investment Programme – savings	62	28	5	5	5	105
Employment Services – Changes to Service Fees and Cessation of Personal Contact Interviews	44	9	11	11	11	86
Total	276	1,191	3,082	3,080	3,360	10,989

*The Government remains committed to providing \$3 billion towards the East West Link. This commitment is reflected as a contingent liability in *Statement 8: Statement of Risks*, in Budget Paper No. 1 2015-16.

Child care fee assistance

The table below shows Government fee assistance available to families using long day care in 2017-18 on a per child, per year basis.

Family Adjusted Taxable Income	Hours of care per week				
	10	20	30	40	50
\$60,000 or less	\$4,332	\$8,663	\$12,995	\$17,326	\$21,658
\$70,000	\$4,259	\$8,517	\$12,776	\$17,035	\$21,294
\$80,000	\$4,089	\$8,178	\$12,267	\$16,355	\$20,444
\$90,000	\$3,919	\$7,838	\$11,757	\$15,676	\$19,595
\$100,000	\$3,749	\$7,498	\$11,247	\$14,997	\$18,746
\$110,000	\$3,579	\$7,159	\$10,738	\$14,317	\$17,896
\$120,000	\$3,409	\$6,819	\$10,228	\$13,638	\$17,047
\$130,000	\$3,240	\$6,479	\$9,719	\$12,958	\$16,198
\$140,000	\$3,070	\$6,139	\$9,209	\$12,279	\$15,348
\$150,000	\$2,900	\$5,800	\$8,699	\$11,599	\$14,499
\$160,000	\$2,730	\$5,460	\$8,190	\$10,920	\$13,650
\$170,000	\$2,560	\$5,120	\$7,680	\$10,240	\$12,800
\$180,000	\$2,548	\$5,096	\$7,644	\$10,192	\$12,740
\$190,000	\$2,548	\$5,096	\$7,644	\$10,000	\$10,000
\$200,000 or more	\$2,548	\$5,096	\$7,644	\$10,000	\$10,000

Notes

- Lower threshold of \$65,710 at 85 per cent
- Upper threshold of \$170,710 at 50 per cent
- Annual fee cap of \$10,000 applies to family incomes greater of \$185,710 or more
- Fee cap of \$11.55 applies which will affect subsidies received above this amount
- Assumes fee of \$9.80 per hour in 2017-18
- Assumes 52 weeks per year

Detailed economic forecasts^(a)

The table below shows the Government's macroeconomic forecasts. More comprehensive information is provided in Budget Paper No. 1, Statement 2.

	Outcomes(b)	Forecasts		
	2013-14	2014-15	2015-16	2016-17
Real gross domestic product	2.5	2 1/2	2 3/4	3 1/4
Household consumption	2.2	2 3/4	3	3 1/4
Dwelling investment	5.1	6 1/2	6 1/2	4 1/2
Total business investment(c)	-5.1	-5 1/2	-7	-3 1/2
By industry				
Mining investment	-7.0	-15 1/2	-25 1/2	-30 1/2
Non-mining investment	-3.7	2	4	7 1/2
Private final demand(c)	0.9	1 1/4	1 1/4	2 1/4
Public final demand(c)	1.6	1 1/4	1 1/2	1 1/2
Change in inventories(d)	-0.3	0	0	0
Gross national expenditure	0.7	1 1/4	1 1/2	2 1/4
Exports of goods and services	5.8	6 1/2	5	6 1/2
Imports of goods and services	-1.9	-3	-1 1/2	2 1/2
Net exports(d)	1.6	2	1 1/4	1
Nominal gross domestic product	4.0	1 1/2	3 1/4	5 1/2
Prices and wages				
Consumer price index(e)	3.0	1 3/4	2 1/2	2 1/2
Wage price index(f)	2.5	2 1/2	2 1/2	2 3/4
GDP deflator	1.5	-1	1/2	2 1/4
Labour market				
Participation rate (per cent)(g)	64.6	64 3/4	64 3/4	64 3/4
Employment(f)	0.7	1 1/2	1 1/2	2
Unemployment rate (per cent)(g)	5.9	6 1/4	6 1/2	6 1/4
Balance of payments				
Terms of trade(h)	-3.7	-12 1/4	-8 1/2	3/4
Current account balance (per cent of GDP)	-3.1	-3	-3 1/2	-2 3/4

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

(b) Calculated using original data unless otherwise indicated.

(c) Excluding second-hand asset sales from the public sector to the private sector.

(d) Percentage point contribution to growth in GDP.

(e) Through-the-year growth rate to the June quarter.

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

(g) Seasonally adjusted rate for the June quarter.

(h) The forecasts are underpinned by spot prices of \$48 (\$US/t, FOB) for iron ore; \$90 (\$US/t, FOB) for metallurgical coal and \$60 (\$US/t, FOB) for thermal coal.

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 64 and a \$US exchange rate of around 77 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\$64 per barrel.

Historical budget and net financial worth data

This table 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 Statement 10.

	Receipts(a)		Payments(b)		Underlying cash balance(c)		Net financial worth(d)	
	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP
	1984-85	58,817	25.0	64,853	27.6	-6,037	-2.6	na
1985-86	66,206	25.4	71,328	27.4	-5,122	-2.0	na	na
1986-87	74,724	26.1	77,158	27.0	-2,434	-0.9	na	na
1987-88	83,491	25.8	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	24.2	100,665	24.3	-438	-0.1	na	na
1991-92	95,840	22.7	108,472	25.6	-12,631	-3.0	na	na
1992-93	97,633	22.0	115,751	26.1	-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	23.9	3,889	0.6	na	na
1999-00	166,199	25.2	153,192	23.2	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	24.9	188,655	25.0	-1,067	-0.1	-78,032	-10.4
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	24.3	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	25.6	240,136	24.1	15,757	1.6	-59,763	-6.0
2006-07	272,637	25.1	253,321	23.3	17,190	1.6	-35,696	-3.3
2007-08	294,917	25.0	271,843	23.1	19,754	1.7	-14,690	-1.2
2008-09	292,600	23.3	316,046	25.1	-27,013	-2.1	-71,490	-5.7
2009-10	284,662	22.0	336,900	26.0	-54,494	-4.2	-144,485	-11.2
2010-11	302,024	21.5	346,102	24.6	-47,463	-3.4	-198,787	-14.1
2011-12	329,874	22.2	371,032	24.9	-43,360	-2.9	-355,834	-23.9
2012-13	351,052	23.1	367,204	24.1	-18,834	-1.2	-312,724	-20.6
2013-14	360,322	22.8	406,430	25.7	-48,456	-3.1	-370,331	-23.4
2014-15(e)	377,309	23.5	415,000	25.9	-41,121	-2.6	-350,096	-21.8
2015-16(e)	397,980	24.0	429,836	25.9	-35,115	-2.1	-383,538	-23.2
2016-17(e)	422,461	24.2	444,923	25.5	-25,836	-1.5	-405,998	-23.3
2017-18(p)	453,595	24.7	464,292	25.3	-14,396	-0.8	-415,241	-22.6
2018-19(p)	488,233	25.2	491,101	25.3	-6,905	-0.4	-417,754	-21.6

(a) Receipts are equal to cash receipts from operating activities and sales of non-financial assets.

(b) Payments are equal to cash payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases.

(c) Underlying cash balance is equal to receipts less payments, less net Future Fund earnings. For the purposes of consistent comparison with years prior

(d) Net financial worth is equal to financial assets less total liabilities.

(e) Estimates.

(p) Projections.

Note: Full historical series going back to 1970-71 are available in Budget Paper No. 1, Budget Strategy and Outlook, Statement 10.