

Fiscal Outlook

- The 2006-07 Budget provides for an underlying cash surplus of \$10.8 billion, the Government's ninth surplus.
- Ten years of sound economic management has seen debt eliminated in net terms providing on-going interest savings of \$8 billion a year which can be invested in physical and intellectual infrastructure.

Economic Outlook

- Prospects for the Australian economy remain sound with economic growth forecast to be 3¼ per cent in 2006-07.
- Business investment is set to grow strongly over 2006-07 and export growth is expected to pick up.

Personal tax cuts

- The budget will provide taxpayers with personal tax cuts worth \$36.7 billion over four years from 1 July 2006.
- The 30 per cent threshold will rise to \$25,001.
- The 42 per cent marginal tax rate will be cut to 40 per cent and the threshold will rise to \$75,001.
- The 47 per cent marginal tax rate will be cut to 45 per cent and the threshold will rise to \$150,001.
- The low income tax offset will increase to \$600 per year and phase out from \$25,000, up from \$21,600.
- The fringe benefits tax rate will be cut to 46.5 per cent.

A plan to simplify and streamline superannuation

- The plan includes proposals to dramatically simplify and streamline superannuation:
- Tax free superannuation benefits for people aged 60 and over which are paid from a taxed fund from 1 July 2007.
- Abolishing reasonable benefit limits (RBLs).
- Streamlining the contribution and payment rules.
- Reducing the pension assets test taper rate from \$3.00 to \$1.50 for every \$1,000 of assets from 20 September 2007.

Enhancing opportunities and incentives for business

- \$3.7 billion over four years to lift the diminishing value rate for depreciation from 150 to 200 per cent for newly acquired eligible assets, supporting the take-up of new technology.
- Taxes on small business will be cut by \$435 million over four years to reduce compliance costs for small business and increase access to small business tax relief arrangements and CGT concessions.

Supporting families, older Australians and carers

- Eligibility for the maximum rate of Family Tax Benefit Part A is being extended to families with an annual income of up to \$40,000 (currently \$33,361) from 1 July 2006.
- The Large Family Supplement of \$248 a year will be extended to eligible families with 3 children from 1 July 2006.
- A one-off payment of \$102.80 will be provided by 30 June 2006 to each household eligible for the Utilities Allowance and to each self-funded retiree eligible for the Seniors Concession Allowance.
- Eligibility for the Utilities Allowance and the one-off payment is being extended to Mature Age Allowance, Partner Allowance and Widow Allowance recipients.
- A \$1,000 one-off payment will be made to recipients of the Carer Payment and a \$600 one-off payment will be made to recipients of the Carer Allowance by 30 June 2006.

Furthering the health and medical research effort

- \$735 million in additional funding over five years for medical research.
- \$170 million to establish a new health and medical research fellowship scheme.

Strengthening defence and national security

- \$10.7 billion between 2011-12 and 2015-16, providing a firm basis for continued long-term Australian Defence Force planning and enhanced capabilities.
- \$2.2 billion to acquire new C-17 aircraft to enhance significantly the Australian Defence Force's airlift capability.
- \$1.5 billion to increase the Army's size and enhance the Army's operational readiness.
- \$1.5 billion to 2009-10 to strengthen intelligence services, airport and air transport security, and regional cooperation.

Investing in road, rail and water infrastructure

- \$2.3 billion in road and rail infrastructure funding including to upgrade earlier key sections of the Hume (\$800 million), Bruce (\$220 million) and Pacific (\$160 million) highways.
- \$561 million for upgrades to other major highways.
- \$308 million for the Roads to Recovery programme.
- \$270 million to improve rail track quality on the North-South rail corridor.
- \$500 million for improved water management in the Murray-Darling Basin.

Investing in health and improved service delivery

- A major funding boost to the mental health system, committing an extra \$1.9 billion over five years, including \$538 million to improve access to GPs, psychiatrists and psychologists under Medicare.