

THE AUSTRALIAN

Federal Budget

PoliticsNow: Live budget news, video from Canberra

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Labor to back some tax cuts. Good evening and welcome The Australian's live coverage of tonight's federal budget. Treasurer Scott Morrison has delivered his third budget to the house. Read all the winners and losers [here](#).

[Simon Benson's full budget wrap](#)

[Dennis Shanahan's analysis: A cunning election battle plan](#)

[Scott Morrison's speech in full](#)

10.05pm Interactive: the budget at a glance

10pm Budget a tick for tech

The Turnbull government has tweaked its research and development tax incentive program, while doling out over \$40 million for a National Space Agency. [Full story](#)

9.45pm Not disciplined and responsible: ACOSS

Australian Council of Social Service chief executive Cassandra Goldie criticised the income tax plan.

"No sooner have we seen five minutes of budget sunshine then the government has committed itself to seven years of income tax cuts. This is not a disciplined and responsible approach to budgeting," she said.

"There is a seven-year plan for tax cuts, but where's the seven-year plan for reducing poverty among adults and children, guaranteeing growth funding for healthcare, and closing the gaps in essential services such as mental and dental health and affordable housing?

"Australia is already one of the lowest-taxing countries in the OECD, and with tax cuts for years ahead, we clearly could not guarantee essential services and a decent safety net to meet community needs."

I nnes Willox, chief executive of the Australian Industry Group, said: "The very significant tax contribution this year from business has created room to move on tax relief, infrastructure and deficit reduction.

"The government has also reaffirmed that it will stay the course on company tax cuts and AI Group believes that is very important for Australia's competitiveness moving forward."

Mr Willox urged further consultation around reforms to the R&D Tax Incentive, which threaten to add "new layers of complexity, especially for smaller businesses".

Alys Gagnon, executive director of parents' advocacy group The Parenthood, said the income tax cuts would be swallowed up by higher childcare costs.

"We know the biggest losers under the Turnbull government's new childcare payment package are low to middle-income families. Tonight's income tax cuts will mean nothing to those families – the Treasurer is simply giving with one hand to then take away with the other," Ms Gagnon said.

"About a quarter of a million Aussie families will be worse off under the government's new childcare plan. A \$530 saving in a tax cut won't help pay the \$100 a day childcare bill. And if you earn less than \$37,000, that tax cut is just \$200."

The budget also failed to guarantee funding for kindy and preschool beyond the next 12 months, she said.

The Public Health Association of Australia said preventive health had been relegated as a lower priority “despite repeated advice, and repeated commitments in principle”.

“It’s true there are a few modest measures tonight – including additional vaccinations funded, very welcome measures to promote mental wellbeing, and the Good Sports Program to reduce alcohol consumption in sporting contexts. But Australia’s people will continue to experience avoidable chronic disease in the years ahead,” it said in a statement.

“People who should be destined to live healthy lives will not because of the preventable diseases they will suffer. While we need to look after the aged populations and those requiring medical treatment, we need to focus even more heavily on the younger generation we are failing.”

9.40pm Money Cafe - Kirby and Kohler budget blockbuster

9.25pm ‘We have a tax avoidance system’

Greens leader Richard Di Natale cast the budget as an assault on the progressive taxation system.

“Rarely do budgets give us such stark choices about what kind of future we want for our country, but this one surely does. We have a clear choice between the Liberals’ selfish, dog-eat-dog worldview or a more caring society where we look after each other,” Senator Di Natale said.

“Under the government’s radical US-style tax plan, a hedge fund manager on \$200,000 gets 10 times the tax cut as the person who trims the hedges around his mansion.

“We don’t have a tax system in this country, we have a tax avoidance system and this budget does nothing to change that.

“We have a progressive tax system in Australia but now we have a fight ahead of us to keep it.”

Read [Adam Creighton on how the tax cuts will affect you](#)

9.20pm ABC feels razor with \$84m cut

The ABC has complained that the freeze in its funding would cost the national broadcaster \$84 million over three years, compounding an additional \$43 million loss to its news and current affairs services.

Managing director Michelle Guthrie said the damage could not be absorbed through efficiencies alone, given previous tightening of the ABC’s budget, and cited competitive pressure from new arrivals on the media landscape.

“Our talented and dedicated content makers consistently deliver award-winning public interest journalism, regional services and critically acclaimed original Australian programs and content,” she said, resisting a planned further efficiency review as unnecessary.

“Stable, adequate funding is essential if we are to continue to deliver for Australian audiences.”

Full story: [Aunty feels razor](#)

9pm

Labor will back the first set of personal income tax cuts in the federal budget but says the rest of the cuts are a “hoax”.

Opposition treasury spokesman Chris Bowen says the “unfair” budget locks in corporate tax cuts at the expense of struggling Australians, and the government has given up on paying down the national debt.

Treasurer Scott Morrison announced up to \$530 a year back in income tax cuts for low- and middle-income earners, with future cuts in 2023 and 2024. “Labor will back the personal income tax measures that begin on July 1 this year, and we’ll have more to say in the future about how else we’ll help working people,” Mr Bowen said.

“This is overdue relief, but it doesn’t make up for Turnbull’s cost of living increases and cuts to penalty rates.

“Most of this package is off in the never never - it’s a hoax for Mr Turnbull to tell people they have to vote for him at least two more times before they tax relief in 2024.” Mr Bowen said even with \$40 billion in extra tax revenue, the national debt was spiralling and would remain above half a trillion dollars for another decade.

"This is a government that has given up on what we were told was the debt and deficit disaster," Mr Bowen told the ABC.

Opposition Leader Bill Shorten will officially respond to the budget on Thursday, and he is expected to have more money to spend thanks to Labor's proposed changes to negative gearing, dividend imputation and capital gains tax. "We'll have budget repair as a central element, unlike, it appears, this government," Mr Bowen said.

AAP

8.45pm Mixed bag: Wilkie

Andrew Wilkie, the Hobart-based independent federal MP, said the budget was a mixed bag, despite spending on transport infrastructure.

"The government needs to understand that a better deal for Tasmania goes beyond just transport. It's disappointing that there was effectively no boost for science and research in Hobart including reversing the devastating cuts to the CSIRO and the Australian Antarctic Division.

"And there are virtually no targeted measures to ease pressure on housing affordability in Tasmania such as waiving the State's housing debt and additional funds for more crisis and supported accommodation."

Mr Wilkie said the government was continuing to treat foreign aid budget "like an ATM" and should have increased welfare payments for the most disadvantaged.

"What this budget does instead is again go after some of the most vulnerable in the community. For example the government appears to be expanding its disastrous Centrelink robo-debt program and introducing other unreasonable debt-recovery measures. Also migrants and refugees will wait even longer to access social security."

'Ultimately an election year budget'

The Chamber of Commerce and Industry, Queensland, expressed "concern" about the government not tackling structural challenges in the budget.

"This is ultimately an election year budget, with the government focusing on selling a 'low-taxing' budget message through the redirection of a modest upside in revenues to personal income tax relief," it said, noting some measures would support small businesses such as the instant asset write-off extension.

"Nevertheless, CCIQ remains concerned that budget 2018-19 has not gone far enough in addressing structural challenges in the budget. Although we have witnessed an uptick in revenues, this may very well prove temporary and the business community was hoping more would be done to protect Australia's economy against potential headwinds."

8.40pm The entitlement of age

Older Australians will be able to stay in their homes longer after the federal government committed to expanding its home-care program by 14,000 places, but the budget contains a sting in the tail for those going into nursing homes, who will likely pick up the cost of a decision to force providers into retrospectively guaranteeing bonds.

Read [Rick Morton's full report](#) on what the budget means for older Australians

8.35pm The Verdict

[Our experts deliver their assessments in key policy areas.](#)

8.32pm Wages growth 'airbrushed': ACTU

The Australian Council of Trade Unions accused the government of neglecting working people to do "the bidding of big business, offshore investors and the already wealthy".

"This evening's budget relies on failed trickle-down economics to trick Australians into giving a failed Government another term in power," ACTU secretary Sally McManus said in a statement.

"In a transparent pitch for re-election the government has airbrushed wages growth figures over the forward year to fabricate a return to surplus, listing figures of up to 3.5 percent, while opposing efforts of working people to organise and negotiate fair pay rises.

"People on ordinary wages below \$90,000 get an absolute maximum of \$10 per week – only one fifth of the rise to the minimum wage that the ACTU is fighting for.

"Buried in the budget papers is a plan to have people on \$41,000 a year in the same tax bracket as people earning \$200,000 from 2024."

8.30pm S&P maintains negative outlook

Ratings agency S&P Global Ratings has maintained a negative outlook on the nation's credit score, warning of "significant" risks to the government's projected surpluses.

"The budgetary position has improved over the past year, aided by strength in the Australian and global economies. The government has also shown a commitment to fiscal prudence with its plan to return a balanced budget earlier than previously announced. These developments have helped ease the negative pressures on the Australian sovereign ratings," it said in a statement.

"Nevertheless, risks to the country's fiscal outlook remain, including increasing external economic uncertainties in recent months. Global trade tensions, coupled with rising investor aversion to emerging markets in recent months, may dampen economic growth among Australia's key trading partners.

"As such, risks to the government's plan for an earlier return to budget surpluses are significant. The outlook on the long-term Australian sovereign ratings remains negative for now to reflect these uncertainties."

8.25pm BCA: budget built on business

Business Council of Australia chief executive Jennifer Westacott said the budget's benefits were "built overwhelmingly on the contribution of the business community".

"The budget is stark proof that when business thrives, Australia thrives," she said in a statement.

"A strong business community and sound budget management by the government has delivered the dividend of tax relief for low and middle-income earners, increased support for older Australians and funding for much-needed infrastructure.

"By 2021-22 business will be paying \$100 billion a year in company tax and over the next decade this will reach a cumulative \$1 trillion – even after the full implementation of the Enterprise Tax Plan."

8.20pm Unfair budget: Labor

The federal opposition has accused the Prime Minister of failing to fix "five years of unfairness" under successive Coalition governments.

"This unfair budget gives big business and the banks an \$80 billion tax handout, and makes Australians pay for it with savage cuts," frontbenchers Chris Bowen and Jim Chalmers said in a statement.

"It fails the fairness test on pensioners – Turnbull is cutting the energy supplement, costing pensioners \$14 a fortnight, and forcing people to keep working until they are 70. It fails the fairness test on education – Turnbull is still cutting \$17 billion from schools, and has \$270 million in new cuts to TAFE. It fails the fairness test on hospitals – Turnbull's cuts mean Australians will be stuck on hospital waiting lists for longer. It fails the fairness test on Medicare – Turnbull's freeze on the rebate for specialists means Australians will pay even more when they visit the doctor.

"Any budget that gives a handout to big business but hurts pensioners is a bad budget.

"This budget also fails the fiscal test. Even with \$40 billion in additional tax revenue: net debt for this coming year is double what it was when the Liberals came to office; and gross debt, which crashed through half a trillion dollars on their watch for the first time in history, will remain well above half a trillion dollars every year for the next decade.

"Clearly the government has committed billions of dollars on the back of a temporary global economic upswing – we have seen how that plays out before.

"Labor will back the personal income tax measures that begin on July 1 this year, and we'll have more to say in the future about how else we'll help working people.

"We know middle class and working class people are struggling with the cost of living – this is overdue relief, but it doesn't make up for Turnbull's cost of living increases and cuts to penalty rates.

“Most of this package is off in the never never – it’s a hoax for Mr Turnbull to tell people they have to vote for him at least two more times before they tax relief in 2024.

“Funding just 14,000 new in-home aged care packages over four years is another hoax, with funding being cut from residential aged care to pay for it. There are still 100,000 people on Turnbull’s waiting list for in-home care. It’s a particularly cruel hoax after promising older Australians they would address the crisis.

“After five years of the Liberals – health care costs more, housing costs more, education costs more and energy costs more.

“Every budget is about choices. Yet again, Turnbull has chosen the top end of town – and he’s making you pay for it.

“A Shorten Labor government will make different choices. We will improve our schools, fix our hospitals and save Medicare. We will make university more accessible, guarantee the future of TAFE and put local jobs first. We will deliver genuine tax relief for working Australians, protect pensioners and improve the budget bottom line.

“A Shorten Labor government will deliver a fair go for Australia.”

8.12pm Winners and losers

The ABC and migrants may find themselves on the outer, but Aussies of all stripes will find a little something to smile about.

[Read full Winners and losers analysis here](#)

8.07pm End with a poll pitch

The Treasurer ends his budget with an election pitch.

“Our record of financial responsibility means that under our plan, Australians can plan for their future with confidence.

“We must stick with this plan because it’s working. We can’t afford to risk the alternative.”

8.04pm Schools Chaplaincy Program permanent

For school students, the Treasurer is announcing a plan to make permanent the National Schools Chaplaincy Program with a special focus on bullying.

“National Partnership Agreement on universal access to early childhood education will be extended for a further year at a cost of \$440 million,” he says.

8.02pm \$1.4bn for PBS

More on health, and the Treasurer flags an extra \$1.4 billion to list new medicines on the Pharmaceutical Benefits Scheme.

“Medicines to treat spinal muscular atrophy, breast cancer, refractory multiple myeloma, and relapsing-remitting multiple sclerosis, as well as a new medicine to prevent HIV,” he rattles off.

More funding for Lifeline Australia, early detection of childhood disease, and money to promote active and healthy living, including \$83 million to improve existing community sport facilities and other programs.

“In rural and regional areas we have funded a plan to get more doctors to where they are needed through a new workforce incentive programme. This plan includes the establishment of a new network of five regional medical schools within the broader Murray Darling Region.

“And we have moved to guarantee rural and remote access to dental, mental health and emergency medical services through increased financial support for the Royal Flying Doctor Service.

“Indigenous Australians also benefit from our \$550 million commitment to address remote housing needs in the Northern Territory and \$1.7 billion through our primary health care model.

“Our veteran centric reform package will continue with a planned additional \$112 million in this Budget, as will our support for ongoing veterans’ mental health and employment initiatives.”

8pm ‘21st century medical industry plan’

Infrastructure next, and the Treasurer is touting the government's already announced \$75 billion rolling infrastructure plan.

"But we always know that more needs to be done. That's why tonight I am announcing a \$1 billion Urban Congestion fund to support projects at a State level to fix pinch points and improve traffic flow and safety in our cities.

"There will also be a \$3.5 billion Roads of Strategic Importance Initiative upgrading key freight routes. This initiative will boost our regional economies, backed by a new funding round for the Building Better Regions fund."

Now here comes one of the centrepieces -- support for older Australians with everything from extra home care places to support to combat elder abuse.

"Just because you are getting older does not mean you should have to surrender your dignity or your choices," the Treasurer says.

The Government will be increasing the number of home care places by 14,000 over 4 years at a cost of \$1.6 billion, he says. By 2021-22, over 74,000 high level home care places will be available, an increase of 86 per cent on 2017-18.

"We will also be providing \$146 million to improve access to aged care services in rural, regional and remote Australia. We will also provide \$83 million for increased support for mental health services in residential aged care facilities, especially to combat depression and loneliness."

There will also be wage subsidies of up to \$10,000 for employers who take on older workers, and a new Skills Training Incentive for mature jobseekers.

7.55pm '21st century medical industry plan'

The Treasurer has announced a "21st century medical industry plan".

"Our plan will provide more support for medical research projects, new diagnostic tools, clinical trials of new drugs, scientific collaboration, and development of new medical technologies that can be sold overseas," he says.

"In particular we will back in Australian medical scientists through the largest single investment of the Medical Research Future Fund to date of \$500 million over ten years for Australia to become a world leader in genomic research.

"The government will invest more than \$2.4 billion in Australia's public technology infrastructure. This includes supercomputers, world class satellite imagery, more accurate GPS across Australia, upgrading the Bureau of Meteorology's technology platform, a national space agency and leading research in artificial intelligence.

"To support companies genuinely investing in R&D we are refocusing the R&D tax incentive to give more support to companies that invest a higher proportion of what they spend in R&D, over and above what others would just do anyway."

7.50pm For business

For businesses, the government will press ahead with its full enterprise tax plan -- cutting the corporate tax rate from 30 per cent to 25 per cent over a decade.

"For small business we will once again extend the instant asset write off for businesses with a turnover up to \$10 million for purchases of up to \$20,000," the Treasurer says.

"In this Budget we are making sure small businesses don't get ripped off by other businesses who deliberately go bust to avoid paying their bills, with tough new anti phoenixing measures.

"And we will invest more in our people, providing an additional \$250 million for the Skilling Australians Fund to deliver business with the people and skills they need to grow their business."

7.50pm Pensioners, super, youth

Now a flurry of announcements for the kitchen table.

A new plan for the ATO to chase lost super, banning exit fees on superannuation accounts, and stopping superannuation funds from forcing young people under 25 or with low balances to pay for life insurance policies.

For pensioners: "The Pension Loans Scheme will be opened to all older Australians, including full rate pensioners and self-funded retirees, so they can boost their retirement income by up to \$17,800 for a couple, without impacting on their eligibility for the pension or other benefits. An expanded Pension Work Bonus will allow pensioners to earn an extra \$1300 a year without reducing their pension payments. For the first time, the bonus will be extended to self-employed individuals who can now earn up to \$7800 per year."

For young adults and their parents: "We will ease financial pressures on families in regional areas, by relaxing the Parental Income Test for access to Youth Allowance for independent students from January 1, 2019 by an additional \$10,000 per annum and an additional \$10,000 for each additional child."

And a nod to energy: "The National Energy Security Board estimates annual power bills will fall by \$400 on average for every Australian household from 2020, following the introduction of our national energy guarantee."

7.45pm Morrison on tax

The first announcement: tax relief.

"Under our personal tax plan, 94 per cent of Australian taxpayers will pay no more than 32.5c in the dollar. That compares to 63 per cent if we leave the system unchanged.

"This means more working Australians paying lower taxes on every extra dollar they earn. There must be reward for effort."

He outlines some detail from the seven-year plan to reform income tax rates.

In 2022-23 we will make more substantial changes, he announces, \$37,000 threshold will be lifted to \$41,000, "stopping half a million Australians facing a marginal rate of 32.5 per cent and the \$90,000 threshold will be raised again to \$120,000, preventing 1.8 million Australians paying 37c in the dollar".

In 2024-25, the government plans to abolish the 37 per cent tax bracket entirely.

"Australians earning more than \$41,000 will only pay 32.5 cents in the dollar all the way up to the top marginal tax rate threshold which will be adjusted to \$200,000, to account for inflation and expected wage movements over the next seven years," he says.

From July this year, the top threshold for the 32.5 per cent tax bracket will move from \$87,000 to \$90,000 -- saving an additional 210,000 Australians paying 37 cents in the dollar on their last dollar.

7.40pm: What have you achieved?

Scott Morrison has opened his budget speech with a rhetorical question to himself -- "what have you achieved?" -- causing some on the opposition benches to titter. He then sets the scene, talking about the recent strong confidence and jobs data, about having more to do.

He outlines the five pillars of the government's overall strategy: delivering tax relief, spurring business investment, guaranteeing essential services, safeguarding national security, and keeping government within its means.

"That's our plan," he says.

7.32pm Morrison gets to his feet

Treasurer Scott Morrison has risen to his feet to hand down his third budget. "The government living within its means... that is what this budget is all about," he tells the house.

7.25pm 'An Aunty Mary budget'

Terry Barnes, a senior adviser to Tony Abbott as health minister, has warned the imminent budget appears to be full of "cynical bribes" for marginal seats ahead of the next election.

"The government should ... not go into these usual election-time cynical bribes throwing money from here, there and everywhere from the billions to the hundreds in marginal seats," Mr Barnes told Sky News.

"The way things are going at the moment it looks like it's going to be an Aunty Mary budget. Aunty Mary's died and gone to heaven but she's left you unexpectedly in her will."

Mr Barnes said the government's core tasks should be to reduce tax, pay down debt and ensure the economy "hums".

7.10pm Media Diary: budget just an entree for power dining

For many in the media, tonight is the biggest night of the year. No, we are not so much talking about the 2018 federal budget, but the traditional 2018 federal budget dinner, which goes long into the Canberra night after the special supplements have been put to bed.

The two most exclusive events are the invite-only gatherings for hardworking staff of the two journalistic clans, News and Fairfax, who gather at their preferred restaurants — the Ottoman, for a Turkish-inspired budget dinner, or Portia's Place.

Make no mistake, these events can be career enhancing/ending, given the heady mix some hacks experience in proximity to editors and copious amounts of alcohol.

One hot topic tonight: the fact that the Coalition government's efficiency/austerity drive has finally reached Treasury, which hosts hundreds of journalists in a secure embargoed "lockup" before the budget is handed down at 7.30pm (AEST).

[Read the Media Diary budget special here](#)

6.55pm The budget, in simple language

With just over half an hour until the Treasurer gets to his feet to deliver the 2018 budget to the house, here's a guide to the terminology:

Budget: It estimates government income and spending. Income is generated through taxes and investments. Spending is on things like welfare, schools, roads, health and defence.

Budget or forward estimates: The budget covers this financial year - the 12 months ending June 30 - and a further four-year period, known as the estimates. The first two years are forecasts, the latter two are projections.

GDP (gross domestic product): The value of a nation's output. As the economy grows, the government collects more revenue from company taxes and income tax. Things like deficits, revenue, spending and debt are often measured as a proportion of GDP.

Underlying cash balance: The best guide to the nation's financial health. It estimates the balance of income and spending, removing one-off events like asset sales (Telstra and Medibank Private are examples).

Balancing the budget: The government can change tax rates, impose new taxes, abolish old ones, cut spending, introduce new programs and ditch existing ones. When outgoings exceed income, the government has to borrow to cover the shortfall (see government debt).

Cyclical deficit: During lean economic times governments can decide to do things like offer short-term tax breaks for business or pump money into the economy, with schemes like Labor's controversial schools building program during the GFC. Because jobs disappear during an economic downturn, the government has to pay more in welfare and dole payments. These are known as "automatic stabilisers". That may force the budget into a cyclical or temporary deficit, but it should return to surplus when the economy improves.

Structural deficit: The gap between income and spending that is not the result of changes in the economy. For example, income tax cuts in the 2000s when the government was enjoying the "rivers of gold" from the mining boom still have to be accounted for when revenue is not so abundant. It's like a household taking on a mortgage based on overtime or bonuses that are flowing at the time. It still has to be paid for when that extra money dries up.

Government debt: To balance the books while the budget is in deficit, a government has to raise money through government securities or bonds - a type of IOU that pays interest. Gross debt is the amount of bonds a government has on issue. Net debt is the amount on issue minus government financial assets.

Contingency reserve: Money set aside for policies yet to be announced or negotiated for commercial or security reasons. It may also include decisions made too late to be counted in the current budget or budgeted expenses incurred outside the current financial year.

Budget papers: Books containing nuts-and-bolts things like economic forecasts, financial strategy, spending and revenue measures, management of government debt. Masses of tables for the pointy-headed community.

AAP

6.40pm \$100m mental health boost for older Australians

The budget will contain a mental health funding boost of more than \$100 million, targeted at older Australians, the ABC has reported.

Council of the Ageing's Ian Yates said that too often older Australians were told dismissively that depression was simply part and parcel of growing older.

Mr Yates said some older people "literally might not see another person to talk to for weeks on end".

"Sometimes older people will swap a cleaning session for a social interaction session or someone who will just sit and talk with them for an hour," he told the broadcaster.

Here's more of what we know so far:

- Expected budget forecast to return to surplus a year ahead of schedule, with the figure expected to come in between \$2bn and \$3bn in 2019-20.

HEALTH/AGED CARE

- A multi-billion-dollar aged-care and retirees package — including 20,000 new home-care places and an expected increase in the Work Bonus program

- Planned 0.5 increase in the Medicare levy to pay for the NDIS has been dumped. How the NDIS will be funded will be spelled out in the budget

- \$40 million for drug addiction services

- \$39.5 million for free whooping cough vaccinations for all pregnant women

- \$241 million to make spinal muscular atrophy drug Spinraza available on PBS from June 1 this year

- \$84 million to establish a Flying Doctor mental health service as part of a four-year, \$327 million commitment

- \$33 million to boost 24-hour telephone service at Lifeline

- Medicare-funded MRI scans to check if men have prostate cancer

- 200,000 women to receive \$200 towards 3D breast cancer screening

TAX

- Low and middle-income earners the priority for immediate tax cuts but they won't be "mammoth". Possible changes to the low-income tax offset

- Those earning above \$180,000 a year may have to wait until 2024

- States and territories to benefit from an extra \$3.4 billion in GST revenue in 2018/19. NT and WA benefit from top-ups

COMPANIES

- Government will budget for a corporate tax rate to fall for all companies to 25 per cent by 2026/27, despite the bill being stalled in the Senate - \$140 million to boost tax rebate for filmmakers

- Tax break for craft brewers and distillers

- Small businesses to benefit from extension of \$20,000 instant asset write-off, first introduced in 2015. Allows firms with a turnover of up to \$10 million a year to instantly claim tax deductions on all equipment purchases worth less than \$20,000.

- Australian Border Force-led taskforce set up to crack down on illicit tobacco trade, predicted to raise \$3.6 billion in revenue

- Changes to the way the \$3 billion R&D tax incentive can be accessed to prevent firms claiming tax breaks for business-as-usual activities

EDUCATION

- Needs-based funding to deliver an extra \$23.5 billion to schools over the decade

- New childcare and early learning system starts July 2
- \$271 million Community Child Care Fund for regional and disadvantaged communities
- One year extension of preschool into 2019 at cost of \$440 million
- Extra funding for school chaplains expected
- University funding frozen and changes to Higher Education Loan Program

INFRASTRUCTURE

- \$24.5 billion for road and rail over the year
- \$75 billion plan over the decade
- Melbourne airport rail link \$5 billion
- M1 upgrade between Brisbane and Gold Coast, at cost of \$1 billion
- Other rail projects including Inland Rail, metropolitan commuter rail projects, study into possible Western Sydney Airport rail link
- Package of projects for Western Australia. \$3.2 billion for 2018/19 including \$1.84 billion for Metronet rail

SUPERANNUATION

- New laws to guarantee tax rates and rules regarding superannuation
- Expand limit on the maximum number of members in self-managed super funds from four to six Housing
- \$4.6 billion to address housing affordability, working with the state and territory governments National security
- New counter-espionage unit in the Department of Home Affairs, under a national countering foreign interference coordinator

ENVIRONMENT

- \$500 million Great Barrier Reef rescue plan including programs to tackle runoff from farming, the destructive crown-of-thorns starfish, and fund new research on coral bleaching
- AAP

6.00pm \$25 'looks pretty darn good'

Liberal senator Amanda Stoker says the government's proposed income tax cut is a "small" one, conceding one of Labor's criticisms of the plan.

Interviewed on Sky News ahead of Scott Morrison handing down his third budget tonight, Senator Stoker urged Australians to look beyond the modest tax cut to the broader improvements in the economy.

"Twenty five dollars is a small amount, right? You compare it to what's on offer from Labor, it looks pretty darn good," the Queensland Liberal National said.

"And then when you take it into account with the other economic improvements that this government is delivering people are going to face much better financial circumstances across the board.

"People do say they want a government that is going to take financial responsibility seriously."

It is speculated that some earners could receive up to \$25 a week extra from tax cuts in the budget.

Senator Stoker was appointed a senator in March following the retirement of former attorney-general George Brandis.

3.20pm Shorten attacks budget

Bill Shorten has questioned the fairness of the Turnbull government's tax cuts, saying the Budget will benefit banks over voters. "How it fair for the Prime Minister to give workers a \$10 a week tax cut while giving the Commonwealth Bank a \$7.5 million tax handout every week?"

Turnbull responded by saying he was “pleased” with the Opposition’s interest in Scott Morrison’s work and said tonight’s budget would deliver to voters by shaving the cost of living.

“It’s going to deliver a reduction in the cost of living, relieving the pressures on hardworking Australian families, so they can keep more of their hard earned income.”

3.00pm ‘Not evil, just incompetent’

Greg Hunt has credited the increased amount of medicines funded under the Pharmaceutical Benefits Scheme to the Coalition’s responsible spending.

“Not everyone is able to deliver those services. When the other side was in power they delayed or denied the listing of seven of those drugs. They didn’t do it because they were evil, they did it because they were economically incompetent and they could not afford to fund the PBS.”

Labor’s Catherine King was so incensed by this statement she stormed to the frontbench to yell into a quickly turned off microphone, earning her a rebuke from the Speaker.

2.41pm ‘Overcoming Frydenberg’s shrinkage’

Independent MP Bob Katter has asked the Turnbull government if it will take action on Australia’s low fuel supplies which some say is critically low and poses a threat to the nation’s security.

“Will the government deliver mandating and action as taken in the US delivering 24 per cent shale oil, 10 per cent ethanol, providing vital security of supply and \$7 billion in import replacement... and overcoming Frydenberg’s shrinkage as well?”

Home Affairs Minister Peter Dutton declined to comment on the Energy Minister’s “shrinkage” but assured the member for Kennedy the risk for espionage on the fuel supply chain was relatively low despite its reliance on imports.

Frydenberg also declined to comment on his “shrinkage” and said Australia was increasing its reliance on imports due to the nation’s declining domestic oil production and the closing of three out of seven refineries.

He said the government was currently working with the International Energy Agency.

2.28pm: Joyce cautions against live trade ban

Barnaby Joyce has cautioned parliament against cracking down on the live sheep trade, urging politicians to “protect the dignity” of farming communities that rely on the controversial industry.

The former Nationals leader [compared calls](#) to curtail live sheep exports to previous moves against the NSW greyhound racing industry in 2016 and the live cattle trade in 2011. Both trades were restarted amid public outcry, albeit with tighter regulation.

“Immense outpouring, rightly so, about the barbarity of how cattle were being treated ... was quickly overtaken in time by the empathy for those who were most devastated by the financial loss of a major industry,” Mr Joyce said, saying the Gillard Government export ban was now recognised as “one of the worst decisions our nation had made”.

“Likewise the closure of the greyhound racing industry – the initial outpouring as regards the treatment of greyhounds was overtaken by the sense of how we affected those people in the greyhound racing industry.

“Now, with the live sheep issue, we have to be very aware that those who are dealing with live sheep are generally dealing on the lesser country that can’t take cattle, and we are going to affect their livelihoods, their income streams, not only theirs but the towns they surround.

“It is about keeping dignity in these people’s lives and giving them the capacity as we have now done to be able to afford the renovations, to be able to afford the new car, to get a better return back through the farm gate. In the past some of these sheep had no value and they were shot; now they are worth in excess of \$100 up to \$150.

“We have an obligation in this nation to protect the dignity and the rights of those people in the sheep industry.”

Mr Joyce’s comments [follow those of other MPs](#), including country Liberal MP Sussan Ley, calling for an end to the live cattle trade.

2.20pm: Shorten seizes Costello’s comments

Bill Shorten has thrown former Peter Costello's comments in Turnbull's face asking the PM to admit the Coalition has racked up debt during its time in power.

"Former Treasurer Peter Costello reckons he'll be dead before the government pays back its debt. Will the Prime Minister confirm that his government record includes gross debt increasing to a record half a trillion dollars, net debt doubling and net debt as a proportion of the economy is growing more rapidly than any advanced economy in the world?"

Turnbull shot back that the Coalition was not going to be educated on fiscal policy by the Opposition. "We're not going to take lectures from the Labor party on debt and deficit."

1.55pm Turnbull flags 2019 election

Malcolm Turnbull has vowed to sell the government's latest budget all the way to the next election.

The prime minister, addressing a meeting of Liberal and Nationals MPs in Canberra on Tuesday, urged his colleagues to personalise the budget message of a strong economic plan for jobs and growth and one that delivered tax relief, ensured the delivery of essential services as well as providing funding for new infrastructure to make life better for Australians.

Mr Turnbull noted the budget's better-than-expected revenue booty was down to the creation of one million jobs during the life of the government and 130,000 fewer people on welfare.

As well the government had delivered the lowest spending growth in 50 years, he said.

The prime minister reiterated his commitment to an election early next year, leaving open the possibility of another budget before voters go to the polls.

AAP

1.12pm: Budget a 'big magical pie': Hanson-Young

Greens Senator Sarah Hanson-Young has questioned the viability of the Coalition's soon-to-be released budget describing the economic blueprint as a "big magical pie."

Ms Hanson-Young said the Coalition wouldn't be able to afford its promised funding increases to health, education and aged care if it went ahead with its signature company tax cut policy.

"Tax isn't a dirty word, it's what we decide to prioritise, to spend those taxes on," she said on Sky News. "And the government wants to spend \$80 billion on corporate tax cuts ... I'd say there's \$80 billion that should be going to schools and hospitals and public transport, that would relieve the pressure."

The South Australian Senator said the Turnbull government would not be able to deliver company tax cuts and the promised funding boosts to essential services.

"It sounds like a big magical pie doesn't it, they can do all of these wonderful things," she said. "Ultimately at the end of the day, people who rely on those essential services, those public services are going to feel it."

She said the Greens would examine the government's multibillion-dollar aged-care and retirees package to ensure the government wasn't just moving the money currently funding the National Disability Insurance Scheme.

"What we don't want to see is the government just shuffling money, and I'm a little bit suss that they don't give a guarantee on NDIS funding," she said. "There's no certainty there... are they just shuffling the money over to seniors... we'll have to look at the detail very carefully."

11.55am: 'Playing catch up' over aged care

Shadow Treasurer Chris Bowen has said the Coalition's multibillion-dollar aged-care and retirees package was a good start but the federal government was playing "desperate catch up" when it came to aged care.

The Australian reported this morning Scott Morrison will include an [official aged-care statement in the budget](#) in a move to repair the electoral damage caused by its superannuation tax and pension reforms and past cuts worth more than \$2bn to the aged-care budget.

The Australian understands the aged-care reforms will include 20,000 new places for home-care recipients. There are currently 105,000 people on the national priority list for support.

Mr Bowen said Labor will “welcome any improvement” but that the state of the aged care sector had become dire under the Coalition.

“We’ve seen the waiting lists for in-home care blow out,” he said. “Twenty thousand people in just the last six months on this government’s watch while they’ve been cutting... they’ve cut the workforce compact that the previous government had in place; \$1.5 billion cut in the aftermath of the 2013 election. So we’ll welcome improvements but this is a government playing desperate catch up when it comes to aged care and in-home care in particular.”

11.45am: Labor ‘vindicated’ on dividend imputation

Chris Bowen says fresh costings from the Parliamentary Budget Office “vindicate” Labor’s claims of the impact of their dividend imputation crackdown.

Bill Shorten has repeatedly justified his decision to scrap the refunding of excess franking credits — a move that will raise about \$55 billion over 10 years — by saying the existing system allows some wealthy people to claim cash refunds of \$2.5m while paying no income tax.

[The Australian](#) revealed this morning fewer than five super funds in Australia claimed \$2.5 million in excess franking credits in 2014-15.

Mr Bowen said the costings support what Labor has said about franking credits and that five people claiming tax refunds of \$2.5 million is five too many.

“Our four year and our ten year projections are right as is vindicated by that costing, it also vindicates the fact that we’ve said the majority goes to the biggest self managed super funds,” he told Sky News. “They say... only five people have got \$2.5 million worth of tax refunds even though they didn’t pay income tax, now that might be alright to them, I say fives too many.”

The new PBO costings found the average excess franking credits claimed by the top percentile of fund balances was \$83,000.

11.25am: Abbott slams ‘partisan; Brandis

Tony Abbott has excoriated George Brandis for “rewriting history” after the former Attorney-General described the ex-PM’s policies as “ideologically right-wing” and “increasingly out of touch with community values.”

Mr Brandis said internal efforts to drive the Liberal Party further to the right had inevitably failed, and pointed to Mr Abbott’s opposition to same-sex marriage in an interview with Fairfax.

“Abbott’s leadership was probably the only time that the Liberal Party in government pursued a set of policies so ideologically right-wing,” he said. The designate High Commissioner to the United Kingdom also said the former PM’s “reluctance to embrace multiculturalism was out of sync with modern Australian values.”

Mr Abbott today attacked Mr Brandis’ comments as “partisan” and questioned how his brief government could have been on the extreme right when Brandis himself was included in the leadership group.

“George Brandis has begun his ambassadorship with a partisan attack that rewrites history,” he wrote on Twitter. “How could the Liberal Party under my leadership have been ‘ideologically right-wing’ when I had him as part of the leadership group?”

11.20am: Schott slammed over coal

Liberal MP Craig Kelly slammed Energy Security Board chairwoman Kerry Schott in the Coalition partyroom this morning for saying there was no longer an investment case to build new coal-fired power stations in Australia.

Mr Kelly, an outspoken coal advocate, said her comments would undermine the Coalition’s attack against Labor of being a party of higher power prices, The Australian has been told.

Dr Schott oversaw the design of the Turnbull government’s signature energy policy, the national energy guarantee.

Mr Kelly said he was happy Resources Minister Matt Canavan had demanded an explanation for Dr Schott’s comments and asked for the partyroom to be updated on her response.

In an interview with The Australian last week, Dr Schott said there was unlikely to be a new coal-fired power station built because it was more expensive than wind, solar, gas or pumped-hydro. She said the view was “not contentious at a factual level”.

Tony Abbott and Barnaby Joyce criticised the comments, calling them “100 per cent wrong” and questioning whether it meant the NEG was anti coal.

Senator Canavan has told Dr Schott he wants to see the evidence to back up her claim.

“Ms Schott’s comments do not reflect the advice that has been provided to the government, including through the Finkel review,” he told The Weekend Australian.

“The Finkel review concluded that today solar with storage was 70 per cent more expensive than a new coal-fired power station.

“I have asked Ms Schott to explain what evidence she is relying on to make these conclusions.

“It is extremely important we make the right choices to produce the cheapest power in Australia. Around 50,000 Australians work in metals manufacturing and their jobs rely on us getting this right.”

10.50am: Christensen’s other ministry

Meanwhile, on a totally different note, outspoken Nationals MP George Christensen will soon be in another ministry - as a deacon in the Anglican Church.

However Mr Christensen has re-nominated to run for his Queensland seat of Dawson at the next federal election and won’t be throwing the Turnbull government’s numbers into a spin.

[Read the story in full here.](#)

10.40am: Return to surplus claims ‘wafer thin’

Chris Bowen says the Coalition’s forecasted return to surplus is “wafer thin” and Labor would deliver “healthy surpluses” if elected.

The Shadow Treasurer said the Opposition would test tonight’s budget on principles of fairness and responsibility and that the corporate tax cut at the centre of the budget would not offer any relief to ordinary Australians.

“The test for us will be fairness and responsibility. We have said that the government has finally recognised that its lower middle income earners who should be getting tax relief, the centrepiece of their budget will remain an \$80 billion giveaway to big business... it is not tax relief to lower middle income earners.” he told Sky News.

The member for McMahon said even though he himself tacked 23.7 per cent tax as a percentage of GDP five years ago, Treasurer Scott Morrison’s announcement of 23.9 per cent of GDP as tax was pointless as the deficit lay in the budget’s revenue problem.

“It’s an arbitrary judgement isn’t it, we could all just pick a figure.” he said. “In the last five years I’ve built an agenda when it comes to budget repair, there is a revenue problem in the budget.”

Mr Bowen said the government should be harnessing the current positive global economic conditions to bring the nation’s economy back to surplus.

“These are the best global economic circumstances in a decade... 120 economies are experiencing economic growth year to year, the first time that’s happened in a decade,” he said. “The government should be making budget repair and return to surplus a priority, and returning to surplus early that’s almost inevitable in this global environment.”

Mr Bowen is specifically interested in developing trade relations with Indonesia as well as China and India, and has been learning Bahasa Indonesian.

Chris Bowen says he agrees with former Treasurer Peter Costello who last night implored the Coalition to focus more on reducing the budget deficit.

“I don’t agree obviously with everything Peter Costello says, but I agree with him that we need a much bigger focus on debt management, on debt repair and bringing down the debt.”

9.00am: ‘Hamburger or milkshake tax cut’

Tanya Plibersek says the Coalition’s tax cuts will amount to voters choosing between a hamburger and a milkshake, recalling Amanda Vanstone’s famous line.

The Deputy Opposition Leader said what is already known about Scott Morrison's economic blueprint shows the Turnbull government has its priorities mixed up. "You'll see tonight all the wrong priorities where ordinary families are hurt and the services they rely on are cut so the government can pursue its big business tax cuts including its \$17 billion cuts to the banks' tax bill," she said.

Ms Plibersek said the tax cut to ordinary Australians would end up being around \$10 a week, amounting to either a hamburger or a milkshake but not both. "Once upon a time Amanda Vanstone described a tax cut as something like this, a hamburger and a milkshake tax cut," she said. "Well it looks like tonight's tax cut won't be a hamburger and a milkshake, you'll have to take your pick, it'll be a hamburger or a milkshake tax cut."

She also said the budget would increase the nation's debt and that it was worrying that Peter Costello had felt the need to publicly implore the Coalition to pay down debt. "When you've even got Peter Costello despairing of Scott Morrison's ability and willingness to pay down debt then you've got a problem," he said.

Ms Plibersek said tax relief should be granted to low and middle income workers instead of businesses. "Certainly any tax relief should be directed to low and middle income earners, and this government has its biggest tax relief going to the biggest businesses in the country," she said. "Tonight's budget will have \$80bn worth of big business tax cuts, \$17bn worth of that will go to the banks."

8.30am: Tax threshold to lift

Sky News reports the third highest tax threshold will be lifted from \$87,000 to \$90,000 when the budget is announced this evening.

Centre Alliance senator Stirling Griff believes there is a case for tax relief for middle to low-income earners.

But he is concerned there will be \$65 billion less spent on community services over the coming years, from the government's proposed corporate tax cuts coming into play.

"My concern is really the economy has moved positively in recent months, or so the stats have shown us, but I do have a number of concerns over really the next 12 months," Mr Griff told ABC radio.

8.05am: 'Costello will be pleased'

Treasurer Scott Morrison has used his final public appearance before presenting his third budget to argue the Turnbull government knows how to deliver a stronger economy, and suggest Peter Costello would be pleased with what he reveals tonight.

The former treasurer has appealed to the [Liberal Party to remember the "forgotten people"](#) who earn large salaries but pay a tax rate higher than that faced by companies.

Mr Costello, who delivered 10 budget surpluses, savaged the government's budget strategy to pay down debt, telling the ABC's 7.30: "Most of us will be dead" before Australia's mounting national debt was paid off.

[GRAPHIC: What's in the budget](#)

Mr Morrison refused to be drawn on Mr Costello's comments, but said he would be pleased with tonight's budget. "I encourage my friend and mentor to tune in tonight and I think he'll be pleased with what he sees," he said.

He added: "The plan for a stronger economy that I'll be announcing tonight is about improving the opportunities for all Australians to live in a stronger economy. It's a plan for lower taxes and for reducing the pressure on households."

In budget news

A multibillion-dollar [aged-care and retirees package](#) will be the centrepiece of a government values statement in tonight's budget.

Former treasurer [Peter Costello](#) has appealed to the Liberals to remember those who earn large salaries but pay a tax rate higher than companies.

Political editor [Dennis Shanahan](#) writes tonight's budget will likely be the last before the election so get ready for the drums to start beating.

Meanwhile, in a major win for the Turnbull government, Labor has agreed not to block key changes to the \$13 billion [Murray-Darling Basin Plan](#).

Bill Shorten has been caught out [“exaggerating” the impact of his dividend imputation crackdown](#) on the wealthy. The federal government is piling pressure on the Opposition Leader ahead of the High Court ruling on the citizenship eligibility of senator Katy Gallagher.

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