

May 2003 Budget – an overview:

The main features of the 13 May 2003 budget are as follows:

1) Taxation - Tax cuts of \$10.7 billion over four years. The low-income tax offset will be increased to \$235 a year – an \$85 rise. For other taxpayers, marginal tax rate thresholds will be increased. For example a taxpayer on \$45,000 will receive a tax cut of \$208, with the biggest winners being part-time workers earning between \$20,000-\$27,000. New tax rates listed below.

2) Welfare - Data-matching to spear head welfare cheats crackdown that is expected to save \$534 million over four years. More services for 31,500 unemployed persons and separated parents. Centrelink to receive \$312 million to fund computer upgrade. Staffing to increase by 50 agents in rural and remote areas.

3) Economy - Budget surplus of \$2.2 billion forecast for the coming financial year. The economy is forecast to grow by 3.25% in 2003-04. The unemployment rate is tipped to remain steady at about 6%. Inflation is expected to fall to 2.25%.

4) Small Business – Funding of \$2.5 million over two years to help business take part in major projects and trade. Funding to be provided for two new schemes designed to identify opportunities, home and abroad, for small and medium enterprises.

5) Trade - Review of international taxation to make Australian companies more competitive abroad and encourage foreign companies to set up regional headquarters here. Australian mission in Baghdad to reopen and will include trade offices to advance commercial interests.

6) Woman – Funding of \$2.5 million to encourage woman to enroll in male dominated university courses e.g. engineering. The Child Support Agency to track parents who are avoiding paying support to children.

7) Education – The amount of HECS to rise by up to \$2000 per annum. The repayment threshold of HECS debts to increase to \$30K taxable income. Universities can now raise their own fees. Full fee paying places at universities to double to 50%. A new loans scheme will be introduced to fund full fee paying students.

8) Drought – A new three year, \$740 million package to help farmers, small business and rural comities recover from the effects of the drought. The money to fund income support, counseling and interest rate relief.

*2003/04+

Resident Tax Rates:

Taxable Income:

\$1-\$6000

\$6001-\$21600

\$21601-\$52000

\$52001-\$62500

\$62501 and over

Tax Liability:

Nil

17 cents for every dollar over \$6000

\$2652 + 30 cents for every dollar over \$21600

\$11772 + 42 cents for every dollar over \$52000

\$16182 + 47 cents for every dollar over \$62500

In addition the general medicare levy of 1.5 cents for every dollar applies.