



# Budget 2024–25

## Easing cost-of-living pressures

Responsible cost-of-living relief and helping Australians keep more of what they earn

## Tax cuts for every Australian taxpayer

Australians keeping more of what they earn

The Government is delivering tax cuts for all 13.6 million Australian taxpayers from 1 July 2024 to ease cost-of-living pressures for middle Australia, return bracket creep, support women and boost labour supply.

From 1 July this year, the Government will:

- reduce the 19 per cent tax rate to 16 per cent
- reduce the 32.5 per cent tax rate to 30 per cent
- increase the income threshold above which the 37 per cent tax rate applies from \$120,000 to \$135,000
- increase the income threshold above which the 45 per cent tax rate applies from \$180,000 to \$190,000.

## **Responsible cost-of-living relief for middle Australia**

Australians are under pressure and tax cuts will help. The Government's tax changes provide bigger tax cuts for more taxpayers, delivering meaningful cost-of-living relief to middle Australia without adding to inflationary pressures.

## **Returning bracket creep**

The Government's tax cuts return bracket creep and lower average tax rates for all taxpayers.

The changes provide taxpayers with greater protection against bracket creep, particularly low- to middle-income taxpayers, and support the progressivity of the tax system.

## **Boosting labour supply with more benefits for women**

The tax cuts will ensure Australians keep more of what they earn. Increases in take-home pay will reduce disincentives for Australians to take on more hours of work. The tax cuts are expected to increase labour supply by 930,000 hours per week, equivalent to around 25,000 full-time jobs. This increase is driven by women and individuals in the low-to middle-income range, particularly those earning between \$25,000 and \$75,000.

All 6.5 million women taxpayers will receive a tax cut in 2024–25, with an average benefit of around \$1,650. This will increase the financial return from work and support participation.

Frances is full-time barista earning \$50,000 per year. Frances' tax cut in 2024–25 will be \$929.

Jeremy and Sarah both work full-time, earning \$75,292 and \$60,000 per annum respectively. They have two children, aged two and three, who both attend a long day care centre three days a week.

Under the Government's changes, they will receive a combined tax cut of \$2,740 and an additional \$2,430 in Child Care Subsidy. They will also receive \$300 in energy bill relief in 2024–25. Their net benefit from these changes is \$5,470, equivalent to a 5.5 per cent increase in their disposable income.

## **Increasing the Medicare levy low-income thresholds**

The Government has increased the Medicare levy low-income thresholds for 2023–24, ensuring more than one million low-income taxpayers continue to be exempt from the Medicare levy or pay a reduced levy rate.

For more information on how these tax cuts work for you visit [taxcuts.gov.au](https://taxcuts.gov.au) (<https://taxcuts.gov.au>)

## **New power bill relief**

### **\$300 energy rebates for every household**

The Government is providing \$3.5 billion in energy bill relief for all Australian households and around one million small businesses.

From 1 July 2024, more than 10 million households will receive a total rebate of \$300 and eligible small businesses will receive \$325 on their electricity bills throughout the year.

This is estimated to directly reduce headline inflation by around 1/2 of a percentage point in 2024–25 and is not expected to add to broader inflationary pressures.

Merryn lives alone and works full-time on the national minimum wage (\$45,906). Under the Government's changes, Merryn will receive a tax cut of \$827 as well as \$300 in energy bill relief in 2024–25. Her net benefit from

these changes is \$1,127, equivalent to a 2.8 per cent increase in her disposable income.

## **Support for renters**

### **Boosting Commonwealth Rent Assistance**

The Government is providing \$1.9 billion over five years to increase maximum rates of Commonwealth Rent Assistance by a further 10 per cent.

This builds on the 15 per cent increase in September 2023 and will take maximum rates over 40 per cent higher than in May 2022 – a combined result of indexation and the actions of this Government.

Gillian is a sole parent of a nine-year-old child, pays \$400 in rent a week and is not in the labour force. Under the Government's changes, Gillian is now eligible for Parenting Payment Single instead of JobSeeker Payment and will now receive an additional \$5,677 in income support. She will also benefit from an additional \$1,215 in Commonwealth Rent Assistance and \$300 in energy bill relief in 2024–25. Her net benefit from these changes is \$7,193, equivalent to a 19.6 per cent increase in her disposable income.

## **Cheaper medicines**

### **Safeguarding health outcomes**

The Government is working to finalise the new Eighth Community Pharmacy Agreement, supported by up to an additional \$3 billion in funding, which will deliver cheaper medicines, improve patient health outcomes and secure a strong community pharmacy sector.

As part of the Agreement, instead of rising with inflation, there will be a one-year freeze on the maximum Pharmaceutical Benefits Scheme (PBS) patient co-payment for everyone with a Medicare card and a five-year freeze for pensioners and other concession cardholders.

This change means that no pensioner or concession card holder will pay more than \$7.70 (plus any applicable manufacturer premiums) for up to five years.

## Supporting students

### Debt relief for students

The Government will cut \$3 billion in student debt for more than 3 million Australians.

This will provide relief for everyone with Higher Education Loan Program (HELP) and other student loan debt. The integrity and value of the student loan system, which has massively expanded access to tertiary education, will continue to be protected.

In response to the Australian Universities Accord, the Government will cap the HELP indexation rate to be the lower of either the Consumer Price Index or the Wage Price Index.

The Government will backdate this relief to all HELP, vocational education and training (VET) Student Loan, Australian Apprenticeship Support Loan and other student support loan accounts that existed on 1 June 2023.

Changing the calculation of HELP indexation applied from 1 June 2023 means that the indexation rate is reduced from 7.1 per cent to 3.2 per cent in 2023 and from 4.7 per cent to around 4 per cent in 2024.

Julian had a HELP debt of \$26,500 in 2023, which was the average outstanding HELP loan. Following the Government's changes in calculation he will receive a credit to his HELP account of \$1,190 across the 2023 and 2024 years, subject to the passage of legislation. Over the

life of his loan, Julian's debt would be reduced by around \$1,600.

## **A fair go for consumers**

### Better outcomes at the checkout

The Government is examining pricing and competition in the supermarket sector.

In January, the Government appointed Dr Craig Emerson to review the Food and Grocery Code. Dr Emerson's interim report, released in April 2024, recommended the Code be made mandatory with penalties of up to 10 per cent of turnover for major breaches.

In February, the Government directed the Australian Competition and Consumer Commission to undertake a 12-month inquiry to investigate pricing and competition in the supermarket sector to ensure Australians are paying a fair price for their groceries.

We have funded CHOICE for three years to produce quarterly price comparison reports to empower consumers to make informed choices about food and grocery purchases. The first report will be released at the end of June.

## **Harnessing the energy transition for consumers**

The Government has committed \$27.7 million to develop priority reforms to ensure consumer energy resources –including rooftop solar, household batteries, and electric vehicles –continue unlocking savings and benefits.

We also committed \$1.8 million to support energy retail market reforms. For example:

- enabling consumers to switch to a better deal with just 'one click'
- preventing contracts rolling over to higher-cost deals
- ensuring people receive the concessions and rebates they are entitled to

- reducing excess fees and charges.

## **Growing wages**

### **Standing up for low-paid workers**

The Government has committed to funding the Fair Work Commission decision to increase award wages for aged care workers. This is on top of \$11.3 billion already allocated for the interim 15 per cent increase.

The Government has also committed to provide funding towards a wage increase for the early childhood education and care workforce, with details to be finalised following the Fair Work Commission processes currently underway.

## **Enhancing support services**

### **Financial wellbeing and capability**

Support will be boosted for Australians facing acute and urgent financial pressures with \$138 million to meet sustained high demand for crisis support including emergency relief, food relief and financial support services.

### **Freezing social security deeming rates**

Social security deeming rates for financial investments will remain at current levels until 30 June 2025. This will benefit approximately 876,000 income support recipients, including 450,000 age pensioners.

### **Paid placements for nurses, teachers and social workers**

Around 73,000 students will receive \$319.50 per week while undertaking mandatory placements.

For more information refer to the [cost-of-living pressures](#)

[fact sheet \[PDF 370KB\]](#)