

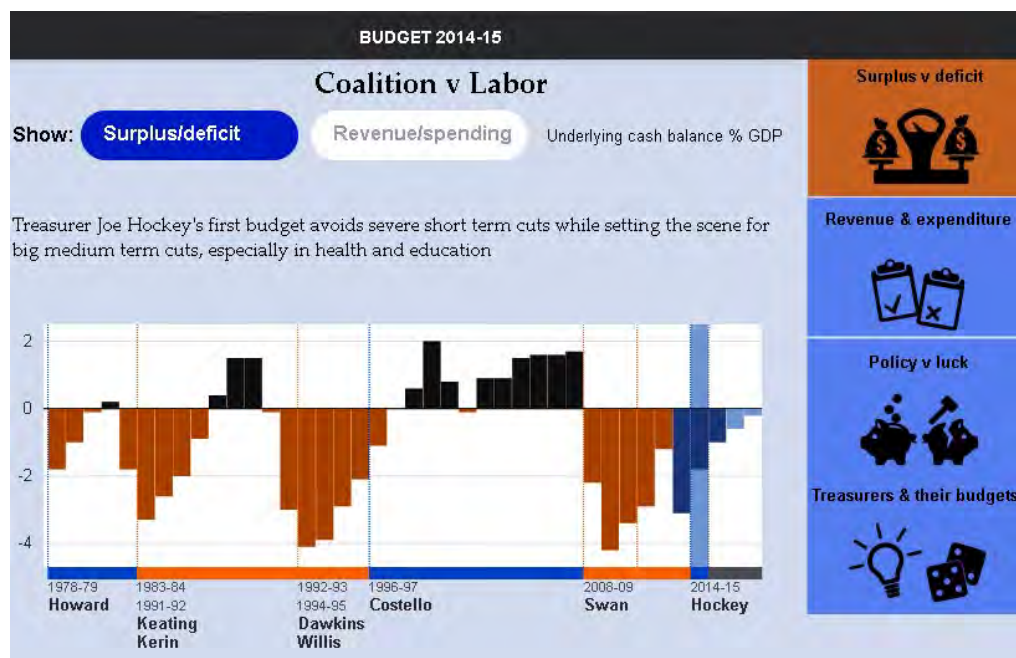
The 2014 Australian Budget

The voice from the Pavement - Peter Adamis 15 May 2014



The Budget dollar has been carved accordingly and self interest groups are up in arms. This budget handed down by a Liberal Government is not as harsh as the opposition makes it out to be. The 2014 Australian budget is a demonstration of strong leadership, strong foundations and strong visions for the future without relying on the pork barrelling, sooth-sayers, political swinger and doomsday prophets. This possibly why Labor movement at the moment is having great difficulty in coming to terms with it.

Labor is attempting once again to put fear into the hearts and minds of all Australians by appealing to the youth, the unemployed, mature age, pensioners and the disabled. It is trying to put itself as their representative at a time when they when in government squandered their time battling each other for supremacy at the ideological and leadership levels.



Labor as a party is doomed to failure in the short term as the public is still reeling from the budget deficit left behind by a Labor government. the public is fed up with the changing leadership chairs, the mismanagement of the economy and lacking the foresight to put policies in place for the well being, security and longevity of this nation we call home - Australia. This budget is a strong and well thought out budget designed to achieve three primary objectives:

1. The first being is to change the mindset of all Australians that we are not a welfare country.
2. Secondly to implement reforms and create an environment of learning and earning.

3. Thirdly prepare the current generation for what can be a bright and productive future that will lay .

These three objectives alone have huge ramifications for all industries and services that contribute to the well being and prosperity o the nation.

INDUSTRY EXPERTS. The following industry experts have their say. Complete briefs on the 2014 Australian budget may be downloaded by visiting the industry experts websites provided.

KPMG Budget Brief

<http://www.kpmg.com/AU/en/IssuesAndInsights/ArticlesPublications/federal-budget/Pages/budget-2014-brief.aspx>

- The different impacts of this new budgetary framework are starkly evident when comparing business models with dependencies linked to social or industry welfare programs as against those focussed on infrastructure.
- The revenue projections make a strong case for tax reform.
- There will be growing anticipation for the release of the 2015 White Papers on Taxation and Federation Reform.

Property OZ Budget Brief

<http://www.propertyoz.com.au/Article/NewsDetail.aspx?p=16&id=9234>

The Budget includes a series of cuts targeting welfare, health and industry assistance designed to return the budget to a surplus of \$1 billion by FY2018.

It also introduces a two percent temporary 'Debt Levy' on personal income tax for individuals earning more than \$180,000 per annum. The Government says temporary measure will be repealed from 1 July 2017.

The property industry is not exempt from the budget pain. The Budget announces:

- ending the National Rental Affordability Scheme (NRAS);
- new pilfering of industry funds held in the Australian Reinsurance Pool Corporation; and,
- scrapping of the Housing Help for Seniors program.

The cuts are offset by some promising initiatives, particularly in the infrastructure arena. These include:

- Infrastructure Growth Package – delivering \$11.6 billion of previously unannounced transport infrastructure;
- an Asset Recycling Initiative – providing a 15 percent incentive for states and territories to offload assets to fund new infrastructure; and,
- confirmation of key election commitments such as the \$2.55 billion Emissions Reduction Fund, and a 1.5 percent reduction in the company tax rate.

Ernest and Young Budget Brief

<http://www.ey.com/AU/en/Services/Tax/EY-Federal-Budget-Brief---2014---15---Overview>

It sets a course for a balanced budget in five years by addressing spending. Some of the savings are achieved by cutting support for youth, healthcare and pension entitlements – asking Australians to pay their own way from cradle to grave. But there is little in the way of tax reform. That has to wait until after the proposed White Paper and another election win.

Given the apparent urgency to repair the budget, waiting years to fix the revenue side seems unnecessarily tentative. The Budget also makes savings by cutting contributions to the states for hospitals and schools. However, the cuts to the states do not occur immediately and may simply become bargaining chips as part of the proposed White Paper on the Reform of the Federation.

The Budget seeks to boost growth with a new infrastructure package, the new Medical Research Future Fund (MRFF) and reforms to tertiary education. However, the real new money for infrastructure is limited to \$11.6b, and the overall effectiveness of the package depends on cooperation from the states and the private sector. In addition, the MRFF will not be fully funded for six years; and the education reforms will take time to fully play out.

Australian Broadcasting Commission

<http://www.abc.net.au/news/2014-05-13/budget-2014-hockeys-budget-for-decades-to-come/5450846>

Senior citizens.

- Pensioners will be affected by a \$7 co-payment to see a GP. This will be waived after 10 visits per year for concession card holders.
- Commonwealth Seniors Health Card holders will lose the Seniors supplement, which currently sits at \$876.20 per year for singles and \$1,320.80 for couples.
- Pensioners will also be hit by the return to indexing the fuel excise, with lower income earners spending a higher proportion of their income on petrol.
- The Seniors Health Card will be harder to qualify for, with the untaxed superannuation
- of new applicants now counting toward the income test.
- And the Commonwealth will dramatically cut its support for various state- and territory-based seniors' concessions, eliminating \$1.3 billion in spending.
- The pension age will rise to 70, as foreshadowed before the budget, but not until 2035, and so will only affect Australians born after 1966. The youngest people to be affected by the gradual rise in pension age will be people born after 1 July 1952.

People with disability

- The Government is tightening the criteria for receiving the disability pension and will bring in a regime of rolling eligibility checks.
- Disability pension recipients who are under 35 will also face tougher criteria to remain on the pension, with the focus on those who can work to any capacity being reintegrated into the workforce.

Health

- Hospital funding agreements, agreed with the states and territories under former Labor prime minister Kevin Rudd, will also be wound back from 2017, saving a massive \$50 billion over eight years.
- Other health cuts include reducing the Medicare rebate for optometry, deferring a multi-million-dollar dental program, and axing the national partnership agreement on preventive health.
- The Government will also save \$1.7 billion over five years by pausing the Medicare benefits schedule for two years from this July, and the income thresholds for the Medicare levy surcharge and the private health insurance rebate.
- Patients overall will be losers, expected to pay a \$7 co-payment to visit the GP, and to pay more for medication through changes to the Pharmaceutical Benefits Scheme.

The Guardian

<http://www.theguardian.com/business/grogonomics/2014/may/13/budget-2014-the-six-graphs-that-matter-for-australia>

Budget 2014: the six graphs that matter for Australia. This is a horror budget for many – but the cuts overall are not as bad as in the past and, surprisingly, leave Wayne Swan with the record for wielding the budget axe.

1. The mining boom is over and it's grim
2. Revenue is still a problem, but not as bad as it once was
3. Expenditure is falling but the cuts overall are not as bad as in the past
4. The trip back to the surplus is steady not stupid
5. The economy remains weak, and the government has decided to do little to help



Sydney Morning Herald Budget Brief

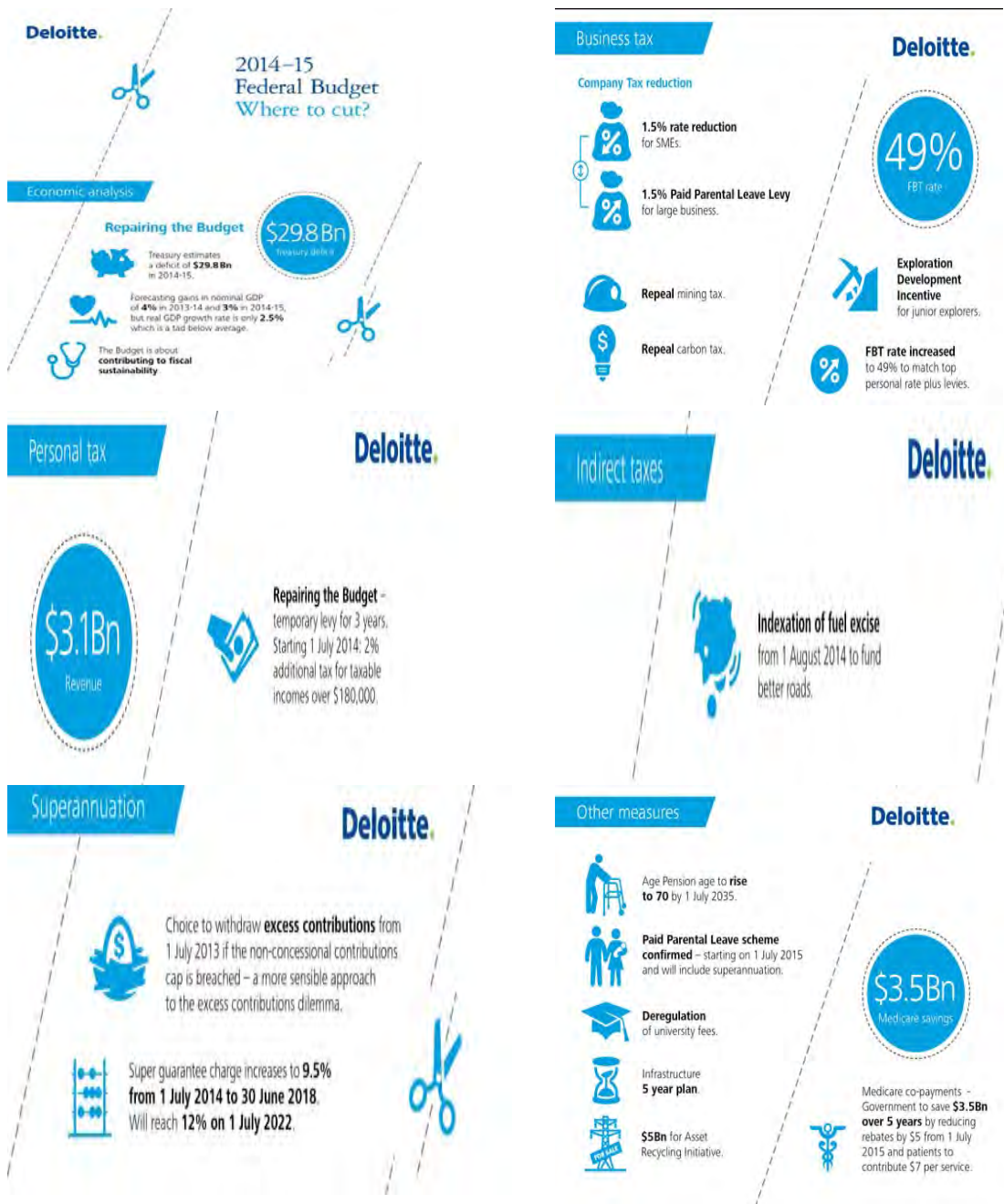
<http://www.smh.com.au/business/federal-budget/federal-budget-2014-winners-and-losers-20140513-38802.html>

WINNERS	LOSERS
<p>1. Medical research Treasurer Joe Hockey. <i>Photo: Chris Pearce</i> Gets a \$20 billion <u>Medical Research Future Fund</u></p> <p>2. Small to medium businesses <u>1.5 per cent company tax cut</u> and no parental leave levy</p> <p>3. Construction firms With <u>\$11 billion in infrastructure</u> spending</p> <p>4. School chaplains \$245 million over five years</p> <p>5. Defence <u>Spending to rise to 2 per cent</u> of GDP within a decade</p> <p>6. Mothers <u>Paid Parental Leave Scheme</u> to pay new mothers up to \$50,000</p> <p>7. Ballerinas \$1 million for ballet students' boarding accommodation</p>	<p>1. The sick \$7 fee increase for GP visits and <u>cuts to hospital funding</u></p> <p>2. University students Face <u>higher, deregulated fees</u></p> <p>3. Foreign aid Reduction in <u>foreign aid budget</u> of \$7.9 billion over five years</p> <p>4. High income earners <u>Deficit tax rise</u> of 2 percentage points for people earning more than \$180,000 a year</p> <p>5. Public servants <u>16,500 job losses</u></p> <p>6. Video gamers Abolishing the <u>Australian Interactive Games Fund</u>, saving \$10 million</p> <p>7. Pensioners Pension age rises to 70 from 2035 and <u>concessions cut</u></p> <p>8. Families <u>Cuts to Family Tax Benefit</u> Part B</p> <p>9. Young unemployed Under 30s face a <u>six-month wait</u> for a reduced dole</p> <p>10. Motorists More expensive petrol with a fuel levy</p> <p>11. Indigenous people A \$500 million <u>cut to indigenous programs</u> over five years</p> <p>12. Local councils Cuts of nearly \$1 billion over four years</p> <p>13. ABC and SBS <u>Cuts of \$43.5 million</u> and Australia Network abandoned</p> <p>14. Politicians, senior public servants</p>

Deloitte Budget Brief

http://www.deloitte.com/view/en_AU/au/news-research/federal-budget-2014/index.htm

As expected, from a business taxation perspective, the Treasurer has continued to reposition existing tax policies with no major surprises or changes. The more important focus for business will be the White Paper on the Reform of Australia's Tax System, which will provide a longer term considered approach to tax reform and which is due prior to the next election.



Sources:

1. <http://www.smh.com.au/business/federal-budget-2014>
2. <http://www.theguardian.com/business/grogonomics/2014/may/13/budget-2014-the-six-graphs-that-matter-for-australia>
3. http://www.deloitte.com/view/en_AU/au/news-research/federal-budget-2014/index.htm
4. <http://www.smh.com.au/business/federal-budget/federal-budget-2014-winners-and-losers-20140513-38802.html>
5. <http://www.abc.net.au/news/2014-05-13/budget-2014-hockeys-budget-for-decades-to-come/5450846>
6. <http://www.ey.com/AU/en/Services/Tax/EY-Federal-Budget-Brief---2014---15---Overview>
7. <http://www.propertyoz.com.au/Article/NewsDetail.aspx?p=16&id=9234>
8. <http://www.kpmg.com/AU/en/IssuesAndInsights/ArticlesPublications/federal-budget/Pages/budget-2014-brief.aspx>



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