

The Federal Treasurer, the Hon Peter Costello, handed down the 2007/08 Budget on Tuesday 8 May 2007.

The budget was a surplus of 13.6 billion and it contained a number of initiatives for rural communities and farm families. The following is a summary of the outcomes from the budget.

Budget Initiatives identified under NFF Priorities

1. Environment

- Stewardship program identified and funded as a separate program to NHT. It will involve 15-year contracts targeting priority areas with the first area identified as the box woodlands. Funding allocation is \$50 million over 4 years with follow up payments.
- NHT re-funded for \$2 billion to 2013
- National Landcare program funded \$147million over 4 years.
- Costs of establishing qualifying carbon sink forests will be tax deductible with immediate deductibility for five years commencing 1 July 2007 and concessional depreciation arrangements after that.
- Solar rebates will be doubled up to \$8,000 to establish a system. \$12,000 will be provided for the establishment of solar systems in schools and community buildings.
- \$10 billion plan nation water security. This plan includes \$5.9 billion to increase the efficiency of water use in irrigation and \$3.1 billion to address over-allocation of water– no further details at this stage.
- \$201 million over six years to support the installation of water tanks and other water saving devices by schools and community organisations
- A new Australian Centre for Climate Change Adaptation will be established. The CSIRO will be allocated \$103 million for Climate Change and Energy Research.
- NFF expects significant climate change funding only following release of the PM's emissions trading taskforce in late May.

2. Transport and supply chain

- Auslink II funded \$22.3 billion over 5 years from 2009/10. This is 41% above the amount committed to Auslink I.
 - Black Spot Programme to \$60 million per annum over the five years from 2009-10.
 - The Roads to Recovery Programme funded with \$1.8 billion.
 - The Strategic Regional Programme allocated \$300 million.
- An additional \$250 million of supplementary funding to be paid to local councils before June 30 2007.
- National Food Industry Strategy refunded \$75.7million for 4 years.

3. Capacity/risk and drought management

- AAA re-funded with \$254.7 million over 4 years
 - FarmBis program revamped and made national. This possibly means NSW could access Farmbis however more details are needed.
 - Farm help program funded for \$106 million over 4 years
 - Rural Financial Councilors additional funding of \$54.9 over 4 years

4. Labour

- Both 457 visa changes and foreign domestic withholding rate equalisation changes not made. This was expected as these matters are more policy than fiscal and NFF discussions with Government have moved on.

5. Biosecurity

- \$12.7million over four years for biosecurity to support IRA changes.

Additional General Announcements

Research and Development

- Establish an endowment fund – a perpetual fund to generate earnings for capital works and research facilities in our institutions of higher learning. Initial contribution this year of \$5 billion.

Education

- \$3.5 billion realizing our potential project
 - School – help for children to improve literacy and numeracy skills \$700, reward teachers and schools, \$50,000 bonus to schools to make improvements in literacy and numeracy. \$5,000 for teachers attending Summer schools, Payments to Institutions to provide a minimum 120 days experience in schools for trainee teachers
 - Training - new tax exempt payment of \$1,000 for first and 2nd year apprentices, voucher of \$500 to offset course fees.

Tax Cuts

Changes were made to income bands for the 30 and 45% income tax brackets.

Tax rate	Income band 2007/08	Income Band 2008/09
30%	Up to \$30,000	Up to \$80,000
45%		Up to \$180,000

Families

- Rates of Child Care Benefit will increase by 10 per cent, on top of indexation.
- The Government will also reimburse 30 per cent of the remaining out-of-pocket expenses after the payment of the Benefit

Older Australians

- Recipients of the Carer Payment will receive a bonus of \$1,000 and recipients of the Carer Allowance a bonus of \$600 for each eligible person in their care.

Health

- \$65 million over four years to establish a new regional dental school, with 60 additional dentistry places in regional centres. The Government will also provide \$12.5 million over four years to create more opportunities for city dental students to undertake dental training in regional settings.

Defense

- Additional funding of \$2.1 billion over ten years for a range of initiatives to further improve recruitment and retention