

Federal Budget 2025

Affluens^o

At a Glance

Taxation	Health	Job Creation & Support	Other Announcements
			

Our Introduction



Abraham Aguilan, CEO

"This Budget reflects a clear focus on easing the everyday pressures faced by Australian families. From cheaper medicines and energy bill relief to tax cuts and support for young apprentices, our clients and community can look forward to more breathing room in their household budgets and better access to essential services."

The following paper provides highlights and a generalised summary of the announced Federal Budget for 2025.

It is important to note that many of these announcements are yet to be legislated and care should be taken before implementing a financial strategy based on Budget announcements alone.

General Advice Warning:

This paper does not take into account your objectives, financial situation or needs. Before acting on

any information, you should consider the appropriateness of the information provided and the nature of the relevant financial product having regard to your objectives, financial situation and needs. Please ensure you speak to your financial adviser or your accountant prior to implementing any changes to your personal financial position.

What does this budget mean for me?

Treasurer aims to “rebuild living standards”. Much of the 2025 Federal budget was already known. With the next Federal Election due to be called any day, the Treasurer named 5 Priorities for his fourth budget: helping with the cost of living, strengthening Medicare, building more homes, investing in education, and making the economy stronger.

Taxation

Medicare levy low-income thresholds

The Medicare levy low-income thresholds for singles, families and seniors will be increased from 1 July 2024.

- The threshold for singles will be increased from \$26,000 to \$27,222.
- The threshold for families will be increased from \$43,846 to \$45,907.
- The single threshold for seniors and pensioners will be increased from \$41,089 to \$43,020
- The family threshold for seniors and pensioners will be increased from \$57,198 to \$59,886.
- For each dependant child or student, the family income thresholds will now increase by \$4,216 for each dependant child, up from \$4,027.

Personal income tax cuts

In addition to the tax cuts that the government legislated last year, the following new tax rates are proposed.

- From 1 July 2026, the 16 per cent tax rate, which applies to taxable income between \$18,201 and \$45,000 will be reduced to 15 per cent.
- From 1 July 2027, this tax rate will be reduced further to 14 percent.

Taxable income	Tax rates 2025-26	Tax rates 2026-27	Tax rates 2027-28
0 – \$18,200	Nil	Nil	Nil
\$18,201 – \$45,000	16c for each \$1 over \$18,200	15c for each \$1 over \$18,200	14c for each \$1 over \$18,200
\$45,001 – \$135,000	\$4,288 plus 30c for each \$1 over \$45,000	\$4,020 plus 30c for each \$1 over \$45,000	\$3,752 plus 30c for each \$1 over \$45,000
\$135,001 – \$190,000	\$31,288 plus 37c for each \$1 over \$135,000	\$31,019 plus 37c for each \$1 over \$135,000	\$30,752 plus 37c for each \$1 over \$135,000
\$190,001 and over	\$51,638 plus 45c for each \$1 over \$190,000	\$51,369 plus 45c for each \$1 over \$190,000	\$51,101 plus 45c for each \$1 over \$190,000

*Tables above are Sourced from NAB website:

🌐 2025 Federal Budget: What it means for Individuals | Business Research and Insights

Health

Cheaper Medicines

The government has proposed to lower the Pharmaceutical Benefits Scheme (PBS) general patient co-payment from \$31.60 to \$25.00 on 1 January 2026.

Medicare

The government has committed to spend an extra \$8.4 billion over 5 years to improve the health system. As previously announced, the federal government has pledged 'the single largest investment in Medicare since its creation over 40 years ago', with \$7.9 billion over four years to expand bulk billing to deliver an additional 18 million bulk billed GP visits each year. The intent is to have 9 out of 10 GP visits bulk billed by 2030.

From 1 November, a new Bulk Billing Practice Incentive Program will support practices who bulk bill all their patients. This is an additional 12.5% loading payment on their Medicare rebates, in addition to the bulk billing incentive.

The Australian Government will invest \$644 million to open a further 50 Medicare Urgent Care Clinics. These will open during the 2025-2026 financial year. This is on top of the 87 already in place.

Pharmacy

Funding provided over six years to improve access to medicines and trial an expansion to the range of services which can be delivered by community pharmacies.

Women's Health

The Government is improving the accessibility and affordability of health care for Australia women with a \$792.9 million package that includes new contraception pills added to the PBS, new menopausal hormone therapies, and new endometriosis and pelvic pain clinics.

Other medicines will be added or expanded on the PBS to make treatment for endometriosis, IVF and certain types of breast cancer more affordable.

Women with specific low levels of reproductive hormones will have earlier access to the combination therapy follitropin alfa with lutropin alfa (Pregoveris®) through the PBS. Previously this treatment was only funded for later IVF cycles.

11 additional endometriosis & pelvic pain clinics to the 22 clinics already established, now also supporting menopause and perimenopause.

Mental Health

Additional funding of \$46.0 million over four years from 2024–25 to continue digital mental health services. The cost of this measure will be partially met from within the existing resourcing of the Department of Health and Aged Care.

This was in addition to the \$588.5 million committed in last year's budget over eight years from 2024–25 (and \$113.4 million per year ongoing) to establish a national low intensity digital mental health service that is free of charge and free of need for referral.

Hospitals

The Federal Government announced a one-off \$1.8 billion funding boost for public hospitals in 2025–2026, to cut waiting lists and reduce wait times in emergency rooms, and managing ambulance ramping.

This complements the investment in Urgent Care Clinics to take the pressure of the public hospital system.

Dental

\$107.8 million in 2025–26 to extend the existing Public Dental Services for Adults funding agreement to 30 June 2026 to support the delivery of dental services to eligible adult dental patients.

This measure extends part of the 2023–24 Budget measure Long Term Dental Funding Reform Developmental Work and Interim Funding.

Age Care

The Federal Government previously announced they will transition to paying providers in arrears rather than in advance (as they currently do) for provision of service over two years from July 2026. This move will save \$2.5 billion over 3 years from 2025-26 and \$234.1 million per annum thereafter.

Further, the Federal Government is seeking linking of care minutes funding to delivery of care minutes and registered nurse care minutes from 1st Oct 2025 for residential aged care providers in metropolitan areas. Adjustment to the registered nurse supplement will provide \$233 million in savings over four years and \$109.7 million per annum thereafter.

\$2.6 billion to increase the award wages of aged care nurses from 1 March 2025 over five years. This will also include \$90m allocated to Aged Care workers on top of the \$2.5bn set aside for RNs. This brings the investment into wage increases in the sector to a total of \$17.7 billion.

\$48.7 million to support all assessment providers, public and private, to support implementation of the New Aged Care Act and Support at Home.

Job Creation & Support

Increased Support for Apprentices

From 1 July 2025, eligible apprentices in housing construction occupations will receive up to \$10,000 in financial incentives over the course of their apprenticeships.

Employers of apprentices in priority occupations may also be eligible for up to \$5,000 as a Priority Hiring Incentive, which includes many occupations relevant to housing construction. These current settings for the Priority Hiring Incentive have been extended for an additional 6 months to 31st December 2025.

Other Announcements

Energy Bill Relief Fund

It is proposed to extend the existing Energy Bill Relief to every household and around one million small businesses. They will continue to receive two \$75 rebates directly off their electricity bills through to 31st December 2025.

Restricting Foreign Ownership of Housing

The Government proposes to take action banning foreign persons (including temporary residents and foreign owned companies) from purchasing established dwellings for two years from 1 April 2025, unless an exception applies. Exceptions to the ban include:

- investments that significantly increase housing supply or support the availability of housing on a commercial scale.
- purchases by foreign owned companies to provide housing for workers in certain circumstances.

Making Student Loans Fairer

The Government proposes to reduce all outstanding Higher Education Loan Program (HELP) and other student debts by 20 per cent with effect before indexation is applied on 1 June 2025. This is in addition to the recent reform limiting future indexation and retrospectively reducing the indexation applied in 2023 and 2024.

From 1 July 2025, the Government will also increase the amount that people can earn before they are required to start paying back their loans from \$54,435 in 2024-25 to \$67,000 in 2025-26. No one will pay more under the new system, and compulsory repayments will be lower for people earning around \$180,000 and above the current minimum threshold.

Childcare - 3-day Guarantee

The Australian Government is replacing the Child Care Subsidy (CCS) Activity Test from January 2026 to guarantee at least 3 days of subsidised early childhood education and care (ECEC) each week for children who need it.

From January 2026, all families will be eligible for at least 72 hours of subsidised ECEC per fortnight (3 days per week), regardless of their activity levels. Families can still get 100 hours of subsidised ECEC per fortnight if they meet activity requirements or have a valid exemption.

Families earning over \$533,280 in 2024-25 are not eligible for subsidised care - consistent with current settings.

Further Reading

Include links to supplementary material.

Sources

- Netwealth IQ Federal Budget 2024
 - <https://business.nab.com.au/2025-federal-budget-what-it-means-for-individuals-2/>
 - <https://business.nab.com.au/2025-federal-budget-what-it-means-for-health-2/>
 - <https://budget.gov.au>
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Contact Us

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