



Artwork by Lin Zihao

AUSTRALIAN FEDERAL BUDGET

2022-2023

KING&WOOD
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AUSTRALIAN FEDERAL BUDGET

2022–2023

EXECUTIVE SUMMARY

The Government's 2022-23 Budget presents a strong focus on short term economic assistance, with relief measures aimed at cost of living and other economic pressures facing individuals and small business.

Despite global disruption of business and supply chains and the advent of recent disasters, the Australian economy has generally bounced back strongly from the last two COVID dominated years, with record low unemployment levels and relatively low interest rates. However inflationary pressures risk eroding some of the recent economic gains, meaning the Government has a difficult task balancing stimulus measures to ease pressures on households, while still seeking to ensure longer term economic goals such as real wage growth can continue.

Budget deficits are now an accepted outcome of current Government fiscal policy and Government measures aimed at softening the impact of COVID through schemes such as JobKeeper, instant tax write-off concessions and extending the low and middle income tax offset, have supported consumer and business confidence over the longer period, with retail spending more recently being one of the highest on record. However, such measures need at some point to be wound back and the 'magic' tipping point which allows that to happen without hurting households is difficult to find, particularly when factors outside the Government's control such as events in Europe can significantly impact the local economy. While the budget deficit has fallen, in part due to strong commodity prices, and is forecast to fall further, constraints such as limited immigration will mean that finding the right skill base needed for longer term growth will be a continuing focus over the next few years. This will be especially so given the Governments 10 year infrastructure investment pipeline of over \$120 billion and new Defence spending.

Australia remains a 'lucky' country in having a stable political environment, vast natural resources and low unemployment. The challenge for the Government will be capitalising on those advantages and being able to smooth short term issues while still ensuring long term prosperity.

All Budget 2022-23 documents are available to download from the [Treasury's Budget 2022-23 website](#).



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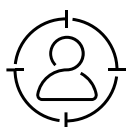
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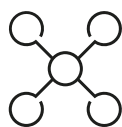
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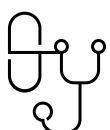
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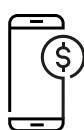
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CARE



THE DIGITAL
ECONOMY



ENERGY



DEFENCE

CORPORATE TAX

AUTHORED BY ANDREW CLEMENTS, JANE MA, PETER SCOTT & TIM WELLS

The Government has included in this year's Budget a number of targeted corporate tax measures that are focused on providing tax relief for businesses, supporting job creation and improving employee skill base. There are also a number of technology concessions including expanding the patent box concessional regime and concessional measures as part of the COVID-19 response package. There are no broad ranging tax reform measures and prior year concessions such as full expensing of capital assets and loss carry back rules continue as previously announced.

PATENT BOX - EXPANDING THE PATENT BOX TAX CONCESSION TO AGRICULTURAL SECTOR AND LOW EMISSIONS TECHNOLOGY INNOVATIONS

The Government has announced the expansion of the patent box concessional regime, previously announced in the 2021-22 Budget (see more [here](#)) and currently before Parliament to:

- support practical, technology focused innovations in the Australian agricultural sector - the patent box concessions will now apply to corporate taxpayers who commercialise their eligible patents linked to agricultural and veterinary (agvet) chemical products listed on the Australian Pesticides and Veterinary Medicines Authority (APVMA), PubCRIS (Public Chemicals Registration Information System) register, or eligible Plant Breeder's Rights (PBRs); and
- support the Government's technology focused approach to reducing emissions in line with the Government's target to achieve net zero emissions by 2050 - this will provide concessional tax treatment for corporate taxpayers who commercialise their patented technologies which have the potential to lower emissions.

Eligible corporate income will be subject to an effective income tax rate of 17% for PBRs and patents granted or issued after 29 March 2022 and for income years starting on or after 1 July 2023. Eligible income will be taxed at the concessional tax rate to the extent that the research and development of the innovation took place in Australia.

Australia currently taxes profits generated by PBRs, patents on agvet products and by patents on low emissions technologies at the headline corporate rate (30% for large businesses and 25% for small enterprises). The patent box will offer a competitive tax rate for profits generated from eligible Australian owned and developed patents, supporting the commercialisation of innovation in Australia.

The Government will consult with industry before settling the detailed design of the patent box expansion to agriculture and low emissions technologies.

COVID-19 RESPONSE PACKAGE - MAKING COVID-19 BUSINESS GRANTS NON-ASSESSABLE NON-EXEMPT INCOME

The Government has extended the measure which enables payments from certain state and territory COVID-19 business support programs to be made non-assessable non-exempt (NANE) for income tax purposes until 30 June 2022. This measure was originally announced on 13 September 2020.

The Government has made the following state and territory grant programs eligible for this treatment since the 2021-22 MYEFO:

- New South Wales Accommodation Support Grant;
- New South Wales Commercial Landlord Hardship Grant;
- New South Wales Performing Arts Relaunch Package;
- New South Wales Festival Relaunch Package;
- New South Wales 2022 Small Business Support Program;
- Queensland 2021 COVID-19 Business Support Grant;
- South Australia COVID-19 Tourism and Hospitality Support Grant; and

- South Australia COVID-19 Business Hardship Grant.

COVID-19 RESPONSE PACKAGE - FBT EXEMPTION AND TAX DEDUCTIBILITY OF COVID-19 TEST EXPENSES

The Government has confirmed that fringe benefits tax (FBT) will not be incurred by businesses where COVID-19 tests are provided to employees for the purpose of attending a place of work and that the cost of taking a COVID-19 test for individuals will be tax deductible with effect from 1 July 2021.

This measure was previously announced by the Minister for Housing and Assistant Treasurer on 8 February 2022.

REGULATORY REFORM TO EMPLOYEE SHARE SCHEMES

The Government has affirmed the commitment it made in last year's Federal Budget to reform the corporate rules regulating offers of employee share schemes (ESSs). Since last year's announcement, the Government has held two rounds of public consultation regarding the proposed ESS reforms (our previous alert regarding the exposure draft legislation for the first round of public consultation is available [here](#)).

The Budget confirms some of the previously announced reforms to the corporate rules regulating ESSs. As part of this, the Budget has restated the Government's commitment to the thresholds for ESSs that are offered by unlisted companies where monetary consideration is provided by employees. Under these measures, participants in the ESS of an unlisted company can invest up to:

- \$30,000 per participant per year, accruable for unexercised options for up to 5 years, plus 70% of dividends and cash bonuses; or
- any amount, if it would allow them to immediately take advantage of a planned sale or listing of the company to sell their purchased interests at a profit.

The Government has expressed its intention to expand the scope of the proposed exemptions for employee equity interests with no monetary consideration. As part of this, the Government has committed to removing regulatory requirements for ESS offers to independent contractors, where no monetary consideration is provided.

The continuing commitment to the improvement to the access to employee ownership is very helpful. The detail of the legislation when introduced will have a significant impact on its potential benefits and impact for employees, and will build on the legislation introduced earlier in the year to remove the deferred taxing point on ESS interests.

In accordance with comments made by the Treasurer on Friday 25 March 2022, the Government is expecting to release further detail regarding the proposed ESS reforms shortly.

PRIMARY PRODUCERS - INCREASING CONCESSIONAL TAX TREATMENT FOR CARBON ABATEMENT AND BIODIVERSITY STEWARDSHIP INCOME

The Government will allow the proceeds from the sale of Australian Carbon Credit Units (ACCUs) and biodiversity certificates generated from on-farm activities to be treated as primary production income for the purposes of the Farm Management Deposits (FMD) scheme and the tax averaging provisions from 1 July 2022.

The Government will also change the taxing point of ACCUs for eligible primary producers to the year when they are sold, and extend similar treatment to biodiversity certificates issued under the Agriculture Biodiversity Stewardship Market scheme, from 1 July 2022. Eligible primary producers are those who are currently eligible for the FMD scheme and tax averaging.

Currently, proceeds from selling ACCUs are treated as non-primary production income and are generally ineligible for concessional tax treatment under the FMD scheme or tax averaging. ACCU holders are taxed based on changes in the value of their ACCUs each year, which can result in tax liabilities before sale.



BOOSTING APPRENTICESHIP COMMENCEMENTS WAGE SUBSIDY - EXPANSION

The Government has expanded the apprenticeship wage subsidy measures announced in the 2021-22 MYEFO and 2021-22 Budget, extending the Boosting Apprenticeship Commencement (BAC) and Completing Apprenticeship Commencements (CAC) wage subsidies by 3 months to 30 June 2022.

The Budget includes \$954.0 million in funding over 5 years to introduce a new Australian Apprenticeships Incentive System from 1 July 2022 as support to employers and apprentices in "priority occupations". Apprentices and trainees in "priority occupations" will also receive a direct payment of up to \$5,000 over two years to assist with the cost of undertaking an apprenticeship.

The "priority occupations" will be based on a new 'Australian Apprenticeships Priority List', which includes workers in the aged care, childcare disability and nursing.

INTERNATIONAL

AUTHORED BY TIM WELLS

A key platform of the Budget is attracting migrant labour to cover skill shortages arising from the COVID-19 pandemic. The Budget seeks to achieve this by relaxing certain work restrictions for a range of visas and increasing country caps for work and holiday visas. The Government has also announced measures to promote inbound investment by reducing regulatory burdens for investors under Australia's foreign investment framework. Much needed support to the tourism sector has also been announced.

AUSTRALIA'S FOREIGN INVESTMENT FRAMEWORK

The Government will amend Australia's foreign investment framework to reduce the regulatory burden faced by investors. The amendments will streamline the requirement for some investors to notify the Government before acquiring an interest, while still maintaining the Government's ability to address national interest concerns as they arise. These amendments are due to commence on 1 April 2022.

CHANGES TO VISA RULES

The Government will relax certain work restrictions for a range of visas including eligible Student and Working Holiday Maker (WHM) visa holders and will extend visas for certain engineering graduates negatively affected by COVID-19 travel restrictions. This will provide much needed support to businesses and will aid Australia's economic recovery.

The Government has also announced incentives for international students and WHM visa holders to bring forward their arrival in Australia by refunding the Visa Application Charge for Student visa holders who arrive in Australia between 19 January 2022 and 19 March 2022, and for WHM visa holders who arrive in Australia between 19 January 2022 and 19 April 2022 (inclusive).

As part of the Budget, the Government has promised to increase country caps for Work and Holiday visas by 30% in 2022-23. The Government is also redistributing 10,000 places in the 2021-22 Migration Program from the Partner visa category within the Family stream to the Skill stream. This redistribution recognises the sharp fall in the number of on-hand Partner visa applications and will further support the economic recovery by increasing the places available for skilled visa holders.

The Government will also clarify the tax treatment for income earned by workers under the Australian Agriculture Visa scheme established in MYEFO 2021-22 to respond to workforce shortages in the agriculture and primary industry sectors.

RESIDENT RETURN VISA

The Government has mandated online lodgement of Resident Return visa applications (except where special circumstances apply), improving processing efficiencies and enabling applicants to better track their application. Currently, Resident Return visa applications can be lodged online or on a paper application form, with paper applications attracting a Non-Internet Application Charge. Over 99% of applications lodged in 2020-21 were lodged online.

MIGRATION PROGRAM

The Government will maintain the 2022-23 permanent Migration Program planning level at 160,000. Skill stream places will increase from the 2021-22 planning levels to 109,900, and account for around 70% of the permanent Migration Program. Partner visa granting arrangements will move to a demand-driven basis going forward. These changes will help maximise the economic benefits of the permanent Migration Program.

AUSTRALIA - UNITED KINGDOM FREE TRADE AGREEMENT

The Budget reaffirms the commitment made by both the Australian and United Kingdom governments on 17 December 2021 when they signed the Australia-United Kingdom Free Trade Agreement. This Agreement eliminates tariffs on over 99% of Australian goods exports to the UK.



TOURISM SUPPORT

The Government will provide additional funding over 3 years to support the recovery of the Australian tourism sector as part of the Government's response to the COVID-19 pandemic. Funding includes:

- \$76.7 million over 2 years from 2021-22 to extend the COVID-19 Consumer Travel Support Program to support travel agents and tour arrangement service providers.
- \$63.0 million over 3 years from 2021-22 to accelerate international tourist and backpacker arrivals through targeted marketing initiatives.
- \$6.8 million over 3 years from 2021-22 for increased data availability and analysis to improve planning in the tourism sector and to establish an employment platform to promote career opportunities in the sector.

MODERNISING AUSTRALIA'S EXPORT SYSTEM

The Government will provide \$267.1 million over 4 years from 2022-23 (and \$4.4 million per year ongoing from 2026-27) to modernise and improve Australia's trade system and support Australian exporters. Funding includes:

- \$127.4 million to continue and expand the Digital Services to Take Farmers to Market initiative to transform the delivery of Government agricultural export systems.
- \$80.0 million to provide additional support for small and medium export businesses to re-establish their presence in overseas markets through the Export Market Development Grants program.
- \$48.0 million to modernise Australia's trade system, reduce the regulatory burden on exporters and to identify opportunities for further reforms.
- \$11.7 million to expand the Trade Information Service to provide exporters with a single source of online information to facilitate access to international markets. Partial funding for this measure has already been provided for by the Government.

DIPLOMATIC AND CONSULAR CONCESSIONS

The Government has granted or extended access to refunds of indirect tax under the Indirect Tax Concession Scheme (ITCS) to the diplomatic and consular representations of certain specified countries. Under the ITCS, diplomatic and consular representations receive refunds for indirect taxes including GST, fuel and alcohol taxes.

The Government has also extended ITCS access for Papua New Guinea and the Taipei Economic and Cultural Office to include construction and renovation relating to their current and future diplomatic missions and consular posts.

INFRASTRUCTURE FINANCING FACILITY FOR PACIFIC PROJECTS

In line with the Pacific Step-up, the Government will increase the Australian Infrastructure Financing Facility for the Pacific to \$3.5 billion, supporting additional infrastructure investment in the Pacific. The Government will provide financing packages through the Facility to the Government of Papua New Guinea:

- to improve Papua New Guinea's road network, including the Wau and Sepik Highways; and
- to expand the electricity distribution grid in Lae and East New Britain as part of the PNG Power Sector Development Project.

STRATEGIC PARTNERSHIP WITH INDIA

The Government will provide \$245.5 million over 5 years from 2021-22 (and \$16.8 million per year ongoing from 2026-27) for initiatives to support the Comprehensive Strategic Partnership with India, including:

- an Australian High Commission in Malé, Maldives, to support economic and security priorities in the Indian Ocean region.

- a Centre for Australia-India Relations in Australia to provide Australia-India Maitri education and cultural programs.
- a range of initiatives to build economic, trade and investment and regulatory links between Australia and India, advance regional cooperation on maritime shipping, disaster resilience and information sharing, and support resources and critical minerals supply chain links.

HUMANITARIAN PROGRAM

The Government will maintain the Humanitarian Program at 13,750 places in 2022-23 and over the forward estimates, and the size of the program will remain as a ceiling. The Government will also provide:

- \$665.9 million over 4 years from 2022-23 for an additional 16,500 humanitarian places for Afghan nationals across the 4 years from 2022-23, to address the anticipated need for places.
- \$9.2 million in 2022-23 to extend existing Youth Transition Support services for 12 months to 30 June 2023, to continue the provision of services to young humanitarian entrants and vulnerable migrants to increase engagement in education and community sport and assist in transition to employment.
- \$1.0 million over 5 years from 2022-23 to establish a Human Rights Advocacy Program to provide grants of up to \$100,000 to human-rights focused organisations to advance Australia's human rights priorities. This funding will be met from within the existing resources of the Department of Foreign Affairs and Trade.

FUNDS & SUPERANNUATION

AUTHORED BY SYLVESTER URBAN AND MICHAEL EVANS

The Federal Government has announced certain measures in relation to funds and superannuation, focusing on digitalising reporting of trust income and extending the temporary reduction in superannuation minimum drawdown rates.

DIGITALISATION OF TRUST INCOME REPORTING AND PROCESSING



The Government has announced that it will digitise trust and beneficiary income reporting and processing. This will enable all trust income tax returns to be lodged electronically (and benefit from increased pre-filling and automated ATO assurance).

The Government will initiate a consultation process to assist with finalising the policy scope, design and specifications. The measure is to commence from 1 July 2024.

EXTENSION OF THE TEMPORARY REDUCTION IN SUPERANNUATION MINIMUM DRAWDOWN RATES



The Government is proposing to extend the 50% reduction of the superannuation minimum drawdown requirements for account-based pensions and similar products for a further year to 30 June 2023.

The minimum drawdown requirements determine the minimum amount of a pension that a retiree has to draw from their superannuation in order to qualify for tax concessions.

NO CHANGE TO SUPERANNUATION GUARANTEE RATE RISE



There were no changes announced to the planned Superannuation Guarantee rate increase. The rate will accordingly increase from 10% to 10.5% from 1 July 2022.

JOBS

AUTHORED BY FRANKIE BARBOUR

In the 2022-23 Budget, the Government has focused on, and aims to continue, Australia's success in keeping unemployment at low levels. The Budget is intended to invest in increased workforce participation (particularly via apprenticeships and traineeships) to secure a boost in skilled labour in priority areas. Additional support for parents has also been provided.

SKILLS AND TRAINING BOOST: 120% DEDUCTION FOR EXTERNAL TRAINING COURSES

As outlined under the 'Small Business' section, the Government has introduced a 120% deduction for the cost of external training courses delivered to employees by Australian-registered providers.

This measure is intended to increase skilled employment and the productivity of small businesses in a tight labour market. The increased deduction will apply to eligible expenditure incurred between Budget night (29 March 2022) and 30 June 2024.

INVESTMENT IN APPRENTICESHIPS AND TRAINEESHIPS

The Government is investing \$2.8 billion over 5 years from 2021-22 to upskill apprentices.

This investment includes the introduction of a new streamlined Australian Apprenticeships Incentive System to provide support to employers and apprentices. This system will establish a pathway that backs and develops apprentices in priority trades and moves away from a complex arrangement with over 30 different payments for employers and apprentices.

Similarly, \$365.3 million has been allocated to extending the Boosting Apprenticeship Commencements and Completing Apprenticeship Commencements wage subsidies by 3 months to 30 June 2022. \$2.8 million is intended to increase apprenticeship In Training Support by an additional 2,500 places for young Australians aged 15-20 years.

Further, a new National Skills Agreement for the vocational education and training (VET) system is being negotiated, which is intended to provide each state and territory with a funding boost for skills training in priority areas. This follows the signing of the Heads of Agreement for Skills Reform in August 2020, and will replace the National Agreement for Skills and Workforce Development previously agreed in 2012. The previous National Agreement was the subject of review by the Productivity Commission in 2020-21.

Under the new agreement, which is still being negotiated (and has been the subject of delays), the Commonwealth is offering a \$3.7 billion increase in funding with the intention that it deliver an additional 800,000 training places and lower student fees.

SUPPORTING UNEMPLOYED PEOPLE GETTING INTO WORK

The Government is investing \$52.8 million to establish ReBoot and support Workforce Australia to create a pathway to employment and training for young Australians.

ReBoot is a program targeting disengaged and disadvantaged young Australians in initiatives of up to 12 weeks to build their capability and aspirations. It is intended to provide tailored, community focused early interventions taking a variety of forms. The Budget estimates it will build skills for 5,000 young people.

Workforce Australia is the new employment service provided by the Department of Education, Skills and Employment, replacing jobactive from 1 July 2022. The service is intended to be the 'front door' for government employment and skills services, including a new digital platform and a network of providers to deliver personalised support to disadvantaged job seekers. Around 1.8 million job seekers are expected to commence with Workforce Australia over the 3 years from 1 July 2022.

The Government has also allocated \$6.6 million to expand the AgMove pilot program and extend it for an additional 6 months.

EXPANSION OF INDIGENOUS RANGERS PROGRAM

The Government is investing \$636.4 million over 6 years to expand the Indigenous Rangers Program, to fund up to 1,089 new rangers.

The program was first funded in 2007 and supports Indigenous people to combine traditional knowledge with conservation training to protect and manage their land, sea and culture, including undertaking bushfire mitigation, the protection of threatened species and biosecurity compliance.

EXPANSION OF PAID PARENTAL LEAVE

Paid parental leave is being expanded under the 2022-23 Budget. At a cost of \$346.1 million over 5 years, the Government is integrating Dad and Partner Pay with Parental Leave Pay to provide eligible families with up to 20 weeks' leave to use as they see fit. This gives working families increased choice and flexibility in managing work and care. The income test is also being broadened to include an additional household income threshold of \$350,000 to support workforce participation particularly for women who are the primary earner.

The amendments to the scheme will permit fathers and partners to access the Government's scheme at the same time as employer-funded parental leave, in the same way currently open to mothers.

The amendments will also support single parents to access an additional 2 weeks of paid parental leave and benefit from the household income threshold test.

SUPPORT FOR WOMEN IN TRADES AND LEADERSHIP POSITIONS

\$56.2 million has been allocated to support more women entering a wider range of jobs. To boost the number of women in trades, \$38.6 million will be spent over 4 years to provide wrap-around support for women commencing in trade occupations on the Australian Apprenticeships Priority List.

Building on the Government's \$147 million of investments to support gender equity in STEM, additional funding of \$6.7 million is being provided to encourage women to consider taking up careers in manufacturing and the technology workforce. In particular, funds are flowing to the 'Superstars of STEM' program (intended to inspire the next generation of girls and young women into STEM fields), the 'Women in STEM Ambassador Initiative' and 'Future You'.

\$4.7 million has been earmarked over 5 years to improve women's participation in Australian manufacturing.

To encourage more women into leadership positions, the Government has allocated \$40.4 million to various initiatives which intend to support women in progressing into board and leadership positions, including as sporting coaches and manager.

INFRASTRUCTURE

AUTHORED BY JACK DENNIS

Infrastructure spending commitments **HAVE** increased by \$10 billion, totalling \$120 billion over the next 10 years for road, rail and community infrastructure projects across Australia.

OVERVIEW

The Government is once again increasing total spending on its infrastructure pipeline by \$10 billion from \$110 billion to \$120 billion over the next 10 years for new and existing road, rail and community infrastructure projects across Australia.

AUSTRALIAN CAPITAL TERRITORY

\$51 million will be provided for priority road projects in the Australian Capital Territory, increasing the Government's total commitment to transport infrastructure in the Australian Capital Territory to over \$1.3 billion since 2013. The key new commitments in the 2022-23 Budget for the ACT include:

- \$46.7 million for the Athllon Drive Duplication; and
- \$2.8 million for the Kent Street and Novar Street Intersection Upgrades.

NEW SOUTH WALES

\$3.3 billion will be provided to fund priority road and rail projects in New South Wales, increasing the Government's total commitment to transport infrastructure in New South Wales to \$48.5 billion since 2013. The key commitments in the 2022-23 Budget for NSW include:

- \$1 billion for the Sydney to Newcastle - Tuggerah to Wyong Faster Rail Upgrade;
- \$336 million for the Pacific Highway, Wyong Town Centre;
- \$264 million for the Newell Highway Upgrade - Heavy Duty Pavement Upgrades - North Moree;
- \$232.5 million for Mulgoa Road Stage 2 - Glenmore Parkway to Jeanette Street, Stage 5A Blaikie Road to Jamison Road and Stage 5B Jamison Road to Union Road;
- \$100 million for the Southern Connector Road, Jindabyne;
- \$95.6 million for the Picton Bypass and Picton Road - Planning;
- \$77.5 million for a business case for Stage 2 of the Sydney Metro - Western Sydney Airport line;
- \$352 million for the Milton Ulladulla Bypass; and
- \$300 million for the Grade Separating Road Interfaces.

VICTORIA

\$3.4 billion will be provided to fund priority road and rail projects in Victoria, increasing the Government's total commitment to transport infrastructure in Victoria to \$35.5 billion since 2013.

Key new commitments in the 2022-23 Budget for Victoria include:

- \$3.1 billion in new commitments to deliver the \$3.6 billion Melbourne Intermodal Terminal Package;
- \$1.2 billion for the Beveridge Interstate Freight Terminal in Beveridge;
- \$280 million for the Beveridge Interstate Freight Terminal road connections, including Camerons Lane;

- \$740 million for the Western Interstate Freight Terminal in Truganina;
- \$920 million for the Outer Metropolitan Ring - South Rail connection to the Western Interstate Freight Terminal; and
- \$109.5 million for the Mickleham Road Upgrade.

QUEENSLAND

\$3.3 billion will be provided for priority road and rail infrastructure projects in Queensland, increasing the Government's total commitment to transport infrastructure in Queensland to over \$35.9 billion since 2013.

Key commitments in the 2022-23 Budget for Queensland include:

- \$1.6 billion for the Brisbane to the Sunshine Coast - Beerwah-Maroochydore rail extension;
- \$1.1 billion for the Brisbane to the Gold Coast - Kuraby - Beenleigh Faster Rail Upgrade; and
- \$190 million for the Mount Isa to Rockhampton Corridor Upgrade.

The 2022-23 Budget also includes additional funding for existing projects, including:

- \$68.5 million for the Cooktown to Weipa Corridor Upgrade bringing the total Australian Government funding to the corridor to \$258.5 million; and
- \$114.4 million for the Tennant Creek to Townsville Corridor Upgrade.

NORTHERN TERRITORY

\$237 million will be provided for priority road projects in the Northern Territory, increasing the Government's total commitment to transport infrastructure in the Northern Territory to \$3.7 billion since 2013.

Key new commitments in the 2022-23 Budget for the Northern Territory include:

- \$132 million for Central Australian Tourism Roads;
- \$55 million for the Tiger Brennan Drive/Berrimah Road Intersection Upgrade; and
- \$50 million for Alice Springs to Halls Creek Corridor Upgrade.

WESTERN AUSTRALIA

\$1.7 billion will be provided to priority road and rail projects in Western Australia, increasing the Government's total commitment to transport infrastructure in Western Australia to \$20.2 billion since 2013. Funding includes:

- \$145 million for the Thomas Road - Dual Carriageway - South Western Highway to Tonkin Highway and interchange at Tonkin Highway;
- \$140 million for Regional Road Safety Upgrades;
- \$441.2 million for the METRONET, including:
 - \$100 million for the METRONET: Morrison Road Level Crossing Removal;
 - \$135 million for the METRONET: Thornlie-Cockburn Link;
 - \$116 million for the METRONET: High Capacity Signalling; and
 - \$90 million for the METRONET: Yanchep Rail Extension;
- \$50 million for the Tonkin Highway - North Ellenbrook Interchange;

- \$48 million for the Moorine Rock to Mt Holland Road Upgrades;
- \$320 million for Stages 2 and 3 of the Bunbury Outer Ring Road;
- \$200 million for Stage 3 of the Tonkin Highway; and
- \$178 million for Stages 1 and 2 of the Pinjarra Heavy Haulage Deviation.

SOUTH AUSTRALIA

\$2.8 billion will be provided for priority road projects in South Australia, increasing the Government's total commitment to transport infrastructure in South Australia to \$13.7 billion since 2013. Funding includes:

- \$2.3 billion for the North South Corridor - Darlington to Anzac Highway;
- \$200.0 million for Marion Road - Anzac Highway to Cross Road;
- \$120.0 million for the Adelaide Hills Productivity and Road Safety Package;
- \$60.0 million for South East Freeway Managed Motorways - Stage 2;
- \$60.0 million for Targeted Investments to Improve National Supply Chain Resilience;
- \$50.0 million for the Rural Roads Package including the Horrocks Highway Corridor and Safety Package;
- \$20.0 million for the Marion Road and Sir Donald Bradman Drive Intersection Upgrade;
- \$16.2 million for the Port Augusta to Perth Corridor Upgrade;
- \$16.0 million for the Main South Road Productivity Package; and
- \$9.6 million for the South Eastern Freeway Safety Upgrade.

TASMANIA

639.9 million from 2022/23 to fund priority road and rail projects in Tasmania to support economic recovery and jobs, increasing the Government's total commitment to transport infrastructure in Tasmania to over \$4.5 billion since 2013. Funding includes:

- \$336 million for Stage 2 of the Tasmanian Roads Package - Northern Roads Package;
- \$100 million for the Great Eastern Drive Tourism Support - Additional Packages;
- \$96 million for Tranche 4 of the Tasmanian Freight Rail Revitalisation Program; and
- \$56 million for Stage 2 of the Tasmanian Roads Package - Tasman Highway Sideling Upgrade;

ADDITIONAL INFRASTRUCTURE FUNDING

The Government has committed new and additional funding to various regional-based, community-based and industry-based programs and projects.

Airport Building Controller and Airport Environmental Officer Functions

The Government will provide an additional \$25.2 million over 2 years from 2022 to maintain oversight and environmental management at Commonwealth leased airports to ensure compliance with airport building control and environmental regulations. Funding includes:

- \$16.3 million over 2 years from 2022/23 to support airport building control services, including during peak construction at Western Sydney Airport; and

- \$8.9 million over 2 years from 2022/23 to continue to support airport compliance with environmental standards.

Priority Regional Infrastructure Investments

The Government has committed \$1.5 billion over 10 years from 2021 to fund priority regional infrastructure investments across Australia, including:

- \$678 million in additional funding for the Outback Way in the Northern Territory, Queensland and Western Australia;
- \$385.4 million in additional funding for the Northern Australia Roads Program;
- \$180.1 million to establish the Regional Australia Level Crossing Safety Program and support activities under the National Railway Level Crossing Safety Strategy to improve level crossing safety in regional Australia;
- \$150 million for the Inland Rail Interface Improvement Program;
- \$40 million in additional funding for the Bridges Renewal Program;
- \$6.5 million for the Australian Automobile Association to conduct on road emissions testing of light vehicles; and
- \$6 million for the Amy Gillett Foundation Program to improve road safety for cyclists.

Community Development Grants Programme

The Government will provide \$67.7 million over 3 years from 2022 to deliver new community-based projects, including:

- \$12.5 million towards the Centre of Excellence in Vision and Hearing in New South Wales;
- \$8 million towards the Scone CBD Revitalisation in New South Wales;
- \$5 million towards the Gilwell Park Scouts Adventure and Learning Centre Redevelopment in Victoria;
- \$5 million towards the Caboolture Police and Community Youth Centre in Queensland;
- \$4.5 million towards the Bendigo Airport Terminal Redevelopment in Victoria;
- \$1.5 million towards the Katie Rose Cottage Hospice in Queensland; and
- \$0.6 million towards the Shepparton FoodShare in Victoria.

Local Roads and Community Infrastructure Program

The Government will also provide \$501.7 million over 3 years from 2022 to extend the Local Roads and Community Infrastructure Program to fund local councils in maintaining social infrastructure, improve road safety and better local road network.

ENVIRONMENT

AUTHORED BY MONICA STANISIS

The government has announced funding for the Great Barrier Reef, koala conservation and Antarctica, and has directed resources towards recycling, agriculture, and Indigenous cultural heritage protection.

RECYCLING AND WASTE MANAGEMENT

The Budget has announced a number of key initiatives in relation to waste management. In particular, the Government will provide \$83.1 million over 5 years from 2022-23 to support the transformation of Australia's waste and recycling sector and expedite Australia's transition to a more circular waste economy. This includes:

- \$60.4 million over 4 years from 2022-23 to boost Australia's plastics recycling capabilities through state-of-the-art technologies and advanced recycling solutions for problematic plastics under the Recycling Modernisation Fund.
- \$18.2 million over 5 years from 2021-22 to develop and promote a 'ReMade in Australia' brand and certification scheme that supports Australians to buy quality, locally recycled products.
- \$4.4 million over 2 years from 2022-23 to support the delivery of the Government's waste export ban by reducing licence assessment timeframes and helping industry to meet regulatory requirements.

CONSERVATION AND RESEARCH INITIATIVES

A number of programs have been announced in the Budget with respect to conservation. Key initiatives in this context are:

- **Koala conservation:** The Government will provide \$53.0 million over 5 years from 2021-22 and \$2.5 million ongoing to support the recovery and conservation of the koala and koala habitats.
- **Tree-planting:** The Government will provide \$20.3 million over 3 years from 2021-22 for the *Planting Trees for The Queen's Jubilee Program* to provide grants across Australia for community led tree planting projects to mark Her Majesty The Queen's Platinum Jubilee.
- **Indigenous cultural heritage protection:** The Government will provide \$139.6 million over 4 years from 2022-23 (and \$3.2 million per year ongoing from 2026-27) to progress reforms and maintain timely assessments and approvals under the *Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act)* and modernise cultural Indigenous heritage protections under the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984 (ATSHP Act)*. This includes:
 - \$62.3 million over 4 years from 2022-23 (and \$0.7 million per year ongoing) to establish and administer up to 10 bioregional plans under the EPBC Act at priority regional locations.
 - \$27.9 million in 2022-23 to maintain timely environmental assessments and approvals under the EPBC Act.
 - \$11.0 million over 2 years from 2022-23 to modernise Indigenous cultural heritage protections and maintain timely decisions under the ATSHP Act.
 - \$10.0 million in 2022-23 to progress negotiations with the states and territories on bilateral agreements for single touch environmental approvals and remove duplication by accrediting states and territories to carry out environmental assessment and grant approvals for Commonwealth matters.
 - \$9.5 million over 4 years from 2022-23 (and \$2.5 million ongoing) to enhance environmental compliance and enforcement capabilities under the EPBC Act.



- **Leadership in Antarctica:** The Government will provide \$839.9 million to strengthen our capabilities and presence in Antarctica, including \$364.5 million over 5 years from 2021-22 (and \$92.3 million per year ongoing) to support Australia's scientific leadership and international collaboration in Antarctica. This includes:
 - \$136.6 million over 5 years from 2021-22 (and \$50.6 million per year ongoing) to support Australia's inland traverse capabilities, critical charting activities, mobile stations, environmental protection and other core activities.
 - \$109.2 million over 5 years from 2021-22 (and \$30.3 million per year ongoing) to increase Australia's aerial and inland capabilities.
 - \$44.2 million over 5 years from 2021-22 (and \$3.9 million per year ongoing) to boost the maritime capability and longevity of RSV Nuyina.
 - \$32.0 million in 2021-22 to support critical resupply missions to Australian Antarctic stations for the 2021-22 season.
 - \$17.4 million over 5 years from 2021-22 (and \$4.8 million per year ongoing) for marine science and state of the art research facilities to strengthen Australia's leadership in scientific exploration in Antarctica.
 - \$14.3 million over 5 years from 2021-22 (and \$0.9 million per year ongoing) to support Australian environmental management activities in Antarctica, including removal of legacy waste and the establishment of a geographical information system to support environmental management.
 - \$7.4 million over 5 years from 2021-22 (and \$1.7 million per year ongoing) to support Antarctic climate resilience and adaptation research.
 - \$3.5 million over 5 years from 2021-22 to enhance Australia's international engagement within the Antarctic Treaty System and promote Australia's leadership in Antarctic affairs, with costs to be met from within the existing resources of the Department of Foreign Affairs and Trade.
- **Great Barrier Reef:** The Government will provide an additional \$1.0 billion over 9 years from 2021-22 to strengthen Australia's stewardship and leadership in the protection of the Great Barrier Reef (the Reef). This includes:
 - \$579.9 million over 9 years from 2021-22 to improve the water quality of the Reef, including working with land managers to reduce nutrient and pesticide run off and to remediate eroding gullies and streambanks.
 - \$252.9 million over 9 years from 2021-22 for targeted activities that improve the sustainable management and protection of reef ecosystems.
 - \$95.6 million over 9 years from 2021-22 to enhance leadership and research and development of resilience and adaptation strategies for the Reef.
 - \$74.4 million over 9 years from 2021-22 to strengthen partnerships with Traditional Owners to undertake on ground projects and support data validation of high priority fishing areas.

The Government will also provide \$12.4 million in 2022-23 to the Great Barrier Reef Marine Park Authority to extend fee relief to local tourism businesses in the Great Barrier Reef Marine Park impacted by the COVID 19 pandemic.

- **Commonwealth National Parks:** The Government will provide an additional \$26.8 million over 5 years from 2021-22 (and \$2.6 million per year ongoing) to enhance protection of Commonwealth National Parks. This includes \$16.2 million in 2022-23 to support the effective management and environmental conservation of Commonwealth National Parks.
- **Murray-Darling Basin:** The Government will provide a further \$139.9 million over 3 years from 2021-22 to continue investments to achieve a sustainable Murray Darling Basin (the Basin) by improving river health, enhancing environmental water outcomes and stimulating economic activity in Basin communities.

SUSTAINABLE PRACTICES

Sustainable practices are a key platform of the Government in the Budget papers. A number of critical environmental initiatives have been announced. The key programs include:

- **Forestry and fishing:** The Government will provide \$114.6 million over 5 years from 2021-22 to support the sustainability of the forestry and fishing industries and to respond to emerging challenges. This includes:
 - \$86.2 million over 5 years from 2021-22 to work with states and territories to support the establishment of new plantations to secure future wood supply.
 - \$24.0 million over 3 years from 2022-23 to improve the long-term sustainability of the South East Trawl Fishery and support fishing communities, including by providing a temporary partial waiver of Australian Fisheries Management Authority levies.
 - \$4.4 million over 2 years from 2022-23 to strengthen Australia's illegal logging traceability and timber identification systems.
- **Future Drought Fund:** The Government will provide an additional \$84.5 million over 4 years from 2022-23 (and \$10.0 million over 2 years from 2026-27) for activities to improve the drought readiness and resilience of Australian farmers and communities.
- **Agriculture:** The Government will provide \$20.0 million over 4 years from 2021-22 to work with states and territories to reduce the impact of pests and weeds on agricultural production, native wildlife, the environment, and the community.
- **Concessional tax treatment of carbon abatement and biodiversity stewardship income:** The Government will allow the proceeds from the sale of Australian Carbon Credit Units (ACCUs) and biodiversity certificates generated from on farm activities to be treated as primary production income for the purposes of the Farm Management Deposits scheme and tax averaging from 1 July 2022.

TAX COMPLIANCE

AUTHORED BY CASSANDRA HAMILL

The Government has announced a range of funding to support its deregulation agenda. A variety of efforts to modernise reporting systems will also be implemented as part of the digital economy.

GOVERNMENT DEREGULATION AGENDA

The Government has announced wide ranging reforms to fees attached to registry services. As part of this, fees associated with Australia's Business Registers will be streamlined as company registration and lifecycle management moves to a modernised platform (scheduled for September 2023). This will simplify registry compliance obligations, improve the currency and accuracy of registry information, and promote transparency and counterparty trust in commercial activities.

Other initiatives furthering the Government's deregulation include:

- \$52.5 million over 5 years from 2021-22 to reduce regulatory burden for industry in the environmental assessment process through the national rollout of the Digital Environmental Assessments Program, supported by a National Biodiversity Data Repository;
- \$47.3 million over 15 years from 2021-22 to the Clean Energy Regulator to simplify existing compliance and assurance activities for the Emissions Reduction Fund and the Renewable Energy Target to reduce manual compliance reporting;
- \$19.9 million over 4 years from 2021-22 to the Australian Bureau of Statistics to develop a new reporting application to enable businesses to submit surveys on business indicators directly through their accounting software;
- \$17.5 million over 3 years from 2021-22 to enhance the digital capability of Australia's offshore oil and gas regulator and titles administrator;
- \$11.2 million over 5 years from 2021-22 to continue work in reducing the regulatory burden for business arising from compliance with mandatory safety and information standards under Australian Consumer Law;
- \$1.4 million over 2 years from 2022-23 to the Attorney-General's Department to progress a national approach to modernise the execution of common legal documents;
- the Government will make permanent the temporary tariff concession that is currently in place for certain medical and hygiene products to treat, diagnose or prevent the spread of COVID-19, saving \$6.9 million over 4 years from 2022-23; and
- the Government is also providing significant benefits to fuel and alcohol industries through streamlining the administration of fuel and alcohol excise and excise-equivalent customs duty. In this context, the Government will take action to reduce administrative overheads and streamline businesses' engagement with the Australian Taxation Office and the Australian Border Force. This will support business growth in Australia's fuel and alcoholic beverage manufacturing sector.

TAX AVOIDANCE TASKFORCE

The Government will provide \$325.0 million in 2023-24 and \$327.6 million in 2024-25 to the ATO to extend the operation of the Tax Avoidance Taskforce by 2 years to 30 June 2025. The Taskforce was established in 2016 to undertake compliance activities targeting multinationals, large public and private groups, trusts and high wealth individuals.

DEFERRAL OF SHADOW ECONOMY

The Government will defer the start date of the Black Economy - strengthening the Australian Business Number (ABN) system measure, announced in the 2019-20 Budget, by 12 months to assist with integration into the Australian Business Registry Services (ABRS).

MODERNISING SYSTEMS

- **Digitising trust income reporting and processing:** The Government will digitise trust and beneficiary income reporting and processing, by allowing all trust tax return filers the option to lodge income tax returns electronically. This measure will increase pre-filing and automating ATO assurance processes, and reduce the compliance burdens on taxpayers.
- **Smarter reporting of Taxable Payments Reporting System data:** The Government will provide businesses the option to report Taxable Payments Reporting System data (via accounting software) on the same lodgement cycle as their activity statements. It is anticipated that systems will be in place by 31 December 2023, with the measure to commence on 1 January 2024, for application to periods starting on or after that date. This measure will increase the accuracy and timeliness of reporting while lowering compliance costs for taxpayers. The Government will consult with affected stakeholders, tax practitioners and digital service providers to finalise the policy scope, design and specifications of the measure. This measure is estimated to result in an unquantifiable impact on receipts over the forward estimates period.
- **Modernising pay as you go instalment systems:** The Government will enable companies to choose to have their pay as you go (PAYG) instalments calculated based on current financial performance, extracted from business accounting software, with some tax adjustments. This will support business cash flow by ensuring instalments reflect current performance.
- **Modernising other reporting systems:** The Government has also committed \$6.6 million over the forward estimates period for the development of IT infrastructure required to allow the ATO to share single touch payroll (STP) data with State and Territory Revenue Offices on an ongoing basis. The funding will be deployed following further consideration of which states and territories are able and willing to make investments in their own systems and administrative processes to pre-fill payroll tax returns with STP data, to reduce compliance costs for businesses.

SMALL BUSINESS

AUTHORED BY ISABELLA WONG & KAT ELLIS

The government has announced a wide range of funding for small businesses with key measures aimed at providing tax incentives to digitise operations and upskill and train employees. This is in addition to cash flow support and additional support packages.

SKILLS AND TRAINING BOOST

The Government will introduce a skills and training boost to support small businesses to train and upskill employees.

Small businesses with aggregated annual turnover of less than \$50 million will receive a \$120 tax deduction for every \$100 they spend on external training courses provided to employees. The external training courses must be provided to employees in Australia or online, and delivered by entities registered in Australia. Some exclusions will apply (such as for in-house or on-the-job training and expenditure on external training courses for persons other than employees).

The boost will apply to eligible expenditure incurred from 7:30pm (AEDT) on 29 March 2022 until 30 June 2024. The boost for eligible expenditure incurred before 30 June 2022 can be claimed in tax returns for the FY23 income year. The boost for eligible expenditure incurred between 1 July 2022 and 30 June 2024, will be included in the income year in which the expenditure is incurred.

TECHNOLOGY INVESTMENT BOOST

The Government has announced a technology investment boost to support digital adoption by small businesses.

Small businesses with aggregated annual turnover of less than \$50 million will receive a \$120 tax deduction for every \$100 spent on business expenses and depreciating assets that support their digital adoption (e.g. portable payment devices, cyber security systems, subscriptions to cloud-based services etc). An annual cap of \$100,000 will apply in each qualifying income year.

The boost will apply to eligible expenditure incurred from 7:30pm (AEDT) on 29 March 2022 until 30 June 2023. The boost for eligible expenditure incurred before 30 June 2022 can be claimed in tax returns for the FY23 income year. The boost for eligible expenditure incurred between 1 July 2022 and 30 June 2024, will be included in the income year in which the expenditure is incurred.

SMALL BUSINESS SUPPORT PACKAGE

The Government will provide \$25.2 million over 3 years from 2021-22 to deliver initiatives to support small businesses. Funding initiatives include:

- \$10.4 million over 2 years from 2022-23 to enhance and redesign the Payment Times Reporting Portal and Register to improve efficiency and reporting.
- \$8.0 million in 2022-23 to the Australian Small Business and Family Enterprise Ombudsman to work with service providers to enhance small business financial capability.
- \$4.6 million over 2 years from 2021-22 to support the New Access for Small Business Owners program delivered by Beyond Blue to continue to provide free, accessible, and tailored mental health support to small business owners.
- \$2.1 million over 2 years from 2021-22 to extend the Small Business Debt Helpline program operated by Financial Counselling Australia to continue to provide financial counselling to small businesses facing financial issues.

CASH FLOW SUPPORT

The GDP uplift factor for pay as you go (PAYG) and GST instalments will be reduced to 2% for small business for the 2022-23 income year. This uplift factor is lower than the 10% that would have applied under the statutory formula.

This will mean lower tax instalments for businesses, which will provide cash flow support to small businesses (including sole traders and other individuals with investment income).

The lower uplift rate will apply to small to medium enterprises eligible to use the relevant instalment methods (up to \$10 million annual aggregated turnover for GST instalments and \$50 million annual aggregated turnover for PAYG instalments) in respect of instalments that relate to the 2022-23 income year and fall due after the enabling legislation receives Royal Assent.

ADDITIONAL SMALL BUSINESS MEASURES

A range of additional measures for small businesses have been announced. These include:

- \$5.6 million over 4 years from 2022-23 for the Fair Work Commission to establish a dedicated unit to support small businesses, including with unfair dismissal and general protections disputes.
- \$5.4 million over 2 years from 2021-22 to existing legal assistance services operating within QLD and NSW to support flood affected individuals, small businesses and primary producers to access timely legal assistance as required.
- \$0.8 million in 2023 to expand the Regional Small Business Support program to support flood impacted small businesses in northern NSW and southern Queensland through to 30 June 2023.

PERSONAL TAX

AUTHORED BY JAMES KOULOUSIAS & SIMEON FLANAGAN

The Government has increased the low and middle-income tax offset and increased the Medicare Levy for low-income thresholds for seniors and pensioners, families and singles. A one-off \$250 payment will also be made to eligible welfare recipients. In addition, the number of guarantees under the Home Guarantee Scheme has been expanded.

COST OF LIVING TAX OFFSET

The Government will increase the low and middle-income tax offset (LMITO). The offset is targeted at low and middle-income earners that are most susceptible to cost of living pressures in Australia.

The increased LMITO will be paid from 1 July 2022 when Australians submit their tax returns for the 2021-22 income year. This proposal will increase the LMITO by \$420 for the 2021-22 income year. This increases the maximum LMITO benefit in 2021-22 to \$1,500 for individuals and \$3,000 for couples.

| Taxable income (TI) | LMITO 2021-22 (current) | LMITO 2021-22 (proposed) |
|----------------------|--|--|
| \$0 - \$37,000 | \$255 | \$675 |
| \$37,001 - \$48,000 | $\$255 + ([TI - \$37,000] \times 7.5\%)$ | $\$675 + ([TI - \$37,000] \times 7.5\%)$ |
| \$48,001 - \$90,000 | \$1,080 | \$1,500 |
| \$90,001 - \$126,000 | $\$1,080 - ([TI - \$90,000] \times 3\%)$ | $\$1,500 - ([TI - \$90,000] \times 3\%)$ |
| \$126,001 + | Nil | Nil |

Other than those that do not require the full offset to reduce their tax liability to zero, all LMITO recipients will benefit from the full \$420 increase. All other features of the current LMITO remain unchanged. Consistent with the current LMITO, taxpayers with incomes of \$126,000 or more will not receive the additional \$420.

INCREASING THE MEDICARE LEVY LOW-INCOME THRESHOLDS

The Government will increase the Medicare levy low-income thresholds for seniors and pensioners, families and singles from 1 July 2021. The increase in thresholds takes account of recent movements in the consumer price index so that low-income individuals continue to be exempt from paying the levy.

COST OF LIVING PAYMENT

The Government will provide a one-off \$250 economic support payment to ease higher cost of living pressures. The payments will be made in April 2022 to eligible welfare recipients and concession card holders that are Australian residents. The payment will be exempt from taxation and will not count as income support for the purposes of any income support payment.

AFFORDABLE HOUSING AND HOME OWNERSHIP

The Government will increase the number of guarantees under the Home Guarantee Scheme to 50,000 per year for 3 years from 2022-23 to support homebuyers to purchase a home with a lower deposit.

EXTENSION OF THE TEMPORARY REDUCTION IN SUPERANNUATION MINIMUM DRAWDOWN RATES

The Government has extended the 50% reduction of the superannuation minimum drawdown requirements for account-based pensions for a further year to 30 June 2023. The minimum drawdown requirements determine the minimum amount of a pension that a retiree has to draw from their superannuation to qualify for tax concessions.

HEALTH & AGED CARE

AUTHORED BY LUCY MCKINDLAY

This year's Budget has a strong focus on health and aged care. In addition to the Government's continued response to the Royal Commission into Aged Care Quality and Safety and the ongoing COVID-19 Pandemic, additional measures and significant funding has been committed to Medicare related initiatives, the Pharmaceutical Benefits Scheme, mental health services and women's health care.

AGEING & AGED CARE

The Government will commit \$468.3 million over 5 years from 2021-22 to continue its response to the Royal Commission into Aged Care Quality and Safety, continue implementing aged care reforms from last financial year, and to improve transparency and regulatory standards. The funding includes:

- \$345.7 million over 4 years from 2022-23 to improve the administration of medication management for residential aged care residents;
- \$32.8 million over 4 years from 2022-23, and \$2.8 million per year thereafter, to provide additional clinical placements for students in the care and support sectors and to expand the Rural Health Multidisciplinary Training program to 5 new aged care demonstration sites;
- \$22.1 million over 3 years from 2022-23 to establish a fund and invite states and territories to put forward proposals to trial new models of multidisciplinary outreach care for residents in residential aged care facilities; \$5.4 million in 2022-23 to continue consultation on wider aged care reforms; and
- \$20.1 million over 3 years from 2022-23 to complete implementation of the Australian National Aged Care Classification (AN-ACC) and support the transition of facilities to the new funding model over a 2-year period.

COVID-19 RESPONSE PACKAGE

The Government will provide additional funding to support Australians and continue the health response to the COVID-19 pandemic. Key measures include:

- an additional \$458.1 million over 5 years from 2021-22 to Australians in the aged care sector respond to the COVID-19 pandemic;
- \$892.1 million over 2 years from 2021-22 to continue the health response to the COVID-19 pandemic, to support access to health care services and reduce the risk of community transmission of COVID-19;
- \$2.6 billion over 2 years from 2021-22 for the procurement and distribution of rapid antigen tests (RATs) and personal protective equipment (PPE);
- \$1.1 billion over 2 years from 2022-23 to support the Government's emergency response to COVID-19, including:
 - funding for the extension of activities under the National Partnership on COVID-19 Response and activities of the National Incident Centre and Therapeutic Goods Administration;
 - supporting the expanded operation and modelling for the National Medical Stockpile (NMS);
 - the purchase of pulse oximeters, and the distribution of pulse oximeters and PPE through the NMS for General Practices (GPs), GP led Respiratory Clinics, Aboriginal Community Controlled Health Services, and community pharmacies; and
 - funding for the Australian Partnership for Preparedness Research on Infectious Disease Emergencies, to support national coordination of efforts across academic institutions;

- \$1.0 billion over 2 years from 2021-22 for the continued distribution and uptake of COVID-19 vaccines across Australia;
- \$100.0 million over 5 years from 2021-22 to the Coalition for Epidemic Preparedness Innovations and \$85.0 million to access vaccines for low income countries through the COVAX Facility; and
- Extension of the COVID-19 Vaccine Claims Scheme to include children aged 0 to 4 years and fourth doses for priority cohorts to access compensation for claims related to the administration of Therapeutic Goods Administration approved COVID 19 vaccines.

MRNA VACCINATION MANUFACTURING

The Government has executed an agreement with Moderna to establish sovereign mRNA vaccine manufacturing capability in collaboration with the Victorian Government. The facility will be based in Victoria and will provide Australia with priority access to mRNA vaccines, and support research and development and domestic preparedness for possible future pandemics.

PHARMACEUTICAL BENEFITS SCHEME

The Government has made a few key commitments in relation to the Pharmaceutical Benefits Scheme (PBS):

Funding of PBS litigation

The Government will continue to fund funding for legal action seeking compensation for losses incurred as a result of pharmaceutical companies delaying the listing of generic forms of medicines on the PBS through undue legal actions.

New and amended listings

An additional \$2.4 billion will be allocated over 5 years from 2021-22 for new and amended listings on the PBS, the Repatriation Pharmaceutical Benefits Scheme, the Stoma Appliance Scheme and the National Epidermolysis Bullosa Dressing Scheme.

Lowering the Safety Net threshold

\$525.3 million has been committed over 4 years from 2022-23 to reduce the PBS Safety Net thresholds (effective 1 July 2022), benefiting an estimated 2.4 million Australians.

- This measure will result in patients reaching the Safety Net sooner each year, with approximately 12 fewer scripts for concessional patients and 2 fewer scripts for general patients in a calendar year.
- On reaching the PBS Safety Net, concessional patients receive their PBS medicines at no cost for the rest of the calendar year and general patients receive their PBS medicines at the concessional co-payment rate which is currently \$6.80 per prescription.

WOMEN'S HEALTH PACKAGE

The Government has committed \$163.3 million over 4 years from 2022-23 for a range of initiatives focused on improving women's health and continuing the implementation of the *National Women's Health Strategy 2020-2030* (the Strategy). The funding includes:

- A total of \$58.3 million in funding over the next 2-4 years from 2022-23 for endometriosis diagnosis and primary care support services;
- \$39.8 million over 3 years from 2023-24 for the McGrath Foundation to continue the Breast Care Nurses Program; and
- \$23 million in funding over the next 3-4 years from 2022-23 for maternal health bereavement support services.

NATIONAL DISABILITY INSURANCE SCHEME

The Government will continue to deliver services under the National Disability Insurance Scheme (NDIS) and has committed an additional \$157.8 billion over 4 years, with \$33.9 billion budgeted for 2022-23. Key NDIS measures in the 2022-23 budget relevant to the NDIS include:

- Initiatives under a whole of Government Care and Support Workforce Strategy;
- Supply of Rapid Antigen tests to NDIS participants in Supported Independent Living facilities, and workers in these facilities; and
- Improving Australia's digital health services and payments system.

GUARANTEERING MEDICARE

A range of funding has been allocated to Medicare-related schemes, including:

- \$230.7 million over 5 years from 2021-22 to improve access to primary health care services, including through better integration of services;
- \$224.4 million over 4 years from 2022-23 to improve access to health services and support doctors delivering primary care in rural and remote Australia;
- \$131.3 million over 5 years from 2021-22 to update the Medicare Benefits Schedule (MBS);
- \$66.0 million over 4 years from 2022-23 to remove the restriction on the number of magnetic resonance imaging machines eligible for Medicare in regional, rural and remote Australia; and
- \$35.2 million over 4 years from 2022-23 to support Digital Health programs.

LIFE SAVING AND JOB CREATING MEDICAL RESEARCH

The Government is committing a further \$1.3 billion under the Medical Research Future Fund (MRFF) Ten Year Investment Plan to provide research funding to target areas, including for medical translation to support medical discoveries become part of medical practice; for medical research; and to support patients by funding innovative treatments, supporting clinical trials, and delivering more advanced health care and medical technology.

The Government has also committed extending the Biomedical Translation Fund's (BTF) initial investments period by a further 3 years to support the commercialisation of biomedical discoveries.

FIGHTING CANCER

The Government has committed \$423.7 million over 5 years from 2021-22 to support specialist facilities and research to fight and prevent cancer.

JAPANESE ENCEPHALITIS VIRUS NATIONAL PLAN

The Government has committed \$69.0 million over 2 years from 2021-22 for the Japanese Encephalitis Virus National Plan. This includes funding for the purchase of 125,000 doses of the Imojev vaccine (Sanofi Aventis Australia) and 10,000 doses of the JEspect vaccine (Seqirus).

MENTAL HEALTH

The Government has committed \$547.0 million over 5 years from 2021-22 to provide mental health Stage 2 reforms through the 5 pillars of the National Mental Health and Suicide Prevention Plan. These pillars are:

- Prevention and Early Intervention (\$76.4 million over 5 years from 2021-22 committed);
- Suicide Prevention (\$46.7 million over 2 years from 2022-23 committed);
- Treatment (\$285.5 million over 5 years from 2021-22 committed);
- Supporting Vulnerable Australians (\$44.9 million over 4 years from 2021-22 committed); and

- Workforce and Governance (\$93.2 million over 5 years from 2021-22 committed).

PREVENTATIVE HEALTH

\$170.2 million will be provided over 5 years from 2021-22, then \$4.9 million per year thereafter, for preventive health initiatives.

An additional \$30.1 million will be committed over 4 years from 2022-23 to improve health outcomes through preventive and other health initiatives under the *National Preventive Health Strategy 2021-2030*.

HEALTH DELIVERY MODERNISATION PROGRAM - PHASE THREE

The Government has committed an additional \$96.8 million over the 4 years from 2022-23, and then \$2.2 million per year thereafter, for system upgrades to reduce manual processing and to improve claim timeframes for patients and medical providers for Medicare services, the PBS and other health related payments.

THE DIGITAL ECONOMY

AUTHORED BY AMANDA UPPAL

The Government has continued its commitment to the Digital Economy Strategy to position Australia as a top 10 digital economy and society by 2030 and drive digital transformation.

As Australia's Digital Economy continues to grow with the development and adoption of new and emerging technologies, the Government has invested more than \$3.5 billion in digital initiatives since the last Budget, including an additional \$1 billion in this year's Budget alone for small businesses that embrace the digital revolution.

KEY COMMITMENTS

The Government will provide \$130.1 million over 4 years from 2022-23 to continue its implementation of the Digital Economy Strategy by committing:

- \$38.4 million over 3 years from 2022-23, and \$12.6 million per year ongoing from 2025-26 to implement the Government's response to the *Inquiry into the Future Directions for the Consumer Data Right* which details how enhancements in the Consumer Data Right can make our digital economy more effective, inclusive and safer for use by Australian consumers, and develop an innovative, productive and competitive data ecosystem;
- \$30.2 million to extend the whole of government cyber hubs pilot designed to improve resilience and cyber security maturity of government agencies, including the establishment of a fourth Cyber Hub Pilot in the Australian Taxation Office;
- \$18.6 million over 4 years from 2022-23 (and \$3.2 million per year ongoing) to shape global critical and emerging technology standards;
- \$13.6 million over 4 years from 2022-23 to continue the Office of Future Transport Technology and support the digitalisation of the transport sector;
- \$6.2 million over 2 years from 2022-23 to position Australia as a world leader in regulating the Digital Economy and new technologies and the development of a Digital Age Policy;
- \$4.8 million to continue the Digital Technology Taskforce for a further 2 years;
- \$3.9 million over 2 years from 2022-23 to support more women to take up digitally skilled roles in Australia's growing tech workforce;
- \$1.8 million in 2022-23 to the Digital Transformation Agency to further support the development of the Digital Identity system, including the governance, regulatory frameworks and funding arrangements associated with the Digital Identity legislation; and
- an undisclosed amount (due to commercial sensitivities) to the Department of Industry, Science, Energy and Resources to further invest in the Australian quantum computing industry to support growth and fast-track technology development.

DIGITAL HEALTH PROGRAMS

The Government will also continue its investment in digital health programs and enhancing government service delivery by committing:

- \$32.3 million in 2022-23 to continue the Intergovernmental Agreement on Digital Health with the states and territories, which supports initiatives such as My Health Record and the Health Care Identifiers Service, for a further year; and
- \$2.9 million over 4 years from 2022-23 to improve the security of the Australian Institute of Health and Welfare's data holdings by migrating them to cloud-based services and off-site data centres.

TECHNOLOGY INVESTMENT FOR SMALL BUSINESSES

The Government has committed \$1 billion to support small businesses to digitalise their operations with a technology investment boost that will encourage investment in digital assets and services such as cloud computing, eInvoicing, cyber security and web design - see also *Small Business* section above.

The proposed boost will allow small businesses (with aggregated annual turnover of less than \$50 million) to deduct an additional 20% of the cost incurred on business expenses and depreciating assets that support their digital adoption.

The boost will apply to eligible expenditure incurred from 7:30pm (AEDT) on 29 March 2022 until 30 June 2023, with an annual cap for expenditure up to \$100,000 in each qualifying income year.

ENERGY

AUTHORED BY MONICA LA MACCHIA

The government has announced a range of measures to reduce the cost of living. Key measures include a reduction in the fuel excise, focusing on lowering energy prices and maintaining energy security

TEMPORARY REDUCTION OF FUEL EXCISE

The Government will reduce the excise and excise equivalent customs duty rate by 50%. This applies to petrol, diesel and all other fuel and petroleum-based products (excluding aviation fuels) for 6 months. For petrol and diesel, the rates will be reduced from 44.2 cents to 22.1 cents per litre.

The measure will commence from 30 March 2022 and will remain in place for 6 months, ending on 28 September 2022. Businesses will continue to receive fuel tax credits that match the rate of excise for eligible fuel use.

REDUCING ENERGY PRICES, EMISSIONS AND MAINTAINING ENERGY SECURITY

The Budget includes \$1.3 billion of new investments to maintain energy security. This will keep downward pressure on energy prices while reducing emissions. The key initiatives include:

- \$300 million to support low emissions LNG and clean hydrogen production at Darwin, together with associated carbon capture and storage infrastructure. Darwin is positioned to become one of the world's leading low-cost clean energy hubs, with access to excellent onshore and offshore natural gas and greenhouse gas storage resources, including the Beetaloo and Petrel basins and the Barossa and Bayu-Undan fields;
- \$247.1 million to support increased private sector investment in low emissions technologies including hydrogen, the continued development of a hydrogen Guarantee of Origin scheme;
- \$200 million to increase onshore processing and value-add of iron ore exports, to support low emissions steel production in Indo-Pacific customer countries like Japan and Korea;
- \$200 million to enhance Australia's supply chain security through new low emissions manufacturing facilities (using hydrogen and hydrogen-derivatives like ammonia, as well as carbon capture utilisation and storage) in the Pilbara region;
- \$148.6 million to support more investment in affordable and reliable power, including the development of community microgrid projects in regional and rural Australia;
- \$100 million to de-risk private sector investment in firm generation and grid infrastructure to increase system strength and capacity in the Pilbara region;
- \$100 million to support pre-Final Investment Decision activities and early works to make the Port of Newcastle 'hydrogen ready'; and
- \$50.3 million to accelerate the development of priority gas infrastructure projects consistent with the Future Gas Infrastructure Investment Framework and support investment in carbon capture and storage pipeline infrastructure.

To support market confidence, the Clean Energy Regulator will streamline the process for existing Emissions Reduction Fund fixed delivery contract holders seeking to take advantage of higher voluntary private market prices, with no change to the quantum of funding available under the Emissions Reduction Fund or Climate Solutions Fund.

ENERGY SUPPLY CHAIN

The Government will provide \$8 million over 2 years from 2021-22 for the Clean Energy Supply Chain Forum (Sydney Energy Forum) in July 2022. Support will also be provided to the Hydrogen Energy Supply Chain (HESC) pilot project to produce and transport liquid hydrogen from Australia to Japan. Funding from 2022-23 will support the pre-commercialisation phase of the project.

The Government will support new gas generation projects to be hydrogen ready. Funding will support hydrogen-ready capability through grants for hydrogen-ready turbines or associated hydrogen supply infrastructure. Under this measure, the Australian Government will provide \$5 million to the New South Wales Government to support the new Tallawarra B power plant to be hydrogen ready.

The Government will also release Australian crude oil stocks held in the United States Strategic Petroleum Reserve in response to an International Energy Agency declared collective action and seek to replenish storage of refined product (petrol, diesel and jet fuel) and purchase replacement oil stocks at a later date.

DEFENCE

AUTHORED BY WENDY MILLER & MERLE RUNDE

Protecting Australia's interests by investing in our national security and defence capabilities is a key Budget priority, with the Government announcing a \$270 billion, 10-year defence capability plan supporting more than 100,000 jobs. Defence funding as a share of Australia's economy will exceed 2% in 2021-22 (up from less than 1.6% in 2012-13), in what the Treasurer described as a 'record investment in our Navy, Army and Air Force'.

ASSISTANCE TO UKRAINE

In 2021-22, the Government will provide \$156.5 million to provide initial assistance to Ukraine following the invasion by Russia, including military assistance, humanitarian assistance and support to those arriving in Australia after fleeing Ukraine.

The Government will provide a 3-year Temporary Humanitarian Concern Visa (subclass 786) to Ukrainians across 2021-22 and 2022-23. The Government will also facilitate the purchase of at least 70,000 tonnes of thermal coal to support the ongoing supply of energy to Ukraine.

FLOOD ASSISTANCE BY AUSTRALIAN DEFENCE FORCE

In 2021-22, the Government will provide \$126.4 million for Australian Defence Force deployments associated with Operation Flood Assist, supporting the Queensland and NSW Governments with search and rescue, clean up, and recovery.

EXPANDED CYBER AND INTELLIGENCE CAPABILITY

The Government will invest in Australia's intelligence and cyber capabilities by providing \$9.9 billion over 10 years to 2030-31 to the Australian Signals Directorate (ASD) to deliver a Resilience, Effects, Defence, Space, Intelligence, Cyber and Enablers (REDSPICE) package.

EXPANDED ARMY AND NAVY INFRASTRUCTURE

The Government will invest \$4.5 billion to enhance armoured capabilities for the Australian Army.

The Government will invest up to \$4.3 billion to deliver Western Australia's first large vessel dry berth, which will support the construction and sustainment of naval vessels in Australia and support a stronger commercial shipbuilding and sustainment industry in Western Australia.

The Government has also committed to building a new submarine base on the east coast of Australia to support Australia's future nuclear powered submarines.

PROTECTING AUSTRALIA'S BORDERS AND PEOPLE

The Government will provide:

- \$287.2 million over 4 years from 2022-23 to counter transnational, serious and organised crime;
- \$148.4 million over 5 years from 2021-22 to strengthen national efforts to protect against terrorist offenders and counter violent extremism, including implementing post-sentence supervision orders after the completion of custodial sentences and the establishment of a National Convicted Terrorist Offender Register; and
- \$136.7 million in 2022-23 to maintain Australia's border security arrangement through Operation Sovereign Borders, including maintaining maritime surveillance and refurbishing and replacing maritime vessels.

SUPPORT FOR DEFENCE INDUSTRY AND WORKFORCE

To enable small and medium-sized businesses to continue to supply critical industrial capabilities to the defence industry and provide training and skilling opportunities for the defence industry, the Government will provide \$151.6 million over 5 years from 2021-22 to the Department of Defence to continue the *Sovereign Industrial Capability Priority Grants Program* and the *Skilling Australia's Defence Industry Grant Program*.

To support veterans, the Government will provide:

- \$165.0 million over 4 years from 2022-23 to support veterans and improve wellbeing support services for veterans and their families; and
- \$104.2 million over 4 years from 2022-23 to provide better access to health care to veterans and their dependents.

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