

Statement 1: Budget Overview

This Budget delivers Australia's plan for a stronger future.

It is a plan that:

- Delivers more jobs as we push the unemployment rate below 4 per cent, supports small business, expands and modernises Australia's sovereign manufacturing capability, secures our supply chains and invests more in infrastructure, skills and the digital economy.
- Provides temporary and targeted cost of living relief to millions of Australians.
- Invests to strengthen our regions, unlock new frontiers of production and growth, and support communities to build new industries.
- Makes a record investment in our health system and other essential services, including aged care, education and women's safety.
- Invests in stronger borders, defence, national security and a resilient economy.

The Government's economic plan, focused on job creation, is working. Amid the ongoing COVID 19 pandemic and natural disasters at home, the Australian economy has outperformed all major advanced economies, experiencing a stronger recovery in output and employment from pre pandemic levels. The recovery is expected to continue with the unemployment rate forecast to reach 3¾ per cent in the September quarter of 2022, nearly 3 percentage points below the Budget forecast from 2 years ago and the lowest rate in close to 50 years.

Having achieved the objective of low unemployment, the Government has transitioned to the next phase of the Economic and Fiscal Strategy, which focuses on growing the economy in order to stabilise and reduce debt as a share of the economy. The Budget demonstrates the fiscal dividend of a strong economy, with more Australians in work and fewer Australians on welfare, flowing through to a significantly improved fiscal outlook.

Since MYEFO, the underlying cash balance has improved by a substantial \$103.6 billion over the 5 years to 2025-26. The Budget shows the deficit more than halving to 1.6 per cent of GDP by 2025-26 before falling to 0.7 per cent of GDP by the end of the medium term. Gross debt as a share of the economy is expected to peak at 44.9 per cent of GDP at 30 June 2025, 5.4 percentage points lower and 4 years earlier than projected at MYEFO. Gross debt is projected to fall to

40.3 per cent of GDP by the end of the medium term, 9.6 percentage points or \$236 billion lower than at the end of the medium term in MYEFO.

The recent floods in Queensland and New South Wales have had a devastating impact on many communities. The Government has already allocated \$3.6 billion to households, businesses and communities and expects to spend over \$6 billion in total on disaster relief and recovery as a result of these floods.

The Government is delivering a stronger future for all Australians through:

- Supporting small businesses to adopt digital technology and train and upskill employees with new tax incentives.
- Building the skilled workforce and industries that Australia needs, including \$2.8 billion for apprentices and \$2.2 billion to support Australian industries and universities to develop innovative companies and products.
- Securing our supply chains and transforming manufacturing with more than \$1 billion of new investment that builds on the Government's \$1.5 billion Modern Manufacturing Strategy.
- Addressing pressures on cost of living through a temporary and targeted cost of living package. This includes a \$420 cost of living tax offset for low- and middle-income earners, and a \$250 cost of living payment for eligible Australian pensioners, welfare recipients, veterans and concession card holders. Halving petrol and diesel excise and excise equivalent customs duty for 6 months will also provide relief from higher fuel prices.
- Investing to strengthen our regions, with over \$21 billion committed to ensure regions have the critical transport, water and communications infrastructure they need to grow.
- Continuing to invest in the essential services with an additional \$4.7 billion for health services and a further \$1.3 billion to support delivery of the National Plan to End Violence against Women and Children 2022-32.
- Protecting Australia's interests by bolstering our national security and defence capabilities. Defence funding has risen from less than 1.6 per cent of GDP in 2012-13 to above 2 per cent in 2021-22.

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Statement 1: Budget Overview

Economic and Fiscal Outlook

The Australian economy has proved remarkably resilient to the ongoing impacts of the pandemic, consistently outperforming expectations and exceeding pre-pandemic levels of activity by more than the major advanced economies.

A strong economic recovery is well underway, notwithstanding the pandemic and new shocks, such as the recent floods in Queensland and New South Wales and the Russian invasion of Ukraine. Economic growth forecasts have been revised upwards, driven by stronger-than-expected momentum in the labour market and consumer spending. Real GDP is expected to grow by $4\frac{1}{4}$ per cent in 2021-22, $3\frac{1}{2}$ per cent in 2022-23 and $2\frac{1}{2}$ per cent in 2023-24.

The unemployment rate reached 4.0 per cent and the participation rate reached a record high of 66.4 per cent in February 2022. The continued recovery in economic activity is expected to see the unemployment rate reach $3\frac{3}{4}$ per cent in the September quarter of 2022, nearly 3 percentage points below the Budget forecast from 2 years ago and the lowest level in close to 50 years. The strong labour market is expected to see wages growth accelerate to its fastest pace in almost a decade with growth in the Wage Price Index forecast to increase from $2\frac{3}{4}$ per cent in 2021-22 to $3\frac{1}{4}$ per cent in 2022-23. Broader and more representative wage measures are picking up more quickly as workers take advantage of the tight labour market, with average earnings per hour expected to increase by 5 per cent through the year to the June quarter of 2022.

Australia has been affected by global inflationary pressures such as elevated oil prices and supply chain disruptions, but domestic inflationary pressures are more moderate than in many other advanced economies. Headline inflation in Australia picked up in 2021 to be 3.5 per cent to the December quarter. Australia's inflation is expected to moderate from $4\frac{1}{4}$ per cent in 2021-22 to 3 per cent in 2022-23 and $2\frac{3}{4}$ per cent in 2023-24.

Recent strength in the price of Australia's key export commodities, will see Australia's terms of trade reach a record high in 2021-22. This will support strong profitability in the mining and agricultural sectors, with some positive flow through to the broader economy. The Government continues to take a prudent approach to commodity price assumptions assuming recent price levels are temporary. This ensures that economic and fiscal parameters are grounded in long-term economic fundamentals and are not unduly influenced by short-term volatility.

Table 1.1: Major economic parameters^(a)

	Outcome		Forecasts			
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Real GDP	1.5	4 1/4	3 1/2	2 1/2	2 1/2	2 1/2
Employment	6.5	2 3/4	1 1/2	1 1/2	1	1
Unemployment rate	5.1	4	3 3/4	3 3/4	3 3/4	4
Consumer price index	3.8	4 1/4	3	2 3/4	2 3/4	2 1/2
Wage price index	1.7	2 3/4	3 1/4	3 1/4	3 1/2	3 1/2
Nominal GDP	4.4	10 3/4	1/2	3	5 1/4	5

(a) Real GDP and Nominal GDP are percentage change on preceding year. The consumer price index, employment, and the wage price index are through the year growth to the June quarter. The unemployment rate is the rate for the June quarter.

Source: ABS Australian National Accounts: National Income, Expenditure and Product; Labour Force, Australia; Wage Price Index, Australia; Consumer Price Index, Australia and Treasury.

The strength of the economy, and in particular the labour market, combined with higher near-term commodity prices, has driven large upward revisions to tax receipts and reductions in unemployment benefit payments. The underlying cash balance is expected to improve significantly, with the deficit over the 5 years to 2025-26 estimated to improve by \$103.6 billion compared to estimates at MYEFO. The underlying cash balance is projected to improve from a deficit of 3.4 per cent of GDP in 2022-23 to a deficit of 0.7 per cent of GDP by the end of the medium term.

Net and gross debt as a share of GDP are both expected to be lower than at MYEFO and decline over time. Net debt is expected to be 31.1 per cent of GDP at 30 June 2023, stabilise at 33.1 per cent of GDP at the end of the forward estimates and fall to 26.9 per cent of GDP by the end of the medium term. Gross debt is expected to peak at 44.9 per cent of GDP at 30 June 2025 before falling to 40.3 per cent of GDP by the end of the medium term.

Table 1.2: Budget aggregates

	Actual	Estimates					Projections	
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total(a)	2032-33
	\$b	\$b	\$b	\$b	\$b	\$b	\$b	\$b
Underlying cash balance	-134.2	-79.8	-78.0	-56.5	-47.1	-43.1	-224.7	
Per cent of GDP	-6.5	-3.5	-3.4	-2.4	-1.9	-1.6		-0.7
Gross debt(b)	817	906	977	1,056	1,117	1,169		
Per cent of GDP	39.5	39.5	42.5	44.6	44.9	44.7		40.3
Net debt(c)	592.2	631.5	714.9	772.1	823.3	864.7		
Per cent of GDP	28.6	27.6	31.1	32.6	33.1	33.1		26.9

(a) Total is equal to the sum of amounts from 2022-23 to 2025-26.

(b) Gross debt measures the face value of Australian Government Securities (AGS) on issue.

(c) Net debt is the sum of interest bearing liabilities (which includes AGS on issue measured at market value) less the sum of selected financial assets (cash and deposits, advances paid and investments, loans and placements).

The Government has transitioned to the medium-term phase of its Economic and Fiscal Strategy. Priority is now being placed on growing the economy to reduce debt and

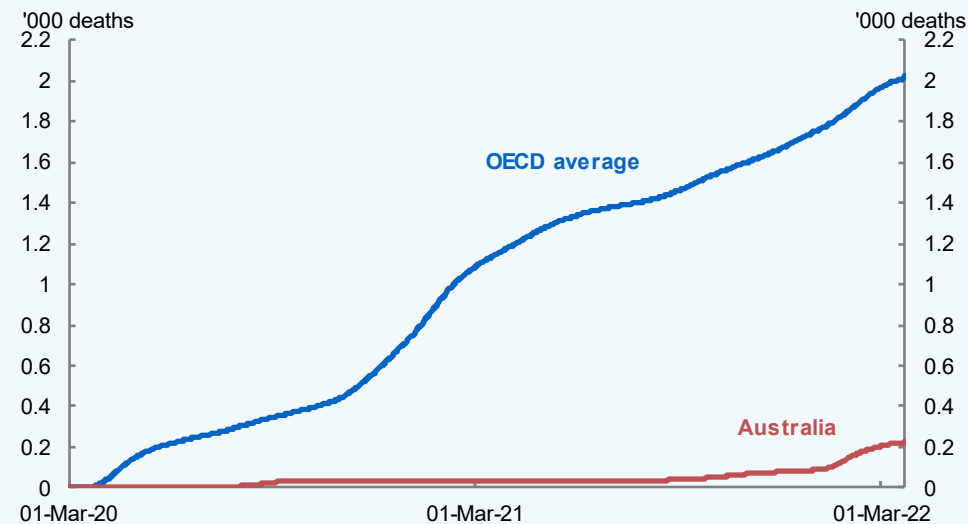
rebuild fiscal buffers. This Budget puts Australia’s finances on a strong trajectory and demonstrates the fiscal dividend of Australia’s strong economic recovery.

Box 1.1 Australia’s COVID-19 response – An international comparison

The COVID-19 pandemic was the largest economic and health shock in generations. The Government’s successful management of the pandemic has enabled Australia to achieve some of the world’s best health and economic outcomes.

Australia’s recent healthcare performance has been supported by high vaccination rates. Over 95 per cent of Australians aged 16 and over are double vaccinated, and around 66.8 per cent of eligible Australians have received their booster. While we have experienced tragic losses, Australia has one of the lowest death rates in the world.

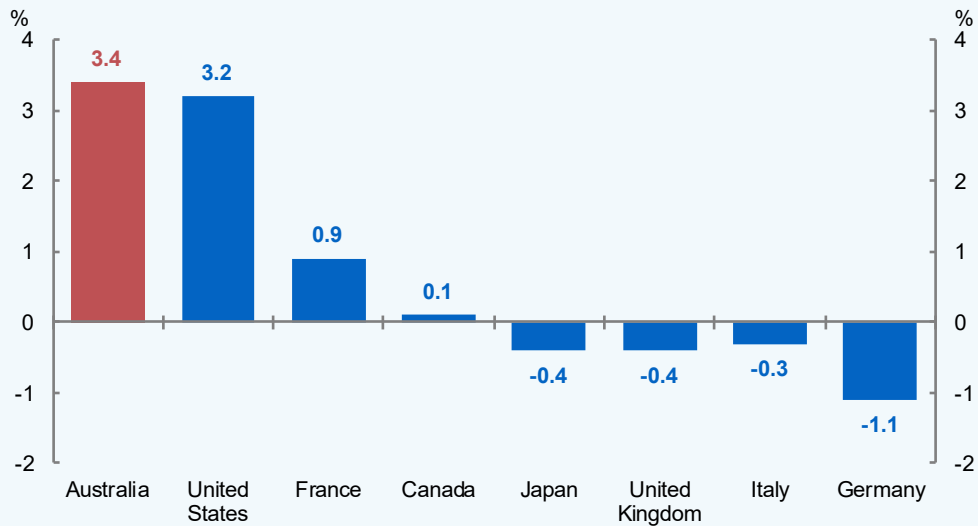
Chart 1.1: Cumulative COVID-19 mortality rate (deaths per million people)



Supported by a strong health response, along with an unprecedented \$314 billion in direct economic support, Australia’s economy has outperformed every major advanced economy. While the pandemic led to Australia’s first recession in almost 30 years, the economy is now 3.4 per cent larger than it was prior to the pandemic. Australia is one of only 9 countries to have maintained AAA credit ratings from the 3 major rating agencies.

Box 1.1 Australia’s COVID-19 response – An international comparison (continued)

Chart 1.2: December 2021 GDP relative to pre-pandemic levels



Source: Refinitiv, national statistical agencies

Australia’s labour market has surpassed even the most optimistic expectations. Australia saw employment recover earlier than any major advanced economy. Participation in the labour market is the highest on record. This is being driven by a record-high participation rate for women and a participation rate for young people higher than pre-pandemic levels.

Employment in Australia is now well above pre-pandemic levels, and has grown by more than any major advanced economy. Employment in the UK, Japan, Italy and Germany remains below pre-pandemic levels.

These outcomes have been underpinned by the Government’s \$314 billion in direct economic support, including JobKeeper, which assisted around 4 million individuals and 1 million businesses. This temporary, targeted and proportionate support effectively managed the economic impact of the pandemic, established the foundation for the strong recovery and a better future for all Australians.

Budget priorities

This Budget delivers Australia’s plan for a stronger future through:

- Building a stronger and more productive economy to create more jobs by:
 - Backing small businesses with tax incentives to digitalise their operations and upskill and train their employees.
 - Training the next generation of apprentices and reopening borders to encourage skilled migration and address workforce shortages.
 - Securing our supply chains by transforming Australia’s manufacturing capability through the Modern Manufacturing Strategy.
- Addressing cost of living pressures and managing current challenges through:
 - A temporary and targeted cost of living package, including a \$420 cost of living tax offset for low- and middle-income earners and a \$250 cost of living payment for eligible Australian pensioners, welfare recipients, veterans and concession card holders.
 - A 50 per cent reduction in petrol and diesel excise and excise equivalent customs duty for 6 months that will deliver an average benefit of around \$300 to households with at least one vehicle.
 - Providing significant support to respond to the floods in Queensland and New South Wales and assist with the recovery of these regions.
- Strengthening our regions and critical infrastructure by:
 - Investing to diversify growing regional areas, including through \$7.1 billion for transformative infrastructure projects, including in 4 regions primed for growth.
 - Committing to build \$17.9 billion of priority road and rail infrastructure as part of the record \$120 billion 10-year infrastructure investment pipeline.
 - Establishing the \$2.0 billion Regional Accelerator Program to drive growth and productivity in regional areas.
- Guaranteeing essential services by investing in the COVID-19 Winter Response Plan as well as further funding for health and medical research, aged care, schools, women’s safety, Closing the Gap initiatives and veterans.
- Protecting our interests by investing in our national security and defence capabilities.

Building a stronger and more productive economy

The Government has committed \$314 billion in direct economic support to assist Australian businesses and workers throughout the pandemic. This Budget builds on that investment and sets Australia up for success by upskilling our workforce and developing the industries for the future.

Supporting small business growth

The Government is supporting small businesses to digitalise their operations and upskill their employees by introducing a Technology Investment Boost and a Skills and Training Boost.

Small businesses, with aggregated annual turnover less than \$50 million, will be able to deduct a bonus 20 per cent of the cost of business expenses and depreciating assets that support digital uptake, up to \$100,000 of expenditure per year. The Technology Investment Boost will apply to eligible expenditure incurred between 7:30pm (AEDT) on 29 March 2022 (Budget night) and 30 June 2023. It will support investment in digital items such as cloud computing, cyber security, accounting and e-invoicing software and web page design.

The Boost is estimated to provide \$1 billion in tax relief, encouraging small businesses to invest more in digital products and it will help strengthen business confidence, accelerate digital transformation and create jobs.

Small businesses, which employ around 7.8 million employees, will also have access to a bonus 20 per cent deduction for the cost of external training courses delivered to their employees by providers registered in Australia. The Skills and Training Boost is estimated to provide \$550 million in tax relief for small businesses, incentivising them to upskill their employees. More skilled employees will drive productivity gains for small businesses, attract and retain staff in a tight labour market and support their future growth. This boost will apply to eligible expenditure incurred between Budget night and 30 June 2024.

Creating a pipeline of skilled workers

Australian apprenticeships are central to the Government delivering on its National Workforce Strategy. Following record investment of \$13.3 billion since 2013, there are now around 220,000 trade apprentices in training in Australia.

The Government will invest a further \$2.8 billion over 5 years from 2021-22 to upskill apprentices, including by introducing a new streamlined Australian Apprenticeships Incentive System. This investment establishes a pathway that backs and develops apprentices in priority trades and moves away from a complex system with over 30 different payments for employers and apprentices.

The Commonwealth and state and territory governments continue to work towards a new National Skills Agreement, which would provide each jurisdiction with a major boost to funding for skills training in priority areas. The Commonwealth is offering a \$3.7 billion increase in funding under the new agreement, which has the capacity to deliver an additional 800,000 training places. A new agreement would increase transparency in the system and lower student fees, ensuring students can access high-quality, relevant training to ensure they have the appropriate skills for the jobs of the future.

Maintaining low unemployment and increasing support to return to work

This Budget assists unemployed people to get into work, building on the \$896.0 million provided in the 2021-22 MYEFO to support jobs and address workforce shortages. 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 will build life and employability skills for an estimated 5,000 disadvantaged young people at high risk of becoming long-term unemployed. To further support employment, the Government will also provide \$6.6 million to expand the AgMove pilot program and extend it for an additional 6 months.

Workforce Australia is a transformed employment services platform that will replace jobactive from 1 July 2022. Workforce Australia will provide tailored assistance to disadvantaged job seekers and improve incentives through a new provider payment structure. Around 1.8 million job seekers are expected to commence with Workforce Australia over the 3 years from 1 July 2022.

Jobs and skills for Indigenous Australians

The Government is working with Aboriginal and Torres Strait Islander peoples to enable them to pursue the careers and businesses they want. Funding of \$636.4 million over 6 years will expand the Indigenous Rangers Program. This measure will fund up to 1,089 new rangers who will undertake land and sea management. The Government is also providing \$37.5 million to support native title holders to gain greater economic benefit from their land and \$21.9 million for leadership initiatives.

Creating a stronger economy

Commercialising our ideas

The Government is investing in future Australian companies and products through a \$2.2 billion University Research Commercialisation Action Plan. The action plan includes \$1.6 billion to drive Australia's Economic Accelerator devoted to research in clean energy, medical products, defence and other high-priority manufacturing areas. It also includes \$242.7 million for the Trailblazer Universities Program which will support select universities to boost prioritised research and development, foster stronger connections with the CSIRO and drive commercialisation outcomes with industry partners.

Investing in the Digital Economy

The Government continues its investment under the Digital Economy Strategy to position Australia as a top 10 digital economy and society by 2030.

The Government has invested more than \$3.5 billion in digital initiatives since the 2020-21 Budget. This includes \$1 billion in this Budget to support small businesses to digitalise their operations with a technology investment boost that will encourage investment in digital assets and services.

The Government is 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 (CDR). These initiatives will enable consumers to save time and effort in switching to more competitive and personalised products and services, and instruct trusted third parties to take actions on their behalf. This additional funding builds on the existing over \$254 million investment to develop and accelerate the rollout of the CDR scheme.

Next steps in the Government's deregulation agenda

Building on the \$480.5 million investment in the Modernising Business Registers program to make interactions with government simpler and quicker, the Government is reforming the fees attached to registry services. This will simplify registry compliance obligations, improve the currency and accuracy of registry information and promote transparency and counterparty trust in commercial activities. These changes will save Australians and their businesses \$64.9 million in fees over 3 years from 2023-24.

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. 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.

Supporting women's economic security and leadership

There are more women in work and earning more than ever before. To support families, the Government is investing \$346.1 million over 5 years to introduce an enhanced Paid Parental Leave scheme for eligible working families by integrating Dad and Partner Pay and Parental Leave Pay to provide eligible families access to up to 20 weeks leave to use in ways that suit their specific circumstances. These changes will give working families increased choice and flexibility in how they manage work and care. The Government is also broadening the income test to include an additional household income threshold of \$350,000 to further support workforce participation, particularly for women who are the primary earner. Changes also mean eligible single parents will be able to access an additional 2 weeks of Paid Parental Leave and also benefit from the household income

threshold test. Changes to the scheme also mean dads and partners will be able to access the Government's scheme at the same time as any employer-funded leave, in the same way mothers currently can. No household will be worse off under these changes.

The Government is also committing \$56.2 million to support more women into a greater array of occupations and jobs of the future. To boost the number of women in trades, the Government is investing \$38.6 million over 4 years from 2022-23 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 is being provided to encourage women to consider taking up careers in manufacturing and the technology workforce. Support is also being provided to further enable more women to develop entrepreneurial skills.

The Government is committed to encouraging more women into leadership positions in the public and private sector. Women now hold a record 50.2 per cent of Australian Government board positions. To further drive change, the Government is investing \$40.4 million to create pipelines for women to progress into board and leadership positions, including as sporting coaches and managers.

Reopening borders

The Government commenced a staged reopening of international borders on 1 November 2021, which is supporting the international education and tourism sectors and helping address workforce shortages. Since that date, over one million people have entered Australia, including more than 130,000 international students, 190,000 tourists, 70,000 skilled migrants and 10,000 working holiday makers.

The Government has been encouraging workers to return through visa fee refunds for international students and working holiday makers who entered Australia before 19 March 2022 and 19 April 2022 respectively, as well as a non-reciprocal 30 per cent increase in country caps for working holiday makers. There have also been targeted measures for rural and regional employers, including committing to bring an additional 12,500 workers under the Pacific Australia Labour Mobility scheme and creating the Australian Agriculture Visa.

Supporting trade and tourism

The Government's THRIVE 2030 strategy and action plan will support the recovery and sustainable growth of the tourism sector, with a \$60.0 million Tourism Marketing Recovery Plan to attract international tourists. The Government is also committing \$75.5 million for a third round of the Consumer Travel Support Program for travel agents and tour arrangement service providers. This will ensure these businesses can respond to the rising demand for international travel.

The Government is investing an additional \$187.1 million to deliver the Simplified Trade System agenda, which will streamline trade processes and make it easier for Australian businesses to compete in global markets.

Transforming our manufacturing capability

The Government is transforming Australia’s manufacturing sector by building scale, supporting international competitiveness, and driving innovation. The \$1.5 billion Modern Manufacturing Strategy, announced in the 2020-21 Budget, is focused on high-value and high-priority areas of manufacturing, and facilitating greater collaboration, commercialisation and technology adoption.

The Government is investing a further \$328.3 million in the Strategy. This includes \$250.0 million for the Integration and Translation Streams of the Modern Manufacturing Initiative to assist manufacturers to translate good ideas into commercial outcomes. It also includes \$53.9 million to fund a third round of the Manufacturing Modernisation Fund to enable small to medium manufacturers to innovate and adopt new technologies. In addition, \$500.0 million will support manufacturers in regions through a new Regional Accelerator Stream of the Modern Manufacturing Initiative.

The Government is also strengthening supply chain resilience in critical products, including through a new dedicated \$200.0 million Regional Accelerator Stream of the Supply Chain Resilience Initiative that will assist regional businesses to address supply chain vulnerabilities and additional funding for the CSIRO. The initiatives in this Budget will continue to support the Government to anticipate and respond swiftly to emerging supply chain challenges.

Safeguarding critical resources and technology

The Government is providing \$200.0 million over 5 years for the Critical Mineral Accelerator Initiative to support strategically significant critical mineral projects in their planning, design, pilot and demonstration phases. This will deliver a steady pipeline of projects to be considered for financing by private sector or government, including through the Government’s \$2 billion Critical Minerals Facility established in 2021.

Helping Australians with cost of living pressures

Australian households and businesses are facing cost of living pressures as a result of the pandemic, the invasion of Ukraine and extreme weather events. The Government is taking a responsible, temporary and targeted approach to ease cost of living pressures for households and businesses.

Cost of living tax offset for low- and middle-income earners

Through the Personal Income Tax Plan, the Government has provided an estimated \$40 billion in tax relief to over 11 million individuals since the start of the pandemic.

The Government is increasing cost of living relief by \$420 through the 2021-22 low and middle income tax offset. As a result, more than 10 million eligible low- and middle-income earners will benefit from a tax reduction of up to \$1,500 for a single income household, or up to \$3,000 for a dual income household. Households will receive this support from 1 July 2022 when they submit their 2021-22 tax returns. The cost of living tax offset is estimated to reduce receipts by \$4.1 billion over the forward estimates period.

This is on top of the benefits that were permanently embedded into the tax system in 2020-21. For example, in 2022-23 an Australian earning \$90,000 per year (around average full-time earnings) will continue to benefit from \$1,215 in tax relief relative to 2017-18 settings.

Cost of living payment

From 20 March 2022, almost 5 million Australians have benefited from an increase to their social security payments, with Age Pension, Disability Support Pension and Carer Payment rates increasing by more than \$20 a fortnight for singles and \$30 a fortnight for couples.

To further help households with cost of living pressures, the Government will provide a one-off, tax-exempt payment of \$250 to eligible pensioners, welfare recipients, veterans and concession card holders. It will be paid automatically to 6 million people at a cost of \$1.5 billion. More than half those who will benefit are pensioners.

Halving fuel excise for 6 months

The Government will help reduce the burden of high fuel prices for Australians by halving the excise and excise equivalent customs duty rate which applies to petrol and diesel for 6 months. The excise and excise equivalent customs duty rates for all other fuel and petroleum-based products, except aviation fuels, will also be reduced by 50 per cent for 6 months. This significant reduction will reduce cost of living pressures for Australian households and will decrease the underlying cash balance by \$3.0 billion over the forward estimates period.

Putting downward pressure on energy prices

The Government is delivering on its commitment to a secure, affordable, and reliable energy supply and has achieved its goal of wholesale electricity prices under \$70/MWh. The Government's actions have helped reduce residential electricity costs by 8 per cent and small business costs by 10 per cent over the past 2 financial years. The Government has invested \$1.0 billion in a Grid Reliability Fund, \$1.5 billion to establish a domestic hydrogen industry, \$1.4 billion in Snowy 2.0, and \$50.3 million in this budget to develop priority gas infrastructure.

Supporting the delivery of more affordable housing

Since its establishment in 2018, the National Housing Finance and Investment Corporation (NHFIC) has supported more than 15,000 new and existing affordable dwellings through the provision of low-cost loans to Community Housing Providers. In this Budget, the Government is increasing NHFIC's liability cap by an additional \$2.0 billion, to \$5.5 billion. This increase in NHFIC's lending capacity is expected to support around 10,000 more affordable dwellings for vulnerable Australians.

The Government's Home Guarantee Scheme has assisted almost 60,000 Australians to achieve homeownership. The Government is committing \$8.6 million to expand the Scheme to 50,000 places per year. Up to 35,000 places per year will be available for first home buyers under the First Home Guarantee (previously the First Home Loan Deposit Scheme). A new Regional Home Guarantee with up to 10,000 places per year will help aspiring homebuyers in regional areas. The Family Home Guarantee will be increased to 5,000 places per year to provide a supported pathway into homeownership for more single parents with dependants.

Responding to the floods in Queensland and New South Wales

The Government is providing support to individuals and businesses impacted by the devastating floods in parts of Queensland and New South Wales. The Government expects to spend over \$6 billion on disaster relief and recovery as a result of these floods, including:

- \$2.2 billion to households for income support, temporary accommodation and social services.
- \$665.0 million to businesses and farmers for repairs, new equipment and support services.
- \$588.6 million for community clean-up and recovery, including \$300 million from the Emergency Response Fund for recovery and post-disaster resilience initiatives.

The full cost of recovery and rebuilding will only become clear once the damage from the floods can be assessed and may not be completely realised for some years. The expected spending includes a provision of \$3.0 billion over the forward estimates to accommodate additional Commonwealth expenditure for the floods response, including reimbursement of state expenditure under the Disaster Recovery Funding Arrangements.

Enhancing our disaster resilience

The Government has provided over \$1.3 billion since the 2021-22 Budget to implement recommendations of the Royal Commission into National Natural Disaster Arrangements. In this Budget, the Government is providing: an additional

\$116.4 million for the Black Summer Bushfire Recovery Grant program; \$10.0 million to establish a panel of suppliers to enable rapid procurement of disaster resources for disaster-affected communities; and a review of the jointly funded Commonwealth-State Disaster Recovery Funding Arrangements.

The Government is implementing a cyclone and related flood damage reinsurance pool from 1 July 2022, backed by a \$10 billion Government guarantee. The pool will promote resilience by offering discounts for properties that have undertaken cyclone mitigation, while also collecting data to inform natural disaster planning.

Strengthening our regions and critical infrastructure

Building on the Government's \$100 billion funding commitment to regional economic development since 2013, the Budget provides record funding for regional infrastructure, improvements to telecommunications and support for the agricultural, fisheries and forestry industries.

A \$2.0 billion Regional Accelerator Program will diversify growing regional economies and create jobs in new and existing industries. This includes investments in infrastructure, advanced manufacturing, apprenticeships, and higher education.

Transforming regions primed for growth

The Government will invest \$7.1 billion in transformational infrastructure to help Australia push into new frontiers of production and growth. This will focus on 4 key regions that are Australia's export frontiers and poised for major growth at a scale that will boost our national prosperity. The funding includes:

- \$2.6 billion for infrastructure that unlocks the Northern Territory's exports through Darwin's gateway to Asia. A further \$300.6 million from the Government's \$8.9 billion National Water Grid Fund will help improve water security in the greater Darwin region.
- \$1.7 billion for water infrastructure and supply chain projects in North and Central Queensland. This is in addition to the \$5.4 billion the Government is providing for the Hells Gates Dam.
- \$1.5 billion in the Pilbara region to help diversify the north-west economy by increasing low emissions production.
- \$750.0 million for the Hunter region for transport and port infrastructure projects that will improve supply chain efficiency and boost exports.

The Government is also increasing funding for the Northern Australia Infrastructure Facility by \$2.0 billion – bringing total funding to \$7.0 billion – to drive economic growth and promote Indigenous employment in Northern Australia.

Supporting Australia’s water infrastructure

Through its \$8.9 billion National Water Grid Fund, the Government will provide \$7.4 billion to improve Australia’s water security and open up new land for irrigation.

This will help drought-proof the Peel Valley, with an additional \$433.0 million for the Dungowan Dam, bringing the total investment to \$675 million. It also includes \$300.6 million to improve water security in the greater Darwin region. This funding will also transform irrigated agriculture throughout Queensland, with \$600.0 million for the North Burnett region and \$126.5 million for its Granite Belt region.

The National Water Grid Fund will also provide \$5.4 billion for the Hells Gates Dam on Queensland’s Burdekin River. This transformational project will redefine North and Central Queensland’s agricultural sector and underpin long-term export market growth and investment. The Government is also providing \$1.7 billion for agricultural and industry development in this region to help farmers and businesses fully harness the opportunity that the Hells Gates Dam offers.

Improving regional telecommunications

Building on the Government’s Mobile Black Spot and Regional Connectivity Programs, the Government is enhancing connectivity in regional Australia by investing a further \$1.3 billion. A new Connecting Regional Australia initiative provides \$811.8 million to address mobile blackspots along approximately 8,000 kilometres of regional transport routes and adjacent premises and businesses, improve the resilience of telecommunications infrastructure against natural disasters, and encourage new technology trials.

An investment of \$480.0 million will go towards upgrading the NBN Co’s Fixed Wireless Network and enable enhancements to satellite services. This will result in better broadband for up to one million households and businesses in regional, remote and peri-urban areas. This complements the \$4.5 billion investment announced by NBN Co in September 2020, which will benefit around 850,000 businesses.

Supporting primary industries

The Government is continuing to support Australia’s agricultural sector to increase output to \$100 billion by 2030.

This Budget provides over \$600 million to enhance innovation, productivity and resilience in the agricultural, fisheries and forestry sectors. To help farmers diversify their income streams and better protect the environment, the Government is providing a further \$27.3 million to support biodiversity conservation on farmland.

Infrastructure investment

The Government has increased its unprecedented 10-year infrastructure pipeline to a record \$120 billion with an additional \$17.9 billion committed to road, rail and community infrastructure projects across Australia. These commitments build on over 35,000 infrastructure projects that have been completed since 2013-14 and are expected to support around 40,000 jobs over the lives of these projects.

This Budget includes \$3.1 billion for Melbourne Intermodal Terminals and related infrastructure that will increase efficiency and capacity of the national and Victorian freight industry, creating jobs and boosting productivity while taking trucks off the road. Major commitments also include \$3.7 billion for faster rail projects in New South Wales and Queensland that will better connect cities with our growing regions.

The Government's road and rail commitments in this Budget include:

- \$3.1 billion for the Melbourne Intermodal Terminals Package, including delivery of the Beveridge and Western Interstate Freight Terminals, and the Outer Metropolitan Ring Rail South in Victoria.
- \$2.7 billion for the Brisbane to the Sunshine Coast (Beerwah-Maroochydore) and Brisbane to the Gold Coast (Kuraby-Beenleigh) Faster Rail projects in Queensland.
- \$2.3 billion for the North-South Corridor – Darlington to Anzac Highway in South Australia.
- \$1.0 billion for the Sydney to Newcastle – Tuggerah to Wyong Faster Rail Upgrade in New South Wales.
- \$441.2 million for the METRONET, including the Thornlie-Cockburn Link, High Capacity Signalling, Morrison Road Level Crossing Removal and the Yanchep Rail Extension in Western Australia.
- \$392.0 million for the Tasmanian Roads Package.
- \$132.0 million for the Central Australian Tourism Roads in the Northern Territory.
- \$46.7 million for the Athllon Drive Duplication in the Australian Capital Territory.

The Government is also extending the Local Roads and Community Infrastructure Program until 2024-25, providing \$501.7 million for local councils to maintain and deliver priority local road and community infrastructure projects across Australia.

Guaranteeing essential services

The Government is continuing to guarantee quality essential services for all Australians. Along with its COVID-19 health response, the Government has made major investments in disability and aged care, mental health and suicide prevention, women’s safety and education.

Transitioning to living with COVID-19

As Australia transitions to live with COVID-19, the Government is working to ensure we continue to have the vaccines, treatments and health system capacity needed to deal with the challenges ahead, including the emergence of new variants.

Since the beginning of the pandemic, the Government has committed \$11.6 billion in support to states and territories for the COVID-19 public health response. This includes a further \$984.0 million to extend funding under the National Partnership on COVID-19 Response. The National Partnership provides support for public hospitals, COVID-19 testing, and the broader public health response.

This Budget invests an additional \$6.0 billion in COVID-19 health support including for the Winter Response Plan. The plan will provide a consistent and coordinated national approach to managing COVID-19 and influenza and has been supported through National Cabinet. Australia has achieved world-leading rates of COVID-19 vaccination with over 95 per cent of people over the age of 16 fully vaccinated. To ensure Australia continues to achieve high vaccine coverage, the Government is investing \$1.0 billion to extend the COVID-19 vaccine rollout program.

More than 25 million Rapid Antigen Tests (RATs) have been provided to over 4 million Australians through the Concessional Rapid Antigen Test Program. An additional 10 free RATs per eligible concessional card holder will be available with the extension of the scheme to 31 July 2022. The Government is also ensuring that COVID-19 testing expenses are tax deductible for individuals and fringe benefits tax is not incurred by businesses, where tests are purchased for work-related purposes.

To facilitate access to treatments and medical care, the Government is providing \$546.0 million to extend Medicare Benefits Schedule (MBS) pathology items for testing and detection of COVID-19.

Support for vulnerable Australians

The Government is securing additional doses of COVID-19 treatments to protect vulnerable Australians at risk of severe disease. This brings the Government’s direct investment to over one million treatment courses.

The Government is investing in transmission prevention and testing to contain outbreaks in high-risk settings. Already, the Government has distributed over

161 million units of PPE and over 26.2 million RATs to aged care facilities. To assist Australians with a disability to monitor for COVID-19 and manage transmission risks, the Government is providing 5.5 million RATs to National Disability Insurance Scheme (NDIS) Supported Independent Living residents and workers.

Targeted support for health and vaccination services for rural and remote Indigenous Communities, who are at risk of severe illness from COVID-19, is also being extended at a cost of \$43.3 million.

A healthier Australia

Guaranteeing Medicare

The Government is continuing to guarantee Medicare, with an additional \$368.0 million over five years to ensure Australians can access health services. New genetic testing items for prospective parents to show if they are genetic carriers of 3 genetic disorders will be introduced at a cost of \$81.2 million over 4 years from 2022-23.

The Government is continuing to guarantee affordable access to essential medicines on the Pharmaceutical Benefits Scheme (PBS). Funding of \$2.4 billion over 5 years from 2021-22 will reduce out-of-pocket costs for new and amended listings on the PBS. This includes medicines to treat cystic fibrosis, spinal muscular atrophy, and cancer.

In additional support to ease the cost of living pressures, from 1 July 2022, the Government is reducing the PBS Safety Net thresholds, from \$1,542.10 to \$1,457.10 for general patients and from \$326.40 to \$244.80 for concessional patients. These changes are expected to benefit around 2.4 million people by lowering the out-of-pocket costs for medicines. As a result of these changes, concessional patients will reach the PBS Safety Net with approximately 12 fewer scripts per year, and two fewer scripts for general patients.

Investing in aged care

A further \$468.3 million is being announced in this Budget to continue implementing the Government's response to the Royal Commission into Aged Care Quality and Safety. This builds on the record \$17.7 billion investment in aged care announced in the 2021-22 Budget.

To improve medication management services for the elderly, the Government is providing \$345.7 million for residential aged care facilities for pharmacy services. A commitment of \$20.1 million will progress implementation of the Australian National Aged Care Classification (AN-ACC) in residential aged care and support the transition of facilities to the new funding model over a 2-year period. The AN-ACC will more closely target funding to older Australians' care needs from 1 October 2022.

Creating better health outcomes

The Government is providing \$330.6 million to promote the health of women and girls, including to support the National Women’s Health Strategy.

This includes \$58 million over 4 years from 2022-23 to improve the treatment, management and diagnosis of endometriosis. As part of this funding, the Government is investing \$16.4 million to support the establishment of endometriosis and pelvic pain GP clinics in primary care settings, improving access to diagnostic, treatment and other support services for women with endometriosis and other conditions resulting in pelvic pain.

The Government is also investing \$23 million over 4 years to respond to the National Stillbirth Action and Implementation Plan, including funding for bereavement support for families who have experienced stillbirth or miscarriage.

To drive progress under the Strategy, the Government is establishing a National Women’s Advisory Council.

All Australians should be able to access our world-class health system, including Australians living in geographically isolated rural and remote locations. Training rurally increases a medical student’s chances of staying rural to deliver services to that community. This Budget invests \$150.3 million to support medical training in regional and rural Australia. The Government is also continuing its support for aeromedical services for rural and remote communities, providing over \$55.0 million to support the operation of service providers.

The Government is building on its record \$2.3 billion investment in mental health and suicide prevention at the 2021-22 Budget. This Budget announces \$547.0 million for targeted initiatives, including for young Australians, Aboriginal and Torres Strait Islander peoples and multicultural communities. Working towards zero suicides, the Government is investing \$42.7 million to continue initiatives that address local risk factors. The measures in this Budget will complement the implementation of the new National Mental Health and Suicide Prevention Agreement.

A strong focus on preventive health and health promotion can extend life expectancy and increase quality of life. The Government is investing \$513.8 million in prevention, health promotion, early detection and management of chronic conditions. This includes \$375.6 million to establish a world-leading cancer centre in Western Australia.

The Government is continuing to prioritise Australian medical research, committing a further \$1.3 billion under the Medical Research Future Fund 10-year investment plan. To promote the integration of genomics in the healthcare system, the Government is establishing Genomics Australia with funding of \$28.1 million.

Growing the care and support workforce

The Government is building a skilled workforce to meet the care and support needs of Australians now and in the future. The new *National Care and Support Workforce Strategy* will drive coordinated action to attract new workers to the sector and build the skills they need to provide high-quality care.

The Government is delivering 15,000 low and fee-free training places in aged care courses through the JobTrainer Fund and is contributing \$13.9 million for up to 300 scholarships for Aboriginal and Torres Strait Islander peoples to join the health workforce. To build the skills we need where we need them most, \$32.8 million will fund up to 5,250 additional clinical placements in the care and support sector and expanded access to rural clinical placements in aged care.

Supporting our community

Women's safety

The Government is committing \$1.3 billion to support delivery of the new National Plan to End Violence against Women and Children 2022-32. This funding supports action across 4 pillars: prevention, early intervention, response, and recovery. To stop violence before it starts, the Government is providing \$203.6 million for a range of prevention measures such as awareness-raising and education on consent. The Government is investing \$328.2 million in early intervention efforts, including training for community frontline workers, health professionals and the justice sector.

To effectively respond to violence against women and children, funding of \$480.1 million is being provided for measures such as the extension of the Escaping Violence Payment. To help victim-survivors recover from violence, this Budget invests \$290.9 million for a range of health and justice measures. Funding of \$19 million is also being provided to build data and evidence to support the next National Plan.

Investing in education

The Government is committing \$228.5 million to improve the educational outcomes of Australian school students. This includes extending National School Reform Funding by 2 years at a cost of \$62.4 million. This measure builds on record school funding and the \$2.0 billion extension of the Preschool Reform Agreement.

Improving educational outcomes of students in regional and remote Australia is a priority. The Government is investing \$29.4 million over 4 years to extend the Indigenous Boarding Schools Grants program for one year and establish a Commonwealth Regional Scholarship Program to assist families with the costs of boarding.

In response to the Final Report of the Quality Initial Teacher Education (ITE) Review, the Government is establishing a new Initial Teacher Education Quality Assessment

Expert Panel. The Panel will develop new minimum and excellence threshold standards for ITE courses and advise Government on the application of these thresholds to ITE funding.

Improving access to child care

The Government is investing record funding in child care services, providing more than \$10 billion annually to support families. In 2021-22 the Government committed an additional \$1.7 billion to improve the affordability of child care for about 250,000 families by removing the annual cap on the Child Care Subsidy and increasing the rate for families with 2 or more children in care.

In 2022-23 the Government is further increasing access to child care for families in regional and remote areas, providing \$19.4 million to establish up to 20 child care services in areas where there is an absence or limited supply of child care.

Delivering on our commitment to Close the Gap

The Government is working with the Indigenous community on an ambitious policy reform agenda through the National Agreement on Closing the Gap, the National Roadmap for Indigenous Skills, Jobs and Wealth Creation and the Indigenous Voice. In this Budget, the Government is spending \$1.5 billion over 5 years for a suite of measures to improve outcomes for Indigenous Australians. This is in addition to the \$6.7 billion Indigenous Advancement Strategy.

The Government has committed \$316.5 million to establish Ngurra, a new Aboriginal and Torres Strait Islander cultural precinct in Canberra. Ngurra will include a learning and knowledge centre, a national resting place, and a new home for the Australian Institute of Aboriginal and Torres Strait Islander Studies.

Improving the lives of people with disability

The Government is committed to ensuring people with disability reach their full potential, as equal members of the community. Over the past 12 months, the Government has provided an additional \$39.6 billion to support the continued implementation of the NDIS. The NDIS currently provides support to more than 500,000 Australians, with more than 280,000 participants receiving support for the first time.

Supporting our veterans

The Government is continuing its commitment to the wellbeing of veterans and their families with an additional \$165.0 million for wellbeing grants and services, such as the Psychiatric Assistance Dog Program for veterans with post-traumatic stress disorder. An investment of \$70.5 million will increase the sustainability of Veteran Home Care Services so that they can continue to deliver stable and high-quality care for more than 37,000 veterans and their families. Funding of \$26.6 million will be delivered to honour veterans and commemorate Australia's military history.

A resilient Australia

Caring for the environment

The Government is protecting the health and resilience of the Great Barrier Reef with an additional \$1.0 billion in funding. This will advance world leading marine science, the deployment of new climate adaptation technology and major investments in water quality programs. This new funding extends the Federal Government’s investment under the Reef 2050 Plan to more than \$3.0 billion.

New funding of \$200.1 million will support an expansion of the Environment Restoration Fund, the recovery and conservation of the koala and koala habitats, community-led tree planting projects, and investment in Commonwealth National Parks.

The Government continues to respond to the *Independent Review of the Environment Protection and Biodiversity Conservation Act 1999* with an additional \$192.0 million to improve environmental resilience, protect Indigenous heritage and support economic growth.

A \$60.4 million boost to the Recycling Modernisation Fund will support Australia’s National Waste Policy Action Plan and the Government’s waste targets for 2030. The new funding will leverage investment into new advanced plastic recycling technologies and will work in partnership with states, territories and industry.

Australia has committed to achieving net zero carbon emissions by 2050 and is on track to exceed our 2030 target with a reduction in emissions of up to 35 per cent projected by 2030. The Emissions Reduction Fund (ERF) and Renewable Energy Target (RET) contribute to our net zero goal by supporting projects that reduce carbon emissions, improve energy efficiency and deliver environmental benefits.

Changes to the ERF’s fixed contract arrangements will give greater flexibility in how the Fund’s participants sell their carbon credits, bolstering Australia’s growing private carbon market. Revenue generated from the changes will be reinvested in the ERF and new emissions reduction initiatives. An additional \$47.3 million investment in new technology will reduce the money and time ERF and RET participants, particularly farmers, spend on activities such as project audits and manual reporting.

Improving our strategic capabilities in Antarctica

The Government is investing a further \$839.9 million to maintain Australia’s scientific leadership in Antarctica. Drone fleets, helicopters and other vehicles will enable exploration of areas of East Antarctica’s inland that no country has been able to reach. They will ensure that the Antarctic remains a place of science and conservation, free from conflict, and protected from exploitation. The package will create 685 jobs and continue to support Tasmania as an international science hub.

Protecting our interests in an uncertain world

Amid a deteriorating geostrategic environment and economic disruption, the Government is taking action to keep Australians safe and protect our way of life for future generations. The Government is addressing cyber attacks and terrorist threats, strengthening our international partnerships and investing in our defence and strategic capabilities.

Investing in our strategic partnerships

The Government has strengthened Australia’s international relationships and security capabilities by establishing the AUKUS trilateral security partnership with the United Kingdom and United States of America. This will enhance Australia’s ability to contribute to regional peace and security. In addition to trilateral collaboration within the Nuclear-Powered Submarine Taskforce, AUKUS is focusing on the critical strategic areas of cyber capabilities, artificial intelligence, quantum technologies, and additional undersea capabilities.

Following Russia’s invasion of Ukraine, the Government provided \$156.5 million in humanitarian aid, military support and resettlement services. As at 25 March 2022, the Government has applied financial sanctions and travel bans to 488 persons and 33 entities and institutions, including senior government officials, members of the Russian parliament, military officers, military industrial figures, and financial institutions. The Government will also allocate a 3-year Temporary Humanitarian Concern Visa (subclass 786) to Ukrainians across 2021-22 and 2022-23.

Expanding and equipping the Australian Defence Force

In response to the shifting strategic environment, and to safeguard Australia’s interests, the total Defence workforce will increase by 18,500 personnel by 2040, at a cost of at least \$38 billion. The Australian Defence Force will increase to nearly 80,000 personnel and the total Defence workforce to over 101,000. Workforce growth will support the effective use of new air, land, sea and cyber capabilities being acquired over the next 2 decades.

The Government will enhance armoured capabilities for the Australian Army through an investment of \$1 billion for Self-Propelled Howitzers and Armoured Ammunition Resupply Vehicles, which includes an initial contract for 30 Self-Propelled Howitzers and 15 Armoured Ammunition Resupply Vehicles. The Government has also invested \$3.5 billion in the Main Battle Tank Upgrade and Combat Engineering Vehicle projects which will acquire up to 75 M1A2 Abrams tanks, 29 Assault Breacher Vehicles, 17 Joint Assault Bridge Vehicles and an additional 6 Armoured Recovery Vehicles.

Acquisition and sustainment projects for the Australian Defence Force will boost local employment and improve Australia’s sovereign industrial capability as part of \$575 billion in total funding to 2029-30, including \$270 billion in capability investment.

This includes \$151.6 million to support Australia’s defence industrial base and workforce skills and a minimum of 300 jobs from the Self-Propelled Howitzers contract.

Keeping Australians safe

The Government will provide \$9.9 billion over 10 years to deliver a Resilience, Effects, Defence, Space, Intelligence, Cyber and Enablers (REDSPICE) package. This will significantly enhance the offensive and defensive cyber and intelligence capabilities of the Australian Signals Directorate (ASD).

REDSPICE is the largest ever investment in Australia’s intelligence and cyber capabilities and will double ASD’s size, creating 1,900 new jobs over the next decade, bolstering the Government’s commitment to Australia’s Five Eyes and AUKUS trilateral partners while supporting a secure Indo-Pacific region.

Through Operation Sovereign Borders, the Australian Government is protecting Australia’s borders, combating people smuggling, and preventing people from risking their lives at sea. The Government is providing an additional \$136.7 million in 2022-23 to maintain the Australian Border Force’s maritime surveillance and response capability.

The Government remains committed to protecting Australians from the evolving terrorist threat and serious crime. Released terrorist offenders can continue to be radicalised, motivated, and capable of further offending, even after extended periods of inactivity. The Government is providing \$66.9 million to continue to protect the Australian community from the threat posed by convicted high risk terrorist offenders. An additional \$19.8 million is provided to establish and operate a National Convicted Terrorist Offender Register to monitor high-risk terrorist offenders following completion of their sentence and release into the Australian community. A further \$116.8 million boosts the Australian Criminal Intelligence Commission’s capacity to identify and disrupt serious criminal activity.