Statement 1: Budget Overview

Against a backdrop of heightened global uncertainty, the Australian economy has turned a corner. Growth has rebounded solidly, inflation has moderated substantially, the unemployment rate remains low, real wages are growing again and interest rates have begun to fall. While Australia has not been immune to global challenges and people are still under pressure, including from the impacts of ex-Tropical Cyclone Alfred and other severe weather events, the Australian economy is well placed to navigate a volatile and uncertain economic environment.

The underlying cash balance has improved by a cumulative $207 billion over the seven years to 2028–29, compared to the 2022 Pre-election Economic and Fiscal Outlook (PEFO). This is the largest nominal budget improvement in a parliamentary term. After delivering the first back-to-back surpluses in nearly two decades, the deficit in 2024–25 is almost half what was forecast at PEFO. This Budget makes further progress, delivering improvements in the underlying cash balance in both 2025–26 and 2026–27, and cumulatively over the five years to 2028–29, compared to the 2024–25 Mid-Year Economic and Fiscal Outlook (MYEFO). A deficit of $42.1 billion is forecast in 2025–26, an improvement of $4.8 billion.

Together, this responsible approach means that gross debt is $177 billion lower in 2024–25 than forecast at the PEFO and 4.9 percentage points of GDP lower in 2032–33. These improvements since the PEFO are helping avoid more than $60 billion in interest costs over the 11 years to 2032–33.

The Government's record of delivering budget improvements and limiting spending growth has helped ensure a stronger fiscal outlook. The Government has delivered $94.1 billion in savings and reprioritisations since the PEFO. Over the seven years to 2028–29, real payments growth is estimated to average 1.7 per cent per year, around half the 30-year average. The Government has also returned 69 per cent of tax receipt upgrades to the budget since the PEFO. Structural reforms to the NDIS and aged care, and reduced interest costs, have made the budget more sustainable over the medium term compared to the PEFO.

The global economy is facing considerable uncertainty and growth is expected to remain subdued over the next three years. Escalating trade tensions have significantly magnified uncertainty in the global economy and volatility in global markets, and could disrupt trade, investment, economic activity and push up prices. These risks are further compounded by challenges in the Chinese economy, lingering inflationary pressures and uncertainties arising from conflicts in the Middle East and Europe.

Growth picked up in the Australian economy at the end of last year, supported by a recovery in private demand. The recovery is expected to continue with the economy forecast to grow by 1½ per cent in 2024–25, 2¼ per cent in 2025–26 and 2½ per cent in 2026–27. The improvement in growth is expected to be broad-based and supported by a gradual recovery in growth in private final demand over the forecast period.

Inflation is now expected to be 2½ per cent through the year to the June quarter 2025, ¼ of a percentage point lower than the MYEFO forecast. Excluding the temporary impact of energy rebates and fuel, inflation is expected to sustainably return to the Reserve Bank of Australia's (RBA) target band around the middle of this year, which is around six months earlier than expected at MYEFO.

The labour market has outperformed expectations. Since MYEFO, employment growth has been upgraded, the participation rate is expected to remain higher for longer and the unemployment rate is now expected to peak at ¼ of a percentage point lower at 4¼ per cent.

The Budget delivers on the Government's economic plan, which is focused on finishing the fight against inflation, rolling out responsible cost-of-living relief and building a stronger economy and stronger budget.

This Budget helps Australians now and builds Australia's future by:

- **Delivering responsible cost-of-living relief –** new personal income tax cuts for every Australian taxpayer from 1 July 2026 on top of the first round of tax cuts that have been rolling out since 1 July 2024, extending energy bill relief, getting wages moving again including by advocating for increases to award wages, banning non-compete clauses for most workers and funding pay rises for aged care workers and early childhood educators, reducing the cost of medicines even further and helping consumers get a better deal.

- **Strengthening Medicare –** making it easier to see a doctor for free by expanding eligibility for bulk billing incentives to cover all Australians, improving access by investing in hospitals and urgent care clinics, investing in women's health, and training more doctors and nurses.

- **Making it easier to buy and rent a home –** building more homes with a national target of 1.2 million over five years, investing in social and affordable housing, expanding the Help to Buy scheme, supporting renters, and investing in the construction sector through support for modern methods of construction and apprentices.

- **Investing in every stage of education –** laying the foundations for universal early childhood education and care with a 3 Day Guarantee for subsidised care and building more child care centres, putting public schools on a path to full and fair funding, supporting students and graduates through debt relief and lower compulsory repayments, and delivering 100,000 Free TAFE places every year.

- **Building a stronger economy –** advancing the Government's productivity agenda including competition reforms, unlocking investment in areas like green metals and manufacturing to build a future made in Australia, securing Australia's place in the world, supporting our suburbs and regions by completing the NBN rollout, delivering vital infrastructure and safeguarding regional banking and supporting small businesses.

Statement contents

Statement 1: Budget Overview

Economic and Fiscal Outlook

Against a difficult global economic backdrop, the Australian economy has turned a corner. Inflation has moderated substantially, growth picked up at the end of last year, the unemployment rate remains at low levels, real wages are growing again, and interest rates have begun to fall. While Australians are still under pressure from conditions at home and abroad, the Australian economy is well placed to navigate these challenges in the period ahead.

The global economic environment is facing considerable uncertainty and growth is expected to remain subdued over the next three years. Around three quarters of Organisation for Economic Co-operation and Development (OECD) nations have recorded a negative quarter of growth over the past 18 months. The escalation of trade tensions has magnified risks to the global outlook, as new trade barriers threaten to disrupt global trade, investment and economic activity and push up prices.

Natural disasters and weather events such as ex-Tropical Cyclone Alfred have had an impact on people and communities across north Queensland, Far North Queensland, southeast Queensland and northern New South Wales, which has curtailed economic activity, harmed industries, and damaged homes and infrastructure. The direct loss of economic activity from ex-Tropical Cyclone Alfred could temporarily lower quarterly growth by up to ¼ of a percentage point. This reflects disruptions to activity in the agricultural, construction, retail, transport and tourism industries. Subsequent reconstruction efforts are expected to add to real GDP growth in following quarters, although the magnitude and timing of the effect on activity is uncertain.

Despite severe weather at home and global uncertainty, the Australian economy is on track for a soft landing and has outperformed most other advanced economies. Australia has been able to record a substantial moderation in inflation while maintaining a low unemployment rate and continuous growth, which is a significant achievement given the experience of other advanced economies and previous inflationary episodes. With recent inflation outcomes being better than expected, unemployment and near-term inflation have been revised down.

Inflation has moderated substantially across both headline and underlying measures. Headline inflation was 2.4 per cent over the year to the December quarter 2024, which is less than a third of the peak observed in 2022. Inflation is now expected to be 2½ per cent by the middle of this year, ¼ of a percentage point lower than forecast at MYEFO. Excluding the impact of fuel and energy rebates, inflation is expected to sustainably be in the RBA’s target band around the middle of 2025, earlier than the end of the year expected at MYEFO.

The labour market has outperformed expectations with the unemployment rate near historic lows, the participation rate elevated and, since mid-2022, employment has grown by over one million people with 80 per cent in private sector jobs. The unemployment rate is forecast to gradually rise to reach a peak of 4¼ per cent, ¼ of a percentage point lower than forecast at MYEFO. The strong labour market conditions and moderating inflation have led to five consecutive quarters of annual real wage growth. Annual real wages are forecast to grow by ½ per cent in 2024–25, which is ¼ of a percentage point higher compared to MYEFO.

Growth picked up at the end of last year and this momentum is expected to continue to improve with real GDP forecast to grow by 1½ per cent in 2024–25, 2¼ per cent in 2025–26 and 2½ per cent in 2026–27. The improvement in growth is expected to be broad-based and supported by a gradual recovery in growth in private final demand over the forecast period.

The moderation in inflation, solid labour market outcomes and the Government's tax cuts mean real household disposable income per capita began to grow again in the second half of 2024. The improvement in real incomes is expected to drive a gradual recovery in consumption and the broader economy.

Public final demand has helped ensure the economy continued to grow. In the most recent quarter, state spending accounted entirely for new public demand growth, with the Commonwealth component falling. Public spending has focused on meeting growing demand for essential health care, education and social services, as well as infrastructure and defence investment. Public final demand growth is forecast to moderate over the forecast period.

Table 1.1: Major economic parameters[(a)]

	Outcome	Forecasts				
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Real GDP	1.4	1 1/2	2 1/4	2 1/2	2 3/4	2 3/4
Employment	2.2	2 3/4	1	1 1/4	1 1/2	1 1/2
Unemployment rate	4.0	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
Consumer price index	3.8	2 1/2	3	2 1/2	2 1/2	2 1/2
Wage price index	4.1	3	3 1/4	3 1/4	3 1/2	3 3/4
Nominal GDP	4.1	4 1/4	3 1/4	4	5 1/4	5 1/2

a) Real GDP and Nominal GDP are percentage change on preceding year. Employment, the consumer price index and the wage price index are through-the-year growth to the June quarter. The unemployment rate is the rate for the June quarter. The labour market forecasts do not incorporate the February 2025 release of the ABS Labour Force.

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

The underlying cash balance is better in every year of the forward estimates compared to the PEFO and by a cumulative $34.9 billion over the five years to 2028–29.

After recording the first back-to-back surpluses in almost two decades and the largest nominal back-to-back surpluses on record, the deficit of $27.6 billion in 2024–25 is almost half what was forecast at the PEFO.

A deficit of 1.5 per cent of GDP ($42.1 billion) is forecast in 2025–26, an improvement of 0.2 percentage points since MYEFO. Over the five years to 2028–29, the underlying cash balance has improved since MYEFO.

Gross debt as a share of the economy is expected to peak at 37.0 per cent of GDP in 2029–30, 7.9 percentage points lower than the peak in the PEFO, before declining to 31.9 per cent of GDP by 2035–36.

Table 1.2: Budget aggregates

	Actual	Estimates						Projections
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	Total(a)	2035-36
	$b	$b	$b	$b	$b	$b	$b	
Underlying cash balance	**15.8**	**-27.6**	**-42.1**	**-35.7**	**-37.2**	**-36.9**	**-179.5**	
Per cent of GDP	0.6	-1.0	-1.5	-1.2	-1.2	-1.1		0.0
Gross debt(b)	**906.9**	**940.0**	**1,022.0**	**1,092.0**	**1,161.0**	**1,223.0**		
Per cent of GDP	33.9	33.7	35.5	36.5	36.9	36.8		31.9
Net debt(c)	**491.5**	**556.0**	**620.3**	**676.3**	**714.1**	**768.2**		
Per cent of GDP	18.4	19.9	21.5	22.6	22.7	23.1		20.2

a) Total is equal to the sum of amounts from 2024–25 to 2028–29.
b) Gross debt measures the face value of Australian Government Securities (AGS) on issue and is presented as at the end of the financial year.
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) and is presented as at the end of the financial year.

Responsible economic and fiscal management

The Government's responsible economic and fiscal management has eased cost-of-living pressures for millions of Australians, delivered the largest nominal budget improvement in a parliamentary term and laid the foundations for a stronger, more productive economy. Inflation has fallen substantially, unemployment remains low, over one million additional people are employed since May 2022, real wages are growing, the gender pay gap is near its narrowest on record, and interest rates have begun to fall.

Fiscal policy has worked alongside monetary policy to return inflation to the target band in the second half of 2024, and fiscal settings are consistent with sustainably returning inflation to the target band around the middle of this year.

The Government's fiscal discipline, including finding savings, limiting spending growth and banking tax upgrades has delivered consecutive budget surpluses for the first time in nearly two decades and a significant improvement in the fiscal position compared to the PEFO. The budget has improved in every year over the forward estimates compared to the PEFO, and is cumulatively better over the forward estimates than the forecast at MYEFO. This has helped drive a reduction in Australia's gross debt level as a share of the economy compared to PEFO.

The Government continues to exercise spending restraint. Real payments growth is expected to average 1.7 per cent per year over the seven years to 2028–29, almost half the 30-year average of 3.2 per cent.

Since coming to Government and over the forward estimates, 69 per cent of tax receipt upgrades have been returned to the budget. The upgrades returned since the PEFO have improved the underlying cash balance by a cumulative $249.6 billion over the seven years to 2028–29, avoiding around $111.6 billion in interest payments over the 11 years to 2032–33.

Since the PEFO, $94.1 billion in savings and reprioritisations have been identified up to 2028–29. The Government has made significant structural spending improvements, delivering on its commitment to repair the budget and redirect spending to target national priorities, including:

- the *Getting the NDIS Back on Track No. 1 Act* that progresses key Independent NDIS Review recommendations to make the NDIS more sustainable, and delivering on National Cabinet's commitment to the NDIS Financial Sustainability Framework
- delivering historic aged care reforms to ensure the viability and quality of aged care, by moderating growth in aged care spending while supporting growing numbers of older Australians to remain in their homes as they age
- delivering more sustainable funding outcomes for defence projects, while delivering a generational investment in the Australian Defence Force's posture, capability and structure with $50.3 billion in additional funding over the decade
- reforming the Infrastructure Investment Program to ensure a more integrated, strategic and sustainable approach to projects, while remaining committed to an over $120 billion 10-year infrastructure investment pipeline
- improving tax integrity, modernising the tax system and avoiding public debt interest costs.

Since MYEFO, the Government has strengthened the fairness and sustainability of the tax system, including measures in this update that will improve the budget by $1.8 billion over five years. Initiatives include funding for the Australian Taxation Office (ATO) to extend and expand tax compliance activities focused on domestic and multinational tax avoidance, the shadow economy and the personal income tax system.

Complementing tax compliance measures, the Government will also commit $156.7 million in program funding to support the Illicit Tobacco Compliance and Enforcement Package focused on sustained disruption of the illicit trade in tobacco and associated nicotine products. This builds on the $188.5 million investment over four years from 2023–24 for Australian Border Force to deliver a coordinated multi-agency, multi-jurisdictional compliance response to illicit tobacco trade.

In this Budget, $8.3 billion of policy decisions were funded by provisions from previous updates. In MYEFO and previous updates, the Government responsibly provisioned for anticipated future expenditure, including to strengthen Medicare, continue energy bill relief and extend the National Health Reform Agreement.

The Government has taken $51.1 billion in unavoidable decisions over this parliamentary term to address urgent and unforeseen issues, guarantee the continuity of funding for the essential services that Australians rely on, and deal with legacy issues inherited from the previous government. Unavoidable decisions over this term of government include:

- maintaining and improving health, disability and aged care services
- listing additional medicines on the Pharmaceuticals Benefits Scheme and treatments on the Medicare Benefits Schedule
- clearing backlogs for government services including veterans' claims, Centrelink and Medicare payments, and reducing customer call wait times
- improving Australia's disaster and biosecurity preparedness and responsiveness.

Box 1.1: Supporting the recovery from ex-Tropical Cyclone Alfred and Far North Queensland Floods

Ex-Tropical Cyclone Alfred had significant impacts on communities and businesses in Queensland and northern New South Wales in early-2025. The subsequent flooding damaged homes and infrastructure and limited the movement of people and goods in these regions.

This came on top of floods in early 2025 that impacted communities in north and Far North Queensland and fires in Tasmania and Victoria over the summer.

The direct loss of economic activity from ex-Tropical Cyclone Alfred could temporarily lower growth by up to ¼ per cent of quarterly GDP. Retail trade, telecommunication, accommodation and food services industries were negatively affected due to power outages and stay at home advice. Activity in the construction and transport sectors was delayed due to heavy rainfall and floods. Output in the agricultural industry has been affected by damage to farm infrastructure and crops including sugar cane, fruit and nuts.

Rebuilding efforts and the replacement of damaged property is expected to contribute to GDP in subsequent quarters. But delays to construction activity and repairing damage to homes and infrastructure will also increase demand for construction labour and building materials.

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Box 1.1: Supporting the recovery from ex-Tropical Cyclone Alfred and Far North Queensland Floods (continued)

This may contribute to price pressures, particularly in southeast Queensland, where the construction sector is having some difficulty finding suitable labour to meet elevated levels of demand. In line with previous natural disasters, these pressures are expected to unwind over subsequent quarters.

The Government is continuing to provide support for severely affected communities, states and local governments affected by severe weather events. To support people and communities in the path of disasters this summer, like ex-Tropical Cyclone Alfred and the floods in north and Far North Queensland, the Commonwealth has:

- activated the Disaster Recovery Allowance which provides up to 13 weeks of income support, and the Australian Government Disaster Recovery Payment which provides a one-off payment to those eligible
- made further assistance available to individuals and small businesses under Disaster Recovery Funding Arrangements (DRFA) categories A and B
- committed $136.3 million since MYEFO under DRFA categories C and D to assist states to recover from disaster events in Queensland, NSW, Victoria and Tasmania, including initial clean up activities, recovery grants for primary producers, small business and not for profits, counter disaster operations, and environmental recovery.

Australia has experienced several serious natural disasters in recent years. After ex-Tropical Cyclone Alfred, the Government expects that total costs for national disaster support will continue to rise to at least $13.5 billion.

Funding to support disaster recovery will continue to increase as the Commonwealth shares recovery costs with the states in response to recent events like the early 2025 north and Far North Queensland Tropical Low and ex-Tropical Cyclone Alfred. The Government has provisioned an additional $1.2 billion in the Contingency Reserve to fund these future costs.

Climate change is causing more frequent and extreme weather events, with compounding and increasing effects on our economy, security and trade. To help strengthen our resilience and preparedness, the Government is developing a comprehensive National Climate Risk Assessment and National Adaptation Plan to analyse climate risks and guide action. New climate disclosure rules now require large businesses to report on material risks to their operations, which will enable the private sector to make more resilient investments and reduce the costs of future disasters.

Budget Priorities

Delivering responsible cost-of-living relief

The Government's economic plan has been focused on providing responsible cost-of-living relief and helping Australians earn more and keep more of what they earn. Key initiatives over this term of government include tax cuts for every Australian taxpayer, energy bill relief for every household, getting wages moving including through backing increases to award wages, ending non-compete clauses for most workers, funding wage increases for aged care workers and early childhood educators, cutting the cost of medicines and supporting a better deal for consumers.

New tax cuts for every Australian taxpayer

The Government will deliver new personal income tax cuts to every Australian taxpayer from 1 July 2026, adding to the first round of tax cuts that commenced on 1 July 2024. Under these changes:

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

These new tax cuts are modest but will provide further meaningful cost-of-living relief and return bracket creep. They will also boost labour supply, particularly for women and lower income Australians (see Box 1.2 for further detail).

A worker on average earnings ($79,000) will get a new tax cut of $268 in 2026–27 and $536 per year from 2027–28, compared to 2024–25 tax settings. Combined with the first round of tax cuts commencing in 2024–25, they will receive a total tax cut of $1,922 in 2026–27 and $2,190 per year from 2027–28, compared to 2023–24 tax settings. The average annual tax cut across all taxpayers is expected to be $2,548 in 2027–28, or around $50 per week, compared with 2023–24 settings.

The new tax cuts are estimated to decrease receipts by $17.1 billion over the 5 years from 2024–25. These tax cuts have been designed to help ensure fiscal settings remain consistent with inflation sustainably returning to the Reserve Bank of Australia's target band around the middle of this year.

The Government's first round of tax cuts is already flowing to Australian taxpayers, with more than 14 million taxpayers estimated to have benefitted from the tax cuts since July 2024. This includes around 3 million lower income taxpayers with taxable income of $45,000 or less, who would not have received any support previously.

The Government will also increase the Medicare levy low-income thresholds by 4.7 per cent for singles, families, and seniors and pensioners from 1 July 2024. This means more than one million Australians on lower incomes will continue to be exempt from the Medicare levy or continue to pay a reduced levy rate. This measure is estimated to decrease receipts by $648.0 million over the 5 years from 2024–25.

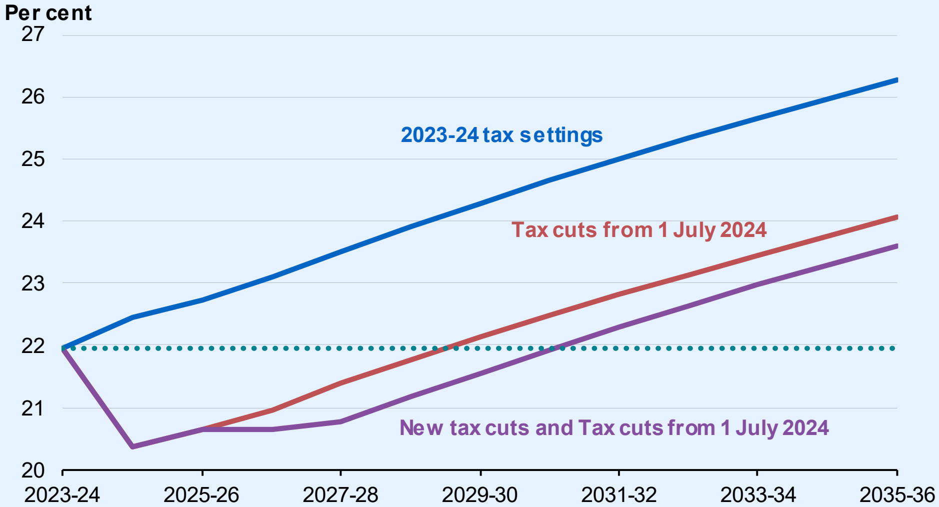
Box 1.2: New tax cuts for every Australian taxpayer

The Government will deliver new tax cuts to every Australian taxpayer from 1 July 2026, adding to the first round of tax cuts already rolling out. The new tax cuts are modest but will provide further meaningful cost-of-living relief, return bracket creep, enhance incentives to work, boost labour supply and support the private sector recovery.

The Government will cut the first marginal tax rate from 16 to 14 per cent over two years from 1 July 2026, bringing this rate to its lowest level in over 50 years. The new tax cuts have been designed to ensure fiscal settings remain consistent with inflation sustainably returning to the Reserve Bank of Australia's target band this year.

A worker on average earnings ($79,000) will get a new tax cut of $268 in 2026–27 and $536 per year from 2027–28, compared to 2024–25 tax settings. Combined with the first round of tax cuts commencing in 2024–25, they will receive a total tax cut of $1,922 in 2026–27 and $2,190 per year from 2027–28, compared to 2023–24 tax settings. The average annual tax cut across all taxpayers is expected to be $2,548 in 2027–28, or around $50 per week, compared with 2023–24 settings.

Chart 1.1 Average tax rate for a worker on average earnings



Source: Treasury

The tax cuts return bracket creep by lowering average tax rates for all taxpayers, especially for low- and middle-income earners. The average tax rate for a worker on average earnings is not expected to exceed 2023–24 levels until 2031–32 – two years later than under current settings (Chart 1.1).

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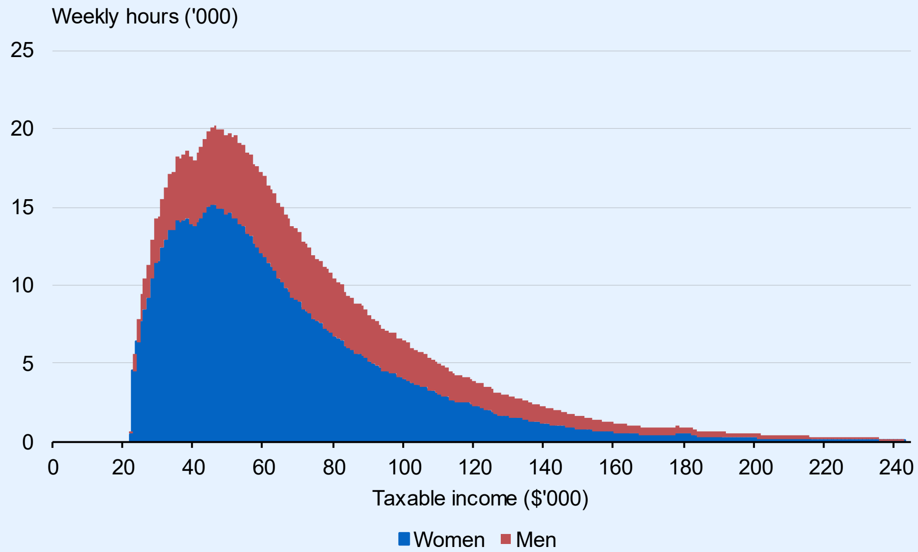
Box 1.2: New tax cuts for every Australian taxpayer (continued)

The Government's tax cuts will support the economic recovery and businesses, and boost labour supply. Total tax cuts provided since 2024 are estimated to increase nominal household disposable income by 1.9 per cent by 2027–28, compared with 2023–24 tax settings, contributing to the expected gradual recovery in private sector demand over the next few years.

In addition, the new tax cuts will further improve incentives to work, especially for low-income and part-time workers who are predominantly women. The Government's combined tax cuts are expected to increase total hours worked by about 1.3 million hours per week compared to 2023–24 tax settings (Chart 1.2), equivalent to more than 30,000 full time jobs. This increase is driven mostly by women, who are expected to increase their labour supply by 900,000 hours per week compared to 2023–24 tax settings.

Chart 1.2 Expected change in weekly hours worked from combined tax cuts, by sex and taxable income



Source: Treasury analysis.
Note: Shows the distribution of the expected increase of 1.3 million hours worked per week by sex and taxable income (in $1,000 income brackets).

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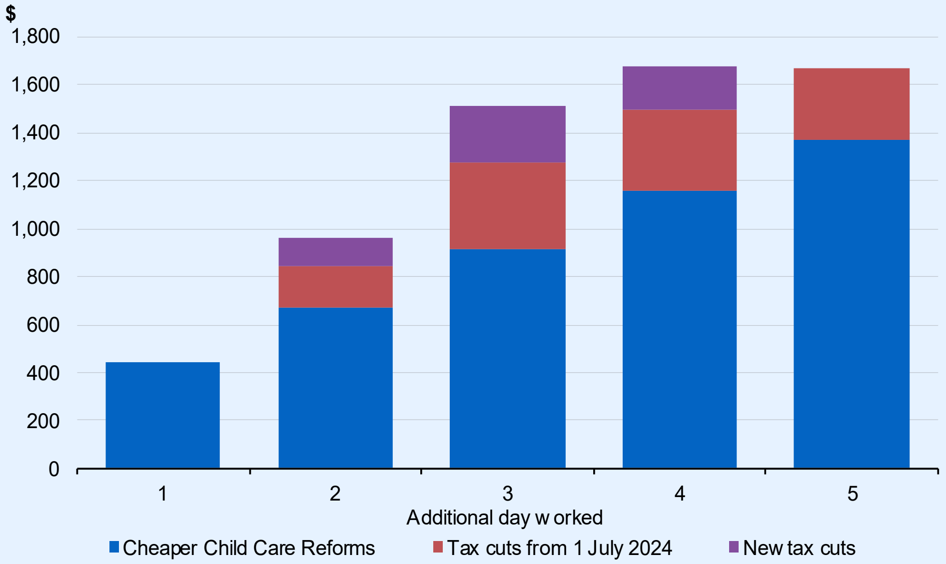
Box 1.2: New tax cuts for every Australian taxpayer (continued)

The Government's tax cuts complement other Government reforms to support participation. When combined with the Government's Cheaper Child Care policy, the tax cuts can significantly increase the financial reward from working additional days – especially for secondary earners. For example, a secondary earner with a full-time equivalent annual income of $60,000, a partner earning $80,000 per year and a two-year-old child will receive a $5,720 boost to their disposable income if the secondary earner chooses to work three days a week rather than two (from 2027–28) – $1,515 more than without the Government's policy changes (Chart 1.3).

Chart 1.3 Increase in take-home pay from Cheaper Child Care and tax cuts for a secondary earner in 2027–28



Source: Treasury

Note: Secondary earner has a full-time equivalent annual income of $60,000, a partner earning $80,000 per year and a two-year-old child. Benefit is for each additional day of work for the secondary earner and does not include the additional income earned, or the value of the tax cuts for the primary earner. The tax benefit is calculated relative to 2023–24 tax settings. The two-year-old child is assumed to attend long day care for 10 hours per day on the same days worked by the secondary earner, for 50 weeks per year, at the average hourly rate. Disposable income/take-home pay is the income available to the individual after accounting for Family Tax Benefit, tax payable and net childcare costs.

More help with energy bills

Additional energy bill relief to reduce cost-of-living pressures

The Government is committing an extra $1.8 billion to extend energy bill relief to the end of the 2025 calendar year. Over ten million households and one million eligible small businesses will receive two additional quarterly $75 rebates, extending support throughout 2025.

These rebates are on top of around $5 billion in rebates being applied to the electricity bills of households and small businesses through the program over 2023–24 and 2024–25. Energy bill relief being delivered by the Commonwealth in 2024–25 will take $300 off household electricity bills nationally, including another $75 rebate still to be applied to bills from 1 April 2025. Commonwealth and state government rebates have contributed to large declines in electricity bills over the past year, with prices falling 25.2 per cent through the year to the December quarter 2024, directly reducing inflation by 0.6 of a percentage point.

Protecting consumers in the energy market

The Australian Competition and Consumer Commission's (ACCC) Inquiry into the National Electricity Market will be extended for 12 months, helping to ensure households and small businesses are getting a fair deal from their energy retailers. This builds on reforms underway to make it easier for consumers to get onto the cheapest energy plans, including making it easier to switch to better deals, increasing support for those in hardship and delivering more protections for consumers. Reforms delivered will help consumers save hundreds of dollars in annual energy bill costs by helping them to switch to the best deals available.

Getting wages moving

Backing increases to minimum and award wages

The Government has advocated for wage growth for low-paid workers in each of the last three Annual Wage Reviews. Across the three Annual Wage Review decisions since 2022, the National Minimum Wage has increased by $143.30 per week and by $7,451.60 per year, with record increases in 2022 and 2023.

The Government legislated to make gender equality an objective of the *Fair Work Act 2009* and supports the Fair Work Commission's Gender Undervaluation – Priority Awards Review, which seeks to remedy potential historical undervaluation in awards used in priority female-dominated industries.

Funding wage increases for aged care workers and early childhood educators

Paid care work is dominated by women and has historically been lower paid and insecure. In recent years the Government has taken significant action to support strong wage growth for care and support economy workers. This includes investing $3.6 billion to support a pay rise for the early childhood education and care workforce and $17.7 billion for the aged care workforce following the Fair Work Commission Aged Care Work Value Case decisions, including an additional $2.6 billion to support further wage increases for aged care nurses from 1 March 2025.

These increases particularly benefit women, who make up around 92 per cent of the early childhood education and care workforce and 86 per cent of the aged care workforce.

Cheaper medicines

The Government will be making medicines even cheaper for Australians by decreasing the maximum general co-payment under the Pharmaceutical Benefits Scheme (PBS) from $31.60 to $25.00 from 1 January 2026. By further reducing the maximum co-payment, more than five million Australians are expected to cumulatively save more than $200 million each year in out-of-pocket costs. This is in addition to the almost 300 medicines now available as part of the Government's expansion of maximum dispensing quantities through 60-day prescriptions.

To further improve access and affordability of medicines the Government is also providing $1.8 billion for new and amended listings on the PBS, Repatriation Pharmaceutical Benefits Scheme, Stoma Appliance Scheme and Take Home Naloxone program. This includes new oral contraceptives and treatments for endometriosis, relapsed or refractory diffuse large B-cell lymphoma, menopause and treatment-resistant major depression.

A fair go for consumers

Helping consumers get a better deal

The Government has provided $38.8 million to the ACCC to boost its capability to make sure consumers get a fair go. This included funding for the ACCC to increase investigation and enforcement activity on harmful activity in the supermarket and retail sectors.

In MYEFO, the Government committed to streamline commercial planning and zoning under the revitalised National Competition Policy (NCP), backed by a $900 million National Productivity Fund. The reform will improve competition, create new opportunities for business entry and growth and help to lower prices faced by consumers.

The Government is also providing relief to reduce the costs of 30 essential products, such as milk, vegetables and nappies, in more than 76 remote stores in First Nations communities across Australia to help ease cost-of-living pressures and improve food security.

Tackling excessive surcharges

The Government is tackling unfair excessive card surcharges to help consumers get a better deal at the checkout. The Government is providing funding for the ACCC to improve compliance with the current legislative ban on excessive card surcharges, by increasing monitoring activity and developing a campaign to increase awareness and understanding of surcharging.

The Government is prepared to ban debit card surcharges, subject to safeguards and further work by the RBA to ensure both small businesses and consumers can benefit from lower cost payments. While the RBA completes its important work, the ATO and Services Australia stopped passing on surcharges on debit card payments from 1 January 2025.

Targeting unfair trading

The Government will work with state and territory governments to introduce proposed bans on Unfair Trading Practices, including subscription traps. The Government will also empower regulators to issue infringement notices or pursue penalties when businesses fail to provide remedies for breaches of the Consumer Guarantee and Supplier Indemnification provisions of the Australian Consumer Law.

Strengthening Medicare

The Government is committed to ensuring that every Australian has access to high-quality health care and is delivering record investments to build a stronger Medicare. More than $23.5 billion has been invested in Strengthening Medicare since the 2022–23 October Budget – including recent measures to expand bulk billing, increase access to urgent care to ease pressure on public hospitals, improve choice for women and grow the health workforce. These investments will help make health care more accessible and affordable for all Australians.

Expanding bulk billing in every community and investing in our workforce

The Government is investing $8.5 billion over five years from 2024–25 to provide new and expanded incentives to further boost the rate of bulk billing, alongside new investments to train and grow our health workforce.

Bulk billing incentives will be expanded to cover all Australians for the first time. From 1 November 2025 an additional 15 million individuals will be eligible.

On top of the expanded bulk billing incentives, the Government will provide an incentive payment to practices who choose to fully bulk bill. The Bulk Billing Practice Incentive Program is expected to raise the total number of fully bulk billing practices Australia-wide to around 4,800 by 2028–29, further increasing access to free general practitioner (GP) care for patients.

By 2030, these measures are expected to result in nine out of ten GP visits being bulk billed and an additional 18 million services being bulk billed each year. This measure builds on the $3.5 billion previously invested as part of the 2023–24 Budget, which tripled the bulk billing incentive for a range of consultation items available for Commonwealth concession card holders and patients under 16 years of age.

This package also includes investments to deliver more Australian doctors and nurses. This includes through additional GP training places, salary incentives for junior doctors to specialise in general practice, and funding for paid parental leave and study leave for trainee GPs to address the differences in pay and leave entitlements which GP trainees face.

Through this package, an additional 1,300 doctors are expected to enter GP training over four years from 2026. By 2028, the Government will fund the training of 2,000 new GP trainees per year. This package will also deliver more scholarships for nurses and midwives to undertake postgraduate study to extend their skills and qualifications, and attain endorsement as a nurse practitioner or endorsed midwife.

The Government is also ensuring the Medicare Benefits Schedule (MBS) is up to date with the latest clinical standards, investing $256.2 million over four years from 2025–26 to introduce new and amend existing items on the MBS. This includes new items to treat severe speech and language disorders, help manage advanced neuroendocrine tumours, and support telehealth services with consultant physicians.

Improving access to urgent and hospital care

The Government is providing additional funding to increase access to urgent care and public hospitals to help ensure health care is accessible when Australians need it most.

The Government will provide $657.9 million over three years from 2025–26 to expand and support the Medicare Urgent Care Clinics Program. Funding will establish a further 50 Medicare Urgent Care Clinics across the country, with more clinics in every state and territory, as well as extending the operations of some existing clinics. This will support Australians to access urgent care and help to reduce pressure on hospital emergency departments. This expansion builds on the existing network of 87 Medicare Urgent Care Clinics, which have delivered over 1.3 million bulk billed visits across the country.

Complementing the significant Strengthening Medicare investments and as part of a 1-year extension of the 2020–2025 Addendum to the National Health Reform Agreement, the Government is providing $1.8 billion as an additional one-time fixed amount to fund hospital and health related services from 1 July 2025, including a one-off uplift to the Northern Territory. In 2025–26, the total Commonwealth contribution to state-run hospitals will increase by 12 per cent to reach a record $33.9 billion. These investments will help to cut waiting lists, reduce waiting times in emergency rooms, and manage ambulance ramping across our public hospitals.

Investing in women's health

Recognising the importance of women's health, the Government is providing $792.9 million over five years from 2024–25 to deliver more choice, lower costs and better health care for women. This includes increased Medicare rebates and more bulk billing for long-acting reversible contraceptives and enabling these services to be delivered by nurse practitioners. It also includes funding to establish eight new Centres of Training Excellence, to ensure healthcare professionals are trained, skilled and confident when delivering these critical services.

The Government has listed the oral contraceptive pills Yaz® and Yasmin® on the PBS. These are the first new oral contraceptive pills listed in more than 30 years. These listings are expected to benefit more than 50,000 women each year, who would otherwise pay around $380 per year and will now pay $126.40 a year, or just $30.80 a year with a concession card. The Government is also listing a progestogen only oral contraceptive pill Slinda®, benefitting over 100,000 women who would otherwise pay more than $250 for a year of treatment. Funding will also go towards two national trials to make it cheaper and easier for women with concession cards to access oral contraceptives and treatment for uncomplicated urinary tract infections.

The Government is also providing support for women experiencing menopause. The package includes a new Medicare rebate for menopause health assessments, the development of the first ever national clinical guidelines for menopause treatment, funding to train health professionals and a national awareness campaign. It also includes the first PBS listing for new menopausal hormone therapies in over 20 years, with around 150,000 women expected to save hundreds of dollars a year from the listing of Prometrium®, Estrogel® and Estrogel Pro®.

The Government is providing support for the roughly one in nine women who suffer from endometriosis. Funding in this Budget will support the delivery of 11 new endometriosis and pelvic pain clinics and the expansion of their capabilities so that all 33 clinics can provide specialist support for menopause. The Government is also listing the endometriosis treatment Ryeqo® on the PBS. Around 8,500 Australian women are expected to benefit from this listing each year, who without subsidy, might pay more than $2,700 for a year of treatment.

Over 6,000 women per year are also expected to benefit from amendments to the PBS listing of Pergoveris® to double the maximum number of Pergoveris pens (four instead of two) per script. These changes will ensure that women undergoing IVF receive earlier and more affordable access to this form of fertility treatment, which would cost more than $3,500 per year without PBS subsidy.

Digital mental health

The Government is providing an additional $46.0 million to continue digital mental health services. Funding will be provided directly to nationally available services, which are free or low-cost and do not require a referral. Many digital mental health services are tailored for cohorts at a higher risk of mental-ill health, including gender diverse individuals, children, young people, First Nations Australians and people from culturally and linguistically diverse communities.

Making it easier to buy and rent a home

The Government has a $33 billion plan to build more homes and make it easier for Australians to buy or rent a home.

Ambitious national plan for 1.2 million homes

The Government has a comprehensive plan to ease housing shortages and improve affordability. The National Housing Accord (the Accord) is central to this plan, bringing together all levels of government, industry and investors in a joint effort to deliver the new housing supply Australia needs. An ambitious target of 1.2 million new, well-located homes over five years is driving the needed investment and reforms to support housing supply. Nearly 45,000 new homes were completed in the first quarter of the Accord, with this number to increase as the Government's initiatives to increase the supply of labour to the residential construction sector, work with states to create a more efficient and responsive planning and zoning system and incentivise the construction of more homes take effect.

Building more homes more quickly

The Government is supporting 55,000 social and affordable homes over the next five years through initiatives like the Housing Australia Future Fund (HAFF) and the Social Housing Accelerator. Combined, Rounds 1 and 2 of the HAFF and Round 1 of the Accord are expected to deliver around 18,000 social and affordable homes.

The Government has committed $1.5 billion through the Housing Support Program to state and territory and local governments to fund projects to improve planning capability, deliver enabling infrastructure such as roads, water and power, and to build more social housing. With the Government also offering $3 billion in incentive payments under the New Homes Bonus, up to $4.5 billion in funding is committed for states to address infrastructure backlogs and reduce barriers to new housing.

In this Budget, the Government is investing $54 million to accelerate the uptake of modern methods of construction. The Government has also committed $120 million from the National Productivity Fund to incentivise states to remove red tape preventing the uptake of modern methods of construction, which will help more homes be built faster.

The Government is also continuing to work with states on the National Planning Reform Blueprint to build homes faster.

Expanding Help to Buy

The Government is expanding the Help to Buy scheme to support Australians to buy homes with lower deposits and smaller mortgages. This Budget is committing around $800 million to lift the property price and income caps to make the scheme more accessible. Under the scheme, the Government will provide an equity contribution of up to 40 per cent to support eligible home buyers buy a home with a lower deposit and smaller mortgage, helping around 40,000 Australian households locked out of the market into home ownership.

Banning foreign buyers of established homes

Foreign buyers will be banned from purchasing existing dwellings for a 2-year period from 1 April 2025. The Government is providing $5.7 million to the ATO to enforce the ban. The Government is also providing $8.9 million to the ATO and Treasury to implement an audit program to target land banking by foreign buyers.

Improving access to housing and homelessness services

The Government is providing $9.3 billion to states and territories to combat homelessness, provide crisis support and maintain social housing through the National Agreement on Social Housing and Homelessness. This includes the doubling of dedicated Commonwealth funding for homelessness services to around $400 million per year, which states are required to match. This Budget also provides $6.2 million for homelessness research, advocacy and coordination to improve outcomes for vulnerable Australians.

An additional $1 billion provided to the National Housing Infrastructure Facility is also being used to support crisis and transitional accommodation for women and children experiencing domestic violence, and for youth experiencing, or at particular risk of experiencing, homelessness.

Supporting renters

Continuing the Government's commitment to responsible cost-of-living relief, the Government has delivered the first back-to-back increases to Commonwealth Rent Assistance in 30 years. Combined with indexation, the maximum rates of rent assistance are 45 per cent higher since the Government came to office, benefitting around one million households.

The Government is also implementing A Better Deal for Renters to harmonise and strengthen renters' rights across Australia. This includes a framework on genuine reasonable grounds for eviction and moving towards limiting rental increases to once per year.

The Government has implemented tax measures to support greater investment in build-to-rent developments and increase the supply of affordable tenancies. Industry estimates indicate these changes may support around 80,000 new long-term, stable and secure rental homes in Australia over the next decade.

Boosting the construction workforce

The Government will invest in the pipeline of construction workers by doubling the current maximum incentive payments for eligible housing construction apprentices from $5,000 to $10,000 from 1 July 2025, supporting Australians through their training and boosting the construction workforce. To ensure that Australians have the skills they need, the Government has established Free TAFE. Between January 2023 and September 2024, there have been close to 600,000 Free TAFE enrolments, with almost 40,000 of these in construction sector courses. The Government has now introduced legislation to make Free TAFE permanent, funding 100,000 Free TAFE places annually from 1 January 2027.

Investing in every stage of education

The Government is investing in an education system to drive future prosperity. Key priorities include providing greater access to and improving the affordability of high-quality early childhood education and care, putting public schools on a path to full and fair funding, supporting students and graduates by making the student loan system fairer, and reforming our tertiary education system through Free TAFE and a new university funding model.

Next steps in building a universal early childhood education and care system

The Government is committed to building a universal early childhood education and care system where every child is guaranteed access to at least three days per week of quality early education and care, which is simple and affordable for every family.

Key initiatives include Cheaper Child Care for over one million families, funding to lift the wages of early educators, establishing the Building Early Education Fund to build new child care centres and drive supply of high quality care, and replacing the Child Care Subsidy activity test with a new 3 Day Guarantee.

The changes were informed by the Productivity Commission's inquiry report *A pathway to universal early childhood education and care* and the ACCC's 2023 *Childcare Inquiry*. These changes will improve the accessibility and affordability of early childhood education and care, including for the children who will benefit the most from it but are currently the least likely to attend.

A better and fairer education system

The Government is working towards putting all public schools in Australia on a path to full and fair funding to help create a better and fairer education system for all students.

The Government will provide additional schools funding to jurisdictions that have signed the Better and Fairer Schools Agreement (Full and Fair Funding 2025–2034) bilateral agreements. The agreement sees the Commonwealth increase its share of the Schooling Resource Standard to 25 per cent by 2034–35, putting schools on a path to full and fair funding.

The agreement ties new funding to reforms to help lift education standards across the country. This includes mandating evidence-based teaching practices including explicit teaching, Year 1 phonics and early years of schooling numeracy checks to identify students who need additional help, more individualised and intensive supports for students and more mental health support in schools.

Negotiations with jurisdictions that are yet to sign the bilateral agreement are continuing, with funding being held in the Contingency Reserve pending finalisation of negotiations.

Support for students and graduates

The Government is making changes that will reduce Higher Education Loan Program (HELP) and other student debts for more than three million Australians by around $19 billion and is continuing to make the student loan system fairer.

The Government will reduce outstanding student debts by 20 per cent, which will remove $16 billion in debt, and will make the repayment system fairer by moving to a marginal repayment system with a higher minimum repayment threshold. These changes will deliver significant cost-of-living relief to Australians with student debt, allowing them to keep more of what they earn.

The Government has already legislated a cap on HELP indexation based on the lower of the Consumer Price Index or the Wage Price Index. The change was backdated to 1 June 2023, and has reduced outstanding student debt by around $3 billion.

Making Free TAFE permanent

The Government is committed to creating a highly skilled and trained workforce to meet the skills needs of the future, and has set a target of 80 per cent of the working age population having a tertiary qualification by 2050. Over the next decade, nine out of ten new jobs will require post-secondary qualifications and almost half will come through VET pathways.

The Government has introduced legislation to make permanent 100,000 Free TAFE places every year from 1 January 2027. Ongoing Free TAFE will ease cost-of-living pressures for students while supporting them to obtain secure employment. Between its commencement in January 2023 to September 2024, there were close to 600,000 Free TAFE enrolments in courses linked to key priority areas across the economy.

A new university funding system

To help meet our 80 per cent tertiary attainment target, the Government is also supporting the sustainable growth of the university sector by implementing key recommendations of the Universities Accord, including establishing new university governance and funding mechanisms.

The new university funding system will provide more university places and will support students from under-represented backgrounds to enrol in universities and complete their degrees. The Government's expansion of access to FEE-FREE Uni Ready Courses is also providing more students with a pathway to university. The Commonwealth Prac Payment, commencing 1 July 2025, will also alleviate the financial impact of being on placement for eligible students and support retention in courses related to sectors with skills shortages.

The Government is establishing the Australian Tertiary Education Commission, which will provide advice on higher education pricing matters, tertiary sector harmonisation and sector performance to ensure that tertiary education remains strong and responsive to Australia's future needs.

Building a stronger economy

The Government has an ambitious reform agenda to build a stronger, more productive and more resilient economy. This includes a strong focus on competition policy and unlocking investment in strategic areas as part of the Future Made in Australia agenda.

The Government is ensuring Australian workers are well-placed for the jobs of the future, supporting our thriving suburbs and regions and backing small businesses.

A more dynamic and productive economy

Competition is an essential tool for reducing the cost of living and boosting productivity. Commonwealth, state and territory governments have committed to two new agreements to deliver a landmark 10-year NCP reform program.

The first tranche of five priority Commonwealth and state-led reforms focus on easing cost-of-living pressures. This includes reforms to streamline commercial planning and zoning, level the playing field for modern methods of construction, develop a broader right to repair, allow easier adoption of overseas standards and pave the way for a national worker screening check. The reforms are underpinned by the $900 million National Productivity Fund to reward states and territories for agreed reforms that promote competition.

The next tranche of reforms will include:

- banning non-compete clauses for low- and middle-income workers. This will free many Australian workers to move to more productive, higher-paying jobs and start their own business
- working with states and territories, employers and unions through NCP to design a national licensing scheme for electrical occupations.

Banning non-competes for low and middle income workers

Non-compete clauses prevent or restrict workers from moving (or attempting to move) to a competing employer, or from starting or operating a competing business, with a specific geographic location and for a certain duration. They are often broad in scope and significantly reduce worker mobility, especially for lower-paid workers.

The Government's Competition Review found compelling evidence that non-compete clauses are now a common and growing feature of Australia's labour market, and are suppressing the wages of many workers, including many lower-paid and vulnerable workers. The review found the clauses are often being used indiscriminately across income levels and occupations including for child care workers, construction workers and hairdressers.

The Government will ban non-compete clauses that apply to workers earning less than the high-income threshold in the Fair Work Act (currently $175,000). The Government will also close loopholes in competition law that currently allow businesses to:

- Fix wages by making anti-competitive arrangements that cap workers' pay and conditions, without the knowledge and agreement of affected workers
- Use 'no-poach' agreements to block staff from being hired by competitors.

The Government will consult on policy details, including exemptions, penalties, and transition arrangements and will also consider and consult further on non-solicitation clauses for clients and co-workers and non-compete clauses for high-income workers.

Box 1.3: Benefits of the revitalised National Competition Policy

The Commonwealth, state and territory treasurers are working to revitalise National Competition Policy (NCP). This includes an ambitious decade long reform program underpinned by the Government's $900 million National Productivity Fund.

Modelling from the Productivity Commission's National Competition Policy Study found a revitalised NCP could deliver an ongoing boost to annual GDP of up to $45 billion and drive down prices, while supporting an efficient net zero transformation and the delivery of quality care services. These benefits are similar in scale to those of the NCP reforms of the 1990s, which brought a period of sustained economic growth that lifted incomes by $5,000 per household in today's dollars.

In November 2024 the Government agreed a first tranche of priority reforms focused on easing cost-of-living pressures and reducing regulatory burden. It is now adding reforms to non-competes and occupational licensing.

Banning the unreasonable use of non-compete clauses could increase annual GDP by $5 billion once the reforms take full effect. Around 3 million Australian workers are now subject to these clauses, and they are increasingly common even in lower-wage areas like child care. This reform will free up many Australian workers to move to higher paying jobs and start their own businesses, allow growing businesses to access talented workers, and boost wages and productivity across the economy. Research suggests the reforms could lift wages by between 2 to 4 per cent or up to $2,500 per year for affected workers on median wages.

Reforming occupational licensing was also estimated to yield significant benefits, boosting annual GDP by up to $10 billion. The Government is committing in this Budget to work with the states and territories, unions and employers on a national occupational licence for the electrical trades. This will allow electricians to move to where they're needed most, bringing significant benefits for workers, business and consumers through improved labour mobility, reduced red tape and by easing cost-of-living pressures.

Other competition reforms

From 1 January 2026, the Government will commence a new mandatory merger system to promote competition, protect consumers and provide greater certainty to businesses by streamlining the approvals process. The reforms will simplify and speed up the process for mergers, consistent with the national interest, and give the ACCC stronger powers to identify and scrutinise transactions that pose a risk to competition, consumers and the economy.

The reforms are part of the Government's productivity agenda, which includes abolishing 457 nuisance tariffs, boosting competition in the financial system, reforming skills and education, establishing a comprehensive review of research and development, reforming the delivery of aged care and modernising the energy grid.

Building a Future Made in Australia

The Government's Future Made in Australia agenda is seizing the vast economic and industrial opportunities on offer from the transformation to cleaner and cheaper energy. The Government is progressing a range of reforms to secure Australia's place in a changing global economic and strategic landscape.

The 2024–25 Budget invested $22.7 billion over a decade to bring new jobs and opportunities to communities in every part of Australia, including funding to better prioritise approval decisions, support for innovative technology and clean energy manufacturing and establishing a new Front Door for investors.

Since MYEFO, the Government has progressed a broad range of initiatives aligned with the Future Made in Australia agenda. This includes the passage of legislation supporting the hydrogen and critical minerals production tax incentives and committing an additional $2 billion to the Clean Energy Finance Corporation to continue mobilising critical private investment into renewable energy, energy efficiency and low emissions technologies.

The Government has also announced priority sector funding allocations from the $1.7 billion Future Made in Australia Innovation Fund. This includes $750 million for green metals, $500 million for clean energy technology manufacturing capabilities including electrolysers, batteries and wind towers and $250 million for low carbon liquid fuels.

Front Door for investors

The Government is establishing a new Front Door for investors with major transformational proposals, with pilot services expected to commence from September 2025. The Front Door will make it simpler to invest in Australia and attract more global and domestic capital. It will act as a single-entry point for investors, help the Government to identify priority projects and provide those projects with coordinated facilitation services. An Investor Council will support the Front Door to prioritise proposals, coordinate public financing and facilitate information sharing on potential investment opportunities.

Support for Australian made green metals

The Government is investing in Australia's future green metals industries so Australia can take advantage of the emerging global green metals opportunity, supporting Australian jobs as the economy decarbonises. This investment will also drive innovation in domestic heavy manufacturing, with green metals enhancing Australia's industrial capabilities and supporting progress toward more sustainable production.

The Government's $2 billion Green Aluminium Production Credit, available from 2028–29, will support Australian aluminium smelters to transition to renewable electricity and decarbonise. The Government's $1 billion Green Iron Investment Fund will help establish an Australian green iron industry by providing upfront capital support to eligible facilities.

The Commonwealth Government is also working with the South Australian Government to support the future of steelmaking in Whyalla. The Commonwealth Government is providing immediate support for the Whyalla Steelworks' administration process and for creditor assistance payments to support local businesses that would otherwise remain out of pocket during the administration period. This is part of a broader $2.4 billion package, in partnership with the South Australian Government, to support the longer-term transformation of the steelworks, which includes consideration of investment through the $1 billion Green Iron Investment Fund and potential further financing support, subject to commercial negotiations.

Backing Australia's small businesses

The Government is supporting Australia's small businesses in our local communities, helping to drive innovation and productivity.

Further levelling the playing field for Australia's small businesses

The Government is supporting small businesses to receive timely payment for their work. The Government will promote 20-day payment times for contractors and subcontractors working for Commonwealth Government Business Enterprises and non-corporate Commonwealth entities on major construction activity.

Illegal phoenix operators cause harm to small businesses and the wider community. The Government has committed additional funding for the Australian Securities and Investments Commission to improve its ability to identify and take enforcement action against those involved in illegal phoenixing conduct, focusing on the sectors that are more susceptible and impacted by such conduct, particularly construction.

The Government will provide funding to continue the stabilisation of Australia's business registers and undertake targeted uplifts, including linking Director Identification Numbers to the Company Register. This reform will improve the quality of information available to investors and creditors about directors and further support efforts to combat illegal phoenixing.

The Government will work with states and territories on extending protections from Unfair Trading Practices to small businesses and has committed to delivering a better deal for thousands of small businesses in the franchising sector by providing additional funding to the ACCC to strengthen its enforcement of the Franchising Code of Conduct (the Code). The Government intends to extend protections from Unfair Contract Terms and Unfair Trading Practices to businesses regulated by the Code, subject to consultation.

Supporting the hospitality sector and alcohol producers

The Government is providing support for hospitality venues, brewers, distillers and wine producers through changes to the alcohol tax settings. The Government will pause indexation on draught beer excise for two years from August 2025 and expand the existing Excise remission scheme for alcohol manufacturers and Wine Equalisation Tax Producer Rebate by increasing the caps for both schemes to $400,000 from 1 July 2026.

Energy bill relief

From 1 July 2025, around one million eligible small businesses will receive $75 per quarter off their energy bills in the September and December quarters, with the Government committing around $1.8 billion to extend energy bill relief for six months. Over the last three budgets, energy bill relief has reduced small business energy bills by up to $800.

Energy efficiency grants

The Government is providing $56.7 million in grants through the Energy Efficiency Grants for Small and Medium Sized Enterprises program, delivered over two funding rounds. The program assists businesses with grants of up to $25,000 to manage their energy use and costs and improve their energy efficiency through a range of upgrades such as replacing inefficient appliances and improving space and water heating systems. Round 1 has supported 677 businesses with $15.5 million of grants and Round 2 is supporting 1,752 businesses with $41.2 million of grants.

Digital and cyber

Since the 2023–24 Budget, the Government has invested more than $60 million to help small businesses uplift their cyber security and digital capabilities through the Digital Solutions program, Cyber Wardens program, Cyber Resilience Service and the Cyber Health Check. Together, these programs help small businesses adopt digital tools and grasp the opportunities that going online offers, while supporting small businesses to prevent and bounce back from cyber incidents.

Securing Australia’s place in the world

Australia’s economic and national security are increasingly intertwined as we grapple with global risks and the evolving security environment. The Government’s 2024 National Defence Strategy set in motion a transformation of the Australian Defence Force’s capability, focus and structure. This is underpinned by the Government’s investment of $330 billion in the Defence Integrated Investment Program out to 2033–34 which will mean that Defence funding will exceed 2.3 per cent of GDP by the early 2030s. This includes a $50.3 billion investment provided in the 2024–25 Budget.

The investment in Defence includes $159 billion in maritime capability over the decade which will support over 8,500 jobs by 2030. Additionally, over 20,000 jobs over the next 30 years will be created to support the nuclear powered submarine program.

Australia has already committed more than $1.3 billion in military assistance to Ukraine. This Budget includes further support for more equipment, as well as $36.0 million over five years from 2024–25 (and $7.8 million per year ongoing) for the Australian Embassy in Kyiv which is enabling the return of diplomatic and consular staff to Ukraine.

The Government is ensuring Australia is a partner of choice in the Pacific, which is important for regional stability and economic prosperity. The Government has secured ANZ's long-term commitment to banking in the Pacific region, through the provision of a 10-year guarantee to ANZ starting from 1 July 2025. This is part of the Government's efforts to keep communities and economies connected, and finance flowing in our region.

This Budget also includes an important $44.6 million initial investment in response to the 2024 Independent Intelligence Review.

Thriving cities, suburbs and regions

Completing the NBN

The Government is making a further equity investment of up to $3 billion for NBN Co. to upgrade Australia's remaining national fibre-to-the-node network and ensure that Australians have access to faster and more reliable broadband services. This will complete the rollout of the National Broadband Network, with upgrades to a further 622,000 premises. This will work alongside the recently announced Universal Outdoor Mobile Obligation, which will establish continent-wide SMS and basic voice service by 2027 through the use of new Low Earth Orbit Satellite technology.

Delivering transport infrastructure

The Government is continuing to refocus its over $120 billion 10-year infrastructure investment pipeline on nationally significant road and rail projects that will improve the productivity and resilience, liveability and sustainability of our cities, regions and communities.

Since MYEFO, the Government has announced a $7.2 billion investment in the Bruce Highway – Targeted Safety Package, enhancing a critical transport route through Queensland.

The Government is providing $17.1 billion over ten years from 2024–25 for new and existing road and rail projects as part of the Infrastructure Investment Program, including $2 billion to upgrade Sunshine Station and $1 billion for the Road Blitz with the Victorian Government, $1 billion towards supporting the South West Sydney Rail Extension, and $200 million for the duplication of the Stuart Highway from Darwin to Katherine.

Supporting regional banking

The Government has secured commitments from the banks to ensure banking services remain available in the regions. All major banks have now committed to a moratorium on regional branch closures for two and a half years, which will ensure no regional branch closures by these banks before 31 July 2027.

The Government has also secured agreement of the banking sector to increase its investment in Australia Post's Bank@Post service. The major banks are expected to have new Bank@Post agreements in place with Australia Post soon and Macquarie and HSBC are now also in negotiations on Bank@Post. These new agreements will improve the financial outlook for Bank@Post and provide greater certainty and choice to banking customers, particularly in rural and regional areas.

Keeping our regions connected

The Government is providing up to $130 million in secured loans to keep Rex Airlines operational during its extended voluntary administration to 30 June 2025, while a competitive sale process is held. The Government is working with the states and the airline's administrators to maintain connectivity and critical aviation services for regional and remote communities.

Protecting our environment

The Government is providing $262.0 million over five years from 2025–26 to meet its '30 by 30' commitment of conserving 30 per cent of Australia's landmass and 30 per cent of Australia's marine areas by 2030.

The Government will partner with state and territory governments and private landholders to preserve Australia's iconic bushland. This will be done through a range of measures including investment in nature repair market projects and working with landholders in regions with high biodiversity value, creating havens for endangered species, restoring degraded government land and supporting the establishment of new Indigenous Protected Areas. It will also build on the Government's investments that have increased ocean protection while continuing to support sustainable commercial fisheries.

Broadening opportunity and advancing equality

The Government is making investments to support the most vulnerable, broaden economic opportunities and safeguard the critical services Australians rely on. Key initiatives include record investments in women's safety, improving service delivery for veterans, supporting economic empowerment for First Nations Australians and improving the lives of people living with disability.

Ending gender-based violence

In this Budget, the Government is increasing its investments to end the national crisis of gender-based violence by providing additional funding to strengthen justice system responses to sexual violence. These funds will support targeted measures to improve victim and survivor engagement with the justice system and inform a broader response to the Australian Law Reform Commission Inquiry into Justice Responses to Sexual Violence.

The Government is also providing additional funding to support the continued delivery of family, domestic and sexual violence services to First Nations women, children and communities.

Initiatives in this Budget bring the Government's investments to support women's safety and deliver the *National Plan to End Violence Against Women and Children 2022–32* to over $4 billion since the 2022–23 October Budget.

This is in addition to $3.9 billion over five years from 2025–26 to establish a new National Access to Justice Partnership to support access to legal services, including for people experiencing gender-based violence.

Looking after our veterans

The Government has released its response to the Final Report of the Royal Commission into Defence and Veteran Suicide, setting out a plan for real, meaningful and enduring reform to improve wellbeing for Defence Force personnel, veterans and families.

This Government has provided over $1.1 billion in funding, including a further $47.6 million in this Budget, to the Department of Veterans' Affairs (DVA) to ensure it continues to be appropriately resourced. Government investments in DVA have eliminated the backlog of veterans' compensation and rehabilitation claims and resulted in $13.0 billion additional payments flowing to veterans.

First Nations economic empowerment

The Government has delivered further investment in economic empowerment for First Nations people and communities. This includes boosting Indigenous Business Australia's (IBA) Home Loan Capital Fund by $70.9 million over two years from 2025–26, which will enable more First Nations Australians to own their home and build intergenerational wealth. This complements reforms to the *Aboriginal and Torres Strait Islander Act 2005* that came into effect on 15 February 2025 and give IBA the ability to borrow and raise funds to invest in First Nations business and communities.

The Government is also supporting a new place-based business mentoring and coaching program to support First Nations businesswomen and entrepreneurs achieve financial and economic success. To increase opportunities for First Nations businesses to grow and create jobs, the Government is strengthening the Indigenous Procurement Policy.

The Government is investing $506.4 million to support better outcomes for First Nations Australians and close the gap. This includes funding to improve access to culturally safe and qualified mental health supports, build a nutrition workforce across remote communities and improve the detection and management of rheumatic heart disease.

These measures are in addition to the Northern Territory Remote Aboriginal Investment, which was established in partnership with the Northern Territory Government and Aboriginal Peak Organisations Northern Territory. This investment of $842.6 million will assist remote communities access economic development and employment opportunities, and improve health, safety and education outcomes.

Improving the lives of people living with disability

The Government is investing $423.8 million to support people with disability. This includes $364.5 million to provide general supports for people with disability and their families, carers and kin. These supports will complement additional foundational supports to be co-funded with states and territories.

The Government is also providing $42.2 million to deliver the National Autism Strategy and $17.1 million to establish the Accessible Australia program to increase inclusive public infrastructure.

This funding builds on over $3 billion of investment by this Government to improve the lives and safety of people with disability in Australia.

The Government continues to improve the NDIS to deliver better outcomes and ensure every dollar allocated to NDIS participants reaches them and is spent in a meaningful way that makes a difference in their lives. These reforms will help safeguard the sustainability of the NDIS, ensuring it can continue to support future generations of Australians.