

Statement 1

Budget Overview

The 2023–24 Budget builds stronger foundations for a better future. It addresses the challenges Australians are facing today, better shares the opportunities in our society and lays the foundations for a stronger and more secure economy into the future.

Australians have shown resilience in the face of heightened global uncertainty, persistent inflation and higher interest rates, which are combining to slow our economy. The best response to these challenges is a responsible budget that strikes the right balance between fiscal restraint, easing cost-of-living pressures, securing the essential services people rely on and investing in sustainable drivers of growth.

This Budget achieves this while strengthening our fiscal position, with a budget surplus now forecast in 2022–23, and smaller deficits and lower debt over the forward estimates compared to October. This much stronger fiscal position would not have been achieved without a responsible approach to returning upward revisions of revenue to the budget and continued budget repair.

The Budget addresses our immediate challenges and sets Australia up for the future by:

- providing responsible and targeted cost-of-living relief
- strengthening Medicare
- broadening opportunities in our society and around the country
- investing in a stronger and more secure economy
- managing the budget responsibly.

The global economic outlook has deteriorated and is highly uncertain. High inflation and rising interest rates will see the weakest 2 years for the global economy in over 2 decades, outside of the Global Financial Crisis and the pandemic. Tighter financial conditions associated with recent banking strains in the United States and Europe are a further drag on growth and add more uncertainty to the global outlook.

The Australian economy is impacted by these challenges, but it is well-placed to navigate them. The unemployment rate is near 50-year lows, wages growth has picked up, and national income is being supported by elevated commodity prices. However, the global slowdown, persistent inflation and higher interest rates are expected to slow real GDP growth to 1½ per cent in 2023–24, before rising to 2¼ per cent in 2024–25. The unemployment rate is projected to remain low by historical standards, rising modestly to 4¼ per cent in 2023–24 and 4½ per cent in 2024–25.

Inflation has peaked and is moderating as global price shocks and supply constraints ease. While still elevated, inflation is expected to fall to 3¼ per cent in 2023–24 and return to the

target band in 2024–25. The Government’s cost-of-living measures will directly reduce the CPI in 2023–24 and are not expected to add to broader inflationary pressures in the economy.

A budget surplus of \$4.2 billion (0.2 per cent of GDP) is now forecast in 2022–23, ahead of most major advanced economies. An underlying cash deficit of \$13.9 billion is forecast in 2023–24; an improvement of \$30.1 billion since the October Budget. Over 5 years to 2026–27, there is a cumulative improvement in the underlying cash balance of \$125.9 billion. Debt and deficits are lower in each year of the forward estimates and medium term. Gross debt is estimated to reach a peak of 36.5 per cent of GDP in 2025–26, 10.4 percentage points lower and 5 years earlier than at the October Budget.

This stronger fiscal position is a consequence of the Government’s decision to bank 82 per cent of the revenue upgrades in this Budget, and 87 per cent across 2 Budgets.

The Budget prioritises responsible and targeted cost-of-living relief. This includes up to \$3.0 billion in energy bill relief in partnership with the states and territories, investing \$1.3 billion to deliver ongoing bill savings through home energy upgrades, tripling of the bulk billing incentive to make it cheaper and easier for Australians to see a doctor, and doubling the maximum dispensing quantity to 60 days for over 300 medicines.

The Government is providing targeted support to vulnerable Australians by expanding access to the Parenting Payment (Single), increasing the rate of income support payments like JobSeeker and Youth Allowance, delivering additional support to low-income renters and funding a wage increase for many aged care workers.

The Budget makes a historic \$5.7 billion investment to strengthen Medicare and provide patients better access and more affordable care. It invests in additional home care packages for older Australians who wish to remain at home for longer, and a commitment by Federal, state and territory governments to an NDIS Financial Sustainability Framework, ensuring the Scheme continues to provide life-changing outcomes for future generations of Australians with disability.

This Budget broadens opportunity in our society by advancing gender equality and includes \$589.3 million to support efforts to end violence against women and children. It invests in place-based programs to tackle entrenched and intergenerational disadvantage in communities, funds the Voice referendum and supports practical actions to improve the lives of Aboriginal and Torres Strait Islander people.

The Government is laying the foundations for a stronger, more secure economy by investing a further \$4.0 billion in our plan to become a renewable energy superpower, making new investments in strategic industries and providing additional support for small businesses. The Budget secures the future of vocational education and training, harnesses opportunities of the digital economy, and bolsters Australia’s industrial capacity through the AUKUS agreement. Australia’s security and prosperity continue to be safeguarded through new investments in national security capabilities and strengthening ties in our region.

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Statement 1: Budget Overview

Economic and Fiscal Outlook

Global growth is set to slow to 2¾ per cent in 2023, before a modest pick-up to 3 per cent in 2024. Elevated inflation, sharply rising interest rates and tighter financial conditions are all expected to constrain growth in advanced economies in 2023. These pressures are expected to more than offset the boost from the earlier-than-anticipated re-opening of China's economy following the lifting of pandemic restrictions from December 2022 onwards.

Overall, global growth over 2023 and 2024 is expected to be the weakest in over 2 decades, excluding the Global Financial Crisis and the pandemic. The outlook remains highly uncertain, with the balance of risks firmly tilted to the downside.

The Australian economy is not immune from these global economic challenges, but it is well-placed to navigate them. Strong employment growth and the fastest pace of wages growth in a decade have supported consumer spending, and elevated commodity prices are supporting export earnings. The economy is expected to expand by 3¼ per cent in 2022–23.

While the Australian economy is expected to outperform all major advanced economies, global and domestic headwinds will be a drag on activity in 2023–24. High inflation and rising interest rates are squeezing households, and these cost-of-living pressures along with weaker global growth will contribute to real GDP growth slowing to 1½ per cent in 2023–24.

Real GDP growth is expected to pick up to 2¼ per cent in 2024–25 with continued positive real wages growth and a recovery in household disposable income bolstering household spending.

Inflation has peaked and begun to moderate. The factors that caused the current inflationary period are beginning to ease and inflation is expected to return to target in 2024–25. The Government's measures to deliver cost-of-living relief will directly reduce the CPI in 2023–24, and are not expected to add to broader inflationary pressures in the economy. These measures are expected to reduce inflation by ¾ of a percentage point in 2023–24.

The unemployment rate is projected to remain low by historical standards, rising modestly to 4¼ per cent by the June quarter of 2024 and 4½ per cent by the June quarter of 2025. Wages growth is forecast to pick up further to 4 per cent in 2023–24, its fastest pace since 2009, supported by the Government's actions to boost wages for Australia's lowest paid. Wages are forecast to grow by 3¼ per cent in 2024–25.

Nominal GDP is forecast to grow strongly by 10¼ per cent in 2022–23. The strength of the labour market and a pick-up in wages growth, an elevated terms of trade from higher

commodity prices and stronger growth in domestic prices are all contributing to this strong growth. Nominal GDP growth is then expected to slow to 1¼ per cent in 2023–24 due to the assumed decline in commodity prices, which is offset by ongoing strength in domestic prices and growth in output. Solid output growth is expected to support nominal GDP growth of 2½ per cent in 2024–25.

Table 1.1: Major economic parameters ^(a)

	Outcome		Forecasts			
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Real GDP	3.7	3 1/4	1 1/2	2 1/4	2 3/4	2 3/4
Employment	3.6	2 1/2	1	1	1 3/4	1 3/4
Unemployment rate	3.8	3 1/2	4 1/4	4 1/2	4 1/2	4 1/4
Consumer price index	6.1	6	3 1/4	2 3/4	2 1/2	2 1/2
Wage price index	2.6	3 3/4	4	3 1/4	3 1/4	3 1/2
Nominal GDP	11.0	10 1/4	1 1/4	2 1/2	5 1/4	5 1/4

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.

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

Since the October Budget, there has been a substantial improvement in the fiscal outlook. This is a direct outcome of the Government returning receipt upgrades to the budget. The Budget achieves this while also delivering responsible and targeted cost-of-living relief, investing in a stronger, more secure economy, spreading opportunity and securing essential services.

The underlying cash balance is estimated to be in surplus by \$4.2 billion (0.2 per cent of GDP) in 2022–23, the first surplus since 2007–08. This is an improvement of \$41.1 billion compared to the October Budget and \$82.1 billion since the Pre-election Economic and Fiscal Outlook.

The underlying cash deficit is estimated to be \$13.9 billion (0.5 per cent of GDP) in 2023–24, \$30.1 billion lower than the October Budget. The deficit is expected to increase in 2024–25 and 2025–26 before falling to \$28.5 billion (1.0 per cent of GDP) in 2026–27. It remains lower across all years than forecasted in October. Over 5 years from 2022–23 to 2026–27, the underlying cash balance improves by a cumulative \$125.9 billion.

Since October, tax receipts have been revised up by \$67.2 billion across 2022–23 and 2023–24, underpinned by a strong labour market and elevated commodity prices. Strength in tax receipts is expected to moderate from 2024–25 as commodity prices are assumed to return to long-run levels and the conditions in the labour market ease. Overall, tax upgrades (excluding GST and policy decisions) have improved the underlying cash balance by \$114.2 billion over 5 years from 2022–23 to 2026–27.

In this Budget, the Government strikes a balance between relief, repair, and restraint. The Government has returned 87 per cent of the tax receipt upgrades across the October Budget and 2023–24 Budget, which includes 82 per cent in this Budget.

The Government has taken policy decisions of \$20.6 billion over 5 years from 2022–23 to 2026–27. This includes cost-of-living support, historic investment in Medicare, investing in a strong economy and continuing to address legacy issues inherited from the previous government.

At the end of the medium term, the deficit is projected to be 0.2 per cent of GDP, compared to 1.9 per cent in the October Budget. Gross debt and underlying cash deficits are lower as a share of the economy in every year of the forward estimates and the medium term. Gross debt is now projected to peak at 36.5 per cent of GDP in 2025–26, 10.4 percentage points lower and 5 years earlier than at the October Budget, before declining to 32.3 per cent by 2033–34.

While tax as a share of GDP over the medium term is broadly unchanged from the October Budget, the higher level of nominal GDP (from a higher price level and a higher level of potential GDP) increases projected tax receipts. The impact on non-interest payments is more modest.

Interest payments are projected to be significantly lower over the medium term. This is largely driven by lower deficits reducing the amount of new debt issuance. Had the Government instead spent all the tax receipt upgrades in the forward estimates across this and the October Budget, interest payments over the 12 years to 2033–34 would be \$83 billion higher.

Table 1.2: Budget aggregates

	Actual	Estimates					Projection
	2021-2	2022-23	2023-24	2024-25	2025-26	2026-27	Total(a)
	\$b	\$b	\$b	\$b	\$b	\$b	\$b
Underlying cash balance	-32.0	4.2	-13.9	-35.1	-36.6	-28.5	-109.9
Per cent of GDP	-1.4	0.2	-0.5	-1.3	-1.3	-1.0	-0.2
Gross debt(b)	895.3	887.0	923.0	958.0	1,015.0	1,067.0	
Per cent of GDP	38.8	34.9	35.8	36.3	36.5	36.5	32.3
Net debt(c)	515.6	548.6	574.9	620.6	665.2	702.9	
Per cent of GDP	22.3	21.6	22.3	23.5	24.0	24.1	19.9

a) Total is equal to the sum of amounts from 2022–23 to 2026–27.

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).

Responsible budget management

The Government is improving the budget position in a measured way, consistent with the overarching goal of reducing gross debt as a share of the economy over time. To help offset additional spending, the Government has identified \$32.5 billion of budget improvements and reprioritisations, bringing the total over 2 budgets to \$61.0 billion.

This Budget delivers on the Government’s commitment to repair the budget and redirect spending to higher quality areas. This includes:

- reprioritising defence funding into the 6 priority areas for immediate action, in response to the Defence Strategic Review
- reinvesting all government savings from changes to the maximum dispensing quantity under the Pharmaceutical Benefit Scheme into community pharmacies
- reprioritising funding to enhance the quality of spending in health and aged care
- directing savings from the closure of the Entrepreneurs’ Programme into the new Industry Growth Program that will now focus on operating in the priority areas of the National Reconstruction Fund.

The Government is also strengthening the fairness and sustainability of the tax system. This includes better targeting of superannuation concessions by reducing tax concessions available to individuals whose superannuation balance exceeds \$3 million. Timely payment of tax and superannuation liabilities will be supported by extending compliance programs and increasing engagement with taxpayers. Reforms to Australia’s tax settings for offshore liquefied natural gas projects will ensure a fairer return to the Australian community. Implementing a global minimum tax and a domestic minimum tax will ensure multinationals pay their fair share of tax. In total, there are \$13.7 billion in improvements related to tax receipt measures in the Budget.

The Government is continuing to take action to address ongoing legacy issues by providing certainty for programs that were underfunded or had terminating funding at a cost of \$7.5 billion. This includes funding to: ensure financial sustainability for the 9 national collecting institutions (including the National Library of Australia and the National Gallery of Australia); secure Australia’s digital health infrastructure; investment in the Brisbane 2032 Olympic and Paralympic Games venue infrastructure; and sustainably fund Australia’s biosecurity system.

The Government has limited average real spending growth to 0.6 per cent over 5 years to 2026–27. This compares to an average of around 4.0 per cent over the period prior to the Global Financial Crisis (2000–01 to 2007–08) and 2.2 per cent over the period prior to the pandemic (2011–12 to 2018–19).

National Cabinet – a better future for the federation

The Government recognises that Federal, state, and local governments each have vital roles in delivering the essential services that Australians rely on every day. Responding to the challenges in Australia’s economy, cities and demography over the next decade requires the resources and powers of all 3 levels of government. The Government is bringing the states and territories together to drive the reforms needed to ensure the next generation of growth, jobs, prosperity, and security.

On 28 April, National Cabinet met to agree a consistent approach to key national priorities that are supported by measures in this Budget. This includes:

- the substantial package of Strengthening Medicare measures to address immediate challenges in primary care, take the pressure off the hospital system and lay the foundations for long-term Medicare reform
- the commitment to an NDIS Financial Sustainability Framework to ensure the Scheme can continue to provide life-changing outcomes for future generations of Australians with disability
- Better Planning for Stronger Growth reforms to support a national approach to the growth of cities, towns, and suburbs.

Budget priorities

Responsible and targeted cost-of-living relief

This Budget delivers responsible and targeted cost-of-living relief to support Australians facing pressures from high inflation and rising interest rates. This includes:

- providing energy relief for households and businesses, and supporting them to reduce bills by saving energy
- reducing the cost of health care and medicines
- providing targeted, additional assistance for eligible single parents
- increasing support for people on working age and student payments, like JobSeeker Payment, Youth Allowance and Austudy, and JobSeeker Payment recipients aged 55 and over
- improving the supply and affordability of housing, including through increasing Commonwealth Rent Assistance
- supporting wage increases for aged care and low-paid workers.

In addition, the Government is delivering on its commitments to improve the affordability of early childhood education and care and flexibility of the Paid Parental Leave scheme, bolstering women’s economic opportunities.

Energy price relief

Easing pressure on households and small businesses

Households and businesses have been facing unacceptable energy price rises because of Russia’s illegal war in Ukraine, which has compounded the cost of previous policy uncertainty around delivering the energy transformation. The Government’s Energy Price Relief Plan shields Australians from the worst impacts of price increases through immediate price relief funded in this Budget.

In December 2022, the Government acted quickly to limit energy price increases and provide responsible and targeted relief to small businesses and vulnerable households. To limit the impact of global commodity prices on Australian energy costs, the Government partnered with states and territories to put a temporary price cap on coal used for electricity generation and new wholesale gas contracts, and committed to introduce a mandatory code of conduct for gas sales. This code will ensure Australian households and businesses will have access to gas at reasonable prices and will establish a more level playing field for negotiations between gas producers and customers.

The Government is also delivering up to \$3.0 billion of electricity bill relief to take pressure off small businesses and vulnerable households, in partnership with state and territory governments. Rebates will be delivered through reductions to electricity bills to minimise any potential inflationary impacts. Support to households will be targeted at those most in need, including concession card holders, those who receive family and carers payments and recipients of electricity concessions under existing state and territory schemes.

With all these actions under the Energy Price Relief Plan, retail electricity price increases in 2023–24 are now expected to be around 25 percentage points smaller and retail gas price increases around 16 percentage points smaller than expected prior to the Government’s interventions. This shows the Government’s actions are placing downward pressure on energy bills for Australians.

Energy upgrades for households

The Government is also helping households save on future energy bills by establishing the Household Energy Upgrades Fund to support home upgrades that reduce energy usage.

The Fund will inject \$1.0 billion into the Clean Energy Finance Corporation to unlock more than 110,000 low-interest loans for energy-saving home upgrades, in partnership with private lenders. Just upgrading the energy efficiency rating of a home from 1-star out of 10 to 3 stars can reduce energy bills by around 30 per cent, and increasing from 3 to 5 stars can reduce energy bills by around another 20 per cent.

The Fund will also provide \$300.0 million to cut energy bills for tenants in 60,000 social housing properties by around one-third through funding energy performance upgrades, in partnership with states and territories.

The Government is also providing \$36.7 million to modernise and expand our energy efficiency standards, improving the information consumers have about the energy performance of their homes and appliances. This includes expanding the Nationwide House Energy Rating Scheme to cover existing homes as well as new builds, creating an energy efficiency star rating system that will help Australians make the best choices for their hip pocket when it comes to renting, purchasing, or renovating their homes.

Reducing the cost of health care

Lower out-of-pocket health costs

Ensuring Australians can access affordable health care when they need it and supporting doctors who deliver this care is a priority. The Government is investing \$3.5 billion to triple the bulk billing incentive for patients aged under 16 years, pensioners and other Commonwealth concession card holders. This includes all face-to-face general practice consultations more than 6 minutes in length and certain telehealth consultations.

A further \$358.5 million is being invested in Medicare Urgent Care Clinics, including to deliver 8 more clinics by the end of 2023. Urgent Care Clinics will ensure patients do not have out-of-pocket costs and remain open for extended hours.

Reducing the costs of medicines

From 1 September 2023, the Government will phase-in increases to the maximum dispensing quantities allowed for more than 300 Pharmaceutical Benefits Scheme (PBS) medicines. Some patients will be able to receive 60 days' worth of the medicine they need for a stable, chronic health condition, rather than the current amount of 30 days' supply. This change will reduce the number of visits to a pharmacy and general practitioners, saving Australians time and more than \$1.6 billion in out-of-pocket costs over the next 4 years.

The Government is continuing to provide Australians access to more affordable and life-changing essential medicines through the PBS and other medicines programs. In this Budget, the Government is providing \$2.2 billion for new and amended listings, including treatment for cystic fibrosis.

This reform builds on the October Budget measure Plan for Cheaper Medicines that reduced the general patient co-payment for PBS-listed medicines from \$42.50 to \$30 per script from 1 January 2023. This change has saved Australians more than \$58 million in 3 months.

Support for those who need it most

Expanded access to Parenting Payment (Single)

The Government recognises single parents can face higher rates of financial hardship and barriers to employment as they navigate the significant costs and responsibilities associated with caring for and raising children.

The Government will invest \$1.9 billion over 5 years from 2022–23 to expand eligibility for Parenting Payment (Single) to include single principal carers, whose youngest child is under 14 years of age. Under current settings, the payment is available to eligible single principal carers with a child aged under 8 years of age. In September, around 57,000 eligible single parents, of whom around 91.1 per cent are women, will transition to Parenting Payment (Single) with the current basic rate of \$922.10 per fortnight until their youngest child turns 14. This is an extra \$176.90 per fortnight compared to the current JobSeeker Payment (single with dependent rate). This will also benefit around 110,000 children in these eligible families. Indexation will also continue to apply.

Parenting Payment (Single) recipients also benefit from more generous earning arrangements compared to the JobSeeker Payment (single with dependent rate), including an income free area for recipients with one child of \$202.60 per fortnight and an additional \$24.60 per child per fortnight. Compared to the income free area of \$150 per fortnight for the JobSeeker Payment (single with dependent rate), 57,000 more eligible single parents will be able to earn at least \$52.60 more per fortnight before losing any of their payment. As a result, Parenting Payment (Single) recipients with one child can earn at least \$2,622.35 per fortnight (and an additional \$24.60 per child per fortnight) before receiving no payment, a \$569.10 per fortnight increase relative to current settings. Current mutual obligations for recipients with children aged 6 years or above will be maintained to support single parents build connections with the workforce or improve their skills.

The higher Parenting Payment (Single) rate will provide greater assistance to single principal carers to help them balance caring responsibilities for their children during later primary school years and during the critical transition to high school. As eligible single principal carers are predominantly women, the measure will support women's economic equality by helping to improve earnings and financial security.

Increase to the rate of JobSeeker Payment and other eligible income support payments

The Government is ensuring Australia's targeted safety net delivers support to those who need it most. Working age and student payments like JobSeeker Payment and Youth Allowance are a central part of this safety net. While these payments are automatically indexed to reflect changes in consumer prices, many income support recipients are facing financial hardship, which can in turn create barriers to participation in society and the economy.

The Government is committed to a fairer, more inclusive society. In recognition of the challenges that many income support payment recipients face, the Government is investing

\$4.9 billion over 5 years from 2022–23 to increase support for around 1.1 million Australians.

The basic rate of eligible working age and student income support payments, including JobSeeker Payment and Youth Allowance, will increase by \$40 per fortnight in September, following the passage of legislation. Recipients will continue to have their payments indexed to keep pace with increases in cost-of-living.

Increase for eligible JobSeeker Payment recipients aged 55 years and over facing barriers to work

Over the past 10 years the proportion of mature-aged recipients on JobSeeker Payment has significantly increased. People aged 55 years and over experience additional barriers to work, including age discrimination and poor health. These barriers can result in mature-aged recipients spending a longer time relying on income support payments.

The Government will also extend eligibility for the existing higher rate of JobSeeker Payment to single Australians aged 55 to 59 who have been on payment for 9 or more continuous months, to match that applying to those aged 60 and over. In September, around 52,000 eligible single Australians aged 55 to 59 (of which 55 per cent are women) will receive the higher basic rate.

These recipients will now be supported by the higher rate of payment to acknowledge their circumstances and provide them greater financial support, while they seek meaningful employment.

Responsible, sustainable income support

The income support changes will deliver sustainable increases in support for Australia's lowest income households, while they undertake activities such as study, searching for meaningful employment or caring for family. These measures target additional support to Australians who need it most, while being responsible in the current macroeconomic and fiscal environment.

Many Australians will receive the combined benefit of the increases to income support payments and Commonwealth Rent Assistance, as well as from the Energy Relief Plan. Eligible recipients will continue to have their payments indexed to keep pace with increases in cost-of-living.

More affordable housing

Addressing the housing challenges Australia is facing remains a key priority for the Government. This Budget provides additional support to low-income renters through increasing Commonwealth Rent Assistance and enables new critical investments in housing supply, while the Government progresses its housing reform agenda to deliver more social and affordable homes.

Easing pressure on renters

The Government recognises the significant pressures that many low-income renters face. The Government will increase the maximum rates of Commonwealth Rent Assistance by 15 per cent at a cost of \$2.7 billion over 5 years from 2022–23. This will help recipients better manage cost-of-living pressures in the face of strong rent growth and will help alleviate rental stress experienced by Commonwealth Rent Assistance recipients. Around 1.1 million households receiving the maximum Commonwealth Rent Assistance rate will be better off.

Working together to encourage new housing supply

National Cabinet recently announced that Planning Ministers, working with the Australian Local Government Association, will develop a proposal for National Cabinet in the next 6 months outlining reforms to increase housing supply and affordability. In addition, the Government is offering new incentives to encourage the supply of housing by:

- reducing the withholding tax rate for eligible fund payments from managed investment trusts attributed to newly constructed build-to-rent developments from 30 to 15 per cent.
- increasing the capital works tax deduction (depreciation) rate from 2.5 per cent to 4 per cent per year, increasing the after-tax returns for newly constructed build-to-rent developments.

Access to social and affordable housing

Increasing access to social and affordable housing is a Government priority. In this Budget, the Government is increasing the National Housing Finance and Investment Corporation's liability cap by an additional \$2 billion, to \$7.5 billion, to provide more low-cost loans to Community Housing Providers. This is expected to support around 7,000 more new social and affordable dwellings.

Supporting more Australians into home ownership

From 1 July 2023, the Government is expanding eligibility for the First Home Guarantee and Regional First Home Buyer Guarantee to any 2 borrowers jointly applying beyond the scope of spouse or de facto couples, and non-first home buyers who have not held a property interest in Australia within the previous 10 years. The Government is also expanding the Family Home Guarantee to single legal guardians of dependents, in addition to natural and adoptive parents. The Home Guarantee Scheme will also be made available to permanent residents.

More support for homeless Australians

The Government has offered states an additional \$67.5 million in funding to help tackle homelessness in 2023–24. This builds on the Government's offer to provide 12 months of transitional funding to 30 June 2024 through the National Housing and Homelessness

Agreement while the Government works with states to reform Commonwealth funding arrangements under a new agreement.

Keeping wages moving

The Budget delivers on the Government's commitment to fund a wage increase for aged care workers. It allocates \$11.3 billion to support the Fair Work Commission's decision to provide an interim increase of 15 per cent to minimum wages for many aged care workers. More than 250,000 workers will benefit from the decision. The Government supports continuing to improve wages and conditions for aged care workers, so they properly reflect the value of the work performed.

Low-paid workers experience the worst impacts of inflation and have the least capacity to draw on savings. Last year, the Government supported wage increases for Australia's low-paid workers. The Fair Work Commission decision gave a minimum \$40 per week increase for full-time workers on national minimum and award wages. The Government has again recommended that the Fair Work Commission ensures the real wages of Australia's low-paid workers do not go backwards.

Strengthening Medicare

Medicare is the foundation of Australia's primary health care system. In this Budget, the Government is investing \$5.7 billion over 5 years from 2022–23 to strengthen Medicare and make it cheaper and easier to see a doctor.

Historic investment in Medicare

Medicare is the foundation of Australia's primary care system. In this Budget, the Government begins the long overdue process of rebuilding and strengthening Medicare to ensure it can meet the health needs of Australians for the 21st century. In addition to investing \$3.5 billion to triple the bulk billing incentive for children under 16, pensioners and other Commonwealth concession card holders, this Budget delivers the Government's initial response to the recommendations of the Strengthening Medicare Taskforce.

The Government is making it easier to see a doctor through investments in complex and chronic care pathways. This includes establishing a new Medicare Benefits Schedule (MBS) item for longer consultations of 60 minutes or more. This will support improved access and service affordability for patients with chronic conditions and complex needs.

The Government will support Australians seeking non-emergency health care outside normal general practice opening hours through increased funding of \$143.9 million for primary care after hours programs. This includes an extension to the Primary Health Networks after hours program to support general practices to fill access gaps.

Australia's digital health platform has not kept pace with changing health needs and models of care. To improve health outcomes, the Government is investing \$429.0 million to

modernise My Health Record and support easier, more secure data sharing across all health care settings.

The Government is introducing the MyMedicare system to formalise the relationship between patients and their primary care providers to improve patient care and health outcomes. The Government is also increasing access to team-based care by providing an additional \$445.1 million to the Workforce Incentive Program–Practice Stream to support general practices to engage multidisciplinary professionals.

The implementation of MyMedicare will be complemented by an investment of \$98.9 million to connect frequent hospital users with general practices to receive multidisciplinary care in the community and reduce the likelihood of hospitalisations.

The Australian public should have confidence that fraud and inadvertent non-compliance do not permeate the Medicare system. In this Budget, the Government is providing an initial investment of \$29.8 million to strengthen the integrity of the Medicare system in response to key recommendations of the Independent Review into Medicare Integrity and Compliance.

Securing the services and care Australians deserve

All Australians should be able to access the services they need most. The Government is protecting the health of Australians, improving the delivery of aged care services, ensuring the effectiveness of the NDIS, and safeguarding our future by commencing the establishment of an Australian Centre for Disease Control.

Delivering quality aged care services

The Government is improving the quality of care for older people and making the aged care system equitable, sustainable, and trusted. In this Budget, there is new investment to improve services and deliver reforms that not only address current issues but set the sector up for long-term success.

This Budget continues support to improve wages and conditions for aged care workers. It provides funding to support the Fair Work Commission’s decision to provide an interim increase of 15 per cent to modern award minimum wages for many aged care workers (see Box 3.3).

\$81.9 million will be provided to develop and implement a new Aged Care Act and \$72.3 million to support a new, stronger Aged Care Regulatory Framework. Other initiatives include \$139.9 million to improve the accountability and transparency of approved aged care providers through enhancements to the Star Rating system and \$12.9 million to develop, monitor and enforce food and nutritional standards.

The Government is also providing \$52.1 million to increase the funding available to aged care providers in very remote areas under the National Aboriginal and Torres Strait

Islander Flexible Aged Care Program. In addition, \$487.0 million will extend the Disability Support for Older Australians Program.

To support older Australians who wish to remain at home for longer, the Government is investing \$166.8 million to provide an additional 9,500 Home Care Packages. This Budget also provides additional funding to continue to reform in-home aged care, including \$15.7 million to establish a single aged care assessment system. The Government will postpone the commencement of the Support at Home Program to 1 July 2025 in response to sector feedback that a longer lead time is needed and extend grant arrangements for the Commonwealth Home Support Programme for a further 12 months to 30 June 2025.

Health protection and prevention

The Government is protecting the health of Australians, especially young people, by preventing the uptake of smoking and vaping and ensuring people who smoke or vape are supported to quit. This Budget provides \$29.5 million to increase and enhance smoking and vaping cessation support, \$141.2 million to expand the Tackling Indigenous Smoking program and \$63.4 million for national public health campaigns. The Government is encouraging smokers to quit by raising tax on tobacco by 5 per cent per year, for 3 years from 1 September 2023, and ensuring loose-leaf tobacco is taxed equally to cigarettes. The Government is also proposing stronger regulation and enforcement of e-cigarettes, including new controls on their importation, contents and packaging.

The Government is investing \$263.8 million over 4 years from 2023–24 to establish and maintain a new national lung cancer screening program. The program will maximise prevention and early detection of lung cancer for at-risk Australians. In response to the recent and alarming spike in the number of workers suffering from silicosis and other silica-related diseases, the Government is acting to protect workers by implementing and coordinating a strategy with all Australian governments to prevent these debilitating diseases.

The Government is strengthening the mental health system by building the workforce. Improving the availability and distribution of the mental health workforce will ensure there is equity in service delivery, enabling reform. Support is being provided to the mental health workforce with funding for 500 additional psychology placements and training at a cost of \$91.3 million. In addition, there is \$260.2 million for psychosocial supports, which help Australians with severe mental illness to recover and live in the community. The Government will provide \$136.0 million to support the mental health of survivors of torture and trauma before moving to Australia on humanitarian grounds, and other culturally and linguistically diverse communities.

The Budget also provides \$91.1 million to commence the establishment of the Australian Centre for Disease Control (ACDC). The ACDC will provide a national focal point for disease management to improve Australia's ability to respond to health emergencies and other public health challenges.

Managing the long-term COVID-19 response

Minimising the incidence of death and severe illness from COVID-19, particularly for the most at-risk Australians, remains the Government's priority. Since the October Budget, the Government has committed an additional \$2.3 billion to manage Australia's COVID-19 response. This funding supports implementation of the National COVID-19 Health Management Plan for 2023. The plan transitions the COVID-19 response to long-term arrangements to ensure Australia's health system has the capacity and capability to respond to future waves and variants, promote uptake of vaccinations and treatments and slow transmission.

Improving disability support

The Government is driving whole-of-government action and accountability against Australia's Disability Strategy 2021–31. The Budget provides a further \$31.4 million for the National Disability Data Asset to improve disability policy development.

The Government is ensuring the NDIS continues to support people with significant and permanent disability. To improve capability, capacity, and systems to better support participants, an additional \$732.9 million will be invested in initiatives developed with the National Disability Insurance Agency in consultation with the NDIS Review Co-Chairs. This includes \$48.3 million to fight fraud against the NDIS.

The Budget also incorporates the NDIS Financial Sustainability Framework agreed by National Cabinet to ensure the NDIS can continue to provide life-changing outcomes for future generations of Australians with disability. The framework will provide an annual growth target in total costs of the Scheme of no more than 8 per cent by 1 July 2026, with further moderation of growth as the Scheme matures. The NDIS will remain demand driven and the fastest growing Commonwealth payment.

Broadening opportunity, advancing equality

The Government is committed to economic growth that puts equality and equal opportunity at the centre. This includes: targeting entrenched and concentrated community disadvantage including through place-based approaches; improving the lives and economic opportunities of First Nations Australians; improving gender equality and participation; and building on commitments to end violence against women and children.

Women's equality and participation

In addition to the \$1.9 billion investment to expand the eligibility of Parenting Payment (Single), the Government is progressing a range of reforms to support women's economic outcomes.

From July this year, the Government is delivering cheaper early childhood education and care, cutting the cost of care for around 1.2 million families. It will make it easier for parents

and carers, particularly women, to participate in the workforce and will mean more children can access the benefits of early education.

From 1 July 2023, changes to the Paid Parental Leave scheme, announced in the October Budget, will commence to provide more support for modern families. Parental Leave Pay and Dad and Partner Pay will combine into one 20-week payment that can be shared between parents. Either parent will be able to claim Paid Parental Leave first, and single parents will be able to access the full 20 weeks under the scheme. The Government will also introduce a new combined family income limit of \$350,000 per annum, which will see nearly 3,000 additional parents become eligible for Paid Parental Leave. The Government will introduce legislation to expand the scheme by 2 weeks each year from July 2024 until reaching 26 weeks in July 2026.

This Budget continues to support efforts to close the gender pay gap. Following changes to the *Workplace Gender Equality Act 2012*, the gender pay gaps of employers with 100 or more workers will be published from early 2024. The Government continues to expand implementation of gender responsive budgeting, with gender analysis embedded across Government budget decision-making from the 2023–24 MYEFO.

The Government will also abolish the ParentsNext program and finalise the approach to voluntary participation as soon as possible with a view to replacing it with a more supportive pre-employment program. The new program will better support parents' transition to work. Interim changes to remove compulsory aspects of the current program will be considered as soon as possible, ensuring that all Parenting Payment recipients with children under 6 are treated equitably in respect of mutual obligations. Making ParentsNext voluntary will end the risk to disadvantaged parents of loss of payments and remove undue stress and anxiety from participants, the majority of whom are women and single parents.

Ending violence against women and children

National Plan to End Violence Against Women and Children 2022–32

To support women's safety, including implementation of the *National Plan to End Violence against Women and Children 2022–32* (the National Plan), the Government is providing an additional \$589.3 million. This is in addition to the \$1.7 billion for women's safety announced in the October Budget. The National Plan funding includes \$159.0 million to extend the Family, Domestic and Sexual Violence Responses National Partnership Agreement with state and territory governments to support frontline service delivery.

The Government will work to strengthen and harmonise sexual assault and consent laws, address barriers to justice and improve the family law system to achieve better outcomes including for victim-survivors. To better support visa holders experiencing domestic and family violence, the Government will expand the family violence provisions within the *Migration Regulations 1994*.

This Budget invests \$194.0 million to establish the dedicated Aboriginal and Torres Strait Islander Action Plan. The Government is supporting a range of activities under the Plan, including culturally responsive healing programs, addressing immediate safety concerns

and community-led family safety services for First Nations children and families impacted by family violence.

Supporting victim-survivors of child sexual abuse

The National Redress Scheme and the continuation of Redress Support Services is being supported by an additional \$142.2 million. This will ensure people who experienced institutional child sexual abuse can continue to access free, independent support, delivered in a culturally-safe and trauma-informed way.

Targeting entrenched community disadvantage

The Government is investing \$199.8 million in an integrated package to address entrenched and concentrated disadvantage in Australian communities. The Government is committed to taking a sustained, long-term approach to working in partnership with communities to make an enduring difference in the lives of disadvantaged Australians, regardless of where they live. This package will see the Government working in partnership with state and territory governments, communities, and other key stakeholders including through a new strategy to partner with philanthropy.

The package will be underpinned by a whole-of-government Framework to Address Community Disadvantage that will identify strategic objectives and key principles to guide how Government works in partnership with communities, and to support more impactful investment in initiatives that address disadvantage. The Framework will also provide the foundations to explore how tailored, place-based approaches can be used to achieve positive change in communities, and how the Government might enable greater community-led decision making and access to funding.

Under the integrated package, the Government is providing \$64.0 million to ensure funding certainty for 10 existing place-based partnerships, and to enhance 6 of these partnerships. The Government is also providing \$16.4 million for a Life Course Data Initiative to deliver additional access to data for communities and to inform long-term changes that will ultimately improve outcomes.

To support the social impact investing market, the Government has committed \$100.0 million to establish an Outcomes Fund, pending a co-design process with stakeholders including states and territories. The Fund will make contractual payments for projects that deliver agreed, measurable outcomes. Additionally, the Government is providing \$11.6 million for the Social Enterprise Development Initiative, which will help eligible 'for-purpose' organisations to build their capability to access capital and support improved social outcomes.

Strong Aboriginal and Torres Strait Islander communities

Working in partnership with First Nations Australians, as well as state, territory, and local governments, the Government is committed to Closing the Gap. This Budget provides practical responses to immediate challenges and a path to improving the lives and economic opportunities of First Nations communities.

Aboriginal and Torres Strait Islander Voice Referendum

The Government is delivering on its commitment to implement the Uluru Statement from the Heart in full. The Voice Referendum will provide all Australians with a historic opportunity to recognise the First Peoples of Australia in the Constitution by establishing an Aboriginal and Torres Strait Islander Voice. The Voice will be empowered to make representations to the Parliament and the Executive Government about matters relating to Aboriginal and Torres Strait Islander peoples, enabling better decisions and outcomes.

Closing the Gap initiatives

This Budget invests in improving opportunities for First Nations Australians. These commitments will drive progress against the socioeconomic targets and Priority Reforms of the National Agreement on Closing the Gap, with a focus on improving outcomes in the areas of education and skills, employment, health and aged care, community safety, as well as essential infrastructure.

\$561.6 million is being provided for First Nations health, including \$238.5 million to improve First Nations cancer outcomes through building capability and growing the healthcare workforce. To support the delivery of 30 dialysis units for First Nations people in regional and remote Australia with end-stage kidney disease, \$28.2 million will also be provided for workforce accommodation.

The Government is also committing \$38.4 million to support high-quality and culturally appropriate education for First Nations children in remote areas across Australia. Funding will support pilots of community-led models for more culturally appropriate distance learning for First Nations students and increase access to junior ranger activities. The Government is also investing \$21.6 million to extend the Indigenous Boarding Providers grant program to extend access to boarding for rural and remote First Nations students.

To provide access to essential infrastructure, the Government has committed \$150.0 million to improve water security for regional and remote First Nations communities through the National Water Grid Fund. \$20.8 million will also be provided to undertake urgent repairs and capital works for Aboriginal Hostels Limited.

Muṯitjulu, a remote First Nations community located within Uluru-Kata Tjuta National Park, will receive an investment of \$92.8 million to undertake critical capital works to supply essential water, sewerage, and electrical services. And funding of \$23.3 million will be provided for residential housing in the Wreck Bay Village.

Improving remote Aboriginal services in the Northern Territory

The Government is working in partnership with the Northern Territory Government and local communities to improve services for First Nations communities in the Northern Territory. The Government is committing \$250.0 million in a plan for *A Better, Safer Future for Central Australia*, which will improve community safety, tackle alcohol-related harm and provide more opportunities for young people. This is in addition to the \$48.8 million investment into community-led responses to improve safety in Alice Springs.

\$40.4 million will support student enrolment and engagement across 46 schools in central Australia. Designed in partnership with the local community, schools will have influence over the activities funded to allow them to respond flexibly to community needs, including On Country learning initiatives.

Looking after our veterans

The Government is continuing to improve the experience for veterans seeking support by implementing the recommendations of the Interim Report of the Royal Commission into Defence and Veteran Suicide. The public consultation on a Pathway to simplify veteran compensation and rehabilitation legislation is underway. The Government is continuing to prioritise work to help eliminate the veterans' claims backlog with an additional \$64.1 million investment in Department of Veterans' Affairs staffing and \$254.1 million to modernise ICT systems.

Keeping Australians safe online

This Budget will provide \$134.1 million for the Office of the eSafety Commissioner to continue to support Australians online, including through enhanced education, outreach and investigatory activities.

Securing Australians' Superannuation

The Government is committed to addressing the key drivers of unpaid superannuation and will align the payment frequency of the superannuation guarantee (SG) with wages and salaries. Aligning the payment of superannuation with wages and salaries will increase retirement incomes through greater compounding returns. This will simplify the tracking of superannuation payments for employees and support early intervention against underpayment. These changes will improve retirement outcomes for around 8.9 million employees, including for young and low-income workers who are most likely to have unpaid super.

A stronger and more secure economy

This Budget invests in growing the economy and delivers a plan for how Australia can convert existing strengths into broad and lasting growth drivers. Clean, cheap energy is at the centre of the Australia's plan to become a renewable energy superpower – powering growth in net zero industries and across our regions (Box 1.1). Together with investments in skills, digital adoption and supply chains, this growth agenda will ensure Australia's economy will take advantage of existing and emerging economic opportunities.

Powering Australia with cheaper, cleaner, and more reliable energy

The Government is unlocking new renewable energy generation and storage capacity to help meet our emissions reduction commitments and deliver cleaner, cheaper, more reliable energy for Australian businesses and households.

Rewiring the Nation

The Government has allocated \$12.0 billion of its \$20.0 billion investment in Rewiring the Nation to transformational transmission projects, putting Australia on track to build an 82 per cent renewable grid by 2030. This includes committing up to \$1.0 billion of low-cost debt for Tasmania’s Battery of the Nation projects, \$1.5 billion towards Victorian Renewable Energy Zones and offshore wind, and \$4.7 billion to unlock critical transmission and Renewable Energy Zones in partnership with the New South Wales Government.

Capacity Investment Scheme

The Government is accelerating the transformation to a renewable-based grid through the Capacity Investment Scheme, making sure households and businesses can count on renewable energy being available when they need it. The 2023 tenders of the Capacity Investment Scheme will deliver clean, firm renewable generation and storage to South Australia, Victoria, and New South Wales. These tenders are a first step towards unlocking at least \$10 billion of new investment to accelerate the uptake of clean, firm generation and storage needed to power an 82 per cent renewables grid and replace our retiring thermal power stations.

Electrifying our economy

The Government is accelerating the decarbonisation of our economy through support for energy-saving and electrification upgrades, and improved access to electric vehicles.

This Budget commits \$1.3 billion in the Household Energy Upgrades Fund to incentivise energy saving upgrades for households and social housing and provides a further \$310.0 million in support through the Small Business Energy Incentive.

Building on the Driving the Nation Fund and the Electric Car Discount, the Government has released Australia’s first National Electric Vehicle Strategy. The Strategy sets a national framework to guide investment and support uptake of electric vehicles in Australia. As part of the Strategy the Government is providing \$7.4 million to support the introduction of a Fuel Efficiency Standard, to ensure vehicle manufacturers prioritise Australia’s market for electric vehicles and other fuel-efficient technologies.

The transport sector will further benefit from \$7.8 million to develop a Transport and Infrastructure Net Zero Roadmap and Action Plan. The Roadmap and Action Plan will present an integrated approach to advance the reduction of emissions across transport modes, alternative fuel, new technology and enabling infrastructure.

Box 1.1: Australia’s plan to become a renewable energy superpower

The challenge to reach net zero emissions is transforming the global economy. Australia’s unique resources, abundant sun, wind and land, and skilled workforce means this transformation presents a significant opportunity. This Budget invests a further \$4 billion in our plan to become a renewable energy superpower, lifting the Government’s total investment in this plan to over \$40 billion.

Powering Australia with clean, cheap and reliable energy

The Government has committed \$23 billion to grow and modernise our electricity grid, boosting energy performance and supporting electrification.

Through its \$20 billion Rewiring the Nation program, the Government is unlocking investment in our electricity grid, allocating over \$12 billion to priority transmission projects since its commencement. This Budget announces initial auctions under the Capacity Investment Scheme, which is the first step towards unlocking \$10 billion of investment in dispatchable renewable generation and storage. This builds on existing investments in Community Batteries for Household Solar, Community Solar Banks and First Nations Community Microgrid program.

Australia can also drive down energy costs by boosting energy efficiency and accelerating electrification. This Budget commits \$1.3 billion in the Household Energy Upgrades Fund and provides a further \$310.0 million in support through the Small Business Energy Incentive to encourage energy saving upgrades. The over \$800.0 million in support for electric vehicles, including support for the introduction of a fuel efficiency standard, will also drive electrification in our transport system.

Powering net zero industries, jobs and communities

The Government has also committed \$17 billion to convert Australia’s renewable energy, critical minerals, skilled workforce into broader competitive advantages.

The \$2.0 billion Hydrogen Headstart will support Australia’s renewable hydrogen sector to mature, and the Guarantee of Origin scheme will enable exporters to verify emissions of products and certify renewable electricity. The more than \$2 billion invested in critical minerals industry development and international partnerships will put Australia at the centre of net zero supply chains.

The Powering Australia Industry Growth Centre and the up to \$3.0 billion of the National Reconstruction Fund earmarked for renewables and low emissions technologies will broaden these advantages to adjacent industries, and the \$1.9 billion Powering the Regions Fund will ensure net zero drives growth across regions that have traditionally powered Australia.

This Budget puts Australia’s plan to become a renewable energy superpower at the centre of the Government’s growth strategy and marks the next phase of its implementation with the announcement of the Net Zero Authority, which will ensure all Australians benefit from this economic transformation.

Powering net zero industries and jobs

The global investment landscape for renewable energy and clean energy manufacturing has been transformed through significant international policies such as the United States' Inflation Reduction Act, the European Green Deal and major new policies announced by Japan, India, Canada, and other nations. These international investments will put downward pressure on the costs of some net zero technologies, and demonstrate the increasingly competitive international investment landscape. The Government is taking action to support Australia's growing clean industries and realise the opportunities of the net zero transformation.

The Government's commitment to supporting the net zero transformation is underpinned by clear and legislated emissions reduction targets of 43 per cent by 2030 and net zero by 2050. This shift to a low carbon economy presents Australian regions with enormous opportunities and requires coordinated effort by all levels of government and industry.

Building clean energy industries

The Government is supporting green hydrogen projects through the \$2.0 billion Hydrogen Headstart. This program will support large-scale renewable hydrogen projects through competitive hydrogen production contracts, which will help attract foreign and domestic investment to Australia's hydrogen industry. The program also includes \$2.0 million in funding to support First Nations communities to engage in relevant planning processes.

This Budget provides \$38.2 million to establish a Guarantee of Origin scheme to track and verify emissions associated with hydrogen and low emissions products, as well as provide an enduring mechanism to certify renewable electricity. It will underpin long-term contractual arrangements between producers and consumers, supporting international trade and the creation of domestic markets.

The Government is providing \$57.1 million to develop a Critical Minerals International Partnerships program to secure strategic and commercial partnerships with like-minded partners and develop diverse and resilient critical mineral supply chains. This builds on the existing \$2 billion Critical Minerals Facility and the \$15 billion National Reconstruction Fund, for which the Government has allocated \$1 billion for investments in value-adding in resources, including processing minerals.

The Government is providing \$14.8 million to establish the Powering Australia Industry Growth Centre, which will support Australian businesses looking to manufacture, commercialise and adopt renewable technologies. This is in addition to the up to \$3.0 billion allocated to investments in renewables and low emissions technologies, including green metals, under the National Reconstruction Fund.

Recognising the intensifying competitiveness of the international clean energy investment landscape, the Government will also provide \$5.6 million to analyse the new implications for Australia, and to identify potential actions to catalyse growth in clean energy industries, to ensure the competitiveness of Australian manufacturing and attract capital investment.

Sustainable finance

The Government is committing \$8.3 million over 4 years to develop and issue sovereign green bonds, \$1.6 million to co-fund with the private sector the development of an Australian sustainable finance taxonomy, and \$4.3 million to bolster ASIC's enforcement action against greenwashing. This lays the foundation for an Australian Sustainable Finance Strategy which will support the financial system to fund the transformation to net zero, and ensure Australian firms remain competitive in global capital markets.

Establishing a Net Zero Authority

This Budget funds the establishment of a national Net Zero Authority, with responsibility for promoting the orderly and positive economic transformation associated with achieving net zero emissions.

The Authority will work across all levels of government and with workers, companies, investors, and communities to facilitate economic development and diversification and help smooth the changes as Australia moves to a clean energy economy.

The Authority will also ensure workers are supported as they transition to new opportunities and support First Nations Australians to meaningfully participate.

The Authority will include a focus on the regions, industries and workers that have traditionally powered Australia's economy. As some industries adapt and transition, the Authority will work to ensure new industries come online, and workers, communities and regions are supported.

Safeguard Mechanism and Powering the Regions Fund

The Government's landmark reforms to the Safeguard Mechanism commence on 1 July 2023 and will drive down industrial emissions, assisting Australia to reach its emissions reduction targets. The reforms to the Safeguard Mechanism provide certainty for businesses and will ensure industry remains competitive in a decarbonising global economy. The Government will ensure the Safeguard Mechanism's effectiveness through a review into its policy settings in 2026–27.

In tandem with the reforms to the Safeguard Mechanism, the Powering the Regions Fund will assist regional industries to realise the opportunities of the net zero transformation through the establishment of 3 key streams. The \$600.0 million Safeguard Transformation Stream is allocated for trade-exposed Safeguard facilities and will assist these facilities in reducing their on-site emissions and boost their global competitiveness.

The \$400.0 million Industrial Transformation Stream for existing industrial facilities will support the growth of new clean energy industries in regional areas, decarbonising existing industrial activities and transforming traditional strengths, such as green manufacturing.

The \$400.0 million Critical Inputs to Clean Energy Industries Stream will support sovereign manufacturing capability of critical inputs to the energy transformation, such as steel,

cement, lime, and aluminium. This will support these industries to continue manufacturing while reducing their emissions as well as ensuring access to critical inputs for the transformation.

A sustainable future

Australia’s natural environment is both an important economic asset and globally unique in its cultural heritage value. The Government is ensuring Australia continues to be adaptable to the changing global climate and is committed to protecting our environment for future generations to experience and enjoy.

Protecting Australia’s unique natural environment

The Government will enhance the ecological sustainability of the Murray-Darling Basin by continuing to deliver on its commitment to implement the Murray-Darling Basin Plan. This Budget includes \$103.7 million to undertake the first statutory review of the Murray-Darling Basin Plan, which will help develop adaptation pathways to respond to new challenges and conditions.

The Government is delivering on its Nature Positive Plan, including \$121.0 million to establish Environment Protection Australia and \$51.5 million to establish Environment Information Australia. The implementation of the Nature Positive Plan will restore public trust in environmental laws and ensure integrity and efficiency in regulatory approvals.

The Government will spend \$355.1 million to address chronic underfunding of our National Parks including Kakadu and Uluru-Kata Tjuta. This includes the funding for Mutitjulu First Nations community identified above. This investment will help preserve the natural and cultural heritage value of Parks, address safety concerns and replace ageing visitor infrastructure.

Safeguarding and supporting agricultural output

Consistent with the Government’s election commitment, the Budget includes ongoing funding to strengthen Australia’s biosecurity system. More than \$1.0 billion of additional funding will help ensure Australia remains free from invasive pests and diseases that would impact trade, jobs, regional Australia, health outcomes and the environment. The Government’s biosecurity regime underpins the farming sector’s record \$75 billion in agricultural exports.

Through its National Water Grid Fund, the Government is increasing water security for Tasmanian irrigators. This Budget includes \$109.0 million towards construction of the Northern Midlands Irrigation Scheme and \$62.1 million for the Sassafras-Wesley Vale Irrigation Scheme.

The Government is increasing irrigators’ confidence in water trading markets in the Murray-Darling Basin. The Budget includes \$32.7 million for the Bureau of Meteorology to develop reliable data and information systems, including a website with accurate minute-by-minute water market data, enabling greater information sharing and restoring

transparency, integrity, and confidence in key water markets. Improved water market data will also help the Government more efficiently implement the Murray-Darling Basin Plan.

The Budget includes \$38.3 million to enhance the Government’s capacity to help farmers manage the impacts of climate change and to better target its agriculture related expenditure. The Australian Bureau of Agricultural and Resource Economics and Sciences will be able to collect better agricultural statistics, improve its climate analysis and upgrade its data and information systems.

Disaster resilience and preparedness

The Government is helping Australian communities improve their disaster readiness in the face of more frequent and intense natural disasters. In 2023–24, the Government is providing \$200.0 million through the Disaster Ready Fund to support projects across Australia, including levee and drainage system upgrades, building seawalls, bushfire risk reduction projects and more.

Australia’s extreme weather has tested the resilience of many individuals and communities, with widespread flooding across many parts of Australia due to 3 consecutive La Niña events. The Government has continued to move quickly to support impacted communities to get back on their feet, providing \$1.5 billion to individuals since July 2022 through the Disaster Recovery Allowance and Australian Government Disaster Recovery Payment. Since the October Budget, the Government has committed over \$1.4 billion for its share of targeted assistance under Category C and D of the joint Commonwealth-State Disaster Recovery Funding Arrangements. The Government expects to reimburse the states and territories \$8.4 billion over 5 years from 2022–23 to 2026–27 for costs incurred in relation to past disasters.

Investing in strategic industries

Building the foundations of a stronger and more secure economy will require both the development of new industries and the repair and expansion of Australia’s existing industrial capacities. This Budget makes targeted investments to support those new industries and build new sovereign defence capabilities. These will be critical to taking full advantage of the transformation of our economy, deliver advanced technologies for Australia’s national security and repairing the supply chains that are needed now and into the future.

National Reconstruction Fund

Building on the October Budget measure, the Government will provide \$61.4 million of funding to support the establishment and operation of the \$15 billion National Reconstruction Fund. The Parliament passed the *National Reconstruction Fund Corporation Act 2023* on 29 March 2023, and it received Royal Assent on 11 April 2023, paving the way for the appointment of the Corporation’s Board and the National Reconstruction Fund’s launch, expected in mid-2023.

The National Reconstruction Fund will be one of the largest peacetime investments in manufacturing in Australian history. It has been designed to build Australia’s industrial capability, with a focus on 7 priority areas that leverage Australia’s natural and competitive strengths – renewables and low emissions technologies; medical science; transport; value-add in the agriculture, forestry, and fisheries sectors; value-add in resources; defence capability; and enabling capabilities. Investing in these priority areas will diversify and transform domestic industries, improve supply chain resilience, and ensure businesses are positioned to realise the opportunities presented by the net zero economic transformation.

Industry Growth Program

The new \$392.4 million Industry Growth Program will support Australian small to medium-sized enterprises and startups to commercialise their ideas and grow their operations. This recognises the important contribution small and medium-sized enterprises make, and the role they play in transforming the Australian economy and creating new, high skill jobs. Support will be targeted towards businesses operating in the priority areas of the National Reconstruction Fund.

Securing Australia’s Nuclear Medicine and Science Capability

The Government will support the resilience of nuclear medicine supply chains through the design and construction of a new, safe and reliable nuclear medicine manufacturing facility and sustainment of existing capabilities. Nuclear medicine is critical to Australia’s health system, touching the lives of thousands of Australians each year. Maintaining a nuclear medicine sovereign capability will reduce the risk of unplanned supply disruptions and promote positive health outcomes for Australians, especially in regional areas.

Building up our defence capability

The Government is also committed to using Australia’s expertise in science and technology so that the Australian Defence Force has cutting-edge capabilities. This includes funding of \$3.4 billion over the next decade, to establish the Advanced Strategic Capabilities Accelerator. This investment will transform Australia’s defence innovation ecosystem to urgently deliver advanced technologies for Australia’s national security.

Growing Australia’s Critical Technology Industries

Critical technologies are key to driving Australia’s future prosperity. The Government is providing \$101.2 million, to support the growth of critical technologies, including quantum and artificial intelligence (AI) technologies. This will support a Critical Technologies Challenge Program, beginning with a focus on quantum computing. It will also extend the National AI Centre and its role supporting responsible AI usage, and will create an Australian Centre for Quantum Growth to connect and amplify Australia’s quantum ecosystem.

Through these targeted investments, the Government will accelerate the adoption and diffusion of critical technologies across the economy, helping Australian businesses innovate in their business operations and develop new products.

National Cultural Policy

The *National Cultural Policy – Revive*: a place for every story, a story for every place is a 5-year plan to renew and revive Australia’s arts, entertainment, and cultural sector. Backed by \$286.0 million in dedicated funding, *Revive’s* centrepiece is the establishment of Creative Australia, the Government’s new principal arts investment and advisory body.

Building on *Revive*, a further \$535.3 million will support the 9 National Collecting Institutions (including the National Library of Australia and the National Gallery of Australia), to preserve and promote Australian arts, culture, and heritage. In addition, ongoing incentives for the film industry will support economic activity, jobs and local businesses in the film and television industry.

Supporting small business

Innovative and hardworking small businesses are a key foundation of the economy, and the Government is making it easier for small businesses to continue their critical role in securing Australia’s future prosperity.

Small and medium business investment

The Government is improving cash flow and reducing compliance costs for small businesses by providing a \$20,000 instant asset write-off. Small businesses with aggregated annual turnover of less than \$10 million will be able to immediately deduct eligible depreciating assets costing less than \$20,000, which are first used or installed ready for use between 1 July 2023 and 30 June 2024. The \$20,000 threshold will apply on a per asset basis, so small businesses can instantly write off multiple assets. The \$20,000 instant asset write-off is estimated to provide around \$290.0 million in cash flow support for small businesses over the forward estimates.

A new Small Business Energy Incentive will complement the \$20,000 instant asset write-off. It will help small and medium businesses complete energy saving upgrades and reduce their power bills. Up to 3.8 million small and medium businesses with aggregated annual turnover of less than \$50 million will have access to a bonus 20 per cent tax deduction for the cost of eligible depreciating assets, from 1 July 2023 until 30 June 2024. The Small Business Energy Incentive will be available for up to \$100,000 of total expenditure on eligible assets.

This incentive is estimated to provide \$310.0 million in tax relief, helping pay for upgrades like electrifying heating and cooling systems, installing batteries, and switching to energy-saving electrical goods such as efficient fridges and induction cooktops. At a time when small businesses are working to bounce back from challenging economic conditions, this incentive will help them lay the foundations for their future growth and build their resilience to energy price shocks.

Reducing the time small businesses spend doing taxes

The Government is delivering on its election commitment to reduce the time small businesses spend doing taxes through carefully targeted measures – saving small businesses both time and money which is better spent on growing their business.

These measures will make interactions with the ATO quicker and cheaper. The measures will allow more time for small businesses to amend tax returns, trial ATO independent reviews of audits for an expanded population of small businesses, and reduce the use of cheques. Unnecessary duplication of paperwork for Single Touch Payroll lodgments will be eliminated by allowing employers to provide their tax agents with authority to act on their behalf for extended periods.

In addition, the Budget will also fund an additional 5 tax clinics from 1 January 2025, with at least 2 of these additional clinics delivered through TAFEs. Expanding free clinics to TAFEs, which have a strong presence in regional areas, will assist small businesses who do not currently have easy access to professional tax assistance.

Small business cyber security program

The Budget provides \$23.4 million to support small businesses to build resilience to cyber threats. Small and medium businesses are the target of 60 per cent of cybercrime, which is now costing Australia more than \$33.0 billion in reported losses per year. The Cyber Wardens program will address this vulnerability by equipping small businesses with the foundational skills they need to improve cyber safety. This program will be delivered by the Council of Small Business Organisations Australia and will support more than 15,000 small businesses.

Investing in a stronger, more productive and safer digital future

Data and digital transformation continue to present new opportunities for governments, businesses, communities, and households to change the way Australians live and work. This Budget ensures Australians are at the forefront of the digital economy while protecting them from the potential risks of the digital transformation. The Government is investing more than \$2.0 billion in 2023–24 in digital and ICT to deliver easy, accessible, and secure services for people and businesses.

Consumer Data Right

The Government is continuing its investment in the Consumer Data Right (CDR) with \$88.8 million to support the CDR in banking, energy and the non-bank lending sectors, progress the design of action initiation and undertake a cyber security uplift. This provides Australian consumers, both individuals and small businesses, with a more secure way to safely share data online. The CDR gives consumers an enhanced ability to control and benefit from the sharing of their data. The CDR will empower consumers to make better informed decisions and find better prices from everyday utilities to the most competitive home loans for their circumstances.

Protecting Australians against scams

Harnessing the benefits of the digital economy also increases the risks of some consumer harms. Australians are losing billions of dollars each year to scams, with the scale of loss increasing as scammers use sophisticated emerging technology to make scams harder to identify. The Government has responded by strengthening scam detection and disruption measures, including providing \$58.0 million to deliver on its commitment to establish a National Anti-Scam Centre. It will commit \$17.6 million to take down investment scam and phishing websites, and \$10.9 million to launch and maintain an Australian SMS Sender ID Registry to help prevent scams imitating key industry or government brand names in text message headers.

Expanding Digital ID

Australia's identity system is critical national infrastructure that enables a wide range of services across the economy. This system includes solutions such as Digital ID, which can provide a secure, voluntary and convenient way to verify a person's identity online, while minimising collection of their personal information. The Government is investing \$26.9 million in 2023–24 to sustain and develop the next stage of the Digital ID program. This will help increase consumer protection, reduce the chances of fraud occurring, improve efficiency, and make it easier for people to access services online.

Digital systems that drive better care

Improving the use of data and digital technology is a key pillar of the Government's vision to strengthen Medicare. Modernising Australia's digital health system will improve the coordination of care and lead to better patient outcomes. The Government is providing \$325.7 million to establish the Australian Digital Health Agency as an ongoing entity, securing its role as the steward of the nation's digital health infrastructure. The Government will also invest \$429.0 million to maintain and enhance the My Health Record system and \$69.7 million for other digital health initiatives. The Government has provisioned funding to the next Digital Health Intergovernmental Agreement with all states and territories.

Investing in people and their skills

The strength of Australia's economy both today and into the future is built on a well-trained workforce. This Budget makes investments to give Australians access to the skills and training opportunities they need for rewarding work, and ensure Australia has the skilled workforce needed for critical industries and high-quality services.

Expanding access to quality training

The Government is delivering on its commitment from the Jobs and Skills Summit to improve apprenticeship support services, increase the diversity of the apprentice workforce and drive up apprenticeship completion rates. The Government is consulting on a redesign of the program which aims to improve access to secure and rewarding jobs, and address industry needs through apprenticeship pathways. Reforms are aimed at removing barriers for women seeking a career in higher paid trade occupations and strengthening supports

for apprentices with disability, First Nations apprentices, and apprentices in remote areas. These aspiring apprentices – who typically have lower completion rates – will have access to personalised support and mentoring from commencement through to completion of their apprenticeship. Past program experience shows that apprentices who receive support services like mentoring are more likely to complete their apprenticeship.

The Government is expanding access to foundation skills training. The redesigned foundation skills program delivers on the Government’s commitment at the Jobs and Skills Summit, and will ensure all Australians 15 years and over can access training to develop the language, literacy, numeracy and digital skills required to successfully participate in work, education and society.

The Australian Skills Guarantee ensures 1 in 10 workers on major Government-funded construction and ICT projects will be an apprentice or trainee, and it will start to address long-term structural problems of gender inequality in apprenticeships. It will set national targets for women apprentices and trainees working on these projects, and a further target for women in trade roles. Targets for women apprentices in construction will increase annually. This will more than double participation for women in apprenticeships and traineeships, and triple participation in trade apprenticeships, on Skills Guarantee construction projects by 2030.

To strengthen and reform the VET sector over the long term, the Government and states and territories are negotiating a new 5-year National Skills Agreement to commence from 1 January 2024. The new Agreement will ensure a responsive VET sector that is able to provide the right training for critical and emerging industries, and it will provide additional support for priority groups including women and First Nations Australians. The Government is providing funding for 300,000 TAFE and vocational education training places to become fee-free. This will assist students with cost-of-living challenges and enable them to gain the skills that employers need.

Teacher Workforce Action Plan

In addition to the \$328.0 million committed in the October Budget to address teacher shortages, the Government will contribute a further \$9.3 million to help attract, train and retain teachers as part of implementation of the National Teacher Workforce Action Plan. This includes additional assistance for early career teachers and guidance to support delivery of changes to the national curriculum. This is on top of previously announced initiatives including more university places, scholarships and a campaign to raise the status of the profession.

Support for the Early Childhood Education and Care Workforce

This Budget is investing \$72.4 million to support the skills and training of workers in the early childhood education and care sector. This includes \$34.4 million to support educators to undertake professional development and \$37.9 million to provide financial assistance for educators to complete their practicum requirements for a Bachelor or postgraduate degree in Early Childhood Education. This vital investment will ensure high-quality early childhood educators can build their skills, with clear opportunities for career advancement.

Better targeted migration system

Reforming the migration system will ensure it serves Australia’s national interest and complements the skills and capabilities of Australian workers. Following a review of the migration system, the Government has released for consultation *A Migration System for a More Prosperous and Secure Australia – Outline of the Government’s Migration Strategy*, which presents changes to build a migration system that works for Australia. The Government plans to deliver the final Migration Strategy later in 2023.

The Government is ensuring the migration system delivers the skilled migrants needed to address persistent skill shortages. Around 70 per cent of places in the 2023–24 permanent Migration Program will be allocated to the Skill stream, and the Government will improve pathways to permanency for temporary skilled migrants. The Government is providing an extra 2 years of post-study work rights to Temporary Graduate visa holders with select degrees, which will improve the pipeline of skilled labour in key sectors. The Temporary Skilled Migration Income Threshold will increase to \$70,000 from 1 July 2023 to ensure skilled migration settings are better targeted.

Temporary migrant worker exploitation is being addressed by enhancing mobility of sponsored migrants, providing \$50.0 million over 4 years from 2023–24 for additional enforcement and compliance activities, and co-designing enhanced safeguards and protections for workers.

Better planning and more liveable communities

Refocusing on infrastructure investment priorities

The Government will continue to improve the sustainability of the Infrastructure Investment Program and focus on delivering nationally significant land transport infrastructure projects that support long-term productivity and economic growth.

In recent years, the Infrastructure Investment Program has drifted away from a focus on projects of national significance, and market capacity challenges and cost pressures have increased.

An independent strategic review will ensure the Government’s \$120 billion pipeline over ten years is fit for purpose and the Government’s investment is focused on projects which improve long-term productivity, supply chains and economic growth in our cities and regions.

The Government will work with states, territories and local governments to prioritise the delivery of projects currently under construction and election commitments.

The maintenance of supply chains is important for economic resilience and connectivity. The Government will provide a further \$200.0 million for the development of major project business cases. A further \$13.5 million will be provided to improve aviation safety and fund critical upgrades to remote airstrips, to ensure continued access to essential health care, employment and educational opportunities for remote communities.

Brisbane 2032 Olympic and Paralympic Games

This Budget includes up to \$3.4 billion in venue infrastructure investment to support the delivery of the Brisbane 2032 Olympic and Paralympic Games. This includes up to \$2.5 billion for a new Brisbane Arena, which will form a key part of the Roma Street Station Precinct, and up to \$935.0 million for new and upgraded venue infrastructure across south-east Queensland. The Government's co-investment will support local jobs and create a lasting legacy in the growing region.

Building on urban development priorities

The forthcoming National Urban Policy will be the first comprehensive urban policy at the national level in over a decade. A new \$159.7 million urban Precincts and Partnerships Program will support a new coordinated funding approach to the transformation of suburbs at the precinct-scale. The Government will ensure that this program meets broader objectives, including addressing housing supply and affordability, decarbonisation, adaptation to the changing climate and Closing the Gap.

The \$211.7 million Thriving Suburb Program will also provide merit-based and locally-driven grants to invest in community and economic infrastructure that enhances liveability and prosperity in suburban communities.

This Budget includes \$305.0 million for further urban development projects in partnership with the Tasmanian Government, with \$240.0 million to help unlock the potential of the Macquarie Point precinct in Hobart and \$65.0 million for a stadium redevelopment in Launceston.

Strengthening sovereignty and security in our region

Shaping an Indo-Pacific region that is open, stable, and prosperous is a priority for the Government. Our security is underpinned by a predictable region operating by agreed rules and norms, where sovereignty is respected. Responding to the changes in Australia's strategic environment, the Government is deploying all the elements of statecraft to make Australia more stable, confident and secure at home, and more influential in the world. This includes diplomatic, economic, development and other engagement to maintain the region's balance, underwritten by military capability, economic security, domestic resilience, and strong borders.

Strengthening national security and stability in the region*Defence Strategic Review*

The Defence Strategic Review sets the agenda for ambitious, but necessary, reform to the Australian Defence Force's posture and structure. The Government's response to the Review sets out a blueprint for Australia's defence policy, planning and resourcing over the coming decades. It will ensure the Defence Force has the capability and structure that is fit-for-purpose, and that acquisitions deliver the greatest return on investment.

In implementing the Review, the Government will spend approximately \$19 billion to deliver 6 priority areas of action over the forward estimates. The Government is making the hard but necessary decisions to cancel or reprioritise Defence projects or activities that are no longer suited to our strategic circumstances. Defence has already identified \$7.8 billion over the forward estimates for reinvestment into priority areas. Key accelerated investments include strengthening Australia's northern bases and decisions to prioritise longer-range strike capabilities. Defence resourcing will grow over the medium term to support review implementation.

AUKUS

The Government's acquisition of conventionally-armed, nuclear-powered submarines is the single biggest investment in defence capability in Australia's history. As a key part of the Defence Strategic Review, this investment will strengthen Australia's national security and contribute to regional stability in response to unprecedented strategic challenges. It will also build a new sovereign industrial capability, with investments in skills, jobs and infrastructure across the nation.

Defence recruiting and retention

This Budget has committed \$397.4 million, to improve the recruitment and retention of skilled and highly valued Australian Defence personnel. Funding will support the introduction of a pilot continuation bonus to support the retention of Australian Defence Force personnel at critical points in their career. Of this investment, \$2.0 million will be used to undertake a holistic defence housing feasibility review. These investments are in addition to the extension of significant investments in skills, training, and education that will support Australian Defence Force personnel to operate in an increasingly complex strategic environment, and align with Australia's future defence capability investments and requirements. These investments build on the Government's previous investments to improve the Defence Home Ownership Assistance Scheme in the October Budget.

Diplomatic capability

This Budget will better enable Australia's global diplomatic network to shape the region to advance our interests, including by lifting the capability of our foreign service, deepening engagement with our region, enhancing our trade diversification efforts and countering disinformation. The Government is continuing to rebuild Australia's international development program, including through new investments to expand development expertise and deliver a more effective program.

Maintaining safe and secure borders

The Government is continuing to safeguard Australia's border security by funding the Australian Border Force's maritime surveillance and response capability, and Operation Sovereign Borders, to effectively prevent the avoidable loss of life at sea, combat the threat of people smuggling, and protect the integrity of Australia's borders. The Government is providing \$17.9 million to disrupt illegitimate international travel to Australia.

Pacific engagement

This Budget boosts support to respond to Pacific priorities and advance shared interests in a peaceful, prosperous, and resilient region.

Building on longstanding contributions to regional stability, the Government is deepening connections between our people and making further investments in labour mobility, maritime security, policing, defence, media, sport, and responding to and preparing for humanitarian disasters. In this Budget, the Government is making further investments in the Pacific Australia Labour Mobility (PALM) scheme and providing further support to Pacific Island-led forums.