



Budget

October
2022-23

Building a better future

October 2022

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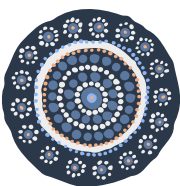
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Aboriginal and Torres Strait Islander people are advised that this publication may contain images of deceased people.



Treasury acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respects to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

This illustration has been generated from artwork created by Treasury employees during NAIDOC Week 2018 in an Indigenous Art workshop run by Linda Huddleston and Lyn Talbot from the Burrnjju Aboriginal Corporation in Canberra.

The artwork symbolises the Treasury's Reconciliation Journey, National Sorry Day and Treasury's head office in Canberra.

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Building a better future

This is a responsible Budget that delivers targeted cost-of-living relief and invests in Australia's future

Through a devastating pandemic, a succession of natural disasters and extreme global volatility, Australians have shown they are resilient, practical, and optimistic about our future.

The challenges facing Australia are growing – intense and frequent flooding, a substantial global economic slowdown, high inflation and rising interest rates. The nation is facing widespread skills shortages and falling real wages, and a budget burdened by one trillion dollars of debt and persistent structural deficits.

The Government's plan is focused on responding to these challenges and building a better future for all Australians.

This Budget delivers on the Government's commitments by:

- providing responsible cost-of-living relief
- building a stronger, more resilient and more modern economy
- repairing the Budget to pay for what's important.

This Budget confronts the challenges that have been ignored for too long and seizes the opportunities that won't wait any longer.

This is a solid and sensible Budget, suited to the times we are in and the conditions we confront.

Building a better future



Responsible
cost-of-living
relief



A stronger, more
resilient and more
modern economy



Repairing the
Budget to pay for
what's important



A responsible Budget



Cost-of-living relief

- ✓ Delivering cheaper child care for 1.26 million families.
- ✓ Expanding Paid Parental Leave to 26 weeks for working parents.
- ✓ Making housing more affordable and helping more Australians to buy a home.
- ✓ Cutting the cost of medicines on the Pharmaceutical Benefits Scheme (PBS).
- ✓ Supporting wage increases for our lowest paid workers and getting wages moving again.



Building a stronger, more resilient and more modern economy

- ✓ Delivering 480,000 fee-free TAFE places.
- ✓ Providing 20,000 additional university places for disadvantaged Australians.
- ✓ Supporting student well-being and improving classrooms.
- ✓ Supporting women's workforce participation and gender equality.
- ✓ Boosting the Work Bonus income bank for pensioners.
- ✓ A Powering Australia Plan to drive investment in cleaner, cheaper energy.
- ✓ Acting on climate change.
- ✓ Improving disaster prevention and resilience and supporting recovery efforts.
- ✓ Establishing the National Reconstruction Fund for a future made in Australia.
- ✓ Delivering nation-building infrastructure projects, including in regional areas.
- ✓ Improving the NBN and mobile connectivity.
- ✓ Protecting our farmers from pests and diseases such as foot-and-mouth disease.



Repairing the budget to pay for what's important

- ✓ Ending waste, improving the quality of spending and strengthening the fairness and integrity of the tax system.
- ✓ Protecting Medicare and making healthcare more accessible.
- ✓ Securing the NDIS.
- ✓ Delivering better aged care.
- ✓ Speeding up veterans' compensation claims processing.
- ✓ Implementing the Uluru Statement from the Heart.
- ✓ Strengthening efforts to end violence against women and implementing the Respect@Work Report.
- ✓ Deepening relationships with our Pacific family and across our region.
- ✓ Equipping Defence to respond to global and regional security challenges.
- ✓ Ensuring the integrity and security of Australia's borders.
- ✓ Establishing a National Anti-Corruption Commission to restore trust and integrity in government.

Budget at a glance

Repairing the Budget and building a more resilient economy

The Budget we inherited is in persistent structural deficit and burdened by one trillion dollars of debt, without an economic dividend to show for it.

This Budget begins the difficult task of fiscal repair with \$28.5 billion in budget improvements. In the first 2 years, it also returns 99 per cent of tax receipt upgrades to the budget and largely offsets new policies, when inflationary pressures are greatest.

Our responsible decisions mean the underlying cash balance has improved by \$42.7 billion over 4 years. Gross debt is also lower each year of the forward estimates, despite intensifying spending pressures.

In 2022–23, the underlying cash deficit is now expected to be \$36.9 billion, and gross debt as a share of the economy is expected to be 37.3 per cent of GDP, 5.1 percentage points lower compared to estimates before the election.

The near-term revenue boost from higher commodity prices and employment fades, while spending pressures continue to grow. Higher interest costs on debt and cost pressures associated with delivering essential services grow over the medium term. This Budget makes responsible savings, rebuilds buffers, and targets investments in a stronger, more resilient economy.

		Actual	Estimates				
		2021-22	2022-23	2023-24	2024-25	2025-26	Total ^(a)
		\$b	\$b	\$b	\$b	\$b	\$b
Underlying cash balance	\$b	-32.0	-36.9	-44.0	-51.3	-49.6	-181.8
	% of GDP	-1.4	-1.5	-1.8	-2.0	-1.8	
Gross debt	% of GDP	39.0	37.3	40.8	42.5	43.1	
Net debt	% of GDP	22.5	23.0	25.8	27.4	28.5	

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

Global economic outlook

The global economy is once again on the edge

The global economic environment is significantly more volatile than it was just a few months ago. Global growth is expected to slow substantially, and the outlook is becoming more uncertain.

The disruption from Russia's illegal invasion of Ukraine is the largest shock to global energy supply since the 1970s. Along with the lingering effects of the pandemic and strained supply chains, this has seen global energy costs and inflation soar. The result is a significant increase in the cost of living for households around the world.

Central banks have responded to rapid price increases with the steepest, most synchronised global monetary tightening in decades.

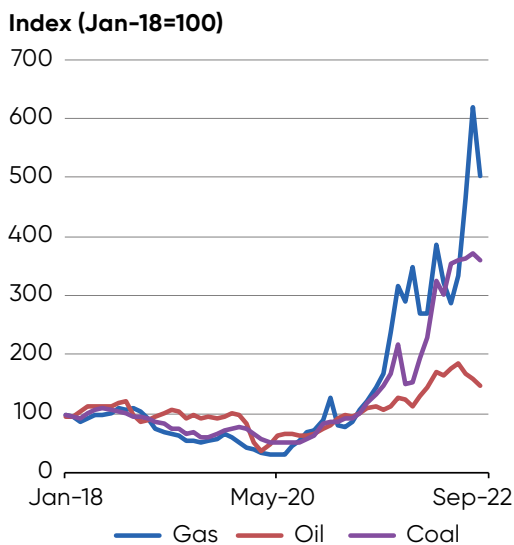
The combination of high global inflation, strained supply chains, and rising global

interest rates is taking its toll. Global growth is slowing sharply with some economies contracting, and growth forecasts have been downgraded significantly. Global output is expected to be more than 2 per cent lower by 2024 than previously forecast.

There are risks of an even sharper downturn affecting the global economy. These risks include a 'hard landing' in major advanced economies, a sharper-than-expected downturn in China due to COVID-19 outbreaks, a sudden tightening in financial markets and further global energy price shocks.

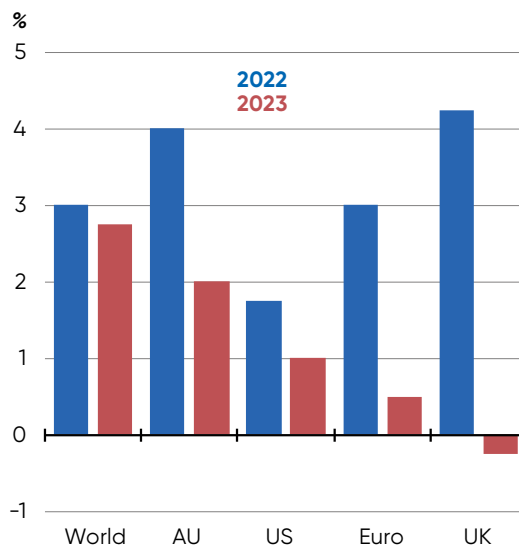
While Australia is performing strongly compared with most other advanced economies, we will not be completely spared from these global challenges.

Global energy prices



Source: IMF, Refinitiv

Global growth forecasts



Source: Treasury

Domestic economic outlook

Global challenges and cost-of-living pressures are weighing on household budgets and the economy

The Australian economy is facing headwinds from a deteriorating global economy, a global price shock, natural disasters, high inflation and rising interest rates.

While more Australians are in jobs, wages growth is not keeping pace with price rises, and higher interest rates are placing even more pressure on many households.

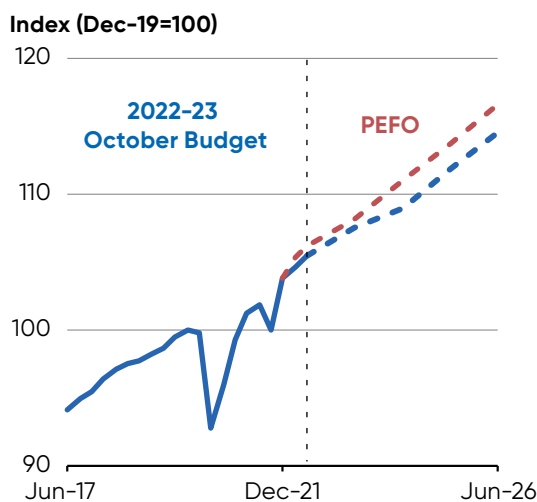
The economy is expected to grow by a solid 3¼ per cent over 2022–23, before slowing to 1½ per cent in 2023–24 as global challenges and cost-of-living pressures weigh on households and the economy. Employment growth is expected to ease, but jobs will continue to be created and the unemployment rate is expected to stay low

by historical standards, at 4½ per cent in June 2024.

Supply constraints and high global energy prices are persisting and are being exacerbated by recent floods. Inflation is forecast to peak at 7¾ per cent by the end of 2022, before easing gradually over the next 2 years. As wages grow more strongly and inflation moderates, we expect real wages to start growing again in 2023–24.

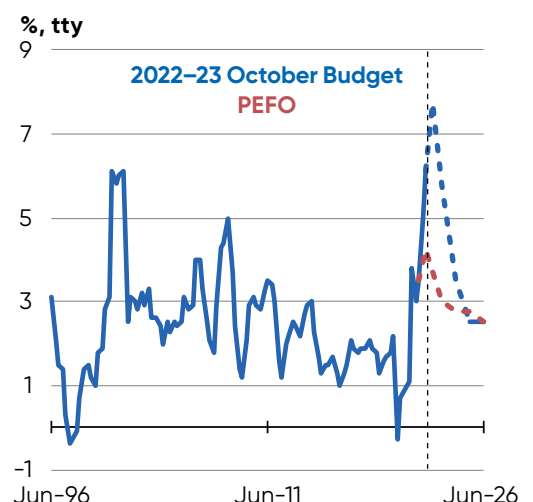
In response to these challenges, the Government is providing responsible cost-of-living relief and investing in a stronger, more resilient economy so we can better withstand future shocks and build a better future.

Real GDP



Source: ABS Australian National Accounts: National Income, Expenditure and Product, and Treasury.

Headline Consumer Price Index Growth



Source: ABS Consumer Price Index, and Treasury.



Responsible cost-of-living relief

Cheaper child care

Making child care more affordable for 1.26 million families

The Government is investing \$4.7 billion over 4 years from 2022–23 to make early childhood education and care more affordable for Australian families. The Government's reforms will mean 96 per cent of families with children in care are better off and no family is worse off.

From July 2023, Child Care Subsidy rates will increase up to 90 per cent for eligible families earning less than \$530,000. Families will continue to receive existing higher subsidy rates of up to 95 per cent for any additional children in care aged 5 and under.

The significant cost of early childhood education and care can prevent parents, particularly women, from working as much as they want. It is estimated these reforms will increase the hours worked by women with young children by up to 1.4 million hours per week in 2023–24. This is equivalent to an extra 37,000 full-time workers.

The reforms will also support children's learning and development and their readiness for school.

The Australian Competition and Consumer Commission will examine the impact of these changes on out-of-pocket fees and investigate the drivers of rising early childhood education and care costs. This will complement a comprehensive Productivity Commission review into the early childhood education and care sector to commence in 2023, which will consider a universal 90 per cent subsidy.

Gita and Matt have a combined annual income of \$120,000. Their 2-year-old child attends centre-based day care 3 days a week, costing \$4,700 a year in out-of-pocket early childhood education and care fees. From July 2023, Gita and Matt will receive a Child Care Subsidy of 82 per cent, an increase from the current 71 per cent. This will save them \$1,780 in out-of-pocket fees in 2023–24.



Expanding Paid Parental Leave



Supporting families, participation and gender equality

The Government is investing \$531.6 million over 4 years from 2022–23 to expand the Paid Parental Leave scheme and provide greater support to families. In 2026, families will be able to access up to 26 weeks of Paid Parental Leave.

This expansion is the biggest reform to the scheme since its introduction in 2011. It will enhance economic security, improve gender equality and increase participation and productivity. It will support parents to spend more time with their children and share caring responsibilities more equally.

The modernised scheme will include reserved 'use it or lose it' weeks for each parent, to encourage both parents to take parental leave. Either parent will be able to claim Paid Parental Leave first and both parents can receive the payment at the same time as any employer-funded parental leave. The reforms also improve flexibility, with parents able to take leave in blocks as small as a day at a time, with periods of work in between.

The Women's Economic Equality Taskforce will examine the optimal model for 26 weeks of Paid Parental Leave including the number of weeks that parents can access at the same time and the mix of 'use it or lose it' weeks. This will ensure it delivers the best outcomes for families and encourage more shared parenting.



Next year, Grace and Chris make plans to have a child and want to share work and care responsibilities equally. Under the expanded scheme, they will be able to access Paid Parental Leave for a total of 22 weeks from July 2024 and can use it flexibly. When the baby arrives, Grace will take leave to recover from the birth and breastfeed. Once she is ready to return to work, Grace will take leave 2 days a week and Chris will take leave 3 days a week, with each accessing a total 11 weeks of leave.

More affordable housing

Working together to fix the housing crisis

Australia is facing acute housing pressures and too many Australians do not have access to affordable housing. At the same time Australia has a low level of institutional housing investment and the world's third largest pool of capital in our superannuation system which is hungry for investments that will deliver stable returns over the long term.

A target of one million new homes under a national Housing Accord

The Government is bringing states and territories, the Australian Local Government Association, investors, and representatives from the construction sector together under a new national Housing Accord. The Accord sets an aspirational target of one million new, well-located homes to be delivered over 5 years from mid-2024 as capacity constraints are expected to ease.

All stakeholders will work together to achieve this target to address the supply gap of new houses as our population continues to grow.

Under the Accord, the Government will provide \$350 million over 5 years, with ongoing availability payments over the longer term, to deliver an additional 10,000 affordable dwellings. States and territories will also support up to an additional 10,000 affordable homes, increasing the dwellings that can be delivered under the Accord to 20,000. The combination of a more secure pipeline of supply and Government support through innovative financing will facilitate cost-effective superannuation and institutional investment in affordable housing.

Planning for the future of Australia's housing

Beyond the Accord, the Government will develop a National Housing and Homelessness Plan to set out other actions and longer-term reforms. The Plan will be developed in close consultation with the states and territories and other stakeholders. To provide independent advice on housing, the Government will set up a National Housing Supply and Affordability Council.



\$10 billion

investment in the Housing Australia Future Fund



30,000

affordable and social homes delivered via Housing Australia Future Fund returns



20,000

additional affordable homes delivered under the national Housing Accord



Investing in social and affordable housing

The Accord builds on the Government's \$10 billion investment to establish the Housing Australia Future Fund. Returns from the Fund will be used to build 30,000 new social and affordable dwellings over 5 years and early disbursements of \$330 million will be used to address acute housing needs.

The Government is expanding the remit of the National Housing Infrastructure Facility to allow it to more flexibly use \$575 million of existing funds. This will help unlock a projected 5,500 new dwellings, drawing in institutional capital and accelerating housing supply.

Helping more Australians to realise their dream of home ownership

Regional First Home Buyer Guarantee

The Government is helping 10,000 eligible first home buyers a year in regional Australia to buy a home by guaranteeing up to 15 per cent of the purchase price.

Supporting veterans to purchase a home

The Government is committing \$46.2 million to expand the Defence Home Ownership Assistance Scheme. This will support veterans and Australian Defence Force members to purchase a home through monthly subsidies on mortgage interest payments.

Help to Buy

Under Help to Buy, eligible home buyers will have access to an equity contribution to buy a home with a smaller deposit and a smaller mortgage.

Helping older Australians who want to downsize

The Government is extending the exemption of home sale proceeds from pension asset testing by 12 months and is expanding access to make downsizer contributions to superannuation for people aged 55 to 59.

Cutting the cost of medicines

Maximum cost of PBS general scripts to fall for the first time in 75 years

The PBS general co-payment will be lowered to \$30

The maximum cost to general patients for PBS medications has doubled since 2000. These high costs meant that close to one million people delayed or did not fill their medications in 2019–20. Some Australians are having to choose between filling prescriptions for potentially life-saving medicines and providing other essentials for their families.

In this Budget, the Government is cutting the cost of medicines to ease cost-of-living pressures. From 1 January 2023, the Government will decrease the maximum co-payment under the PBS from \$42.50 to \$30 per script, a 29 per cent reduction. Each year, this will save around 3.6 million Australians more than \$190 million in out-of-pocket costs.

More cost-effective medicines

The Government is providing an additional \$1.4 billion for new and amended listings on the PBS and other medicines programs. This will allow greater access to affordable and life-saving essential medicines and includes treatments for various types of cancer and growth hormone deficiency in children.

Anne is a general (non-concessional) patient with diabetes who is taking the PBS medicine sitagliptin with metformin. She needs 2 tablets a day, which means filling 13 scripts per year. In 2022, Anne paid \$552.50 for a year's worth of her medicine. With the reduction to the PBS general patient co-payment on 1 January 2023, Anne will pay \$390 in 2023 for 13 scripts, saving her \$162.50. Every year approximately 300,000 scripts for the combination diabetes treatment, sitagliptin with metformin, are accessed through the PBS.





Getting wages moving again

Improving pay and reducing income inequality

Standing up for low-paid workers

Low-paid workers experience the worst impacts of inflation and have the least capacity to draw on savings. That's why one of the Government's first acts was to support wage increases for Australia's lowest paid workers to ensure that their real wages do not go backwards. The Fair Work Commission delivered a minimum pay rise of \$40 per week for full-time workers, benefitting around 2.7 million workers.

A minimum \$40 per week pay increase, straight to the pockets of low-paid full-time workers.

The Government has also supported a pay rise for aged care workers and will provide funding to support any resulting increases to award wages decided by the Commission.

Improving pay and sharing prosperity

In this Budget, the Government is taking further steps to boost wages and improve job security, delivering on election commitments and outcomes of the Jobs and Skills Summit.

The Government is supporting increased pay for women in low-paid sectors, including through the introduction of a statutory equal remuneration principle which will reduce barriers to pay equity claims.

The Government will also revitalise the workplace relations system to boost wages by simplifying and expanding access to the enterprise bargaining process. These changes will help employers and employees come together to reach agreements on better pay and conditions, especially in low-paid occupations.

Secure and well-paid jobs

Boosting job security and protecting employee entitlements

Making jobs more secure

The Government is tackling insecure work to allow more workers to plan for their future and get ahead by making job security an explicit objective of the *Fair Work Act 2009* and limiting the use of fixed-term contracts for ongoing roles.

Reinvigorating bargaining and boosting wages

Workplace bargaining will be reinvigorated through targeted and balanced changes to the workplace relations system. This will support more businesses to reach agreements with their employees that improve pay outcomes, especially in low-paid occupations.

The single enterprise agreement making process will be simplified and the Better Off Overall Test will be changed to ensure it is simple, flexible and fair.

The Government will also provide additional support to help employers and employees reach agreements and resolve disputes, with improved access to arbitration for intractable disputes. This will be complemented by enhanced access to multi-employer bargaining. Together with increased bargaining support for small business and an investment in the Fair Work Commission's expertise, more businesses will be supported to reach agreements with their employees that improve pay outcomes.

Improving workplace conditions and protections

The Government will strengthen employment conditions and protections through a fairer workplace relations system, by providing a more robust framework for flexible work and enhancing the anti-discrimination framework. This will reduce harm to workers and the economy. The small claims process will also be enhanced to support employees to recover unpaid wages more easily.

To ensure all workers will be covered by the same regulatory framework regardless of industry, the Registered Organisations Commission and the Australian Building and Construction Commission will be abolished, with their functions picked up by the Fair Work Commission and the Fair Work Ombudsman.



A stronger, more resilient and more modern economy

Better access to training and skills

Giving Australians the skills they need to secure higher-wage jobs

Fee-free TAFE

The Government is delivering 480,000 fee-free TAFE and community-based vocational education places over 4 years. As a first step, the Government is entering a \$1 billion agreement with the states and territories to provide 180,000 places in 2023.

This agreement will prioritise training for students that traditionally face barriers to work and study, including women facing economic equality issues, and target industries with severe skill shortages. It will also deliver a \$50 million TAFE Technology Fund to modernise TAFEs, enabling students to take advantage of up-to-date IT facilities, workshops and laboratories.

Beyond this, a new 5-year National Skills Agreement will commence in 2024 to secure the long-term future of vocational education and training, underpinned by national skills and training reform.

Planning for the workforce of the future

The Government will establish Jobs and Skills Australia to strengthen the nation's workforce planning, help address workforce shortages and build long-term capacity in priority sectors. Jobs and Skills Australia will take a tripartite approach to workforce planning. This will help to better identify current and future skills and training needs by bringing together employers, employees, governments and training providers.

The Government will develop an Australian Skills Guarantee to ensure apprentices have access to the opportunities they need. Under the Guarantee, one in 10 workers on major federally funded projects must be an apprentice, trainee or paid cadet, with specific targets for women.



Supporting students



Improving well-being and greater access to education

Investing in our schools

The past few years have been especially difficult for Australian kids. This is why the Government is investing \$474.5 million over 2 years to help students bounce back.

All schools will benefit from the \$203.7 million Student Well-being Boost, with the average school receiving \$20,000 towards improving student mental health and well-being. A new voluntary mental health check tool will assist schools to identify students who are struggling, so they can get the help they need.

The Schools Upgrade Fund will provide \$270.8 million to support improvements to ventilation and air quality, as well as larger refurbishments to public schools.

The Government will also deliver on commitments to help tackle the teacher shortage – investing in bursaries worth up to \$40,000 each and expanding the High Achieving Teachers program to attract our best to the profession.

More university places

Under-represented groups will be supported to attend university and study in areas of in-demand skills through a one-off boost of 20,000 additional university places. These places will be targeted to students from low socio-economic backgrounds, regional and remote areas, students who are first-in-family to attend university, First Nations students and students with disability.

Startup Year will encourage students to innovate by supporting up to 2,000 eligible students each year to participate in a university-based accelerator program.

A Higher Education Accord

The Government will establish the Australian Universities Accord to drive long-term reform in Australia's higher education system. The Accord will draw on the advice of universities, staff, unions, business, students and parents to make universities more accessible, affordable and sustainable.

Skilled migration

A migration system that strengthens the workforce and builds community

The Government is committed to ensuring Australia has the right skills to support our economy and drive future growth. This includes responsibly using migration to ease current critical skill and labour shortages, which have been impacting the everyday lives of Australians.

The permanent Migration Program will be expanded to 195,000 in 2022–23. This is an increase of 35,000. More than 90 per cent of new places will be for skilled migrants, and more than a quarter targeted to regional areas.

To address skills shortages more quickly, additional funding of \$42.2 million will be provided to accelerate visa processing, reduce the visa backlog and raise awareness of opportunities for high-skilled migrants in Australia's permanent Migration Program.

Student and secondary training visa holders will have their work restrictions relaxed until 30 June 2023. This will allow them to work additional hours in any sector, helping to address workforce shortages.

By creating greater training opportunities for Pacific workers within the aged care sector we will ease skill shortages and build stronger economic relationships with our Pacific neighbours. The Government will scale up the aged care training pathway for the Pacific Australia Labour Mobility scheme with an additional 500 places in 2022–23.

The Government is also developing a Migration Strategy to ensure the migration system serves Australia's national interests and complements the skills and capabilities of Australian workers. The Strategy will focus on ways to grow Australia's economy and attract high-skilled migrants, while also furthering Australia's geostrategic interests, unlocking the potential of all migrants and providing clear pathways to permanent residency.



Jobs and Skills Summit

Bringing Australians together to address the challenges and opportunities facing the labour market and the economy

The Government's Jobs and Skills Summit brought Australians together to confront the challenges impacting the labour market, and to find common ground on solutions.

The Summit was a success – with agreement on 36 immediate actions.

This Budget carries forward the success of the Summit, incorporating a number of these outcomes. The Government, employers, unions and the broader community are working together to progress these initiatives. They include establishing Jobs and Skills Australia with a tripartite governance model and delivering digital apprenticeships through the Digital and Tech Skills Compact.

One key Summit outcome was better incentives for older Australians who want to work.

This includes the one-off \$4,000 credit to the Work Bonus income bank for pensioners. International students will also be allowed to work additional hours until June 2023. These initiatives will help take pressure off our current labour shortages.

Summit actions will help build a bigger, better trained and more productive workforce, boost real wages and living standards, and create more opportunities for more Australians.

Further work is underway to deliver on the Government's economic objectives of full employment, lifting productivity and equal opportunities for women. These will be focus areas for the Employment White Paper. They will be complemented by the work of the Women's Economic Equality Taskforce, the development of a Migration Strategy and other collaborative processes initiated at the Summit.



Advancing gender equality



Addressing persistent barriers to equal outcomes for women

The Government is expanding the Paid Parental Leave Scheme and delivering cheaper child care – significant reforms that will reduce barriers to work for women. The Government is also delivering a record investment in women's safety and is taking other action to advance gender equality.

National leadership to drive change

To advance gender equality, the Government will develop a National Strategy to Achieve Gender Equality. The Strategy will be guided by the new independent Women's Economic Equality Taskforce and informed by broad consultation. The Government is also delivering on its commitment to introduce gender-responsive budgeting so that the impacts of policies on women are taken into account in decision-making.

Tackling the gender pay gap

The Government is leading a national push to help close the gender pay gap. The Government will require large companies to publicly report their gender pay gap to the Workplace Gender Equality Agency to improve transparency and encourage change. Pay secrecy clauses in employment contracts will also be prohibited.

The Government is also putting gender equity at the heart of the workplace relations system. Changes to the *Fair Work Act 2009* will make it easier for women in low-paid sectors to make pay equity claims. The Fair Work Commission will need to consider gender equity when setting minimum wages. This Budget provides \$20.2 million over 4 years to set up 2 new expert panels on Pay Equity and the Care and Community Sector to support the Fair Work Commission.

Powering Australia

Building a future with cleaner and cheaper energy

Rewiring the Nation

The Government is modernising the electricity grid to help put downward pressure on power prices and support the transformation to a clean energy future. Rewiring the Nation will use \$20 billion of low-cost finance to make much needed upgrades to our outdated electricity grid. This includes investing in Marinus Link to connect Tasmania's Battery of the Nation pumped hydro and renewables to the East Coast transmission network.

New investment in renewables generation and storage capacity will reduce Australians' exposure to international energy prices and help meet our emissions reduction commitments. It will also create construction jobs in regional Australia and fast track growth in sectors such as green hydrogen and battery production.

Powering the Regions

Renewable energy provides vast potential to strengthen the economic future of Australia's regions, revitalise the competitiveness of traditional industries, and power new ones as part of the transformation to net zero by 2050. The Government will establish the \$1.9 billion Powering the Regions Fund to help transform regional industries and help regional Australians access the economic opportunities of decarbonisation. Clear investment signals, such as the Government's reforms to the Safeguard Mechanism, will support industry's international competitiveness and Australia's transformation into a renewable energy superpower.

Reducing Transport Emissions

The Driving the Nation Fund invests \$500 million to help reduce transport emissions, including electric vehicle charging infrastructure at 117 highway sites and hydrogen highways for key freight routes. The Government will also ensure its fleet purchases and leases will be 75 per cent electric by 2025.

To cut taxes on electric cars and encourage their uptake, the \$345 million Electric Car Discount will exempt eligible electric cars from fringe benefits tax (FBT) and the 5 per cent import tariff. For an electric car valued at about \$50,000, the FBT exemption



**10,000
km**

of new
transmission lines



**\$55
billion**

of public and private
investment unlocked



**Enabling
82 per cent**

renewable-based grid
by 2030



\$500 million

to reduce transport emissions



Over \$300 million

to support community batteries and solar banks



Over \$100 million

for the New Energy Apprenticeships and New Energy Skills programs

would save an employer up to \$9,000 a year or, for an individual using a salary sacrifice arrangement, their saving would be up to \$4,700 a year. Removing customs duties will also help the purchaser save up to an additional \$2,500 if the car was previously subject to an import tariff.

Ensuring 75 per cent of new Commonwealth car purchases and leases are electric by 2025 will encourage more electric vehicles and help contribute to a second-hand market. The Government is consulting on Australia’s first National Electric Vehicle Strategy, continuing work to improve supply and uptake of affordable electric cars.

Community Batteries and Solar Banks

The \$224.3 million Community Batteries for Household Solar Program will assist up to 100,000 households to reduce their power bills by delivering up to 400 community batteries to store excess solar energy for when it is needed most. The Government is also providing \$102.2 million for the Community Solar Banks program to help up to 25,000 households access cheap solar-powered energy.

Skilling the clean energy workforce

The Government is addressing growing skills demands in the clean energy sector by committing over \$100 million to the New Energy Apprenticeships and New Energy Skills programs. The programs will help apprentices acquire necessary skills by developing a new mentoring program and providing up to \$10,000 for each apprentice in a clean energy role.



Acting on climate change

Safeguarding our future from the effects of climate change

Transparent and accountable climate action

The Government has enshrined in law our emissions reduction targets of 43 per cent by 2030 and net zero by 2050. Reforms to the Safeguard Mechanism will support whole-of-economy emissions reductions and align our economy with green growth opportunities.

To provide transparency on Australia's progress, the Government is investing \$42.6 million to restore the Climate Change Authority, introducing an Annual Climate Change Statement to Parliament and increasing transparency around climate-related spending in the Budget.

Investing in and leveraging First Nations expertise

The Government will provide \$105.2 million to support First Nations people to respond to climate change in their communities.

A First Nations Clean Energy Strategy and Community Microgrids Program will enable First Nations communities to influence and access the benefits of Australia's renewable energy transformation.

A new Torres Strait Climate Change Centre of Excellence will empower Torres Strait communities to design and deliver local adaptation and mitigation initiatives, including through the Climate Warriors training program.

Government leadership

The Government will invest \$7.1 million to begin reducing its own emissions to net zero by 2030. A further \$39.1 million will improve the Australian Public Service's climate expertise, including by rebuilding Treasury's climate modelling capability.

The Government is convening stakeholders and experts through the National Climate Risk Assessment, which will inform climate adaptation priorities. It is consulting closely on the design of key policies like reforms to the Safeguard Mechanism and climate risk disclosure standards for Australian businesses.

\$45.8 million will boost our ability to engage, share knowledge and partner with our neighbours and others around the world on climate change.



43 per cent

legislated emissions reduction target by 2030



\$42.6 million

to restore the role of the Climate Change Authority



\$45.8 million

towards clean energy trade partnerships and international climate engagement

Protecting the environment



**\$1.2
billion
by 2030**

to preserve and
restore the Great
Barrier Reef



**\$224.5
million**

support for threatened
native species



**4.8
million
hectares**

additional protected
areas

Safeguarding our wildlife, land and oceans

Managing our land and water

The Government is stepping in to arrest environmental decline and preserve a healthy environment for future generations. The Government is making a \$1.8 billion investment in strong action to protect, restore and manage the natural environment.

An initial investment of \$91.1 million over 6 years will clean up and restore urban waterways, protect local species and improve liveability for communities. A further \$224.5 million will help save threatened native species and implement the Threatened Species Action Plan (2022–2032).

Indigenous Protected Areas will be maintained and expanded, with an additional \$66.5 million over 5 years driving us closer to the target of protecting 30 per cent of land and oceans by 2030. \$14.7 million will support First Nations-led action to identify and protect heritage places. This includes pursuing new World Heritage listings for the Murujuga Cultural Landscape and Flinders Ranges.

Protecting the Great Barrier Reef

The Government is increasing funding for the Great Barrier Reef to \$1.2 billion by 2030. This will accelerate and scale up reef protection and restoration activities and address gaps in the implementation of the Reef 2050 Long-Term Sustainability Plan.

\$15.3 million will ensure the Coastal Marine Ecosystems Research Centre in Gladstone is completed. The Centre will provide world-class science to guide management of the Reef in a changing climate.

Environmental Law Reform

The Government is developing a full response to the Independent Review of the *Environment Protection and Biodiversity Conservation Act 1999*. In the interim, \$117.1 million will ensure assessment and compliance activities continue while broader planning is undertaken to improve the system.

Building disaster resilience and preparedness

Supporting communities to bounce back from disasters and prepare for future events

In recent years, Australia has been hit by drought, floods and bushfires that have tested our resilience and solidarity.

This year alone, floods in Victoria, Tasmania, New South Wales and Queensland have had a devastating impact on communities, taking a toll on the physical and mental health of those affected.

The economic cost of natural disasters is also high. They damage houses, crops, transport and other infrastructure in impacted communities.

Preliminary estimates indicate the most recent flooding across South-East Australia will lead to a detraction of around a ¼ of a percentage point from GDP growth in the December quarter of 2022.

The recent floods will also add to existing cost-of-living pressures, mainly through higher fruit and vegetable prices.

More support for relief and recovery

The Government will always stand ready to support our communities through the immediate impact of disasters and the long road to recovery. Disaster support payments are already providing immediate financial assistance to those impacted by the current floods in New South Wales, Tasmania and Victoria. The Commonwealth will also support the states as they rebuild critical public infrastructure.

There is \$3 billion in the contingency reserve to meet the disaster recovery costs from the flooding events this year. Funding will go towards government payments to individuals and help support state efforts to alleviate the immediate hardship being experienced by communities and businesses.

In addition, to support future recovery efforts, the Government is providing \$38.3 million to Disaster Relief Australia for more than 5,000 extra volunteers to help communities when disaster strikes.





Disaster Readiness

To better prepare for future disasters, the Government will invest up to \$200 million per year on prevention and resilience initiatives through the Disaster Ready Fund. The Fund will support projects such as flood levees, sea walls, cyclone shelters, evacuation centres and fire breaks.

The Government is also spending \$22.6 million over 4 years to help reduce the cost of insurance in disaster prone communities. This funding will be used to establish partnerships between government and the insurance sector. It will also improve consumer understanding of insurance products and leverage private-public initiatives to inform mitigation projects that reduce premiums for Australian households.



A future made in Australia

Investing in priority industries to grow our industrial base, diversify our economy and boost and support regional development

National Reconstruction Fund

The Government will establish the National Reconstruction Fund to provide \$15 billion of capital to transform and strengthen priority industries. This investment will support employment growth, drive regional development and help build a future made in Australia.

The National Reconstruction Fund will provide loans, guarantees and equity, partnering with the private sector to unlock further investment. It will invest in 7 priority sectors focusing on opportunities to add value to primary products and leverage Australia’s natural and competitive strengths. This includes resources; agriculture, forestry and fisheries sectors; medical science; renewables and low emission technologies; defence capability; transport; and enabling capabilities.

The National Reconstruction Fund will drive regional development by identifying and investing in manufacturing technologies to help the transition to net zero emissions.

Resources

Expand our mining science technology and ensure a greater share of the raw materials we extract are processed here.

Enabling capabilities

Support key enabling capabilities across engineering, data science and software development.

Transport

Develop our capabilities in transport manufacturing and supply chains.



Agriculture, forestry and fisheries sectors

Unlock potential and value add in our regions via the agriculture, forestry and fisheries sectors.

Medical science

Help fulfil our potential in providing essential supplies.

Renewables and low emission technologies

Support the manufacture of technologies that drive renewables and lower emissions.

Defence capability

Maximise our requirements being sourced from Australian suppliers employing Australian workers.

Revitalising Australian industries

The Government is already investing in the growth and development of sustainable, local industries. Grants of \$113.6 million for manufacturing upgrades will boost our competitiveness, invest in our regions and reduce our carbon output. These grants will support local jobs through projects as diverse as biotech in Ipswich, advanced manufacturing in Adelaide and low carbon zinc in Hobart.

Critical minerals and resources

Australia's large critical mineral reserves provide opportunities for investment and industry development. The Government will invest in research and development, build our downstream processing capabilities and diversify Australia's existing critical minerals supply chains through:

- up to \$1 billion under the National Reconstruction Fund for a Value-Adding in Resources Fund
- \$50.5 million for the Australian Critical Minerals Research and Development Hub to build valuable intellectual property in critical minerals processing
- \$99.8 million for the Strategic Critical Minerals Development Program to assist critical minerals' producers progress strategically significant projects.



Investing in infrastructure

A value-for-money pipeline of nation-building investments

Infrastructure plays a critical role in supporting our national and regional economies. The Government is delivering on its election commitments as part of the more than \$120 billion pipeline of investment in transport infrastructure over the next 10 years. This includes \$250 million to expand the Local Roads and Community Infrastructure Program. The Government will renew the role of Infrastructure Australia and reprioritise the infrastructure investment program to make the pipeline real and deliverable.



New South Wales



\$500 million

for corridor acquisition, planning and early works on high-speed rail between Sydney and Newcastle



\$300 million

for the Western Sydney Roads Package



Victoria



\$2.2 billion

investment in the Suburban Rail Loop East over the next 5 years



\$125 million

for the Barwon Heads Road Upgrade - Stage 2



Queensland



\$586.4 million

to upgrade the Bruce Highway through Brisbane's outer northern suburbs



\$210 million

to upgrade the Kuranda Range Road



South Australia



\$400 million

for upgrades to the Dukes, Stuart and Augusta Highways



\$60 million

to deliver on and off ramps to the Southern Expressway and Majors Road interchange



Western Australia



\$400 million

to upgrade the Tanami Road



\$125 million

for electric bus charging infrastructure in Perth



Tasmania



\$540 million

to upgrade Tasmania's key road corridors, including the Bass and Tasman Highways



Northern Territory



\$350 million

in additional funding to upgrade and seal the Tanami Road and Central Arnhem Road



\$332 million

towards the NT Strategic Roads Package, including upgrading the Santa Teresa and Mereenie Loop Roads



Australian Capital Territory



\$85.9 million

in funding for Canberra Light Rail Stage 2A

The NBN and mobile connectivity

Improving connectivity and security of our information

Boosting the NBN and connecting regional and rural Australia

Fast and reliable internet and mobile coverage is essential to remain connected, access services and support businesses. Connectivity helps regions to thrive and be resilient to natural disasters.

A \$2.4 billion investment in NBN Co will extend fibre access to 1.5 million more premises, including over 660,000 homes in regional Australia. A year of free broadband for up to 30,000 unconnected families will help students access learning materials from home.

A further \$1.2 billion in the Better Connectivity for Regional and Rural Australia Plan will enhance connectivity through:

- faster internet for 755,000 NBN fixed wireless users, including 120,000 satellite users upgraded to fixed wireless
- supporting mobile coverage through new investments in regional and remote Australia, especially in under-served areas
- improving resilience against natural disasters, including reliable power supplies and innovative approaches to keeping communications running
- helping farmers improve farm safety, productivity and efficiency from new communication technologies
- extending the Regional Tech Hub to support regional communities to access mobile and internet services.

Fighting Scams

Scams are costing Australians over \$2 billion a year. The Government is making an initial investment of \$12.6 million over 4 years to combat scams and online fraud. This includes establishing a National Anti-Scam Centre and more funding for identity recovery services to support victims of identity theft to recover stolen credentials.



**1.5
million**

premises with improved internet speeds



**\$2.4
billion**

for NBN Co to extend fibre access



**\$12.6
million**

to fight scams

Supporting small business

Small businesses and government working together

Small businesses employ more than 5 million Australians and are the backbone of many communities. Difficult business conditions, together with the ongoing impacts of COVID-19 and extreme weather events, have required small businesses to be exceptionally adaptable and resilient. That is why the Government is committed to delivering on its Better Deal for Small Business, including:

- strengthening unfair contract term protections
- collaborating with the small business community to address opportunities and challenges including through September's Jobs and Skills Summit.

Investing in the energy efficiency of small and medium-sized businesses

The Government is responding to rising energy costs by committing \$62.6 million to support small and medium-sized businesses in improving their energy efficiency and reducing energy use. These grants will empower small and medium-sized businesses to invest in cost-saving, energy efficient upgrades that will put downward pressure on power bills.

Workplace relations support for small businesses

The Government will work with small business, unions, workers and industry to deliver a simpler, more accessible and fairer workplace relations system. This includes removing complexity to help small businesses reach agreements with their employees, providing bargaining support for small businesses and assisting small businesses to implement new family and domestic violence leave entitlements for their employees.

Supporting small business well-being

The Government is providing \$15.1 million to extend the tailored small business mental health and financial counselling programs, NewAccess for Small Business Owners and the Small Business Debt Helpline. These programs have assisted many small businesses through the challenges of COVID-19 and recent natural disasters.

A better future for our regions

Driving regional growth

The Government will invest \$7.4 billion to support regional development across Australia.

The Government will deliver fair and transparent investments in community and economic infrastructure. This Budget includes \$1 billion for 2 new flagship programs that will drive regional development.

Community groups and local councils in regional and rural areas will be invited to seek support from the new Growing Regions Program, which will fund local infrastructure projects such as libraries and regional airport upgrades.

Through its new regional Precincts and Partnerships Program, the Government will work with states and local councils to invest in place-based projects that transform regional centres.

Through its Priority Community Infrastructure Program and its Investing in Our Communities Program, the Government will provide \$1.4 billion for local community, sport and infrastructure projects across Australia. This will fund election commitments such as \$3 million to upgrade Alroy Oval in Singleton Heights, New South Wales.

To diversify Townsville's economy, the Government will invest \$22 million in the Lansdown advanced manufacturing precinct. The precinct will underpin jobs in North Queensland by hosting emerging industries such as hydrogen and lithium-ion battery manufacturing.



Backing Australian agriculture

Increasing and safeguarding farm output

This Budget includes \$1.2 billion to help Australian farmers realise their goal of increasing annual output to \$100 billion by 2030.

In the face of growing risks posed by pests and diseases such as foot-and-mouth disease, the Government is investing \$134.1 million to bolster Australia's biosecurity system. This includes \$46.7 million to enable contact tracing of livestock from paddock to plate across the entire nation. More detector dogs will intercept biosecurity threats coming through mail, cargo and air passengers.

The Government will invest \$1.2 billion in water infrastructure through its National Water Grid Fund. New projects in the Cairns region and across Tasmania will increase irrigatable land by more than 114,855 ha. The Government will also make \$1 billion available for future projects that increase Australia's water security, reliability and sustainability.





Responsible
Budget
repair to pay
for what's
important

Structural pressures on the Budget

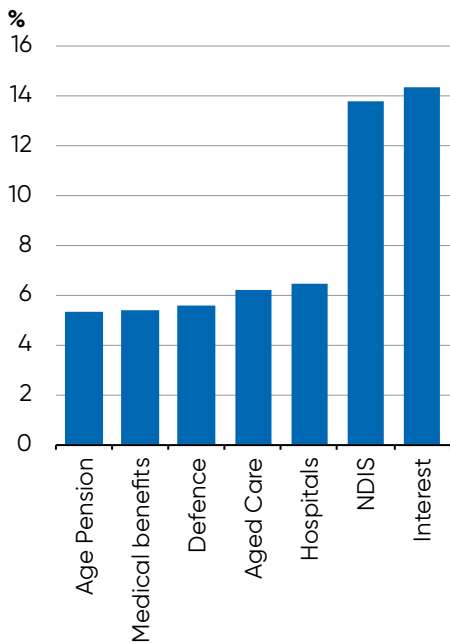
Growth in spending on essential services and the higher costs of debt are placing long-term pressure on the Budget

The Government inherited a significant and intensifying fiscal challenge, with a budget burdened by one trillion dollars in gross debt and deficits projected for at least the next decade.

We face growing pressures with interest payments and essential services – such as the National Disability Insurance Scheme, hospitals, aged care, medical benefits, age pension and defence – growing faster than the economy. These spending pressures have become even more pronounced since the election.

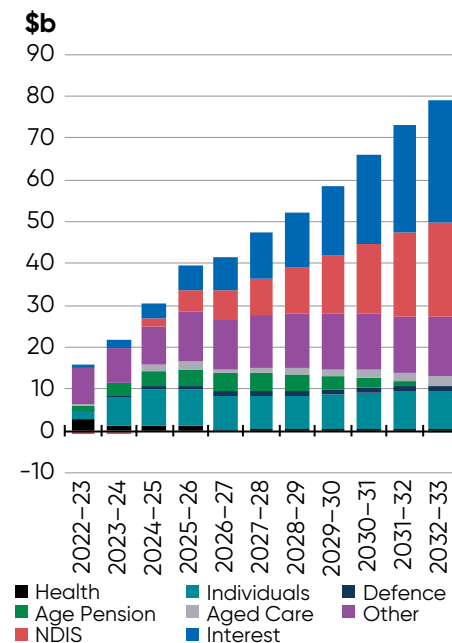
The medium-term outlook, presented in the Budget, reveals the magnitude of the fiscal challenges inherited by the Government and makes clear ongoing budget repair is needed. Interest payments and the NDIS account for two thirds of the increase in spending pressures by the end of the medium term. The Government is committed to rebuilding our fiscal buffers and putting the budget on a more sustainable path over time.

Average annual growth in major payments, 2022-23 to 2032-33



Source: Treasury

Revisions to major payments since pre-election estimates, 2022-23 to 2032-33



Source: Treasury

Managing the Budget responsibly

Delivering Budget restraint and economic resilience

The immediate focus of the Government's Economic and Fiscal Strategy is to ensure that we avoid adding to inflationary pressures in the economy. We also begin the hard task of responsible budget repair with \$28.5 billion in Budget improvements including by:

- restraining spending during the period of high inflation, and returning almost all of the improvements in tax receipts to the budget
- improving the quality of spending, and making investments that grow the economy and expand its productive capacity
- responsible savings and unwinding wasteful and duplicative spending
- improving the integrity and fairness of the tax system.

Improving the quality of spending and reducing waste

The Government Spending Audit provides an ongoing approach to Budget discipline. It begins the process of Budget repair by:

- cutting \$3.6 billion in outsourcing expenses on external contractors, consultancies, advertising, travel and legal expenses
- redirecting spending towards higher quality and higher priority initiatives
- better aligning and redirecting some infrastructure investment so it can be delivered responsibly and sustainably.

Making the tax system fairer

The Government is closing tax loopholes to ensure multinationals pay their fair share of tax in Australia and improving integrity through higher levels of tax compliance. This includes:

- a multinational tax integrity package which raises around \$1 billion over 4 years
- extending compliance programs for tax avoidance, shadow economy and personal income tax, raising \$3.7 billion over 4 years
- working with the international community to reform the international corporate tax system to better address the challenges arising from digitalisation and globalisation.

Better health care

Strengthening Medicare

The Government is committed to a better health system to care for and protect all Australians.

Reducing pressure on public hospitals

The Government will provide \$235 million over 4 years from 2022–23 to commence the roll-out of Urgent Care Clinics. This includes \$100 million over 2 years from 2022–23 to co-develop and pilot innovative models with states and territories to improve care pathways and inform program roll-out. Urgent care clinics will reduce pressure on hospital emergency departments and make it easier for Australian families to see a doctor or nurse when they require urgent, but not life-threatening care.

Strengthening Medicare Fund

The Government has set aside \$750 million for the Strengthening Medicare Fund to provide better access and care for patients. Delivery of the Fund will be informed by the Strengthening Medicare Taskforce, which will provide recommendations by the end of the year.

GPs will be assisted to enhance digital health capability, invest in infection control and meet accreditation standards. Grants of up to \$50,000 will be available, depending on practice size.

Improving mental health and well-being

The Government is improving the mental health and well-being of all Australians. This Budget restores the 50 per cent loading for telehealth psychiatry services in regional and rural areas and expands the *headspace* network.

Extending COVID-19 support

The Government is providing \$2.6 billion to adapt Australia's COVID-19 response to the current state of the pandemic. Funding will ensure continued supplies of personal protective equipment in high-risk settings and access to vaccines and treatments for at-risk cohorts.



\$452 million

to support the establishment of 2 world class cancer centres



\$327.7 million

to support Australians with type 1 diabetes



More than 44,000

newly eligible for Commonwealth Seniors Health Card

Securing the NDIS

Immediate steps to restore our disability safety net

Greater independence and better employment opportunities for Australians with disability are at the core of a successful and sustainable National Disability Insurance Scheme (NDIS).

Total funding for the NDIS will reach \$166.6 billion over 4 years, an increase of \$8.8 billion. This will ensure funding for expected growth in participants' plans.

The NDIS Review will put people with disability back at the centre of the scheme. This will restore trust, confidence and pride in the NDIS among people with disability, their families, carers and the broader Australian community. The Review will also ensure the sustainability of the scheme so that future generations receive the benefit of the NDIS.

As an immediate action, the Government will invest \$158.2 million for an additional 380 permanent staff for the National Disability Insurance Agency. This will support Australians with disability to access NDIS funding faster and more efficiently.

The Government is implementing an operational plan to get NDIS participants out of hospital more quickly, by increasing dedicated support staff and improving NDIS discharge plans.

Promoting a more inclusive Australia

The Government is providing \$10.3 million to expand the Sport4All program. Its expansion to 80 local government areas across Australia will help engage people with disability in community sport, including 53,000 First Nations people with disability.

Zander lives in regional Victoria and previously had to travel one hour to and from home for football training. On game days he would sometimes travel by car for 2 hours and then by bus for 4 hours to games spread around Northern Victoria. The Sport4All program came to the Macedon Ranges and the Kyneton Football Club decided to integrate people with disability into their club. Now Zander plays footy in his local community and is about to start cricket as well. He has made great friends and is a proud member of the Kyneton Tigers.



Better aged care

Ensuring older Australians have the support, care and dignity they deserve

More and better care

The Government is funding more care for older Australians and putting nurses back into nursing homes. By providing \$2.5 billion over 4 years, the Government is delivering on its commitments to increase average care minutes per resident and mandate that facilities have a registered nurse on site 24/7. As well as better care, residents can expect better food, which is fresh, healthy and safe.

A skilled and valued workforce

Quality aged care requires a skilled and valued workforce. The Government supported a pay rise for aged care workers through its submission on the Aged Care Work Value Case to the Fair Work Commission and will provide funding to support any resulting increases to award wages. The Government will also establish a national registration scheme for personal care workers, responding to another important recommendation from the Aged Care Royal Commission. This includes a new code of conduct to protect care recipients and further professionalise the workforce.

Protecting Australians in aged care

The Government is providing ongoing support and protection to those most vulnerable to severe illness from COVID-19, including people living in residential aged care homes. This includes \$810.2 million for additional support for aged care providers to manage COVID-19 and \$34.9 million to continue in-reach testing in aged care.



Supporting our veterans



Australians owe a debt of gratitude to our veterans

When a person enlists in the Australian Defence Force, they commit to serve their country and the people of Australia. All defence personnel deserve to feel mentally and physically safe and well, during and after their service.

The Royal Commission into Defence and Veteran Suicide is an important opportunity for the Government to ensure veterans have better access to the support they deserve. The Government is investing \$233.9 million over 4 years to recruit 500 additional staff to speed up compensation claims processing. In addition, a further \$87 million over 2 years will be invested to improve veterans' access to support and services. The Government is also developing a pathway to implement the Royal Commission's recommendation to simplify the legal framework for veterans' compensation and rehabilitation.

To help veterans with rising cost-of-living pressures, the Government will provide a \$1,000 increase in the annual rate of the Totally and Permanently Incapacitated Payment from 1 January 2023.

Further practical support to improve the welfare of veterans will be provided through \$46.7 million for 10 Veterans' and Families' Hubs across Australia. The Hubs connect veterans and their families to a range of services for mental and physical health, employment, housing advice and social connection.



A better future for First Nations people

Meeting our commitments to implement the Uluru Statement and Close the Gap

Genuine partnership between government and First Nations people is central to implementing the Uluru Statement from the Heart and the National Agreement on Closing the Gap.

The Uluru Statement

Work is underway to deliver the Government's commitment to implement the Uluru Statement from the Heart in full. \$75.1 million will be provided to prepare for the delivery of a referendum to enshrine a First Nations Voice to Parliament in the Constitution.

The foundation for establishing agreement-making and truth-telling will also be laid, through \$5.8 million to fund the first step in delivering the Government's \$27.7 million election commitment to establish an independent Makarrata Commission.

Closing the Gap

The Budget demonstrates the Government's commitment to drive progress on the National Agreement on Closing the Gap. Delivering on priority reforms, and providing increased funding to achieve the socio-economic targets, will result in improved outcomes for all First Nations people.

Working in partnership

The Budget will fund the establishment of new policy partnerships on Housing and Early Childhood Care and Development. This will be key to driving further progress towards Closing the Gap.

Aboriginal and Torres Strait Islander community organisations will also receive funds to increase their capacity to deliver for First Nations people. The Government will provide more resourcing to these organisations working in justice, housing, health, community, arts and cultural heritage conservation.



\$99 million

for justice initiatives



\$100 million

for housing and essential infrastructure in NT homelands



\$314.8 million

for First Nations health infrastructure and training

Ending violence against women



**\$1.7
billion**

to end gender-based
violence



500

new frontline service
and community
workers



4,000

new homes to support
women, including those
fleeing violence

Working to end violence in one generation

Our vision is a country free of gender-based violence – where all people live free from fear and violence and are safe at home, at work, at school, in the community and online.

The Government will deliver a record investment of \$1.7 billion to support women's safety.

Strengthening efforts to support women's safety

The Government is delivering \$1.3 billion to support implementation of the National Plan to End Violence Against Women and Children 2022–23. It will fund initiatives to support the prevention of violence, early intervention, responses, and recovery and healing.

To increase support for women experiencing violence, the Government is investing \$169.4 million for an additional 500 frontline community workers. To help stop violence before it starts, the Government is also providing \$65 million over 4 years for consent and respectful relationships education.

The Government will ensure that of the \$10 billion Housing Australia Future Fund, the returns from around \$1.6 billion will be directed to delivering 4,000 social housing dwellings. These will be provided for women and children fleeing domestic violence and older women on low incomes at risk of homelessness.

The Government has introduced legislation to provide 10 days of paid domestic and family violence leave and is providing \$3.4 million for the Fair Work Ombudsman to provide support and advice to small business on these entitlements.

Ending sexual harassment at work

No one should experience harassment at work. That's why the Government is implementing the Respect@Work Report to strengthen laws that prevent sexual harassment, including a requirement for employers to actively prevent sexual harassment in Australian workplaces.

The Budget provides \$32 million to fund Working Women's Centres in every state and territory. These centres provide free information and assistance on issues such as discrimination and pay equity.

Re-engaging our neighbours

Strengthening Australia's partnerships in our region

The Government is committed to strengthening Australia's partnerships in the Pacific and Southeast Asia to support and enhance regional stability. This includes new programs which:

- play a stronger role working with regional partners to promote economic growth and prosperity
- develop a Pacific Climate Infrastructure Financing Partnership to work with Pacific island countries to build new climate resilient infrastructure
- establish the Australia Pacific Defence School
- expand and improve opportunities for Pacific island people to live and work in Australia.

Pacific Australia Labour Mobility participants on long-term placements will be able to bring partners and children to Australia when sponsored by their employers. This will boost participation in the Pacific Australia Labour Mobility scheme, increasing its benefits to Australia, Pacific island countries and Timor-Leste.

To boost permanent migration from Pacific island countries to Australia, the Government is creating a new Pacific Engagement Visa. Up to 3,000 permanent visas will be allocated annually to nationals of Pacific island countries and Timor-Leste in addition to the existing permanent Migration Program.



Securing our borders and defending our interests

Protecting Australia and fostering the partnerships we need for our security and prosperity

The Government is working with allies and partners, including through the Quad and AUKUS, as well as with our partners in Southeast Asia and the Pacific, to position Australia to meet growing global and regional security challenges.

The Government is investing \$13 million to deepen our engagement with Southeast Asia. This includes appointing a special envoy to Southeast Asia and establishing an Office of Southeast Asia within the Department of Foreign Affairs and Trade to coordinate whole-of-government efforts across the region.

The Government is prioritising timely delivery of defence capabilities. The Defence Strategic Review will provide advice in early 2023 to inform Government decisions, ensuring Defence is prepared and equipped to shape our strategic environment, deter actions against our interests and respond with credible force when required. Funding for Defence will increase by 8 per cent in 2022–23 and rise to more than 2 per cent of GDP over the forward estimates.

The Government remains committed to the integrity and security of Australia's borders and working with regional partners. The Government will continue to process irregular maritime arrivals offshore and will provide \$22.3 million to establish a network of Australian Border Force officers across the Pacific.

The Government is committed to improving Australia's cyber resilience and security. This includes \$31.3 million to extend the cyber hubs pilot, an important step towards hardening the cyber defences of Government agencies.



Rebuilding integrity in government

Promoting integrity and the rule of law

Establishing a National Anti-Corruption Commission

The Government has committed \$262.6 million over 4 years to establish and operate a powerful, transparent and independent National Anti-Corruption Commission. This will restore public trust and integrity in Australia's federal government and institutions.

The Commission will be dedicated to detecting and investigating serious or systemic corruption at the federal level.

The funding will provide the staff and capabilities needed to respond to referrals and allegations, conduct timely investigations, and undertake corruption prevention and education activities.

Royal Commission into Robodebt

The debt assessment and recovery scheme known as Robodebt caused serious harm to many Australians.

The Government has committed \$30 million in 2022-23 for a Royal Commission into Robodebt.

The Royal Commission is investigating how the scheme was developed, who was responsible and how the Government can ensure a disaster like Robodebt never happens again.

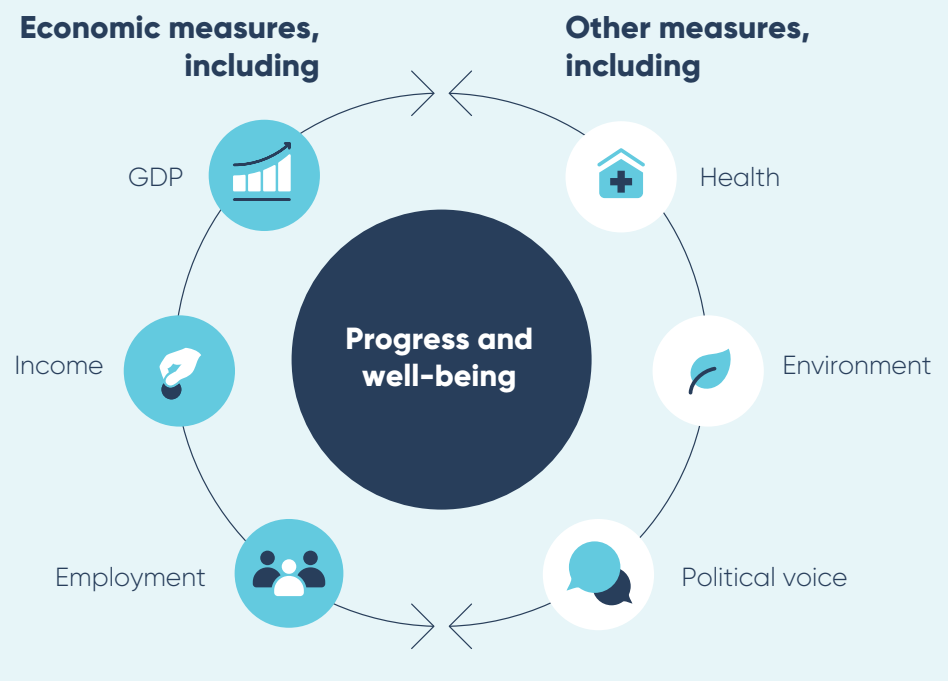
Measuring what matters

Better measuring what matters to improve the lives of all Australians

Traditional macroeconomic indicators provide important insights, but not a complete or holistic view of the community's well-being. Better measuring what matters can provide an important foundation for Australia's efforts to lift living standards, boost intergenerational mobility, and create more opportunities for more people.

While Australia does not currently have an integrated approach to measuring what matters, it does publish a wide range of indicators through specialised reporting, such as Closing the Gap and the State of the Environment reports. An overarching framework could complement these processes by providing a fuller perspective and improving visibility of progress.

This Budget starts the conversation about how to better measure what matters to Australians and provides the beginnings of an Australian framework. The Treasury will continue to work and consult with a range of stakeholders to inform the development of a stand-alone Measuring What Matters Statement in 2023.





Appendices

Appendix A: Budget aggregates

The table below shows the main cash and accrual budget aggregates for the general government sector over the period from 2021-22 to 2025-26.

	Actual	Estimates				
	2021-22	2022-23	2023-24	2024-25	2025-26	Total ^(a)
	\$b	\$b	\$b	\$b	\$b	\$b
Cash estimates						
Underlying cash balance	-32.0	-36.9	-44.0	-51.3	-49.6	-181.8
Per cent of GDP	-1.4	-1.5	-1.8	-2.0	-1.8	
Receipts	584.4	607.2	621.4	642.8	679.0	2,550.5
Per cent of GDP	25.4	24.5	25.3	25.1	25.2	
Payments^(b)	616.3	644.1	665.5	694.2	728.6	2,732.3
Per cent of GDP	26.8	25.9	27.0	27.1	27.1	
Balance sheet aggregates						
Gross debt^(c)	895.3	927.0	1,004.0	1,091.0	1,159.0	
Per cent of GDP	39.0	37.3	40.8	42.5	43.1	
Net debt^(d)	515.6	572.2	634.1	702.8	766.8	
Per cent of GDP	22.5	23.0	25.8	27.4	28.5	
Accrual estimates						
Revenue	596.4	625.0	633.4	649.1	691.0	2,598.6
Per cent of GDP	26.0	25.2	25.7	25.3	25.7	
Expenses	623.0	650.9	666.5	702.3	731.0	2,750.6
Per cent of GDP	27.1	26.2	27.1	27.4	27.2	
Net operating balance	-26.6	-25.9	-33.0	-53.2	-40.0	-152.0
Per cent of GDP	-1.2	-1.0	-1.3	-2.1	-1.5	
Net capital investment	8.4	12.8	11.9	9.0	9.9	43.6
Per cent of GDP	0.4	0.5	0.5	0.4	0.4	
Fiscal balance	-35.1	-38.7	-44.9	-62.1	-49.9	-195.6
Per cent of GDP	-1.5	-1.6	-1.8	-2.4	-1.9	
Memorandum:						
Headline cash balance	-33.3	-49.6	-50.7	-65.0	-63.6	-229.0

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

(b) Equivalent to cash payments for operating activities, purchases of non-financial assets and net cash flows from financing activities for leases.

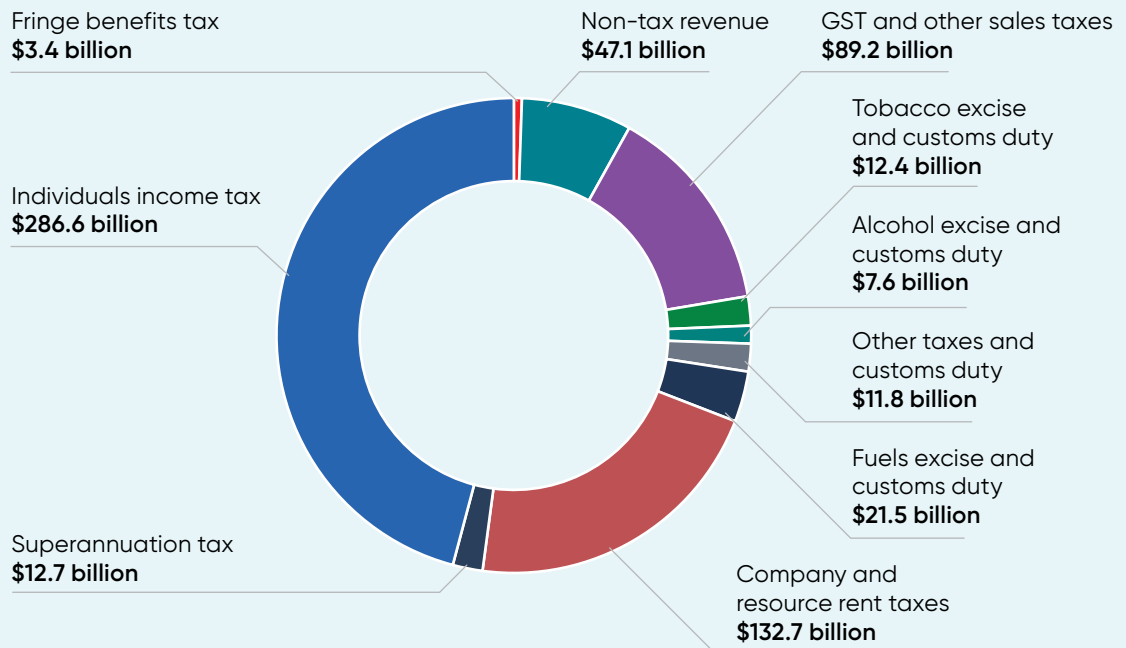
(c) Gross debt measures the face value of Australian Government Securities (AGS) on issue.

(d) Net debt is the sum of interest-bearing liabilities, less the sum of selected financial assets.

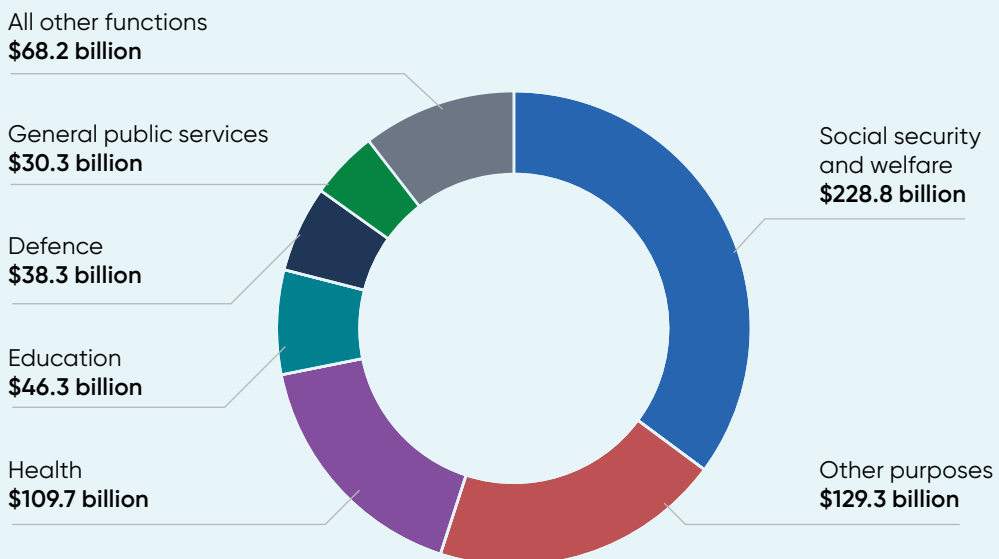
Appendix B: Revenue and spending

Total revenue for 2022–23 is expected to be \$625.0 billion. Total expenses are expected to be \$650.9 billion.

Where revenue comes from (2022–23)



Where government spending is directed (2022-23)



Appendix C: Major initiatives

This table summarises the major initiatives in the 2022–23 October Budget and their impact on the underlying cash balance. More comprehensive information is provided in Budget Paper No. 2, Budget Measures October 2022–23.

Initiatives ^(a)	2022–23	2023–24	2024–25	2025–26	Total
	\$m	\$m	\$m	\$m	\$m
Plan for Cheaper Child Care	-34.8	-1,350.7	-1,593.1	-1,711.7	-4,690.3
Fixing the Aged Care Crisis	-41.8	-183.2	-994.3	-1,299.5	-2,518.7
Government Spending Audit - Providing certainty on unlegislated measures announced by the previous government ^(b)	-126.8	-258.6	-471.8	-764.0	-1,621.2
Additional Official Development Assistance	-97.6	-427.2	-457.5	-444.3	-1,426.6
Vocational Education - Fee-Free TAFE and Technology Fund	-358.7	-220.5	-135.3	-137.7	-852.2
COVID-19 Package - aged care	-845.1	-	-	-	-845.1
COVID-19 Package - hospitals and emergency response	-808.2	-	-	-	-808.2
Plan for Cheaper Medicines ^(b)	-107.3	-188.5	-196.1	-204.1	-696.1
Safer and More Affordable Housing ^(b)	178.9	-169.0	-292.6	-362.3	-645.0
Disaster Ready Fund	-30.4	-200.0	-200.0	-200.0	-630.4
Administration of COVID and Emergency Payments	-588.4	-	-	-	-588.4
Support for Community Sector Organisations	-140.0	-140.0	-140.0	-140.0	-560.0
Implementing Aged Care Reform	-111.7	-294.2	-107.7	-26.6	-540.3
Boosting Parental Leave to Enhance Economic Security, Support and Flexibility for Australia's Families ^(b)	22.9	18.6	-182.2	-390.8	-531.6

(a) Impact on underlying cash balance. Figures may not sum due to rounding.

(b) Figures presented include related receipts.

Appendix D: Major budget improvements

This table summarises the major budget improvements in the 2022–23 October Budget and their impact on the underlying cash balance. More comprehensive information is provided in Budget Paper No.2, Budget Measures October 2022–23.

Initiatives ^(a)	2022–23	2023–24	2024–25	2025–26	Total
	\$m	\$m	\$m	\$m	\$m
Building a Better Future Through Considered Infrastructure Investment	2,866.1	4,579.7	1,334.7	-4,049.8	4,730.6
Savings from External Labour and Savings from Advertising, Travel and Legal Expenses	642.5	809.2	975.8	1,142.5	3,570.0
Extend ATO Compliance Programs – Tax Avoidance Taskforce ^(b)	76.5	333.8	525.8	774.0	1,710.1
Government Spending Audit – National Water Grid Fund – responsible investment	370.0	279.5	430.0	593.5	1,673.0
Responsible Investment to Grow Our Regions	868.7	544.6	187.1	-173.3	1,427.0
Extend ATO Compliance Programs – Shadow Economy Program ^(b)	-	236.8	479.8	657.1	1,373.7
Multinational Tax Integrity Package – amending Australia's interest limitation (thin capitalisation) rules ^(b)	-1.3	-3.6	369.7	349.8	714.6
Government Spending Audit – Climate Change, Energy, the Environment and Water – efficiencies	368.4	183.8	94.2	53.4	699.8
Extend ATO Compliance Programs – Personal Income Taxation Compliance Program ^(b)	-	111.3	246.8	236.0	594.1
Improving the integrity of off-market share buy-backs	..	150.0	200.0	200.0	550.0
Depreciation – reverse the measure allowing taxpayers to self-assess the effective life of intangible depreciating assets	-	20.0	150.0	380.0	550.0
Government Spending Audit – Industry and Science Portfolio – efficiencies	164.3	192.8	77.5	71.7	506.4

(a) Impact on underlying cash balance. Figures may not sum due to rounding.

(b) Figures presented are net of related payments.

Appendix E: Detailed economic forecasts

Domestic economy detailed forecasts^(a)

	Outcomes	Forecasts	
	2021-22	2022-23	2023-24
Real gross domestic product	3.9	3 1/4	1 1/2
Household consumption	4.1	6 1/2	1 1/4
Dwelling investment	2.8	-2	-1
Total business investment ^(b)	5.2	6	3 1/2
<i>By industry</i>			
Mining investment	-1.7	4	5 1/2
Non-mining investment	7.4	6 1/2	3 1/2
Private final demand ^(b)	4.5	5 1/4	1 1/4
Public final demand ^(b)	6.5	1	1 1/2
Change in inventories ^(c)	0.1	0	- 1/4
Gross national expenditure	5.2	4	1
Exports of goods and services	0.0	7	5
Imports of goods and services	7.7	11	3
Net exports ^(c)	-1.5	- 3/4	1/2
Nominal gross domestic product	11.0	8	- 1
Prices and wages			
Consumer price index ^(d)	6.1	5 3/4	3 1/2
Wage price index ^(d)	2.6	3 3/4	3 3/4
GDP deflator	6.9	4 3/4	-2 1/4
Labour market			
Participation rate (per cent) ^(e)	66.6	66 3/4	66 1/2
Employment ^(d)	3.3	1 3/4	3/4
Unemployment rate (per cent) ^(e)	3.8	3 3/4	4 1/2
Balance of payments			
Terms of trade ^(f)	12.2	-2 1/2	-20
Current account balance (per cent of GDP)	2.2	1/2	-3 3/4
Net overseas migration ^(g)	150,000	235,000	235,000

(a) Percentage change on preceding year unless otherwise indicated.

(b) Excluding second hand asset sales between the public and private sector.

(c) Percentage point contribution to growth in GDP.

(d) Through-the-year growth rate to the June quarter.

(e) Seasonally adjusted rate for the June quarter.

(f) Key commodity prices are assumed to decline from current elevated levels by the end of the March quarter 2023: the iron ore spot price is assumed to decline from US\$91/tonne to US\$55/tonne free on board (FOB); the metallurgical coal spot price is assumed to decline from US\$271/tonne to US\$130/tonne FOB; the thermal coal spot price is assumed to decline from US\$438/tonne to US\$60/tonne FOB; the oil price (TAPIS) is assumed to decline from US\$108/barrel to US\$100/barrel; and the LNG price is assumed to decline from US\$934/tonne to US\$630/tonne.

(g) The figure for 2021-22 consists of 3 quarters of preliminary outcomes and one quarter of forecasts. Net overseas migration is assumed to continue in line with pre-pandemic trends at 235,000 from 2022-23.

Note: The exchange rate is assumed to remain around its recent average level— a trade weighted index of around 61 and a \$US exchange rate of around 65 US cents. Interest rates are informed by the Bloomberg survey of market economists. Population growth is forecast to be 1.1 per cent in 2021-22 and 1.4 per cent in 2022-23 and 2023-24.

Source: ABS Australian National Accounts: National Income, Expenditure and Product; Balance of Payments and International Investment Position, Australia; National State and Territory Population; Labour Force, Australia; Wage Price Index, Australia; Consumer Price Index, Australia; unpublished ABS data and Treasury.

Image credits

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