

# 2021–22 Federal Budget Overview

## BUDGET OVERVIEW

### Budget outcome

The Budget shows that since MYEFO, the estimated underlying cash balance has improved by \$103.6 billion over the 5 years to 2025-26. According to the Budget Papers the Underlying Cash Balance for 2021-22 (current year) is forecast at \$79.8 billion and \$78 billion in 2022-23. This compares with the forecasts in the Mid-Year Economic and Fiscal Outlook (MYEFO) of \$99.2 billion and \$98.8 billion.

### Economic growth

The outlook for real GDP has strengthened, with growth forecast to be 4¼ per cent in 2021-22 and 3½ per cent in 2022-23, before moderating to 2½ per cent in 2023-24. MYEFO had forecast economic growth of 3¾ per cent in 2021-22, revised down from the 2021 Budget forecast of 4¼ per cent.

### Employment and unemployment

The Budget says the unemployment rate is expected to continue to fall over the next few quarters,

### Temporary fuel excise relief

The Budget announced the Government will reduce fuel excise by 50 per cent for 6 months. This will see excise on petrol and diesel cut from 44.2 cents per litre to 22.1 cents per litre.

### One-off cost of living tax offset

From 1 July this year, over 10 million low and middle-income earners will receive a one-off \$420 cost of living tax offset.

### Low and Middle Income Tax Offset

The Government is extending the Low- and Middle-Income Tax Offset in the Budget.

### Cost of living payment for pensioners and benefit recipients

The Budget provides a one-off, tax-exempt payment of \$250 to eligible pensioners, welfare recipients, veterans and concession card holders. It will be paid automatically to 6 million people at a cost of \$1.5 billion. The payment will be made in April 2022.

### Small business cash flow boost

Treasurer Josh Frydenberg announced changes to the way business tax bills are calculated (the “uplift factor”), meaning regular business tax instalments would be calculated based on the previous year plus 2 per cent instead of the 10 per cent that would be added under current legislation.

### Tax collections

The Budget estimates that total tax collections in 2021-22 will be \$512.5 billion, an increase of 8.2 per cent of its revised estimate of tax collections in 2021-22.

### Technology Investment Boost and Skills and Training Boost

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

### Aged care

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

### **Boosting Apprenticeship Commencement wage subsidy extended**

The Government announced an expansion of its apprenticeship and training schemes in the Budget.

### **Expansion of Home Guarantee Scheme**

Ahead of the Budget the Government announced an expansion of its Home Guarantee Scheme.

### **Superannuation**

Ahead of the Budget Treasurer Josh Frydenberg announced the Government will extend the 50 per cent reduction to minimum superannuation drawdown requirements for retirees into the next financial year.

### **\$17.9 billion infrastructure spend**

Ahead of the Budget the Treasurer and Prime Minister jointly announced a \$17.9 billion investment in infrastructure across Australia.

In a joint announcement also with Deputy Prime Minister Barnaby Joyce and the Minister for Communications, Urban Infrastructure, Cities and the Arts Paul Fletcher, the Prime Minister and Treasurer announced there would be \$17.9 billion committed towards new and existing infrastructure projects in the infrastructure pipeline the Budget.

## **THE BUDGET'S KEY INITIATIVES**

The Budget's headline measures are designed to address cost of living pressures through a temporary halving of fuel excise and a one-off cost-of-living payment for low- and medium-income earners.

The measures are:

- A temporary and targeted cost of living package, including a \$420 cost of living tax offset for low- and middle-income earners and a \$250 cost of living payment for eligible Australian pensioners, welfare recipients, veterans and concession card holders.

- A 50 per cent reduction in petrol and diesel excise for 6 months that will deliver an average benefit of around \$300 to households with at least one vehicle.

### **One-off cost of living tax offset**

From 1 July this year, over 10 million low and middle-income earners will receive a one-off \$420 cost of living tax offset. Combined with the Low and Middle Income Tax Offset (LMITO), eligible low- and middle-income earners will receive up to \$1,500 for a single income household, or up to \$3,000 for a dual income household.

For eligible pensioners, welfare recipients, veterans and eligible concession card holders the payment will be \$250 and made in April 2022. This payment will help 6 million people, at a cost of \$1.5 billion.

More than half of those who will benefit are pensioners. The Budget says this is on top of the higher income support payments from existing indexation arrangements. Income support payments increased by 2.1 per cent in March 2022, benefiting almost 5 million Australians. The Age Pension, Disability Support Pension and Carer Payment rates increased by more than \$20 a fortnight for singles and \$30 a fortnight for couples.

### **Temporary fuel excise relief**

The Budget announced the Government will reduce fuel excise by 50 per cent for 6 months. This will see excise on petrol and diesel cut from 44.2 cents per litre to 22.1 cents per litre. "Fuel subject to a lower excise rate is expected to flow through to the majority of service stations and Australian consumers within a few weeks as stations replenish their stocks," the Budget papers said.

## **BUDGET OUTCOME**

The Budget shows that since MYEFO, the estimated underlying cash balance has improved by \$103.6 billion over the 5 years to 2025-26.

According to the Budget Papers the Underlying Cash Balance for 2021-22 (current year) is forecast at \$79.8 billion and \$78 billion in 2022-23.

This compares with the forecasts in the Mid-Year Economic and Fiscal Outlook (MYEFO) of \$99.2 billion and \$98.8 billion.

### Budget Balance

Table 1.2: Budget aggregates

	Actual		Estimates				Projections	
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total(a)	2032-33
	\$b	\$b	\$b	\$b	\$b	\$b	\$b	\$b
<b>Underlying cash balance</b>	<b>-134.2</b>	<b>-79.8</b>	<b>-78.0</b>	<b>-56.5</b>	<b>-47.1</b>	<b>-43.1</b>	<b>-224.7</b>	
Per cent of GDP	-6.5	-3.5	-3.4	-2.4	-1.9	-1.6		-0.7
<b>Gross debt(b)</b>	<b>817</b>	<b>906</b>	<b>977</b>	<b>1056</b>	<b>1117</b>	<b>1169</b>		
Per cent of GDP	39.5	39.5	42.5	44.6	44.9	44.7		40.3
<b>Net debt(c)</b>	<b>592.2</b>	<b>631.5</b>	<b>714.9</b>	<b>772.1</b>	<b>823.3</b>	<b>864.7</b>		
Per cent of GDP	28.6	27.6	31.1	32.6	33.1	33.1		26.9

(a) Total is equal to the sum of amounts from 2022-23 to 2025-26.  
 (b) Gross debt measures the face value of Australian Government Securities (AGS) on issue.  
 (c) Net debt is the sum of interest bearing liabilities (which includes AGS on issue measured at market value) less the sum of selected financial assets (cash and deposits, advances paid and investments, loans and placements).

The same table – MYEFO – December 2021

Table 1.2: Budget aggregates

	2021-22		Estimates		2023-24		2024-25	
	\$b	% GDP	\$b	% GDP	\$b	% GDP	\$b	% GDP
<b>Underlying cash balance</b>								
MYEFO	-99.2	-4.5	-98.9	-4.4	-84.5	-3.6	-57.5	-2.3
Budget	-106.6	-5.0	-99.3	-4.6	-79.5	-3.5	-57.0	-2.4
<b>Gross debt(a)</b>								
MYEFO	919	41.8	1,017	45.6	1,110	47.7	1,189	48.6
Budget	963	45.1	1,058	48.6	1,134	49.7	1,199	50.0
<b>Net debt(b)</b>								
MYEFO	673.4	30.6	773.1	34.7	855.9	36.8	914.8	37.4
Budget	729.0	34.2	835.0	38.4	920.4	40.4	980.6	40.9

The Budget projects a halving in the deficit to 1.6 per cent of GDP by 2025-26 before falling to 0.7 per cent of GDP by the end of the medium term. This improvement will flow through to lower debt.

The Budget documents say, “This Budget demonstrates the fiscal dividend of a strong economy, with more Australians in work and fewer Australians on welfare, flowing through to a significantly improved fiscal outlook.

“The strength of the economy, and in particular the labour market, combined with higher near-term commodity prices, has driven large upward revisions to tax receipts and reductions in unemployment benefit payments.

Gross debt as a share of the economy is expected to peak at 44.9 per cent of GDP at 30 June 2025, 5.4 percentage points lower and 4 years earlier than projected at MYEFO. Gross debt is projected to fall to 40.3 per cent of GDP by the end of the medium term, 9.6 percentage points or \$236 billion lower than at the end of the medium term in MYEFO.

### Government Debt

Table 3.2: Australian Government general government sector budget aggregates

	Actual	Estimates					Projections	
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total(a)	2032-33
	\$b	\$b	\$b	\$b	\$b	\$b	\$b	\$b
<b>Underlying cash balance</b>	<b>-134.2</b>	<b>-79.8</b>	<b>-78.0</b>	<b>-56.5</b>	<b>-47.1</b>	<b>-43.1</b>	<b>-224.7</b>	
Per cent of GDP	-6.5	-3.5	-3.4	-2.4	-1.9	-1.6		-0.7
<b>Receipts</b>	<b>519.9</b>	<b>556.6</b>	<b>547.6</b>	<b>585.2</b>	<b>615.2</b>	<b>643.9</b>	<b>2,392.0</b>	
Per cent of GDP	25.1	24.3	23.8	24.7	24.7	24.6		25.8
<b>Tax receipts</b>	<b>473.9</b>	<b>512.5</b>	<b>508.4</b>	<b>541.8</b>	<b>566.6</b>	<b>598.2</b>	<b>2,215.0</b>	
Per cent of GDP	22.9	22.4	22.1	22.9	22.8	22.9		23.9
<b>Non-tax receipts</b>	<b>46.1</b>	<b>44.1</b>	<b>39.2</b>	<b>43.5</b>	<b>48.6</b>	<b>45.7</b>	<b>177.0</b>	
Per cent of GDP	2.2	1.9	1.7	1.8	2.0	1.7		1.9
<b>Payments(b)</b>	<b>654.1</b>	<b>636.4</b>	<b>625.6</b>	<b>641.7</b>	<b>662.3</b>	<b>687.0</b>	<b>2,616.6</b>	
Per cent of GDP	31.6	27.8	27.2	27.1	26.6	26.3		26.5
<b>Gross debt(c)</b>	<b>817.0</b>	<b>906.0</b>	<b>977.0</b>	<b>1,056.0</b>	<b>1,117.0</b>	<b>1,169.0</b>		
Per cent of GDP	39.5	39.5	42.5	44.6	44.9	44.7		40.3
<b>Net debt(d)</b>	<b>592.2</b>	<b>631.5</b>	<b>714.9</b>	<b>772.1</b>	<b>823.3</b>	<b>864.7</b>		
Per cent of GDP	28.6	27.6	31.1	32.6	33.1	33.1		26.9
<b>Net interest payments(e)</b>	<b>14.3</b>	<b>14.9</b>	<b>15.1</b>	<b>16.9</b>	<b>18.0</b>	<b>22.4</b>	<b>72.3</b>	
Per cent of GDP	0.7	0.7	0.7	0.7	0.7	0.9		0.8

(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 (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).  
 (e) Net interest payments are equal to the difference between interest payments and interest receipts. The increase in 2025-26 primarily reflects a Treasury Indexed Bond maturing in that year (details can be found in Statement 6: Debt Statement).

## ECONOMIC OUTLOOK AND FORECASTS

### Economic overview

The Budget papers say, “The Australian economy has proved remarkably resilient to the ongoing impacts of the pandemic, consistently outperforming expectations and all major advanced economies. “

It says, “Forecasts for economic activity have been revised up significantly, reflecting stronger-than-expected momentum in the labour market and consumer spending.

“A strong economic recovery is well underway with a record proportion of Australians in work. The recovery is forecast to continue and to drive further employment growth.”

The Papers say, “The unemployment rate is now forecast to reach 3¾ per cent in the September quarter of 2022, nearly 3 percentage points below the Budget forecast from 2 years ago and the lowest rate in close to 50 years. The strong labour market is expected to see wages growth accelerate to its fastest pace in almost a decade.

“Real GDP is forecast to grow by 4¼ per cent in 2021-22. Stronger-than-expected consumer spending and employment outcomes have led to an upgrade to growth since the 2021-22 MYEFO, laying the foundations for further strong growth over the forecast period.”

## Economic growth

The outlook for real GDP has strengthened in the near term, with growth forecast to be 4¼ per cent in 2021-22 and 3½ per cent in 2022-23, before moderating to 2½ per cent in 2023-24.

MYEFO had forecast economic growth of 3¾ per cent in 2021-22, revised down from the 2021 Budget forecast of 4¼ per cent.

MYEFO forecast growth of 3½ per cent in 2022-23, revised up from 2½ per cent in the previous Budget.

The latest Budget papers say, “The economic recovery has been stronger than expected. Activity levels have been revised up over successive Budgets since the onset of COVID-19 as the effect of policy support, ongoing adaptation to COVID-19 and the resilience of the labour market became apparent. This Budget predicts real GDP per capita over the forecast period to be higher than was forecast prior to the pandemic in the 2019-20 MYEFO.”

Over the remainder of 2021-22, strength in real GDP is expected to be broad-based but particularly driven by household consumption. Both business and dwelling investment are expected to pick up, following lockdowns and temporary supply chain disruptions weighing on activity in late 2021. Public consumption is also expected to support activity, primarily driven by higher COVID-19-related health Real GDP growth of 2½ per cent is expected in 2024-25 and 2025-26.

## Employment and unemployment

The Budget says the unemployment rate is expected to continue to fall over the next few quarters, reflecting strong growth in the domestic economy. Unemployment is forecast to fall to 3¾ per cent in the September quarter of 2022 and remain there until 2024-25.

## Economic Forecasts

**Table 2.1: Domestic economy – detailed forecasts<sup>(a)</sup>**

	Outcomes		Forecasts	
	2020-21	2021-22	2022-23	2023-24
<b>Real gross domestic product</b>	<b>1.5</b>	<b>4 1/4</b>	<b>3 1/2</b>	<b>2 1/2</b>
Household consumption	1.0	3 1/2	5 3/4	3 3/4
Dwelling investment	3.2	5	3 1/2	-1/2
Total business investment <sup>(b)</sup>	-1.5	5 1/2	9	1
<i>By industry</i>				
Mining investment	-1.4	1/2	9 1/2	1 1/2
Non-mining investment	-1.5	7	9	1
Private final demand <sup>(b)</sup>	1.2	4 1/4	5 3/4	2 3/4
Public final demand <sup>(b)</sup>	5.8	7 1/4	1 1/4	1 1/2
Change in inventories <sup>(c)</sup>	0.7	-1/2	1/2	1/4
Gross national expenditure	3.2	4 1/2	5	2 3/4
Exports of goods and services	-8.3	2	5	6
Imports of goods and services	-2.8	4 1/2	12 1/2	7
Net exports <sup>(c)</sup>	-1.4	-1/2	-1 1/2	-1/4
Nominal gross domestic product	4.4	10 3/4	1/2	3
Prices and wages				
Consumer price index <sup>(d)</sup>	3.8	4 1/4	3	2 3/4
Wage price index <sup>(d)</sup>	1.7	2 3/4	3 1/4	3 1/4
GDP deflator	2.9	6 1/2	-3	1/2
Labour market				
Participation rate (per cent) <sup>(e)</sup>	66.2	66 1/2	66 1/2	66 1/2
Employment <sup>(f)</sup>	6.5	2 3/4	1 1/2	1 1/2
Unemployment rate (per cent) <sup>(g)</sup>	5.1	4	3 3/4	3 3/4
Balance of payments				
Terms of trade <sup>(h)</sup>	10.4	11	-21 1/4	-8 3/4
Current account balance (per cent of GDP)	3.3	3 3/4	-3 1/4	-6
Net Overseas Migration <sup>(i)</sup>	-89,900	41,000	180,000	213,000

(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 September quarter 2022: the iron ore spot price is assumed to decline from US\$134/tonne to US\$55/tonne free on board (FOB); the metallurgical coal spot price is assumed to decline from US\$512/tonne to US\$130/tonne FOB; the thermal coal spot price is assumed to decline from US\$320/tonne to US\$60/tonne FOB; and oil prices (TAPS) are assumed to decline from US\$114/barrel to around US\$100/barrel.

(g) The figure for 2020-21 is a preliminary outcome.

Note: The exchange rate is assumed to remain around its recent average level – a trade-weighted index of around 60 and a \$US exchange rate of around 72 US cents. Interest rates are assumed to move broadly in line with market expectations. Population growth is forecast to be 0.7 per cent in 2021-22, 1.2 per cent in 2022-23 and 1.3 per cent in 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.

This would be the first time since the early 1970s the unemployment rate has averaged below 4 per cent and would see the unemployment rate lie below the NAIU assumption. The Budget papers say the continued recovery in the domestic economy is expected to see employment increase by 2¾ per cent through the year to the June quarter of 2022, before growing by 1½ per cent through the year to the June quarters of 2023 and 2024.

This would see the employment-to-population ratio at an unprecedented high across this period, indicating that there has been no long-term scarring impacts from the pandemic.

The Papers say, “The labour market has displayed resilience through the pandemic and has again recovered strongly in recent months. Employment reached a then-record high in November 2021 and continued employment growth since then has seen the unemployment rate fall to just 4.0 per cent – the equal lowest outcome since 1974. The employment-to-population ratio reached a new record high of 63.8 per cent in February 2022, with the participation rate also at a record high of 66.4 per cent.”

The Papers say “The strength in the labour market is expected to continue to encourage participation as employment growth and higher wages draw people into the labour market, providing more labour supply in response to strong demand. The participation rate reached a new record high of 66.4 per cent in February 2022, recovering more quickly than was expected in late 2021. The participation rate is forecast to be at a record high of 66½ per cent by the June quarter of 2022 and remain there through 2023-24, with population ageing dragging against the strength in the labour market and limiting further increases.”

### Wages

Wage growth is expected to build over the three-year Forward Estimates as the labour market remains tight and the unemployment rate remains below the NAIRU. Wage growth, as measured by the Wage Price Index (WPI), increased to 2.3 per cent through the year to the December quarter of 2021 and is forecast to rise to 2¾ per cent through the year to the June quarter of 2022 and 3¼ per cent through the year to the June quarters of 2023 and 2024, which the Budget papers say, “would be the fastest pace in almost a decade.

“The outlook is even stronger based on the broader National Accounts measure of average earnings (AENA), which captures total remuneration including bonuses, overtime and allowances, as well as the effect of workers gaining promotions or changing jobs as they take advantage of tight labour market conditions. At a time of high mobility and tightness in the labour market, AENA presents a more representative measure of wages. Wages including bonuses have picked up in recent quarters and Single Touch Payroll data shows that workers who moved jobs in mid-2021 typically experienced pay increases of between 8-10 per cent.

“AENA on an hourly basis has grown much faster than the WPI, at 3.5 per cent through the year to the December quarter of 2021.”

### Household consumption

Household consumption is forecast to grow by 3½ per cent in 2021-22, 5¾ per cent in 2022-23 and a further 3¾ per cent in 2023-24. Consumption growth will be driven by increased services demand as household spending behaviour normalises and the savings rate declines. Household balance sheets are in a strong position relative to the pre-pandemic period because of economic support measures and restricted consumption options during lockdowns.

This strong financial position is expected to allow households to comfortably normalise the household savings rate towards the lower end of the range experienced over the previous 10 years.

Household consumption rebounded by 6.3 per cent in the December quarter of 2021 to exceed pre-pandemic levels for the first time. This result reflects pent-up demand for discretionary goods and services following the easing of Delta restrictions.

### Housing

Dwelling investment is forecast to grow by 5 per cent in 2021-22 and a further 3½ per cent in 2022-23. Low interest rates, rising housing prices and government incentives, such as the HomeBuilder program, have contributed to a record pipeline of work yet to be done in the sector.

Building material and labour shortages, along with COVID-19 outbreaks and related restrictions on activity, have increased construction costs and completion times for new dwellings. These supply-side pressures have constrained dwelling investment in recent quarters, particularly for detached houses, despite a record number of detached houses under construction.

The Budget papers say, “Additional risks have emerged which may further exacerbate capacity constraints in the near term. This includes the recent floods in Queensland and New South Wales, as well as the Russian invasion of Ukraine disrupting global building material supply chains. Nevertheless, capacity constraints are expected to slowly alleviate and support growth in dwelling investment in 2022-23.

“Rising interest rates will increase the cost of borrowing, placing downward pressure on housing prices and softening demand for investment in new housing. While this is expected to weigh on dwelling investment and contribute to a ½ per cent fall in 2023-24, the existing pipeline of work will support investment to remain at elevated levels.

“Moreover, the expected pick up in net overseas migration following the reopening of international borders will provide ongoing support for dwelling investment.

“Households remain well placed to service existing debt, assisted by increased savings and mortgage prepayments made during the pandemic. Serviceability buffers should ensure that most existing borrowers are in a position to handle mortgage repayments as interest rates rise.”

## Investment

The Budget says outlook for business investment is strong.

“In 2021-22 and 2022-23, investment will be supported by further recovery in the domestic economy, temporary business tax incentives and strong business balance sheets. New business investment is forecast to grow by 5½ per cent in 2021-22, 9 per cent in 2022-23 and one per cent in 2023-24.

“Non-mining business investment is expected to drive growth in overall business investment over the next 2 years. Non-mining business investment is forecast to rise by 7 per cent in 2021-22 and 9 per cent in 2022-23, to reach its highest quarterly share of the economy since 2011 in the June quarter of 2023. Growth is then expected to slow to around one per cent in 2023-24 with investment activity remaining at elevated levels.”

Mining investment is forecast to rise by ½ per cent in 2021-22, 9½ per cent in 2022-23 and by 1½ per cent in 2023-24. Iron ore investment is continuing, largely reflecting investments to maintain production capacity. Liquefied Natural Gas (LNG) investment is expected to lift over coming quarters as construction work on recently announced projects commences.

## Prices

Consumer price inflation is expected to remain elevated in the near-term reflecting price pressures from automotive fuel as a result of higher global oil prices, new dwelling purchases and tradeable goods. Beyond the near term, inflation is expected to moderate, with inflation largely reflecting domestic labour market conditions.

The Budget papers note that petrol prices have increased further in 2022 and businesses face ongoing cost pressures from supply chain disruptions, particularly in the construction, goods retailing and hospitality sectors. The fuel excise reduction is expected to reduce headline inflation by ¼ of a percentage point in the June quarter of 2022, before being withdrawn in late 2022 as oil prices are expected to moderate.

CPI is expected to grow by 4¼ per cent through the year to the June quarter of 2022. Headline inflation is then expected to moderate to 3 per cent through the year to the June quarter of 2023, reflecting some continued inflationary pressure from global supply chain issues.

Towards the end of the forecast period, the tight labour market and resulting wage growth will generate inflation of 2¾ per cent through the year to the June quarter of 2024.

Russia’s invasion of Ukraine presents a risk to the near-term outlook for inflation, given its potential to further increase energy prices, especially for automotive fuel. Prolonged supply chain issues, associated with the current or future widespread COVID-19 outbreaks in China, present risks to inflation that may persist through 2022 and 2023. The recent floods in Queensland and New South Wales may also impact food prices and add to existing challenges on the supply of construction materials and labour.

## COST OF LIVING MEASURES

### One-off cost of living tax offset

From 1 July this year, over 10 million low and middle-income earners will receive a one-off \$420 cost of living tax offset. This is in addition to the Low and Middle Income Tax Offset (LMITO).

Combined with the Low and Middle Income Tax Offset (LMITO), eligible low- and middle-income earners will receive up to \$1,500 for a single income household, or up to \$3,000 for a dual income household, the Budget papers say.

For eligible pensioners, welfare recipients, veterans and eligible concession card holders the payment will be \$250 and made in April 2022. This payment will help 6 million people, at a cost of \$1.5 billion.

More than half of those who will benefit are pensioners. The Budget says this is on top of the higher income support payments from existing indexation arrangements. Income support payments increased by 2.1 per cent in March 2022, benefiting almost 5 million Australians. The Age Pension, Disability Support Pension and Carer Payment rates increased by more than \$20 a fortnight for singles and \$30 a fortnight for couples.

### Low and Middle Income Tax Offset

The Government is extending the Low- and Middle-Income Tax Offset in the Budget.

The LMITO needs to be renewed by legislation to continue.

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

The Budget papers note this is on top of the previously announced Government tax cuts “that were permanently embedded into the tax system in 2020-21. For example, in 2022-23 an Australian earning \$90,000 per year (around average full-time earnings) will continue to benefit from \$1,215 in tax relief relative to 2017-18 settings.”

#### **Cost of living payment for pensioners and benefit recipients**

The Budget provides a one-off, tax-exempt payment of \$250 to eligible pensioners, welfare recipients, veterans and concession card holders. It will be paid automatically to 6 million people at a cost of \$1.5 billion. More than half those who will benefit are pensioners.

The payment will be made in April 2022.

The election is expected in May.

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

#### **Temporary fuel excise relief**

The Budget announced the Government will reduce fuel excise by 50 per cent for 6 months. This will see excise on petrol and diesel cut from 44.2 cents per litre to 22.1 cents per litre. “Fuel subject to a lower excise rate is expected to flow through to the majority of service stations and Australian consumers within a few weeks as stations replenish their stocks,” the Budget papers said.

A media release issued with the Budget said, “From 12.01 on 30 March 2022, the excise and excise equivalent customs duty (excise) rates for petrol, diesel and all other fuel and petroleum-based products, except aviation fuels, will be halved for six months. For petrol and diesel, the rates will be reduced from 44.2 cents to 22.1 cents.”

## **TAXES AND REVENUE**

### **MAJOR TAX AND REVENUE CHANGES**

#### **Personal income tax cuts**

The Budget contains no changes to person income tax but does include the one-off cost of living offset. See Cost of living measures.

The Budget Papers note that the cost of living measures are in addition to the Government’s already legislated tax cuts. The Budget papers note, the cost of living offset “is on top of around \$16 billion in permanent tax relief that will flow to households in 2022-23.

“In 2022-23, more than 12 million taxpayers are expected to benefit from lower taxes under the plan, worth up to \$2,565 for individuals or \$5,130 for dual income couples.

“As a result of the Personal Income Tax Plan, an individual earning \$90,000 each year, around the average full-time income, will benefit by a total reduction in tax of \$8,655 from 2018-19 to 2022-23.”

#### **Business tax concessions**

The Budget contains no specific changes to business tax or business tax concessions.

However before the Budget the Government announced a number of changes to small business tax payment arrangements, the most significant of which was to reduce the small business tax “uplift” factor to 2 per cent from 10 per cent.

The “uplift” is used to calculate the amount by which businesses quarterly tax payments are increased before the final annual tax payment is calculated.

If a business earns more than the amount calculated, it would have to pay the extra tax owed at the end of the financial year. The government estimates changing this “uplift” rate means 2.3 million small and medium businesses and sole traders will keep an extra \$1.85 billion throughout the year.

#### **Tax collections**

The Budget estimates that total tax collections in 2021-22 will be \$512.5 billion, an increase of 8.2 per cent of its revised estimate of tax collections in 2021-22.

In MYEFO the equivalent figure was \$490.5 billion, up from \$445.6 billion in the previous Budget.

For 2022-23 the current Budget estimates total tax receipts in 2022-23 will be \$508.4 billion, compared to \$478.5 billion in MYEFO.

The Budget Papers say, “Tax receipts across the three months to February are \$12.6 billion above MYEFO forecasts for the 2021-22 financial year. This is driven by a strong domestic economy, with the equal lowest unemployment rate since 1974 driving higher personal income tax, elevated near-term commodity prices increasing company tax receipts, and strong on-assessment outcomes from the 2020-21 income year across individuals, companies and superannuation funds.

#### Tax and other revenue – Total and growth

**Table 4.1: Australian Government general government receipts**

	Actual	Estimates(a)				
	2020-21 \$b	2021-22 \$b	2022-23 \$b	2023-24 \$b	2024-25 \$b	2025-26 \$b
<b>Total taxation receipts (\$b)</b>	<b>473.9</b>	<b>512.5</b>	<b>508.4</b>	<b>541.8</b>	<b>566.6</b>	<b>598.2</b>
Growth on previous year (%)	9.7	8.2	-0.8	6.6	4.6	5.6
Per cent of GDP	22.9	22.4	22.1	22.9	22.8	22.9
<b>Tax receipts excluding GST (\$b)</b>	<b>400.8</b>	<b>439.8</b>	<b>429.0</b>	<b>458.9</b>	<b>480.1</b>	<b>507.9</b>
Growth on previous year (%)	7.9	9.7	-2.4	7.0	4.6	5.8
Per cent of GDP	19.4	19.2	18.7	19.4	19.3	19.4
<b>Non-taxation receipts (\$b)</b>	<b>46.1</b>	<b>44.1</b>	<b>39.2</b>	<b>43.5</b>	<b>48.6</b>	<b>45.7</b>
Growth on previous year (%)	22.4	-4.2	-11.1	10.8	11.9	-6.1
Per cent of GDP	2.2	1.9	1.7	1.8	2.0	1.7
<b>Total receipts (\$b)</b>	<b>519.9</b>	<b>556.6</b>	<b>547.6</b>	<b>585.2</b>	<b>615.2</b>	<b>643.9</b>
Growth on previous year (%)	10.8	7.1	-1.6	6.9	5.1	4.7
Per cent of GDP	25.1	24.3	23.8	24.7	24.7	24.6

“As a result of the stronger outlook, tax receipts are now expected to exceed the levels forecast prior to the onset of the COVID-19 pandemic in the 2019-20 MYEFO for the 2021-22 financial year. This reflects the success of the Government’s economic response to COVID-19, including direct economic support that has been highly effective at sustaining both labour market connections and household and small business incomes, as well as strong near-term commodity prices. “Policy decisions since MYEFO reduce tax receipts by \$7.4 billion over the 4 years to 2025-26.”

#### SMALL BUSINESS

##### Technology Investment Boost and Skills and Training Boost

The Government announced in the Budget it is supporting small businesses to digitalise their operations and upskill their employees by introducing a Technology Investment Boost and a Skills and Training Boost. Small businesses, with aggregated annual turnover less than \$50 million, will be able to deduct a bonus 20 per cent of the cost of business expenses and

depreciating assets that support digital uptake, up to \$100,000 of expenditure per year. The Technology Investment Boost will apply to eligible expenditure incurred between 7:30pm (AEDT) on 29 March 2022 (Budget night) and 30 June 2023. It will support investment in digital items such as cloud computing, cyber security, accounting and e-invoicing software and web page design.

##### Small business cash flow boost

Ahead of the Budget the Government has announced a series of small business tax changes which to be included in the Budget, designed to increase small business tax flow and ease the red-tape burden.

Treasurer Josh Frydenberg announced changes to the way business tax bills are calculated, meaning regular business tax instalments would be calculated based on the previous year plus 2 per cent instead of the 10 per cent that would be added under current legislation.

If a business earns more than the amount calculated, it would have to pay the extra tax owed at the end of the financial year. The government estimates changing this “uplift” rate means 2.3 million small and medium businesses and sole traders will keep an extra \$1.85 billion throughout the year.

The change has to be legislated before businesses will see any benefit. This would likely be after the May election, given there are only two sitting days with both houses scheduled before then, but the government is confident it can be done before the next financial year starts in July.

Mr Frydenberg also announced on Wednesday (23 March) a proposal for a new tax office IT system to calculate small business tax instalments based on real-time information about current financial performance, taking into account events such as natural disasters.

It will also allow pre-filing of more data, including tax returns and business activity statements, automate online reporting, and allow businesses that pay excise, such as small brewers, distillers and oil importers, to do so less frequently.

The Treasurer said most of the red tape measures were anticipated to be in place by the end of 2023.

Mr Frydenberg said small and medium businesses employed millions of Australians and the government was seeking to free them up to invest and innovate, estimating the changes would save them \$800 million a year in compliance costs.

“That’s why, as part of our plan for a stronger economy and a stronger future, the Morrison government is slashing red tape, freeing up cash flow and ensuring SMEs spend less time buried in paperwork,” he said.

About 1200 fuel and alcohol businesses with turnovers of less than \$50 million, including small brewers, distillers and oil importers, will be able to automatically lodge and pay excise returns on a quarterly basis without needing to continue monthly payments. Treasury estimates the reform, expected to be in place by the end of 2023, will provide cashflow relief of up to \$100m across four years and about \$8m in deregulatory cost savings annually.

The government’s small business and sole trader budget package will end requirements for 190,000 businesses, contracting building and construction, cleaning, freight, courier, security and IT services to submit a separate taxable payments annual report from December 31 next year. The new IT system will use information collected through Business Activity Statements to automatically prefill taxable payments annual reports.

From mid-2024, more than 30,000 entities using trusts, and which currently lodge income tax returns by paper, will be allowed to submit them electronically.

Small business measures announced by Mr Frydenberg also included:

#### Facilitating pre-filing of payroll tax returns through data sharing

The Government will facilitate sharing of single touch payroll data with State and Territory Governments on an ongoing basis to cater for pre-filing payroll tax returns.

#### Smarter reporting of taxable payments

The Government will allow eligible businesses the option to report taxable payments reporting system data via software at the same time as activity statements. Businesses that opt into automatic

#### Digitalising trust income reporting

The Government will develop systems to ensure all trusts will have the option to lodge income tax returns electronically.

#### References

[Treasurer’s media release: Cash flow support and red tape reduction to help small business](#)

## SPENDING

### Major spending initiatives

Major spending initiatives announced in the Budget and announced ahead of but contained in the Budget were:

#### Cost of living assistance

- A temporary and targeted cost of living package, including a \$420 cost of living tax offset for low- and middle-income earners and a \$250 cost of living payment for eligible Australian pensioners, welfare recipients, veterans and concession card holders.
- A 50 per cent reduction in petrol and diesel excise and excise equivalent customs duty for 6 months that will deliver an average benefit of around \$300 to households with at least one vehicle.
- Providing significant support to respond to the floods in Queensland and New South Wales and assist with the recovery of these regions.

#### Strengthening our regions and critical infrastructure by:

- Investing to diversify growing regional areas, including through \$7.1 billion for transformative infrastructure projects, including in 4 regions primed for growth.
- Committing to build \$17.9 billion of priority road and rail infrastructure as part of the record \$120 billion 10-year infrastructure investment pipeline.
- Establishing the \$2.0 billion Regional Accelerator Program to drive growth and productivity in regional areas.

#### Supporting small business growth

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

### Creating a pipeline of skilled workers

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

### Maintaining low unemployment and increasing support to return to work

- The includes \$52.8 million to establish ReBoot and support Workforce Australia to create a pathway to employment and training for young Australians. ReBoot will build life and employability skills for an estimated 5,000 disadvantaged young people at high risk of becoming long-term unemployed. The Government will also provide \$6.6 million to expand the AgMove pilot program and extend it for an additional 6 months.

### Jobs and skills for Indigenous Australians

- Funding of \$636.4 million over 6 years will expand the Indigenous Rangers Program. This measure will fund up to 1,089 new rangers who will undertake land and sea management. The Government is also providing \$37.5 million to support native title holders to gain greater economic benefit from their land and \$21.9 million for leadership initiatives.

### The main areas of government spending

Table 5.3.1: Top 20 programs by expenses in 2022-23

Program(a)	Function	Estimates				
		2021-22	2022-23	2023-24	2024-25	2025-26
		\$m	\$m	\$m	\$m	\$m
Revenue assistance to the States and Territories	Other purposes	76,495	84,787	88,405	92,667	94,158
Support for Seniors	SSW	51,610	54,153	56,579	58,846	61,895
National Disability Insurance Scheme	SSW	30,773	35,756	39,444	42,857	46,083
Medical Benefits	Health	30,431	30,794	31,574	33,296	34,989
Aged Care Services	SSW	24,551	27,770	30,083	31,432	33,010
Assistance to the States for Public Hospitals	Health	25,013	27,333	28,717	30,659	32,653
Family Assistance	SSW	19,295	20,640	21,387	21,705	22,222
Financial Support for People with Disability	SSW	18,279	18,965	19,951	20,571	21,316
Pharmaceutical Benefits	Health	15,633	16,414	16,289	16,413	16,468
Non-Government Schools	Education	15,302	16,126	16,890	17,468	18,005
National Support	SSW	15,783	12,548	11,910	12,059	12,672
Job Seeker Income Support	SSW	15,783	12,548	11,910	12,059	12,672
National Partnership Payments - Road Transport	Transport and communication	8,120	11,772	13,266	11,286	6,693
Child Care Subsidy	SSW	9,918	10,713	11,319	11,828	12,403
Financial Support for Carers	SSW	9,867	10,316	10,892	11,394	11,928
Government Schools National Support	Education	9,726	10,284	10,808	11,220	11,652
Public Sector Superannuation - Benefits(b)	Other purposes; General public services	8,654	9,118	9,125	9,140	9,486
Defence Force Superannuation - Benefits(b)	Other purposes; General public services	10,495	8,307	8,748	9,101	9,512
Army Capabilities	Defence	7,624	7,941	8,752	8,934	9,038
Air Force Capabilities	Defence	6,934	7,764	8,302	9,398	5,928
Fuel Tax Credits Scheme	Fuel and Energy	6,894	7,721	9,262	9,952	10,699
Sub-total		401,398	429,224	451,803	470,229	480,610
Other programs		236,172	199,245	192,030	195,141	206,029
<b>Total expenses</b>		<b>639,569</b>	<b>628,469</b>	<b>643,833</b>	<b>665,369</b>	<b>686,639</b>

### Commercialising ideas

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

### Supporting trade and tourism

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

### Transforming manufacturing capability

- The Government is investing a further \$328.3 million in the Strategy. This includes \$250.0 million for the Integration and Translation Streams of the Modern Manufacturing Initiative to assist manufacturers to translate good ideas into commercial outcomes. It also includes \$53.9 million to fund a third round of the Manufacturing Modernisation Fund to enable small to medium manufacturers to innovate and adopt new technologies. In addition, \$500.0 million will support manufacturers in regions through a new Regional Accelerator Stream of the Modern Manufacturing Initiative. The Government is also strengthening supply chain resilience in critical products, including through a new dedicated \$200.0 million Regional Accelerator Stream of the Supply Chain Resilience Initiative that will assist regional businesses to address supply chain vulnerabilities and additional funding for the CSIRO.

### Safeguarding critical resources and technology

- The Government is providing \$200.0 million over 5 years for the Critical Mineral Accelerator Initiative to support strategically significant critical mineral projects in their planning, design, pilot and demonstration phases.

- This will deliver a steady pipeline of projects to be considered for financing by private sector or government, including through the Government's \$2 billion Critical Minerals Facility established in 2021.

## PORTFOLIOS

### AGED CARE

#### Investing in aged care

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

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

### SKILLS AND TRAINING

#### Boosting Apprenticeship Commencement wage subsidy extended

The Government announced an expansion of its apprenticeship and training schemes in the Budget.

In an announcement ahead of the Budget the Prime Minister Scott Morrison, the Treasurer Josh Frydenberg and the Minister for Employment, Workforce, Skills, Small and Family Business Stuart Robert announced a \$365.3 million investment that will support an extra 35,000 apprentices and trainees get into a job.

Enrolments for the Boosting Apprenticeship Commencement wage subsidy, which provides employers with 12 months of wage subsidy support, are being extended to the end of the 2021-22 financial year (30 June 2022).

Any business that receives the Boosting Apprenticeship Commencement (BAC) wage subsidy will also then be eligible for extended support through the Completing Apprenticeship Commencements (CAC) wage subsidy for the second and third year of a Boosting Apprenticeship Commencement-supported apprenticeship.

Prime Minister Scott Morrison said the extension of the successful Boosting Apprenticeship Commencements and

Completing Apprenticeship Commencements wage subsidies would build on the record number of Australians currently in trades training.

"By backing 385,000 apprentices in their training we're boosting the pipeline of workers Australia is going to need for a stronger economy and a stronger future," the Prime Minister said.

"These programs deliver certainty for business so they can go and hire another apprentice chef, another apprentice hairdresser, another apprentice plumber. It is about getting Australians skilled and into jobs right now.

"Right now, there are more than 350,000 apprentices and trainees in-training and a record 220,000 of these are trade apprentices, and these investments are about making those numbers go even higher."

Treasurer Josh Frydenberg said this continued strong support for the skills sector would help lock in Australia's economic recovery by delivering opportunities for apprentices and certainty for businesses.

"The 2022-23 Budget will outline the Government's long term economic plan to create more jobs," the Treasurer said. "Through the Government's plan to skill young Australians, there are 120,000 more young Australians in work compared to under the previous Labor government."

Minister for Employment, Workforce, Skills, Small and Family Business Stuart Robert said the Morrison Government was investing record funding in the skills sector, \$7.8 billion this financial year alone, which is helping secure the futures of tens of thousands of skilled workers.

"The Morrison Government's record investment in skills and training is seeing hundreds of thousands of Australians – including a record number of women trade apprentices – getting skilled and taking up jobs," Minister Robert said.

"Our investment in Boosting Apprenticeship Commencements has seen almost 75,000 women supported to get skilled since it was launched 18 months ago.

"Australia can't afford to lose the momentum we have created on skills. Australians know the Morrison Government stands for getting more Australians skilled and into jobs, while at the same time Labor are proposing to cut skills funding and have no plan for apprenticeships."

As of 24 March 2022, over 73,000 businesses have been supported to put on an apprentice or trainee through Boosting Apprenticeship Commencements subsidy, the Government said.

Any employer who takes on an apprentice or trainee up until 30 June 2022 can gain access to:

- 50 per cent of the eligible Australian Apprentice's wages in the first year, capped at a maximum payment value of \$7,000 per quarter per Australian Apprentice,
- 10 per cent of the eligible Australian Apprentice's wages in the second year, capped at a maximum payment value of \$1,500 per quarter per Australian Apprentice, and
- 5 per cent of the eligible Australian Apprentice's wages in the third year, capped at a maximum payment value of \$750 per quarter per Australian Apprentice.

The Australian Financial Review reported, "On Sunday, Scott Morrison announced a three-month, \$365 million extension to the Boosting Apprentices Commencement scheme, a wage subsidy program that was part of the initial rescue package when COVID-19 erupted.

That extension takes to \$5.5 billion the amount spent on apprentices since the pandemic took hold.

#### References

[Treasurer's media release: Extending support to get more Australian apprentices on the job](#)  
[The Australian Financial Review - Opinion - Phillip Coorey: Every single election, the tradie vote is for sale](#)

## HOUSING

### Expansion of Home Guarantee Scheme

Ahead of the Budget the Government announced an expansion of its Home Guarantee Scheme.

In a joint statement the Treasurer Josh Frydenberg, the Assistant Treasurer and Minister for Housing Michael Sukkar and Minister for Regionalisation Bridget McKenzie said, "The Morrison Government is supporting thousands more Australians to buy their own home sooner as part of our plan for a stronger future, by more than doubling its successful Home Guarantee Scheme in the 2022-23 Budget.

"Building on its success to date, where almost 60,000 Australians have begun their journey to homeownership, the Morrison Government is expanding the Home Guarantee Scheme to make available up to 50,000 places each year. This includes a new Regional Home Guarantee open to non-first home buyers, enabling even more Australians to achieve their aspirations of owning a home.

"Under the expanded Home Guarantee Scheme, the Government will make available:

- 35,000 guarantees each year, up from the current 10,000, from 1 July 2022 under the First Home Guarantee, to support eligible first homebuyers to purchase a new or existing home with a deposit as low as five per cent;
- 10,000 guarantees each year from 1 October 2022 to 30 June 2025 under a new Regional Home Guarantee, to support eligible homebuyers, including non-first home buyers and permanent residents, to purchase or construct a new home in regional areas, subject to the passage of enabling legislation; and
- 5,000 guarantees each year from 1 July 2022 to 30 June 2025 to expand the Family Home Guarantee announced in last year's budget. Australia's first ever specifically targeted single parent family housing scheme supports eligible single parents with children to buy their first home or to re-enter the housing market with a deposit of as little as two per cent.

"The Home Guarantee Scheme ensures part of an eligible buyer's home loan is guaranteed by the Government, enabling Australians to buy a home sooner with a smaller deposit and without needing to pay lenders mortgage insurance. "

The Ministers said, "The scheme has particularly supported women and front-line workers, with one in five guarantees issued to essential workers, almost 35 per cent of which were nurses and 34 per cent were teachers.

"Of total guarantees issued, 52 per cent of guarantees went to women, well above the market average of 41 per cent women, while 85 per cent of Family Home Guarantees were taken up by single mums.

"With the expansion of the Home Guarantee Scheme, combined with HomeBuilder, the First Home Super Saver Scheme, and the work of the National Housing Finance and Investment Corporation, only the Morrison Government is helping more Australians realise the dream of owning their own home."

The First Home Guarantee, which was previously known as the First Home Loan Deposit Scheme. It allows people to put down a 5 per cent deposit without requiring lenders mortgage insurance, because the government guarantees the loan. The newly established Regional Home Guarantee aims to encourage more construction outside of capital cities.

It will be available to first home buyers, people who have not owned a property in the past five years and permanent residents, which the government hopes will encourage migrants to settle in regional areas.

To access the regional scheme, applicants must either build or purchase a newly built home and there will be 10,000 places per year available from 1 October.

Shadow Treasurer Jim Chalmers said the regional scheme outlined by the government today was very similar to Federal Labor's approach announced earlier this month.

"They copied our policy today for regional first home buyers, that's a good thing as far as we're concerned. It [the scheme alone] won't solve the whole problem," he told Channel Nine.

#### References

[Treasurer's media release: 2022-23 Budget backs aspiring homeowners](#)

[ABC: First home buyers to receive help in federal budget, more money for roads and car parks to be announced](#)

## SUPERANNUATION

### Minimum drawdown extended

Ahead of the Budget Treasurer Josh Frydenberg announced the Government will extend the 50 per cent reduction to minimum superannuation drawdown requirements for retirees into the next financial year.

Mr Frydenberg said on Twitter, "as part of our Government's plan for a stronger future, we're extending the 50% reduction in minimum drawdown requirements until 30 June 2023." He also said on Twitter, "The Coalition has a clear message for older Australians - your super is safe with us."

He also pledged that the government will not increase taxes on superannuation if re-elected.

Originally announced in March 2020 as part of the government's response to the pandemic, Treasurer Josh Frydenberg said the reduction would now remain in place until 30 June 2023.

"We recognise the valuable contribution self-funded retirees make to the Australian economy and the sacrifices they made to provide for their retirement," Mr Frydenberg said.

"This will provide retirees with greater flexibility and certainty over their savings."

Around 1.8 million super accounts are currently subject to the minimum drawdown requirements that apply to account-based pensions and similar products.

Under the reduced minimum drawdown rates, self-funded retirees aged between 65-74 must withdraw 2.5 per cent of their account balance each year to be eligible for tax-free status on their earnings.

The minimum drawdown rate is currently 3.0 per cent for ages 75-79, 3.5 per cent for ages 80-84, 4.5 per cent for ages 85-89, 5.5 per cent for ages 90-94 and 7 per cent for ages 95 and above, while a rate of 2 per cent applies to those under 65.

The government also renewed its commitment to not introduce any new taxes on super. "At the last election, we promised there would be no new taxes on superannuation. Over the last three years we have honoured that commitment," said Mr Frydenberg.

"At this election, we are again saying to retirees – under a Morrison government, there will be no increased superannuation taxes."

#### References

[Josh Frydenberg: Twitter](#)

[InvestorDaily.com.au: Government extends reduction to minimum super drawdown rates](#)

[Australian Financial Review: PM woos grey vote with budget handouts](#)

## MANUFACTURING

### mRNA manufacturing facility

Prime Minister Scott Morrison confirmed a deal with health giant Moderna to build a facility in Melbourne to make its mRNA vaccine.

The Moderna deal formalises a plan reached last December to bring the US company to Australia to set up a biotech hub that could produce 100 million mRNA doses a year and respond to new variants of the coronavirus or other health threats.

In a note about its plans, the Government said the Australian facility would focus on respiratory treatments including COVID-19, seasonal flu and respiratory syncytial virus (RSV).

In a statement to accompany the announcement, Moderna general manager for Australia and New Zealand Michael Azrak said the facility would do “world-class” development in Australia.

“We’re going to partner with local researchers and institutions to deliver collaborative R&D that will develop the next generation of mRNA treatments,” he said.

Mr Morrison said the Moderna facility will be operational by 2024 and produce up to 100 million doses year, including COVID-19 vaccines.

The government is citing commercial-in-confidence reasons for not disclosing how much it will spend, but sources said it would be “multiple billions” to secure the only mRNA manufacturing plant in the Southern Hemisphere.

The mRNA facility will be built from scratch on a site to be decided by Moderna and the Victorian state government and will employ about 150 full-time specialist staff.

“This is an Australian-made shot in the arm that will protect Australians from future pandemics and secure a new manufacturing capability right here on our shores,” Mr Morrison said in a statement.

#### References

[Prime Minister’s transcript: Press conference - Clayton, Victoria - 24 March 2022](#)

[Prime Minister’s media release: Partnership secures Australian-made mRNA VACCINES - 24 March 2022](#)

#### Critical minerals projects

Opening the Government’s unofficial election campaign in Western Australia earlier in March Prime Minister Scott Morrison dipped into the government’s \$1.3 billion modern manufacturing initiative to help kickstart four critical minerals projects in the West.

Mr Morrison promised \$243 million towards the development of four critical minerals projects.

The funding includes \$119 million for Pure Battery Technologies’ integrated nickel manganese cobalt battery material refinery hub near Kalgoorlie, and \$49 million for Australian Vanadium’s \$367 million project to process high-grade vanadium from Meekatharra.

#### References

[Prime Minister’s transcript: Press Conference - Victoria Park, WA – 17 March 2022](#)

[Prime Minister’s transcript: Press Conference Henderson, WA – 15 March 2022](#)

[Prime Minister’s transcript: Interview with Liam Bartlett, 6PR – 15 March 2022](#)

[Prime Minister’s media release: Investment to unlock potential of Australia’s critical minerals sector](#)

[Prime Minister’s speech: Address, Chamber of Commerce and Industry WA – 16 March 2022](#)

#### INFRASTRUCTURE

##### \$17.9 billion infrastructure spend

Ahead of the Budget the Treasurer and Prime Minister jointly announced a \$17.9 billion investment in infrastructure across Australia.

In a joint announcement also with Deputy Prime Minister Barnaby Joyce and the Minister for Communications, Urban Infrastructure, Cities and the Arts Paul Fletcher, the Prime Minister and Treasurer announced there would be \$17.9 billion committed towards new and existing infrastructure projects in the infrastructure pipeline the Budget.

“With investments in new and existing infrastructure projects in every state and territory, the Government’s rolling 10-year infrastructure investment pipeline will increase from \$110 billion to over \$120 billion, a new record,” the joint statement said.

“As part of our plan for a stronger future, our Government is continuing to invest in projects that create jobs, keep commuters and freight safe and moving, and drive economic growth.

“Key new commitments funded in the 2022–23 Budget include:

- \$3.1 billion in new commitments to deliver the \$3.6 billion Melbourne Intermodal Terminal Package (VIC), including:
- \$1.2 billion for the Beveridge Interstate Freight Terminal in Beveridge, taking the total investment to \$1.62 billion;
- \$280 million for Road Connections, including Camerons Lane Interchange, to the Beveridge Interstate Freight Terminal;
- \$740 million for the Western Interstate Freight Terminal in Truganina; and
- \$920 million for the Outer Metropolitan Ring - South Rail connection to the Western Interstate Freight Terminal.

- \$740 million for the Western Interstate Freight Terminal in Truganina; and
- \$920 million for the Outer Metropolitan Ring - South Rail connection to the Western Interstate Freight Terminal.
- \$1.6 billion for the Brisbane to the Sunshine Coast (Beerwah-Maroochydore) rail extension (QLD)
- \$1.121 billion for the Brisbane to the Gold Coast (Kuraby – Beenleigh) faster rail upgrade (QLD)
- \$1 billion for the Sydney to Newcastle – (Tuggerah to Wyong) faster rail upgrade (NSW)
- \$678 million for Outback Way (NT, WA, QLD)
- \$336 million for the Pacific Highway - Wyong Town Centre (NSW)
- \$336 million for the Tasmanian Roads Package – Northern Roads Package – Stage 2 (TAS)
- \$200 million for the Marion Road – Anzac Highway to Cross Road (SA)
- \$145 million for the Thomas Road – Dual Carriageway – South Western Highway to Tonkin Highway and interchange at Tonkin Highway (WA)
- \$140 million for Regional Road Safety upgrades (WA)
- \$132 million for Central Australian Tourism Roads (NT)
- \$120 million for the Adelaide Hills Productivity and Road Safety Package (SA)
- \$46.7 million towards the Athllon Drive Duplication (ACT)

The Budget also includes additional funding for existing projects and Roads of Strategic Importance corridors, including:

- \$2.264 billion for the North South Corridor - Torrens to Darlington (SA)
- \$352 million for the Milton Ulladulla Bypass (NSW)
- \$320 million for the Bunbury Outer Ring Road (Stages 2 and 3) (WA)
- \$200 million for the Tonkin Highway Stage 3 Extension (WA)
- \$45 million for the Ballarat to Ouyen – Future Priorities (VIC)
- \$68.5 million for the Cooktown to Weipa Corridor Upgrade bringing the total Australian Government funding to the corridor to \$258.5 million (QLD)

Prime Minister Scott Morrison said the Government’s record infrastructure investment was keeping Australians moving and supporting thousands of local jobs across the country.

“A strong economy means a stronger future,” the Prime Minister said.

“Continuing to provide record future funding for road and rail

projects is a key part of our economic plan for the long term to keep our economy strong.

“By investing in these projects we are delivering the infrastructure that the Australian economy needs to grow, to get Australians home sooner and safer, and generate thousands of jobs and new opportunities for small businesses right across the country.

“Our investment in these infrastructure projects will support tens of thousands of direct and indirect jobs across Australia over the construction life of these projects, providing certainty and security for businesses and communities across the country.”

Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development Barnaby Joyce said the Government is building the infrastructure that will make our nation and economy stronger.

“We are investing in projects that will drive the growth of industries that generate the wealth our nation needs to become as strong as possible as quickly as possible,” the Deputy Prime Minister said.

Minister for Communications, Urban Infrastructure, Cities and the Arts Paul Fletcher said this investment would support sustainable growth across Australia.

“Our Government has a strong track record in delivering infrastructure that improves connections, reduces congestion and helps keep Australians moving, particularly across our fast growing urban centres,” Minister Fletcher said.

#### References

- [Treasurer’s media release: \\$17.9 billion boost for infrastructure across Australia - 28 March 2022](#)
- [Department of Infrastructure, Transport, Regional Development and Communications: Infrastructure Investment Program](#)
- [Treasurer’s media release: Federal Budget boost for Western Australian infrastructure](#)
- [Treasurer’s media release: Federal Budget boost for Queensland infrastructure](#)
- [Treasurer’s media release: Federal Budget boost for Victorian infrastructure](#)
- [Treasurer’s media release: Federal Budget boost for Tasmanian infrastructure](#)
- [Treasurer’s media release: Federal Budget boost for New South Wales infrastructure](#)
- [Treasurer’s media release: Federal Budget boost for Northern Territory infrastructure](#)
- [Treasurer’s media release: Federal Budget boost for ACT infrastructure](#)

## Dams

Ahead of the Budget National Party leader Barnaby Joyce announced Federal funding for a series of controversial dams in North Queensland.

Mr Joyce announced the Government has earmarked close to \$500 million to build the Urannah Dam in central Queensland, despite the project not yet securing environmental approvals and several studies suggesting the idea is not economically viable.

The proposal, long championed by the Queensland Nationals, has been around since the 1960s and a number of feasibility studies have queried the viability of the project.

Environment groups said it was a commercial “white elephant” and there were legitimate concerns it could wipe out the remaining habitat of a rare freshwater turtle named after the late conservationist Steve Irwin.

The Morrison government has previously allocated more than \$22 million to cover costs associated with developing a business case and assessing the regulatory requirements. The water storage would aid agricultural production and also assist expansion of the coal industry in central Queensland.

In an announcement that the Budget would contain funding for the dam Mr Joyce said, “The Morrison-Joyce Government has locked in \$483 million to build the Urannah Dam as part of our plan for a stronger future, further driving the development, and delivering for the people of Central Queensland (CQ).

“Through the 2022-23 Budget, the Government is putting the money in the bank to fund the project, pending demonstration of value for money and sufficient public benefit for investment.

“The proposed Urannah Dam has the support of the Commonwealth Government and while the state Labor government claimed to support the project, it has so far failed to commit to any funding.”

Prime Minister Scott Morrison and Mr Joyce jointly announced the Federal government is “100 per cent” committed to providing all the funding for the dam south of Townsville. It would store enough irrigation water to grow sugar cane over 50,000 hectares inland from Townsville.

“All the state government has to do is get out the big stamp and go ‘approved’,” Mr Morrison said, speaking in Townsville.

“We’re saying to them, 100 per cent, we’ll fund it. You approve it. Let’s get on with it.”

The government also released a statement saying funding was “subject to the completion of the final stage of the business case, expected in June this year” – which would come after the federal election that is due in May

When asked by reporters if the funding would remain committed to Townsville if the dam didn’t go ahead, Mr Morrison said: “we’re going to build the dam”.

Mr Joyce said the project would be opposed by “green cynics”.

“There’s a moss, there’s a frog, there is a beetle, there is something that will stop it, but we know that the future of this nation depends on us doing it,” Mr Joyce said.

“All I know is under our government it’s going to happen. And we’re at the point of go now.”

Queensland Water Minister Glenn Butcher said the state would only support the project if it stacked up economically. “To put \$5.4 billion on the table for a project that doesn’t even have a detailed business case together yet is a little bit embarrassing for the government,” Mr Butcher said.

The federal environment minister, Sussan Ley, told the ABC the Urannah Dam project had already been declared a controlled action under national environmental law and would go through “a staged assessment process” which would first be considered by the Queensland government, then federally.

Ms Ley insisted the central Queensland proposal would face the same scrutiny as any other project in Australia.

Asked whether the government was prepared to abandon the dam if assessment showed it failed to stack up environmentally or economically, Ms Ley said: “We’ll take it one step at a time.”

The government predicts the project will create more than 1000 jobs during the construction phase and 650 ongoing. Mr Joyce also announced \$5.4 million in initial funding for the Hells Gate Dam on the Burdekin River.

He said, “Through the 2022–23 Budget, the Government will guarantee funding to build the dam, subject to the completion of the final stage of the business case, expected in June this year.

“Hells Gates is anticipated to open up as much as 60,000 hectares of irrigation across three agricultural zones in the Burdekin, supported through a 2,100-gigalitre dam and bolstered by three downstream irrigation weirs.”

Mr Joyce said the 970 gigalitre Urannah dam would provide –“affordable water supply for mining” and enable the development of up to 20,000 hectares of agricultural land in central Queensland.

The federal funding for the proposed \$2.9 billion project 80 km west of Mackay would be matched by Bowen River Utilities, led by managing director John Cotter.

While campaigning in Western Australia Scott Morrison said only the Coalition was “serious about backing in the resources industry”.

Mr Joyce said the Hells Gate Dam funding “builds on the suite of dams and water infrastructure projects the Coalition is already investing in and delivering across Queensland, including:

- \$600 million towards the restoration of Paradise Dam;
- \$505.65 towards the delivery and construction of Urannah Dam;
- \$183.6 million towards the Rookwood Weir;
- \$180 million towards the Hughenden Irrigation Scheme; and
- \$30 million towards the Big Rocks Weir.

#### References

[Prime Minister’s transcript: Press conference - Townsville, Qld - 23 March 2022](#)

[National Party Leader’s media release: Federal funding locked in for Urannah Dam](#)

[National Party Leader’s media release: \\$5.4 billion in Federal funding for Hells Gates Dam](#)

## DEFENCE

### Defence force expansion

The Coalition announced it would commit to an expansion of Australia’s defence readiness in coming years, with Prime Minister Scott Morrison arguing a re-elected Coalition Government would increase defence spending by \$38 billion. Mr Morrison announced plans to boost the number of uniformed personnel in the military by a third in response to the “increasingly uncertain” world.

The proposed \$38 billion expansion would increase the ADF by 18,500 uniformed personnel by 2040, with the ramp up to

begin in 2024-25.

Mr Morrison outlined plans for a major expansion of Australia’s defence workforce to more than 101,000 by 2040.

This will be an increase of about 18,500 over the baseline growth previously agreed to. It includes predominantly uniformed personnel but also public servants.

The expansion covers army, navy, air force, and those working in the areas of space, information and cyber, as well as in defence science, education, logistics and health.

The government said the commitment represents the biggest step up in four decades.

The number of Australian Defence Force personnel would increase by about 30%, taking the total number of permanent ADF personnel to nearly 80,000.

Mr Morrison put the estimated cost of the expansion at some \$38 billion.

The ramping up will start from 2024-25, and a large component – estimated at about 6000 people – will be for the development of the nuclear-powered submarine capability. In the short term, over the four years to 2024 the defence workforce is being increased by 800 ADF personnel, 250 public servants and a number of extra staff for the Australian Signals Directorate.

As the government casts national security as a major theme of its election campaigning, Mr Morrison announced earlier plans to build a new submarine base on the east coast, with three sites – Port Kembla, Newcastle and Brisbane – being considered for its location.

In a statement with Defence Minister Peter Dutton announcing the personnel expansion, Mr Morrison said there was never a more important time to be increasing Australia’s defence forces.

“Our world is becoming increasingly uncertain so it’s important we take steps now to protect our people and our national interest over the coming decades.

Mr Morrison said ADF personnel would be increased in every state and territory. There will be a particular focus on capabilities associated with Australia’s security partnership with the United Kingdom and United States (AUKUS), and on air, sea, land, space and cyber.

The bigger defence force was flagged as part of the 2020 Force Structure plan.

Some of the additional soldiers, sailors and aviators are needed to operate new military capability such as nuclear-powered submarines, Hunter-class frigates and long-range missile systems. Defence would establish a new army regiment for long-range missiles and another for information warfare.

Within the military there are doubts the new goals will be reached, given current recruitment and retention targets are struggling to be met, the ABC reported.

#### References

[Prime Minister's media release: Defence workforce to grow above 100,000 – 10 March 2022](#)

#### West Australian naval shipyard

Opening the Government's unofficial election campaign in Western Australia earlier in March Prime Minister Scott Morrison promised a \$4.3 billion naval shipyard upgrade to further underwrite Australia's sovereign capacity and defence capability.

He announced a \$4.3 billion upgrade of the Henderson shipyards in the form of the construction of a new dry dock. The aim will be to build bigger warships there as well as service and maintain visiting US Navy ships.

Mr Morrison also pledged more would be spent to upgrade the Stirling naval base, so it could house the future fleet of nuclear submarines.

He announced the previous week the government would construct a \$10 billion submarine base in the east coast to enhance the operational capability of the subs, but said on Tuesday their home base would remain in Perth, where the Collins Class vessels are berthed.

The \$4.3 billion commitment to build a dry dock at Henderson will enable the construction and maintenance of large naval and commercial vessels in WA.

Work would begin in 2023 with operations to start in 2028. The project was expected to create 500 direct construction jobs and support 2000 shipbuilding jobs once completed.

"This multibillion-dollar infrastructure investment will transform the Henderson maritime precinct into a world-class shipbuilding powerhouse, and demonstrates our ongoing

commitment to naval capability in the West," Mr Morrison said.

The announcement followed a decision last year to keep submarine maintenance in South Australia despite a long-fought campaign by the WA government to move it west.

#### References

[Prime Minister's transcript: Press Conference - Victoria Park, WA – 17 March 2022](#)

[Prime Minister's transcript: Press Conference Henderson, WA – 15 March 2022](#)

[Prime Minister's transcript: Interview with Liam Bartlett, 6PR – 15 March 2022](#)

#### HEALTH

##### Medicare

The Government is continuing to guarantee Medicare, with an additional \$368.0 million over five years to ensure Australians can access health services.

New genetic testing items for prospective parents to show if they are genetic carriers of 3 genetic disorders will be introduced at a cost of \$81.2 million over 4 years from 2022-23.

Funding of \$2.4 billion over 5 years from 2021-22 will reduce out-of-pocket costs for new and amended listings on the PBS. This includes medicines to treat cystic fibrosis, spinal muscular atrophy, and cancer.

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

##### National Women's Health Strategy.

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

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

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

This Budget invests \$150.3 million to support medical training in regional and rural Australia. The Government is also continuing its support for aeromedical services for rural and remote communities, providing over \$55.0 million to support the operation of service providers.

### **Prevention, health promotion, early detection and management of chronic conditions**

The Government is investing \$513.8 million in prevention, health promotion, early detection and management of chronic conditions. This includes \$375.6 million to establish a world-leading cancer centre in Western Australia.

To promote the integration of genomics in the healthcare system, the Government is establishing Genomics Australia with funding of \$28.1 million.

### **Growing the care and support workforce**

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

### **MENTAL HEALTH**

The Budget announces \$547.0 million for targeted initiatives, including for young Australians, Aboriginal and Torres Strait Islander peoples and multicultural communities. Working towards zero suicides, the Government is investing \$42.7 million to continue initiatives that address local risk factors. The measures in this Budget will complement the implementation of the new National Mental Health and Suicide Prevention Agreement.

#### **Lifeline**

Ahead of the Budget the Government announced it was investing an additional \$52.3 million in funding for Lifeline

Australia over four years from July 2022, in recognition of the critical support the service provides to Australians.

Combined with an extension of the annual funding of \$15.5 million announced in the 2018-19 Budget, this takes the Morrison Government's support for Lifeline's core crisis service to \$114.2 million over the next four years, Prime Minister Scott Morrison said.

The new funding will help Lifeline to meet the growing level of demand for their support services, maintain and improve infrastructure and responsiveness, as well as investing in innovation in crisis response, surge capacity and models of care.

Prime Minister Scott Morrison said the additional \$52.3 million in funding for Lifeline Australia would ensure millions more Australians would receive the help that they need, when they need it.

Minister for Health and Aged Care Greg Hunt said Lifeline had and continues to support Australians as we emerge from the COVID-19 pandemic.

"Lifeline is Australia's largest provider of suicide prevention services, which has been supporting Australians experiencing emotional distress for almost 60 years," Minister Hunt said. The Government's media release said, "The Morrison Government continues to invest in improving mental health outcomes for all Australians, investing a historic \$2.3 billion in the National Mental Health and Suicide Prevention Plan through the 2021-22 Budget to deliver significant reform of the mental health system and ensure that all Australians have access to high quality, person-centred care as we emerge from the COVID-19 pandemic."

"To date, health portfolio expenditure in mental health and suicide prevention services and supports in 2021-22 is at a record high of \$6.5 billion."

#### **References**

[Prime Minister's media release - 26 March 2022](#)

### **VETERANS AFFAIRS**

#### **Minister threatened resignation over veterans' funding**

Veterans Affairs Minister Andrew Gee announced on Saturday (26 March) that he had secured funding of \$96 million for Veterans Affairs, only after threatening to resign as minister.

Mr Gee said that originally the Budget had included only \$22.8 million for unprocessed veterans claims but this had been increased to the \$96 million he had requested only after he had threatened to resign.

Whether the full \$96 million is included in the Budget is unclear. Mr Gee said on Saturday, “I had requested \$96 million to fund the action plan, including more claims processing staff and other initiatives like cutting red tape. I was initially told that there was no funding for this vital work, and then when I objected I was told there would be \$22.8 million for 90 temporary staff, but no other funding to deliver the plan. It was well short. It would have meant that we would have been, without any other actions, 100 staff short and that the claims backlog could not have been cut until sometime in 2024 – but no one really knew, no one could really tell me. Now, I was placed in the position where I could have said I was happy with that outcome. I was sent a press release that suggested I was happy, to be issued as part of the Budget process. And I accept that in politics and in life, you have to make compromises, but my personal integrity is not up for compromise and it’s not up for negotiation. And I was not prepared to sign up for that.”

Mr Gee was asked, “Did Mr Joyce say where the \$96 million was going to come from?”

He replied, “The Deputy Prime Minister, I believe, spoke to the Prime Minister, and I had a couple of conversations with the Minister for Defence Peter Dutton and I’m not sure where they are going to find the money, but I am assured they’re going to find it. And, on that basis, I decided not to resign. And that’s what happened this morning.”

The clearly emotional Member for Calare called a press conference in Orange on Saturday, announcing he had convinced the Deputy Prime Minister Barnaby Joyce to find more money to process veterans’ compensation applications.

Mr Gee said there was a massive backlog of 60,000 unprocessed claims within his department, labelling it a “national disgrace”, and said he had asked for \$96 million to clear the waiting list by the middle of next year. Mr Gee spoke to the Deputy Prime Minister on Saturday morning.

“I told him that the media was waiting outside the office, and as courtesy I was letting him know as my leader that I was going to resign from cabinet,” he said.

“That followed quite a bit of activity, and the end result is that the \$96 million to help process and clear this backlog of 60,000 claims is now going to be forthcoming.

“I accept that in politics and in life you have to make compromises, but my personal integrity is not up for compromise.”

Mr Gee said the “budget process” had closed ahead of the Tuesday economic plan being revealed by Treasurer Josh Frydenberg.

But he said he had a commitment from Mr Joyce and Prime Minister Scott Morrison that the money would be allocated to the program, even if only a part of it appeared in the budget papers.

The Prime Minister dismissed Mr Gee’s accusation, saying he “wouldn’t agree with that assessment”.

“What the budget has funded is the initial work [in] some of the program that he’s outlined, and there will be further investment that is made after the budget which will be come from the contingency reserve,” Mr Morrison told reporters in Sydney.

“Minister Gee has only recently come into this portfolio, through this budget process, and I appreciate and acknowledge and commend him for his enthusiasm to the task.”

The Prime Minister suggested Mr Gee did not properly understand how requests for funding were made.

“Submissions are made in the course of the budget,” Mr Morrison said.

“The budget was locked, it is locked — there was always the decision for further funding to be provided under this proposal, which it indeed will, and that was the indication that was provided during the budget process.

“Minister Gee is newly in Cabinet and is coming to understand those processes, and I appreciate that he does.”

One Nationals source questioned Mr Gee’s actions on Saturday, arguing he should have been more vocal months ago if he had wanted to lock in the funding.

Andrew Gee laughed, somewhat nervously, when was asked how he felt about his threat of resignation on the eve of an election potentially forcing the government’s hand.

“It may not turn out to be the best career move, and it is a slightly unorthodox way of fixing budget wrongs, but we appear to have got there,” he said.

“If we don’t get there, then again, I won’t hang around.”

#### References

[Minister’s transcript: Press Conference, Orange, NSW - 26 March 2022](#)

[ABC: Veterans’ Affairs Minister Andrew Gee threatens to resign on eve of budget over funding shortfall](#)

[The Australian: Veterans’ Affairs Min Gee accused of using vets as ‘political plaything’](#)

## ANTARCTICA

### \$804 million funding boost

Ahead of the Budget Prime Minister Scott Morrison announced \$804 million for Antarctica programs, in a bid to counter China’s influence and shore up support in a marginal Tasmanian electorate.

The package includes \$136.6 million for inland travel capability, mapping, mobile stations, environmental protection and other core activities.

The package, which is spread over a decade, also includes:

- \$109 million will fund drone fleets, helicopters and planes to map “inaccessible and fragile areas of East Antarctica”, establishing an “Antarctic Eye” with integrated sensors;
- \$3.4 million to “support the rules and norms of the Antarctic Treaty System and promote Australia’s leadership in Antarctic affairs” amid concerns China is seeking to circumvent the treaty to expand fishing (AFR);
- \$7.4 million is slated for research on the Antarctic ice sheet, amid concerns about the collapse of the massive Thwaites Glacier due to accelerating carbon emissions;
- \$17.4 million will be committed to marine science in the Southern Ocean and a new state-of-the-art krill aquarium in Hobart.

Australia lays claim to 42 per cent of Antarctica, but only four countries recognise the claim.

Foreign Minister Marise Payne said the government’s proposed investments “are a clear marker of our enduring commitment to the Antarctic Treaty system, its scientific foundations, and

Australia’s leadership within it”.

Environment Minister Sussan Ley said: “When I sit down with world leaders to discuss the Antarctic and the Southern Ocean in the face of increasing pressures, the strategic importance of our scientific leadership is clear.

Australia was a founding member of the Antarctic Treaty, signed by the Menzies government in 1959.

#### References

[Prime Minister’s media release: \\$800 million to strengthen our leadership in Antarctica](#)

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