



Budget 2021–22

Securing Australia's Recovery

Overview

budget.gov.au





Budget 2021–22

Securing Australia's Recovery

Overview

budget.gov.au

© Commonwealth of Australia 2021

ISBN 978-1-925832-30-3

This publication is available for your use under a Creative Commons BY Attribution 3.0 Australia licence, with the exception of the Commonwealth Coat of Arms, third party content and where otherwise stated. The full licence terms are available from <http://creativecommons.org/licenses/by/3.0/au/legalcode>.



Use of Commonwealth of Australia material under a Creative Commons BY Attribution 3.0 Australia licence requires you to attribute the work (but not in any way that suggests that the Commonwealth of Australia endorses you or your use of the work).

Commonwealth of Australia material used ‘as supplied’

Provided you have not modified or transformed Commonwealth of Australia material in any way including, for example, by changing the Commonwealth of Australia text; calculating percentage changes; graphing or charting data; or deriving new statistics from published Commonwealth of Australia statistics — then Commonwealth of Australia prefers the following attribution:

Source: The Commonwealth of Australia

Derivative material

If you have modified or transformed Commonwealth of Australia material, or derived new material from those of the Commonwealth of Australia in any way, then Commonwealth of Australia prefers the following attribution:

Based on Commonwealth of Australia data

Use of the Coat of Arms

The terms under which the Coat of Arms can be used are set out on the Department of the Prime Minister and Cabinet website (see www.pmc.gov.au/government/commonwealth-coat-arms)

Other Uses

Inquiries regarding this licence and any other use of this document are welcome at:

Manager
Media Unit
The Treasury
Langton Crescent Parkes ACT 2600

Email: media@treasury.gov.au

Internet

A copy of this document is available on the central Budget website at: www.budget.gov.au.

Printed by CanPrint Communications Pty Ltd

Contents

Securing Australia's recovery	4	Women's economic security	36
Budget at a glance	6	Women's health and wellbeing	38
Economic and Fiscal Strategy	7	Supporting and empowering Indigenous Australians	40
Global economic outlook	8	Improving veteran support	41
Domestic economic outlook	10	Supporting older Australians	42
Protecting Australians from COVID-19	12	Keeping Australians safe	44
Lower taxes for hard-working Australians	14	Growing Australia's agriculture industry to 2030 and beyond	46
Business tax relief to create jobs . . .	15	Secure and affordable energy	47
Targeted support to boost the recovery	16	Manufacturing, trade and science . . .	48
Supporting construction jobs and home ownership	18	Stronger regions	50
Infrastructure investment	20	Building disaster resilience	51
Building Australia	22	Reducing emissions	52
Digital Economy Strategy	24	Caring for our environment	54
Unlocking business growth	26	Appendix A Budget aggregates	56
Comprehensive aged care reforms . .	28	Appendix B Revenue and spending	57
Guaranteeing health and disability essentials	30	Appendix C Major initiatives – receipts	58
Investing in mental health	31	Appendix D Major initiatives – payments	59
Investing in our preschools	32	Appendix E Detailed economic forecasts	60
Strengthening education	33		
Women's safety	34		

Securing Australia's recovery

More people are in work than ever before and unemployment is on course to settle below 5 per cent for just the second time in almost 50 years

Australia's recovery from COVID-19 is well underway

Our comeback

In the face of COVID-19, Australia achieved world-leading health outcomes, with fewer infections, hospitalisations and deaths than most other countries.

The Government's emergency support provided a crucial lifeline to the economy during Australia's first recession in almost 30 years.

The economy has recovered strongly and is set to return to pre-pandemic levels nine months earlier than expected last Budget with the unemployment rate's recovery set to be five times faster than the 1990s recession.

While we are not yet out of the pandemic, we are better placed than most other countries in the world to meet the economic challenges that lie ahead.

This Budget builds on this success to secure Australia's recovery.

The plan

This Budget is the next stage of the Government's economic plan to secure Australia's recovery.

It creates jobs, guarantees essential services and builds a more resilient and secure Australia.

It does this with:

- Personal income tax cuts;
- Business tax incentives;
- New apprenticeships and training places;
- More infrastructure; and
- Record funding for schools, hospitals, aged care, mental health and the NDIS.

This will secure Australia's recovery and drive the unemployment rate down.

Creating jobs and rebuilding our economy

- An additional \$7.8 billion in tax cuts for low- and middle-income earners, worth up to \$1,080 for individuals or \$2,160 for dual income couples
- Extending temporary full expensing and temporary loss carry-back to provide an additional \$20.7 billion in tax relief over the forward estimates to support business investment and create jobs
- An additional \$15.2 billion over ten years to fund infrastructure commitments
- Extending the HomeBuilder construction commencement period and the New Home Guarantee
- Investing in the settings and skills to grow Australia's digital economy
- Supporting our worst hit sectors and regions, including \$1.2 billion for aviation and tourism support

Guaranteeing the essential services

- Protecting Australians' health by extending the COVID-19 health response and further investing in the COVID-19 vaccination program
- Supporting people with disability by fully funding the NDIS with an additional \$13.2 billion
- Providing \$17.7 billion to fund aged care reforms and ensure older Australians are treated with respect, care and dignity
- \$2.3 billion for improved and expanded mental health care and suicide prevention
- Investing in our preschools

Improving women's safety and economic security

- Addressing violence against women and children
- Ensuring Australian workplaces are free from sexual harassment
- Improving the accessibility and quality of women's health services
- Strengthening women's economic security by improving the affordability of child care and supporting employment and women's financial security

Building a more resilient and secure Australia

- Keeping Australians safe by investing in our national security and law enforcement capabilities
- Helping the agriculture industry achieve its goal of increasing farm gate output to \$100 billion by 2030
- Keeping energy secure, affordable and reliable;
- Driving medical and biotech innovation
- Unlocking the potential of our regions
- Supporting communities affected by natural disasters

Budget at a glance

Rebuilding our economy to repair the budget following COVID-19

Over the next four years, the deficit will nearly halve as a stronger economy improves the bottom line. The underlying cash deficit in 2021-22 is forecast to be \$106.6 billion (5.0 per cent of GDP). This is expected to improve over the forward estimates to a \$57.0 billion deficit (2.4 per cent of GDP) in 2024-25 and to a deficit of 1.3 per cent of GDP by the end of the medium term.

Compared to the 2020-21 Budget, the underlying cash deficit has improved by \$52.7 billion in 2020-21.

Gross debt is expected to be 40.2 per cent of GDP at 30 June 2021, increasing to

50.0 per cent of GDP by the end of the forward estimates. Gross debt is projected to stabilise at around 51 per cent of GDP over the medium term.

Net debt will increase to 30.0 per cent of GDP at 30 June 2021 before peaking at 40.9 per cent of GDP at 30 June 2025, and declining to 37.0 per cent of GDP at the end of the medium term.

Net debt is lower in every year compared to last year's Budget when it was expected to peak at 43.8 per cent of GDP.

Budget aggregates and major economic parameters^(a)

	Actual	Estimates					Total ^(b)
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	
Underlying cash balance (\$b)^(c)	-85.3	-161.0	-106.6	-99.3	-79.5	-57.0	-342.4
Per cent of GDP	-4.3	-7.8	-5.0	-4.6	-3.5	-2.4	
Gross debt^(d)	684.3	829.0	963.0	1,058.0	1,134.0	1,199.0	
Per cent of GDP	34.5	40.2	45.1	48.6	49.7	50.0	
Net debt	491.2	617.5	729.0	835.0	920.4	980.6	
Per cent of GDP	24.7	30.0	34.2	38.4	40.4	40.9	

	Outcomes	Forecasts				
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Real GDP	-0.2	1 1/4	4 1/4	2 1/2	2 1/4	2 1/2
Employment	-4.2	6 1/2	1	1	1 1/4	1 1/4
Unemployment rate	6.9	5 1/2	5	4 3/4	4 1/2	4 1/2
Consumer price index	-0.3	3 1/2	1 3/4	2 1/4	2 1/2	2 1/2
Wage price index	1.8	1 1/4	1 1/2	2 1/4	2 1/2	2 3/4
Nominal GDP	1.7	3 3/4	3 1/2	2	4 3/4	5

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

(b) Total is equal to the sum of amounts from 2021-22 to 2024-25

(c) Excludes net Future Fund earnings before 2020-21.

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

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

Economic and Fiscal Strategy

A pathway to a stronger economy and a stronger budget position

Australia entered the COVID-19 pandemic from a position of economic and fiscal strength. The Budget was in balance for the first time in 11 years with workforce participation at a record high and welfare dependency at its lowest in a generation.

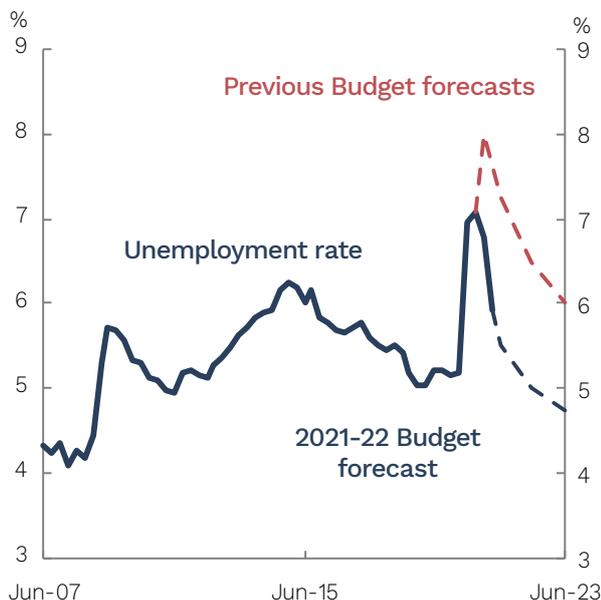
A strong fiscal position allowed the Government to respond decisively to the once-in-a-century pandemic with \$291 billion in economic support. The speed of our economic recovery has exceeded the most optimistic of our expectations and Australia has outperformed every major advanced economy.

The Government's Economic and Fiscal Strategy will secure the economic recovery by supporting strong and sustainable private sector led growth and job creation to drive the unemployment rate down to pre-crisis levels or lower.

A strong economy with low unemployment will position the Government to deliver on its medium term strategy of stabilising and then reducing debt as a share of GDP over time. On the back of a stronger recovery to date, net debt as a share of the economy will peak at a lower level compared to what was expected in the 2020-21 Budget, falling to 37.0 per cent of GDP by 30 June 2032.

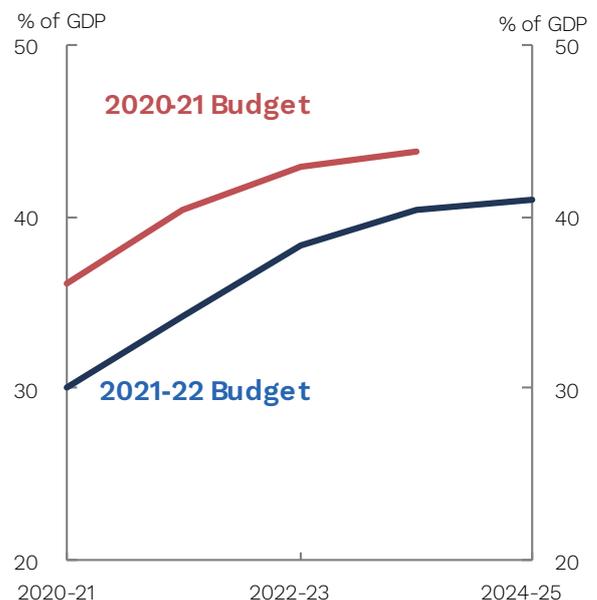
Once Australia secures the recovery and unemployment is back to its pre-crisis levels or lower, our fiscal strategy will shift to the second phase and be focused on its medium term objective of stabilising and reducing debt.

Unemployment rate



Source: ABS Labour Force Survey, Treasury forecasts.

Net debt





Global economic outlook

The global recovery is underway but remains highly uncertain

COVID-19 resulted in the largest contraction in global economic activity since the Great Depression. Global GDP fell by 3.3 per cent in 2020, as economies sought to limit the spread of the virus and uncertainty rose.

Australia's health and economic outcomes compare favourably to international peers. Our economy outperformed all major advanced economies in 2020 and our labour market continues to recover quickly. Compared to major advanced economies, Australia is the first economy to have seen hours worked and employment recover to pre-pandemic levels.

The outlook for the global economy has strengthened and global GDP is forecast to grow by 6 per cent in 2021, building on the recovery that began across the latter part of last year.

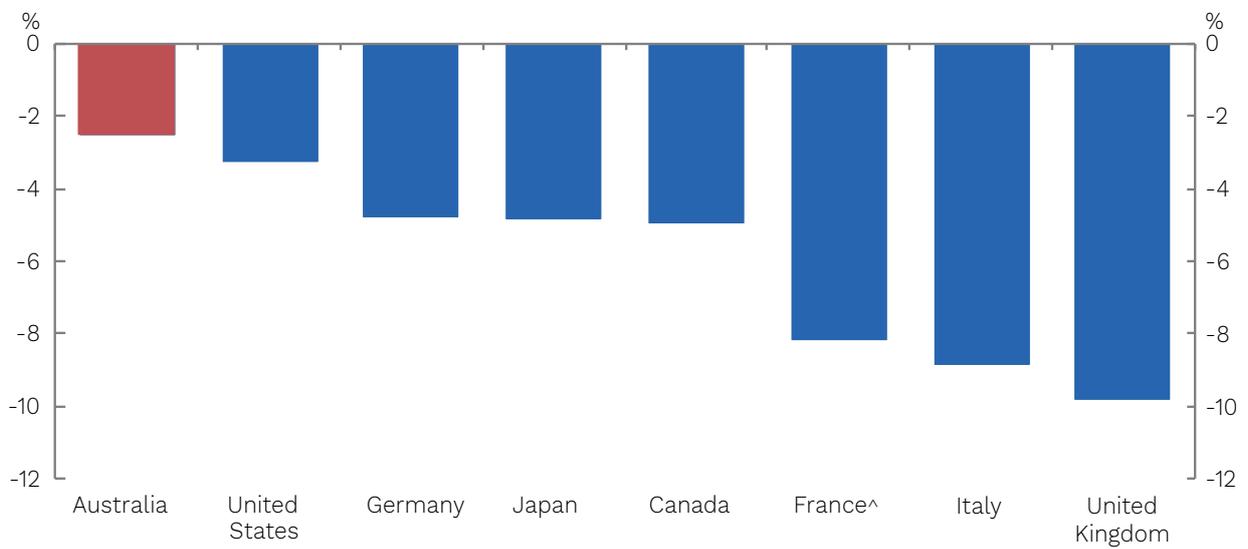
Significant economic support from governments, along with positive progress on vaccine rollouts in economies facing high rates of virus transmission or strict containment measures, have bolstered the outlook.

There are positive signs for Australia's external outlook. Australia's major trading partners are forecast to grow by 6½ per cent in 2021, more quickly than the global economy.

While the outlook is more positive, we are still in the midst of a once-in-a-century pandemic. The virus remains a significant threat as recent events in India attest. The global economic recovery is fragile and expected to be uneven across different economies highlighted by a double-dip recession in the euro area.



Real GDP growth in 2020: Australia's economy outperformed all major advanced economies in 2020



Note: [^] Data are seasonally adjusted.
Source: National statistical agencies.



Domestic economic outlook

The Australian economy is recovering faster and stronger from the impact of the COVID-19 pandemic

The Australian economy has shown remarkable resilience in the face of the COVID-19 pandemic with the economy rebounding at its fastest pace on record over the second half of 2020. The economy is now expected to have exceeded its pre-pandemic level of activity in early 2021, nine months earlier than expected in the 2020-21 Budget.

Almost one million jobs have been added to the economy since the worst of the downturn. There are now more Australians employed than ever before. The unemployment rate has fallen rapidly and is set to recover five times faster than the last recession in the 1990s, reducing the potential for longer-term scarring in the labour market and supporting growth in the medium term.

The Government's significant fiscal response to the crisis and world leading health outcomes have laid the foundations for a strong economic recovery, with consumer sentiment at its highest level in 11 years and business conditions reaching a record high.

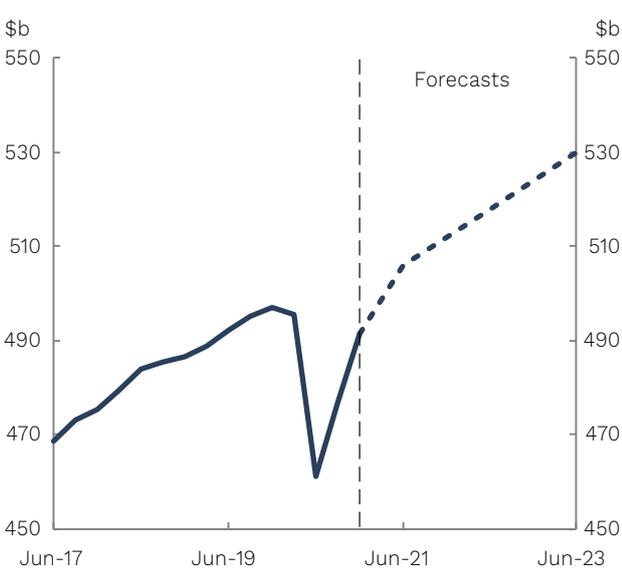
Fiscal support remains in place to boost private sector-led growth and job creation.

The unemployment rate is expected to fall to 5 per cent in mid-2022 before falling further to 4¾ per cent in mid-2023. The unemployment rate in Australia has only been sustained below 5 per cent once since the early 1970s and in this Budget, we are on a trajectory to do so again.



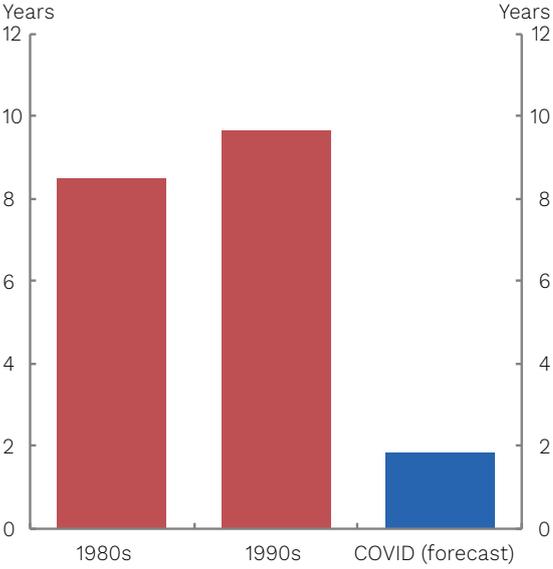
The Australian economy rebounded at its fastest rate on record over the second half of 2020

The recovery in real GDP



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

Years taken for the unemployment rate to return to pre-recession level



Protecting Australians from COVID-19

Providing ongoing support for the health system and delivering a comprehensive vaccination program

The Government is providing \$1.5 billion in this Budget to extend a range of health responses, to keep Australians protected alongside the roll-out of COVID-19 vaccines. This includes continued funding for telehealth services, which has seen over 56 million services delivered to 13.7 million patients since March 2020, COVID-19 testing and support to prevent outbreaks in remote communities.

Over 2.5 million vaccine doses have already been administered.

In this Budget, the Government is investing a further \$1.9 billion in the COVID-19 vaccination roll-out. This is to protect Australians from

COVID-19 and facilitate Australia's social and economic recovery.

Funding for the roll-out of COVID-19 vaccines includes administering vaccines, managing distribution and logistics, recording and monitoring data, communications and supporting the states and territories.

In this Budget, the Government has committed to purchasing additional vaccine doses. This expands our vaccine portfolio to around 170 million doses.



The priority of the Australian COVID-19 vaccination program remains to vaccinate our most vulnerable populations including elderly Australians, frontline workers and people with underlying health conditions.

The Government is working with the states and territories to administer COVID-19 vaccinations quickly and safely to as many Australians as possible.

The Government continues to put the health of Australians first

Lower taxes for hard-working Australians

Lower taxes to create jobs

Tax cuts for low- and middle-income earners

To support household income and create more jobs, the Government is delivering an additional \$7.8 billion in tax cuts by retaining the low and middle income tax offset (LMITO) in 2021-22.

Treasury estimates that extending the LMITO will boost GDP by around \$4.5 billion in 2022-23 and will create an additional 20,000 jobs by the end of 2022-23.

This is on top of the \$25.1 billion of announced tax cuts flowing to households in 2021-22 under our legislated Personal Income Tax Plan.

Around 10.2 million individuals will benefit from retaining the offset in 2021-22, which is worth up to \$1,080 for individuals or \$2,160 for dual income couples.

With the additional year of LMITO, our Personal Income Tax Plan will provide tax cuts of up to \$7,020 for singles, and up to \$14,040 for dual income households, in total over the period 2018-19 to 2021-22.

When Stage 3 of our legislated tax plan is implemented in 2024-25, around 95 per cent of taxpayers will face a marginal tax rate of 30 per cent or less.



Kerrie is a landscaper, whose partner Keith is a web designer. Kerrie earned \$60,000 in taxable income each year from 2018-19 to 2021-22 and Keith earned \$100,000. With LMITO being retained, Kerrie and Keith will benefit from a combined LMITO of \$1,860 after they lodge their 2021-22 tax returns. With the additional year of LMITO, the Government's Personal Income Tax Plan will provide Keith and Kerrie with a tax cut of \$13,200 in total from 2018-19 to 2021-22, compared with 2017-18 settings.



Business tax relief to create jobs

For small businesses, the corporate tax rate will drop from 30% in 2014-15 to 25% from 1 July 2021

Incentives for businesses to invest and create jobs

The Government is extending temporary full expensing for an additional year until 30 June 2023. Temporary loss carry-back is also being extended to include the 2022-23 income year.

The Government's business tax incentives have contributed to stronger business investment and have helped to create more jobs. On the back of these measures, investment in machinery and equipment has increased at its fastest quarterly rate in nearly seven years. Firms' capital investment intentions for 2020-21 have also continued to strengthen.

The extension of these measures will deliver an additional \$20.7 billion in tax relief to businesses over the forward estimates period. The measures, including the extension, are estimated to support around \$320 billion worth of investment and create around 60,000 jobs by the end of 2022-23. They are estimated to boost GDP by around \$2.5 billion in 2020-21, \$7.5 billion in 2021-22 and \$8 billion in 2022-23.

Building on prior tax reform for small to medium businesses

Last Budget, the Government provided \$105 million in tax relief for around 20,000 small to medium businesses to access ten small business tax concessions.

The Government will deliver more than \$16 billion in tax cuts to small and medium businesses by 2023-24 with around \$1.5 billion flowing in 2019-20.

This includes reducing the tax rate for small and medium companies, from 30 per cent in 2014-15 to 25 per cent from 1 July 2021.

Making it easier for small business to pause debt recovery action while in dispute

To make it simpler, faster and cheaper for small business to pause or modify Australian Taxation Office debt recovery actions, the Government is broadening the Administrative Appeal Tribunal's (AAT) powers to pause or modify such actions until the underlying dispute is resolved.

This will provide an avenue for small businesses to ensure they are not required to start paying a disputed debt until the matter has been determined by the AAT.

Targeted support to boost the recovery

Encouraging Australians to explore world class experiences at home

The Government is delivering a \$1.2 billion package for the aviation and tourism sectors to help them recover from the impacts of COVID-19, protect tourism and aviation jobs and provide flow-on benefits to businesses and our regions.

Over 800,000 half-price airfares are getting Australians to explore their own backyard, with every dollar spent on tourism supporting local jobs and local business. More than 660,000 tickets have already been sold with Cairns, Hobart, Adelaide and the Gold Coast among the most popular destinations.

The Government is maintaining an Australian international airline capability – supporting up to 8,000 jobs and enabling international flights to resume when borders reopen. It is also preserving aviation skills of up to 5,000 ground handlers.

\$274.6 million is going towards the expansion and extension of successful programs to support Australian businesses such as travel agents, zoos and aquariums and events providers that rely on international tourists.

The Government is also negotiating two-way safe travel zones, with 630 workers returning to work to service flights between Australia and New Zealand.

Safeguarding Australian creative industries

This Budget is also helping to activate and support the successful re-opening of Australia's creative and cultural sector with almost \$300 million in support.

This includes the \$125 million Restart Investment to Sustain and Expand grants to kick start new productions, festivals and events supporting artists and organisations to get back in business – this funding will support around 230 projects.

Supporting the arts sector



Delivering around **230** productions, festivals and events



Keeping **thousands** in jobs by supporting our local **screen industry** and **cinemas**



Reactivating **regional arts** events



Providing wellbeing support to **artists, crew** and **music workers** affected by COVID-19



The Government is supporting businesses, workers and regions still doing it tough

\$20 million is supporting independent cinemas across Australia to keep their doors open and people in jobs.

The Government is also helping the local screen industry continue to create quality Australian local film and television content.

Supporting international education providers

The Government is providing an additional 5,000 Commonwealth supported short course places in 2021-22 for non-university higher education providers, extending fee relief for international education providers, and providing temporary fee exemptions on FEE-HELP loans.

Grants of up to \$150,000 will be made available to eligible private higher education and English language course providers.

Supporting credit for small and medium enterprises (SMEs)

The Australian Government is providing continuing support to SMEs through the SME Recovery Loan Scheme. This support will assist firms that received JobKeeper in the March quarter 2021 and firms that are eligible flood-affected businesses.

By enhancing lenders' ability to provide cheaper credit, the Scheme will assist SMEs access to vital funding to recover and invest for the future.

Supporting construction jobs and home ownership

HomeBuilder

HomeBuilder has been a highly successful program, supporting construction activity and jobs. Over 120,000 Australians have applied for the HomeBuilder grant, which is expected to support over \$30 billion in residential construction activity.

The Government extended the six month construction commencement period to 18 months for all existing applicants, which will smooth out the HomeBuilder construction activity in 2021 and into 2022.

New Home Guarantee

Recognising the importance of the residential construction sector in driving jobs and

economic growth, the Government is providing a further 10,000 places under the New Home Guarantee in 2021-22, specifically for first home buyers seeking to build a new home or purchase a newly built home with a deposit of as little as five per cent.

Family Home Guarantee

Building on the success of the First Home Loan Deposit Scheme and the New Home Guarantee, HomeBuilder has successfully supported jobs and residential construction activity. Now, the Government is providing a pathway to home ownership to support single parents with dependants, regardless of whether they are a first home buyer or a previous owner-occupier.



HomeBuilder is expected to support over **\$30 billion** in residential construction activity



HomeBuilder has helped drive private sector house approvals to the highest level on record, with **14,117 houses** approved in March 2021



HomeBuilder has received over **120,000 applications**



The Government is supporting the residential construction sector and helping more Australians realise their goal of home ownership

From 1 July 2021, 10,000 guarantees will be made available over four years to eligible single parents with dependants to build a new home or purchase an existing home with a deposit of as little as two per cent, subject to an individual's ability to service a loan.

First Home Super Saver Scheme

The Government is helping first home buyers achieve their dream of home ownership sooner under the First Home Super Saver Scheme. The Government understands that saving a deposit is one of the hardest parts of getting into homeownership.

From 1 July 2022, the Government will increase the maximum amount of voluntary contributions that can be released under the First Home Super Saver Scheme from \$30,000 to \$50,000.



Infrastructure investment

The Government is supporting jobs now and into the future with a record \$110 billion 10-year infrastructure investment pipeline

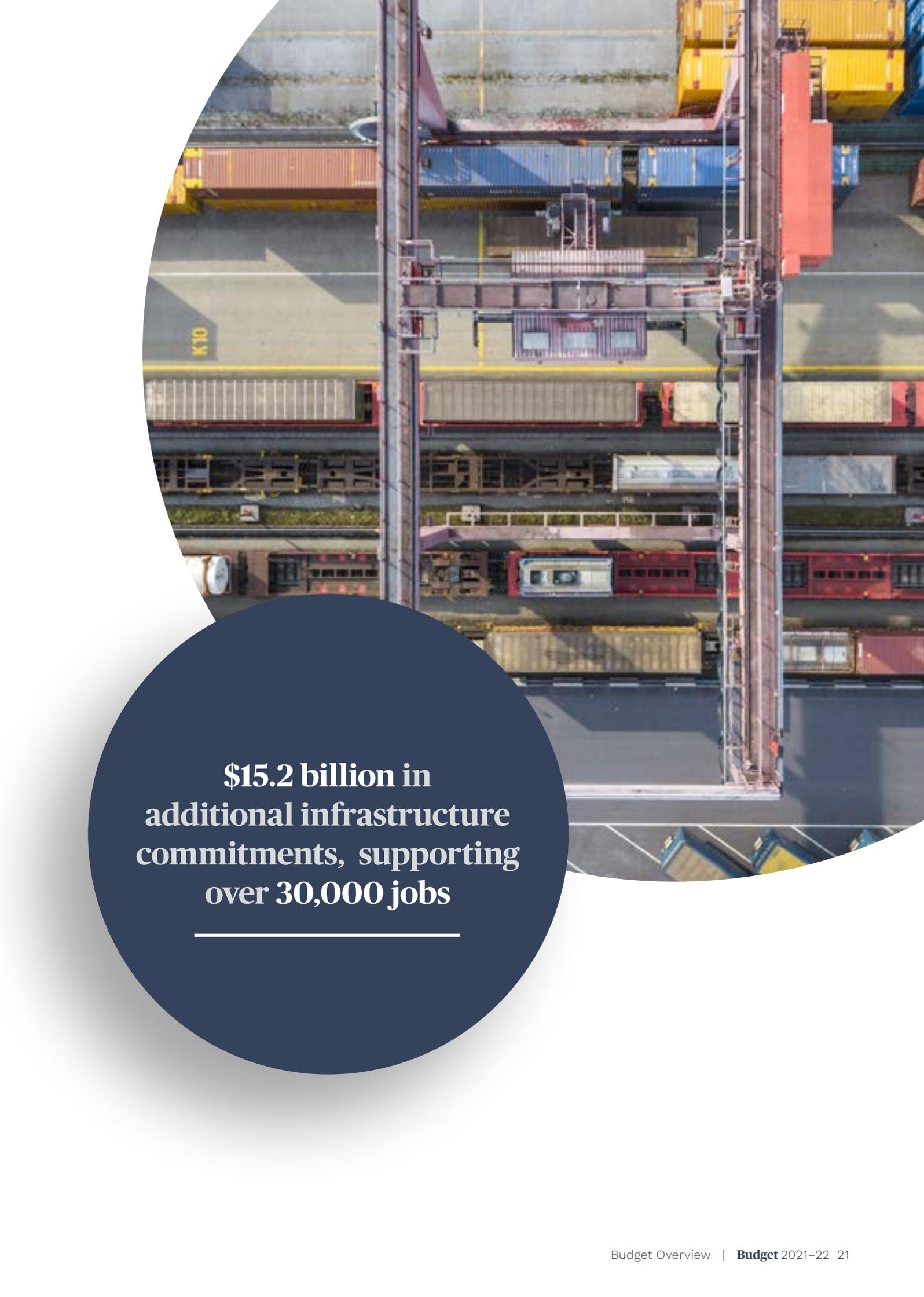
The Government is building on its 10-year infrastructure pipeline by committing an additional \$15.2 billion to infrastructure projects over the next ten years which will support over 30,000 jobs over the lives of those projects. This builds on the 100,000 jobs already being supported by projects currently under construction through the existing pipeline.

In this Budget, the Government is investing in major road and rail projects across Australia, including committing \$2 billion for the new Melbourne Intermodal Terminal, \$2 billion for the Great Western Highway in New South Wales, and additional funding for

Bruce Highway Upgrades in Queensland, the North-South Corridor in South Australia and further stages of METRONET rail in Western Australia. The Northern Territory and Tasmania will also receive funding for highway priorities.

In this Budget, \$1 billion is being provided to extend the Local Roads and Community Infrastructure program to 2022-23. This will support communities across Australia through upgrades of local roads, footpaths and community infrastructure.

The Road Safety Program is also being extended to 2022-23, with an additional \$1 billion of funding being provided for projects that will upgrade roads and save lives.



**\$15.2 billion in
additional infrastructure
commitments, supporting
over 30,000 jobs**

Building Australia

The Government is building on its \$110 billion infrastructure pipeline by committing an additional \$15.2 billion over 10 years to infrastructure projects across Australia.

This investment comprises \$13.2 billion for major infrastructure projects and \$2 billion for local projects under the Road Safety Program, and the Local Roads and Community Infrastructure Program.

With the measures in this Budget, the Government has made over \$170 billion in infrastructure commitments since 2013

Western Australia

\$1.3 billion for projects, including:

- \$237.5 million for METRONET works at Hamilton Street and Wharf Street; and
- \$200 million for upgrades to the Great Eastern Highway.

Additionally, \$288.1 million is also being allocated to road safety and community infrastructure projects.

Northern Territory

\$323.9 million for projects, including:

- \$173.6 million for the Northern Territory Gas Industry Roads Upgrades; and
- \$150 million for the Northern Territory National Network Highway Upgrades.

Additionally, \$77.1 million is also being allocated to road safety and community infrastructure projects.

South Australia

\$3.2 billion for projects, including:

- \$2.6 billion for the North-South Corridor – Darlington to Anzac Highway; and
- \$148 million for Stage 2 of the Augusta Highway Duplication.

Additionally, \$173.9 million is also being allocated to road safety and community infrastructure projects.

Queensland

\$1.6 billion for projects, including:

- \$400 million for the Bruce Highway; and
- \$240 million for the Cairns Western Arterial Road Duplication.

Additionally, \$464.4 million is also being allocated to road safety and community infrastructure projects.

New South Wales

\$3.3 billion for projects, including:

- \$2 billion for upgrades to the Great Western Highway between Katoomba and Lithgow; and
- \$500 million for Princes Highway Corridor upgrades.

Additionally, \$548.5 million is also being allocated to road safety and community infrastructure projects.

Australian Capital Territory

\$167.3 million for projects, including:

- \$132.5 million for Canberra Light Rail – Stage 2A; and
- \$26.5 million for the William Hovell Drive Duplication.

Additionally, \$18.9 million is also being allocated to road safety and community infrastructure projects.

Victoria

\$3 billion for projects, including:

- \$2 billion for the Melbourne Intermodal Terminal;
- \$380 million for the Pakenham Roads Upgrade; and
- \$250 million for Monash Roads Upgrades.

Additionally, \$373.5 million is also being allocated to road safety and community infrastructure projects.

Tasmania

\$322.6 million for projects, including:

- \$113.4 million for Midland Highway Upgrades; and
- \$80 million for the Bass Highway Safety and Freight Efficiency Upgrades Package.

Additionally, \$54.6 million is also being allocated to road safety and community infrastructure projects.

Digital Economy Strategy

Laying the foundations for Australia to be a leading digital economy and society by 2030

The COVID-19 pandemic has seen Australians and Australian businesses embrace digital technologies more rapidly than ever before. To build on this momentum, and previous investments, the Government is investing \$1.2 billion in Australia's future through the Digital Economy Strategy.

Building digital skills and capabilities

A modern digital economy will create more jobs, improve business productivity and enhance the day to day experiences of Australians, helping save time and money.

The Government is investing over \$100 million in initiatives to build the digital skills of Australians to meet the needs of the modern Australian workplace. Australia's research and industry capability in Artificial Intelligence will be boosted with \$124.1 million in new funding, including a National Artificial Intelligence Centre led by CSIRO Data 61.

Encouraging business investment

The Government is promoting the growth of the Australian digital games development industry by providing eligible games developers

a refundable tax offset of 30 per cent. Changes are also being made to the way Australian businesses can claim depreciation of certain intangible assets like intellectual property and in-house software to encourage digital investment.

Small businesses are being supported to adopt digital technologies through a \$12.7 million expansion of the Digital Solutions – Australian Small Business Advisory Services. A further \$15.3 million will be used to drive business uptake of e-invoicing, which can deliver up to \$28.2 billion in net benefits over 10 years.

The Government is committing \$111.3 million to the Consumer Data Right, accelerating the rollout and giving consumers faster access to better deals and savings unlocked by their data.

Transforming government services

A \$200.1 million investment will be made in overhauling the myGov system, making it easier than ever for Australians to find the services they need. The Government is also investing \$301.8 million in enhancements to the My Health Record system.



**The Digital Solutions -
Australian Small Business
Advisory Services program
has helped over 22,500 small
businesses adopt digital
technologies.**

The Government is positioning Australia as a centre for Asia-Pacific business headquarters

Unlocking business growth

Opening opportunities for business to create even more jobs

Global Business and Talent Attraction Taskforce

By attracting global talent and encouraging global businesses to invest in and relocate to Australia, the Government is ensuring Australia can capitalise on our strong economic position coming out of the COVID-19 pandemic.

To encourage highly skilled individuals to relocate to Australia, the Government has introduced a new Global Talent visa and Temporary Activity visa.

Attracting global businesses will promote increased employment opportunities for Australian workers.

The Government will make it easier for businesses to offer employee share schemes (ESS). This Budget will remove red tape and modernise the tax treatment of ESS by removing the cessation of employment taxing point for tax-deferred ESS.

The changes in this Budget to the taxation and regulatory settings will also give certainty for foreign investors by:

- establishing an early engagement service that will provide investors with fast track tax advice on transactions;
- implementing the Corporate Collective Investment Vehicle regime; and



- establishing a more efficient licensing regime for foreign financial services providers.

The Government will also undertake a review into the tax treatment of venture capital. This review will examine whether current arrangements are creating incentives for additional investment and genuine early stage Australian start-ups.

Deregulation package

This Budget's \$134.6 million deregulation package will support Australia's economic recovery by cutting red tape for businesses interacting with government.

This package will deliver an estimated \$430 million annually in reduced compliance costs for businesses, individuals, and not-for-profits.

These reductions will be achieved through targeted initiatives to digitise and streamline services, regulatory technology that makes it easier for small businesses to hire people and allowing people with occupational licences to work across multiple states.

These initiatives will allow businesses to invest and employ more confidently.



**Record funding
of \$17.7 billion to
transform aged care
for older Australians**

Comprehensive aged care reforms

In response to the Royal Commission into Aged Care Quality and Safety, the Government is investing \$17.7 billion over five years to ensure older Australians are treated with respect, care and dignity

\$7.8 billion to reform residential care to support a better and more sustainable system

The Government's reform plan builds on the immediate response to the Royal Commission, which included an additional \$189.9 million to underpin the viability of residential care.

From 1 October 2022, older Australians will have access to better and safer care through a new funding model, the Australian National Aged Care Classification (AN-ACC). This will better align funding with patients' care needs and allow providers to focus on delivering quality and safe care.

From 1 July 2022, residents and their families will have access to better information, with providers required to report care staffing minutes.

From 1 October 2023, residents will have access to increased personal and nursing care, with residential care facilities required to provide an average of 200 care minutes per day.

From 1 July 2024, older Australians will have more choice and control as residential care places will be made available where they are needed.

\$6.5 billion for immediate investments for care in the home

From 1 July 2021, more older Australians will have support to stay in their own home for longer, through record funding to deliver 80,000 additional Home Care Packages, taking the total number of Packages to more than 275,000.

From early 2022, informal carers and older Australians will benefit from funding of \$798.3 million to improve access to respite care and support through the Government's Carer Gateway.

The Government will undertake work to further reform aged care in the home, to provide Australians with greater choice and better value services.

Improving access to high-quality and safe aged care

All Australians can be confident knowing that they will be able to access high quality aged care, when they need it.

The Budget will provide \$365.7 million to improve access to health services, including

General Practitioners, and provide better coordination of services.

In addition, the Government will commit \$301.3 million primarily to increase the capacity of the independent Aged Care Quality and Safety Commission.

Growing a bigger, highly skilled, caring workforce

Australians must be able to trust their loved ones will be cared for as they age.

To support more Australians to remain at home, the Government is supporting an additional 33,800 training places provided

through JobTrainer to enable existing and new care workers to improve their qualifications.

The Government is also providing \$216.7 million for better access to care, including for additional training and financial support to encourage registered nurses to choose a career in aged care.

Simplifying navigation and better access to quality aged care

The Government is making the aged care system simpler to navigate. Older Australians and their families will have better access to services and information through a regional trial of face-to-face advice on aged care.

The Government is providing a \$630.2 million boost to support access to quality aged

care for Aboriginal and Torres Strait Islander peoples and special needs groups, as well as people living in regional, rural and remote communities.

An additional \$21.1 million will be provided to establish new arrangements for more effective system oversight.



**Record funding
for health and the
National Disability
Insurance Scheme
(NDIS)**

Guaranteeing health and disability essentials

Guaranteeing Medicare and the National Disability Insurance Scheme

The Government is providing record funding to support Australians with disability and to guarantee access to essential healthcare and medicines.

Supporting people with disability

The Government has committed an additional \$13.2 billion over four years to 2023–24 to ensure the NDIS continues to provide support to people with significant and permanent disability. The Government, along with the states and territories, is investing \$122 billion in the NDIS over the next four years.

The Government is providing \$17.9 million for early intervention support to young children with developmental concerns or disability. This will ensure children and their families can access a range of disability-specific information, workshops and supported playgroups.

Guaranteeing Medicare

To ensure Medicare services remain best practice, the Government is providing \$220 million over four years to update and add new health services to the Medicare Benefits Schedule. Services such as new paediatric cancer therapy and a new test for inflammatory bowel disease will now be Medicare-rebated.

The Government is also progressing work on introducing MyGP, designed to help provide better continuity of care.

Ensuring access to affordable medicines

The Government is providing \$878.7 million to support access to affordable medicines through the Pharmaceutical Benefits Scheme (PBS).

Under the PBS, Australians are able to access new and lifesaving medicines at \$41.30 per script or \$6.60 per script for patients who hold a concession card.



**The Government
is delivering more
accessible, high quality
services for Australians
who need them**

Investing in mental health

The Government is delivering preventative, compassionate and effective care for Australians

Having endured drought, bushfires, floods and the COVID-19 pandemic, Australians have been reminded that we need to take care of the mental health and wellbeing of ourselves and our loved ones.

The Government is investing \$2.3 billion to deliver improved and expanded services to ensure all Australians who need support can access it. The funding will go to mental health prevention and treatment services including new Head to Health Adult Mental Health centres, suicide prevention services like improved aftercare, expanded treatment options through new Medicare listings, support for vulnerable groups, and further developing the sector's workforce and governance.

This commitment is a first step in responding to advice from the Productivity Commission and National Suicide Prevention Adviser about improving mental health outcomes for Australians.

Achieving this vision for reform will take time and needs a shared commitment to success from states and territories and the mental health sector. The new National Agreement on Mental Health and Suicide Prevention, to be agreed in November, will be a key step to deliver on these reforms.



Investing in our preschools

\$2 billion over four years for early childhood education

A quality early education program has a clear, positive impact on children and families. Preschool learning leads to better education outcomes later in life and helps children succeed across key development domains upon arrival at school.

The Government will provide funding certainty and long-term stability for the early childhood education sector by investing \$2 billion to deliver a comprehensive four-year Strategic Reform Agreement from 2022 to 2025. This landmark preschool funding agreement will ensure that children have the best possible start to their education.

As part of the new agreement, the Government will work with the states and territories to deliver reforms that increase

participation in Australia's preschool system and improve school readiness.

Better data is essential to informing future preschool delivery strategies. The Government will improve and expand its data collection capacity in order to underpin a new performance framework and drive key reforms.

This funding commitment will support access for all children to at least 15 hours a week of quality learning in the year before school. All children, regardless of their economic circumstances, should have access to high quality early childhood education.

Strengthening education

Boosting investment in schools and higher education

Record funding for Australian schools

The Government is investing record funding in Australian schools to ensure all students are equipped with the necessary skills for future study or work.

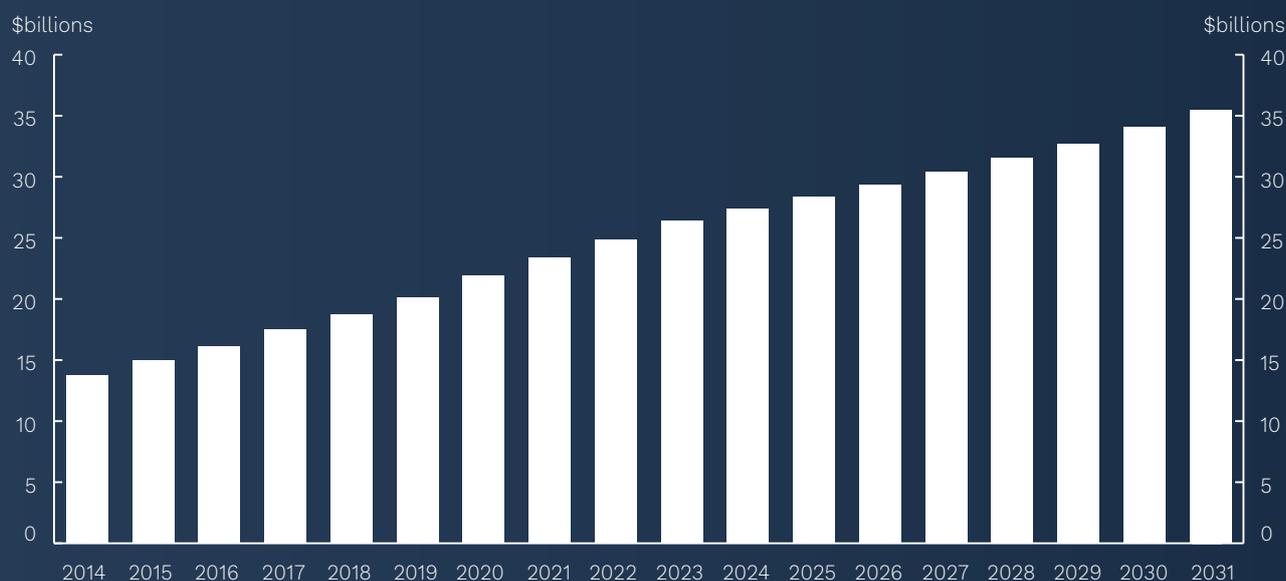
The Government's recurrent annual funding for schools has increased from \$13.8 billion in 2014 to \$23.4 billion in 2021, with a commitment of \$289 billion in total recurrent funding over the next ten years.

Providing additional courses for domestic students

To ensure there are opportunities for Australian students to build skills for the workforce, the Government is providing an additional 5,000 Commonwealth supported short course places at non-university higher education providers in 2021.

These places are in addition to the 2,500 national priority short courses provided as part of the 2020-21 Budget.

Commonwealth funding for schools





Women's safety

Reducing violence against women and children

Everyone has the right to be safe at home, at work and online. The Government is delivering measures that address the high rates of violence against women and children.

This funding will provide immediate support for victims of domestic violence. Our plan will help victims who escape dangerous situations. It will also assist women to access appropriate and timely specialist services, including effective legal support.

This Budget builds on the Government's earlier commitments, including the *National Plan to Reduce Violence against Women and their Children 2010-22* and the COVID-19 Family and Domestic Violence package.

Supporting victims of violence

The \$1.1 billion package of initiatives includes:

- Financial support for women and their children who leave a violent relationship; and
- Additional emergency accommodation for women and children experiencing family and domestic violence.

Assistance to navigate the legal system

The Government is also committed to providing legal support for women to access justice and navigate the legal system.

This includes:

- \$129 million in increased funding for legal assistance services, to ensure that women can access the justice system;
- \$101.4 million to increase access to Children's Contact Services, to ensure that separated parents are able to safely manage the contact and changeover of their children;
- \$85 million to expand family law frontline services to ensure that each family law court with a permanent judge has access to Family Advocacy and Support Services; and
- \$60.8 million to directly fund reform of the family law courts, to significantly shorten the time separating families spend in litigation.



**The Government
is committed to
reducing violence
against women and
children**

Ensuring all Australian workplaces and online environments are safe and free from sexual harassment

Safe at work

The Government is implementing the Respect@Work Report response, working with the states and territories and employers to prevent and address sexual harassment in the workplace.

The Government is committed to building a culture of respect in Australia, including creating safe and supportive working environments. The Government will provide \$20.5 million for the implementation of the response to the Respect@Work Report.

This includes funding of \$5.3 million for initiatives such as primary prevention programs and research into sexual harassment.

In addition, this Budget will provide funding for frontline support to address sexual harassment in the workplace.

The Government is providing \$6 million to enhance the Workplace Gender Equality Agency to better prevent and respond to workplace sexual harassment.

Safe online

The Government is providing \$26.2 million to improve the safety of online spaces for women and children. This includes:

- a new program supporting children experiencing technology-facilitated abuse;
- funding to bolster the eSafety investigations team;
- a pilot program to develop cutting edge software to investigate intimate images shared without consent; and
- a new National Online Safety Awareness Campaign.



Women's economic security

The Government is strengthening women's economic security by supporting participation, employment and women's financial security

Supporting the economic security of women

Affordable child care

The Government is investing an additional \$1.7 billion in child care, to increase the subsidy for the second and subsequent child. The annual cap will also be removed from 1 July 2022. Reducing disincentives to work will add up to 300,000 hours of work per week to the Australian economy, the equivalent of around 40,000 individuals working an extra day per week. This change is expected to boost the level of GDP by up to \$1.5 billion per year, with 250,000 Australian families expected to benefit.

This builds on the Government's existing funding for women to participate in the workforce, including \$9.7 billion in annual child care support, \$2.3 billion in annual paid parental leave and a further \$359.4 million through the 2018 and 2020 Women's Economic Security Statements.

Security in retirement

The Government is committed to improving retirement incomes for women. The removal of the \$450 per month superannuation threshold will expand the superannuation guarantee, improving coverage and increasing retirement savings, particularly for women.

Housing

The Government is providing a pathway to home ownership by establishing the Family Home Guarantee to support single parents with dependants (who are predominantly women) to enter or re-enter the housing market.



Advancing women's leadership has long been a priority of this Government

Promoting women's leadership

Women in leadership

Having women in visible positions of leadership is central to cultural change, ensuring respect for women in the workplace and providing role models for women in their chosen careers.

Building on the 2020 Women's Economic Security Statement, the Government is providing \$38.3 million to expand the successful Women's Leadership and Development Program.

Funding will help improve outcomes for women in areas such as job creation, economic security, safety and international engagement.

This funding will enable successful Women@Work projects to continue. This will help ensure girls and women, including those from diverse backgrounds, are able to pursue the careers of their choice.

Quality career outcomes

The Government is supporting women to reach their potential in the workforce. It is investing \$42.4 million to enable women to pursue STEM qualifications and is expanding the National Careers Institute Partnership Grants program to provide more career opportunities for women.

Encouraging participation in sport

The Government is providing \$17 million to inspire girls to play sport taking advantage of Australia hosting the FIBA Women's Basketball World Cup in 2022 and the FIFA Women's Soccer World Cup in 2023. Funding is also assisting women to become accredited as coaches or officials and encouraging more Indigenous women to participate in sport.



The Government is improving the accessibility and quality of women's health services

Women's health and wellbeing

Investing in the health and wellbeing of Australian women

Women's health

The Government is committed to ensuring Australian women can access the services they need at every stage of life for their health and wellbeing.

The Government is providing \$16.6 million for ongoing programs that cover maternal, sexual and reproductive health, and \$5 million for pelvic pain and endometriosis support.

\$13.7 million is being provided to the Women and Infants Research Foundation, to expand nationally across Australia from a successful Western Australian trial. The program aims to reduce the rate of pre-term birth, which is currently over eight per cent.

The Government is supporting Medicare funded genetic testing for pregnant women at risk of having a child with a serious genetic disorder, as well as treatment for women with breast defects from breast surgery, breast cancer or congenital breast deformity.

Gynaecology services funded by Medicare will be reformed to ensure women receive best practice healthcare, and face lower out-of-pocket costs.

Women will have more affordable access to essential and lifesaving medicines through the Pharmaceutical Benefits Scheme (PBS). From 1 April 2021, the Government has funded amended PBS listings for women with certain types of breast cancer. Without the PBS subsidy, patients might pay around \$50,000 per course of treatment. Instead, women will now pay \$41.30 per script or \$6.60 with a concession card.

These measures are part of the Government's record funding for health, with total spending to increase from \$98.3 billion in 2021-22 to \$103.2 billion in 2024-25.



Cultural and linguistic diversity

The Government will provide \$10.3 million to extend the Temporary Visa holders payment pilot for women experiencing family and domestic violence. The Government is also investing \$29.3 million in migrant and refugee women's safety, social inclusion and economic participation.

In addition, the Government will provide \$6.8 million for better family, domestic and local level prevention initiatives for diverse communities.

Funding for Indigenous women and their families

The Government will invest \$57.6 million to better support Indigenous women and children who have experienced or are experiencing family violence. Funding will improve the

capability of service providers, facilitate co-designed, place based initiatives to reduce family violence and implement a new dedicated Indigenous survey.

The Government is also providing \$63.5 million for 2,700 places at Indigenous girls academies, helping Indigenous girls to complete year 12 and realise their potential. In addition, \$13.9 million will fund local approaches to social enterprise-driven solutions for Indigenous women's economic recovery.

Funding will contribute to the Closing the Gap targets and better outcomes for Indigenous Australians. It will complement measures that will be announced in the Commonwealth's Implementation Plan.

Women with disability

The Government will invest \$9.3 million in preventing and responding to violence against women and girls with disability.



The Government is providing \$243.6 million to support improved economic, social and education outcomes for Indigenous Australians

Supporting and empowering Indigenous Australians

Partnering with Aboriginal and Torres Strait Islanders

This Budget sets the foundation for achieving Closing the Gap targets and Priority Reforms. Further targeted measures will be included in the Commonwealth's Implementation Plan, to be released mid-year. This Budget contains funding for improved outcomes for Indigenous Australians in aged care, health, infrastructure, education and women's safety.

The Government will provide \$243.6 million over five years from 2020-21 to improve economic, social and education outcomes for Indigenous Australians. This includes \$128.4 million for a new Indigenous skilled employment program which will better prepare people for the workforce. It also includes \$36.7 million for native title Prescribed Bodies Corporate to boost their capacity to take up economic development opportunities.

This Budget provides an \$84.9 million increase to the Community Development Program.

This will assist job seekers in remote parts of Australia to get back into work as the economy recovers.

The Government is creating job opportunities for Indigenous Australians with a \$13.1 million pilot of a new remote jobs program, co-designed with Indigenous Australians, and by investing \$28.1 million in the Indigenous visual arts industry. The Government is providing increased access to culturally appropriate mental health support and quality aged care.

Keeping all Australians connected

The Government is providing \$99.3 million over four years to deliver face to face servicing in remote locations. This program provides people in remote Australia with direct access to payments and government services.



BEST WE FORGE

Improving veteran support

Recognising the sacrifices made by our veterans

Our veterans have made sacrifices for our country and deserve support when they leave service. We are investing an additional \$460.4 million to provide veterans easy access to the support they need and further improve veterans' wellbeing.

Acknowledging our veterans

Funding of \$32.1 million is being provided to continue delivery of commemorative activities to mark important historical military events, such as international Anzac Day commemorations, and ensure proper care and maintenance of war graves.

Royal Commission

Reducing veteran suicide is a priority for the Government. The Government has commissioned a Royal Commission into Defence and Veteran Suicide, to inquire into systemic issues and any common themes among Defence and Veteran deaths by suicide.

The death of any Australian Defence Force member or veteran, including by suicide, is a tragedy. The Royal Commission will shed light on the steps needed to reduce the cases of suicide and complement the National Commissioner for Defence and Veteran Suicide Prevention.



Supporting older Australians

Increased flexibility for older Australians and cutting red tape for those who choose to manage their own retirement savings

The Government is supporting older Australians by providing more choices to contribute to superannuation, enabling them to increase their living standards in retirement and reducing red tape.

Repealing the work test

Building on previous reforms that provided older Australians greater flexibility to boost their retirement savings, the Government will repeal the work test for non-concessional and salary sacrificed superannuation contributions, allowing Australians aged 67 to 74 more flexibility to contribute to their superannuation. These reforms will also reduce complexity in planning for retirement.

Downsizer superannuation contribution

The Government is reducing the minimum age of the downsizer superannuation contribution so those who want to downsize can do so sooner.

From 1 July 2022, the minimum age will be lowered from 65 to 60. This will allow Australians nearing retirement to make a post-tax contribution of up to \$300,000 per person when they sell their family home, and help to free up larger homes for younger families.



Trevor and Lesley are 70 year old maximum rate age pensioners with a house valued at \$700,000. Their usual Pension Loan Scheme (PLS) rate is \$718.10 per fortnight. Under the new rules as a full-rate age pensioner couple, they can access an advance payment of 26 fortnights for their top-up PLS payments as a lump sum of \$18,670.60.

Enhancing the Pension Loans Scheme

The Government will also increase the flexibility of the Pension Loans Scheme (PLS).

Participants will be able to access lump sum advances of up to a total value of 50 per cent of the maximum annual rate of Age Pension. A single person would be able to receive lump sum payments of up to \$12,385 per year, while couples combined could receive up to \$18,670.

Introduction of a No Negative Equity Guarantee means participants will not have to pay more than the market value of their property as repayment of their PLS debt.



Keeping Australians safe

The Government is providing more than \$1.9 billion over the decade to strengthen our national security and law enforcement capabilities and ensure the security of all Australians

The Australian Government is committed to ensuring the security of all Australians. Strong national security underpins our economic prosperity and social cohesion.

Enhancing our national security capabilities

The Government is providing \$1.3 billion to the Australian Security Intelligence Organisation (ASIO) over the decade. This will support ASIO's technological capabilities, enhancing its ability to address threats to Australia's national security.

In addition, the Government is providing \$51.8 million to the Australian Criminal Intelligence Commission to enhance its

capabilities in combatting transnational, serious and organised crime.

The Government remains committed to protecting Australians from threats to their security through support to our law enforcement agencies.

Securing our borders

To support Australia's strong border protection policies, the Government is committing \$464.7 million to bolster domestic detention capabilities and a further \$38.1 million to support Indonesia with its irregular migrant population.



**Protecting Australians
from threats to their
security through more
support to our law
enforcement agencies**

Protecting our interests in the Indo-Pacific

The Government has committed \$747 million to upgrade four key military training areas in the Northern Territory. This funding is part of the Government's existing commitment to invest \$270 billion in defence capability across Australia over the next decade.

This will further support our ability to promote an open and peaceful Indo-Pacific.



Growing Australia's agriculture industry to 2030 and beyond

The Government is helping the agriculture industry achieve its goal of increasing farm gate output to \$100 billion by 2030

Building water infrastructure

The Government is helping farmers increase agricultural output by building new water infrastructure. Under the \$3.5 billion National Water Grid Fund, the Government is opening up new irrigated areas and giving farmers access to more water and creating more jobs in the industry.

This Budget includes \$258 million to establish a new funding pathway for small-scale water infrastructure and to fund the development of new dams and irrigation projects.

Improving soils

Enhancing soil quality will improve Australian farmers' international competitiveness. This Budget includes \$237.9 million to help farmers better understand and manage their soil. This will increase farm yields and productivity.

Managing pests and weeds

Biosecurity risks pose an ever-present danger to the agriculture industry. To protect against outbreaks, the Government is spending a further \$414.5 million on reducing pests and weeds and on border surveillance and controls. This will ensure we can protect Australia from threats like African swine fever and the khapra beetle.

Preparing for future droughts

The \$5 billion Future Drought Fund is providing \$172.5 million in this Budget to improve climate and soil data and to help farmers and communities adopt better risk management practices and new technologies.

Increasing exports

Under the Agri-Business Expansion Initiative, the Government is providing \$87.7 million to help diversify and expand export markets so farmers can continue to export our world-leading produce.

Secure and affordable energy

Energy is vital to economic resilience

Securing electricity supply and lower prices

Household electricity prices are 11.2 per cent lower than they were a year ago, and wholesale prices in the National Electricity Market are at their lowest levels in six years.

In this Budget, the Government will provide up to \$215.4 million to support investment in new dispatchable generation and deliver affordable and reliable power for consumers in the nation's electricity markets. This includes up to \$76.9 million to underwrite Portland Aluminium Smelter's participation in the Reliability and Emergency Reserve Trader mechanism.

The investment also provides \$49.3 million for battery and microgrid projects and \$24.9 million to assist new gas generators become hydrogen ready, as well as \$30 million for early works on Australian Industrial Power's Port Kembla gas generator project.

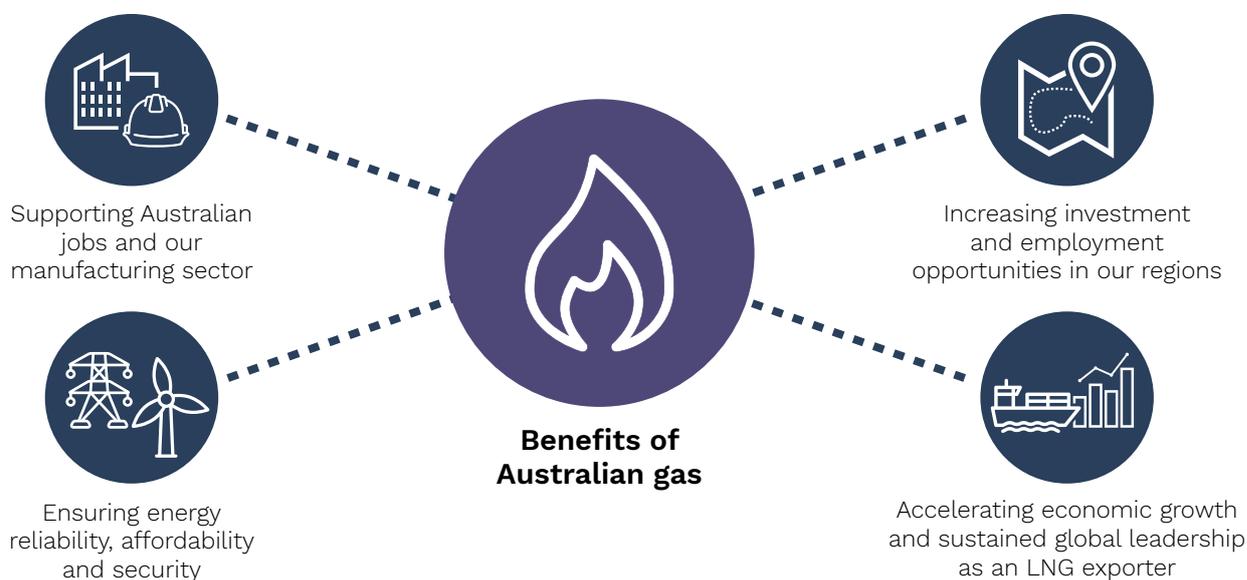
Gas-fired recovery

The Government is continuing to deliver the gas fired recovery to improve consumer outcomes in the East Coast Gas market and maintain Australia's position in global LNG markets.

New funding of \$58.6 million will support key gas infrastructure projects, unlock new gas supply and empower gas customers.

Fuel security

The Government is backing local oil refineries, which are essential to Australia's long-term fuel security, including through the introduction of a production payment.





Manufacturing, trade and science

The Government is investing in Australia's domestic manufacturing sector and future technological capability

Six National Manufacturing Priorities

Resources
Technology
and Critical
Minerals Processing



Food and
Beverage



Medical
Products



Recycling and
Clean Energy



Space



Defence



By investing in manufacturing, science and research, the Government is supporting new innovative, high paid jobs and addressing supply chain vulnerabilities to make sure we have access to the goods needed for our welfare, prosperity and security.

The Government is delivering on its \$1.5 billion Modern Manufacturing Strategy by releasing our National Manufacturing Priority Road Maps, commencing investments through

the \$1.3 billion Modern Manufacturing Initiative, and working with industry to improve our sovereign capabilities through the \$107.2 million Supply Chain Resilience Initiative.

The Government is committed to further developing our sovereign vaccine manufacturing capability, including the local production of mRNA vaccines.

Improving Australia's competitiveness and resilience by investing \$1.5 billion in Australian manufacturing, as well as building new export markets and bolstering science and research capability



The COVID-19 pandemic and other recent events have demonstrated the importance of continuing to diversify Australia's export markets. That is why the Government is committed to the Export Market Development Grants (EMDG) program to support SMEs to expand and diversify their export markets.

Driving medical and biotech innovation

The Government is encouraging innovation by introducing a patent box. The patent box will tax income derived from Australian patents in the medical and biotechnology sectors at a concessional corporate tax rate. This will encourage businesses to undertake their R&D in Australia and keep patents here.

This complements the Government's \$2 billion investment in the Research and Development Tax Incentive which was announced in the 2020-21 Budget.

The Government will consult closely with industry on the design of the patent box and

explore whether expanding the patent box would be an effective way of supporting the clean energy sector.

Promoting science and technology

Australia's role as a co-host of the Square Kilometre Array (SKA) project puts us in the driver's seat for one of the most ambitious science projects of the 21st century. The Government is investing \$387.2 million to deliver this project, including building one of the telescopes in Western Australia's Murchison region and establishing a specialist super computing centre in Perth.

Building on the successful challenge-based innovation model established through the Business Research and Innovation Initiative, the Government will also provide \$33.7 million to incentivise businesses to use artificial intelligence to solve challenges of national significance.



**Regional Australia is the
lifblood of the nation and
critical to the economy**

Stronger regions

Unlocking the potential of our regions

Building better regions

The Government is expanding on its \$1 billion Building Better Regions Fund, adding \$250 million for a sixth round. This round will build stronger communities by creating more jobs, economic growth and infrastructure.

Our North, Our Future- Next Five Year Plan

The Government is unlocking the potential of northern Australia by committing \$189.6 million to its next five year plan. Targeted programs will help drive private investment, develop key regional industries and create jobs, building on investments already being made through the \$5 billion Northern Australia Infrastructure Facility.

Northern Australia insurance affordability and mitigation

The Government is committed to making property insurance more affordable for households and small businesses in cyclone-prone areas and intends to establish a reinsurance pool for cyclone damage and related flooding, backed by a \$10 billion Government guarantee. This is complemented by \$40 million in funding for a pilot program to subsidise the cost of cyclone risk mitigation works for eligible strata title properties in North Queensland.



Supporting communities affected by natural disasters to mitigate the impact of future severe weather events



Building disaster resilience

Preparing Australia for the future

Disaster preparedness

The Government is investing in making Australia more disaster resilient and improving preparedness, response and recovery through:

- Establishing the new National Recovery and Resilience Agency and enhancing Emergency Management Australia; and
- \$209.7 million to establish the Australian Climate Service, enhancing the Commonwealth's extensive climate and natural disaster risk information to build Australia's climate resilience.

These investments form part of the Government's response to the Royal Commission into National Natural Disaster Arrangements and build on the \$2 billion National Bushfire Recovery fund, which already assisted with economic, community and industry recovery and resilience following the 2019-20 bushfires.

Adapting to the ongoing impacts of climate change requires a clear and practical strategy. This year the Government will develop a new National Climate Resilience and Adaptation Strategy to provide a roadmap towards national climate resilience over the long term.



Reducing emissions

Australia is on track to meet and beat our 2030 Paris target

Lowering emissions through better technology

Our technology-first approach will see Australia achieve its emissions reduction goals. Australia's Technology Investment Roadmap is expected to guide \$20 billion of Government investment over the next 10 years and drive around \$80 billion of total new investment in low emissions technologies in Australia by 2030.

The Government is investing \$1.6 billion in strong and practical action on climate change, backing in Australian workers, farmers and scientists to reduce emissions and create opportunities for industry. This builds on the \$1.9 billion investment package in the 2020-21 Budget.

Investing in priority technologies and international partnerships

This Budget includes \$1.2 billion over 10 years for investments in low emissions technology, including:

- \$565.8 million to establish international partnerships on practical low emissions projects;
- \$275.5 million to support up to four additional hydrogen hubs;
- \$263.7 million to accelerate the development of Carbon Capture Use and Storage; and
- \$59.6 million to support a National Soil Carbon Innovation Challenge and trial new agricultural feed technologies that reduce emissions from livestock.



The Government is investing \$1.6 billion in strong and practical action on climate change

This will help commercialise the technologies Australia will need to be competitive in a new energy economy and support jobs in heavy industries and regional areas that depend on affordable and reliable energy.

Supporting Australian businesses to reduce energy costs and emissions

The Government is providing \$316.7 million to help business and industry reduce energy use and emissions, while improving productivity and international competitiveness.



Caring for our environment

The Government is protecting our unique environment for generations to come

Protecting the environment

Earlier this year, the Government released the final report from the *Independent Review of the Environment Protection and Biodiversity Conservation Act 1999*. The Government is investing \$29.3 million as part of its initial response to advance priority reforms to ensure our environmental laws are fit for purpose.

The Government will invest \$9.1 million to improve measurement of Australia's natural capital. This will support natural assets being considered in commercial decisions, reducing environmental degradation and promoting greater private investment in our natural capital.

Improving recycling and reducing waste

The Government is investing \$11 million in Australia's recycling capabilities to help achieve our targets and waste export ban under the National Waste Policy Action Plan. This builds on the \$190 million Recycling Modernisation Fund.

This Budget will also provide \$67 million to reduce the amount of food waste going to landfill and improve soil health.



**Strong and practical action
to support a climate resilient
Australia and protect our
environment**

Oceans leadership package

Working together with international partners, industry and our community, the Government is investing \$100 million to protect our sea life, restore coastal ecosystems, reduce emissions and enhance management of oceans.

The package will protect iconic species, support sustainable ocean economies and create jobs in regional and remote communities. It is a major contribution to domestic and international efforts to improve ocean health and combat climate change.

New grants will create opportunities for industry and the community to engage with the management of Australian Marine Parks.

On-the-ground projects will restore and protect blue carbon ecosystems, such as mangroves, tidal marshes and seagrasses, helping reduce emissions and improving our climate resilience.

The Government will incorporate Sea Country into nine Indigenous Protected Areas. Traditional owners will jointly manage more ocean, strengthening the protection of marine biodiversity and cultural values.

Appendix A | Budget aggregates

The table below shows the main cash and accrual budget aggregates for the Australian Government general government sector over the period from 2019-20 to 2024-25. The underlying cash deficit is estimated to be \$106.6 billion in 2021-22. The net operating balance deficit is estimated to be \$92.7 billion in 2021-22.

	Actual		Estimates				Total(a)
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	
	\$b	\$b	\$b	\$b	\$b	\$b	\$b
Receipts	469.4	499.8	482.1	494.0	532.9	572.0	2,080.9
Per cent of GDP	23.6	24.3	22.6	22.7	23.4	23.9	
Payments^(b)	549.6	660.8	588.7	593.3	612.4	628.9	2,423.2
Per cent of GDP	27.7	32.1	27.6	27.3	26.9	26.2	
Net Future Fund earnings ^(c)	5.0	na	na	na	na	na	na
Underlying cash balance^(d)	-85.3	-161.0	-106.6	-99.3	-79.5	-57.0	-342.4
Per cent of GDP	-4.3	-7.8	-5.0	-4.6	-3.5	-2.4	
Revenue	486.3	504.9	496.6	505.1	544.5	578.0	2,124.2
Per cent of GDP	24.5	24.5	23.3	23.2	23.9	24.1	
Expenses	578.5	659.4	589.3	595.4	614.7	633.7	2,433.1
Per cent of GDP	29.2	32.0	27.6	27.4	27.0	26.4	
Net operating balance	-92.3	-154.5	-92.7	-90.2	-70.2	-55.7	-308.9
Per cent of GDP	-4.7	-7.5	-4.3	-4.1	-3.1	-2.3	
Net capital investment	4.0	8.6	10.3	10.9	10.1	9.2	40.6
Fiscal balance	-96.3	-163.2	-103.0	-101.2	-80.3	-64.9	-349.4
Per cent of GDP	-4.9	-7.9	-4.8	-4.6	-3.5	-2.7	
<i>Memorandum:</i>							
Net Future Fund earnings ^(c)	5.0	5.5	3.0	3.2	3.4	3.6	13.2
Headline cash balance	-93.9	-168.2	-117.0	-109.4	-75.4	-65.1	-367.0

(a) Total is equal to the sum of amounts from 2021-22 to 2024-25.

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

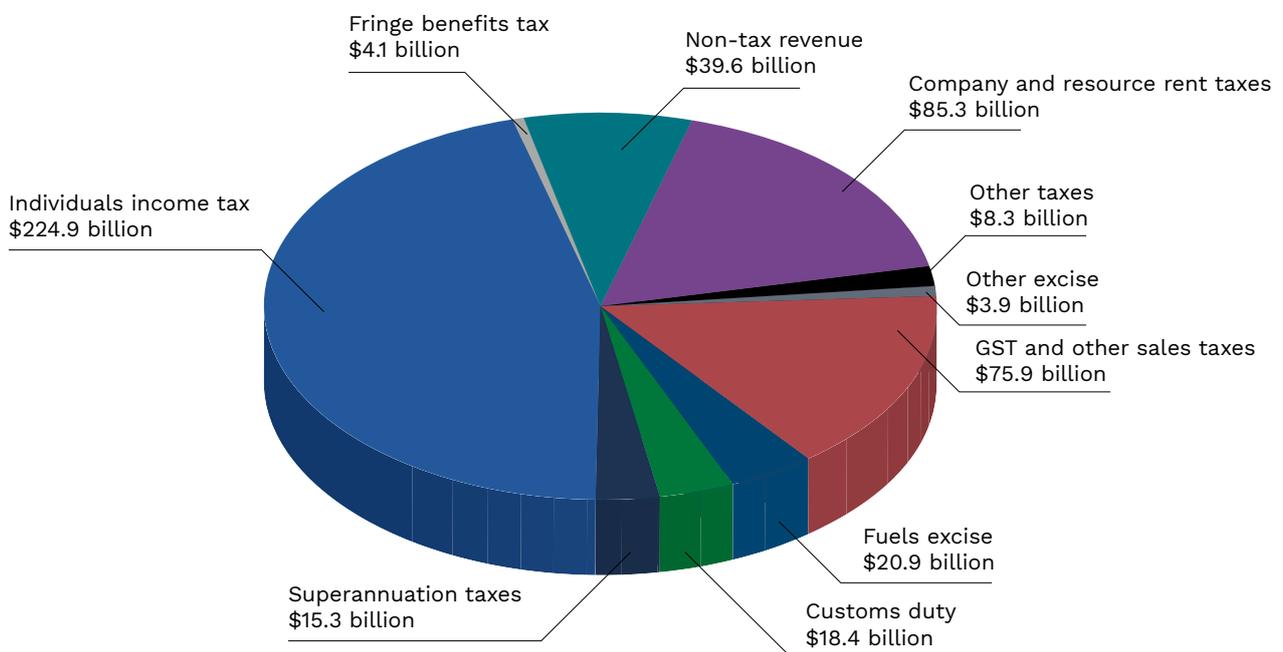
(c) Under the Future Fund Act 2006, net Future Fund earnings will be available to meet the Australian Government's superannuation liability from 2020-21. From this time, the underlying cash balance includes expected net Future Fund earnings.

(d) Excludes net Future Fund earnings before 2020-21.

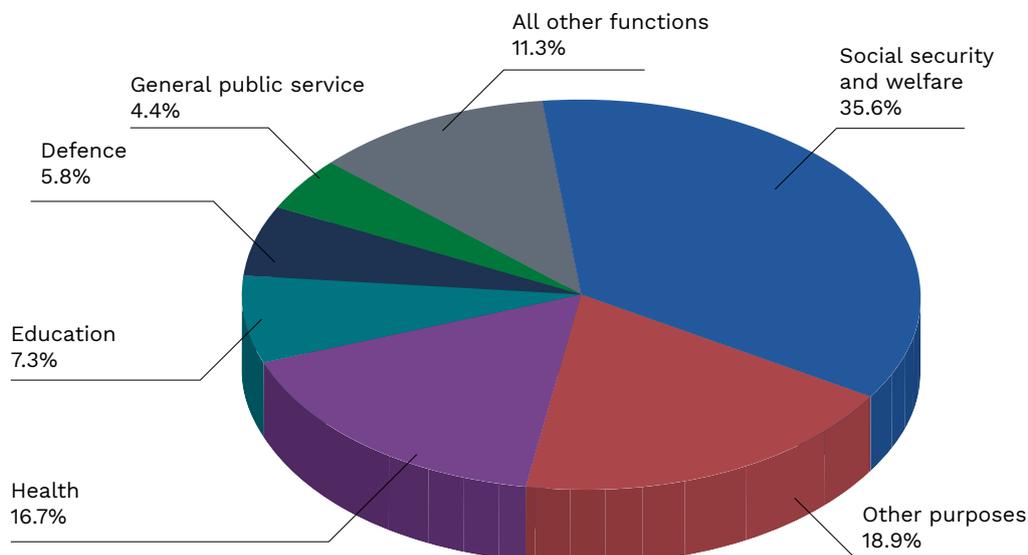
Appendix B | Revenue and spending

Total revenue for 2021-22 is expected to be \$496.6 billion. Total expenses are expected to be \$589.3 billion.

Where revenue comes from (2021-22)



Where taxpayers' money is spent (2021-22)



Appendix C | Major initiatives - receipts

This table summarises the major initiatives in the 2021-22 Budget and their impact on the underlying cash balance. More comprehensive information is provided in Budget Paper No. 2, *Budget Measures 2021-22*.

Initiatives ^(a)	2020-21	2021-22	2022-23	2023-24	2024-25	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Temporary full expensing extension ^(b)	0.0	0.0	-600.0	-10,900.0	-6,400.0	-17,900.0
Retaining the Low and Middle Income Tax Offset for the 2021-22 income year	0.0	0.0	-7,400.0	-400.0	..	-7,800.0
Temporary loss carry back extension ^(c)	0.0	0.0	0.0	-3,200.0	410.0	-2,790.0
Employee Share Schemes – removing cessation of employment as a taxing point and reducing red tape	0.0	0.0	0.0	-345.0	-205.0	-550.0

(a) Impact on underlying cash balance. Figures are rounded to the nearest million and totals may not sum due to rounding.

(b) This measure is estimated to decrease receipts by \$17.9 billion over the forward estimates period and \$3.4 billion over the medium term.

(c) This measure is estimated to decrease receipts by \$2.8 billion over the forward estimates period, with a net cost of \$1.9 billion over the medium term.

Appendix D | Major initiatives – payments

This table summarises the major payments initiatives in the 2021-22 Budget and their impact on the underlying cash balance. More comprehensive information is provided in Budget Paper No. 2, *Budget Measures 2021-22*.

Initiatives ^(a)	2020-21	2021-22	2022-23	2023-24	2024-25	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Increased support for unemployed Australians ^(b)	-697.4	-2,621.7	-2,092.9	-2,027.2	-2,024.9	-9,464.1
Aged Care — Government response to the Royal Commission into Aged Care Quality and Safety — residential aged care services and sustainability ^(b)	-263.1	-879.1	-1,889.1	-2,326.0	-2,435.4	-7,792.7
Aged Care — Government response to the Royal Commission into Aged Care Quality and Safety — home care	0.0	-719.2	-1,706.5	-2,490.7	-2,542.3	-7,458.7
Infrastructure Investment — states and territories ^(c)	0.0	-286.9	-1,343.8	-2,159.5	-2,163.8	-5,953.9
Building Skills for the Future — Boosting Apprenticeship Commencements wage subsidy — expansion	-139.7	-1,506.7	-1,033.2	-1.1	2.0	-2,678.6
Mental Health	0.0	-413.3	-547.2	-484.8	-565.6	-2,010.9
COVID-19 Response Package — vaccine purchases and rollout ^(d)	-536.8	-1,317.7	-11.1	-7.2	-7.2	-1,880.0
Women's Economic Security Package	20.7	-18.1	-531.8	-645.1	-653.5	-1,827.7
COVID-19 Response Package — aviation and tourism support — continued ^(e)	-965.3	-818.9	-3.8	0.0	0.0	-1,788.0
Guaranteeing Universal Access to Preschool	16.0	-156.4	-472.2	-486.7	-523.3	-1,622.6
Building Australia's Resilience ^(b)	-0.1	-294.6	-350.5	-329.5	-262.1	-1,236.8
Local Roads and Community Infrastructure — extension	0.0	-400.7	-600.7	0.0	0.0	-1,001.5
Road Safety Program — extension	0.0	0.0	-1,000.0	0.0	0.0	-1,000.0

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

(b) Figures presented are net of related receipts.

(c) Sum of Infrastructure Investment – Australian Capital Territory; New South Wales; Northern Territory; Queensland; South Australia; Tasmania; Victoria; and Western Australia.

(d) Figures include the financial implications for agreements that are not for publication (nfp) due to commercial in confidence.

(e) The financial implications for the Domestic Aviation Network Support and the Tourism Aviation Network Support programs are not for publication (nfp) due to commercial sensitivities.

Appendix E | Detailed economic forecasts

Domestic economy detailed forecasts^(a)

	Outcomes ^(b)	Forecasts		
	2019-20	2020-21	2021-22	2022-23
Real gross domestic product	-0.2	1 1/4	4 1/4	2 1/2
Household consumption	-3.0	1 1/4	5 1/2	4
Dwelling investment	-8.1	2 1/2	0	-1 1/2
Total business investment ^(c)	-2.0	-5	1 1/2	10
<i>By industry</i>				
Mining investment	6.8	1/2	3	3 1/2
Non-mining investment	-4.5	-6 1/2	1 1/2	12 1/2
Private final demand ^(c)	-3.2	3/4	4 1/2	4 1/2
Public final demand ^(c)	5.5	5 3/4	5	1 3/4
Change in inventories ^(d)	-0.3	1/4	0	0
Gross national expenditure	-1.4	2 1/2	4 3/4	3 3/4
Exports of goods and services	-1.8	-8	4	3
Imports of goods and services	-7.4	-4	6 1/2	9 1/2
Net exports ^(d)	1.2	-1	- 1/4	-1 1/4
Nominal gross domestic product	1.7	3 3/4	3 1/2	2
Prices and wages				
Consumer price index ^(e)	-0.3	3 1/2	1 3/4	2 1/4
Wage price index ^(f)	1.8	1 1/4	1 1/2	2 1/4
GDP deflator	1.9	2 1/2	- 1/2	- 1/2
Labour market				
Participation rate (per cent) ^(g)	63.4	66 1/4	66 1/4	66
Employment ^(f)	-4.2	6 1/2	1	1
Unemployment rate (per cent) ^(g)	6.9	5 1/2	5	4 3/4
Balance of payments				
Terms of trade ^(h)	0.9	10	-8	-10 1/2
Current account balance (per cent of GDP)	1.8	3 3/4	1 1/4	-2 1/4

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

(b) Calculated using original data unless otherwise indicated.

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

(d) Percentage point contribution to growth in GDP.

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

(f) Seasonally adjusted, through-the-year growth rate to the June quarter.

(g) Seasonally adjusted rate for the June quarter.

(h) The detailed forecasts are underpinned by price assumptions for key commodities: Iron ore spot price assumed to decline to US\$55/tonne free on board (FOB) by the end of the March quarter 2022; metallurgical coal spot price assumed to remain at US\$112/tonne FOB; and thermal coal spot price assumed to remain at US\$93/tonne FOB.

Note: The detailed forecasts for the domestic economy are based on several technical assumptions. The exchange rate is assumed to remain around its recent average level — a trade-weighted index of around 64 and a \$US exchange rate of around 77 US cents. Interest rates are assumed to move broadly in line with market expectations. World oil prices (Malaysian Tapis) are assumed to remain around US\$65/barrel. Population growth is around 0.1 per cent in 2020-21, 0.2 per cent in 2021-22 and 0.8 per cent in 2022-23.

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

