



Artwork by Lin Zihao

AUSTRALIAN FEDERAL BUDGET

OCTOBER 2022-2023

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AUSTRALIAN FEDERAL BUDGET

2022–2023

EXECUTIVE SUMMARY

The Labor Government's 2022-23 October Budget presents a 'modest' budget that focuses on economic growth measures to address cost of living and productivity issues, as well as spiralling costs of structural programs. It sets out to do this without adding to the inflationary pressures that are permeating through the Australian economy and without putting downward pressure on GDP over the next few years.

A number of key factors have helped support the Australian economy as it emerges from the COVID years. These include record low unemployment rates and high commodity export prices that have meant budget deficit forecasts have been substantially reduced by \$42 billion over the next four years as additional revenues are banked rather than spent. Working against these factors are increasing inflationary factors, which are expected to peak at 7.75% in the December 2022 quarter, and the growing cost of structural programs such as NDIS, welfare support (which is indexed to inflation), health, defence and aged care.

While the Budget does not announce significant tax changes, it introduces a number of important tax integrity measures. The key tax-related measures announced in the Budget include:

- **Off-market share buy-backs** - The Government has announced an intention to align the tax treatment of off-market share buy-backs undertaken by listed public companies with the treatment of on-market share buy-backs.
- **A Multinational Tax Integrity Package** - The Government will tighten the thin capitalisation rules for multinationals, deny deductions for certain payments for intangibles to low or no tax jurisdictions and improve multinational tax transparency reporting.
- **Tax treatment of digital currencies** - The Government announced measures to clarify that digital currencies will continue to be excluded from the income tax treatment of foreign currency.

- **Intangible assets depreciation** - The Government has recommitted its intention to set the effective lives of certain intangible assets by statute. In doing so, the Labor Government has reversed a previously announced measure of the former Coalition Government that would have allowed taxpayers to self-assess the effective life for these assets.
- **Increased funding for tax avoidance taskforce** - The Government has boosted funding for the ATO Tax Avoidance Taskforce by ~\$200 million p.a. The Government has also extended the Taskforce for a further year until 1 July 2026.

The Government has also sought to improve productivity over the longer term, with enhanced measures in other areas such as parental leave and childcare. The Budget also focuses on spending reductions such as to selected infrastructure and grants programs.

The new Government has clearly taken a 'steady as she goes' approach to emphasise its fiscal responsibility credentials and provide certainty to the community that it will constrain excessive spending. The recent experience in the UK has shown what can happen when governments get their fiscal policy out of control. However longer-term measures and promises, such as the stage 3 tax cuts and 'real growth' in wages, remain.

Whether the Government can maintain its moderate stance going forward - particularly with the greater impact of factors outside its control such as geopolitical events - remains to be seen. Fortunately, it will have another opportunity to fine tune its economic approach in May next year when the normal cycle of Budgetary planning returns.

All Budget 2022-23 October documents are available to download from the [Treasury's October 2022-23 Budget website](#).



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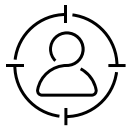
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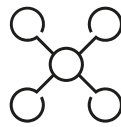
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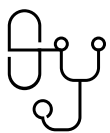
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AUTHORED BY PETER SCOTT

The Government has included in this year's Budget some very significant corporate tax integrity measures. These include the alignment of the off-market buy-back rules for listed companies with the on-market rules, the introduction of new thin cap measures that will limit deductions to 30% EDITDA for most global entities, and the denial of deductions for related party payments for intangibles in low tax jurisdictions. The Budget also includes some clarity on the fate of a suite of announced but unenacted tax measures, such as the self-assessment of the effective life of intangibles announced in the 2021-22 budget, which will be dropped.

IMPROVING THE INTEGRITY OF OFF-MARKET SHARE BUY-BACKS

The Government has announced a new integrity measure to align the tax treatment of off-market share buy-backs undertaken by listed public companies with the treatment of on-market share buy-backs.

Under the current rules, the buy-back price under an off-market share buy-back is treated as consideration for the disposal of the shares to the extent it is attributable to paid up capital (i.e. debited to capital in the company accounts) and partially as a frankable dividend. The buy-back price is commonly discounted to account for the benefit of the franking credits. Conversely, on-market buy-backs are treated as the disposal of an asset in the same way as if the share was sold to a third party via a broker (which may qualify for the CGT discount if it has been held on capital account for over 12 months).

The new measure will come as a shock to taxpayers as it was not previously foreshadowed. Companies with significant franking balances will now be incentivised to return capital to shareholders via franked dividends as opposed to off-market buy-backs. Companies with few franking credits are likely to be indifferent or potentially welcome the changes as it may result higher buy-back prices.

The current off-market buy-back measures will continue to apply for unlisted companies.

This measure will apply from announcement on Budget night (7:30pm AEDT, 25 October 2022).

MULTINATIONAL TAX INTEGRITY PACKAGE - AMENDING AUSTRALIA'S INTEREST LIMITATION (THIN CAPITALISATION) RULES

The Government has introduced significant changes to Australia's thin capitalisation rules. These changes follow on from Treasury's consultation paper, *Government election commitments: Multinational tax integrity and enhanced tax transparency (Consultation Paper)*, released in August (see our [alert](#)).

Current thin cap rules

Under the current thin capitalisation rules, entities subject to the thin capitalisation rules (foreign controlled entities investing into Australia and Australian entities investing overseas) can generally deduct interest expenses based on rules focused on the level of debt (with transfer pricing to first adjust any excessive level of interest on that debt). There is currently a 'safe harbour' allowing an entity to deduct interest on debt provided the level of its debt does not exceed 60% of its assets. Alternative rules can allow interest deductions in excess of the safe harbour on a level of debt equal to what an arm's length lender would lend to the entity and the entity would borrow (**arm's length debt test**) or up to the same level as the worldwide group of which it is part (**worldwide gearing test**).

The changes

The changes seek to implement the OECD Base Erosion and Profit Shifting (BEPS) Action Item 4 from 2015 and were foreshadowed by the now government during the 2022 Australian federal election campaign. Similar rules have already been adopted in the United Kingdom (since 2017), the United States (since roughly 2018) and the EU (generally from 2018-2019).

They key aspects of the new measures are as follows:



- **30% EBITDA test.** The safe harbour test will be replaced with a new earnings-based test which under which an entity's debt-related deductions will be limited to 30% of profits (using EBITDA as the measure of profit).
- **Carry forward rules.** Deductions denied under the EBITDA test to be carried forward and claimed in a subsequent income year (up to 15 years). This is a welcome development, as it was unclear whether carry forward rules would be included, and 15 years is much longer than most other OECD countries that have implemented BEPS Action Item 4 measures (typically 5 years or less).
- **Earnings-based group ratio.** The worldwide gearing test will be replaced to and allow an entity in a group to claim debt deductions up to the level of the worldwide group's net interest expense as a share of earnings (which may exceed the 30% EBITDA ratio).
- **Arm's length debt test.** Importantly, the arm's length debt test will be retained as a substitute test. However, this will apply only to an entity's external (third party) debt, disallowing deductions for related party debt under this test.
- **Scope.** The changes will apply to multinational entities operating in Australia and any inward or outward investor, in line with the existing thin capitalisation regime. However, financial entities will continue to be subject to the existing thin capitalisation rules.
- **Effective date.** The changes will have effect from 1 July 2023.

The Budget Papers do not provide any clarity on the following important aspects of the changes that were raised in the Consultation Paper or by commentators:

- **Grandfathering.** There is no provision for the grandfathering of existing debt. The absence of transitional rules or grandfathering rules could have significant negative consequences for long dated investments made on the basis of law existing at the time of investment, noting in particular that tax is an economic factor that goes to the value of an investment and would have been considered at the time based on existing laws.
- **Exemptions.** There is no provision for exemptions for specific sectors, such as public benefit infrastructure exemptions. Such an exemption was flagged in the Consultation Paper.
- **De minimis.** No changes to the de minimis exemption (which limits the impact of the thin cap rules to deductions above \$2m per year) have been flagged in the Budget Papers.

MAKING COVID-19 BUSINESS GRANTS NON-ASSESSABLE NON-EXEMPT

In response to COVID-19, payments from certain state and territory business grants, made prior to 30 June 2022, can be made non-assessable, non-exempt (NANE) for income tax purposes, subject to eligibility. This tax treatment is only provided in exceptional circumstances, such as the severe economic consequences facing businesses during the COVID-19 pandemic.

The Government has made the following state and territory COVID-19 grant programs eligible for NANE treatment, which will exempt eligible businesses from paying tax on these grants: Victoria Business Costs Assistance Program Four - Construction, Victoria Licenced Hospitality Venue Fund 2021 - July Extension, Victoria License, Hospitality Venue Fund 2021 - Top Up Payments, Victoria Business Costs Assistance Program Round Two - Top Up, Victoria Business Costs Assistance Program Round Three, Victoria Business Costs Assistance Program Round Four, Victoria Business Costs Assistance Program Round Five, Victoria Impacted Public Events Support Program Round Two, Victoria Live Performance Support Program (Presenters) Round Two, Victoria Live Performance Support Program (Suppliers) Round Two, Victoria Commercial Landlord Hardship Fund 3, Australian Capital Territory HOMEFRONT 3, and Australian Capital Territory Small Business Hardship Scheme.

ANTI-AVOIDANCE: DENIAL OF SGE DEDUCTIONS FOR PAYMENTS FOR INTANGIBLES

The Government will introduce an anti-avoidance rule to prevent significant global entities (entities with global revenue of at least \$1 billion) (SGEs) from claiming tax deductions for payments made directly or indirectly to related parties in relation to intangibles held in low- or no-tax jurisdictions. For the purposes of this measure, a low- or no-tax jurisdiction is a jurisdiction with:



- a tax rate of less than 15%; or
- a tax preferential patent box regime without sufficient economic substance.

These measures were also first flagged in the Consultation Paper released in August this year.

The measure will apply to payments made on or after 1 July 2023.

PROVIDING CERTAINTY ON UNLEGISLATED TAX AND SUPERANNUATION MEASURES ANNOUNCED BY THE PREVIOUS GOVERNMENT

The Government has announced in the Budget that it will not proceed with a number of legacy tax and superannuation measures that were announced but not legislated by the previous Government, including the following corporate tax measures:

- **Self-assessment of the effective life of intangibles.** Initially introduced in the 2021-22 Budget, the Government has reversed the decision to enact a measure allowing taxpayers to self-assess the effective life of intangible depreciating assets. The Government has stated that this decision will avoid any potential integrity concerns with the previously announced measure. This maintains the current position of taxpayers - i.e. the effective life of such assets will continue to be set by statute
- **Debt/equity rules.** The 2013-14 MYEFO measure that proposed to amend the debt/equity tax rules.
- **TOFA changes.** The 2016-17 Budget measure that proposed changes to the taxation of financial arrangements (TOFA) rules (a delayed start date was announced in 2018-19 Budget).
- **Asset backed financing.** The 2016-17 Budget measure that proposed changes to the taxation of asset-backed financing arrangements.

Further, the Government will defer the start dates for a number of legacy tax and superannuation measures to allow sufficient time for policies to be legislated and implemented. This includes the 2021-22 Budget measure that proposed making technical amendments to the TOFA rules.

See more detail on a number of these measures in our client alert [here](#).





AUTHORED BY TIM WELLS

International measures in the Budget are headlined by the Government's Multinational Tax Integrity Package (MTIP). The package is geared towards combating multinational tax avoidance and consists of initiatives in relation to:

- amending the thin capitalisation rules (as set out in the 'Corporate' section of this alert);
- denying deductions for intangibles held in low or no tax jurisdictions; and
- reporting requirements for large multinationals (as well as for Australian public companies and tenderers for Australian Government contracts).

Other international measures announced in the Budget relate to increased penalties under the foreign investment framework, a new double tax agreement and an increase to the 2022-23 permanent migration planning level.

MTIP - INTANGIBLES

As part of the MTIP, the Government will introduce an anti-avoidance rule to prevent 'significant global entities' (SGEs) from claiming tax deductions for payments made directly or indirectly to related parties in relation to intangibles held in low or no tax jurisdictions. An SGE is a concept that is already defined in the tax rules and - at a high level - refers to an entity (or corporate group) with an annual global revenue of at least \$1 billion.

For the purposes of this measure, a low or no tax jurisdiction is a jurisdiction with:

- a tax rate of less than 15%; or
- a tax preferential patent box regime without sufficient economic substance.

The measure will apply to payments made on or after 1 July 2023.

MTIP - REPORTING

The Government announced an intention to introduce reporting requirements for certain companies in order to increase the scope of the tax information that they are required to disclose to the public. The measure involves:

- requiring SGEs to prepare certain tax information for public release on a country by country (CbC) basis. SGEs are also required to prepare a statement on their approach to taxation, which is to be disclosed by the ATO;
- requiring Australian public companies (listed and unlisted) to disclose information in relation to their subsidiaries. This is to include the number of subsidiaries held by the relevant public company and each subsidiary's country of tax domicile; and
- requiring tenderers for Australian Government contracts worth more than \$200,000 to disclose their country of tax domicile (by supplying their ultimate head entity's country of tax residence).

The enhanced reporting requirements will apply for income years commencing from 1 July 2023.

OTHER MEASURES

Further measures announced in the Budget include:

- the doubling (from 1 January 2023) of the maximum financial penalties for breaches of the residential land rules under the foreign investment framework;
- the signing of a double tax agreement between Australia and Iceland; and
- as previously announced at the Jobs and Skills Summit, the 2022-23 permanent migration program planning level will be increased from 160,000 to 195,000.





AUTHORED BY MICHAEL EVANS & ANDREW FONG

The Federal Government has announced certain superannuation measures, including providing updates in relation to previously announced measures and expanding eligibility for downsizer contributions.

UNLEGISLATED MEASURES

The Labor Government has reviewed and will **not proceed** with the following superannuation measures announced by the former Coalition Government in the 2018-19 Budget:

- Changing the annual audit requirement for certain self-managed superannuation funds (SMSFs). This measure sought to change the annual audit requirement to a three-yearly for SMSFs with a history of good record-keeping and compliance. While the measure had strong support in some circles, the proposal was never legislated by the previous government.
- Introducing a requirement for retirement income product providers to report standardised metrics in product disclosure statements. The former government proposed to introduce a simplified disclosure regime to facilitate the development of a comprehensive income product for retirement framework. Again, the former government did not legislate this measure.

The Federal Government also confirmed that the changes to the SMSF residency rules (as announced in the 2021-22 Budget) will be delayed until the income year commencing on or after the date of Royal Assent of the enabling legislation (rather than 1 July 2022 as previously announced by the former government). These measures propose to relax the SMSF residency rules by extending the central management and control test safe harbour, as well as removing the active member test for certain funds. The enabling legislation has not yet been introduced into Parliament.

EXPANDING ELIGIBILITY FOR DOWNSIZER CONTRIBUTIONS

The Government will allow more people to make downsizer contributions to their superannuation, by reducing the minimum eligibility age from 60 to 55 years of age. The measure will have effect from the start of the first quarter after Royal Assent of the enabling legislation.

The downsizer contribution allows people to make a one-off post-tax contribution to their superannuation of up to \$300,000 per person from the proceeds of selling their main residence. Both members of a couple can contribute and contributions do not count towards non-concessional contribution caps. Either the individual or their spouse must have owned the home for 10 years.

This measure provides greater flexibility to contribute to superannuation and aims to encourage older Australians to downsize sooner to a home that better suits their needs.

The Federal Government has not announced any measures specific to the non-superannuation funds sector, but has flagged its position on certain investment structures.

FUTURE OF MANAGED INVESTMENT SCHEMES AND LIMITED PARTNERSHIP COLLECTIVE INVESTMENT VEHICLES

There are no key announcements by the Government which target the funds sector (outside of superannuation).

However, the Government has confirmed that it has reviewed - and will not proceed - with the legacy 2016-17 Budget measure that proposed introducing a new tax and regulatory framework for limited partnership collective investment vehicles. The Government has also announced that it will provide \$2.7 million in 2022-23 for Treasury to support reviews of the Reserve Bank of Australia and the regulatory framework for managed investment schemes.





AUTHORED BY WENDY MILLER

This Budget has a strong focus on measures to remove general inequity in the workforce by providing support to parents, to encourage older Australians to continue working and to support the growth of our future workforce by investing in skills and apprenticeships. The Government has also set aside significant funding of \$4.7 billion to deliver cheaper childcare and \$43.2 million to update the workplace laws to ‘get wages moving’, boost job security, address gender inequity and create more opportunities for Australians.

SUPPORTING PARENTS

EXPANDING PAID PARENTAL LEAVE

The Government is further expanding the Paid Parental Leave scheme, by increasing the number of weeks available to families from a total 20 weeks leave in July 2023 up to a total 26 weeks leave by July 2026, at a cost to the budget of \$531.6 million over 4 years from 2022-23 (and \$619.3 million per year ongoing).

This change will include a ‘use it or lose it’ portion of leave reserved for each parent to encourage and facilitate both parents to access the scheme and to share caring responsibilities. The reforms also improve flexibility, with parents able to take leave in blocks as small as a day at a time, with periods of work in between.

Eligibility will be expanded through the introduction of a \$350,000 family income test, which families can be assessed under if they do not meet the individual income test.

CHEAPER CHILDCARE

The Government will provide \$4.7 billion over 4 years from 2022-23 (and \$1.7 billion per year ongoing) to deliver cheaper childcare, easing the cost of living for families and reducing barriers to greater workforce participation. This measure includes:

- increases the maximum Child Care Subsidy (CCS) rate from 85% to 90% for families for the first child in care and increase the CCS rate for all families earning less than \$530,000 in household income; and
- maintains current higher CCS rates for families with multiple children aged 5 or under in childcare, with higher CCS rates to cease 26 weeks after the older child’s last session of care, or when the child turns 6 years old

UPDATE WORKPLACE LAWS

The Government will provide \$43.2 million over 4 years from 2022-23 (and \$11.1 million per year ongoing) to update workplace laws to get wages moving, boost job security, address gender inequity and create more opportunities for Australians.

Changes to the *Fair Work Act 2009* will include making gender equity and job security objects of the Act, establishing a statutory equal remuneration principle, limiting the use of fixed term contracts, expressly prohibiting sexual harassment in the workplace and providing access to 10 days of paid family and domestic violence leave.

INCENTIVISING PENSIONERS INTO THE WORKFORCE

The Government will provide \$61.9 million over two years from 2022-23 to provide age and veterans pensioners a once off credit of \$4,000 to their Work Bonus income bank. This measure will increase the amount pensioners can earn in 2022-23 from \$7,800 to \$11,800, before their pension is reduced, supporting pensioners who want to work or work more hours to do so without losing their pension.



INVESTMENT IN SKILLS AND APPRENTICESHIPS

The Government will:

- provide \$871.7 million over 5 years from 2022-23 to provide 480,000 fee-free Technical and Further Education (TAFE) and vocational education places in industries and regions with skills shortages;
- provide \$485.5 million over 4 years from 2022-23 (and \$563.8 million over 11 years) for 20,000 additional Commonwealth supported places at universities and other higher education providers commencing in 2023 and 2024 for under-represented Australians (including First Nations peoples, those who are the first in their family to study at university, and students from rural and remote Australia) and for courses in areas of skills shortage (including teaching, nursing and engineering);
- provide \$310.4 million over 9 years from 2022-23 (and \$7.9 million per year ongoing) to attract and retain high-quality teachers and improve student outcomes;
- undertake the initial design and implementation of the Australian Skills Guarantee, in consultation with stakeholders, to ensure that one in ten workers on a major Commonwealth funded project is an apprentice, trainee or a paid cadet, with sub-targets for women;
- provide \$95.6 million over 9 years from 2022-23 to support 10,000 people to complete a New Energy Apprenticeship;
- provide \$50.0 million over two years from 2022-23 to establish a TAFE Technology Fund to modernise IT infrastructure, workshops, laboratories, telehealth simulators, and other facilities at TAFEs across Australia; and
- provide \$9.6 million over 5 years from 2022-23 to support Australia's workforce to transition to a clean energy economy, including the creation of a new mentoring program to help train and support new energy apprentices.





AUTHORED BY PAULA YU

The Government has committed \$55 billion of funding towards new and existing infrastructure projects across Australia. Key infrastructure funding commitments include \$2.2 billion for the Suburban Rail Loop East in Victoria, \$866.4 million for the Bruce Highway upgrade in Queensland and \$500 million for the Sydney to Newcastle High Speed Rail in New South Wales. The Government has also committed funding towards a number of community and mobile infrastructure initiatives across rural and regional Australia.

INFRASTRUCTURE PROJECTS

Building a Better Future through considered Infrastructure Investment

The Government will provide \$8.1 billion over 10 years from 2022-23 for priority rail and road infrastructure projects across Australia including:

- \$2.6 billion for projects in Victoria, including \$2.2 billion for the Suburban Rail Loop East;
- \$2.1 billion for projects in Queensland, including:
 - \$866.4 million for the Bruce Highway;
 - \$400.0 million for the Inland Freight Route (Mungindi to Charters Towers) upgrades;
 - \$400.0 million for Beef Corridors; and
 - \$210.0 million for the Kuranda Range Road upgrade;
- 1.4 billion for projects in New South Wales, including:
 - \$500.0 million for planning, corridor acquisition and early works for the Sydney to Newcastle High Speed Rail;
 - \$268.8 million for the New England Highway - Muswellbrook Bypass; and
 - \$110.0 million for the Epping Bridge;
- \$634.8 million for projects in Western Australia, including:
 - \$400.0 million for the Alice Springs to Halls Creek Corridor upgrade; and
 - \$125.0 million for electric bus charging infrastructure in Perth;
- \$550.0 million for projects in the Northern Territory, including \$350.0 million to seal the Tanami Road and Central Arnhem Road;
- \$460.0 million for projects in South Australia, including \$400.0 million for the South Australian component of the Freight Highway Upgrade Program;
- \$250.0 million for Phase 4 of the Local Roads and Community Infrastructure Program to support local councils;
- \$80.0 million in additional funding for the Heavy Vehicle Rest Areas Program;
- \$78.0 million for projects in Tasmania, including \$48.0 million for the Tasmanian Roads Package;
- \$18.0 million to establish the High Speed Rail Authority to plan, develop, coordinate, oversee and monitor the construction and operation of the high speed rail network; and



- \$85.9 million for the Canberra Light Rail Stage 2A project.

The Government will cancel and reallocate \$2.8 billion of funds from previous infrastructure projects including the *Infrastructure Investment Urban Congestion Fund* and *Commuter Carpark Fund*.

In addition, the Government will re-profile \$6.5 billion of funding for existing projects within the *Infrastructure Investment Program*.

REGIONAL AND RURAL AUSTRALIA

Responsible Investment to Grow Our Regions

The Government will provide \$5.4 billion over 7 years from 2022-23 to support economic growth and development across regional Australia, including:

- \$1.9 billion in equity investment for the development of the Middle Arm Sustainable Development Precinct in the Northern Territory;
- \$1.0 billion for the *Priority Community Infrastructure Program* to support community infrastructure projects across Australia;
- \$1.0 billion for the Growing Regions Program and regional Precincts and Partnerships Program to support community and place-based investment in rural and regional Australia;
- \$672.7 million towards enabling infrastructure in the Pilbara, Hunter and central Queensland regions to support emerging industries and economic transition;
- \$349.9 million for the Investing in Our Communities Program to deliver small scale community, sport and infrastructure projects across Australia;
- \$200.0 million towards the Cairns Marine Precinct and central Queensland University, Cairns Campus; and
- \$22.0 million towards enabling infrastructure for the Lansdown Eco-Industrial Precinct in Townsville.

Better Connectivity Plan for Regional and Rural Australia

The Government will redirect funding from previous budget measures and provide \$757.7 million over 5 years from 2022-23 to improve mobile and broadband connectivity and resilience in rural and regional Australia, including:

- \$400.0 million to support the roll out of mobile base stations;
- \$200.0 million as part of the *Regional Connectivity Program* to fund the delivery of telecommunications infrastructure in regional, rural and remote Australia;
- \$40.0 million to improve mobile coverage of the *Mobile Black Spot Program* to fund the building of new mobile infrastructure to improve mobile coverage and reception quality across Australia;
- \$39.1 million for the *Peri Urban Mobile Program* to improve mobile reception in peri urban areas that are prone to natural disasters; and
- \$20.0 million to conduct an independent audit of mobile coverage to better identify black spots and guide investment priorities.

AUSTRALIAN INFRASTRUCTURE FINANCING FACILITY FOR THE PACIFIC - EXPANSION

The Government will improve the capacity of the Australian Infrastructure Financing Facility for the Pacific (the Facility) to support additional infrastructure investment in the Pacific and Timor-Leste, including:



- allocating an additional \$500.0 million over 10 years from the existing Official Development Assistance program to support grants from the Facility;
- establishing a Pacific Climate Infrastructure Financing Partnership stream under the Facility, with \$50.0 million in existing grant funding to support climate related elements of infrastructure and energy projects in Pacific countries and Timor-Leste; and
- providing an additional \$25.0 million over 4 years from 2022-23 to the Department of Foreign Affairs and Trade to administer the Facility, including enhanced project and risk management capabilities.





AUTHORED BY MONICA STANISIS

The Government has announced funding to protect natural heritage, including Indigenous heritage, and green technologies. It will also invest in oversight and leadership capabilities to help Australia respond to climate change and other environmental protection initiatives.

PROTECTING NATURAL HERITAGE

- **Great Barrier Reef:** The Government has made a \$1.2 billion commitment to the protection and restoration of the Great Barrier Reef. This includes:
 - \$96.9 million over 4 years from 2022-23 to address critical gaps in the implementation of the Reef 2050 Long-term Sustainability Plan; and
 - \$91.8 million over 5 years from 2022-23 to deliver ‘shovel ready’ Great Barrier Reef projects that accelerate reef protection and restoration activities.
- **Natural Heritage Trust:** The Government will provide \$1.1 billion over 6 years from 2022-23 (and \$2.5 million per year ongoing) to continue to support the sustainable management of Australia’s natural resources as well as local and long-term environmental, sustainable agriculture and Indigenous outcomes through the next phase of Natural Heritage Trust funding. This includes:
 - \$604.2 million over 5 years from 2023-24 to protect and conserve Australia’s iconic species and landscapes, continue, and enhance the Indigenous Protected Areas program to support Traditional Owners to manage their Country, and support conservation and mitigation activities in World Heritage listed properties and wetlands recognised under the Ramsar Convention.
 - \$302.1 million over 5 years from 2023-24 to support the transition of the agricultural sector towards sustainable farming and land management practices, build Australia’s climate and disaster resilience and contribute to emissions reductions and improved environmental outcomes.
 - \$90.0 million over 5 years from 2022-23 to employ and upskill up to 1,000 Landcare Rangers to deliver on ground actions to protect and restore Australia’s environment and heritage and help address labour and skill shortages in the environment sector, and to fund the Landcare Facilitator to coordinate community Landcare activities and improve knowledge sharing.
 - \$66.5 million over 5 years from 2023-24 to deliver on the Government’s election commitment to expand the Indigenous Protected Areas program.
 - \$57.0 million over 6 years from 2022-23 (and \$2.5 million per year ongoing) to support the recovery and longer-term conservation of the koala and its habitats.
- **Indigenous heritage:** The Government will provide \$14.7 million over 4 years from 2022-23 to support the protection of Australia’s cultural and First Nations heritage sites by empowering local communities and First Nations people to identify priorities for the protection of heritage. The funding will:
 - improve engagement with First Nations people to support heritage.
 - support the addition of cultural and First Nations heritage values to existing World Heritage and National Heritage-listed areas.
 - pursue the UNESCO World Heritage listing of the Murujuga Cultural Landscape and Flinders Ranges.
 - add the Parramatta Female Factory to the World Heritage Listing of Australian Convict Sites and support the nomination of the Victorian Trades Hall and potentially the Broken Hill Trades Hall for World Heritage Listings.



- **Marine parks management:** The Government will provide \$10.8 million over 4 years from 2022-23 to improve marine park management in Australia, support the health and biodiversity of Australia's oceans and strengthen Australia's international engagement and leadership.
- **Coastal Marine Ecosystems Research Centre:** The Government will provide \$15.3 million over two years from 2022-23 to support improved scientific expertise at the Coastal Marine Ecosystem Research Centre at Central Queensland University.
- **Native species:** The Government will provide \$224.5 million over 4 years from 2022-23 to support actions to slow the rate of environmental and native species decline and lay the foundations for longer-term support and recovery of Australia's native species and special landscapes.

IMPROVING OVERSIGHT AND LEADERSHIP

- **International leadership:** The Government will provide \$45.8 million over 6 years from 2022-23 to restore Australia's reputation and increase international engagement on climate change and energy transformation issues. This funding will allow for leadership and engagement in the United Nations Framework Convention on Climate Change, the Quadrilateral Security Dialogue and other international forums, delivery of international clean energy partnerships, and capacity building in the Pacific.
- **Additional resourcing for the Department of Climate Change, Energy, the Environment and Water:** The Government will provide \$275.7 million over 4 years from 2022-23 (and \$60.5 million per year ongoing) to support establishing a strong Department of Climate Change, Energy, the Environment and Water. This includes establishing core institutional capabilities to deliver the Government's agenda to reinvigorate Australian climate action and leadership, facilitate the smooth transformation of our energy system, capture the opportunities of a clean energy economy, help protect, restore and manage Australia's environment and heritage, and improve the health of our rivers and freshwater ecosystems.
- **Restoring the Climate Change Authority and delivering annual climate change statements to Parliament:** The Government will provide \$47.1 million over 4 years from 2022-23 (and \$13.6 million per year ongoing) in additional funding for the Climate Change Authority and the Department of Climate Change, Energy, the Environment and Water. This includes:
 - \$42.6 million over 4 years from 2022-23 (and \$12.3 million per year ongoing) to the Climate Change Authority to provide independent climate change advice.
 - \$4.5 million over 4 years (and \$1.3 million per year ongoing) to support preparation by the Department of Climate Change, Energy, the Environment and Water of the Annual Climate Change Statements to Parliament to report Australia's progress in achieving its emissions reduction targets.
- **Response to the Samuel Review:** The Government will provide \$7.8 million in 2022-23 to deliver a full response to the 2019 Independent Review of the *Environment Protection and Biodiversity Conservation Act 1999* by the end of 2022 and to design an independent Commonwealth Environment Protection Agency.
- **Commonwealth Climate Risk and Opportunity Management Program:** The Government will provide \$9.3 million over 4 years from 2022-23 to build climate risk management capabilities and systems across the Australian Public Service and commence designing a National Climate Risk Assessment.
- **Sustaining environmental assessments:** The Government will provide \$117.1 million over 3 years from 2022-23 to sustain assessment and compliance functions under the *Environment Protection and Biodiversity Conservation Act 1999* and the *Environment Protection (Sea Dumping) Act 1981*.
- **Engaging with First Nations peoples on climate change:** The Government will provide \$15.9 million over 4 years from 2022-23 to establish the Torres Strait Climate Change Centre of Excellence to build the capability and capacity of Torres Strait Islander peoples to respond to climate change mitigation and adaptation through integrating technical expertise with traditional knowledge and delivering a Climate Warriors training program.
- **Independent Commonwealth Environment Protection Agency:** The Government will provide \$7.8 million in 2022-23 to deliver a full response to the 2019 Independent Review of the *Environment*



Protection and Biodiversity Conservation Act 1999 by the end of 2022 and to design an independent Commonwealth Environment Protection Agency.

- **Funding for the Environmental Defenders Office and Environmental Justice Australia:** The Government will provide \$9.8 million over 4 years from 2022-23 (and \$2.6 million per year ongoing) to restore funding to the Environmental Defenders Office and Environmental Justice Australia.

PROTECTING WATERWAYS AND WATER RESOURCES

- **Murray-Darling Basin:** The Government will provide:
 - initial funding towards meeting environmental water targets under the Murray-Darling Basin Plan. The financial implications for the measure have not been published for commercial sensitivities.
 - \$51.9 million over 5 years from 2022-23 to strengthen the Murray-Darling Basin Plan by updating the science to account for the impacts of climate change and restore trust and transparency in water management.
 - funding over 5 years from 2022-23 (with an ongoing component) to respond to the Australian Competition and Consumer Commission’s Murray-Darling Basin water markets inquiry by improving the transparency and integrity of water markets.
- **Urban rivers and catchments plan:** The Government will provide \$91.1 million over 6 years from 2022-23 to improve local waterways, fund activities that restore the natural habitats of aquatic species and create recreational spaces for local communities, as the first phase of the Government’s \$200 million election commitment.
- **National Water Grid:** The Government will provide \$278.1 million over 5 years to expand investment in nationally significant, transformational water infrastructure projects. This includes:
 - \$107.5 million for the Cairns Water Security Project, Queensland.
 - \$100.0 million for the Tasmanian Pipeline to prosperity - Tranche 3 Projects, Tasmania.
 - \$32.0 million to progress consultation and strategic planning with the Queensland Government for water infrastructure options in central Queensland and the Burdekin region, Queensland.
 - \$3.5 million for the Mount Morgan Water Supply Project, Queensland.
- **Water for Australia Plan:** The Government will provide \$2.6 million over two years from 2022-23 to support the futureproofing of Australia’s water resources by delivering the Government’s commitments to national and First Nations water reform. Funding includes:
 - \$2.1 million for expert legal support to deliver national water reform commitment.
 - \$0.5 million for initial scoping work to establish a National Water Commission.

SUPPORTING GREEN TECHNOLOGIES

- **Carbon capture technology:** The Government will provide \$141.1 million over 10 years from 2022-23 as part of a realignment of investment in carbon capture technologies. Program investments and related policy development will prioritise technology development for hard-to-abate industrial sectors, accelerate carbon dioxide removal and negative emissions technologies, and support research opportunities for institutions, as well as industry and international partners.
- **Carbon farming outreach program:** The Government will provide \$20.3 million over 4 years from 2022-23 to establish an outreach program to empower Australian farmers and land managers, including First Nations peoples, to participate in carbon markets and integrate low emission technologies.
- **Lowering emissions and supporting green markets:** The Government will provide \$2.2 million in 2022-23 towards developing and consulting on design and draft legislation for a Guarantee of Origin Certificate scheme, to track and verify emissions associated with renewable electricity, hydrogen and other low emissions commodities produced in Australia.





TAX COMPLIANCE

AUTHORED BY CASSANDRA HAMILL

The Government has extended the terms of, and increased funding for, several tax compliance programs including those targeting tax avoidance and the shadow economy. The Government has also funded measures seeking to enhance tax system integrity and modernise reporting systems.

TAX AVOIDANCE TASKFORCE

The Government has boosted funding for the ATO Tax Avoidance Taskforce by ~\$200 million p.a. over 4 years from 1 July 2022. The Government has also extended the Taskforce for a further year until 1 July 2025 until 1 July 2026.

The boosting and extension of the Tax Avoidance Taskforce will support the ATO to pursue new priority areas of observed business tax risks, complementing the ongoing focus on multinational enterprises and large public and private businesses. This measure is estimated to increase receipts by \$2.8 billion and increase payments by \$1.1 billion over the 4 years from 2022-23.

EXTENSION OF SHADOW ECONOMY PROGRAM

The Government will extend the existing ATO Shadow Economy Program for a further 3 years from 1 July 2023. This will enable the ATO to continue targeting shadow economy activity and protect revenue.

This measure is estimated to increase receipts by \$2.1 billion and increase payments by \$685.2 million over the 4 years from 2022-23. This includes an increase in GST payments to the States and Territories of an estimated \$442.3 million over the 4 years to 2025-26.

COMPLIANCE PROGRAM TO ENHANCE TAX SYSTEM INTEGRITY

The Government will provide \$30.4 million to the Tax Practitioners Board (TPB) to increase compliance investigations into high-risk tax practitioners and unregistered preparers over 4 years from 1 July 2023. The TPB will use new risk engines to better identify tax practitioners who engage in poor and unlawful tax advice, to improve tax compliance and raise industry standards.

This measure is estimated to increase receipts by \$81.9 million, and increase payments by \$30.8 million, over the 4 years from 2022-23.

MODERNISING SYSTEMS

The Government will provide additional funding of \$166.2 million over 4 years from 2022-23 to continue delivery of the Modernising Business Registers program that will consolidate over 30 business registers onto a modernised registry platform. These measures will also include funding for ATO and ASIC to operate and regulate the Director Identification Numbers regime and maintain ASIC's registry systems.





AUTHORED BY MICHAEL GRUBER

The Government has announced various measures to deliver on its Better Deal for Small Business policy. The Budget focuses on enhancing workplace relations between employers and employees and assisting small businesses implement the new paid family and domestic violence leave policy. The Government has also introduced measures to assist small businesses affected by COVID-19 and natural disasters.

PAID FAMILY AND DOMESTIC VIOLENCE LEAVE - SMALL BUSINESS ASSISTANCE

The Government is amending the *Fair Work Act 2009* to provide access to 10 days of paid family and domestic violence leave and will provide support to small businesses to understand and implement the new entitlement. The leave will apply to all types of employees, including casuals.

The Government will also provide \$3.4 million over 4 years from 2022-23 to support the development and delivery of education, technical advice and support services targeting the needs of small business employers to support the implementation of the new leave entitlements.

WORKPLACE RELATIONS SUPPORT FOR SMALL BUSINESSES

The Government is committing \$7.9 million over 4 years from 2022-23 for the Fair Work Commission to support the uptake of enterprise bargaining for small businesses.

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

SUPPORTING THE WELL-BEING OF SMALL BUSINESS OWNERS

The Government will provide \$15.1 million from 1 January 2023 until 31 December 2024 to extend the Small Business Debt Helpline and the NewAccess for Small Business Owners programs to support the financial and mental wellbeing of small business owners. The NewAccess for Small Business Owners program is a free, confidential one-on-one mental health coaching program delivered by Beyond Blue and the Small Business Debt Helpline is a dedicated small business financial counselling service delivered by Financial Counselling Australia.

INVESTING IN THE ENERGY EFFICIENCY OF SMALL AND MEDIUM-SIZED BUSINESSES

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

The Government will also support small and medium sized businesses improve their energy efficiency by upgrading old and inefficient equipment, reducing their energy use and helping to drive down their energy bills.

ADDITIONAL SMALL BUSINESS MEASURES

A range of additional measures for small businesses have been announced. These include:

- An additional \$12 million over four years to community legal centres in New South Wales and Queensland, to support bushfire and flood affected individuals, small businesses, and primary producers following these natural disasters.
- Grants received prior to 30 June 2022 under the Australian Capital Territory Small Business Hardship Scheme can be made non-assessable, non-exempt (NANE) for income tax purposes, subject to eligibility.





AUTHORED BY NELSON PHAN

In the 2022-23 Budget, no changes have been made to Stage 3 tax cuts and no extension of the low and middle income tax offset (which will no longer be available going forward). The Government has also announced additional funding for its personal income taxation compliance program, its Pandemic Leave Disaster Payment and the new High Risk Settings Pandemic Payments. Additionally, an update to the list of deductible gift recipients has been made.

CESSATION OF THE LMITO

The Government has not sought to extend the low and middle income tax offset (LMITO), which was paid for tax returns for the 2021-22 income year. The LMITO will not be available going forward.

No changes have however been made to the low income tax offset (LITO). The LITO will accordingly continue to apply going forward and is available for taxable incomes up to \$66,667.

NO CHANGE TO STAGE 3 TAX CUTS

There was no announcement in the Budget in relation to personal tax rate changes.

Equally, the Budget did not announce changes to the Stage 3 tax cuts, which are set to commence from 1 July 2024. Under these changes, the 37% tax bracket will be abolished and the 32.5% tax rate will be lowered to 30% (so as to apply to taxable incomes between \$45,000 to \$200,000).

PERSONAL INCOME TAXATION COMPLIANCE PROGRAM

The Government has announced additional funding for the ATO of \$80.3 million to extend the Personal Income Taxation Compliance Program for 2 years from 1 July 2023. The extension and funding will allow the ATO to deliver various proactive, preventative and corrective activities in areas of non-compliance. The measure is estimated to increase receipts by \$550 million over 4 years.

UPDATING LIST OF DEDUCTIBLE GIFT RECIPIENTS

The Government will specifically list Australians for Indigenous Constitutional Recognition as a deductible gift recipient for donations made between 1 July 2022 to 30 June 2025. The Government will also extend the listing of Australian Women Donors Network as a deductible gift recipient for gifts made from 9 March 2023 and 8 March 2028.

Taxpayers who have made donations of \$2.00 or more to the above entities during the relevant period will accordingly be able to claim a tax deduction.

EXTENSION OF PANDEMIC SUPPORT PAYMENTS

The Government has extended the Pandemic Leave Disaster Payment until mandatory isolation requirements end on 14 October 2022, providing an additional \$399.8 million.

Additionally, the Government will provide a further \$29.5 million for the High Risk Settings Pandemic Payment to target financial support to workers in sectors that involve frequent close contact with those in care (e.g. aged care, disability care and hospital care workers). The cost of the High Risk Settings Pandemic Payment program will be shared equally between the Commonwealth and the State and Territory governments.





AUTHORED BY LUCY MCKINDLAY

This year's Budget has a strong focus on health and aged care. In addition to the Government's continued response to the Royal Commission into Aged Care Quality and Safety and the ongoing COVID-19 Pandemic, additional measures and significant funding has been committed to Medicare related initiatives, First Nations health and mental health services and care for those in rural communities.

AGED CARE

FURTHER RESPONSES TO THE "AGED CARE CRISIS"

With aged care being a key priority for the Government, \$2.5 billion over 4 years from 2022-23 will go towards reform of the aged care system, including the following funding measures:

- \$2.5 billion over 4 years from 2022-23 to support the requirement for all aged care facilities to have a registered nurse onsite 24 hours per day, 7 days a week from 1 July 2023 and the increased requirement of 215 care minutes per resident per day from 1 October 2024.
- \$23.2 million over 4 years from 2022-23 towards aged care infrastructure and services that provide particular support to First Nations people and those from diverse communities and regional areas.
- \$9.9 million over two years from 2022-23 to establish the Aged Care Complaints Commissioner within the Aged Care Quality and Safety Commission from December 2022.

ROYAL COMMISSION RESPONSE

The Government has committed \$540.3 million over 4 years from 2022-23 in a continued response to the Royal Commission into Aged Care Quality and Safety. In particular, key funding includes:

- \$312.6 million over 4 years from 2022-23 towards crucial information and communication technologies maintenance and developments, designed to support aged care reporting and reform.
- \$68.5 million over 4 years from 2022-23 towards the Regional Stewardship of the Aged Care outreach model which aims to support aged care reform in regional areas.
- \$53.5 million to extend the Disability Support for Older Australians Program to 31 December 2023.
- \$38.7 million over 4 years from 2022-23 to establish the Inspector-General of Aged Care and the Office of the Inspector-General of Aged Care as a Statutory Agency
- \$23.1 million in 2022-23 to implement the Support at Home Program from July 2024. Existing grant arrangements for the Commonwealth Home Support Programme will also be extended to 30 June 2024 to reflect the new start date of 1 July 2024 for the Support at Home Program.

MEDICARE

The Government has committed \$9.5 million over 4 years from 2022-23 to amend the Medicare Benefits Schedule (MBS) and improve access to health care. Measures include:

- \$2.3 million over 3 years from 2023-24 to introduce a new somatic gene panel test in the initial diagnosis of patients with morphological features of glioma, glioneuronal tumours or glioblastoma
- \$3.6 million over 3 years from 2023-24 to increase rebates for 6 nuclear medicine items.
- \$1.9 million over 4 years from 2022-23 to cover a whole-body magnetic resonance imaging scan to assist with the detection of cancer in some cases.



- \$0.1 million over 3 years from 2023-24 to amend patient eligibility for the treatment of painful bony metastases associated with cancer.

COVID-19 RESPONSE MEASURES

AGED CARE

An additional \$845.4 million in 2022-23 will be provided to assist the aged care sector deal with the ongoing impacts of Covid-19.

- \$810.2 million in funding will go towards costs incurred by aged care providers during Covid-19 outbreaks (until 31 December 2022)
- \$34.9 million has been committed to continuing current testing arrangements in aged care facilities until 31 December 2022.

HOSPITALS & EMERGENCY RESPONSE

\$808.2 million of funding in 2022-23 will go towards extending the COVID-19 response until 31 December 2022. This includes:

- \$759.9 million to extend the National Partnership on COVID-19 Response.
- \$48.3 million in 2022-23 to extend the GP-led Respiratory Clinics program.

PERSONAL PROTECTIVE EQUIPMENT (PPE) and RAPID ANTIGEN TESTS (RATs)

\$410.3 million of funding in 2022-23 has been committed to the purchase and distribution of PPE and RATs to manage Covid-19 outbreaks and the spread of Covid-19 in high-risk settings.

VACCINES & TREATMENTS

The Government will provide \$355.8 million in 2022-23 towards the distribution and administering of COVID-19 vaccines across Australia.

MEDICARE & MEDICINES

The Government has committed \$162.4 million in 2022-23 for the inclusion of COVID-19 related items in the MBS, including for polymerase chain reaction (PCR) testing, telehealth consultations to determine COVID-positive patients' suitability for oral antivirals, additional support for GPs and medical Practitioners to manage COVID-positive patients, and continued access to Medicare rebates for telehealth appointments for patients with COVID-19.

MENTAL HEALTH

- The Government has committed \$24.3 million over 4 years from 2022-23 to improve access to mental health services.
- In addition, \$13.0 million over 4 years from 2022-23 will go towards mental health support for communities impacted by flooding in New South Wales.
- The Government will also provide \$1.5 million over 2 years from 2022-23 to support the implementation of the Seafood Industry Australia's Stay Afloat Program, which provides hubs in fishing communities to provide access to mental health support for commercial fishers and seafood workers.

CARE IN RURAL & REGIONAL AUSTRALIA

The Government is committed to improving the access and quality of health care in rural and regional Australia. To achieve this, it plans to implement the following measures:

- \$61.8 million will be provided over 6 years from 2022-23 to fund local health projects in rural and regional locations to improve care and reduce pressure on hospital emergency departments. This funding includes:



- \$28.7 million over 6 years from 2022-23 towards the GP Access After Hours program in the Hunter Region of New South Wales;
- \$20.6 million over 4 years from 2022-23 to establish a new cancer support pilot program at the W.P. Holman Clinic, and to assist with construction of a new hospice in the Launceston General Hospital Precinct;
- \$4.4 million over two years from 2022-23 to reopen the Minor Accident and Illness Centre at the Morayfield Health Hub in Queensland;
- 4.0 million over 5 years from 2023-24 to develop a medical research centre at the Launceston General Hospital;
- \$3.0 million over 3 years from 2022-23 to improve end-of-life care at Anam Cara House palliative care facility in Geelong, Victoria; and
- \$1.1 million over 4 years from 2022-23 to reopen the Kaden Centre in the Hunter Region of NSW.
- \$47.7 million will be provided over 4 years from 2022-23 towards MBS items allowing for 50 per cent loading for bulk-billed telehealth psychiatry consultations in eligible areas across regional and rural Australia.
- The Government has also committed \$143.3 million over 4 years to support access to primary healthcare services and implement training, workforce incentives and care trials in rural and regional area. This funding includes:
 - \$74.1 million over 4 years from 2022-23 to introduce tiered financial incentive payments for doctors in rural areas;
 - \$24.7 million over 4 years from 2022-23 to fund an additional 3 rounds of the Innovative Models of Care Program which trials new primary care models;
 - \$8.4 million over 3 years from 2023-24 to provide 15 additional hospital-based training posts per year for rural generalists and rural general practitioners in regional and remote Australia; and
 - \$5.6 million in 2025-26 to provide additional rural primary care training rotations for junior doctors through the John Flynn Prevocational Doctor Program.

FIRST NATIONS HEALTH

\$314.8 million has been committed over 5 years from 2022-23 towards closing the gap for First Nations peoples' health and wellbeing outcomes. Key funding includes:

- \$164.3 million over 4 years from 2022-23 to invest in modern health clinics in areas of large and growing First Nations populations.
- \$54.3 million over 5 years from 2022-23 to deliver up to 500 First Nations Certificate III and IV traineeships in Aboriginal and Torres Strait Islander Primary Health Care.
- \$45.0 million over 4 years from 2022-23 to invest in 30 new and upgraded dialysis units to improve the health of First Nations peoples with end-stage kidney disease.
- \$10.1 million in 2022-23 for CareFlight to increase its capacity for aeromedical services in the Northern Territory.
- \$2.2 million over 3 years from 2022-23 to support First Nations community participation in AFL competitions in the Northern Territory.
- The Government is also providing \$229.7 million over two years from 2022-23 to invest in general practices through the Strengthening Medicare General Practice (GP) Grants Program. These grants support general practices, including Aboriginal Community Controlled Health Services and other GP-led practices in investing in training, equipment and capital works to achieve or maintain accreditation under the National General Practice Accreditation Scheme.



PHARMACEUTICAL BENEFITS SCHEME

The Government will provide \$1.4 billion over 4 years from 2022-23 for new and amended listings on the Pharmaceutical Benefits Scheme (PBS), the Repatriation Pharmaceutical Benefits Scheme, the Life Saving Drugs Program, the National Diabetes Services Scheme and the Stoma Appliance Scheme.

There have been new and amended PBS listings since the 2022-23 March Budget, including for the treatment of adults with COVID-19, adults with COVID-19 who are at increased risk of hospitalisation or death, Waldenström macroglobulinemia, relapsed multiple sclerosis, spinal muscular atrophy, infantile onset Pompe disease and late onset Pompe disease, advanced or metastatic gastro-oesophageal cancers and metastatic or locally advanced cutaneous squamous cell carcinoma.

The Government will also provide \$787.1 million over 4 years from 2022-23 (and \$233.4 million per year ongoing) to decrease the general patient co-payment for treatments on the Pharmaceutical Benefits Scheme from \$42.50 to \$30.00 on 1 January 2023.

OTHER NOTEABLE MEASURES

MONKEY POX

The Government will provide \$73.9 million in 2022-23 to purchase additional vaccines and treatments for the National Medical Stockpile in response to the monkeypox outbreak.

SURF LIFE SAVING CLUBS

\$5.0 million over 3 years from 2022-23 will go towards Surf Life Saving Australia's Beach Safety Equipment Fund, which will support the purchase of surf rescue and medical supplies.





THE DIGITAL ECONOMY

AUTHORED BY ANTONIO BARBARO

This year's Budget has a strong focus on investing in Australia's broadband and telecommunications capabilities. \$2.4 billion will be invested in the NBN, whilst a further \$1.2 billion will be applied towards regional telecommunications. The Government has also announced initiatives to boost digital literacy and technology training for workers in tech-related industries, and has clarified the income tax treatment of cryptocurrencies.

NATIONAL BROADBAND NETWORK

The Government has announced its intention to invest \$2.4 billion in NBN Co to extend full-fibre access to 1.5 million additional premises, including to over 660,000 in regional Australia. Up to 30,000 families will receive 12 months free broadband through this initiative, which will help unconnected students access broadband and boosting their education opportunities.

The Government will also provide \$4.7 million over 3 years from 2022-23 to support the delivery of free broadband for up to 30,000 unconnected families with school aged students during the 2023 calendar year.

TELECOMMUNICATIONS

An investment of \$1.2 billion will be made by the Federal Government to further advance regional telecommunications, consistent with findings from the 2021 Regional Telecommunications Review. Funding will improve coverage in communities and support multi-carrier coverage along major roads, improve telecommunications resilience and collect data to inform future investment.

The Government will also provide \$757.7 million over 5 years from 2022-23 to improve mobile and broadband connectivity and resilience in rural and regional Australia, including:

- \$400.0 million over 5 years from 2022-23 to support the roll out of mobile base stations to improve highway and underserviced community mobile coverage;
- \$200.0 million over 5 years from 2022-23 for two additional rounds of the *Regional Connectivity Program* to fund the delivery of telecommunications infrastructure to improve digital connectivity in regional, rural and remote Australia;
- \$40.0 million over 3 years from 2022-23 for an improving mobile coverage round of the *Mobile Black Spot Program* to implement commitments for new mobile infrastructure to improve mobile coverage and reception quality across Australia;
- \$39.1 million over 5 years from 2022-23 for two additional rounds of the *Peri-Urban Mobile Program* to improve mobile reception in peri-urban areas that are prone to natural disasters; and
- \$30.0 million over 5 years from 2022-23 for the *On Farm Connectivity Program* to support farmers and agricultural businesses to purchase and install on farm connectivity equipment.

CYBER SECURITY

The Government will provide \$31.3 million in 2022-23 to extend the whole of government Cyber Hubs pilot while an evaluation is completed. The pilot is trialling a whole of government approach, utilising 4 Cyber Hubs, to deliver cyber security capabilities to Commonwealth entities.

The Government will also provide \$12.6 million to combat scams and online fraud to protect Australians from financial harm.



BUDGET SAVINGS UNDER THE DIGITAL ECONOMY STRATEGY

The Government will improve quality of spending by redirecting funding from under-performing programs. This includes savings of \$3.9 million over two years from 2022-23 by not proceeding with the *Supporting Women's Mid-Career Transition into the Tech Workforce* component of the 2022-23 March Budget.

CLARIFICATION SURROUNDING TAXATION OF CRYPTOCURRENCIES

The Government will introduce legislation to clarify that digital currencies (such as Bitcoin) continue to be excluded from the Australian income tax treatment of foreign currency. This maintains the current tax treatment of digital currencies, including the capital gains tax treatment where they are held as an investment. This measure removes uncertainty following the decision of the Government of El Salvador to adopt Bitcoin as legal tender and will be backdated to income years that include 1 July 2021.

INVESTMENT IN DIGITAL SKILLS AND TRAINING

The 2022-23 Budget aims to deliver on the outcomes from September's Jobs and Skills Summit, including:

- \$11.5 million over four years to establish the **APS Digital Traineeship** Program, which will support new digital career opportunities in the Australian Public Service. Priority groups such as First Nations people will be supported to undertake a Certificate IV qualification in digital or technology related fields; and
- A **Digital and Tech Skills Compact**, implemented in partnership with businesses, unions and training providers, that will develop options for a 'digital apprenticeships' model to support entry level tech workers to earn while they learn.

The Government has also announced A \$50 million **TAFE Technology Fund** to modernise TAFEs.





AUTHORED BY MONICA STANISIS

The Government has announced funding to support households and enterprises to upgrade key energy infrastructure, including generators, grids, and batteries. It will also provide investment to clean energy initiatives, including solar banks and a new hydrogen hub.

IMPROVING RELIABILITY AND EFFICIENCY

- **National Energy Transformation Partnership:** The Government will provide \$157.9 million over 6 years from 2022-23 (and \$1.1 million per year ongoing) to support the implementation of the National Energy Transformation Partnership which will deliver cleaner and more secure and reliable energy for Australians. Funding includes:
 - \$63.9 million over 4 years from 2022-23 to develop mechanisms to ensure firming capacity for the National Electricity Market, manage future generator closures and support large scale battery projects.
 - \$23.0 million over 3 years from 2022-23 to make changes to Australian Energy Market Operator's powers and the National Gas Rules to increase the security, resilience and reliability of the east coast gas market.
 - \$18.9 million over 4 years from 2022-23 (and \$1.1 million per year ongoing) to improve energy planning by developing analysis of Australia's regional energy supply and demand.
 - \$15.2 million over 4 years from 2022-23 to develop a National Energy Performance Strategy to manage Australia's energy demand.
 - \$15.1 million over 6 years from 2022-23 to enhance Australia's energy security by identifying and proactively managing emerging energy system risks.
 - \$9.6 million over two years from 2022-23 to establish the Partnership's implementation and governance framework.
 - \$5.5 million over 3 years from 2022-23 to co-design and commence implementation of a First Nations Clean Energy Strategy in partnership with First Nations communities.
 - \$4.6 million in 2022-23 to progress expanding and modernising the Greenhouse Energy Minimum Standards program and the Nationwide House Energy Rating Scheme.
- **Rewiring the Nation:** The Government will provide \$20.0 billion in funding to establish Rewiring the Nation to expand and modernise Australia's electricity grids at lowest cost, unlocking new renewables and storage capacity and driving down power prices. Rewiring the Nation will be managed by a new Rewiring the Nation Office (RTNO) within the Department of Climate Change, Energy, the Environment and Water, with the Australian Energy Market Operator as a technical advisor and the Clean Energy Finance Corporation (CEFC) to act as the financing arm for the program. Funding includes:
 - \$20.0 billion in funding to provide concessional loans and equity to invest in transmission infrastructure projects that will help strengthen, grow and transition Australia's electricity grids.
 - \$50.4 million over 4 years from 2022-23 to support the operating costs for the CEFC to deliver concessional loans and equity through Rewiring the Nation and manage finance-related negotiations.
 - \$18.1 million over 4 years from 2022-23 to establish the RTNO to manage coordination, community engagement, and negotiation with the states and territories for the delivery of Rewiring the Nation projects.



- \$9.4 million over 4 years from 2022-23 to deliver reforms to transmission regulations, including the regulatory investment test for transmission, and designate projects as ‘Nationally Significant Transmission Projects’ to overcome barriers to the delivery of transmission projects.
- \$5.8 million over 3 years from 2022-23 to conduct a review of the Integrated System Plan and transmission frameworks in other jurisdictions, to improve the effectiveness of energy system planning for the transition of the electricity market away from fossil fuels.
- **Diesel Exhaust Fluid Market Security:** The Government will provide \$49.5 million over 4 years from 2022-23 to increase the security of the diesel exhaust fluid (DEF) market in Australia. This includes:
 - \$45.0 million over 4 years from 2022-23 to secure a stockpile of 5 weeks of emergency supply of technical grade urea, a key ingredient for DEF, and to create a grant program for small-scale DEF manufacturing projects.
 - \$4.6 million over 4 years from 2022-23 to establish an online data collection and reporting mechanism for the DEF market.
- **Energy efficiency grants for SMEs:** The Government will provide \$62.6 million over 3 years from 2022-23 to support small to medium enterprises to fund energy efficient equipment upgrades. The funding will support studies, planning, equipment and facility upgrade projects that will improve energy efficiency, reduce emissions or improve the management of power demand.

MODERNISING TRANSPORT

- **Driving the Nation Fund:** The Government will provide \$275.4 million over 6 years from 2022-23 as part of its election commitment to double the Commonwealth’s investment to \$500 million and establish the Driving the Nation Fund to invest in cheaper and cleaner transport. This includes:
 - \$146.1 million over 5 years from 2023-24 for the Australian Renewable Energy Agency to co-invest in projects to reduce emissions from Australia’s road transport sector.
 - \$89.5 million over 6 years from 2022-23 for the Hydrogen Highways initiative to fund the creation of hydrogen refuelling stations on Australia’s busiest freight routes, in partnership with states and territories, including \$5.5 million to LINE Hydrogen Pty Ltd for its George Town green hydrogen heavy transport project.
 - • \$39.8 million over 5 years from 2022-23 to establish a National Electric Vehicle Charging Network to deliver 117 fast charging stations on highways across Australia, in partnership with the NRMA.

The Government will also provide \$14.0 million over 4 years from 2022-23 for the Australian Automobile Association to conduct on-road emissions and fuel consumption testing of light vehicles sold in Australia.

REACHING REGIONAL AND REMOTE AUSTRALIANS

- **First Nations community microgrids program:** The Government will provide \$83.8 million over 4 years from 2022-23 to develop and deploy microgrid technology across First Nations communities, to increase access to cheaper, cleaner and more reliable energy. The microgrid projects will be developed in consultation with Aboriginal and Torres Strait Islander groups, First Nations clean energy experts and the states and territories.
- **Powering the Regions Fund:** The Government will establish a Powering the Regions Fund from 2022-23, with \$1.9 billion allocated from the uncommitted funding from the Emissions Reduction Fund, the Climate Solutions Fund and the Safeguard Mechanism Crediting to assist industries, regional Australia and communities with the transition to net zero emissions. Initial funding includes:
 - \$5.9 million in 2022-23 to support reforms to the Safeguard Mechanism that will assist covered industries with the transition to net zero.
 - \$3.3 million in 2022-23 for further design and development of the Powering the Regions Fund.



- \$0.8 million in 2022-23 for an independent panel review of the Australian carbon credit unit market.

The Fund will also continue to support reverse auctions by the Clean Energy Regulator for Australian carbon credit units.

INVESTING IN CLEAN ENERGY

- **Solar Banks:** The Government will provide \$102.2 million over 4 years from 2022-23 to establish a Community Solar Banks program for the deployment of community-scale solar and clean energy technologies. Funding will improve access to clean energy technologies in regional communities, social housing, apartments, rental accommodation, and households that are traditionally unable to access rooftop solar.
- **Townsville Hydrogen Hub:** The Government will provide \$71.9 million over 7 years from 2022-23 to deliver a new green hydrogen hub in the Townsville region of Queensland.
- **Offshore renewables:** The Government will provide \$0.5 million in 2022-23 to develop an offshore renewable energy industry growth strategy to support the development of offshore renewable projects in Commonwealth waters.
- **Community batteries for household solar:** The Government will provide \$224.3 million over 4 years from 2022-23 to deploy 400 community batteries across Australia to lower bills, cut emissions and reduce pressure on the electricity grid by allowing households to store and use excess power they produce.



AUTHORED BY JANE MA

The Government is committed to ensuring the Australian Defence Force is well positioned to meet Australia's security challenges over the next decade and beyond, with defence funding increasing beyond two per cent of GDP over the forward estimates - the highest level in decades. In this Budget, the Government has earmarked an extra \$213m over 5 years for additional assistance to Ukraine and has delivered on its election commitment to provide long-term support to Australian veterans and their families.

ADDITIONAL ASSISTANCE TO UKRAINE

The Government will provide \$213.3 million over 5 years from 2021-22 to deliver additional assistance to Ukraine following the invasion by Russia. Funding includes:

- \$185.6 million over two years from 2021-22 in military assistance, including Bushmaster Protected Mobility Vehicles, armoured personnel carriers, lightweight towed howitzers and other military equipment, and a contribution to NATO's Ukraine Comprehensive Assistance Package Trust Fund.
- \$18.4 million over 4 years from 2022-23 to allocate additional 3 year Temporary Humanitarian Concern Visas (subclass 786) to Ukrainians in 2022-23, and extend access to Medicare for a 12 month period for Ukrainians, including their immediate family members, who hold a Bridging Visa E.
- \$8.7 million in 2022-23 to assist Ukraine's Border Guard Service to upgrade border management, improve cyber security and enhance border operations in the field.
- \$0.6 million in additional funding in 2022-23 for the Ukrainian Community and Settlement Support program to provide further support for the ongoing settlement and integration needs of those arriving in Australia from Ukraine.

This measure extends the 2022-23 March Budget measure titled Assistance to Ukraine.

PACIFIC SECURITY AND ENGAGEMENT INITIATIVES

The Government will provide \$147.5 million over 4 years from 2022-23 (and \$23.9 million per year ongoing) to expand Australia's engagement with Pacific partners and increase support to regional security priorities. Funding includes:

- \$45.7 million over two years from 2022-23 to support the Australian Federal Police's deployment in Honiara through the Solomons' International Assistance Force.
- \$32.0 million over 4 years from 2022-23 to expand the Australian Broadcasting Corporation's regional transmission.
- \$30.4 million over 4 years from 2022-23 (and \$14.5 million per year ongoing) to upgrade the aerial surveillance capability under the Pacific Maritime Security Program.
- \$22.3 million over 4 years from 2022-23 (and \$6.4 million per year ongoing) to establish a network of Australian Border Force (ABF) officers across the Pacific.
- \$6.9 million over 4 years from 2022-23 to establish an Australia Pacific Defence School to provide enhanced integrated training for members of Pacific defence and security forces.
- \$5.4 million over 4 years from 2022-23 (and \$1.5 million per year ongoing) to increase Australia's diplomatic footprint in the Pacific.
- \$4.8 million over 4 years from 2022-23 (and \$1.4 million per year ongoing) to enhance the capacity of the ABF College to provide training to Pacific security forces.



This measure delivers on the Government's election commitments as published in the *Plan for a Better Future*.

INCREASING THE TOTALLY AND PERMANENTLY INCAPACITATED PAYMENT FOR VETERANS

The Government will provide \$97.9 million over 4 years from 2022-23 (and \$28.7 million per year ongoing) to increase the Special Rate of Disability Compensation Payment, Temporary Special Rate Payment, and the Special Rate Disability Pension by \$1,000 per year.

This measure delivers on the Government's election commitment as published in the *Plan for a Better Future*.

MODERNISATION TO REDUCE WAIT TIMES TO ACCESS SUPPORT AND SERVICES

The Government will provide \$87.0 million over two years from 2022-23 to improve the administration of the claims processing system and improve veterans' services.

This measure will enhance ICT systems, including MyService and myGov to better support veterans and their families. This measure also supports the development of business cases to replace and modernise at risk legacy ICT systems.

This measure supports the Government Response to the Royal Commission into *Defence and Veteran Suicide Interim Report*.

VETERANS' WELLBEING PACKAGE

The Government will provide \$70.7 million over 4 years from 2022-23 (and \$0.4 million per year ongoing) to support veterans and their families and improve veterans' wellbeing. Funding includes:

- \$46.7 million over 4 years from 2022-23 to establish 8 new Veterans' and Families' Hubs (Hubs) and support work already underway for Hubs in 2 existing locations.
- \$24.0 million over 4 years from 2022-23 to improve veteran employment opportunities through supporting recognition of prior learning for training undertaken by Australian Defence Force personnel and supporting employers to attract and retain veterans.

This measure delivers on the Government's election commitment as published in the *Plan for a Better Future*.

IMPROVING HOME OWNERSHIP FOR DEFENCE PERSONNEL AND VETERANS

The Government will provide \$46.2 million over 4 years from 2022-23 (and approximately \$17.8 million per year ongoing) to expand access to the Defence Home Ownership Assistance Scheme to support Australian Defence Force (ADF) personnel and veterans to purchase their own home. The expansion will reduce the minimum service periods for subsidised mortgage interest payments and remove the current post separation timeframe to allow veterans to access the scheme any time after they leave the ADF.

This measure is estimated to increase receipts by \$23.8 million over 4 years from 2022-23.

This measure delivers on the Government's election commitment as published in the *Plan for a Better Future*.

SUPPORT FOR DEFENCE AND MANUFACTURING INDUSTRIES

The Government will provide \$37.3 million over 3 years from 2022-23 to the Department of Defence to support the development of defence and fuel manufacturing industries. Funding includes:

- \$32.2 million over 3 years from 2022-23 to support the construction of the North Queensland Simulation Park in Townsville, Queensland to support the development and growth of defence industry in the region.
- \$5.1 million over 3 years from 2022-23 to support the development of sovereign capacity in renewable fuel manufacturing, particularly for the Australian Defence Force.

This measure delivers on the Government's election commitment as published in the *Plan for a Better Future*.

EXPANDING THE DEMAND DRIVEN FUNDING MODEL

The Government will provide \$24.3 million over 4 years from 2022-23 (and \$2.0 million per year ongoing) to improve the capacity of the Department of Veterans' Affairs (DVA) to model increased demand for services and to support its operations. Funding includes:

- \$13.2 million in additional resources to DVA in 2022-23 to provide increased support to veterans who are having claims processed
- \$11.1 million to improve DVA's demand modelling, including improvements to its data sharing arrangements with the Department of Defence and predictive and data analytics modelling capabilities.

This measure supports the Government Response to the *Royal Commission into Defence and Veteran Suicide Interim Report*.

SUPPORT FOR VETERANS

The Government will provide \$8.4 million over 4 years from 2022-23 to support Australian Defence Force personnel and veterans. Funding includes:

- \$4.7 million over 4 years from 2022-23 to support the development and trial of an online tool to assist Australian Defence Force personnel with their transition to civilian life
- \$3.6 million over two years from 2022-23 to support the Council of Australian Veterans to develop the Scott Palmer Services Centre (the Centre). The Centre will provide temporary accommodation in Darwin to deliver crisis services to veterans experiencing homelessness in the Northern Territory.
- \$0.1 million in 2022-23 to fund research into the history of soccer matches between Australia and New Zealand that were held between 1923 and 1954 (the Soccer Ashes).

This measure delivers on the Government's election commitment as published in the *Plan for a Better Future*.

LEGISLATIVE PATHWAY TO SUPPORT VETERANS AND FAMILIES

The Government will provide \$9.5 million over two years from 2022-23 to develop, and consult on, a pathway to simplify and harmonise veteran rehabilitation and compensation legislation.

This measure supports the Government Response to the *Royal Commission into Defence and Veteran Suicide Interim Report*.

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