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14 May 2024

# Budget Speech 2024–25

Delivered on 14 May 2024 on the second reading of the Appropriation Bill (No. 1) 2024–25.

Speaker, I move that the Bill be now read a second time.

## Cost of living help and a future made in Australia

On this Ngunnawal land we acknowledge all the First Nations people of this country and the custodians, customs and cultures which guide and inspire us.

This is a Budget for the here-and-now and it's a Budget for the decades to come.

It's a responsible Budget that helps people under pressure today – and invests in the promise and potential of the more prosperous future we can make together.

Our main priorities are:

- **Helping with the cost of living.**
- **Building more homes for Australians.**
- **Investing in a Future Made in Australia – and the skills and universities we'll need, to make it a reality.**
- **Strengthening Medicare and the care economy.**
- **And responsible economic management**, which is set to produce another surplus and help fight inflation.

Speaker,

This government and this Budget delivers for every Australian:

A tax cut for every taxpayer.

Wages growing in every industry.

A better deal for every working parent.

A fairer go at every checkout.

New help with energy bills for every household and for small business.

Stronger Medicare in every community.

More homes in every state and territory.

More opportunities in every TAFE and University.

A dignified retirement for older Australians.

Energy and industry policies that help bring the jobs of the future to every corner of our country.

An economic plan where growth and opportunity go together.

A government and a Budget for every Australian.

## Economic outlook

It's framed in fraught and fragile global conditions.

The world economy is resilient in parts but subdued overall.

Inflation is lingering in North America, growth is slowing in China and tepid in Europe, tensions have escalated in the Middle East and persist in Ukraine, global supply chains are fragmenting.

This uncertainty combines with cost of living pressures and higher interest rates to slow our economy, with growth forecast to be just 1¾ per cent this financial year and 2 per cent next.

Slower growth means a softer labour market, with unemployment expected to rise slightly to 4½ per cent next year, even as we create tens of thousands of new jobs.

I want Australians to know that despite everything coming at us, we are among the best placed economies to manage these uncertainties and maximise our opportunities.

We have an envied combination of moderating inflation, record new jobs, near-record participation, real wages growth, the lowest-ever gender pay gap, and expanding business investment.

Annual inflation has more than halved from its peak in 2022 and it's now lower than anticipated in the mid-year update but we know people are still under the pump.

That's why we designed our cost of living policies to ease these pressures and take another ¾ of a percentage point off inflation this year, and ½ a percentage point next year.

Treasury is now forecasting inflation could return to target earlier, perhaps even by the end of this year.

At the same time, around 780,000 jobs have been created under this government, a record for any first term.

This is stronger jobs growth than in any major advanced economy.

Real wages are growing again for the first time in almost 3 years.

Business investment is now expected to record its longest annual expansion since the mining boom –

And we're addressing the pressures caused by population growth, with net overseas migration next year now expected to be half what it was last year.

## Easing cost of living pressures

Speaker,

The number one priority of this government and this Budget is helping Australians with the cost of living.

Responsible relief that eases pressure on people and directly reduces inflation.

The comprehensive cost of living plan in this Budget:

- Delivers a tax cut for every taxpayer.
- Provides new power bill relief for people and small businesses.
- Freezes the cost of medicines.
- Makes student loans fairer.
- Boosts competition in our economy so families and farmers get a fairer go.
- And supports renters.

## Tax cuts for every taxpayer

Our new tax cuts for middle Australia are the biggest part of the cost of living relief in this Budget.

From July 1, all 13.6 million taxpayers will get a tax cut.

And for 84 per cent of taxpayers, and 90 per cent of women, a bigger tax cut than they would have under the previous government.

This is about rewarding the hard work of our nurses and teachers, truckies and tradies.

And the 2.9 million people earning \$45,000 or less, who would have received nothing.

The average benefit is \$1,888 a year, that's \$36 a week.

Our tax cuts are better for families, communities, women, and young people, and better for business and the economy.

## New power bill relief

Speaker,

In 2022, Russia's invasion of Ukraine triggered the biggest shock to global energy prices since the 1970s.

We know Australian families and businesses have felt this pain – and that’s why we stepped in to help.

Electricity prices would have risen 15 per cent in the last year if not for our efforts – instead they rose 2 per cent.

Tonight, I assure Australians more help is on the way.

This Budget delivers \$3.5 billion in new energy bill relief.

For everyone.

Just as every Australian taxpayer will get a tax cut, every Australian household will get energy price relief.

From July 1, Australians will receive an energy rebate of \$300 – and one million small businesses will get a bit more.

The ABS has shown how cutting energy bills directly cuts inflation too.

Keeping the lights on for families and businesses – and keeping downward pressure on inflation.

## Cheaper medicines

Speaker,

Labor governments make Medicare stronger – and medicine cheaper.

We are providing up to \$3 billion for cheaper medicines and the community pharmacies that distribute them.

And we are freezing the maximum cost of PBS prescriptions.

For everyone.

This year and next year, no-one will pay more than \$31.60.

Six out of 10 PBS scripts go to pensioners and concession cardholders.

And we will freeze the cost of their medicines, for 5 years.

Meaning no pensioner or concession cardholder will pay more than \$7.70 for the medicine they need.

We’re also investing \$3.4 billion to add life-changing and life saving medicines to the PBS.

Cutting the cost of one breast cancer treatment from around \$100,000 down to just \$31.60.

## Debt relief for students

Speaker,

Going to university can be a life-changing opportunity.

For 35 years now, our student loan system has supported millions of people who study hard to chase their dream.

But spikes in inflation have exposed a flaw in this system – and put young people under unfair pressure.

We are fixing that and changing it so it won't happen again.

We are capping indexation of student loans to either the Consumer Price Index or the Wage Price Index, whichever is lower.

Backdating it to mid-2023 will cut indexation from last year in half.

It will wipe \$3 billion in student debt for over 3 million Australians and save the average person around \$1,200.

## A fair go at the checkout

Speaker,

Australians are feeling the pinch at the check-out.

That's why we empowered the competition watchdog to hold supermarkets accountable –

Why we're taking steps to make the Food and Grocery Code mandatory –

And making our economy more competitive across the board –

By strengthening the mergers regime –

And abolishing nuisance tariffs and reducing compliance costs for business.

Because more competition means more choices, lower prices, better services and better jobs.

## More help for renters

Rising rents are another big part of the inflation challenge, and we're supporting renters who need our help.

We are providing \$1.9 billion to increase the maximum rates of Commonwealth Rent Assistance by a further 10 per cent.

On top of the 15 per cent increase delivered in our last Budget.

It's the first back-to-back increase to Commonwealth Rent Assistance in more than 30 years.

And more much-needed help for young people and renters of all ages doing it tough.

# Building more homes for Australians

We're easing the cost of living – and we're building more homes for Australians.

In the 5 years from this July, we aim to build 1.2 million of them.

Our goal is ambitious – but achievable, if we all work together and if we all do our bit.

\$6.2 billion in new investments mean our \$32 billion Homes for Australia plan will:

- Clear local infrastructure bottlenecks.
- Provide more housing for students.
- Fund more social and affordable housing.

And we will also deliver better transport for better access to suburbs, cities and regions.

## Infrastructure that supports more homes

Speaker,

More homes means more affordable homes.

And a better deal for buyers, builders and renters alike.

The current housing pipeline is backed up.

We've already allocated \$3.5 billion to address bottlenecks and slash red tape –

And this Budget includes another \$1 billion to help states and territories build more housing sooner.

And we're providing \$89 million for 20,000 additional fee-free TAFE and VET places to train more construction workers to do the work we'll need.

## More housing for students

Speaker,

Australia's international education sector is a national asset.

But for too long, enrolments have grown without being matched by an increase in student housing supply.

This puts pressure on prices and rents, especially in our cities and suburbs.

It makes finding housing harder for everyone.

We have a more substantial, more sustainable approach.

If universities want to take more international students, they must build more student accommodation.

We will limit how many international students can be enrolled by each university based on a formula, including how much housing they build.

## More social and affordable housing

So more student housing – and more social housing.

Tonight's Budget delivers an additional \$1.9 billion in loans to help build 40,000 social and affordable homes.

We have also secured the national housing agreement, which would otherwise have run out.

We're building more remote housing in the NT –

Doubling funding dedicated to address homelessness –

And we're directing \$1 billion towards accommodation for women and children fleeing domestic violence, and youth.

## Better transport for cities, regions and suburbs

Building new homes will mean building new connections to community too.

So people can find good jobs and count on reliable transport close to where they want to live.

We are investing in vital projects to build new transport networks across every state and territory.

Including a new rail link that will bring the communities of the Sunshine Coast and Brisbane together –

Opening Western Sydney to the world with \$2.3 billion for better infrastructure and the new international airport –

And \$102 million to upgrade regional airports and remote airstrips, better connecting remote communities to essential services.

## Investing in a Future Made in Australia

Speaker,

We are building more homes and helping people now.

And we are building an economy that will position our people to benefit from the opportunities of the decades ahead.

The world is committed to net zero by 2050.

This will demand the biggest transformation in the global economy since the industrial revolution.

Australian energy can power it.

Australian resources can build it.

Australia's regions can drive it.

Australian researchers can shape it.

And Australian workers can thrive in it.

Our \$22.7 billion Future Made in Australia package will help make us an indispensable part of the global economy.

A crucial part of a growth agenda which is all about:

- Attracting investment in key industries.
- Making our country a renewable energy superpower.
- Strengthening our defence capabilities and economic security.
- Supporting small business to grasp the opportunities of our transforming economy.
- And expanding and reforming tertiary education for a more skilled workforce.

## Attracting investment in key industries

To realise the opportunities of a Future Made in Australia we're changing the way we attract and deploy investment.

A new Act and new framework will impose the rigour –

Focusing investment on transformational opportunities –

And setting conditions to ensure investors benefiting from our incentives are supporting their people and communities – to lift private investment in skills, workforces and local supply chains.

We will create a front door for investors to accelerate and coordinate transformational projects –

Establish a domestic National Interest Account, that adds discipline to investments in the national interest –

And strengthen and streamline approvals – across environmental, planning, cultural heritage and foreign investment.

## Making Australia a renewable energy superpower

We know the global energy transformation represents a golden opportunity for Australia.

The world is changing, the pace of that change is accelerating, and our approach to growth and investment needs to change as well.

If we hang back, the chance for a new generation of jobs and prosperity will pass us by – and we'll be poorer and more vulnerable as a consequence.

This Budget invests in our renewable energy superpower ambitions –

Including \$13.7 billion in production tax incentives for green hydrogen and processed critical minerals, so industries are rewarded for scale and success –

The \$1.7 billion Future Made in Australia Innovation Fund, to develop new industries like green metals and low carbon fuels –

And \$520 million to deepen net zero trade and engagement with our region.

We're also allocating \$566 million to map the geological potential of our entire country.

To get a comprehensive picture of our critical minerals and groundwater.

## Strengthening our defence capabilities and economic security

Speaker,

In a world of rapid economic change and heightened strategic competition, investing in modern defence industries serves our economic and national security interests.

That's why we're injecting \$50.3 billion over the decade to deliver the capabilities we need to keep Australians safe – as part of the National Defence Strategy.

We're also boosting economic resilience and strengthening supply chains –

Giving Australian firms the chance to manufacture more of the next generation of solar panels –

Moving our nation along the critical minerals value chain through investing in battery production –

And backing the Australian creators of the world's first commercial-scale quantum computer.

## Support for small business

In defence, in energy, in resources and right around our economy –

We want Australian small businesses to share in the big opportunities ahead as well.

That's why we are extending the \$20,000 instant asset write-off until 30 June 2025.

Providing \$290 million in cash flow support for up to 4 million small businesses.

And investing \$625 million to help farmers and rural communities reduce emissions and better prepare for climate change and drought.

## Expanding tertiary education

Speaker,

To seize the transformative opportunities of a more modern economy, we will expand the opportunity and reach of tertiary education to more Australians, in response to the Universities Accord.

Because it shouldn't matter whether you live in the suburbs or the regions, whether your parents are rich or poor –

Whether you were born with disability or grew up with disadvantage –

Whether you're a First Nations Australian or a first-generation Australian –

The chance and the choice to go to university or TAFE should not be out of reach.

Tonight, we are setting a national target of 8 out of 10 workers achieving a tertiary qualification by 2050 and backing it in with new funding reforms to meet this goal.

We're investing \$350 million for fee-free uni-ready courses.

These courses give those who would have missed out on studying a degree, a foot in the door.

And we are paying students in critical sectors like nursing, teaching and social work to do the practical placements which are an important part of their studies.

We're also investing \$500 million in skills for priority industries like clean energy, construction, and manufacturing, and supporting women to build careers in these fields.

These landmark reforms will improve the quality, affordability and sustainability of the tertiary education system and drive lasting, transformative change for our students and our economy.

## Strengthening Medicare and the care economy

Speaker,

One of the best and most important things about our country is the way we look out for each other and look after each other.

Our health system and our care economy are central to this.

That's why, in this Budget we are:

- Strengthening Medicare, and mental health.
- Delivering better, stronger aged care.
- Making the NDIS fairer and more sustainable.
- And boosting wages in the care economy.

## Strengthening Medicare

The purpose and promise of Medicare is world-class healthcare every Australian can access and afford.

The foundation of that is bulk billing.

Bulk-billing GPs in family medical centres.

And bulk billing consultations in our new Medicare Urgent Care Clinics.

Since June last year, almost 400,000 visits have been made to our 58 Clinics in suburbs and regions all over Australia.

Almost one in 3 visits have been for children under 15.

And because these clinics open early and close late, more than one in 3 visits were outside normal working hours.

In this Budget, we are allocating \$227 million for a further 29 Medicare Urgent Care Clinics.

Taking pressure off emergency departments and making it easier for Australians to access free healthcare.

Making Medicare stronger means doing better on mental health too.

That's why we're investing \$361 million to strengthen our mental health system.

Including new funding for a national digital mental health service that will provide free support to 150,000 Australians a year.

## Better, stronger aged care

Speaker,

As more Australians live longer, healthier lives, demand for aged care services is growing – and the sort of care we need is changing.

We will invest another \$2.2 billion in aged care and implement more of the Royal Commission.

Including \$1.2 billion to improve systems so our aged care services remain accessible, up-to-date and reliable.

Ensuring dignity and security for older Australians means allowing people to choose the care that's right for them – including staying in their own home.

That's why we are investing \$531 million for another 24,000 home care packages, giving more Australians that choice.

## Making the NDIS fairer and more sustainable

Whether it's aged care or the National Disability Insurance Scheme, we will work with the community and across the Parliament to fund the future services people need and deserve.

Over the last decade the NDIS has delivered life-changing support for Australians with disability.

All of us in this place take pride in it – and all of us must take responsibility for securing its future.

Working with National Cabinet to put participants at the centre of the scheme, and design and fund additional foundational supports outside of it.

And ensuring every dollar invested in the NDIS goes to those who need it most.

Which is why we are providing \$469 million to keep working with the disability community and the states and territories, and to crack down on fraud and exploitation.

## Boosting care economy wages

Speaker,

This government is ensuring Australians can earn more and keep more of what they earn – in the care economy and in every industry.

We will ensure those who look after our kids as they learn, and our parents as they age, have the secure, well-paid jobs they deserve.

We will fund a further increase in award wages for our aged care workers, building on the \$11.3 billion we funded last year.

And we have provisioned for a wage increase for childcare workers as well.

This will help recruit and retain more early childhood educators, giving more Australian children the best start we can.

## Broadening opportunity

### Women's equality and opportunity

Speaker,

In childcare, aged care, and across the care economy, the majority of workers are women.

Lifting wages in these industries has helped bring the gender pay gap to a historic low.

Our government is the first in history with more than 50 per cent women – and we are 100 per cent committed to women's equality, opportunity and safety.

Violence against women is a national shame – and it requires national action.

We're delivering \$925 million to establish the permanent Leaving Violence Program.

Which takes our total investment to address violence against women to \$3.4 billion.

But we know there is more work for all of us to do.

And we are very proud that this Budget extends superannuation to parents on paid leave.

When it comes to those first months of your child's life, you can't put a price on being there.

And you shouldn't pay a price for being there.

That's why we've provided \$1.1 billion to pay super on government-funded Parental Leave.

This will make the super system fairer, reduce the gender gap and benefit 180,000 families a year.

And we're providing another \$56 million to improve access to women's health services and \$19 million to support carers to better choose how and when they work.

## Supporting the most vulnerable

Speaker,

We know cost of living pressures fall heaviest on the most vulnerable.

New energy rebates and more rent assistance will help.

And we're continuing the freeze on social security deeming rates until 30 June 2025, benefiting over 870,000 people, including 450,000 Age Pensioners.

For those who face additional barriers to finding work, we're providing \$41 million to further extend eligibility for the existing higher rate of JobSeeker.

So people who can only work up to 14 hours a week will see their payment increase at least \$54.90 a fortnight.

## Support for First Nations

We will also make new investments in health, housing, education, and jobs for Aboriginal and Torres Strait Islander people.

As well as more remote housing, we're creating the new Remote Jobs and Economic Development Program.

With 3,000 new jobs in remote Australia to build new skills and new confidence within communities.

## Responsible economic management

Speaker,

From delivering a tax cut to every taxpayer to reducing student debt or helping renters.

From new energy bill relief to the care economy to a Future Made in Australia.

We are easing pressure on Australians while investing in our people, our economy and our future.

At the same time as we strengthen the Budget and pay down debt.

Last year, our responsible economic management delivered the first surplus in 15 years.

We now expect another surplus, of \$9.3 billion this year.

These would be the first back-to-back surpluses in nearly 2 decades.

But pressures on the Budget intensify after that, rather than ease.

We are expecting a deficit of \$28.3 billion in 2024–25 –

But a stronger fiscal outcome in every year, compared to when we came to government.

On our watch, the Budget is \$215 billion stronger over the 6 years to 2027–28.

Gross debt is now expected to peak at 35.2 per cent of GDP in 2026–27 before declining to 30.2 per cent by 2034–35.

This year gross debt will be \$904 billion instead of the more than one trillion we inherited –

Meaning debt is \$152 billion lower.

A stronger Budget means we save around \$80 billion in interest costs over the decade.

These are the dividends of our responsible economic management.

We've found \$27.9 billion in savings and reprioritisations in this Budget and \$77.4 billion since the election.

We're limiting real spending growth to an average of 1.4 per cent per year since we came to government, less than half the average of the last 30 years and around a third of the growth under our predecessors.

And we are banking 96 per cent of revenue upgrades this year – keeping pressure off inflation while it is still above band.

With Treasury now expecting we could get back to the inflation target this year, not next.

That means inflation is expected to be lower, sooner.

We've achieved all of this despite much smaller revenue upgrades.

And still providing an extra \$3 billion to ensure Australians, including our veterans receive better essential services.

## Economic security in a world of churn and change

Speaker,

The story of Australia is more than a tale of challenges we have endured.

And in our future, we must strive for more than muddling through or making do.

This Budget shows we are realistic about the pressures people face now – and optimistic about the future.

It reflects our biggest ambitions and our highest aspirations –

To make Australians the primary beneficiaries of a world of churn and change.

Tapping their confidence, compassion, and creativity –

To manage their pressures and maximise our advantages –

To forge a new economy and a new generation of prosperity.

And in that effort –

To make Australians and Australia more secure –

In the bigger opportunities we shape, and the future we make, together.

And that's why I commend this Bill – and this Budget – to the House.



The Hon Dr Jim Chalmers MP  
Treasurer

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