



Light Trail No.2 by Lin Zihao

AUSTRALIAN FEDERAL BUDGET

MAY 2023-2024

KING&WOOD
MALLESONS
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AUSTRALIAN FEDERAL BUDGET

2023-2024

The Labor Government's 2023-24 May Budget leverages off the significant surge in tax revenue from strong employment, high commodity export prices, and stable corporate profits to fund a number of election promises including social welfare, health, and cost-of-living support, producing a small short-term surplus with minimal new tax measures and a focus on spending restraint and reprioritisation.

With the Reserve Bank seeking to dampen spending and reduce inflationary pressures through higher interest rates, the Government has adopted a fiscal policy that is a 'steady-as-she goes' approach with the forward estimates now predicting deficits will reduce by over \$143 billion over 4 years. While there have been material tax changes to the resource sector, tobacco and superannuation, broader structural tax changes have been avoided and the stage 3 tax cuts currently remain unchanged, an approach that seeks to underline the Government's fiscal credibility. There are targeted tax concessions such as for small business, investing in clean buildings and build-to-rent accommodation, however there are also enhanced tax integrity provisions including revised general anti-avoidance provisions and a minimum global and domestic tax imposition.

The challenge faced by the Government will be balancing the structural spending changes that are long term, against a revenue boost that may only be short lived, all in the context of a slowing Australian economy. Recent history has also shown that outside factors such as natural disasters, geopolitical tensions and COVID can significantly impact the Australian economy, meaning economic conditions can turn quickly and some buffer will be needed to cover these eventualities.

While the Government has indicated its willingness to manage future spending on large outlays such as the NDIS, key economic pressures such as inflation, productivity, and real wage growth remain. The Reserve Bank has noted that productivity has fallen to below pre-pandemic levels and while the Budget contains measures to ease the transition into more efficient energy reform, the Government has largely avoided incentives that promote business investment or improve its global competitiveness. These are no doubt longer term aims that the Government will, as part of its 'sequential' approach to reform, need to prioritise and focus on going forward if Australia is to remain connected and relevant in the growing Asian marketplace.

All Budget documents are available to download from the [Treasury's 2023-24 Budget website](#).



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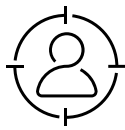
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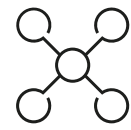
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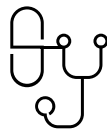
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CORPORATE TAX



AUTHORED BY
PETER SCOTT

The Government has included in this year's Budget very significant changes to the general anti-avoidance rule in Part IVA to specifically cover schemes to lower withholding taxes for foreigners and where the reduction of Australian tax occurs in the context of a broader scheme to limit foreign tax.

The Government has also announced that previously announced patent box measures will not proceed. Interestingly, the very significant thin capitalisation and intangibles measures slated to have effect from 1 July 2023 are not referred to in the Budget at all.

EXPANDING THE GENERAL ANTI-AVOIDANCE RULE (PT IVA)

In a previously unannounced measure, the Government has included significant changes to the general anti-avoidance rule in Pt IVA of the *Income Tax Assessment Act 1936*. These changes will expand the scope of Pt IVA so that it can apply to:

- schemes that reduce tax paid in Australia by accessing a lower withholding tax rate on income paid to foreign residents; and
- schemes that achieve an Australian income tax benefit, even where the dominant purpose was to reduce foreign income tax.

This measure will apply to income years commencing on or after 1 July 2024, regardless of whether the scheme was entered into before that date.

Pt IVA is Australia's general anti-avoidance rule. Broadly, it can apply to schemes carried out for the 'dominant purpose' of obtaining a 'tax benefit'. Where Pt IVA applies, the Commissioner can make a determination to deny the 'tax benefit'.

PATENT BOX MEASURES DROPPED

The Government will not proceed with patent box measures announced by the Former Government in the 2021-22 and 2022-23 March Budgets. Briefly, these changes were as follows:

- 2021-22 Budget - these measures included the introduction of concessional tax treatment for eligible corporate income associated with 'patent box income' from new patents in the medical and biotechnology sectors (see our Alert [here](#)). Such income was to be taxed at a concessional rate of 17%, with effect for income years starting on or after 1 July 2022.
- March 2022 Budget ([here](#)) - these measures included extensions of the patent box income measures to provide the same concessional tax treatment for corporate taxpayers in relation to patents linked to certain agricultural and veterinary chemical products and technologies which have the potential to lower emissions.



OTHER ANNOUNCEMENTS / NON-ANNOUNCEMENTS

Pillar 2 and PRRT

See the International and Energy & Resources sections for details of the announcements in relation to the Pillar 2 BEPS measures and the PRRT changes.

Equity funded special dividend rules

The Budget includes confirmation that the start date for the equity funded special dividend rules first announced in the 2016-17 Mid-Year Economic and Fiscal Outlook will be extended from 19 December 2016 to 15 September 2022. This is not a new announcement. The Bill introducing these measures was introduced to Parliament on 16 February 2023 (see our update [here](#)). The Bill has been referred to the Senate Economics Legislation Committee, which is due to provide its report on 26 May 2023.

Thin capitalisation and intangibles measures not mentioned

Interestingly, two very significant recently announced measures in relation capitalisation and intangibles are not referred to in the Budget. These changes are slated to have effect from 1 July 2023, but the outcome of the consultation processes is yet to be announced. The changes are:

- In March 2023, Treasury released for consultation exposure draft legislation to introduce dramatic changes to Australia's capitalisation regime (see our update [here](#)).
- Also in March 2023, Treasury released for consultation exposure draft legislation to introduce a new regime for the denial of deductions for offshore payments in respect of intangibles (see our Alert [here](#)).

Amendment to the Electric Car Discount

The Government will sunset the eligibility of plug-in hybrid electric cars from the fringe benefits tax exemption for eligible electric cars. This change will apply from 1 April 2025. Arrangements involving plug-in hybrid electric cars entered into between 1 July 2022 and 31 March 2025 remain eligible for the Electric Car Discount.





INTERNATIONAL



AUTHORED BY
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TIM WELLS

Australia to implement Pillar Two global minimum tax - In a significant development for multinationals, the Government will implement key aspects of Pillar Two of the OECD/G20 Two Pillar Solution to address tax base erosion. The proposed measures seek to establish a 15% global minimum tax rate and a 15% domestic minimum tax rate for large multinational enterprises with annual global revenue of EUR750 million (approximately AU\$1.2 billion) or more.

Interfunding exemption under the FIRB regime - The Government will seek to reduce regulatory burden by introducing a new 'interfunding' exemption under the FIRB regime.

MINIMUM EFFECTIVE TAX RATE

In a much-anticipated development, the Government will implement key aspects of Pillar Two of the OECD/G20 Two-Pillar Solution to address tax base erosion.

The proposed measures seek to establish a global minimum tax rate and a domestic minimum tax rate for large multinational enterprises (**MNEs**) with annual global revenue of EUR750 million (approximately AU\$1.2 billion) or more.

The measures are based on the OECD Global Anti-Base Erosion Model Rules (**Model Rules**). The Model Rules are designed to ensure large MNEs pay a minimum effective level of tax on the income arising in each jurisdiction where they operate.

While there is a large amount of detail yet to come, the measures will broadly operate as follows:

Global minimum tax

- The global minimum tax rules will impose a 15% global minimum tax rate for large MNEs with the 'Income Inclusion Rule' applying to income years starting on or after 1 January 2024 and the 'Undertaxed Profits Rule' applying to income years starting on or after 1 January 2025.
- The rules will effectively allow Australia to apply a top up tax on a resident MNE parent or subsidiary company where the group's income is taxed below 15% overseas.
- More specifically, according to the Model Rules:
 - the 'Income Inclusion Rule' imposes the minimum tax at the level of the parent entity of the relevant MNE group, in proportion to its ownership interests in those entities that have low taxed income; and
 - the 'Undertaxed Profits Rule' operates as a backstop to ensure that the minimum tax is still paid in circumstances where an entity with low taxed income is held through an ownership chain which happens to prevent the low-taxed income being brought into charge under the Income Inclusion Rule. The Undertaxed Profits Rule does this by imposing an adjustment (such as a denial of a deduction) that increases the subsidiary's tax.



Domestic minimum tax

- The domestic minimum tax rules will impose a 15% domestic minimum tax rate for large MNEs and will apply to income years starting on or after 1 January 2024.
- While not a common scenario, the rules will give Australia first claim on top-up tax for any low-taxed domestic Australian income. The domestic minimum tax ensures that Australia collects the revenue that would otherwise have attracted another country's global minimum tax.

The measures build on the Government's 'Multinational Tax Integrity Package' which was announced in the previous 2022-23 Budget and which proposed changes in relation to:

- Thin capitalisation (read previous KWM alert [here](#)).
- Deductions for payments in relation to intangibles that are connected with low tax jurisdictions (read previous KWM alert [here](#)).
- Public tax reporting for 'country-by-country' (CbC) reporting entities.

Next steps

Treasury will start working on draft legislation to implement Pillar Two. There is expected to be a fulsome public consultation process, including broad engagement with the tax industry. Questions about whether existing global disclosures such as CbC reports or audited statutory accounts can be used or modified to satisfy Pillar Two should, in particular, be explored.

The rules will need to be designed carefully to ensure there is a level playing field and double taxation is avoided, particularly in light of existing global tax rules such as the United States' Global Intangible Low Taxed Income (GILTI) regime.

Like with the hybrid mismatch rules, MNEs are likely to experience substantial complexity and compliance costs in establishing and maintaining processes to comply the Pillar Two. MNEs should closely monitor the upcoming developments and consider making a submission in the forthcoming consultation.

FIRB REGIME - INTERFUNDING EXEMPTION

In a welcome development, the Government stated it will amend the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (FATA) to exempt passive or low-risk 'interfunding' transactions from mandatory notification obligations and fees.

'Interfunding' is broadly where a fund invests in a separate fund and both funds are controlled by one responsible entity. The forthcoming draft legislation will provide further detail on the transactions that will and will not qualify.

No prior approval will be required for qualifying interfunding investments. However, unsurprisingly, such transactions, where applicable, would still be reviewable national security actions under the FATA.

The change is to apply prospectively, from the commencement date of the amending legislation.

This was one of the areas identified for legislative change to reduce regulatory burden in the February 2022 paper entitled *Enhancing Australia's Foreign Investment Framework: Government Response to the Evaluation of the Foreign Investment Reforms and Discussion Paper*. It is particularly welcome as the FIRB regime has recently seen a doubling of fees the introduction of the Register of Foreign Ownership of Australian Assets (expected to come into force on 1 July 2023). See our previous alerts [here](#) and [here](#).





SUPER & FUNDS



AUTHORED BY
MICHAEL EVANS

The Federal Government has announced several measures in relation to superannuation and managed investment trusts (MITs). The key announcements relate to:

- improvement in superannuation engagement and compliance
- additional MIT concessions to encourage investment and construction to expand Australia's housing supply

SUPERANNUATION

- **Superannuation Guarantee (SG) engagement and compliance**

The Government has announced several measures relating to improving SG engagement and compliance. The key measures are:

- From 1 July 2026, employers will be required to pay their employees' SG entitlements on the same day that they pay salary and wages.
- Funding of \$40.2 million to the ATO in 2023-24. This funding is aimed at improving data matching capabilities to identify and act on cases of SG underpayment by employers.
- Additional funding over 4 years from 1 July 2023 to enable the ATO to engage more effectively with businesses to address the growth of tax and superannuation liabilities. The additional funding will facilitate ATO engagement with taxpayers who have debts over \$100,000 and aged debts older than two years where those taxpayers are either public multinational groups with an aggregated turnover of greater than \$10 million, or privately owned groups or individuals controlling over \$5 million of net wealth.
- Funding of \$5 million over 5 years from 2023-24 to continue a superannuation consumer advocate to improve members' outcomes, offset by an increase in the Superannuation Supervisory Levy administered by APRA.

- **Amending the non-arm's length income (NALI) provisions**

The Government will amend the NALI provisions which apply to expenditure incurred by superannuation funds by:

- limiting income of self-managed superannuation funds and small APRA-regulated funds that are taxable as NALI to twice the level of a general expense. Additionally, fund income that is taxable as NALI will exclude contributions;
- exempting large APRA-regulated funds from the NALI provisions for both general and specific expenses of the fund; and
- exempting expenditure that occurred prior to the 2018-19 income year.

The date of effect for this measure is unclear in the Budget papers, however a previous Government consultation paper indicated that any changes to the non-arm's length expenses rules would apply from 1 July 2023.



- **Reducing concessions for individuals with a superannuation balance exceeding \$3 million**

As was announced prior to the Budget, the Government will reduce the tax concessions available to individuals with a total superannuation balance exceeding \$3 million, from 1 July 2025.

This measure will bring the headline tax rate to 30%, up from 15%, for earnings corresponding to the proportion of an individual's total superannuation balance that is greater than \$3 million. Earnings relating to assets below the \$3 million threshold will continue to be taxed at 15% or 0% if held in a retirement pension account.

Interests in defined benefit schemes will be appropriately valued and will have earnings taxed under this measure in a similar way to other interests. The measure will not place a limit on the amount of money an individual can hold in superannuation, with the current contributions rules continuing to apply.

- **No reduction in minimum drawdowns for 2023-24**

The Budget did not announce a further extension of the temporary 50% reduction in the minimum annual payment amounts for superannuation pensions and annuities.

As a result, the 50% reduction in the minimum pension drawdowns, which has applied since the 2019-20 income year, will cease on 30 June 2023.

MANAGED INVESTMENT TRUST (MIT) CONCESSIONS

- **Clean building withholding tax concession**

The Government has announced its intention to extend the clean building MIT withholding tax concession to data centres and warehouses. This measure will extend eligibility for the concession to data centres and warehouses that meet the relevant energy efficiency standard, where construction commences after 7:30 PM (AEST) on 9 May 2023. This measure will apply from 1 July 2025.

This measure also comes with increased minimum energy efficiency requirements for existing and new clean buildings.

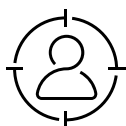
- **Reducing MIT withholding tax rate for Build-To-Rent Developments**

For eligible new build-to-rent projects where construction commences after 7:30 PM (AEST) on 9 May 2023, the Government will introduce legislation to:

- increase the rate for the capital works tax deduction to 4% per year; and
- reduce the final withholding tax rate on eligible fund payments from MIT investments from 30% to 15% (applying from 1 July 2024).

This is a welcome measure that aims to encourage investment and construction in the build-to-rent sector, aiming to expand Australia's housing supply.





JOBS & EDUCATION



AUTHORED BY
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This Budget is heavily focused toward funding initiatives for Jobs and Education. Funding to support jobs include \$54.3 million towards supporting the Australian Apprenticeship Support Network, \$27.4 million towards improving the safety and fairness of workplaces, and \$26.3 million toward boosting the employment of young Australians in the care economy. Key initiatives for education include \$105.9 million towards the Education portfolio's delivery of critical functions, \$37 million toward educational outcomes for the First Nations peoples and \$17.7 million for the Higher Education Disability Support Program.

EDUCATION

Key measures in the Education portfolio

- The Government will provide \$105.9 million over 4 years from 2023-24 (including \$57.9 million in capital funding) to strengthen the Education portfolio's capability to deliver critical functions, including:
 - \$91.7 million over 4 years to transform program administration for schools and higher education providers by developing an improved information and communications technology platform; and
 - \$14.2 million in 2023-24 to support the Department of Education's critical business and policy functions.
- The Government is also providing \$35 million over 4 years from 2022-23 to attract more people to the teaching profession and retain more teachers in the workforce, forming part of the \$328 million National Teacher Workforce Action Plan. The Government has broadened the cohorts eligible to mid-career professionals, people from diverse backgrounds and other underrepresented communities.
- The Government will achieve savings of \$53.1 million over 5 years from 2022-23 across the Education portfolio, including:
 - \$36.9 million over 5 years from the Strategic University Reform Fund and the Regional Research Collaboration Program to optimise the Tertiary Collection of Student Information; and
 - \$11.3 million over 4 years from uncommitted funding in the National School Reform Fund and the Quality Outcomes Program.

First Nations People

- The Government will also continue to support First Nations peoples to achieve better educational outcomes consistent with the National Agreement on Closing the Gap, with funding including:
 - \$32.8 million over two years from 2023-24 for the Clontarf Foundation to extend its existing program for the 2024 school year to support school engagement for at-risk First Nations young men; and



- savings of \$4.2 million over 4 years from 2022-23 from the Building Boarding Schools on Country Program, totalling \$70.8 million in investment to construct a new boarding school, Indigenous Education Research Centre, and upgrade the existing Yiramalay Studio School.

Higher education student support programs

- The Government will provide additional funding of \$18.7 million over 4 years from 2023-24 to expand higher education student support programs, including \$17.7 for the Higher Education Disability Support Program.

Women in STEM Cadetships and Advanced Apprenticeships

- The Government is also extending the Women in STEM Cadetships and Advanced Apprenticeships Program for two years to 30 June 2027.

EMPLOYMENT AND WORKPLACE RELATIONS

Australian Apprenticeship Support Network

- The Government will provide additional funding of \$54.3 million over 5 years from 2022-23 to introduce a new non-financial support model for Education portfolios from 1 July 2024, to redesign and refocus key support services delivered by the Australian Apprenticeship Support Network as to increase both apprenticeship completion rates and apprentice diversity.

Safety and fairness of workplaces

- The Government will also provide \$27.4 million over 4 years from 2023-24 to improve the safety and fairness of workplaces, and continue detailed consultation with key industries, with funding including:
 - \$20 million over two years to increase to the Productivity, Education and Training Fund, to support worker and employer representatives with workplace reforms and implementing the Government’s Workplace Relations agenda;
 - \$4.4 million over 4 years to establish the National Construction Industry Forum to provide advice on workplace relations, industry culture, skills and training, safety, gender equality and productivity for the construction industry;
 - \$2.0 million over two years to develop a training package on workplace psychosocial hazards, provided to organisations that train health and safety representatives; and
 - \$0.8 million to conduct a review of modern awards in the context of new gender equality and job security objects and the updated modern awards and minimum wages objectives in the *Fair Work Act 2009*.

Employment services for young Australians in the care economy

- The Government will provide \$26.3 million over 5 years from 2022-23 to boost employment services for young Australians in the care economy, continue pre-employment services for incarcerated First Nations people, trial a regional employment service approach and support workers and communities through enhancements to the *Local Jobs Program*.

Prevention of silicosis

- The Government will provide \$10 million over 4 years from 2023-24 to address the rise of silicosis in workers and develop a national strategy for the prevention of silicosis, with funding including:
 - \$4.7 million over 4 years to establish a dedicated occupational lung disease team to investigate reforms for an improved national framework for such diseases; and
 - \$4.2 million over 4 years to extend the Asbestos Safety and Eradication Agency’s remit to prevent silicosis and broaden the functions of the Asbestos Safety and Eradication Council.



Australian Skills Guarantee

- The Government will provide \$8.6 million over 4 years from 2023-24 to implement the Australian Skills Guarantee, ensuring one in 10 workers on major Australian Government-funded projects is an apprentice, trainee or paid cadet, applying from 1 July 2024 for projects with contracts valued at \$10 million or more in the construction and information and communications technology sectors, and including sub-targets for women.

Long-term skills funding agreement

- The Government will provide \$5.5 million in 2023-24 to continue supporting negotiations on a long-term skills funding agreement with the states and territories, and subject to the outcome of these negotiations, \$3.7 billion is retained in the Contingency Reserve for a 5-year National Skills Agreement to commence 1 January 2024.

National Careers Institute

- The Government will provide additional funding of \$5.1 million in 2023-24 to continue functions of the National Careers Institute and to evaluate its role in supporting Australians to access careers information, ensuring the Your Career website is based on latest labour market data and the continued delivery of the School Leavers Information Kit.

Supporting women

- The Government is also granting funding of \$5.0 million over 3 years from 2024-25 to appropriate organisations to support women in historically male dominated trade apprenticeships, including by providing education, advice or support to increase culturally safe and inclusive workplaces, reduce barriers to women's participation, and support the attraction and retention of women.

Commonwealth foundation skills program

- The Government will introduce a redesigned Commonwealth foundation skills program to improve access to training for all Australians seeking to develop their language, literacy, numeracy and digital skills from 1 July 2024. The program will be offered to people beyond registered job seekers, and will be delivered across national and local levels to improve access. There is a specific focus on First Nations people, with whole of community projects delivered in partnership with TAFEs and other registered training and community education organisations. The Government is also providing \$3.5 million over two years from 2022-23 to extend the Foundation Skills for Your Future Remote Community Pilots by 12 months to align with the commencement of this redesigned program.

Workplace relations system

- The Government is continuing to consult stakeholders on closing loopholes in the workplace relations system, including the Same Job, Same Pay principle, the regulation of employee-like forms of work, and legislating a fair, objective definition of casual employment. The Government will also engage with stakeholders to explore the design and implementation of a national labour hire licensing scheme in Australia.

Parents Next program

- The Government will also abolish the Parents Next program from 1 July 2024 and develop a replacement voluntary program.





FAMILY



AUTHORED BY
BLAKE SHERRY

This Government has delivered a Budget with a strong focus on supporting Australian families, with significant spending measures announced to support parents and children. Headline figures include a \$40 per fortnight increase to welfare payments at a funding cost of \$4.9 billion over five years and \$1.9 billion over five years to extend the Single Parenting Payment to assist parents with children up to 14 years of age. Additional funding will be provided for the Child Care Subsidy and the Early Childhood Education and Care sector.

WELFARE

- The Government will provide \$4.9 billion over five years (with \$1.3 billion per year ongoing) to increase support for people receiving working age payments. This includes:
 - increasing the base rate of working age and student payments by \$40 per fortnight. Commencing 20 September 2023, the increase applies to the JobSeeker Payment, Youth Allowance, Parenting Payment (Partnered), Austudy, ABSTUDY, Disability Support Pension (Youth), and Special Benefit; and
 - extending eligibility for the existing higher single JobSeeker Payment rate for recipients aged above 60 years to recipients aged above 55 years who are on the payment for nine or more continuous months.
- The measure is expected to increase personal income tax receipts by \$220 million over three years from 2024-25 (with \$80 million per year ongoing).

SUPPORTING PARENTS

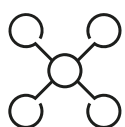
- The Government will provide \$1.9 billion over five years (and \$500 million per year ongoing) to extend eligibility for the Single Parenting Payment. The eligibility changes will support single principal carers with a youngest child under 14 years of age (currently, support ends when the youngest child turns 9).
- The Government is providing additional funding to support the Early Childhood Education and Care sector, including a \$72.4 million commitment for:
 - 75,000 subsidised places for early childhood educators, teachers and centre directors to undertake mandatory or highly recommended training;
 - financial assistance for 6,000 educators to undertake a paid practicum in initial teacher education courses; and
 - financial assistance for 2,000 workers to undertake a practicum exchange at a different service, including a living allowance for undertakings in rural or remote locations.
- The Government will provide additional funding for the Additional Child Care Subsidy, including \$2.8 million over four years to streamline delivery. Further funding of \$18.6 million will be provided to the Department of Education and Services Australia to protect the program from fraud and non-compliance. The Government expects this will achieve net savings of \$139.4 million over four years.



- The Government will provide \$19.7 million over two years to help parents support their children's health and early development. This includes:
 - \$6 million to extend the Australian Red Cross Lifeblood's role maintaining and expanding delivery of donor milk across Australia;
 - \$5.3 million to continue support for the Australian Breastfeeding Association's National Breastfeeding Helpline;
 - \$5.0 million to extend funding for Foetal Alcohol Spectrum Disorder prevention, diagnosis and support activities; and
 - \$3.4 million to continue activities addressing declines in childhood immunisation rates for children under 5 years.
- The Government has committed \$5.1 million over five years to address the Child Support Scheme recommendations of the Joint Select Committee on Australia's Family Law System. Funding will also change child support rules to improve support for secondary students who turn 18 while at school.
- The Government will spend \$400 thousand this year for an Early Learning Childcare Facilities Improvement Grant opportunity to provide funding to identified early learning centres and other community organisations to improve facilities.

SUPPORTING FAMILIES

- The Government will spend \$64 million over six years to extend the Stronger Places, Stronger People program to deliver place-based initiatives in partnership with ten local communities and state and territory governments to improve outcomes for disadvantaged children and their families, and to enhance place-based initiatives in six of these communities.
- The Government will reprioritise \$34.3 million in unspent funding to continue a range of activities under the Financial Wellbeing and Capability sub-program. Funding includes:
 - \$32.8 million over two years to provide additional financial wellbeing and capability supports for vulnerable individuals, families and communities in financial crisis; and
 - \$1.5 million in 2023-24 to undertake a review of the sub-program.
- The Government will provide funding of \$27 million over four years to undertake additional pilots of early interventions for infants with signs of autism, and further progress the Government's commitment to deliver a National Autism Strategy. Funding includes:
 - \$22.1 million to undertake two pilots of pre-emptive early interventions for infants showing signs of autism (leveraging the design of the 'Inklings' pilot underway in Western Australia);
 - \$3.7 million to undertake a co-designed national consultation and engagement process on the National Autism Strategy, and to support the Autism Cooperative Research Centre to continue to undertake research informing the Strategy; and
 - \$1.2 million to undertake consultation on a National Roadmap to improve the physical and mental health of autistic people.



INFRASTRUCTURE



AUTHORED BY
SARAH MUDALIAR



YAACOV SCHACHNA

The Government has once again announced a range of measures to invest in key infrastructure projects in each State and Territory. Critical investments are, in particular, being made in new and existing road, rail and community infrastructure projects.

KEY COMMITMENTS

The Budget has announced a number of material spending initiatives to infrastructure projects. The key commitments by jurisdiction are as follows:

KEY COMMITMENTS BY STATE/ TERRITORY	
Australian Capital Territory	<p>The Government has allocated funding of:</p> <ul style="list-style-type: none"> \$266.9 million for road construction projects and network maintenance, as well as transport development, innovation projects and grants to land transport research bodies an additional \$52.5 million for priority rail projects in the Australian Capital Territory
Queensland	<p>Large Projects</p> <ul style="list-style-type: none"> <i>Olympic and Paralympic Games:</i> The Australian Government is providing \$3.4 billion over ten years from or infrastructure investment to support the delivery of the Brisbane 2032 Olympic and Paralympic Games. Key funding includes a capped investment of up to \$2.5 billion for the development of Brisbane Arena and a capped investment of up to \$935.0 million investment towards 16 new or upgraded venues as part of the Minor Venues Program <i>Cairns Marine Project:</i> The Australian Government is providing \$230 million over 5 years from 2023-24 towards the delivery of 2 major construction projects in Cairns. This includes a major expansion to the Cairns Marine Precinct (with an additional \$30 million committed in this Budget) and a new Central Queensland University campus in the Cairns CBD <p>Other Key Investments include:</p> <ul style="list-style-type: none"> \$163.9 million to support projects in the Southeast Queensland region that deliver jobs, greater digital and transport connectivity and more liveable communities, including the construction of the Kangaroo Point Green Bridge and infrastructure provided through the SEQ Innovation Economy Fund \$58 million support projects in Townsville, including the Port of Townsville channel upgrade



	<ul style="list-style-type: none"> • \$7.5 million as part of the Hinkler Regional Deal to support the construction of a multi-use conveyor at the Port of Bundaberg
New South Wales	<ul style="list-style-type: none"> • The Government is providing an additional \$302.9 million to the Western Sydney Infrastructure Plan. This funding is intended to be used to enhance capacity and improve transport infrastructure in Sydney's western suburbs. • The Government has also allocated \$25 million of funding to support the Hunter region and the Port of Newcastle to become hydrogen ready
Northern Territory	<ul style="list-style-type: none"> • The Government is providing \$5.9 million as part of the Barkly Regional Deal which seeks to deliver a range of economic, social and cultural initiatives in the Barkly region, including a purpose-built boarding facility in Tennant Creek
South Australia	<ul style="list-style-type: none"> • The Government is committed to providing \$39 million as part of the Adelaide City Deal which seeks to support projects in Adelaide and the surrounding region, including the development of a new innovation and cultural precinct in the city centre
Tasmania	<p>The Government is providing funding of:</p> <ul style="list-style-type: none"> • \$305.0 million from 2023-24 to 2027-28 to deliver urban renewal projects in Hobart and Launceston, with \$240.0 million to help unlock the potential of the Macquarie Point precinct in Hobart and \$65.0 million for a stadium redevelopment in Launceston • \$20.5 million as part of the Launceston City Deal to support projects in Launceston to improve liveability and innovation, increasing incomes and reducing levels of disadvantage
Western Australia	<p>The Government has committed:</p> <ul style="list-style-type: none"> • \$565.0 million from 2023-24 to 2028-29 to support common-user upgrades of Pilbara-based ports, Dampier and Lumsden Point, to expand export and import capacity • \$11 million for the Perth City Deal, to support a range of projects in Perth, including the Edith Cowan University Cultural and Creative Industries Education CBD Campus
Victoria	<p>The Australian Government is providing funding of up to \$65 million to support projects including the Shipwreck Coast Master Plan, Great Ocean Road projects and projects in the Geelong city centre</p>

KEY INVESTMENT AREAS

In addition to the spending measures outlined above, the Budget has outlined a range of broad spending measures on additional infrastructure projects. The key areas of investment are:

AREAS OF INVESTMENT BY AREA	
Affordable Housing	The Government has committed to \$1.9 billion for state affordable housing services, consisting of \$1.7 billion through the National Housing and Homelessness Agreement and \$187.5 million through National Partnership payments
State Infrastructure Projects	<p>The Australian Government will provide funding of \$15.5 billion to support state infrastructure projects. The key commitments include:</p> <ul style="list-style-type: none"> • \$120.1 million for safety works under the Black Spot Projects where there have been serious crashes. • \$95 million in additional funding to the Bridges Renewal Program.

	<ul style="list-style-type: none"> • \$69.2 million in additional funding to the Northern Australia Roads (Queensland, Western Australia and Northern Territory). • \$157.1 million to support the development of business cases for road and rail infrastructure projects. • \$3.8 billion in additional funding for rail investment across Australia’s rail network. • \$8.2 billion in additional funding for road investment, targeting significant projects that will improve the efficiency and safety of Australia’s road network. • \$817 million to upgrade key freight routes. • \$15 million is provided to the Albury Wodonga Regional Projects which deliver economic and education benefits and improve the liveability of the community. • \$349.6 million to support local councils to deliver priority local road and community infrastructure projects across Australia.
Closing the Gap - further investment	<p>To provide access to essential infrastructure, the Government has committed:</p> <ul style="list-style-type: none"> • \$150.0 million to improve water security for regional and remote First Nations communities through the National Water Grid Fund • \$20.8 million will also be provided to undertake urgent repairs and capital works for Aboriginal Hostels Limited
National Water Grid Fund	<ul style="list-style-type: none"> • The Australian Government is providing \$3.2 billion over 12 years from 2022-23 to expand investment in nationally significant, transformational water infrastructure projects to assist in developing regional communities. (New measures associated with this item are listed in Table 1.4 and described in more detail in Budget Paper No. 2, <i>Budget Measures 2023-24.</i>)
Better Funded National Broadcasters	<p>The Government will provide \$7.7 billion over 5 years from 2023-24 to support Australia’s national broadcasters, including \$6.0 billion for the Australian Broadcasting Corporation (ABC) and \$1.8 billion for the Special Broadcasting Service (SBS).</p> <p>Key funding includes:</p> <ul style="list-style-type: none"> • \$7.6 billion over 5 years from 2023-24 for base operational funding for the ABC and SBS, determined on a 5-year rolling basis from 2023-24 for the operation of television, radio and digital media services; • \$52.4 million over 3 years from 2025-26 for the ABC to continue to support local news and current affairs services; • \$45.0 million over 4 years from 2024-25 for SBS to continue the availability of news and content for Chinese and Arabic speaking communities in Australia.
Building a Better Future Through Considered Infrastructure Investment	<p>The Government will provide \$1.8 billion over 10 years from 2023-24 for infrastructure priorities to support productivity and jobs.</p> <p>Key funding includes:</p> <ul style="list-style-type: none"> • \$1.1 billion in 2032-33 to continue existing road maintenance and safety programs, with: <ul style="list-style-type: none"> ○ \$500.0 million for the Roads to Recovery Program ○ \$350.0 million for national road network maintenance ○ \$110.0 million for the Black Spot Program ○ \$85.0 million for the Bridges Renewal Program



	<ul style="list-style-type: none"> ○ \$65.0 million for the Heavy Vehicle Safety and Productivity Program ○ \$18.9 million for transport research organisations and innovation projects ● \$361.9 million over 8 years from 2023-24 for infrastructure projects in New South Wales, including safety upgrades on the Bells Line of Road and Nowra Bypass planning ● \$200.0 million over two years from 2023-24 for the <i>Major Projects Business Case Fund</i> to support the planning of land transport infrastructure projects ● \$60.0 million over 3 years from 2023-24 to continue supplementary local road funding in South Australia ● \$3.0 million in 2023-24 to undertake a feasibility study for an intermodal terminal in Parkes, New South Wales to support the Inland Rail program, with funding to be redirected from existing National Intermodal Corporation equity. <p>The Government will also provide:</p> <ul style="list-style-type: none"> ● equity funding to WSA Co Limited for the construction of facilities to support border services and law enforcement operations at the Western Sydney International (Nancy-Bird Walton) Airport, with the financial implications not for publication (nfp) due to commercial sensitivities ● \$18.5 million in 2023-24 for border agencies to undertake design and planning work for operations.
<p>Funding for Territories</p>	<p>The Government will provide \$31.1 million over 4 years from 2023-24 (and \$1.0 million per year ongoing) to support the delivery of essential services and infrastructure to the Indian Ocean Territories and Norfolk Island.</p> <p>Key funding includes:</p> <ul style="list-style-type: none"> ● \$24.4 million over 3 years from 2023-24 to upgrade rockfall and landslide infrastructure and repair roads and footpaths on Christmas Island ● \$6.0 million over 4 years from 2023-24 (and \$1.0 million per year ongoing) to support the work health and safety of workers in the Indian Ocean Territories and Norfolk Island ● \$0.7 million in 2023-24 to support the delivery of state-type services on Norfolk Island.
<p>Heavy Vehicle Road User Charge - increase</p>	<p>The Government will increase the Heavy Vehicle Road User Charge rate from 27.2 cents per litre of diesel by 6 per cent per year over 3 years from 2023-24 to 32.4 cents per litre in 2025-26. This will decrease expenditure on the fuel tax credit by \$1.1 billion over 4 years from 2023-24.</p>
<p>National Approach for Sustainable Urban Development</p>	<p>The Government will provide \$687.4 million over 6 years from 2022-23 for a national approach to sustainable urban development in Australia.</p> <p>Key funding includes:</p> <ul style="list-style-type: none"> ● \$211.7 million over 3 years from 2023-24 to establish the Thriving Suburbs Program to provide grants for community infrastructure in urban and suburban communities through a competitive grants program ● \$159.7 million over 4 years from 2023-24 to establish the Urban Precincts and Partnerships Program to support investment in place-based priorities of local urban communities through a collaborative partnerships approach with state, territory and local governments and communities ● \$11.0 million over 4 years from 2023-24 to establish the Cities and Suburbs Unit within the Department of Infrastructure, Transport, Regional Development,



	<p>Communications and the Arts to deliver the National Urban Policy and the regular <i>State of Cities</i> report.</p>
<p>National Cultural Policy - National Collecting Institutions - sustainability</p>	<p>The Government will provide \$535.3 million over 4 years from 2023-24 (and \$118.3 million per year ongoing) to support the operations and long-term financial sustainability of 9 National Collecting Institutions.</p> <p>Key funding includes:</p> <ul style="list-style-type: none"> • \$146.1 million over 4 years from 2023-24 (and \$31.2 million per year ongoing) for the National Library of Australia, including for the continuation of the Trove digital database, extension of storage facilities, building maintenance and IT infrastructure • \$119.1 million over 4 years from 2023-24 (and \$23.1 million per year ongoing) for the National Gallery of Australia, including for building upgrades and maintenance • \$78.3 million over 4 years from 2023-24 (and \$16.6 million per year ongoing) for the National Museum of Australia, including for gallery refurbishments, fire safety works, IT upgrades and leasing of additional storage space • \$37.8 million over 4 years from 2023-24 (and \$8.8 million per year ongoing) for the Museum of Australian Democracy at Old Parliament House, including for building refurbishments and upgrades and conservation works • \$36.5 million over 4 years from 2023-24 (and \$8.2 million per year ongoing) for the National Archives of Australia, including to upgrade data centres and digitise at-risk and high priority records • \$34.0 million over 4 years (and \$9.7 million per year ongoing) for the National Film and Sound Archive, including to replace building management, security and fire safety systems • \$33.4 million over 4 years from 2023-24 (and \$8.1 million per year ongoing) in additional operating funding to enable the Bundanon Trust to make full use of its facilities • \$27.0 million over 4 years from 2023-24 (and \$7.5 million per year ongoing) for the National Portrait Gallery of Australia, including for building upgrades, repairs and maintenance • \$23.0 million over 4 years from 2023-24 (and \$5.1 million per year ongoing) for the Australian National Maritime Museum, including for building repairs, safety and compliance works.
<p>Online Safety</p>	<p>The Government will provide an additional \$134.1 million over 4 years (and \$33.7 million per year ongoing, in addition to the existing base funding of \$10.3 million per year ongoing) for the Office of the eSafety Commissioner to continue to support Australians online, including through enhanced educational, outreach and investigatory activities.</p>
<p>Reducing Transport Emissions</p>	<p>The Government will provide \$20.9 million over 5 years from 2022-23 for initiatives to decarbonise the transport and infrastructure sectors and support achieving our net zero by 2050 target.</p> <p>Key funding includes:</p> <ul style="list-style-type: none"> • \$7.8 million over 4 years from 2022-23 to develop a Transport and Infrastructure Net Zero Roadmap and Action Plan to support the decarbonisation of the transport and infrastructure sectors • \$7.4 million over 4 years from 2023-24 to develop Fuel Efficiency Standards to encourage light vehicle manufacturers to increase the supply of fuel efficient and electric vehicles in the Australian market



- \$5.2 million over 4 years from 2023-24 to support Australia’s transition to electric vehicles through the development of a national charging infrastructure mapping tool, safety guidance and training for emergency service workers. Funding will also support the evaluation of requirements for retrofitting existing multi-residential buildings with electric vehicle charging infrastructure, and a large format battery recycling, reuse and stewardship initiative in Australia
- \$0.6 million in 2023-24 to develop a Maritime Emissions Reduction National Plan to facilitate the energy transition for the domestic maritime sector.

Supporting Transport Priorities

The Government will provide \$267.4 million over 7 years from 2022-23 to support land, maritime and aviation transport priorities, including to increase productivity and maintain safety across the sectors.

Key funding includes:

- \$64.2 million over 6 years from 2022-23 for the Department of Infrastructure, Transport, Regional Development, Communications and the Arts to enable the delivery of transport and infrastructure priorities, including \$35.6 million for IT systems to support infrastructure investment and road vehicle safety regulation
- \$56.8 million in additional funding in 2023-24 to support and review the ongoing safety and regulatory functions of the Civil Aviation Safety Authority, the Australian Maritime Safety Authority and the Australian Transport Safety Bureau
- \$43.6 million over 4 years from 2022-23 to establish a new National Road Safety Action Grants Program to support community education and awareness, vulnerable road users, First Nations road safety, technology, innovation and research
- \$22.3 million over 6 years from 2023-24 for phase 3 of the Strategic Local Government Asset Assessment Project to continue assessments of local government road assets, which will support development of a national automated road access system for heavy vehicles
- \$18.9 million over 3 years from 2023-24 to procure road safety data, research and evaluate projects
- \$16.5 million over 5 years from 2023-24 for the car safety ratings program which includes testing protocols for light vehicles and safety evaluations of used vehicles
- \$13.5 million over 3 years from 2023-24 for an additional round of the *Remote Airstrip Upgrade Program* to support improved safety and access at remote airstrips and facilitate air connectivity and the delivery of goods and services to remote communities
- \$1.2 million in 2023-24 to continue development of the Maritime Single Window project and deliver a business case to streamline reporting for Australian sea ports
- \$0.4 million in 2022-23 to enable the National Transport Commission to progress the rail interoperability work plan, to be met from funding previously included in the Contingency Reserve.





ENVIRONMENT & CLIMATE



AUTHORED BY
JANE MA



NELSON PHAN

As part of the Government's commitment to ensuring a sustainable future and enabling a decarbonising of Australia's economy, the Budget includes a reprioritisation of the Climate Change, Energy, the Environment and Water portfolio in order to fund policy priorities, as well as reforms to the operation of the Australian Carbon Credit Unit Scheme. There are also a number of water-related measures including to support Flood Warning Infrastructure and Murray Darling Basin Plan.

REPRIORITISATIONS OF PORTFOLIO POLICIES

The Government has announced a redirection of \$113.1 million over 8 years across the Climate Change, Energy, the Environment and Water portfolio to fund portfolio policy priorities. This reprioritisation includes (amongst other things):

- \$57.2 million from previous uncommitted funding to new measures supporting clean energy technology investment;
- \$22.2 million from partial reversal of a 2020-21 Budget measure to redirect uncommitted research funding to delivering high-quality emissions data and reporting against Australia's emissions reduction targets;
- \$2.0 million from partial reversal of a 2022-23 Budget measure with uncommitted funding towards implementing the Government's *Nature Positive Plan: better for environment, better for business*; and
- \$0.7 million from the partial reversal of a 2019-20 Budget measure to redirect uncommitted funding from the Energy Efficient Communities program to better align with Government priorities.

RELIABLE, SECURE AND AFFORDABLE ENERGY

The Government has announced a commitment to provide \$80 million over 4 years (and \$11.1 million ongoing per year) to support the supply of cheap, clean and reliable energy across Australia, including through:

- \$35.6 million over 4 years (and \$8.8 million ongoing per year) to the Australian Energy Regulator for compliance and enforcement activities;
- \$28.4 million over 4 years to support the delivery of new cross-government energy market reforms and national energy projects as directed by Energy Ministers through the Energy Special Account; and
- \$10.9 million over 4 years (and \$2.4 million ongoing per year) to the Australian Energy Regulator for new legislated functions relating to supporting Australia's energy transformation and reduce emissions.



WATER INFRASTRUCTURE PROJECTS AND RELATED MEASURES

There were a number of water-related measures in the Budget, including:

- **Flood Warning Infrastructure:** \$236 million over 10 years will be provided to remediate high priority flood warning infrastructure and to address critical reliability risks. As part of this, the Bureau of Meteorology will acquire, upgrade and integrate local and state government-owned rain and river gauges into its existing flood warning network. Partial funding will be held in the Contingency Reserve until cost-sharing arrangements for the ongoing maintenance of the assets are agreed with the states and territories.
- **Murray Darling Basin Plan:** The Budget also includes \$103.7 million to undertake the first statutory review of the *Murray-Darling Basin Plan 2012*, which seeks to enable the Basin to adapt to the impacts of climate change. A further \$44.9 million will be provided to the Department of Climate Change, Energy, the Environment and Water to provide advice and work with Basin states and affected communities on the Basin Plan.
- **National Water Grid Fund:** The Government announced that it would not proceed with certain National Water Grid Fund projects, which seeks to achieve savings of \$872.5 million over 11 years. These savings will be redirected to fund other Government priorities. Additionally, \$70.9 million over 11 years will be provided to extend resourcing for the National Water Grid Authority to deliver committed water infrastructure projects and support its expanded remit. There will also be a reallocation of \$197.1 million over 6 years to fund the construction of 3 water infrastructure projects.
- **Water Ownership by First Nations people:** \$9.2 million will be provided over 4 years to consult on and design an enduring arrangement for First Nations people to own, access and manage water in Australia.
- **Abolishment of the North Queensland Water Infrastructure Authority:** The North Queensland Water Infrastructure Authority will be abolished, estimated to save \$9.5 million over 4 years. The functions of the Authority will transfer to the Department of Climate Change, Energy, the Environment and Water and savings from this measure will be redirected to fund other policy priorities.
- **Rivers and Catchments program:** Additional funding of \$118.5 million over 6 years will be provided to fund projects to improve local waterways and to fund activities that restore the natural habitats of aquatic species and create recreational spaces for local communities.
- **Water export ban:** \$3.9 million will be provided to delay the commencement of cost recovery for the regulation of waste exports under the *Recycling and Waste Reduction Act 2020* (Cth) by one year to 1 July 2024.
- **Water market reform:** The Government will provide \$32.7 million over 4 years to restore the transparency, integrity and confidence to water markets.

REVIEW OF AUSTRALIAN CARBON CREDIT UNITS

The Government will provide \$18.1 million over two years to implement reforms to the operation of the Australian Carbon Credit Unit (ACCU) scheme as part of the Government's initial response to the Independent Review of ACCUs.

The Government also noted that functions relating to method development activities for ACCUs has been transferred from the Clean Energy Regulator to the Department of Climate Change, Energy, the Environment and Water.

NATIONAL WASTE EDUCATION CAMPAIGN

The Government will provide \$10.0 million over two years towards a program seeking nationwide consumer behaviour change in relation to waste.

NATURAL HERITAGE TRUST PROJECTS

The Government has allocated \$741.3 million over 5 years from the National Heritage Trust special account as follows:



- \$341.2 million over 5 years to protect nature, threatened species and habitats and to maintain delivery capability through activities like the BushBlitz, National Resource Management partnerships and on-ground conservation and recovery activities;
- \$302.1 million over 5 years to support a climate-smart, sustainable agricultural sector;
- \$50.0 million over 5 years to conserve and restore Ramsar listed wetlands and catchments; and
- \$48.0 million over 5 years to continue management of Australia’s state-managed world heritage listed properties.

NATURE POSITIVE PLAN

The Government will provide \$214.1 million over 4 years to deliver the *Nature Positive Plan: better for the environment, better for business*, including:

- \$121.0 million over 4 years to establish Environment Protection Australia to enforce environmental laws and restore confidence in Australia’s environmental protection system;
- \$51.5 million over 4 years to establish Environment Information Australia to provide an authoritative source of high-quality environmental information;
- \$34.0 million over 2 years to implement the Nature Positive Plan, including legislative reforms and national environment standards; and
- \$7.7 million to continue developing the foundations of a Nature Repair Market, including detailed rules for different types of projects.

PROTECTING NATIONAL PARKS

\$355.1 million will be provided over 4 years (and \$68.0 million ongoing per year) to protect Commonwealth National Parks and marine reserves and deliver critical infrastructure funding for the Mutitjulu community. The funding includes:

- \$127.8 million over 4 years (and \$40.3 million ongoing per year) to sustain the Director of National Parks’ core business and deliver environmental conservation, on-park research and threatened species protection;
- \$92.8 million over 4 years (and \$0.7 million ongoing per year) to provide essential water, sewerage and electrical services for the Mutitjulu community;
- \$70.4 million over 4 years (and \$25.6 million ongoing per year) to sustain existing assets and prevent further deterioration, and address immediate safety risks by replacing assets at the end of their functional life;
- \$27.6 million over 4 years to address critical infrastructure needs, including housing at the Booderee, Kakadu and Uluru-Kata Tjuta National Parks;
- \$25.9 million over 4 years to improve visitor and tourism infrastructure at Kakadu National Park; and
- \$10.6 million over 4 years for essential technology and communication upgrades.

MARINE SCIENCE FUNDING

To secure the future of the Australian Institute of Marine Science, and address its ongoing financial sustainability, the Government will provide \$163.4 million over 4 years, which includes funding to enable the Institute to continue delivering on projects to protect and restore the Great Barrier Reef, and the enhancement of existing science and technology capabilities.

SYDNEY HARBOUR FEDERATION TRUST

Additional funding of \$45.2 million over two years will be provided to continue the renewal and repair of heritage-listed infrastructure and public safety improvements at North Head Sanctuary and Cockatoo Island.



ENVIRONMENTAL REGULATION ASSESSMENTS

As part of the Government's initial implementation of the Nuclear-Powered Submarine Program, \$7.6 million over 2 years will be provided to the Department of Climate Change, Energy, the Environment and Water to conduct environmental regulation and assessments required under relevant environmental legislation.

DISASTER SUPPORT

The Government has also committed funding to improve Australia's resilience to natural disasters and support recovery of impacted communities, including \$200 million for disaster resilience initiatives through the *Disaster Ready Fund* to address a broad range of natural hazards, infrastructure needs, and for systemic risk reduction projects.





TAX COMPLIANCE



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The Government has resolved to extend compliance programs for GST and personal income. The Budget also includes measures which are aimed at minimising the regulatory burden for general insurers and small business, and ensuring compliance with PRRT amendments.

COMPLIANCE PROGRAMS

- **GST Compliance Program**

- The Government will provide \$588.8 million to the ATO over 4 years from 1 July 2023 to continue a range of activities that promote GST compliance. Funding these activities will also help the ATO develop more sophisticated analytical tools to combat emerging risks to the GST system. This measure is estimated to increase receipts by \$7.6 billion and increase payments by \$3.8 billion over 5 years from 2022-23.

- **Personal Income Compliance Programs**

- The Government will provide \$89.6 million to the ATO and \$1.2 million to Treasury to extend the Personal Income Tax Compliance Program for two years from 1 July 2025 and expand its scope from 1 July 2023. This extension will enable the ATO to continue to deliver a combination of proactive, preventative and corrective activities in key areas of non-compliance, and to expand the scope of the program to address emerging areas of risk. This measure is estimated to increase receipts by \$474.9 million and increase payments by \$90.8 million over 5 years from 2022-23.

OTHER REGULATORY UPDATES

- **Minimising the regulatory burden for general insurers**

- The Government will introduce legislation, commencing on or after 1 January 2023, to amend the tax law to minimise the regulatory burden facing the general insurance industry and reduce compliance costs. This amendment will allow general insurers to continue to use audited financial reporting information, which is calculated according to the new standard, as the basis for their tax returns.

- **PRRT amendments**

- As discussed in the Energy and Resources section above, the Government will amend the PRRT. As part of these amendments, the Government will provide \$4.4 million in resourcing to the ATO to administer and ensure compliance with this measure.

- **Reducing compliance costs for small business**

- As discussed in the Small Business section below, the Government is improving cash flow and reducing compliance costs for small businesses by allowing immediate deductions on assets valued under \$20,000. The provisions preventing assets valued at \$20,000 or more from being placed into the small business simplified depreciation pool will be suspended until 30 June 2024.





SMALL BUSINESS



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The Budget puts forward a number of measures aimed at supporting small businesses, including incentives for small businesses to save on energy bills, reduce time spent on tax compliance and re-engage with the tax system. While COVID-era temporary full expensing is coming to an end, the Budget extends a hand to small businesses by including an instant asset write-off of assets up to \$20,000.

INSTANT ASSET WRITE-OFF

Instant asset write-offs have an interesting history in the Australian tax landscape. From its origins in the 2015-16 Budget with a \$20,000 asset threshold, the scheme was expanded over time to higher value assets and larger businesses, eventually being superseded by “temporary full expensing” for businesses with an aggregated turnover of less than \$5 billion in the 2020-21 Budget as part of the Federal Government’s COVID stimulus efforts. The instant asset write-off in Division 328 remained in a dormant form, being reduced to \$1,000 from 1 January 2021.

Temporary full expensing comes to an end on 30 June 2023.

In the 2023-24 Budget, the instant asset write-off returns in a much more modest form in line with its 2015 origins, with an asset threshold of \$20,000 applicable from 1 July 2023 until 30 June 2024, available to small businesses with an aggregated annual turnover of less than \$10 million.

Assets in excess of \$20,000 can continue to be placed in a small business simplified depreciation pool, to be depreciated at 15% in the first income year and 30% in each subsequent year. The provisions that prevent small businesses from re-entering the simplified depreciation regime for 5 years if they opt-out will continue to be suspended until 30 June 2024.

- The measure is expected to reduce tax revenue by \$290 million over 5 years.

GDP ADJUSTMENT FACTOR

The Government has announced that it will set the gross domestic product (**GDP**) adjustment factor for pay as you go (**PAYG**) and goods and services tax (**GST**) instalments at 6% for the 2023-24 income year, a supposed reduction from the current 12% under the statutory formula.

The Budget papers state that this measure is intended to provide cashflow support to small businesses by reducing the amount of regular prepayments of tax, as the GDP adjustment factor is used to adjust instalment amounts to reflect any likely growth in income. However, the current GDP adjustment factor is in fact 2%, making this measure an increase instead of a decrease. We will seek to liaise with the Government to clarify their position on this measure.

The reduced GDP adjustment rate applies to small businesses and individuals who are eligible to use the relevant instalment methods (up to \$10 million aggregated annual turnover for GST instalments and \$50 million annual aggregate turnover for PAYG instalments) in respect of instalments that relate to the 2023-24 income year and are due after the enabling legislation receives Royal Assent.



SMALL BUSINESS ENERGY INCENTIVE

The Government will support small and medium businesses to save on energy bills through incentivising the electrification of assets and improvements to energy efficiency.

Small and medium businesses, with an aggregated annual turnover of less than \$50 million, will be able to deduct an additional 20% of the cost of eligible depreciating assets that support electrification and more efficient use of energy. Up to \$100,000 of total expenditure will be eligible for the Small Business Energy Incentive, with the maximum bonus deduction being \$20,000.

Eligible assets will need to be first used or installed ready for use between 1 July 2023 and 30 June 2024. Eligible upgrades will also need to be made in this period.

Electric vehicles, renewable electricity generation assets, capital works, and assets that are not connected to the electricity grid and use fossil fuels are excluded from this measure.

DRIVING COLLABORATION BY REDUCING THE TIME SPENT COMPLYING WITH TAX OBLIGATIONS

The Budget includes certain measures to assist small businesses in complying with their tax obligations: see comments in the “Tax Compliance” section.

LODGEMENT PENALTY AMNESTY PROGRAM

To encourage re-engagement with the tax system, small businesses with an aggregate turnover of less than \$10 million will be able to remit failure-to-lodge penalties for outstanding tax statements that were originally due during the period from 1 December 2019 to 29 February 2022.

The amnesty will only apply to tax statements lodged in the period from 1 June 2023 to December 2023.





PERSONAL TAX



AUTHORED BY
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The 2023-24 Budget announces a marginal increase in the Medicare Levy low-income thresholds and an exemption of lump sum payments in arrears from the Medicare Levy. As flagged, the Government has also retained the proposed Stage Three tax cuts.

NO CHANGES TO THE PROPOSED STAGE THREE TAX CUTS

No announcements were made about personal tax rates or the proposed Stage Three tax cuts. These accordingly remain unchanged.

Commencing from 1 July 2024, the 37% tax bracket will be abolished and the 32.5% tax rate will be lowered to 30% (meaning it will apply to taxable incomes between \$45,000 and \$200,000).

INCREASING THE MEDICARE LEVY LOW-INCOME THRESHOLDS

The Government will marginally increase the Medicare levy low-income thresholds for singles, families and seniors and pensioners from 1 July 2022.

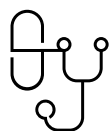
The threshold for singles will be increased from \$23,365 to \$24,276. The family threshold will be increased from \$39,402 to \$40,939. For single seniors and pensioners, the threshold will be increased from \$36,925 to \$38,365. The family threshold for seniors and pensioners will be increased from \$51,401 to \$53,406. For each dependent child or student, the family income thresholds will increase by a further \$3,760 instead of the previous amount of \$3,619.

EXTENDING LUMP SUM PAYMENTS IN ARREARS FROM MEDICARE LEVY

The Government will exempt eligible lump sum payments in arrears from the Medicare levy from 1 July 2024. This measure means that low-income taxpayers will not pay higher amounts of the Medicare levy as a result of receiving an eligible lump sum payment.

To qualify, taxpayers must be eligible for a reduction in the Medicare levy in the 2 most recent years to which the lump sum accrues and also satisfy existing eligibility requirements.





HEALTH & AGED CARE



AUTHORED BY
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This Budget prioritises funding for health and aged care, with a particular focus on reducing the cost of health care and medicines and improving the sustainability of the aged care system and NDIS. Key measures include tripling the bulk billing incentive, funding a 15% pay increase for aged care workers and increasing tobacco excise and customs duty by 5% per year for 3 years.

REDUCING THE COST OF HEALTH CARE AND MEDICINE

The Government has committed \$5.7 billion over 5 years from 2022-23 to improve access to affordable health care and medicine as an initial response to the Strengthening Medicare Taskforce Report delivered in December 2022. Key measures include:

- \$3.5 billion to triple the bulk billing incentive benefits for consultations for Commonwealth concession card holders and children under 16 years
- \$2.2 billion over 5 years from 2022-23 for new and amended listings on the Pharmaceutical Benefits Scheme, the Repatriation Pharmaceutical Benefits Scheme, the Life Saving Drugs Program, the National Epidermolysis Bullosa Dressing Scheme and the Stoma Appliance Scheme
- an additional \$445.1 million over 5 years from 2022-23 to increase funding for the Workforce Incentive Program-Practice Stream to support general practices in engaging multidisciplinary professionals such as nurses and allied health professionals
- \$429.0 million over two years from 2023-24 to modernise My Health Record including by creating a new National Repository platform to support easier, more secure data sharing across all health care settings
- an additional \$358.5 million over 5 years from 2022-23 to deliver Medicare Urgent Care Clinics, including 8 new clinics by the end of 2023, designed to reduce pressure on hospital emergency departments
- \$325.7 million over 4 years from 2023-24 to establish the Australian Digital Health Agency to deliver on the Government's commitment to strengthen Medicare
- \$143.9 million for primary care after hours programs, including an extension to the Primary Health Networks after hours program to support general practices to fill access gaps
- \$99.1 million to establish a new MBS item for a longer consultation of 60 minutes or more to support improved access and affordability for patients with chronic conditions and complex needs.

AGED CARE INITIATIVES

To improve the delivery of aged care services and support the sustainability of the aged care system, the Government has committed:



- \$515.0 million over 5 years from 2022-23 (and \$956.9 million over 10 years from 2022-23) to fund the outcome of the Fair Work Commission’s decision to increase award wages by 15 per cent from 30 June 2023 for many aged care workers
- \$827.2 million over 5 years from 2022-23 to continue to improve the delivery of aged care services and respond to the *Final Report of the Royal Commission into Aged Care Quality and Safety*, including:
 - \$487.0 million over 4 years from 2023-24 to extend the Disability Support for Older Australians Program
 - \$112.0 million over 4 years from 2023-24 to introduce a new General Practice in Aged Care incentive payment to improve GP attendance and continuity of care in residential aged care homes
 - \$81.9 million over 3 years from 2023-24 to develop and implement a new Aged Care Act which is due to commence from 1 July 2024
- an additional \$591.3 million over 2 years from 2022-23 to continue the Government’s response to COVID-19 in aged care, including to reimburse aged care providers for additional costs incurred due to COVID-19 outbreaks and to extend access to PCR testing in residential aged care homes to 31 December 2023
- an additional \$338.7 million over 4 years from 2023-24 to improve the in-home aged care system including \$166.8 million to provide an additional 9,500 Home Care Packages
- an additional \$309.9 million over 5 years from 2022-23 to implement the recommendations from the Royal Commission into Aged Care Quality and Safety, including:
 - \$139.9 million over 4 years from 2023-24 to improve the accountability and transparency of approved aged care providers through enhancements to the Star Rating system
 - \$72.3 million in 2023-24 to support the development and implementation of a new Aged Care Regulatory Framework to support the new Aged Care Act
- \$52.1 million to increase the funding available to aged care providers in very remote areas under the National Aboriginal and Torres Strait Islander Flexible Aged Care Program.

The Government will postpone the commencement of the *Support at Home Program* to 1 July 2025 in response to sector feedback that a longer lead time is needed, and extend grant arrangements for the *Commonwealth Home Support Programme* for a further 12 months to 30 June 2025.

NATIONAL DISABILITY INSURANCE SCHEME

To improve the effectiveness and sustainability of the National Disability Insurance Scheme, the Government will provide \$732.9 million over 4 years from 2023-24 towards NDIS, including:

- \$429.5 million over 4 years from 2023-24 to invest in the NDIA’s capability and systems
- \$73.4 million over 4 years from 2023-24 to better support participants to manage their plan within budget
- \$48.3 million over two years from 2023-24 to invest in the NDIA’s ability to detect, respond to, and reduce fraud and non-compliant payments.

The NDIS Financial Sustainability Framework will provide an annual growth target in the total costs of the NDIS of no more than 8% by 1 July 2026, with further moderation of growth as the NDIS matures. This is expected to moderate growth in NDIS costs by \$622.8 million in 2026-27 and \$59.0 billion over 7 years from 2027-28 to 2033-34.

DISCOURAGING SMOKING AND VAPING

The Government will increase tobacco excise and excise-equivalent customs duty by 5% per year for 3 years from 1 September 2023, in addition to ordinary indexation. This measure is designed to reduce



smoking and vaping rates and is estimated to increase receipts by \$3.3 billion and increase GST payments to the states and territories by \$290.0 million over the 5 years from 2022-23.

The Government will also align the tax treatment of tobacco products subject to the per kilogram excise and excise-equivalent customs duty (such as roll-your-own tobacco) with the manufactured per-stick rate, by progressively lowering the 'equivalisation weight' from 0.7 to 0.6 grams. These progressive decreases will occur on 1 September each year from 2023, with the new weight coming fully into effect from 1 September 2026. This will raise the per kilogram duty accordingly.

The Government will commit \$511.1 million over 4 years from 2023-24 for a new national lung cancer screening program, nicotine vaping product regulation and reform, and cessation support activities for tobacco and vaping use.

COVID-19 RESPONSE AND PLANNING FOR FUTURE PUBLIC HEALTH EMERGENCIES

Additional funding will be provided over 5 years from 2022-23 to support long-term arrangements as part of Australia's COVID-19 response such as expanding the COVID-19 vaccine strategy and providing Australians with COVID-19 treatments. Key measures include:

- \$757.4 million over 2 years from 2022-23 to ensure access to a range of vaccine administration channels such as community pharmacies
- \$285.5 million over two years from 2022-23 to provide states and territories 50% of the cost for PCR testing and agreed price per COVID-19 vaccination dose delivered for priority groups.

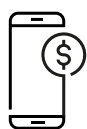
The Government has also committed \$91.1 million over two years from 2023-24 to establish an Australian Centre for Disease Control, which will provide a national focal point for disease management to improve Australia's ability to respond to health emergencies and other public health challenges.

MENTAL HEALTH

Key measures that are designed to strengthen the mental health system include:

- \$260.2 million for psychosocial supports, which help Australians with severe mental illness to recover and live in the community
- \$136.0 million to support the mental health of survivors of torture and trauma before moving to Australia on humanitarian grounds, and other culturally and linguistically diverse communities
- \$91.3 million to fund 500 additional psychology placements and training.





THE DIGITAL ECONOMY



AUTHORED BY
MATT THRUSH

The Government has adopted a significant focus in this Budget on supporting businesses to integrate quantum and AI technology into their operations, announcing a number of initiatives designed to support the commercialisation and responsible use of these critical technologies. The Government has also committed to several measures that will make it safer and easier for Australians to verify their identity and interact online.

GROWING AUSTRALIA'S CRITICAL TECHNOLOGIES INDUSTRIES

The Government will provide \$116.0 million over 5 years to support the development of critical technologies in Australia to drive economic growth, boost technology industries and support the creation of new jobs, by committing:

- \$101.2 million over 5 years from 2022-23 to support businesses to integrate quantum and artificial intelligence (AI) technologies into their operations through:
 - establishing a Critical Technologies Challenge Program, which will support projects utilising critical technologies to solve significant national challenges - commencing with a focus on projects that utilise quantum computing;
 - extending the National AI Centre and its role in supporting responsible AI usage through developing governance and industry capabilities;
 - establishing an Australian Centre for Quantum Growth to support ecosystem growth and commercialisation in Australia's quantum industry; and
 - supporting small and medium enterprises' adoption of AI technologies to improve business processes and trade competitiveness; and
- \$14.8 million over 4 years from 2023-24 to establish the Powering Australia Industry Growth Centre, which will have a focus on developing advanced technology and skills as part of the Government's Australian Made Battery Plan.

SUPPORTING ONLINE SAFETY

The Government will provide an additional \$134.1 million over 4 years (\$33.7 million per year, in addition to the existing base funding of \$10.3 million per year) for the Office of the eSafety Commissioner to continue its support of Australians online through enhancing educational, outreach and investigatory activities.

CONSUMER DATA RIGHT

The Government will provide \$88.8 million over two years from 2023-24 to support the continued operation of the Consumer Data Right in the banking, energy and non-bank lending sectors, progress the design of action initiation and uplift cyber security.



FIGHTING SCAMS

The Government will provide \$86.5 million over 4 years from 2023-24 to combat scams and online fraud. Funding includes:

- \$58.0 million over 3 years from 2023-24 to establish the National Anti-Scam Centre within the Australian Competition and Consumer Commission to improve scam data sharing across government and the private sector and to establish public private sector Fusion Cells to target specific scam issues;
- \$17.6 million over 4 years from 2023-24 (and \$4.4 million per year ongoing) for the Australian Securities and Investments Commission (ASIC) to identify and take down phishing websites and other websites which promote investment scams, to be cost recovered through levies under ASIC's industry funding model; and
- \$10.9 million over 4 years from 2023-24 (and \$2.2 million per year ongoing) to the Australian Communications and Media Authority and the Department of Infrastructure, Transport, Regional Development, Communications and the Arts to establish and enforce an SMS sender ID registry to impede scammers seeking to spoof industry and government brand names in message headers.

Partial funding for this measure will be held in the Contingency Reserve pending further development of ICT system requirements for the National Anti-Scam Centre.

This measure builds on the 2022 23 October Budget measure titled *Fighting Online Scams*.

DIGITAL ID PROGRAM

The Government will provide \$26.9 million to sustain and develop the next stage of the Digital ID program, with the intention of expanding the range of services that can be accessed using a digital ID. This investment includes:

- \$24.7 million for the Department of Finance and the Digital Transformation Agency (DTA) to maintain the current Digital ID system, as well as design the policy and legislative foundations to transition to an economy-wide Digital ID ecosystem with an independent regulator;
- \$1.1 million for the Office of the Australian Information Commissioner to provide ongoing privacy assurance for the Digital ID program; and
- \$1.1 million for the ATO for communications research associated with the myGovID brand.

COMBATTING MISINFORMATION AND DISINFORMATION

The Government has also committed to providing \$7.9 million over 4 years from 2023-24 for the Australian Communications and Media Authority to combat online misinformation and disinformation on global digital platforms in order to reduce the spread of harmful content.





AUTHORED BY
HENRY CHEN

The Government has announced major investments in renewable energy to help Australia meet emissions reduction commitments and in response to the physical impacts of climate change. Changes to the Petroleum Resources Rent Tax are intended to ensure Australians “receive a fairer return on the sale of our natural resources, sooner”. The Government has further announced funding of \$3 billion in direct energy bill relief for households and businesses.

INVESTING IN CLEAN ENERGY

The Federal Government has announced major investments into Australia’s clean energy sector. Key measures include:

- **Hydrogen Headstart:** The Government will provide \$2.0 billion to accelerate development of Australia’s hydrogen industry, catalyse clean energy industries, and help Australia connect to new global hydrogen supply chains. Funding includes:
 - \$2.0 billion for the establishment of a new Hydrogen Headstart program, which will provide revenue support for investment in renewable hydrogen production through competitive production contracts, including funding for the Australian Renewable Energy Agency and the Department of Climate Change, Energy, the Environment and Water to support the development and operation of the program;
 - \$5.6 million in 2023-24 to analyse the implications for Australia of intensifying global competition for clean energy industry, and to identify actions before the end of 2023 to further catalyse clean energy industries, ensure Australian manufacturing competitiveness and attract capital investment; and
 - \$2.0 million over two years from 2024-25 to establish a fund to support First Nations communities to engage with hydrogen project proponents and planning processes.
- **Powering the Regions Fund:** From 2022-23, the Government will allocate \$1.3 billion over 5 years to support the decarbonisation of existing industries, develop new clean energy industries and support sovereign manufacturing capacity essential to the energy transition. Funding includes:
 - \$450.3 million over 4 years from 2023-24 to establish the Safeguard Transformation Stream to support decarbonisation investments at trade-exposed facilities covered by the Safeguard Mechanism;
 - \$400 million over 4 years from 2023-24 to establish the Industrial Transformation Stream to support reduction of emissions at existing industrial facilities, or clean energy development, in regional Australia; and
 - \$400 million over 3 years from 2023-24 to establish the Critical Inputs to Clean Energy Industries Stream to support the sovereign manufacturing capability of industries that produce inputs (primary steel production, cement and lime, alumina and aluminium) that are essential to the development of Australia’s clean energy industries.



- **Supporting Australian Critical Minerals:** The Government will provide \$80.5 million over 4 years from 2023-24 to support the Australian critical minerals sector. Funding includes:
 - \$57.1 million over 4 years from 2023-24 to undertake international engagement to promote Australian critical minerals projects and build diverse and resilient supply chains with key international partners
 - \$23.4 million over 4 years from 2023-24 for critical minerals policy development and project facilitation, including activities to showcase Australia’s environmental, social and governance credentials to international markets.
- **Australian Energy Regulator:** The Government will provide \$80.0 million over 4 years from 2023-24 (and \$11.1 million per year ongoing) to support the supply of cheap, clean and reliable energy across Australia. Funding includes:
 - \$35.6 million over 4 years from 2023-24 (and \$8.8 million per year ongoing) to the Australian Energy Regulator (AER) to continue compliance and enforcement activities to regulate and monitor energy markets;
 - \$28.4 million over 4 years from 2023-24 to support the delivery of new cross-government energy market reforms and national energy projects as directed by Energy Ministers through the Energy Special Account; and
 - \$10.9 million over 4 years from 2023-24 (and \$2.4 million per year ongoing) to the AER for new legislated functions that will support Australia’s energy transformation and reduce emissions.
- **National Reconstruction Fund:** The Government will provide \$61.4 million over 4 years from 2023-24 (and \$1.2 million per year ongoing) to establish the National Reconstruction Fund Corporation (NRFC), which will manage \$15.0 billion of investments. The NRF will earn estimated receipts of \$188.7 million over the forward estimates from investments in loans, equity investments and guarantees.
- **Guarantee of Origin Scheme:** From 2023-24, the Government will provide \$38.2 million over 4 years (and \$6.5 million per year ongoing) to establish a Guarantee of Origin Certificate scheme to certify renewable energy and track and verify emissions from clean energy products.
- **Working with the Australian Resources Industry:** The Government will provide \$38 million over 5 years from 2022-23 for a partnership with the Queensland Government to support technology projects that reduce emissions, the review and decommissioning of offshore petroleum, and a Future Gas Strategy.
- **Product Stewardship for Oil Scheme:** The Government will reform incentives for oil recycling by raising the Product Stewardship for Oil (PSO) levy by 5.7 cents from 1 July 2023. This measure is estimated to increase receipts by \$161.0 million and increase payments by \$22.0 million, including GST payments to the state and territories of \$10.0 million over the 5 years from 2022-23.

PETROLEUM RESOURCES RENT TAX

The Government will introduce a cap on the use of deductions to offset assessable income of liquefied natural gas (LNG) producers under the Petroleum Resources Rent Tax (PRRT). The cap will bring forward PRRT receipts from LNG projects which are yet to pay PRRT. This is estimated to increase revenue by \$2.4 billion over the 5 years from 2022-23. Additionally:

- The cap will limit deductible expenditure to the value of 90 per cent of each taxpayer’s PRRT assessable receipts in respect of each project interest in the relevant income year and apply after mandatory transfers of exploration expenditure.
- The amounts that are unable to be deducted because of the cap will be carried forward and uplifted at the Government long-term bond rate.
- The cap will only apply to PRRT projects that produce LNG. Projects would not be subject to the cap until 7 years after the year of first production or from 1 July 2023, whichever is later.
- The Government will also make supporting changes to the PRRT Gas Transfer Pricing arrangements:



- From 1 July 2023, the Government will update the PRRT general anti-avoidance rule and the arm's length rule to clarify their application to the Petroleum Resource Rent Tax Assessment Regulation 2015.
- From 1 July 2024, the Government will modernise the PRRT for emerging developments in LNG project structures, better reflect the contributions and risks of the notional entities that comprise the LNG value chain, align the regulations with current transfer pricing practices and provide appropriate integrity rules for the regime.
- The Government will consult on final design and implementation details for the deductions cap and on the draft PRRT regulation later in 2023.

ENERGY BILL RELIEF FOR HOUSEHOLDS AND BUSINESSES

As part of a wider package of cost-of-living measures, the Government is partnering with the States and Territories to offer up to \$3 billion of direct energy bill relief to vulnerable households and small businesses. Significant funding in energy costs will be provided for households and businesses:

- **Energy Price Relief Plan:** The Government will provide \$1.5 billion over 5 years from 2022-23 to reduce the impact of rising energy prices on Australian households and businesses by providing targeted energy bill relief and progressing gas market reforms. Funding includes:
 - \$1.5 billion over two years from 2023-24 to establish the Energy Bill Relief Fund to support targeted energy bill relief to eligible households and small business customers;
 - \$14.7 million over 5 years from 2022-23 (and \$2.7 million per year ongoing) to the Australian Competition and Consumer Commission to enforce a temporary gas price cap of \$12 per gigajoule;
 - \$9.5 million over 3 years from 2022-23 for the Australian Energy Regulator to monitor coal and gas markets across the National Electricity Market; and
 - undisclosed funding to support the New South Wales and Queensland governments to implement a cap of \$125 per tonne on the price of coal used for electricity generation.
- **Household Energy Upgrades Fund:** The Government is establishing the \$1.3 billion Household Energy Upgrades Fund to provide concessional finance to more than 170,000 households for home upgrades that save energy. Funding includes:
 - \$1.0 billion in funding to the Clean Energy Finance Corporation to provide low-cost finance and mortgages in partnership with private financial institutions for home upgrades that save energy;
 - \$300.0 million over 4 years from 2023-24 held in the Contingency Reserve to support upgrades to social housing, in collaboration with states and territories, that save energy; and
 - \$36.7 million over 4 years from 2023-24 (and \$2.1 million per year ongoing) to develop further initiatives to improve energy performance, including expanding and modernising the Greenhouse and Energy Minimum Standards program and the Nationwide House Energy Rating scheme.

Compared with prior expectations, electricity bill increases are now expected to be around 25% smaller on average nationwide in 2023-24 as a result of the Government's actions.



DEFENCE



AUTHORED BY
IRIS WANG



JOHN SU

The Government remains committed to strengthening Australia's defence capability with several initial measures to implement the nuclear-powered submarine program. Over the next four years, the Albanese Government will invest more than \$19 billion to implement the immediate priorities identified in response to the Defence Strategic Review, with defence spending to increase to more than 2.3% of GDP in 2032-33, based on current GDP projections.

NUCLEAR-POWERED SUBMARINE PROGRAM - INITIAL IMPLEMENTATION

From 2023-24, the Government will provide \$4.5 billion over 10 years from 2023-24 (and \$482.7 million per year ongoing) to support the initial steps in Australia's acquisition of a conventionally-armed, nuclear-powered submarine capability. Funding includes:

- \$4.2 billion over 10 years from 2023-24 (and \$482.7 million per year ongoing) to support the establishment and ongoing operation of a new Australian Submarine Agency (the Agency), within the Defence portfolio to manage Australia's nuclear-powered submarine program.
- \$127.3 million over 4 years from 2023-24 for 4,000 additional commencing Commonwealth supported places at universities and other higher education providers for courses that support the skills requirements of the nuclear-powered submarine program, including STEM and management disciplines;
- \$87.2 million over two years from 2023-24 to support initial regulatory activities and the development of regulatory standards and frameworks, and non-proliferation and safeguards arrangements for the nuclear-powered submarine program;
- \$52.7 million over two years from 2023-24 for the Department of Foreign Affairs and Trade to provide international policy advice and diplomatic support for the nuclear-powered submarine program;
- \$11.1 million over two years from 2023-24 for the Department of Finance to provide commercial, financial and investment program management advice in support of the delivery of the nuclear-powered submarine program;
- \$3.9 million over two years from 2023-24 for the Department of Employment and Workplace Relations to establish a dedicated taskforce to support the development and delivery of skills and training initiatives for the nuclear-powered submarine program;
- \$2.4 million over two years from 2023-24 for the Attorney-General's Department to provide legal and policy advice for the nuclear-powered submarine program, including for the development of relevant treaties and international agreements; and
- \$1.1 million over two years from 2023-24 for the Department of Education to support the development and delivery of education, skills and training initiatives for the nuclear-powered submarine program.

The Government will also provide Australian Naval Infrastructure Pty Ltd with an equity injection over 5 years from 2023-24 to commence early construction and design works for a submarine construction yard



and to design the Skills and Training Academy in South Australia. The financial implications of this component of the measure are not for publication (nfp) due to commercial sensitivities.

This measure will support the implementation of the Government's response to the *Defence Strategic Review (2023)*.

ADVANCED STRATEGIC CAPABILITIES ACCELERATOR

Over 10 years from 2023-24, the Government will provide \$3.4 billion to establish the Advanced Strategic Capabilities Accelerator within the Department of Defence to lift capacity to translate disruptive new technologies into Defence capability rapidly. This will be done in close partnership with Australian industry.

RECOGNISING THE AUSTRALIAN DEFENCE FORCE'S UNIQUE SERVICE TO THE NATION

From 2023-24, the Government will provide \$397.4 million over two years to support the retention of Defence personnel and the achievement of Defence's workforce growth targets. Funding includes:

- \$395.4 million over two years from 2023-24 to pilot a \$50,000 continuation bonus that would be offered to Australian Defence Force (ADF) personnel nearing the completion of relevant initial periods of service; and
- \$2.0 million in 2023-24 to conduct a defence housing feasibility review.

This measure supports the priority for growth and retention of a highly skilled Defence workforce within the Government's response to the Defence Strategic Review.

MODERNISATION AND SUSTAINMENT OF ICT SYSTEMS

The Government will provide \$254.1 million over 4 years from 2023-24 (and \$56.1 million per year ongoing from 2027-28) to replace, enhance and sustain the Department of Veterans' Affairs' new and at-risk legacy ICT systems.

ADDITIONAL ASSISTANCE TO UKRAINE

From 2022-23, the Government will provide \$189.6 million over 2 years to deliver additional assistance to Ukraine. This includes:

- Provision of Bushmaster Protected Mobility Vehicles;
- Unmanned aerial vehicles;
- Infantry training to the Ukrainian Armed Forces; and
- 155-millimetre artillery ammunition as part of a joint initiative between France and Australia.

DEPARTMENT OF VETERANS' AFFAIRS CLAIMS PROCESSING

The Government will provide \$64.1 million in 2023-24 to provide additional resourcing to address claims backlog and provide increased support to veterans. This is in response to increased demand for downstream services, particularly in the Veteran Access Network, Complex Case Management, Account processing, Information Access and Rehabilitation, Pharmacy and Health Approvals.

This measure builds on the 2022-23 October Budget measures titled *Investing in Frontline Service Delivery and Expanding the Demand Driven Funding Model*.

AUSTRALIAN DEFENCE FORCE DEPLOYMENTS

In 2022-23, the Government will provide \$37.4 million to Australian Defence Force deployments, including:

- assisting the Solomon Islands' Government to maintain stability and security under *Operation Lilia*;



- providing training to the Ukrainian Armed Forces as part of a United Kingdom-led program under *Operation Kudu*;
- undertaking additional surveillance in support of the Department of Home Affairs' *Operation Sovereign Borders*; and
- supporting the Vanuatu Government following Tropical Cyclones Judy and Kevin, including deployment of personnel, air transport and aerial damage assessments under *Operation Vanuatu Assist 23*.

EXTENSION OF DEFENCE INDUSTRY PATHWAYS PROGRAM

The Government will provide \$11.4 million over 3 years from 2023-24 to extend the Defence Industry Pathways Program within the Western Australian shipbuilding sector. The Program provides 12 month skills development opportunities through which participants gain an understanding of defence industry and obtain a nationally accredited Certificate III qualification.

SIR JOHN MONASH CENTRE - ADDITIONAL FUNDING

From 2023-24, the Government will provide additional capital funding of \$8.3 million over 6 years to support the Sir John Monash Centre in France to replace ageing technical equipment and to maintain compatibility with new and emerging technology.

SUPPORTING VETERANS - VOLUNTEER TRAINING IN SUICIDE RECOGNITION AND INTERVENTION

From 2023-24, the Government will provide additional funding of \$2.0 million over two years to continue the Department of Veterans' Affairs' mental health literacy and suicide intervention training program for the ex-service community.

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

SUPPORTING VETERAN FAMILIES AT RISK

From 2023-24, the Government will provide \$0.5 million over 4 years (and \$0.2 million per year ongoing) to expand the support provided under the *Defence, Veterans' and Families' Acute Support Package Act* to grandparents who are full-time carers for grandchildren who are children of a veteran.





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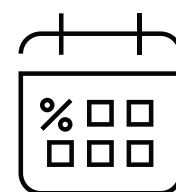


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AUSTRALIAN FEDERAL BUDGET PANEL DISCUSSION - REGISTER YOUR INTEREST



As we begin to digest what was (or wasn't) in the Federal Budget, what that means, and whether we now anticipate significant tax reform, KWM invite you to register your interest for our upcoming panel discussion.

Tax reform is key to unlocking economic growth and prosperity for all Australians - yet with that comes both challenge and opportunity for the role of businesses, regulators and beyond.

To bring together voices in the mix, our speakers will unpack where we are now and what we can expect on national and international tax reform, hot topics arising from the Federal Budget, and how businesses may be impacted moving forward.

We look forward seeing you online to keep the tax reform debate moving.

Please [REGISTER YOUR INTEREST HERE](#) to receive more details.





WITH SPECIAL THANKS TO OUR FEDERAL BUDGET CAMPAIGN CONTRIBUTORS



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KWM TAX TEAM CAPABILITY

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OUR EXPERTISE IN TAX



<u>CORPORATE TAX</u>	<u>FUNDS STRUCTURING</u>	<u>INTERNATIONAL TAX</u>
<u>REAL ESTATE TAX</u>	<u>SUPERANNUATION TAX</u>	<u>TRANSFER PRICING</u>
<u>EMPLOYMENT RELATED TAX & INCENTIVES</u>	<u>INFRASTRUCTURE TAX</u>	<u>PRIVATE CLIENT TAX, WEALTH, FAMILY OFFICES & ESTATES</u>
<u>STAMP DUTY & GST</u>	<u>TAX CONTROVERSY & LITIGATION</u>	<u>FULL SERVICE TAX PRACTICE</u>





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